

**U.S. INTERNATIONAL TRANSACTIONS: THIRD QUARTER 2004***Preliminary estimates of Current-Account Balance***Current Account**

The U.S. current-account deficit—the broadest measure of receipts and payments for trade in goods and services, income, and net unilateral current transfers, such as gifts—increased slightly to \$164.7 billion (preliminary) in the third quarter of 2004 from \$164.4 billion (revised) in the second quarter.

The deficit on goods increased to \$166.7 billion from \$163.6 billion, as goods imports increased more than goods exports. The increase in imports was more than accounted for by petroleum and petroleum products, nonpetroleum industrial supplies and materials, and capital goods. The increase in exports was mostly accounted for by industrial supplies and materials, automotive vehicles, engines, and parts, and capital goods.

The surplus on services decreased to \$11.4 billion from \$12.5 billion, as services payments increased more than services receipts. The increases in payments and receipts were largely accounted for by increases in royalties and license fees, in “other” transportation, and in travel.

The surplus on income increased to \$5.3 billion from \$5.0 billion, as income receipts increased more than income payments. Most of the increase in receipts was accounted for by increases in “other” private receipts (which consists of interest and dividends) and in direct investment receipts. The increase in payments was mostly accounted for by increases in “other” private payments, in government payments, and in direct investment payments.

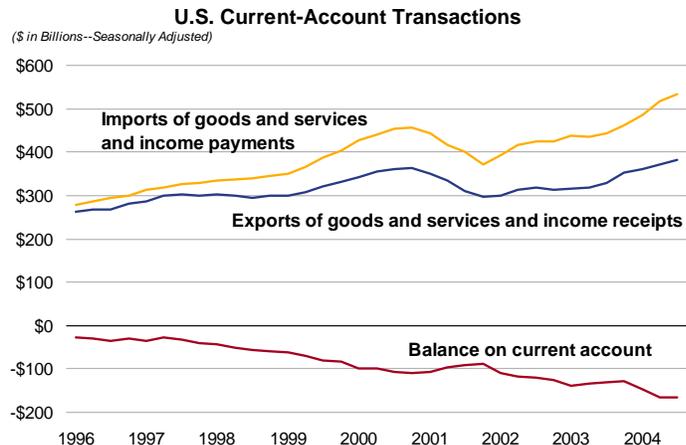
Net unilateral transfers decreased to \$14.6 billion from \$18.3 billion.

Financial Account

Net recorded financial inflows—net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad—were \$153.2 billion in the third quarter, down from \$164.9 billion in the second.

U.S.-owned assets abroad increased \$133.2 billion in the third quarter after they had increased \$105.8 billion in the second. Among these assets, U.S. claims reported by U.S. banks increased more in the third quarter than in the second. In contrast, net U.S. purchases of foreign securities and net financial outflows for U.S. direct investment abroad both slowed.

Foreign-owned assets in the United States increased \$286.4 billion in the third quarter after they had increased \$270.7 billion in the second. Net financial inflows for foreign direct investment in the United States picked up. In contrast, net foreign purchases of U.S. Treasury securities slowed. Net financial inflows for foreign purchases of U.S. securities other than U.S. Treasury securities remained strong.



BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on its Web site: <www.bea.gov>.

NOTE: A revised estimate of the third-quarter current-account balance—and new estimates of the fourth-quarter and year 2004 current-account balances—will be released on March 16, 2005.

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