

Technical Note

U.S. International Transactions, Second Quarter

September 18, 2020

This technical note provides background information about the estimation methods used to produce the estimates presented in the U.S. International Transactions news release. The complete set of estimates for the second quarter is available on BEA's Web site at www.bea.gov; a brief summary of "highlights" is also posted on the Web site.

Coronavirus (COVID-19) Impact on Second Quarter U.S. International Transactions

Exports of goods and services to, and income received from, foreign residents decreased \$209.3 billion, to \$688.0 billion, in the second quarter of 2020. Imports of goods and services from, and income paid to, foreign residents decreased \$150.2 billion, to \$858.5 billion. The declines in current account transactions are in part due to the impact of COVID-19, as many businesses were operating at limited capacity or ceased operations completely. The United States and other countries issued travel advisories or restrictions that led to rapid declines in the numbers of foreign travelers to the United States and U.S. travelers abroad. Direct investment income was also impacted as COVID-related production shutdowns and "stay-at-home orders" resulted in lower second quarter earnings.

In the financial account, the ending of some currency swaps between the U.S. Federal Reserve System and some central banks in Europe and Japan contributed to U.S. withdrawal of deposit assets and U.S. repayment of deposit liabilities. Following the \$353.9 billion increase in swaps in the first quarter, swaps were reduced by \$130.8 billion in the second quarter. The reduction in swaps was reflected in the U.S. Federal Reserve's net withdrawal of \$130.8 billion from deposits abroad and foreign banks' withdrawal of \$213.0 billion of their deposits in U.S. banks. More information about the central bank liquidity swaps is available from the [Federal Reserve System](#).

The full economic effects of the COVID-19 pandemic cannot be quantified in the statistics because the impacts are generally embedded in source data and cannot be separately identified.

Impact on Estimation Methods

For international transactions categories based on source data that are lagged, including services categories based on BEA's quarterly surveys of financial, insurance, and other selected services and intellectual property transactions, BEA generally estimates the current quarter using related indicator series and historical trends. To more accurately measure the second quarter transactions given the impact of COVID-19, BEA incorporated early reporting on the Quarterly Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons (BE-125) and the Quarterly Survey of

Financial Services Transactions Between U.S. Financial Services Providers and Foreign Persons (BE-185). Reported data were available for 52 percent of the reporters for the BE-125 and for 65 percent of the reporters for the BE-185; BEA used its standard methods to estimate companies that had not yet reported.

More complete source data will be incorporated following the schedule described under “Release and update cycle” in the Additional Information section of each international transactions news release.

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