

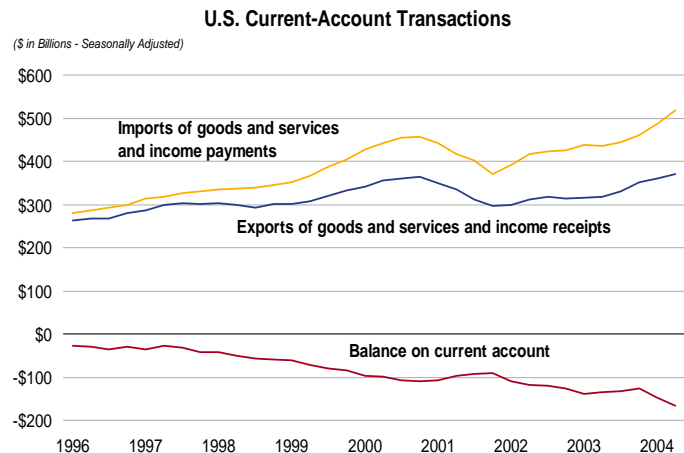
**U.S. INTERNATIONAL TRANSACTIONS: SECOND QUARTER 2004***Preliminary estimates of Current-Account Balance***Current Account**

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 \$166.2 billion (preliminary) in the second quarter of 2004 from \$147.2 billion (revised) in the first quarter.

The deficit on goods increased to \$163.6 billion from \$150.8 billion, as goods imports increased much more than goods exports. The increase in imports was mostly accounted for by industrial supplies and materials, capital goods, and consumer goods. The increase in exports was also mostly accounted for by the same commodity categories.

The surplus on services increased to \$13.3 billion from \$12.2 billion, as services receipts increased more than services payments. The increases in receipts and in payments were largely accounted for by increases in travel and in “other” private services (such as business, professional, and technical services, insurance services, and financial services).

The surplus on income decreased to \$2.6 billion from \$12.2 billion, as income payments increased much more than income receipts. Much of the increase in payments was accounted for by increases in direct investment payments and in “other” private payments (which consists of interest and dividends). The increase in receipts was more than accounted for by increases in “other” private receipts and in direct investment receipts.

**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 \$146.8 billion in the second quarter, up from \$138.6 billion in the first.

U.S.-owned assets abroad increased \$118.5 billion in the second quarter after they had increased \$306.7 billion in the first. Among these assets, U.S. claims on foreigners reported by U.S. banks increased much less in the second quarter than in the first, and claims reported by nonbanking concerns decreased in the second quarter after they had increased in the first. In contrast, net U.S. purchases of foreign securities and net financial outflows for U.S. direct investment abroad both strengthened.

Foreign-owned assets in the United States increased \$265.2 billion in the second quarter after they had increased \$445.3 billion in the first. U.S. liabilities to foreigners reported by U.S. banks increased much less in the second quarter than in the first, liabilities reported by nonbanking concerns decreased in the second quarter after they had increased in the first, and net foreign purchases of U.S. Treasury securities slowed. In contrast, net financial inflows for foreign direct investment in the United States and net foreign purchases of U.S. securities other than U.S. Treasury securities both strengthened.

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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](http://www.bea.gov)>.

NOTE: A revised estimate of the second-quarter current-account balance—and new estimates of the third-quarter current-account balance—will be released on December 16, 2004.

Contact: Ralph Stewart 202-606-9690

Bureau of Economic Analysis  
U.S. Department of Commerce