

Technical Note

U.S. International Transactions First Quarter 2020 and Annual Update

June 19, 2020

This technical note provides background information about the estimation methods used to produce the estimates presented in the U.S. International Transactions Accounts news release. The complete set of estimates for the first 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 First-Quarter U.S. International Transactions

Exports of goods and services to, and income received from, foreign residents decreased \$47.5 billion, to \$902.2 billion, in the first quarter of 2020. Imports of goods and services from, and income paid to, foreign residents decreased \$47.5 billion, to \$1.01 trillion. 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 first-quarter earnings.

In the financial account, currency swaps between the U.S. Federal Reserve System and several foreign central banks contributed to record levels of U.S. acquisition of assets and U.S. incurrence of liabilities. The Federal Reserve provided U.S. dollars in exchange for foreign currencies to help the foreign central banks meet a sudden large demand for U.S. dollars as the usual sources of funding for global economic activity were disrupted by the pandemic. Transactions in deposit assets included \$353.9 billion in foreign currency acquired by the Federal Reserve and transactions in deposit liabilities included \$387.3 billion in interbank deposits received by the U.S. branches of foreign banks from affiliated foreign banks. These interbank deposits were mainly the U.S. dollars that foreign central banks obtained through the swaps, which they then lent to foreign banks. More information about the central bank liquidity swaps is available from the [Federal Reserve System](https://www.federalreserve.gov).

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 accounts 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 estimates the current quarter using related indicator series and historical trends. For periods impacted by COVID-19, BEA adjusted its standard estimation approach for certain series using private sector reports on the impact of COVID-19 on business operations and other related flows.

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 report.

Summary Results from the Annual Update

Today's release presents results from the annual update of the U.S. international transactions accounts. This year's update includes revised estimates for the first quarter of 1999 to the fourth quarter of 2019. The update incorporates newly available and revised source data, changes in definitions and classifications, methodological and source data improvements, and updated seasonal adjustments. In addition, table presentations for the international transactions accounts have been expanded to provide additional detail.

The overall trend in the current account balance was little changed by this annual update. From 1999 through 2019, the annual current account balance was revised by less than 3 percent (positive or negative) for most years. However, for some years—2007, 2013, and 2016–2019—the annual current account balance was revised by more than 3 percent (positive or negative). Also, for 2016 and 2017, an increase in the balance was revised to a decrease in the balance. The updates mostly reflected revisions to the primary income surplus, which ranged from –40.6 percent in 2006 to 14.2 percent in 2017, and revisions to the services surplus, which ranged from –8.7 percent in 2009 to 15.7 percent in 2018. Methodological updates were the largest factor behind the revisions to the primary income and services balances.

Additional information on the improvements is published in "[Preview of the 2020 Annual Update of the International Economic Accounts](#)" in the April 2020 issue of the *Survey of Current Business*. An article describing the revisions will be published in the July 2020 issue.

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