

A Look at the U.S. International Transactions

Second Quarter of 2023

By Elliot Berg | October 11, 2023

The U.S. current-account deficit, which reflects the combined balances on trade in goods and services and income flows between U.S. residents and residents of other countries, narrowed by \$2.4 billion, or 1.1 percent, to \$212.1 billion in the second quarter of 2023 (chart 1 and table A). The revised first-quarter deficit was \$214.5 billion.

The second-quarter deficit was 3.2 percent of current-dollar gross domestic product, up less than 0.1 percent from the first quarter.

The \$2.4 billion narrowing of the current-account deficit in the second quarter primarily reflected expanded surpluses on services and on primary income that were mostly offset by an expanded deficit on goods.

Chart 1. U.S. Current-Account Balance and Its Components

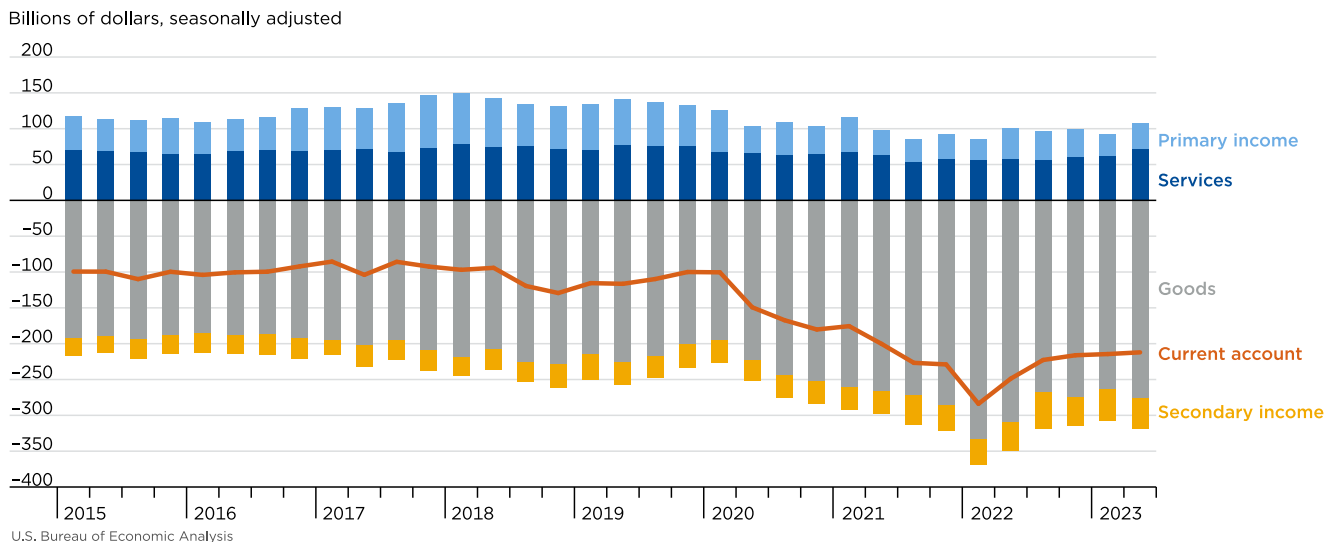


Table A. U.S. International Transactions

[Millions of dollars, seasonally adjusted]

Series	2022		2023		Change 2023:Q1 to 2023:Q2
	Q3	Q4	Q1 ^r	Q2 ^p	
Current account					
Exports of goods and services and income receipts (credits)	1,140,187	1,138,053	1,153,162	1,145,319	-7,843
Exports of goods and services	782,107	758,561	769,219	744,901	-24,318
Goods	546,789	517,725	526,548	497,580	-28,968
Services	235,318	240,836	242,671	247,321	4,650
Primary income receipts	312,696	326,508	339,004	354,525	15,521
Secondary income (current transfer) receipts	45,384	52,985	44,939	45,893	954
Imports of goods and services and income payments (debits)	1,362,945	1,354,207	1,367,634	1,357,423	-10,211
Imports of goods and services	992,820	972,093	971,017	948,414	-22,603
Goods	813,966	791,865	789,815	772,752	-17,063
Services	178,855	180,228	181,201	175,662	-5,539
Primary income payments	273,204	288,414	307,558	319,521	11,963
Secondary income (current transfer) payments	96,920	93,700	89,059	89,488	429
Capital account					
Capital transfer receipts and other credits	8,327	23	44	7	-37
Capital transfer payments and other debits	4,169	3,444	5,957	2,757	-3,200
Financial account					
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	336,063	-260,318	208,346	238,206	29,860
Direct investment assets	74,788	105,743	108,734	88,444	-20,290
Portfolio investment assets	271,824	-330,802	8,109	40,295	32,186
Other investment assets	-11,346	-38,162	90,725	109,195	18,470
Reserve assets	797	2,903	778	272	-506
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	518,520	-80,707	556,677	342,471	-214,206
Direct investment liabilities	121,427	66,847	112,094	100,480	-11,614
Portfolio investment liabilities	262,475	-101,060	299,510	387,142	87,632
Other investment liabilities	134,618	-46,494	145,073	-145,151	-290,224
Financial derivatives other than reserves, net transactions	-33,940	-6,949	-1,727	-4,741	-3,014
Statistical discrepancy					
Statistical discrepancy¹	2,203	33,015	-129,673	105,848	235,521
Balances					
Balance on current account	-222,757	-216,154	-214,472	-212,104	2,368
Balance on goods and services	-210,713	-213,532	-201,798	-203,514	-1,716
Balance on goods	-267,176	-274,140	-263,268	-275,173	-11,905
Balance on services	56,463	60,608	61,470	71,659	10,189
Balance on primary income	39,492	38,094	31,446	35,004	3,558
Balance on secondary income	-51,536	-40,716	-44,120	-43,595	525
Balance on capital account	4,158	-3,421	-5,913	-2,749	3,164
Net lending (+) or net borrowing (-) from current- and capital-account transactions²	-218,599	-219,575	-220,385	-214,854	5,531
Net lending (+) or net borrowing (-) from financial-account transactions³	-216,396	-186,560	-350,058	-109,006	241,052

p Preliminary

r Revised

Table Footnotes

1. The statistical discrepancy is the difference between net acquisition of financial assets and net incurrence of liabilities in the financial account (including financial derivatives) less the difference between total credits and total debits recorded in the current and capital accounts.
2. Sum of current- and capital-account balances.
3. Sum of net U.S. acquisition of financial assets and net transactions in financial derivatives less net U.S. incurrence of liabilities.

Note. The statistics are presented in table 1.2 of the [International Transactions Accounts Interactive Data Application](#) on the BEA website. U.S. Bureau of Economic Analysis

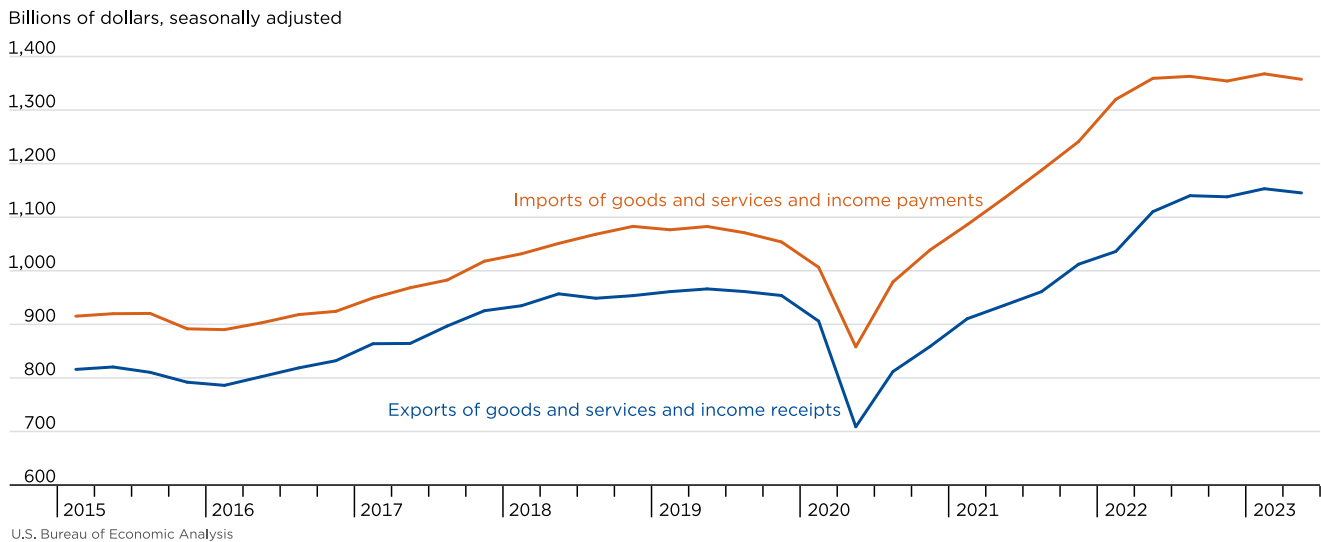
Data Availability and Methodology

Detailed statistics for U.S. international transactions and a description of the estimation methods are available on the U.S. Bureau of Economic Analysis website. For the statistics, see the [International Transactions Accounts Interactive Data Application](#). For the methods, see the [U.S. International Economic Accounts: Concepts and Methods](#).

Current Account

Exports of goods and services to, and income received from, foreign residents decreased \$7.8 billion to \$1.15 trillion in the second quarter (charts 2 and 3 and tables A and B). Imports of goods and services from, and income paid to, foreign residents decreased \$10.2 billion to \$1.36 trillion (charts 2 and 4 and tables A and C).¹

Chart 2. Current-Account Transactions



Trade in goods

Exports of goods decreased \$29.0 billion to \$497.6 billion, and imports of goods decreased \$17.1 billion to \$772.8 billion. The decreases in both exports and imports mostly reflected a decrease in industrial supplies and materials, primarily petroleum and products.

Trade in services

Exports of services increased \$4.7 billion to \$247.3 billion, reflecting increases in travel, mainly other personal travel, and in other business services, mostly professional and management consulting services. Imports of services decreased \$5.5 billion to \$175.7 billion, reflecting decreases in transport, mostly sea freight transport, in other business services, mostly technical, trade-related, and other business services, and in travel, mainly other personal travel.

Primary income

Receipts of primary income increased \$15.5 billion to \$354.5 billion, and payments of primary income increased \$12.0 billion to \$319.5 billion. The increases in both receipts and payments reflected increases in nearly all major components, led by other investment income. The increase in other investment income, primarily interest on loans and deposits, was mainly due to higher short-term interest rates amid tightening of U.S. and foreign monetary policy.

Secondary income

Receipts of secondary income increased \$1.0 billion to \$45.9 billion, reflecting an increase in general government transfers, mostly fines and penalties. Payments of secondary income increased \$0.4 billion to \$89.5 billion, reflecting an increase in private transfers, mostly insurance-related transfers.

Chart 3. Percent Change in Exports of Goods and Services and Income Receipts

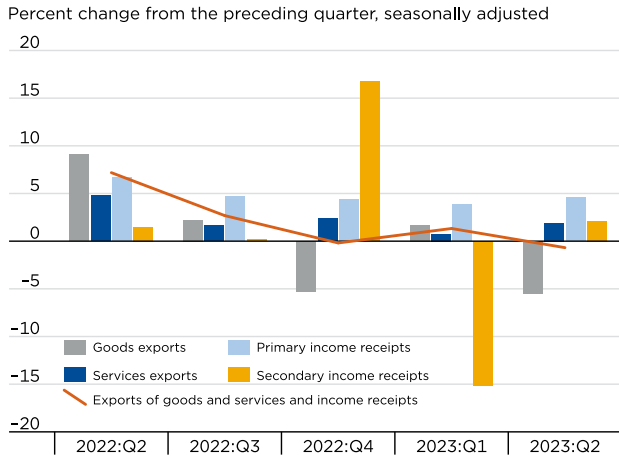


Chart 4. Percent Change in Imports of Goods and Services and Income Payments

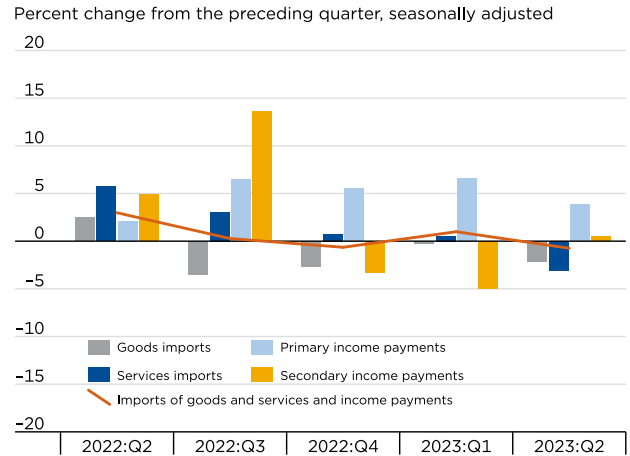


Table B. Exports of Goods and Services and Income Receipts

[Millions of dollars, seasonally adjusted]

Series	2022		2023		Change 2023:Q1 to 2023:Q2
	Q3	Q4	Q1 ^r	Q2 ^p	
Exports of goods and services and income receipts	1,140,187	1,138,053	1,153,162	1,145,319	-7,843
Exports of goods	546,789	517,725	526,548	497,580	-28,968
General merchandise	530,917	507,683	518,454	488,710	-29,744
Foods, feeds, and beverages	44,791	42,036	44,332	39,161	-5,171
Industrial supplies and materials	212,791	196,470	189,213	170,660	-18,553
Energy products	112,908	100,789	95,512	82,154	-13,358
<i>Of which: Petroleum and products</i>	86,404	79,391	76,829	66,266	-10,563
Nonenergy products	99,883	95,681	93,701	88,506	-5,195
Capital goods except automotive	146,369	146,859	148,563	148,079	-484
Automotive vehicles, parts, and engines	41,063	41,969	43,487	44,581	1,094
Consumer goods except food and automotive	63,001	59,998	68,188	63,430	-4,758
Other general merchandise	22,903	20,350	24,671	22,799	-1,872
Net exports of goods under merchandising	308	232	192	252	60
Nonmonetary gold	15,564	9,810	7,902	8,618	716
Exports of services¹	235,318	240,836	242,671	247,321	4,650
Manufacturing services on physical inputs owned by others	n.a.	n.a.	n.a.	n.a.	n.a.
Maintenance and repair services n.i.e.	3,753	3,867	3,654	3,691	37
Transport	23,446	23,599	24,132	24,948	816
Travel (for all purposes including education)	36,511	38,932	39,686	42,308	2,622
Business	7,479	8,057	8,096	8,938	842
Personal	29,032	30,875	31,590	33,371	1,781
Construction	409	359	261	202	-59
Insurance services	5,821	5,861	5,952	5,961	9
Financial services	42,116	41,179	43,315	42,758	-557
Charges for the use of intellectual property n.i.e.	31,328	30,058	31,904	30,922	-982
Telecommunications, computer, and information services	16,885	17,398	17,197	17,388	191
Other business services	61,361	64,487	61,440	63,622	2,182
Personal, cultural, and recreational services	6,598	6,395	6,651	6,947	296
Government goods and services n.i.e.	7,090	8,701	8,479	8,573	94
Primary income receipts	312,696	326,508	339,004	354,525	15,521
Investment income	310,830	324,634	337,131	352,648	15,517
Direct investment income	163,605	164,024	164,607	167,517	2,910
Income on equity	159,283	158,574	159,306	161,532	2,226
Dividends and withdrawals	75,581	54,447	100,702	87,051	-13,651
Reinvested earnings	83,702	104,128	58,604	74,481	15,877
Interest	4,322	5,450	5,301	5,985	684
Portfolio investment income	116,551	117,080	120,260	125,644	5,384
Income on equity and investment fund shares	76,402	76,726	79,288	83,517	4,229
Interest on debt securities	40,149	40,354	40,972	42,127	1,155
Other investment income	30,073	42,323	50,673	57,603	6,930
Reserve asset income	601	1,208	1,590	1,884	294
Compensation of employees	1,866	1,874	1,873	1,878	5
Secondary income (current transfer) receipts²	45,384	52,985	44,939	45,893	954

p Preliminary

r Revised

n.a. Not available

n.i.e. Not included elsewhere

Table Footnotes

1. See also "Table 2.1. U.S. Trade in Services, by Type of Service" on the BEA website.
2. Secondary income (current transfer) receipts include U.S. government and private transfers, such as fines and penalties, withholding taxes, insurance-related transfers, and other current transfers.

Note. The statistics are presented in tables 1.2, 2.1, 3.1, 4.1, and 5.1 of the [International Transactions Accounts Interactive Data Application](#) on the BEA website.

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Table C. Imports of Goods and Services and Income Payments

[Millions of dollars, seasonally adjusted]

Series	2022		2023		Change 2023:Q1 to 2023:Q2
	Q3	Q4	Q1 ^r	Q2 ^p	
Imports of goods and services and income payments	1,362,945	1,354,207	1,367,634	1,357,423	-10,211
Imports of goods	813,966	791,865	789,815	772,752	-17,063
General merchandise	810,025	787,004	784,570	760,656	-23,914
Foods, feeds, and beverages	51,814	52,084	51,704	48,886	-2,818
Industrial supplies and materials	204,712	189,498	179,078	163,607	-15,471
Energy products	89,600	79,477	77,056	65,090	-11,966
<i>Of which: Petroleum and products</i>	80,919	72,321	67,652	58,894	-8,758
Nonenergy products	115,112	110,021	102,022	98,517	-3,505
Capital goods except automotive	220,223	220,012	217,833	213,624	-4,209
Automotive vehicles, parts, and engines	101,858	103,734	109,689	113,486	3,797
Consumer goods except food and automotive	203,770	192,285	194,809	189,399	-5,410
Other general merchandise	27,649	29,391	31,456	31,653	197
Nonmonetary gold	3,940	4,861	5,246	12,096	6,850
Imports of services¹	178,855	180,228	181,201	175,662	-5,539
Manufacturing services on physical inputs owned by others	n.a.	n.a.	n.a.	n.a.	n.a.
Maintenance and repair services n.i.e.	1,418	1,572	1,654	1,674	20
Transport	41,546	38,396	36,571	34,639	-1,932
Travel (for all purposes including education)	31,118	33,726	37,510	36,114	-1,396
Business	3,381	3,620	4,058	4,157	99
Personal	27,737	30,106	33,452	31,957	-1,495
Construction	234	222	217	242	25
Insurance services	15,161	15,866	13,759	13,745	-14
Financial services	14,772	16,050	15,170	14,777	-393
Charges for the use of intellectual property n.i.e.	12,265	11,963	10,663	10,791	128
Telecommunications, computer, and information services	13,236	13,459	14,497	14,276	-221
Other business services	35,522	34,988	36,871	35,232	-1,639
Personal, cultural, and recreational services	7,283	7,644	7,978	7,779	-199
Government goods and services n.i.e.	6,299	6,342	6,312	6,392	80
Primary income payments	273,204	288,414	307,558	319,521	11,963
Investment income	267,301	282,281	301,576	313,265	11,689
Direct investment income	80,908	78,862	82,177	81,598	-579
Portfolio investment income	147,849	148,829	153,630	158,154	4,524
Income on equity and investment fund shares	49,810	49,533	52,695	54,229	1,534
Interest on debt securities	98,039	99,296	100,934	103,925	2,991
Other investment income	38,544	54,590	65,769	73,513	7,744
Compensation of employees	5,903	6,133	5,982	6,256	274
Secondary income (current transfer) payments²	96,920	93,700	89,059	89,488	429
Supplemental detail on insurance transactions:					
Premiums paid	40,242	42,503	36,492	37,226	734
Losses recovered	35,145	26,626	26,578	26,560	-18

- p** Preliminary
- r** Revised
- n.a.** Not available
- n.i.e.** Not included elsewhere

Table Footnotes

1. See also “[Table 2.1. U.S. Trade in Services, by Type of Service](#)” on the BEA website.
2. Secondary income (current transfer) receipts include U.S. government and private transfers, such as fines and penalties, withholding taxes, insurance-related transfers, and other current transfers.

Note. The statistics are presented in tables 1.2, 2.1, 3.1, 4.1, and 5.1 of the [International Transactions Accounts Interactive Data Application](#) on the BEA website.

U.S. Bureau of Economic Analysis

Capital Account

Capital-transfer receipts decreased \$37 million to \$7 million (table A). Capital-transfer payments decreased \$3.2 billion to \$2.8 billion, reflecting a decrease in infrastructure grants.

Financial Account

Net financial-account transactions were $-\$109.0$ billion in the second quarter, reflecting net U.S. borrowing from foreign residents (table A).

Financial assets

Second-quarter transactions increased U.S. residents' foreign financial assets by \$238.2 billion (charts 5 and 6 and table D). Transactions increased other investment assets, mostly loans, by \$109.2 billion; direct investment assets, mostly equity, by \$88.4 billion; portfolio investment assets, mostly equity, by \$40.3 billion; and reserve assets by \$0.3 billion.

Liabilities

Second-quarter transactions increased U.S. liabilities to foreign residents by \$342.5 billion. Transactions increased portfolio investment liabilities, mostly long-term debt securities, by \$387.1 billion and direct investment liabilities, mostly equity, by \$100.5 billion. Transactions decreased other investment liabilities, mostly loans, by \$145.2 billion.

Financial derivatives

Net transactions in financial derivatives were $-\$4.7$ billion in the second quarter, reflecting net U.S. borrowing from foreign residents.

Chart 5. Acquisition of Financial Assets and Incurrence of Liabilities Excluding Financial Derivatives

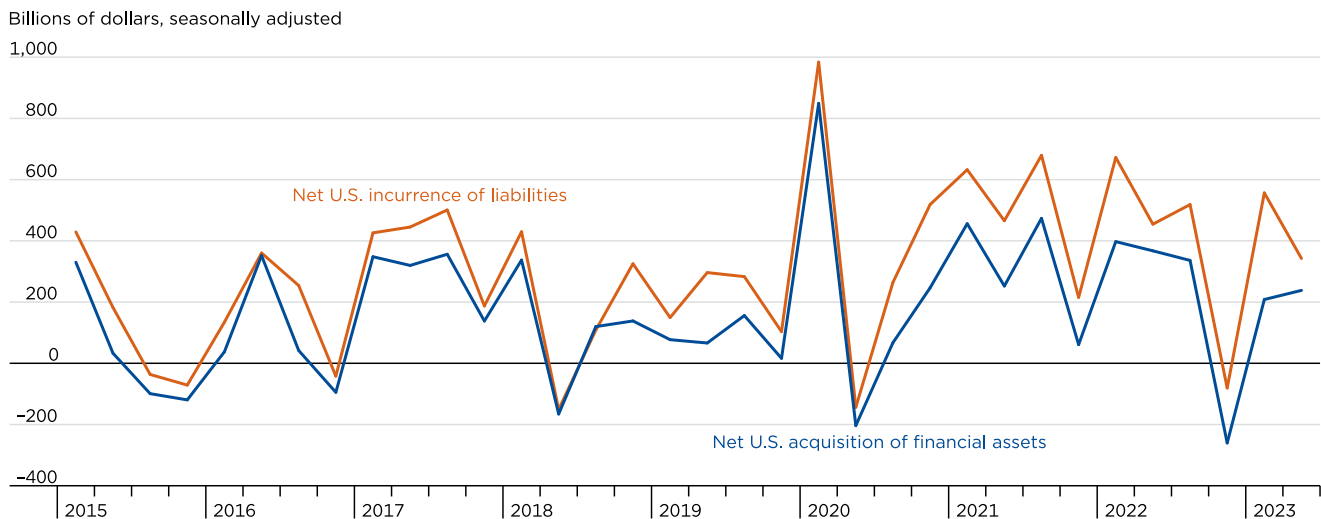
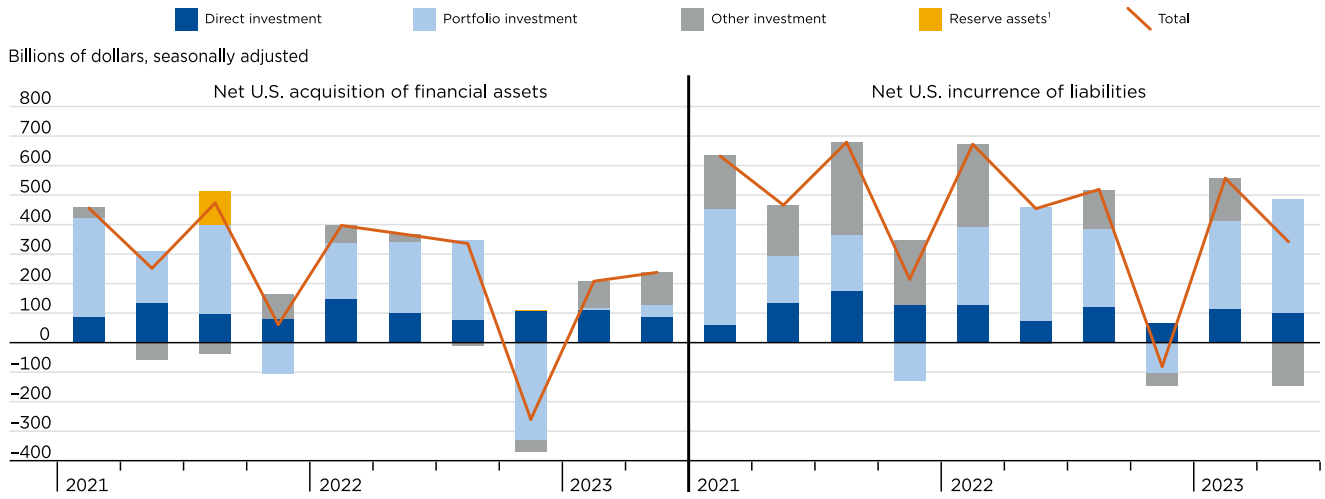


Chart 6. Transactions in Financial Assets and Liabilities Excluding Financial Derivatives



1. Transactions in reserve assets are relatively small and may not be clearly visible. See table D for these statistics.
U.S. Bureau of Economic Analysis

Table D. Net U.S. Acquisition of Financial Assets and Net U.S. Incurrence of Liabilities

[Millions of dollars, seasonally adjusted]

Series	2022		2023		Change 2023:Q1 to 2023:Q2
	Q3	Q4	Q1 ^r	Q2 ^p	
Net U.S. acquisition of financial assets excluding financial derivatives (net increase in assets / financial outflow (+))	336,063	-260,318	208,346	238,206	29,860
Direct investment assets	74,788	105,743	108,734	88,444	-20,290
Equity	105,980	109,714	68,850	81,524	12,674
Equity other than reinvestment of earnings	22,278	5,586	10,246	7,043	-3,203
Reinvestment of earnings	83,702	104,128	58,604	74,481	15,877
Debt instruments	-31,192	-3,971	39,884	6,920	-32,964
Portfolio investment assets	271,824	-330,802	8,109	40,295	32,186
Equity and investment fund shares	163,858	-264,288	-40,678	27,145	67,823
Debt securities	107,966	-66,514	48,787	13,150	-35,637
Short-term securities	28,401	-5,958	-997	-19,005	-18,008
Long-term corporate securities	60,263	-46,689	34,091	26,233	-7,858
Other long-term securities	19,302	-13,867	15,693	5,922	-9,771
Other investment assets	-11,346	-38,162	90,725	109,195	18,470
Other equity	335	165	266	1,582	1,316
Currency and deposits	77,815	27,131	-69,162	5,945	75,107
Loans	-90,578	-63,548	162,134	103,397	-58,737
Trade credit and advances	1,083	-1,911	-2,513	-1,730	783
Reserve assets	797	2,903	778	272	-506
Monetary gold	0	0	0	0	0
Special drawing rights	704	1,223	969	812	-157
Reserve position in the International Monetary Fund	131	1,652	-210	-637	-427
Other reserve assets	-38	29	19	97	78
Net U.S. incurrence of liabilities excluding financial derivatives (net increase in liabilities / financial inflow (+))	518,520	-80,707	556,677	342,471	-214,206
Direct investment liabilities	121,427	66,847	112,094	100,480	-11,614
Equity	94,365	73,985	116,807	72,846	-43,961
Equity other than reinvestment of earnings	37,868	21,805	66,062	17,202	-48,860
Reinvestment of earnings	56,497	52,180	50,745	55,644	4,899
Debt instruments	27,061	-7,138	-4,712	27,633	32,345
Portfolio investment liabilities	262,475	-101,060	299,510	387,142	87,632
Equity and investment fund shares	-5,289	-246,432	74,159	75,309	1,150
Debt securities	267,764	145,372	225,351	311,833	86,482
Short-term securities	73,949	43,710	-7,487	-24,348	-16,861
Treasury bills and certificates	24,173	30,378	12,633	-42,249	-54,882
Federally sponsored agency securities	3,175	3,719	3,764	-6,499	-10,263
Other short-term securities	46,601	9,613	-23,884	24,400	48,284
Long-term securities	193,815	101,662	232,838	336,182	103,344
Treasury bonds and notes	105,860	16,692	150,411	198,900	48,489
Federally sponsored agency securities	44,290	67,563	37,587	49,965	12,378
Corporate bonds and notes	42,127	17,772	45,260	85,440	40,180
Other long-term securities	1,538	-365	-420	1,877	2,297
Other investment liabilities	134,618	-46,494	145,073	-145,151	-290,224
Other equity	n.a.	n.a.	n.a.	n.a.	n.a.
Currency	3,463	11,247	6,807	11,869	5,062
Deposits	26,058	-24,098	55,438	-50,793	-106,231
Loans	101,151	-37,079	78,958	-111,355	-190,313
Trade credit and advances	3,945	3,435	3,869	5,127	1,258
Special drawing rights allocations	0	0	0	0	0

p Preliminary

r Revised

n.a. Not available

Note. The statistics are presented in tables 1.2, 6.1, 7.1, and 8.1 of the [International Transactions Accounts Interactive Data Application](#) on the BEA website.

U.S. Bureau of Economic Analysis

Updates to Statistics

The U.S. international transactions statistics for the first quarter of 2023 have been updated to incorporate newly available and revised source data (table E).

Table E. Updates to First-Quarter 2023 International Transactions Aggregates
[Millions of dollars, seasonally adjusted]

Series	Preliminary estimates	Revised estimates
Balance on current account	-219,300	-214,472
Balance on goods	-263,141	-263,268
Balance on services	62,145	61,470
Balance on primary income	31,296	31,446
Balance on secondary income (current transfers)	-49,600	-44,120
Net lending or borrowing from financial-account transactions	-326,769	-350,058
Net U.S. acquisition of financial assets	-59,676	208,346
Net U.S. incurrence of liabilities	265,366	556,677
Financial derivatives other than reserves, net transactions	-1,727	-1,727

U.S. Bureau of Economic Analysis

Newly Available Source Data on Portfolio Investment

With the release of U.S. international transactions on September 21, 2023, the U.S. Bureau of Economic Analysis has incorporated newly available source data from the Treasury International Capital System “Aggregate Holdings, Purchases and Sales, and Fair Value Changes of Long-Term Securities by U.S. and Foreign Residents” (TIC SLT) form to more accurately measure transactions in equity and investment fund shares and in long-term debt securities, which are components of the portfolio investment category in the financial account. The new TIC SLT transactions data, beginning with the first quarter of 2023, have replaced BEA’s estimation method for these portfolio investment transactions statistics that were derived from positions data reported on the TIC SLT form. For more information on this method, which remains relevant for periods prior to 2023, see paragraph 17.15 of *U.S. International Economic Accounts: Concepts and Methods*. For more information on the new source data, see the “Technical Note” that accompanies the release.

Footnotes

1. U.S. international transactions are presented in current dollars in accordance with international statistical presentation guidelines. For a comparison of current-dollar, or nominal, and inflation-adjusted, or real, measures of international transactions, see “SECTION 4 – FOREIGN TRANSACTIONS” of the [National Income and Product Accounts](#).



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