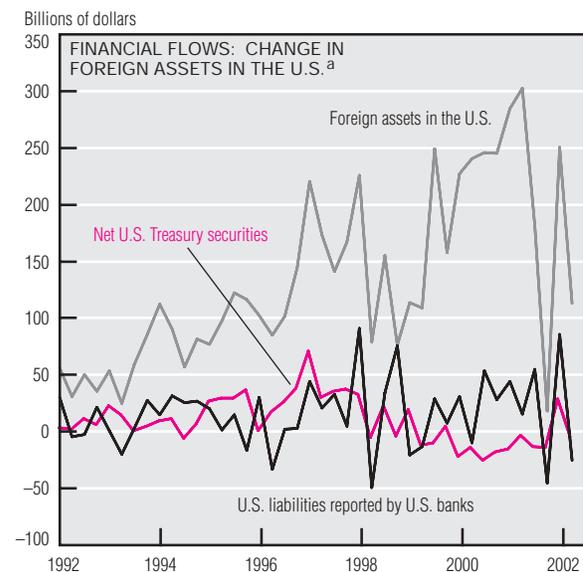
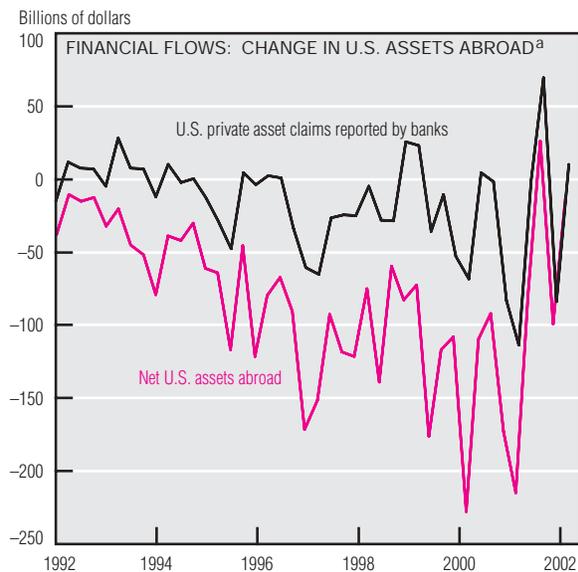
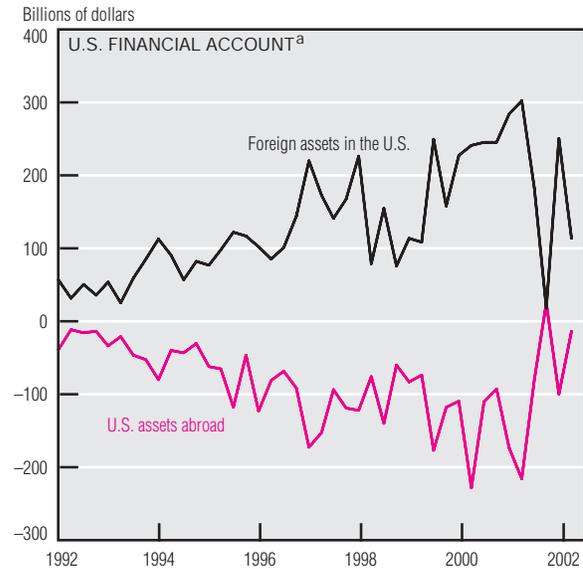
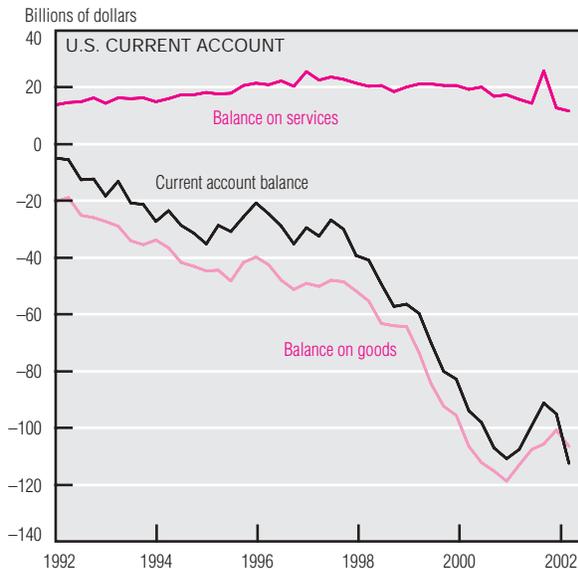


# U.S. International Transactions



a. Positive entries correspond to inflows, negative entries to outflows.

SOURCES: U.S. Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

Data for 2002:IQ show a sizeable increase in the U.S. current account deficit, from \$95.1 billion in 2001:IVQ to \$112.5 billion. This movement can be attributed mainly to a deterioration in the goods deficit—from \$100.7 billion to \$106.4 billion—resulting from both declines in exports and increases in imports.

Net financial inflows into the U.S.—that is, the difference between the net acquisition of assets in the U.S. by foreigners and the net acquisition of assets abroad by U.S. residents—declined from \$150.7 billion to \$99.4 billion. Growth in U.S.-owned

assets abroad slowed significantly, from a \$100.1 billion increase in 2001:IVQ to an increase of only \$13.9 billion in 2002:IQ. This was largely the result of declining U.S. claims on foreigners reported by U.S. banks. Foreign-owned assets in the U.S. rose \$113.3 billion in 2002:IQ after increasing \$250.8 billion during 2001:IVQ, due partly to a swing from positive net foreign purchases of Treasury securities to net foreign sales.

In textbook discussions of the construction of data on international transactions, a current account deficit must be offset by a surplus on the capital and financial accounts. However,

preliminary data for 2002:IQ show that, although the current account deficit increased, net financial inflows into the U.S. fell. This is “explained” by a \$78 billion swing in the statistical discrepancy that reconciles the tabulation of international transactions.

Revisions to the 1995–2001 data have altered our view of the trajectory of the U.S. current account and the capital and financial accounts. The revisions lowered both the current account deficit and net inflows into the U.S., indicating that foreign holdings of long-term U.S. debt instruments had been overstated.