

**U.S. INTERNATIONAL TRANSACTIONS: FOURTH 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 to \$187.9 billion (preliminary) in the fourth quarter of 2004 from \$165.9 billion (revised) in the third quarter. As a share of U.S. GDP, the deficit increased to 6.3 percent in the fourth quarter from 5.6 percent in the third.

The deficit on goods increased to \$183.5 billion from \$167.0 billion, as goods imports increased more than goods exports. Much of the increase in imports was in petroleum and petroleum products and in consumer goods. Much of the increase in exports was in industrial supplies and materials and in consumer goods.

The surplus on services increased to \$12.5 billion from \$11.2 billion, as services receipts increased more than services payments. The largest increases in receipts were in travel, in “other” transportation, and in royalties and license fees. The largest increases in payments were in “other” transportation and in “other” private services. Payments of royalties and license fees decreased.

The surplus on income decreased to \$2.1 billion from \$4.9 billion, as income payments increased more than income receipts. Increases in direct investment receipts and in “other” private receipts (which consists of interest and dividends) accounted for the increase in income receipts. An increase in “other” private payments accounted for much of the increase in income payments, but direct investment payments and U.S. Government payments (which consists of interest) also increased.

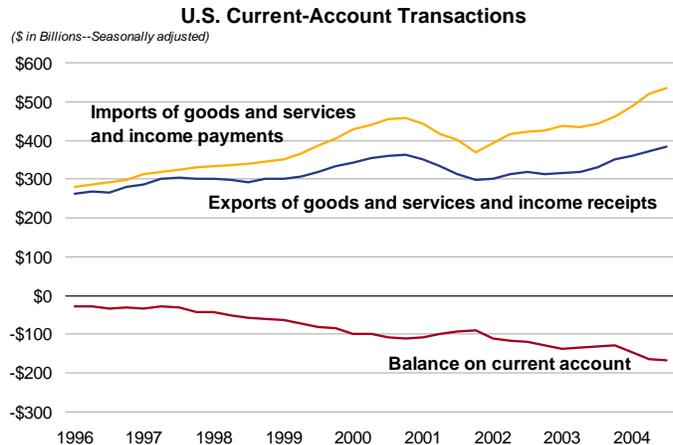
Net unilateral transfers were net outflows of \$19.0 billion, up from \$14.9 billion.

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 \$183.8 billion in the fourth quarter, up from \$128.7 billion in the third.

U.S.-owned assets abroad increased \$276.5 billion in the fourth quarter after they had increased \$127.6 billion in the third. Among these assets, U.S. claims reported by U.S. banks increased \$74.7 billion in the fourth quarter, following an increase of \$55.0 billion in the third. Net financial outflows for U.S. direct investment abroad and net U.S. purchases of foreign securities also increased

Foreign-owned assets in the United States increased \$460.2 billion in the fourth quarter after they had increased \$256.3 billion in the third. Among these assets, U.S. liabilities to foreigners reported by U.S. banks increased \$117.6 billion in the fourth quarter, following an increase of \$38.7 billion in the third. Net financial inflows for foreign purchases of U.S. securities other than U.S. Treasury securities increased \$170.2 billion in the fourth quarter, up sharply from \$93.0 billion in the third. Net foreign purchases of U.S. Treasury securities picked up. Net financial inflows for foreign direct investment in the United States increased slightly.



BEA's data—including GDP, personal income, the balance of payments, 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: Revised estimates of the fourth-quarter and year 2004 current-account balances, additional revised historical estimates of U.S. international transactions, and a preliminary estimate of the first-quarter 2005 current-account balance will be released on June 17, 2005.

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