

Taking Account...

BEA to Incorporate Derivatives Data

On May 15, the Department of the Treasury released quarterly transactions and investment position data on financial derivatives for the first time. These data cover transactions for 2006 and positions from December 2005 to December 2006. The Bureau of Economic Analysis (BEA) plans to incorporate these data into its international transactions accounts as part of its annual revision to be released on June 15 and into its international investment position accounts to be released on June 28. These releases will also incorporate other new and updated source data and methodologies.

The incorporation of the financial derivatives data is the culmination of several years of planning, research, and effort by the Treasury Department, the Federal Reserve Board, the Federal Reserve Bank of New York, and BEA to capture international transactions arising from this important class of financial instruments.

The derivatives data on transactions will be included as a separate line item in BEA's quarterly international accounts presentation with a one-quarter lag. The derivatives data on gross positive and gross negative positions in

derivatives will be included as separate line items in BEA's annual international investment position presentation.

BEA Releases Summary Estimates of MNC Activity

Worldwide employment growth by U.S. multinational companies (MNCs) decelerated slightly in 2005, while capital spending turned up, according to summary estimates of multinational activity released by BEA. Also, capital spending by U.S. affiliates of foreign MNCs rose, while employment declined slightly.

Worldwide employment by U.S. MNCs increased 1.8 percent in 2005, following a 2.2-percent increase in 2004. Domestic employment by U.S. parent companies increased 1.1 percent, following a 0.6-percent increase. Employment abroad by majority-owned foreign affiliates of U.S. MNCs increased 3.6 percent, following a 6.1-percent increase. U.S. employment by majority-owned U.S. affiliates of foreign MNCs decreased 0.7 percent in 2005, following a 2.0-percent decrease in 2004.

Worldwide capital expenditures of U.S. MNCs increased 15.2 percent in 2005, following a decrease of 2.4 percent in 2004. The increase reflected a 15.3-percent increase in capital

spending in the United States by U.S. parent companies, following a decrease of 6.3 percent. Capital spending abroad by their majority-owned foreign affiliates increased 14.9 percent, following a 9.0-percent increase. For majority-owned U.S. affiliates of foreign MNCs, capital expenditures increased 7.1 percent in 2005, following a 3.5-percent increase in 2004.

Sales by U.S. parent companies rose 8.7 percent, following a 6.9-percent increase, and sales by their majority-owned foreign affiliates increased 14.4 percent, following a 14.8-percent increase. Sales by majority-owned U.S. affiliates of foreign MNCs increased 8.8 percent, following an 8.6-percent increase.

Domestic employment by U.S. parent companies accounted for 70 percent of the worldwide employment of U.S. MNCs in 2005, down from 71 percent in 2004. The U.S.-parent share of the worldwide capital expenditures of U.S. MNCs in 2005 was 71 percent, the same share as in 2004.

The estimates, with tables in .xls format, are available at www.bea.gov/newsreleases/international/mnc/2007/mnc2005.htm. Estimates based on more complete source data will be released later this year.