



Bureau of Economic Analysis

Survey of Current Business

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April 1996

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Real slowed to a 0.5-percent increase in the fourth quarter of 1995 from a 3.6-percent increase in the third quarter; the price index for gross domestic purchases increased 2.1 percent after increasing 1.7 percent. Corporate profits increased \$3.7 billion after jumping \$53.8 billion. The Federal Government current deficit decreased to \$154.9 billion, the lowest level since the first quarter of 1991, and the State and local government current surplus decreased to \$88.1 billion.

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BUSINESS SITUATION

This article was prepared by Daniel Larkins, Larry R. Moran, Ralph W. Morris, Claire G. Pitzer, and Deborah Y. Sieff.

ACCORDING TO the "final" estimates of the national income and product accounts (NIPA's), real gross domestic product (GDP) increased 0.5 percent in the fourth quarter of 1995; the "advance" estimate of real GDP, reported in the March "Business Situation," had shown a 0.9-percent increase.¹ The change in real final sales of domestic product was revised down to a 1.6-percent increase from the 1.8-percent increase reported a month ago. The price index for gross domestic purchases increased 2.1 percent, 0.1 percentage point more than reported a month ago. (The sources of the revisions are discussed in the section "Revisions.")

The 0.5-percent increase in real GDP was markedly lower than the 3.6-percent increase in the third quarter and was similar to the low growth rates posted in the first half of 1995 (chart 1 and table 1). All the major compo-

nents of GDP except net exports contributed to the fourth-quarter slowdown. Inventory investment turned down, as inventories accumulated at a slower pace, and personal consumption expenditures decelerated. Government consumption expenditures and gross investment decreased more than in the third quarter; as explained later, about a third of the fourth-quarter

1. For the fourth quarter of 1995, a "preliminary" estimate was not prepared because of the effects of Federal Government shutdowns.

Quarterly estimates in the NIPA's are expressed at seasonally adjusted annual rates, and quarterly changes are differences between these rates. Quarter-to-quarter percent changes are annualized. Real estimates are expressed in chained (1992) dollars. Price indexes are chain-type indexes.

Table 1.—Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers

[Seasonally adjusted at annual rates]

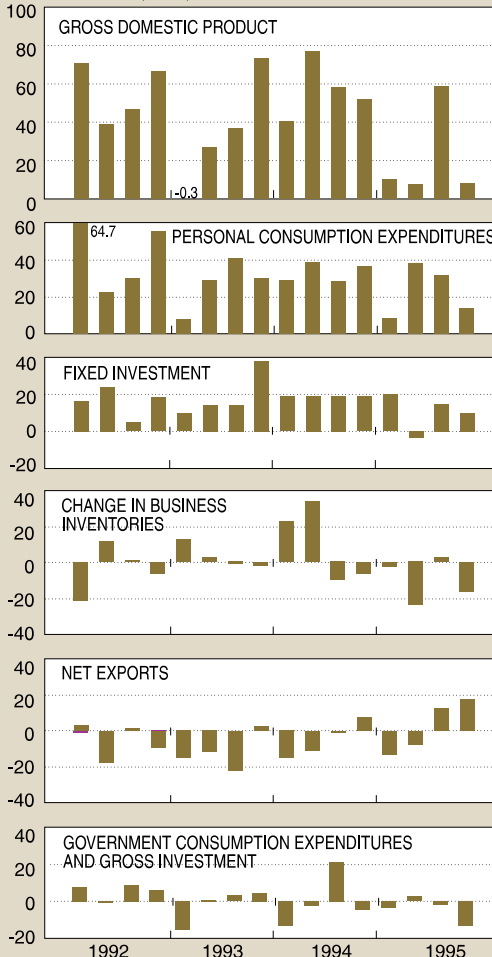
	Billions of chained (1992) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1995			
		1995				I	II	III	IV
		1995:IV	I	II	III					IV
Gross domestic product	6,776.5	10.3	7.8	58.9	8.2	0.6	0.5	3.6	0.5
Less: Exports of goods and services	799.8	4.8	8.5	14.8	20.7	2.6	4.6	8.0	11.0
Plus: Imports of goods and services	896.4	18.1	16.3	2.2	3.0	8.7	7.7	1.0	1.3
Equals: Gross domestic purchases ...	6,870.5	22.9	15.1	47.4	-8.9	1.4	.9	2.8	-5
Less: Change in business inventories ...	16.5	-2.8	-23.9	2.6	-16.7				
Equals: Final sales to domestic purchasers	6,854.5	24.8	37.2	44.5	10.1	1.5	2.2	2.6	.6
Personal consumption expenditures ..	4,614.1	8.6	37.9	31.6	13.7	.8	3.4	2.8	1.2
Nonresidential fixed investment	725.3	24.7	6.2	9.1	5.6	15.3	3.6	5.2	3.1
Residential investment	266.4	-4.4	-9.3	5.7	4.1	-6.3	-13.3	9.2	6.4
Government consumption expenditures and gross investment	1,250.4	-3.6	2.8	-2.2	-13.2	-1.1	.9	-7	-4.1

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates usually are not additive. Chained (1992) dollar levels and residuals, which measure the extent of nonadditivity in each table, are found in NIPA tables 1.2 and 1.6. Percent changes in major aggregates are found in table 8.1.

CHART 1

Real Product: Change from Preceding Quarter

Billion chained (1992) \$



Based on Seasonally Adjusted Annual Rates

U.S. Department of Commerce, Bureau of Economic Analysis

decrease was accounted for by shutdowns of the Federal Government in mid-November and late December.

Real gross domestic purchases decreased 0.5 percent in the fourth quarter after increasing 2.8 percent in the third. Unlike GDP, gross domestic purchases includes imports and excludes exports. Exports of goods and services increased substantially more than in the third quarter, while imports posted a small increase similar to the one in the third quarter.

Gross national product (GNP).—Real GNP increased 1.3 percent in the fourth quarter, 0.8 percentage point more than real GDP (chart 2 and table 2). GNP equals GDP plus receipts of factor income from the rest of the world less payments of factor income to the rest of the world. In the fourth quarter, receipts of factor income increased much more than payments. Two-thirds of the increase in receipts was accounted for by profits earned abroad by U.S. residents, and interest income more than accounted for the small increase in payments. On a command basis, real GNP increased 1.7 percent.²

2. In the estimation of command-basis GNP—a measure of U.S. production in terms of its purchasing power—the current-dollar value of the sum of exports of goods and services plus receipts of factor income is deflated by

Table 2.—Relation of Real Gross Domestic Product, Real Gross National Product, and Real Command-Basis Gross National Product

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars			Percent change from preceding quarter	
	Level	Change from preceding quarter		1995	
		1995		III	IV
		1995:IV	III			IV
Gross domestic product	6,776.5	58.9	8.2	3.6	0.5
Plus: Receipts of factor income from the rest of the world	206.9	-2.0	15.3	-4.1	36.0
Less: Payments of factor income to the rest of the world	206.4	3.5	1.4	7.1	2.8
Equals: Gross national product	6,776.7	53.4	22.1	3.2	1.3
Less: Exports of goods and services and receipts of factor income from the rest of the world	1,007.8	12.6	36.3	5.4	15.8
Plus: Command-basis exports of goods and services and receipts of factor income	1,041.8	25.3	42.5	10.8	18.1
Equals: Command-basis gross national product	6,810.8	66.0	28.4	4.0	1.7
Addendum:					
Terms of trade ¹	101.2	.8	.3	3.2	1.2

1. Ratio of the implicit price deflator for exports of goods and services and receipts of factor income to the corresponding implicit price deflator for imports with the decimal point shifted two places to the right.

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels are found in NIPA tables 1.10 and 1.11.

Personal consumption expenditures

Real personal consumption expenditures (PCE) increased 1.2 percent in the fourth quarter after increasing 2.8 percent in the third (table 3). Most of the slowdown was accounted for by durable goods, but nondurable goods and services also contributed.

Factors usually considered in the analysis of PCE were mixed in the fourth quarter (chart 3). On the plus side, the unemployment rate edged down to 5.5 percent from 5.6 percent, and real disposable income increased 3.8 percent. On the negative side, the Index of Consumer Sentiment (prepared by the University of Michigan's Survey Research Center) fell to its lowest level in 2 years.

Expenditures for durable goods increased only 0.3 percent after jumping 9.3 percent. The slowdown was primarily accounted for by a downturn in motor vehicles and parts, which reflected a sharp drop in used autos after an increase in the third quarter; in contrast, new autos and new trucks turned up.³ Furniture and household equipment increased slightly less than in the third

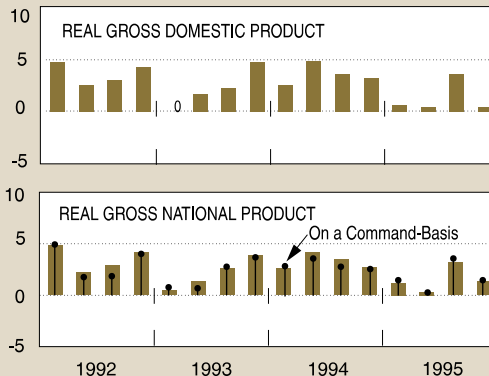
the implicit price deflator for the sum of imports of goods and services plus payments of factor income.

3. Used autos in PCE reflect dealers' margins on used autos and net transactions with other sectors. Dealers' margins are the difference between retail prices and wholesale prices. Net transactions, which are valued at wholesale prices, represent the difference between sales of used autos by consumers to businesses and government, on the one hand, and purchases of used autos by consumers from businesses and government, on the other. Thus, in GDP, changes in net transactions, which accounted for more than three-fourths of the decrease in PCE used autos in the fourth quarter, are offset by changes in the opposite direction in nonresidential producers' durable equipment, change in business inventories, and government gross investment.

CHART 2

Selected Product Measures: Change From Preceding Quarter

Percent



Note.—Percent change at annual rate from preceding quarter; based on seasonally adjusted estimates.

quarter, primarily reflecting a downturn in furniture and in kitchen and household appliances. Other durable goods decreased after increasing.

Expenditures for nondurable goods decreased 0.3 percent after increasing 0.5 percent. Clothing and shoes, food, and "other" nondurables each decreased after increasing. In contrast, energy turned up.

Expenditures for services increased 2.2 percent after increasing 2.6 percent. Household operation turned down as electricity and gas decreased sharply, reflecting a return to more normal temperatures after an unusually warm third quarter. "Other" services increased less than in the third quarter, primarily reflecting a slowdown in brokerage commissions. Housing increased about the same in both quarters. Transportation and medical care increased more than in the third quarter; in transportation, the step-up appears to have been a reaction to a sharp downturn in airfares.

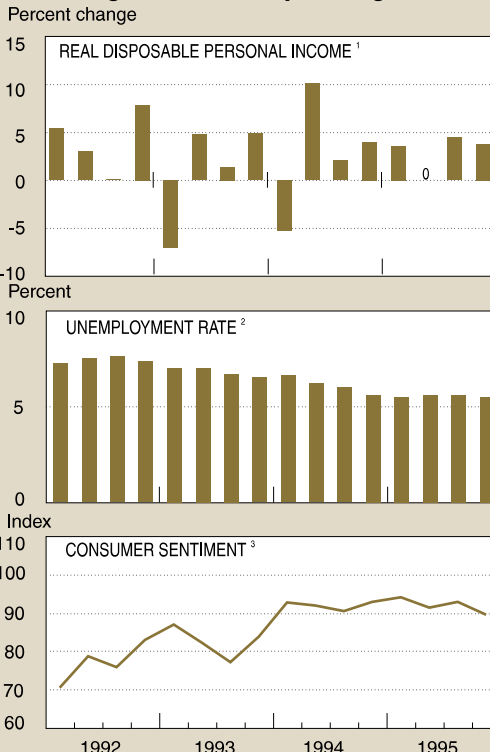
Nonresidential fixed investment

Real private nonresidential fixed investment increased 3.1 percent in the fourth quarter after increasing 5.2 percent in the third (table 4). Most of the slowdown was accounted for by structures.

Factors usually associated with investment spending, like those associated with PCE, were mixed in the fourth quarter. Domestic corporate profits were down. Cash flow increased but

CHART 3

Selected Factors Affecting Consumer Spending



1. Disposable personal income in chained (1992) dollars; seasonally adjusted annual rates.
 2. All civilian workers, seasonally adjusted.
 Data: U.S. Department of Labor, Bureau of Labor Statistics
 3. Data: University of Michigan's Survey Research Center.
 U.S. Department of Commerce, Bureau of Economic Analysis

Table 3.—Real Personal Consumption Expenditures

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter				
	Level	Change from preceding quarter					1995			
		1995					I	II	III	IV
		1995:IV	I	II	III	IV				
Personal consumption expenditures	4,614.1	8.6	37.9	31.6	13.7	0.8	3.4	2.8	1.2	
Durable goods	590.1	-13.0	9.7	13.1	.4	-8.7	7.0	9.3	.3	
Motor vehicles and parts	220.9	-13.2	4.5	5.2	-5.0	-21.1	8.6	9.7	-8.6	
Of which: New autos	80.2	-6.6	-4	-7	3.2	-27.5	-1.9	-3.7	17.4	
New trucks	51.9	-4.1	.2	-4	1.5	-26.8	1.5	-2.6	11.6	
Furniture and household equipment	261.5	.6	4.2	7.4	6.6	.9	7.1	12.5	10.8	
Other	109.9	.1	1.0	.6	-6	.4	3.8	2.2	-2.3	
Nondurable goods	1,424.2	8.4	6.7	1.9	-1.2	2.4	1.9	.5	-3	
Food	703.3	5.6	.9	2.3	-6	3.2	.5	1.3	-3	
Clothing and shoes	257.3	-9	3.4	.9	-1.6	-1.4	5.3	1.4	-2.4	
Gasoline and oil	113.7	1.8	.2	-1.1	1.2	6.8	.6	-4.0	4.5	
Fuel oil and coal	10.3	.3	.7	-6	.7	12.3	30.8	-21.2	30.1	
Other	339.4	1.6	1.7	.3	-9	2.0	1.9	.4	-1.0	
Services	2,600.4	13.0	21.5	16.7	14.1	2.1	3.4	2.6	2.2	
Housing	686.3	3.3	2.6	3.2	3.1	2.0	1.6	1.9	1.8	
Household operation	279.0	3.0	7.2	3.5	-1.8	4.6	11.0	5.2	-2.6	
Electricity and gas	113.5	1.8	4.9	2.8	-3.6	7.0	19.0	10.3	-12.0	
Other household operation	165.5	1.2	2.3	.8	1.8	3.0	5.9	1.9	4.4	
Transportation	180.0	1.2	.2	.5	3.6	2.7	.6	1.1	8.4	
Medical care	691.3	3.6	3.5	4.8	5.2	2.1	2.1	2.8	3.1	
Other	763.9	2.0	8.0	4.7	3.9	1.1	4.4	2.5	2.1	

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are found in NIPA tables 2.3, 8.5 (new autos), and 8.7 (new trucks). Percent changes in major aggregates are found in table 8.1.

much less than in the third quarter; similarly, real final sales of domestic product increased only modestly after a substantially larger increase. The capacity utilization rate in manufacturing dropped to 82.0 percent from 82.6 percent—its third consecutive quarterly decrease. However, borrowing costs—as measured by the yield on new high-grade corporate bonds—decreased for the fourth consecutive quarter; at 7.17 percent, the yield was 160 basis points lower than in the fourth quarter of 1994.

Structures increased 0.9 percent after increasing 6.2 percent. Nonresidential buildings increased less than in the third quarter; commercial construction more than accounted for the slowdown. Construction by utilities also slowed substantially.

Producers' durable equipment increased 4.0 percent after increasing 4.9 percent. Transportation and "other" equipment turned down, and industrial equipment decreased almost as much as in the third quarter. In contrast, information processing equipment, mainly computers and peripheral equipment, jumped sharply.

Residential investment

Real residential investment increased 6.4 percent in the fourth quarter after increasing 9.2 percent in the third. The slowdown was more than accounted for by "other" residential investment;

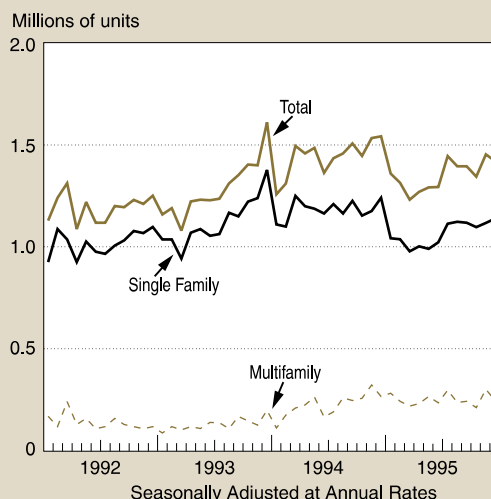
in contrast, both single-family and multifamily construction increased more than in the third quarter.⁴

Single-family construction increased 10.6 percent after increasing 9.4 percent. Single-family

4. "Other" residential investment includes improvements (major replacements and additions and alterations), sales of new mobile homes, brokers' commissions on house sales, and residential equipment.

CHART 4

Housing Starts



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

Table 4.—Real Gross Private Domestic Fixed Investment

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter				
	Level	Change from preceding quarter					1995			
		1995					I	II	III	IV
		1995:IV	I	II	III	IV				
Gross private domestic fixed investment	990.7	19.9	-3.5	14.9	9.7	8.6	-1.4	6.3	4.0	
Nonresidential	725.3	24.7	6.2	9.1	5.6	15.3	3.6	5.2	3.1	
Structures	183.1	4.2	1.5	2.7	.4	9.9	3.4	6.2	.9	
Nonresidential buildings, including farm	130.3	2.1	1.4	2.4	1.1	6.9	4.7	7.8	3.5	
Utilities	36.0	1.0	1.1	1.0	.2	13.0	13.5	12.5	1.8	
Mining exploration, shafts, and wells	10.5	1.0	-1.8	.3	-5	35.7	-44.7	9.0	-17.1	
Other	6.2	.2	.7	-1.0	-4	9.8	44.9	-42.8	-21.8	
Producers' durable equipment	543.5	20.7	4.8	6.3	5.3	17.4	3.7	4.9	4.0	
Information processing and related equipment	216.1	6.7	10.7	2.0	14.2	15.7	24.5	4.1	31.3	
Computers and peripheral equipment	106.1	3.9	8.0	3.8	14.1	22.3	46.2	18.1	77.3	
Other	116.3	3.2	3.6	-1.0	2.2	12.3	13.6	-3.5	7.9	
Industrial equipment	115.5	4.8	4.2	-1.7	-1.2	18.6	15.5	-5.7	-4.0	
Transportation and related equipment	115.1	5.2	-6.9	5.6	-5.3	18.9	-20.9	21.2	-16.5	
Of which: Motor vehicles	100.3	-2.2	-2.0	6.9	-7.0	-8.2	-7.6	30.5	-23.7	
Other	99.4	4.0	-2.3	.4	-1.3	17.0	-8.5	1.5	-4.9	
Residential	266.4	-4.4	-9.3	5.7	4.1	-6.3	-13.3	9.2	6.4	
Single-family structures	129.1	-4.4	-10.0	2.8	3.3	-12.0	-26.9	9.4	10.6	
Multifamily structures	18.5	1.2	.6	.4	.7	34.0	14.3	10.2	15.6	
Other	119.3	-1.2	.4	2.5	.1	-4.0	1.4	8.8	.3	

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are found in NIPA tables 5.5, 8.5 (new and used autos) and 8.7 (new trucks). Percent changes in major aggregates are found in table 8.1.

construction in a quarter is largely determined by single-family housing starts in that quarter and in the preceding quarter. Therefore, construction in the fourth quarter reflected starts in the third and fourth quarters. In these two quarters, single-family starts averaged 1.13 million units (seasonally adjusted annual rate), up from an average of 1.07 million units in the second and third quarters (chart 4).

“Other” residential investment increased 0.3 percent after increasing 8.8 percent. Brokers’ commissions turned down after a large increase. The decrease reflected a 123,000-unit decrease (seasonally adjusted annual rate) in sales of new and existing residences, despite a continued drop in mortgage rates; for example, the commitment rate on 30-year fixed-rate mortgages, at 7.35 percent, was 175 basis points lower than in the fourth quarter of 1994 (chart 5).

Inventory investment

Real inventory investment—that is, the change in business inventories—decreased \$16.7 billion in the fourth quarter, as inventory accumulation slowed to \$16.5 billion from \$33.2 billion (table 5). In contrast, inventory investment had increased \$2.6 billion in the third quarter as accumulation stepped up from \$30.6 billion in the second quarter.

Nonfarm inventories increased \$19.5 billion in the fourth quarter after increasing \$38.3 billion in the third. The fourth-quarter increase represented a 0.5-percent (quarterly rate) increase in nonfarm inventories; over the preceding six quarters, accumulation had averaged \$48 billion—an average increase of 1.2 percent (quarterly rate).

The fourth-quarter accumulation of nonfarm inventories was attributable to manufacturing, wholesale trade, and “other” nonfarm. Manufacturing inventories increased less than in the third quarter, when they had posted their biggest increase in almost 6 years. The accumulation of durable goods slowed, and inventories of nondurable goods decreased slightly.

Wholesale trade inventories also increased less than in the third quarter. The slowdown was accounted for by nondurable goods, largely farm products, groceries, apparel, drugs and sundries.

“Other” nonfarm inventories increased more than in the third quarter. This group consists mainly of inventories held by the mining, construction, public utilities, transportation, communication, and service industries.

Retail trade inventories decreased after increasing. The decrease was in nondurable goods—largely “other” nondurables, apparel, and drug stores—and in durable goods other than those held by auto dealers.

Farm inventories decreased \$3.5 billion, the fourth consecutive quarter of inventory reduc-

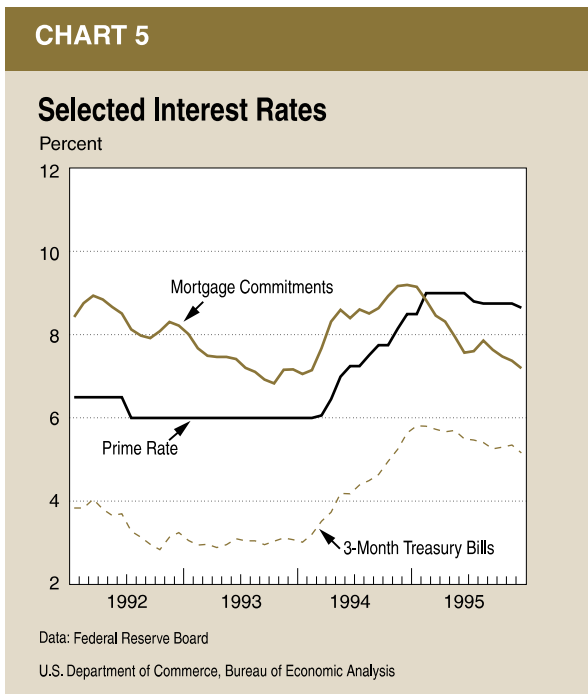


Table 5.—Change in Real Business Inventories
(Billion of chained (1992) dollars; seasonally adjusted at annual rates)

	Level					Change from preceding quarter			
	1994	1995				1995			
		IV	I	II	III	IV	I	II	III	IV
Change in business inventories	57.3	54.5	30.6	33.2	16.5	-2.8	-23.9	2.6	-16.7
Farm	3.3	-4.4	-3.8	-5.8	-3.5	-7.7	.6	-2.0	2.3
Nonfarm	53.3	58.1	33.8	38.3	19.5	4.8	-24.3	4.5	-18.8
Manufacturing	6.5	8.6	11.3	16.4	11.2	2.1	2.7	5.1	-5.2
Wholesale trade	22.6	24.7	15.4	12.9	4.8	2.1	-9.3	-2.5	-8.1
Retail trade	17.2	12.7	5.6	3.0	-7.0	-4.5	-7.1	-2.6	-10.0
Of which: Motor vehicle dealers	8.4	9.4	-5	-6.2	.4	1.0	-9.9	-5.7	6.6
Other	6.9	12.3	1.5	6.0	10.6	5.4	-10.8	4.5	4.6

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are found in NIPA table 5.11.

tion. The fourth-quarter decrease was accounted for by crops.

The ratio of real nonfarm inventories to real final sales of domestic business was at 2.28 for the fourth consecutive quarter. A different ratio, in which real final sales are limited to goods and structures, edged down to 4.09 from 4.10.

Exports and imports of goods and services

Real exports increased 11.0 percent in the fourth quarter after increasing 8.0 percent in the third. Real imports increased 1.3 percent after increasing 1.0 percent (table 6).

Exports of goods increased 14.1 percent after increasing 9.6 percent. Exports of agricultural goods turned down, but exports of nonagricultural goods stepped up, largely as a result of an

upturn in exports of civilian aircraft. (Though aircraft exports were higher than in the third quarter, they were lower than in any other quarter since 1987 and were only about half the level of early 1992.) Most nonagricultural goods increased a little more than in the third quarter; exceptions were autos and industrial supplies and materials (durable), both of which turned down. Exports of services increased a little less than in the third quarter.

Imports of goods increased 0.3 percent after increasing 0.9 percent. Imports of petroleum turned down sharply, and imports of non-petroleum goods increased more than in the third quarter. Among nonpetroleum goods, industrial supplies and materials decreased less than in the third quarter, and "other" imports turned up. Imports of services stepped up, largely reflecting

Table 6.—Real Net Exports of Goods and Services

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter				
	Level	Change from preceding quarter					1995			
		1995					I	II	III	IV
		1995:IV	I	II	III	IV				
Exports of goods and services	799.8	4.8	8.5	14.8	20.7	2.6	4.6	8.0	11.0	
Goods	589.8	5.0	8.9	12.9	19.1	3.7	6.6	9.6	14.1	
Agricultural goods	49.4	.1	-3.1	1.8	-6	.6	-21.8	15.8	-5.0	
Nonagricultural goods	540.8	4.9	12.2	11.1	19.9	4.1	10.2	9.0	16.2	
Services	211.1	-1	-2	2.0	1.7	-3	-4	3.9	3.4	
Imports of goods and services	896.4	18.1	16.3	2.2	3.0	8.7	7.7	1.0	1.3	
Goods	752.8	14.2	17.7	1.7	.6	8.1	10.0	.9	.3	
Petroleum and products	57.9	-1.7	.9	3.3	-2.8	11.2	6.9	24.7	-17.2	
Nonpetroleum goods	694.6	15.4	16.6	.5	3.0	9.7	10.2	.3	1.8	
Services	143.9	3.9	-1.3	.5	2.3	11.6	-3.5	1.5	6.6	
Addendum: Net exports of goods and services	-96.6	-13.2	-7.8	12.5	17.7					

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are found in NIPA table 4.4. Percent changes in major aggregates are found in table 8.1.

Table 7.—Real Government Consumption Expenditures and Real Gross Investment by Type

[Seasonally adjusted at annual rates]

	Billions of chained (1992) dollars					Percent change from preceding quarter				
	Level	Change from preceding quarter					1995			
		1995					I	II	III	IV
		1995:IV	I	II	III	IV				
Government consumption expenditures and gross investment	1,250.4	-3.6	2.8	-2.2	-13.2	-1.1	0.9	-0.7	-4.1	
Federal	456.8	-7.8	-1.4	-7.2	-15.9	-6.3	-1.1	-5.9	-12.8	
National defense	309.3	-6.0	.8	-6.8	-10.0	-7.0	.9	-8.1	-12.0	
Consumption expenditures	275.4	-5.8	-.6	-4.4	-3.4	-7.8	-.9	-6.0	-4.8	
Gross investment	34.1	-.1	1.3	-2.4	-6.4	-1.1	13.7	-20.5	-50.2	
Nondefense	147.2	-1.9	-2.0	-.5	-5.9	-4.8	-5.2	-1.2	-14.6	
Consumption expenditures	128.6	-1.3	-1.2	.1	-6.2	-3.8	-3.3	.2	-17.0	
Gross investment	18.4	-.6	-1.0	-.5	.2	-11.2	-18.0	-11.7	6.0	
State and local	794.4	4.5	4.1	5.2	2.9	2.3	2.1	2.7	1.5	
Consumption expenditures	642.1	2.4	1.8	2.6	1.6	1.5	1.1	1.6	1.0	
Gross investment	152.3	2.0	2.4	2.6	1.3	5.6	6.7	7.2	3.4	

NOTE.—See note to table 1 for an explanation of chained (1992) dollar series. Chained (1992) dollar levels and residuals are found in NIPA table 3.8B. Percent changes in major aggregates are found in table 8.1.

an upturn in travel in the United States by foreign residents.

Government consumption expenditures and gross investment

Real government consumption expenditures and gross investment decreased 4.1 percent in the fourth quarter after decreasing 0.7 percent in the third (table 7).⁵ About a third of the fourth-quarter decrease was accounted for by the Federal Government shutdowns in mid-November and late December.⁶ Federal Government consumption and investment decreased substantially more than in the third quarter, and State and local government consumption and investment increased somewhat less than in the third quarter.

Federal defense consumption and investment decreased 12.0 percent after decreasing 8.1 percent. Investment fell substantially more than in the third quarter; the fourth-quarter decrease was mostly in equipment, particularly aircraft and missiles. Consumption expenditures decreased somewhat less than in the third quarter; the fourth-quarter decrease was accounted for by durable goods (mainly parts for aircraft, missiles, and ships) and by compensation of employees.

Federal nondefense consumption and investment decreased 14.6 percent after decreasing 1.2 percent. The fourth-quarter decrease was in consumption expenditures, primarily in employee compensation.

State and local consumption and investment increased 1.5 percent after increasing 2.7 percent. The slowdown was attributable to structures investment and to employee compensation.

Revisions

As noted earlier, the final estimate of a 0.5-percent increase in real GDP in the fourth quarter is 0.4 percentage point lower than the advance estimate (table 8). The final estimate of the increase in the price index for gross domestic

purchases—2.1 percent—is 0.1 percentage point higher than the advance estimate.

The revision to real GDP reflected downward revisions to change in business inventories, to producers' durable equipment, and to net exports; these revisions were partly offset by an upward revision to consumer spending. The downward revision to change in business inventories primarily reflected the incorporation of newly available Census Bureau data on retail inventories for December and a downward revision to the inventory valuation adjustment that was mainly due to revised data on petroleum prices. The downward revision to producers' durable equipment reflected the incorporation of newly available Census Bureau data on exports and im-

Table 8.—Revisions to Real Gross Domestic Product and Prices, Fourth Quarter 1995

[Seasonally adjusted at annual rates]

	Percent change from preceding quarter		Final estimate minus advance estimate	
	Advance estimate	Final estimate	Percentage points	Billions of chained (1992) dollars
Gross domestic product	0.9	0.5	-0.4	-7.3
Less: Exports of goods and services	10.9	11.0	.1	.2
Goods	11.2	14.1	2.9	3.8
Services	10.4	3.4	-7.0	-3.5
Plus: Imports of goods and services .....	.1	1.3	1.2	2.7
Goods	-2.0	.3	2.3	4.4
Services	11.8	6.6	-5.2	-1.7
Equals: Gross domestic purchases	-2	-5	-3	-4.8
Personal consumption expenditures .....	.8	1.2	.4	4.4
Durable goods	1.0	.3	-7	-1.1
Nondurable goods	-1.4	-3	1.1	3.9
Services	2.0	2.2	.2	1.6
Fixed investment	5.7	4.0	-1.7	-4.1
Nonresidential	6.2	3.1	-3.1	-5.4
Structures	4.6	.9	-3.7	-1.7
Producers' durable equipment	6.8	4.0	-2.8	-3.7
Residential	4.5	6.4	1.9	1.2
Change in business inventories .....	.....	.....	.....	-3.9
Nonfarm .....	.....	.....	.....	-4.1
Farm .....	.....	.....	.....	.1
Government consumption expenditures and gross investment ...	-3.7	-4.1	-.4	-1.3
Federal	-12.0	-12.8	-.8	-1.1
National defense	-11.6	-12.0	-.4	-.3
Nondefense	-12.8	-14.6	-1.8	-.8
State and local	1.6	1.5	-.1	-.2
Addenda:				
Final sales of domestic product	1.8	2.2	.4	-3.3
Gross domestic purchases price index (chain-type weights) ¹ ..	2.0	2.1	.1	.....
GDP price index (chain-type weights) ¹ ..	2.2	2.2	0	.....

1. Based on chained (1992) weights.

NOTE.—Final estimates for the fourth quarter of 1995 incorporate the following revised or additional major source data that were not available when the advance estimates were prepared.

Personal consumption expenditures: Revised retail sales for November and December and newly available sales and stocks of used autos for November and December.

Nonresidential fixed investment: Revised construction put in place for November and December, revised manufacturers' shipments of machinery and equipment for December, and revised exports and imports of machinery and equipment for November and newly available exports and imports for December.

Residential fixed investment: Revised construction put in place for November and December.

Change in business inventories: Revised retail trade inventories for November, newly available retail trade inventories for December, and revised manufacturing and wholesale trade inventories for December.

Exports and imports of goods and services: Revised exports and imports of services for the quarter, revised exports and imports of goods for November, and newly available exports and imports of goods for December.

Government consumption expenditures and gross investment: Revised State and local construction put in place for November and December, and revised State and local employment for December.

Wages and salaries: Revised employment, average hourly earnings, and average weekly hours for December.

GDP prices: Revised detailed merchandise export and import price indexes for the quarter and revised values and quantities of petroleum imports for December.

5. In the comprehensive revision of the NIPA's released in January 1996, BEA introduced a new treatment of government purchases of structures and equipment. In the product-side measure of GDP, "government consumption expenditures and gross investment" is the redefined government component that replaces "government purchases." For more information, see "Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology for Calculating Depreciation," SURVEY OF CURRENT BUSINESS 75 (September 1995): 33-41.

6. According to the Office of Management and Budget, about 258,000 civilian defense employees and about 489,000 nondefense employees were affected by the first furlough, which began November 14 and ended November 19, and about 284,000 nondefense employees were affected by the second furlough, which began December 18 and ended January 5. BEA estimated the associated loss of real output for the fourth quarter—\$4.6 billion at an annual rate—as the product of employee-furlough days and real compensation-per-employee day.

ports of machinery and equipment for December. The downward revision to net exports reflected the incorporation of revised data on exports and imports of services for the quarter, revised data on exports and imports of goods for November, and newly available data on exports and imports of goods for December.

The upward revision to personal consumption expenditures mainly reflected an upward revision to retail sales of goods that more than offset a downward revision to net purchases of used autos. The revision to retail sales reflected revised Census Bureau data for November and December. The revision to used autos reflected newly available data from trade sources for November and December.

Corporate Profits

Profits from current production increased \$3.7 billion in the fourth quarter of 1995 after increasing \$53.8 billion in the third (table 9).⁷

In the fourth quarter, profits from domestic operations of financial corporations decreased, reflecting, in large part, losses of insurance companies in connection with Hurricane Opal. Profits from domestic operations of nonfinancial corporations changed little, and profits from the rest of the world were up sharply. In the third quarter, the picture had been very different: Profits of both financial and nonfinancial corporations increased sharply, and profits from the rest of the world decreased.

Most of the fourth-quarter slowdown in nonfinancial profits was accounted for by unit profits, which decreased after a big third-quarter increase. The decrease resulted from a rise in unit costs that exceeded the rise in unit price. In contrast, the third-quarter increase in unit profits had resulted from decreases in unit costs that had reinforced the effect of an increase in unit price.

Cash flow from current production, a profits-related measure of internally generated funds available for investment, increased \$10.0 billion after increasing \$45.3 billion. The ratio of cash flow to nonresidential fixed investment, an indicator of the share of the current level of investment that could be financed by internally generated funds, increased to 83.9 percent from 82.9 percent. These levels are near the low end of the range in which the ratio has fluctuated during

most of this decade but are substantially higher than the values typically posted in the 1980's.

Industry profits.—Industry profits increased \$1.9 billion in the fourth quarter after increasing \$54.2 billion in the third.⁸

The fourth-quarter increase was more than accounted for by profits from the rest of the world. This component of profits measures receipts of profits from foreign affiliates of U.S. corporations less payments of profits by U.S. affiliates of foreign corporations. Receipts increased sharply in the fourth quarter, and payments decreased. In contrast to the strength in profits abroad, domestic profits decreased. As already mentioned, financial profits were hit hard by claims arising from Hurricane Opal, which cut a swath from the Florida panhandle to North Carolina in early October; resulting losses for property, casualty, and life insurance carriers are currently estimated

8. Industry profits are estimated as the sum of profits before tax and the inventory valuation adjustment; they are shown in NIPA table 6.16C as "corporate profits with inventory valuation adjustment." Estimates of the capital consumption adjustment do not exist at a detailed industry level; they are available only for total financial and total nonfinancial industries.

Table 9.—Corporate Profits

[Seasonally adjusted at annual rates]

	Level		Change from preceding quarter
	1995:IV		
	1995:III	1995:IV	
Billions of dollars			
Profits from current production	618.6	53.8	3.7
Domestic industries	530.1	58.5	-11.6
Financial	125.8	17.9	-10.8
Nonfinancial	404.3	40.5	-7
Rest of the world	88.5	-4.6	15.3
IVA	-8.8	33.0	.5
CCAdj	16.5	-4	1.9
Profits before tax	611.0	21.2	1.4
Profits tax liability	218.7	10.3	-5.8
Profits after tax	392.3	11.0	7.2
Cash flow from current production	628.8	45.3	10.0
Profits by industry:			
Corporate profits with IVA	602.2	54.2	1.9
Domestic industries	513.7	58.9	-13.4
Financial	119.3	17.8	-11.1
Nonfinancial	394.4	41.1	-2.3
Manufacturing	157.3	15.4	4.1
Wholesale trade	31.2	4.8	0
Retail trade	39.6	5.9	-2.9
Transportation and public utilities	95.8	9.8	-6.5
Other	70.5	5.2	3.0
Rest of the world	88.5	-4.6	15.3
Receipts (inflows)	122.8	-1.2	12.7
Payments (outflows)	34.3	3.4	-2.6
Dollars			
Unit price, costs, and profits of domestic non-financial corporations:			
Unit price	1.055	.003	.001
Unit labor cost .....	.696	-.003	.001
Unit nonlabor cost .....	.251	-.004	.001
Unit profits from current production .....	.108	.009	-.001

7. Profits from current production are estimated as the sum of profits before tax, the inventory valuation adjustment, and the capital consumption adjustment; they are shown in NIPA tables 1.14, 1.16, and 6.16C as "corporate profits with inventory valuation and capital consumption adjustments."

NOTE.—Levels of these and other profits series are found in NIPA tables 1.14, 1.16, 6.16C, and 7.15.

IVA Inventory valuation adjustment
CCAdj Capital consumption adjustment

at \$7.8 billion (annual rate). Nonfinancial profits decreased slightly, as drops in the transportation and utilities group and in retail trade more than offset increases in manufacturing and in the "other" nonfinancial group.

The very large third-quarter increase, in contrast, had been more than accounted for by domestic profits. Of the industries for which quarterly estimates are published, only three failed to post increases: Primary and fabricated metal manufacturers and food manufacturers.

Related measures.—Profits before tax (PBT) increased \$1.4 billion in the fourth quarter after increasing \$21.2 billion in the third. The difference between the slowdown in PBT and the much bigger one in profits from current production is due to inventory profits, which are represented in the NIPA's (with the sign reversed) by the inventory valuation adjustment. Inventory profits had dropped sharply in the third quarter, affecting PBT but not current-production profits (from which they are excluded). This drop in inventory profits reflected a substantial moderation in the rate of inventory price change; for example, the Producer Price Index (PPI) for intermediate materials, supplies, and components increased 0.9 percent (annual rate) in the third quarter after increasing 5.2 percent in the second, and the PPI for crude materials for further processing decreased 2.6 percent after increasing 4.9 percent.

Government Sector

The fiscal position of the government sector improved slightly in the fourth quarter of 1995, as the combined "current" deficit of the Federal Government and State and local governments decreased \$0.8 billion, to \$66.9 billion (table 10).⁹ A decrease in the Federal Government current deficit was nearly offset by a decrease in the State and local government current surplus.

Federal

The Federal Government current deficit decreased \$6.7 billion in the fourth quarter after

increasing \$1.1 billion in the third. At \$154.9 billion, the fourth-quarter current deficit was the lowest since the first quarter of 1991.

Receipts.—Receipts increased \$8.1 billion in the fourth quarter after increasing \$3.4 billion in the third. The acceleration was due to upturns in personal tax and nontax receipts and in indirect business tax and nontax accruals that more than offset a downturn in corporate profits tax accruals and a deceleration in contributions for social insurance.

Table 10.—Government Sector Receipts and Current Expenditures

[Billions of dollars, seasonally adjusted at annual rates]

	Level 1995: IV	Change from preceding quarter				
		1994	1995			
		IV	I	II	III	IV
Government sector						
Receipts	2,298.5	41.1	40.0	42.2	17.6	14.3
Current expenditures	2,365.4	45.6	23.1	29.4	23.6	13.6
Current surplus or deficit(-)	-66.9	-4.5	16.9	12.8	-6.1	.8
Social insurance funds	118.3	0	-5.1	-4.0	1.9	.9
Other	-185.2	-4.5	22.0	16.8	-8.0	-1
Federal Government						
Receipts	1,494.7	29.2	33.0	33.9	3.4	8.1
Personal tax and nontax receipts	623.3	14.1	20.1	29.8	-7.1	6.0
Corporate profits tax accruals	184.3	8.7	3.1	-2.4	8.4	-4.8
Indirect business tax and nontax accruals	91.3	-1	-1.5	1.8	-5.1	2.9
Contributions for social insurance	595.9	6.5	11.3	4.7	7.2	4.1
Current expenditures	1,649.7	33.4	15.7	21.1	4.4	1.6
Consumption expenditures	451.4	-2	-5	1.3	-2.6	-2.1
National defense	300.1	-8.4	-1.9	2.3	-4.0	-1.2
Nondefense	151.3	8.2	1.4	-1.0	1.4	-9
Transfer payments (net)	731.0	19.7	7.3	6.6	11.9	4.0
To persons	719.3	6.9	21.5	9.0	7.8	6.3
To rest of the world	11.8	12.8	-14.2	-2.4	4.1	-2.2
Grants-in-aid to State and local governments	203.3	0	8.9	5.5	-7.5	-5
Net interest paid	234.1	10.5	6.3	8.0	3.5	1.4
Subsidies less current surplus of government enterprises ..	29.9	3.4	-6.3	-3	-9	-1.2
Subsidies	31.3	1.0	-3	-8	-1.2	-1.3
Of which: Agricultural subsidies	5.1	0	-4	-6	-8	-7
Less: Current surplus of government enterprises	1.4	-2.4	6.0	-5	-2	-2
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	-154.9	-4.2	17.3	12.8	-1.1	6.7
Social insurance funds	60.7	1.8	-4.0	-3.3	1.9	1.4
Other	-215.6	-6.0	21.3	16.1	-3.0	5.3
State and local governments						
Receipts	1,007.1	11.9	15.9	13.8	6.7	5.7
Personal tax and nontax receipts	183.8	2.8	1.9	1.5	4.2	2.6
Corporate profits tax accruals	34.4	1.4	.6	-7	1.9	-1.0
Indirect business tax and nontax accruals	512.8	7.2	4.0	7.0	7.6	3.9
Contributions for social insurance	72.8	.5	.5	.5	.6	.6
Federal grants-in-aid	203.3	0	8.9	5.5	-7.5	-5
Current expenditures	919.0	12.2	16.3	13.8	11.7	11.5
Consumption expenditures	691.9	6.5	10.2	8.0	6.1	5.7
Transfer payments to persons	299.4	6.3	6.4	5.4	5.3	5.1
Net interest paid	-46.4	.5	.6	.8	.7	.6
Less: Dividends received by government	13.0	.3	.4	.2	.3	.3
Subsidies less current surplus of government enterprises ..	-13.0	-8	-5	-2	0	.2
Subsidies .....	.4	0	0	0	0	0
Less: Current surplus of government enterprises	13.4	.8	.5	.2	0	-.2
Less: Wage accruals less disbursements	0	0	0	0	0	0
Current surplus or deficit (-)	88.1	-3	-4	0	-5.0	-5.8
Social insurance funds	57.6	-1.8	-1.1	-7	0	-5
Other	30.5	1.5	.7	.7	-5.0	-5.3

NOTE.—Dollar levels are found in tables 3.1, 3.2, and 3.3 of the "Selected NIPA Tables."

9. The term "current surplus or deficit" replaces the term "surplus or deficit" as a result of the change made in the recent comprehensive revision in order to recognize government investment; see footnote 5.

The change has the following effects on the components of government expenditures: (1) The new component "government consumption expenditures," unlike the component "government purchases," includes consumption of fixed capital by general government and excludes gross government investment, and (2) in the component "subsidies less current surplus of government enterprises," the current surplus of government enterprises is reduced by consumption of fixed capital, which is an expense for these types of agencies.

Personal tax and nontax receipts increased \$6.0 billion after decreasing \$7.1 billion. The third-quarter decrease followed a second-quarter boost in tax receipts that reflected the provisions of the Omnibus Budget Reconciliation Act of 1993 that retroactively increased tax rates for high-income taxpayers. Withheld income tax receipts increased \$6.1 billion after increasing \$9.0 billion.

Indirect business tax and nontax accruals increased \$2.9 billion after decreasing \$5.1 billion. The upturn was accounted for by nontax accruals, which increased \$2.1 billion after decreasing \$5.8 billion. In the third quarter, the Federal Government refunded to federally chartered banks overpayments of \$6.0 billion (annual rate) that were made to the Bank Insurance Fund (BIF) in June through September. In the fourth quarter, because of new lower assessment rates, premiums to the BIF were \$4.0 billion (annual rate) lower than in the second quarter.

Corporate profits tax accruals decreased \$4.8 billion after increasing \$8.4 billion. The downturn reflected the drop in domestic corporate profits.

Contributions for social insurance increased \$4.1 billion after increasing \$7.2 billion. The deceleration reflected the slowdown in wages and salaries.

Current expenditures.—Current expenditures increased \$1.6 billion in the fourth quarter after increasing \$4.4 billion in the third. The deceleration was more than accounted for by transfer payments and net interest paid.

Transfer payments (net) increased \$4.0 billion after increasing \$11.9 billion. The deceleration was largely due to transfer payments to the rest of the world, which fell \$2.2 billion after increasing \$4.1 billion. Transfer payments to persons increased \$6.3 billion after increasing \$7.8 billion; regular payments for unemployment increased more slowly in the fourth quarter than in the third, following the pattern of employment.

Net interest paid increased \$1.4 billion after increasing \$3.5 billion. The deceleration was more than accounted for by a turnaround in gross interest received from the rest of the world, which increased \$0.6 billion after decreasing \$1.9 billion.

Subsidies less current surplus of government enterprises decreased \$1.2 billion after decreasing \$0.9 billion.


Grants-in-aid to State and local governments decreased \$0.5 billion after decreasing \$7.5 billion. Grants for medicaid decreased \$0.1 billion after decreasing \$4.4 billion, and grants for aerospace and for defense atomic energy activities increased \$0.5 billion after decreasing \$2.3 billion.

Consumption expenditures decreased \$2.1 billion after decreasing \$2.6 billion. Expenditures on national defense decreased \$1.2 billion after decreasing \$4.0 billion. The fourth-quarter decrease was more than accounted for by lower compensation of employees and by lower expenditures on parts for aircraft, missiles, and ships; expenditures on research and development increased. Nondefense consumption expenditures decreased \$0.9 billion after increasing \$1.4 billion; the downturn was more than accounted for by downturns in compensation of employees and in research and development and by an upturn in sales by the Commodity Credit Corporation.

State and local

The State and local government surplus decreased \$5.8 billion, to \$88.1 billion, in the fourth quarter after decreasing \$5.0 billion in the third. Current expenditures strongly outpaced receipts for the second consecutive quarter.

Receipts increased \$5.7 billion after increasing \$6.7 billion. The slowdown was more than accounted for by decelerations in indirect business tax accruals and in personal tax and nontax receipts and by a downturn in corporate profits tax accruals. Indirect business tax and nontax accruals increased \$3.9 billion after increasing \$7.6 billion; sales and property taxes and other tax and nontax accruals all contributed to the deceleration. Corporate profits tax accruals decreased \$1.0 billion after increasing \$1.9 billion. Personal tax and nontax receipts increased \$2.6 billion after increasing \$4.2 billion; the slowdown was attributable to personal income taxes. Contributions for social insurance increased \$0.6 billion in both quarters. Federal grants-in-aid decreased \$0.5 billion after decreasing \$7.5 billion.

Current expenditures increased \$11.5 billion after increasing \$11.7 billion. The slight deceleration was more than accounted for by consumption expenditures, particularly employee compensation and other services. 

NATIONAL INCOME AND PRODUCT ACCOUNTS

Updated Release Schedule for NIPA Estimates

THE NEXT ANNUAL revision of the national income and product accounts (NIPA's) will be in July 1997, when all NIPA-related data from the comprehensive revision will be complete and work on key data improvement projects should be available for incorporation into the accounts. The annual revision that would normally occur this July will be limited to a small number of improvements, such as the updating of the weights underlying the estimates of real GDP and related prices beginning with the first quarter of 1994; these revisions will be introduced when the advance estimate of GDP for the second quarter of 1996 is released in late July.

The cancellation of the 1996 annual revision primarily reflects BEA's decision following the Federal Government shutdowns in November, December, and January to focus its resources first on getting the release of the current estimates back on schedule and then on completing the remaining estimates from the comprehensive NIPA revision according to the schedule listed below. In order to get the current estimates back on schedule, BEA has had to postpone or scale back other work, including follow-on work on the comprehensive revision of the NIPA's, work on annual revisions, and work on various improvement projects. (By May, BEA and its source data agencies expect to have their current estimates back on schedule)

In the July 1997 annual revision, most NIPA estimates will be revised beginning with the first quarter of 1993 in order to incorporate all newly available and revised source data not incorporated in July 1996; some estimates will be revised back further to reflect the results

of key data improvement projects underway both at BEA and at other agencies.

The schedule for the release of NIPA-related estimates from the comprehensive revision, in addition to the annual NIPA tables that appear in this issue of the SURVEY, is as follows:

May 1996: Real inventories, sales, and inventory-sales ratios for manufacturing and trade, including chain-weighted quarterly estimates back to 1977.

May-June 1996: The annual NIPA tables that have not yet been published (1.13, 3.13, 3.15-3.20, 5.3, 7.13, and 9.1-9.6) and the tables for which the estimates for some of the line items are not yet available (1.10, 1.16, 5.15, 8.9, and 8.11).


Summer 1996: GDP by industry, 1959-94.

Fall 1996: Revised estimates of reproducible tangible wealth for 1929-95.

Fall 1996: NIPA estimates for 1929-58, including annual estimates of real GDP from 1929 and quarterly estimates from 1947.

Late 1996: Publication of *National Income and Product Accounts for the United States, Volume 2, 1959-92*. This volume and volume 1 below will contain the complete set of NIPA tables, as well as the definitions, classifications, and conventions underlying the NIPA's.

Early 1997: Publication of *National Income and Product Accounts of the United States, Volume 1, 1929-58*.

The updated schedule of 1996 release dates for all BEA estimates will appear in the May SURVEY. 

Selected NIPA Tables

New estimates in this issue: "Final" estimates for the fourth quarter of 1995.

The selected set of NIPA tables shown in this section presents quarterly estimates, which are updated monthly. In most tables, the annual estimates are also shown. (Some of the lines in tables 1.10 and 1.16 are not yet available and are shown as leaders; they will be shown in a forthcoming issue.) These tables are available on the day of the gross domestic product (GDP) news release on printouts and diskettes on a subscription basis or from the Commerce Department's Economic Bulletin Board. For order information, write to the National Income and Wealth Division (BE-54), Bureau of Economic Analysis, Washington, DC 20230 or call (202) 606-9700.

Most of the NIPA tables showing the revised estimates for 1991-94 from the comprehensive revision were in the January/February 1996 issue of the SURVEY; additional tables (6.9C, 6.13C, 8.2, 8.13, 8.19, and 8.26) are shown in this issue beginning on page 38, and the remaining tables will appear in the May and June issues. Summary NIPA series back to 1959 were also in the January/February issue.

For more information about the release of NIPA estimates, see page 11.

NOTE.—This section of the SURVEY is prepared by the National Income and Wealth Division and the Government Division.

1. National Product and Income

Table 1.1.—Gross Domestic Product

[Billions of dollars]

	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
Gross domestic product	6,931.4	7,245.8	6,987.6	7,080.0	7,147.8	7,196.5	7,298.5	7,340.4
Personal consumption expenditures	4,698.7	4,924.3	4,734.4	4,796.0	4,836.3	4,908.7	4,960.0	4,992.3
Durable goods	580.9	606.4	585.3	602.7	593.0	604.0	615.8	612.8
Nondurable goods	1,429.7	1,486.1	1,443.5	1,459.0	1,471.6	1,486.9	1,491.4	1,494.8
Services	2,688.1	2,831.8	2,705.6	2,734.4	2,771.7	2,817.9	2,852.8	2,884.7
Gross private domestic investment	1,014.4	1,065.3	1,033.6	1,050.1	1,072.0	1,050.3	1,074.8	1,064.0
Fixed investment	954.9	1,028.2	968.9	991.4	1,013.9	1,016.3	1,036.6	1,046.2
Nonresidential	667.2	738.5	678.5	697.9	723.6	734.4	746.3	749.7
Structures	180.2	199.7	181.0	188.8	194.5	197.6	202.5	204.0
Producers' durable equipment	487.0	538.8	497.5	509.1	529.0	536.8	543.8	545.7
Residential	287.7	289.8	290.4	293.5	290.4	281.9	290.3	296.5
Change in business inventories	59.5	37.0	64.7	58.7	58.1	34.0	38.2	17.8
Net exports of goods and services	-96.4	-102.3	-108.4	-99.7	-106.6	-122.4	-100.8	-79.3
Exports	722.0	804.5	734.2	763.6	778.6	796.9	812.5	829.9
Goods	509.1	581.1	517.2	545.4	558.9	574.7	588.0	602.9
Services	212.9	223.4	216.9	218.2	219.7	222.2	224.6	227.0
Imports	818.4	906.7	842.6	863.3	885.1	919.3	913.3	909.2
Goods	677.3	758.9	699.9	720.9	740.3	771.0	765.0	759.2
Services	141.1	147.9	142.6	142.3	144.8	148.3	148.3	150.1
Government consumption expenditures and gross investment	1,314.7	1,358.5	1,328.0	1,333.5	1,346.0	1,359.9	1,364.5	1,363.5
Federal	516.3	516.7	523.6	520.9	519.9	522.6	516.7	507.8
National defense	352.0	345.7	362.1	349.6	347.7	352.3	345.6	337.2
Nondefense	164.3	171.0	161.5	171.2	172.1	170.3	171.1	170.6
State and local	798.4	841.7	804.4	812.6	826.1	837.3	847.7	855.7

NOTE.—Percent changes from preceding period for selected items in this table are shown in table 8.1.

Table 1.2.—Real Gross Domestic Product

[Billions of chained (1992) dollars]

	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
Gross domestic product	6,604.2	6,739.0	6,639.5	6,691.3	6,701.6	6,709.4	6,768.3	6,776.5
Personal consumption expenditures	4,471.1	4,578.5	4,485.8	4,522.3	4,530.9	4,568.8	4,600.4	4,614.1
Durable goods	562.0	580.8	563.0	579.9	566.9	576.6	589.7	590.1
Nondurable goods	1,390.5	1,422.5	1,397.2	1,408.4	1,416.8	1,423.5	1,425.4	1,424.2
Services	2,519.4	2,576.1	2,526.3	2,535.1	2,548.1	2,569.6	2,586.3	2,600.4
Gross private domestic investment	979.6	1,011.3	994.1	1,006.3	1,024.2	998.3	1,016.2	1,006.7
Fixed investment	921.1	976.9	930.8	949.7	969.6	966.1	981.0	990.7
Nonresidential	652.1	715.0	660.4	679.7	704.4	710.6	719.7	725.3
Structures	168.8	181.1	169.1	174.3	178.5	180.0	182.7	183.1
Producers' durable equipment	484.1	535.2	492.4	506.4	527.1	531.9	538.2	543.5
Residential	268.9	262.8	270.3	270.3	265.9	256.6	262.3	266.4
Change in business inventories	58.9	33.7	64.0	57.3	54.5	30.6	33.2	16.5
Net exports of goods and services	-108.1	-114.2	-113.3	-105.8	-119.0	-126.8	-114.3	-96.6
Exports	715.1	774.8	724.8	751.0	755.8	764.3	779.1	799.8
Goods	511.4	566.8	518.3	543.9	548.9	557.8	570.7	589.8
Services	204.1	208.9	206.8	207.7	207.6	207.4	209.4	211.1
Imports	823.3	888.9	838.1	856.8	874.9	891.2	893.4	896.4
Goods	684.0	747.0	698.1	718.6	732.8	750.5	752.2	752.8
Services	139.4	142.3	140.2	138.5	142.4	141.1	141.6	143.9
Government consumption expenditures and gross investment	1,259.9	1,260.7	1,271.0	1,266.6	1,263.0	1,265.8	1,263.6	1,250.4
Federal	489.7	472.7	496.6	489.1	481.3	479.9	472.7	456.8
National defense	336.9	320.0	346.1	331.3	325.3	326.1	319.3	309.3
Nondefense	152.6	152.4	150.5	157.5	155.6	153.6	153.1	147.2
State and local	770.5	788.6	774.7	777.7	782.2	786.3	791.5	794.4
Residual	-5	-6	-9	-1.4	-6	1.0	.3	-2.8

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Percent changes from preceding period for selected items in this table are shown in table 8.1; contributions to the percent change in real gross domestic product are shown in table 8.2.

3. Government Receipts and Expenditures

Table 3.1.—Government Receipts and Current Expenditures

[Billions of dollars]

	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
Receipts	2,127.5	2,268.4	2,143.3	2,184.4	2,224.4	2,266.7	2,284.2	2,298.6
Personal tax and nontax receipts	731.4	794.3	731.3	748.1	770.0	801.5	798.4	807.2
Corporate profits tax accruals	195.3	218.7	203.4	213.5	217.3	214.2	224.5	218.7
Indirect business tax and nontax accruals	572.5	595.5	576.4	583.5	586.0	594.8	597.3	604.1
Contributions for social insurance	628.3	660.0	632.2	639.3	651.0	656.2	664.0	668.6
Current expenditures	2,217.7	2,336.0	2,230.0	2,275.6	2,298.7	2,328.2	2,351.8	2,365.4
Consumption expenditures	1,102.3	1,136.6	1,110.9	1,117.2	1,126.9	1,136.2	1,139.8	1,143.4
Transfer payments (net)	950.0	1,012.0	952.4	978.4	992.1	1,004.1	1,021.3	1,030.4
To persons	933.8	1,000.0	938.7	952.0	979.8	994.2	1,007.3	1,018.7
To the rest of the world (net)	16.2	12.0	13.7	26.5	12.3	9.9	14.0	11.8
Net interest paid	151.7	181.9	154.8	165.8	172.7	181.5	185.7	187.7
Interest paid	288.3	318.0	291.2	302.6	309.6	318.9	320.7	322.8
To persons and business	241.3	256.7	243.9	249.9	252.6	258.6	257.5	258.1
To the rest of the world	47.0	61.3	47.3	52.6	57.0	60.2	63.2	64.7
Less: Interest received by government	136.6	136.1	136.4	136.8	136.9	137.4	135.0	135.1
Less: Dividends received by government	11.4	12.6	11.5	11.8	12.2	12.4	12.7	13.0
Subsidies less current surplus of government enterprises	25.1	18.2	23.4	25.9	19.2	18.7	17.9	16.8
Subsidies	34.7	33.4	34.3	35.2	34.9	34.2	33.0	31.7
Less: Current surplus of government enterprises	9.5	15.3	10.9	9.3	15.7	15.4	15.1	14.8
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts	-90.2	-67.6	-86.7	-91.1	-74.4	-61.5	-67.7	-66.8
Social insurance funds	123.0	117.7	124.5	124.6	119.5	115.6	117.4	118.3
Other	-213.1	-185.3	-211.3	-215.7	-193.8	-177.1	-185.1	-185.1

Table 3.2.—Federal Government Receipts and Current Expenditures

[Billions of dollars]

	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
Receipts	1,377.0	1,478.4	1,387.1	1,416.3	1,449.3	1,483.2	1,486.6	1,494.7
Personal tax and nontax receipts	561.4	614.9	560.4	574.5	594.6	624.4	617.3	623.3
Income taxes	544.5	598.1	544.0	558.4	579.1	608.1	599.6	605.5
Estate and gift taxes	15.1	14.8	14.7	14.3	13.6	14.4	15.6	15.7
Nontaxes	1.8	2.0	1.8	1.9	1.9	1.9	2.1	2.2
Corporate profits tax accruals	164.4	184.3	171.3	180.0	183.1	180.7	189.1	184.3
Federal Reserve banks	20.5	23.1	20.9	22.9	22.8	23.6	23.2	22.9
Other	144.0	161.1	150.4	157.1	160.3	157.0	165.9	161.3
Indirect business tax and nontax accruals	92.6	91.2	93.3	93.2	91.7	93.5	88.4	91.3
Excise taxes	53.1	56.5	53.4	54.0	55.6	56.1	56.6	57.7
Customs duties	21.1	19.5	21.4	21.7	18.6	19.8	20.0	19.6
Nontaxes	18.4	15.2	18.5	17.5	17.5	17.6	11.8	13.9
Contributions for social insurance	558.6	588.0	562.1	568.6	579.9	584.6	591.8	595.9
Current expenditures	1,566.9	1,641.0	1,573.5	1,606.8	1,622.6	1,643.8	1,648.1	1,649.7
Consumption expenditures	450.6	454.0	455.5	455.3	454.8	456.1	453.5	451.4
Transfer payments (net)	682.6	720.4	681.5	701.2	708.6	715.2	727.0	731.0
To persons	666.4	708.4	667.8	674.7	696.2	705.2	713.0	719.3
To the rest of the world (net)	16.2	12.0	13.7	26.5	12.3	9.9	14.0	11.8
Grants-in-aid to State and local governments	195.9	206.1	196.9	196.9	205.8	211.3	203.8	203.3
Net interest paid	201.4	229.3	204.4	214.9	221.2	229.2	232.7	234.1
Interest paid	224.1	254.0	227.0	238.5	245.5	254.8	256.7	258.9
To persons and business ..	177.1	192.7	179.7	185.8	188.5	194.6	193.5	194.2
To the rest of the world	47.0	61.3	47.3	52.6	57.0	60.2	63.2	64.7
Less: Interest received by government	22.6	24.7	22.6	23.6	24.3	25.7	24.0	24.8
Subsidies less current surplus of government enterprises	36.4	31.3	35.2	38.5	32.3	32.0	31.1	29.9
Subsidies	34.3	33.1	33.9	34.9	34.6	33.8	32.6	31.3
Less: Current surplus of government enterprises	-2.0	1.8	-1.3	-3.7	2.3	1.8	1.6	1.4
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts ..	-189.9	-162.6	-186.3	-190.4	-173.3	-160.5	-161.6	-154.9
Social insurance funds	60.1	59.5	62.9	64.7	60.7	57.4	59.3	60.7
Other	-250.0	-222.1	-249.2	-255.1	-234.0	-218.0	-220.9	-215.6

Table 3.3.—State and Local Government Receipts and Current Expenditures

[Billions of dollars]

	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
Receipts	946.4	996.1	953.1	965.0	980.9	994.8	1,001.4	1,007.1
Personal tax and nontax receipts	170.0	179.4	170.8	173.6	175.5	177.0	181.2	183.8
Income taxes	125.7	133.5	126.3	128.7	130.3	131.4	135.1	137.3
Nontaxes	23.4	23.9	23.5	23.6	23.7	23.8	24.0	24.1
Other	20.9	22.0	21.0	21.3	21.5	21.8	22.1	22.4
Corporate profits tax accruals	30.9	34.4	32.2	33.6	34.2	33.5	35.4	34.4
Indirect business tax and nontax accruals	479.9	504.3	483.1	490.3	494.3	501.3	508.9	512.8
Sales taxes	227.4	238.3	228.7	232.5	233.7	237.2	240.3	241.8
Property taxes	205.1	216.3	206.8	209.7	212.3	214.7	218.1	220.2
Other	47.4	49.7	47.6	48.1	48.3	49.3	50.5	50.8
Contributions for social insurance	69.7	71.9	70.1	70.6	71.1	71.6	72.2	72.8
Federal grants-in-aid	195.9	206.1	196.9	196.9	205.8	211.3	203.8	203.3
Current expenditures	846.6	901.1	853.5	865.6	882.0	895.8	907.5	919.0
Consumption expenditures	651.7	682.6	655.4	661.9	672.1	680.1	686.2	691.9
Transfer payments to persons ...	267.4	291.6	270.9	277.2	283.6	289.0	294.3	299.4
Net interest paid	-49.8	-47.4	-49.6	-49.1	-48.5	-47.7	-47.0	-46.4
Interest paid	64.2	64.0	64.2	64.1	64.1	64.0	64.0	63.9
Less: Interest received by government	114.0	111.4	113.8	113.2	112.5	111.7	111.0	110.3
Less: Dividends received by government	11.4	12.6	11.5	11.8	12.2	12.4	12.7	13.0
Subsidies less current surplus of government enterprises	-11.2	-13.1	-11.8	-12.6	-13.1	-13.3	-13.2	-13.0
Subsidies .....	.4	.4	.4	.4	.4	.4	.4	.4
Less: Current surplus of government enterprises	11.6	13.5	12.1	12.9	13.4	13.6	13.6	13.4
Less: Wage accruals less disbursements	0	0	0	0	0	0	0	0
Current surplus or deficit (-), national income and product accounts ..	99.7	95.0	99.6	99.3	99.0	99.0	93.9	88.1
Social insurance funds	62.9	58.2	61.7	59.9	58.8	58.1	58.1	57.6
Other	36.9	36.8	37.9	39.4	40.2	40.9	35.8	30.5

4. Foreign Transactions

Table 4.1.—Foreign Transactions in the National Income and Product Accounts

[Billions of dollars]

	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
Receipts from the rest of the world	881.1	1,011.2	899.7	939.3	975.5	1,002.4	1,016.4	1,050.4
Exports of goods and services	722.0	804.5	734.2	763.6	778.6	796.9	812.5	829.9
Goods ¹	509.1	581.1	517.2	545.4	558.9	574.7	588.0	602.9
Durable	349.1	391.9	353.3	368.7	376.2	387.8	395.7	408.1
Nondurable	160.0	189.2	163.9	176.7	182.7	186.8	192.3	194.8
Services ¹	212.9	223.4	216.9	218.2	219.7	222.2	224.6	227.0
Receipts of factor income	159.2	206.7	165.6	175.7	196.9	205.6	203.9	220.4
Capital grants received by the United States (net)	0	0	0	0	0	0	0	0
Payments to the rest of the world	881.1	1,011.2	899.7	939.3	975.5	1,002.4	1,016.4	1,050.4
Imports of goods and services	818.4	906.7	842.6	863.3	885.1	919.3	913.3	909.2
Goods ¹	677.3	758.9	699.9	720.9	740.3	771.0	765.0	759.2
Durable	454.0	512.3	464.0	488.5	499.8	518.7	515.8	515.0
Nondurable	223.2	246.6	236.0	232.4	240.5	252.3	249.2	244.2
Services ¹	141.1	147.9	142.6	142.3	144.8	148.3	148.3	150.1
Payments of factor income	168.1	215.0	175.6	193.4	204.1	215.0	219.4	221.3
Transfer payments (net)	34.2	30.6	31.2	44.5	30.6	28.2	32.6	30.9
From persons (net)	10.6	10.6	10.3	10.5	10.5	10.5	10.6	10.8
From government (net)	16.2	12.0	13.7	26.5	12.3	9.9	14.0	11.8
From business	7.3	7.9	7.3	7.6	7.8	7.8	7.9	8.4
Net foreign investment	-139.6	-141.1	-149.6	-161.9	-144.4	-160.1	-148.9	-111.0

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment were reclassified from goods to services.

Table 4.2.—Real Exports and Imports of Goods and Services and Receipts and Payments of Factor Income

[Billions of chained (1992) dollars]

	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
Exports of goods and services	715.1	774.8	724.8	751.0	755.8	764.3	779.1	799.8
Goods ¹	511.4	566.8	518.3	543.9	548.9	557.8	570.7	589.8
Durable	357.9	403.4	361.7	380.1	386.1	396.7	407.1	423.5
Nondurable	153.8	164.7	156.7	164.1	163.2	161.8	165.5	168.4
Services ¹	204.1	208.9	206.8	207.7	207.6	207.4	209.4	211.1
Receipts of factor income	152.4	194.6	158.0	167.1	186.3	193.6	191.6	206.9
Imports of goods and services	823.3	888.9	838.1	856.8	874.9	891.2	893.4	896.4
Goods ¹	684.0	747.0	698.1	718.6	732.8	750.5	752.2	752.8
Durable	455.7	510.4	463.9	486.8	497.9	511.3	513.4	518.9
Nondurable	228.1	236.9	233.9	231.3	234.4	238.6	239.8	234.9
Services ¹	139.4	142.3	140.2	138.5	142.4	141.1	141.6	143.9
Payments of factor income	159.9	201.2	166.3	182.9	191.9	201.5	205.0	206.4

1. Exports and imports of certain goods, primarily military equipment purchased and sold by the Federal Government, are included in services. Beginning with 1986, repairs and alterations of equipment are reclassified from goods to services.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive.

Table 5.10.—Change in Business Inventories by Industry

[Billions of dollars]

	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
Change in business inventories	59.5	37.0	64.7	58.7	58.1	34.0	38.2	17.8
Farm	11.5	-2.6	12.9	3.6	-2.1	-3.2	-2.1	
Nonfarm	48.0	39.6	51.8	55.1	60.8	36.1	41.5	19.9
Change in book value	63.1	69.7	69.5	79.5	117.3	81.8	51.1	28.6
Inventory valuation adjustment	-15.1	-30.1	-17.7	-24.4	-56.5	-45.7	-9.6	-8.7
Manufacturing	8.5	12.7	12.4	6.9	9.1	12.4	17.5	11.9
Durable goods	7.9	11.8	8.7	8.0	8.6	10.6	15.5	12.5
Nondurable goods .....	.6	.9	3.7	-1.2	.5	1.7	2.1	-6
Wholesale trade	17.0	15.2	21.1	23.2	25.8	16.3	14.1	4.5
Durable goods	12.6	13.3	13.5	14.1	23.0	11.8	5.8	12.7
Nondurable goods	4.4	1.9	7.6	9.1	2.8	4.5	8.3	-8.2
Merchant wholesalers	14.8	13.6	18.3	19.8	24.3	14.0	12.8	3.4
Durable goods	10.6	12.1	11.3	11.8	21.3	10.3	5.1	11.7
Nondurable goods	4.2	1.5	7.0	8.0	3.1	3.6	7.7	-8.3
Nonmerchant wholesalers	2.2	1.5	2.8	3.4	1.5	2.3	1.3	1.0
Durable goods	2.0	1.2	2.2	2.3	1.8	1.5	.7	.9
Nondurable goods .....	.2	.3	.6	1.2	-.3	.8	.6	.1
Retail trade	17.2	3.6	16.4	18.0	13.0	5.9	3.3	-7.8
Durable goods	11.0	3.7	11.1	13.0	12.7	3.9	2.4	-4.1
Motor vehicle dealers	4.8	.9	3.9	9.3	10.2	-5	-6.6	.4
Other	6.2	2.9	7.2	3.7	2.5	4.4	9.1	-4.5
Nondurable goods	6.1	-1	5.3	4.9	.3	2.0	.9	-3.7
Other	5.4	8.1	1.9	7.0	13.0	1.6	6.5	11.4
Durable goods .....	.4	6.0	1.0	-2.1	10.1	2.2	5.5	6.2
Nondurable goods	5.0	2.1	1.0	9.1	2.8	-6	1.0	5.2

Table 5.11.—Real Change in Business Inventories by Industry

[Billions of chained (1992) dollars]

	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
Change in business inventories	58.9	33.7	64.0	57.3	54.5	30.6	33.2	16.5
Farm	12.3	-4.4	14.3	3.3	-4.4	-3.8	-5.8	-3.5
Nonfarm	46.8	37.4	50.1	53.3	58.1	33.8	38.3	19.5
Manufacturing	8.3	11.9	12.0	6.5	8.6	11.3	16.4	11.2
Durable goods	7.7	11.2	8.5	7.8	8.1	10.0	14.7	12.0
Nondurable goods .....	.6	.7	3.4	-1.3	.5	1.4	1.8	-7
Wholesale trade	16.6	14.4	20.5	22.6	24.7	15.4	12.9	4.8
Durable goods	12.2	12.7	13.0	13.6	21.9	11.2	5.5	12.2
Nondurable goods	4.4	1.7	7.5	9.1	2.7	4.1	7.4	-7.3
Merchant wholesalers	14.5	13.0	17.8	19.3	23.2	13.2	11.6	3.8
Durable goods	10.3	11.5	10.9	11.3	20.2	9.8	4.8	11.3
Nondurable goods	4.2	1.5	6.9	7.9	3.0	3.4	6.8	-7.4
Nonmerchant wholesalers	2.1	1.4	2.7	3.4	1.4	2.2	1.2	.9
Durable goods	1.9	1.2	2.1	2.2	1.7	1.4	.7	.9
Nondurable goods .....	.2	.3	.6	1.1	-.3	.7	.6	0
Retail trade	16.5	3.6	15.7	17.2	12.7	5.6	3.0	-7.0
Durable goods	10.3	3.5	10.3	12.1	12.0	3.6	2.0	-3.7
Motor vehicle dealers	4.3	.8	3.5	8.4	9.4	-.5	-6.2	.4
Other	6.0	2.8	6.9	3.5	2.4	4.2	8.6	-4.2
Nondurable goods	6.1	0	5.3	5.0	.3	1.9	1.0	-3.3
Other	5.3	7.6	1.9	6.9	12.3	1.5	6.0	10.6
Durable goods .....	.4	5.3	.9	-1.9	9.0	1.9	4.8	5.5
Nondurable goods	5.0	2.0	1.0	9.1	2.8	-.6	.9	4.9
Residual	-1	.8	-3	.9	1.8	.8	.5	.6

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines.

Table 5.12.—Inventories and Domestic Final Sales of Business by Industry

[Billions of dollars]

	Seasonally adjusted quarterly totals					
	1994		1995			
	III	IV	I	II	III	IV
Inventories ¹	1,167.4	1,196.5	1,235.4	1,246.0	1,252.0	1,261.0
Farm	102.5	104.9	105.8	101.2	99.2	100.7
Nonfarm	1,064.9	1,091.6	1,129.6	1,144.8	1,152.9	1,160.4
Durable goods	606.5	621.0	642.4	651.0	655.8	660.9
Nondurable goods	458.5	470.6	487.2	493.8	497.1	499.4
Manufacturing	397.7	406.7	421.0	426.5	429.5	430.4
Durable goods	248.5	253.8	262.4	265.5	267.5	269.2
Nondurable goods	149.3	152.9	158.6	160.9	162.0	161.3
Wholesale trade	270.7	279.8	291.9	297.8	301.3	304.0
Durable goods	168.3	173.0	180.8	184.6	185.5	187.9
Nondurable goods	102.4	106.8	111.0	113.2	115.8	116.1
Merchant wholesalers	233.4	241.2	252.2	257.5	260.8	263.0
Durable goods	146.1	150.1	157.3	160.6	161.3	163.6
Nondurable goods	87.4	91.2	95.0	97.0	99.5	99.4
Nonmerchant wholesalers	37.3	38.5	39.7	40.3	40.4	41.0
Durable goods	22.2	22.9	23.6	24.0	24.2	24.3
Nondurable goods	15.1	15.6	16.1	16.3	16.3	16.7
Retail trade	283.4	289.8	296.1	298.0	299.2	299.3
Durable goods	150.5	155.0	156.9	157.9	158.3	158.4
Motor vehicle dealers	75.1	78.4	79.3	78.7	76.6	78.1
Other	75.4	76.6	77.5	79.2	81.7	80.3
Nondurable goods	132.9	134.8	139.3	140.1	140.9	140.9
Other	113.1	115.3	120.6	122.5	122.9	126.7
Durable goods	39.2	39.2	42.3	43.0	44.5	45.5
Nondurable goods	73.8	76.0	78.2	79.5	78.3	81.2
Final sales of domestic business ²	481.9	489.5	494.0	499.2	506.7	511.2
Final sales of goods and structures of domestic business ²	262.8	267.9	269.8	271.5	276.4	278.3
Ratio of inventories to final sales of domestic business						
Inventories to final sales	2.42	2.44	2.50	2.50	2.47	2.47
Nonfarm inventories to final sales	2.21	2.23	2.29	2.29	2.28	2.27
Nonfarm inventories to final sales of goods and structures	4.05	4.07	4.19	4.22	4.17	4.17

Table 5.13.—Real Inventories and Real Domestic Final Sales of Business by Industry

[Billions of chained (1992) dollars]

	Seasonally adjusted quarterly totals					
	1994		1995			
	III	IV	I	II	III	IV
Inventories ¹	1,137.8	1,152.1	1,165.8	1,173.4	1,181.7	1,185.8
Farm	109.3	110.1	109.0	108.1	106.6	105.8
Nonfarm	1,029.1	1,042.4	1,056.9	1,065.4	1,074.9	1,079.8
Durable goods	580.8	588.7	601.5	608.2	615.0	621.5
Nondurable goods	448.3	453.7	455.2	457.0	459.8	458.1
Manufacturing	386.9	388.5	390.7	393.5	397.6	400.4
Durable goods	242.1	244.1	246.1	248.6	252.3	255.3
Nondurable goods	144.8	144.5	144.6	144.9	145.4	145.2
Wholesale trade	261.5	267.2	273.4	277.2	280.4	281.6
Durable goods	162.2	165.6	171.0	173.9	175.2	178.3
Nondurable goods	99.4	101.7	102.3	103.4	105.2	103.4
Merchant wholesalers	225.1	229.9	235.7	239.0	241.9	242.9
Durable goods	140.6	143.4	148.4	150.9	152.1	154.9
Nondurable goods	84.6	86.6	87.3	88.2	89.9	88.0
Nonmerchant wholesalers	36.4	37.2	37.6	38.2	38.5	38.7
Durable goods	21.6	22.2	22.6	23.0	23.1	23.3
Nondurable goods	14.8	15.1	15.0	15.2	15.3	15.3
Retail trade	271.8	276.1	279.3	280.7	281.4	279.7
Durable goods	140.8	143.8	146.9	147.8	148.2	147.3
Motor vehicle dealers	68.2	70.3	72.7	72.6	71.0	71.1
Other	72.8	73.6	74.2	75.3	77.4	76.4
Nondurable goods	130.9	132.2	132.2	132.7	133.0	132.1
Other	108.6	110.4	113.4	113.8	115.3	117.9
Durable goods	35.5	35.1	37.3	37.8	39.0	40.4
Nondurable goods	73.2	75.4	76.1	76.0	76.2	77.4
Residual	-6	-5	.3	.1	.4	.6
Final sales of domestic business ²	458.1	463.0	464.0	466.4	470.9	473.7
Final sales of goods and structures of domestic business ²	253.5	257.6	258.1	258.7	262.2	263.7
Ratio of inventories to final sales of domestic business						
Inventories to final sales	2.48	2.49	2.51	2.52	2.51	2.50
Nonfarm inventories to final sales	2.25	2.25	2.28	2.28	2.28	2.28
Nonfarm inventories to final sales of goods and structures	4.06	4.05	4.10	4.12	4.10	4.09

1. Inventories are as of the end of the quarter. The quarter-to-quarter change in inventories calculated from current-dollar inventories in this table is not the current-dollar change in business inventories (CBI) component of GDP. The former is the difference between two inventory stocks, each valued at their respective end-of-quarter prices. The latter is the change in the physical volume of inventories valued at average prices of the quarter. In addition, changes calculated from this table are at quarterly rates; whereas, CBI is stated at annual rates.

2. Quarterly totals at monthly rates. Final sales of domestic business equals final sales of domestic product less gross product of households and institutions and of general government and includes a small amount of final sales by farm.

1. Inventories are as of the end of the quarter. Quarter-to-quarter changes calculated from this table are at quarterly rates, whereas, the change in the business inventories component of GDP is stated at annual rates.

2. Quarterly totals at monthly rates. Final sales of domestic business equals final sales of domestic product less gross product of households and institutions and of general government and includes a small amount of final sales by farm.

NOTE.—Chained (1992) dollar series are calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates are usually not additive. The residual line is the difference between the first line and the sum of the most detailed lines for inventories.

6. Income, Employment, and Product by Industry

Table 6.1C.—National Income Without Capital Consumption Adjustment by Industry

[Billions of dollars]

	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
National income without capital consumption adjustment	5,528.4	5,810.9	5,563.8	5,640.5	5,707.1	5,750.4	5,860.9	5,925.1
Domestic industries	5,537.3	5,819.2	5,573.8	5,658.3	5,714.4	5,759.8	5,876.4	5,926.0
Private industries	4,741.6	4,998.9	4,776.7	4,855.8	4,900.4	4,941.5	5,053.3	5,100.2
Agriculture, forestry, and fishing	97.2	93.9	94.3	94.8	92.0	91.9	93.7	98.1
Mining	42.4	43.2	42.3	43.4	42.8	42.4	43.8	43.9
Construction	250.6	264.8	254.4	258.6	263.4	263.0	264.9	267.9
Manufacturing	991.1	1,019.2	995.9	1,013.6	1,009.0	1,008.1	1,026.6	1,033.0
Durable goods	573.6	590.1	574.8	589.2	588.7	583.8	591.9	596.0
Nondurable goods	417.5	429.1	421.2	424.4	420.3	424.3	434.7	437.0
Transportation and public utilities	422.7	452.1	424.4	436.2	438.6	447.0	462.3	460.3
Transportation	177.3	190.8	179.0	184.4	187.4	188.4	192.6	194.8
Communications	125.6	136.6	124.6	129.4	130.9	135.9	141.0	138.7
Electric, gas, and sanitary services	119.8	124.7	120.8	122.4	120.4	122.7	128.8	126.8
Wholesale trade	312.1	325.1	313.1	321.5	320.0	319.1	328.8	332.4
Retail trade	457.0	483.2	457.2	471.9	467.7	476.4	491.5	497.3
Finance, insurance, and real estate	938.8	992.3	955.4	956.6	977.6	982.1	1,002.6	1,006.9
Services	1,229.7	1,325.1	1,239.8	1,259.2	1,289.4	1,311.4	1,339.2	1,360.4
Government	795.7	820.3	797.1	802.4	813.9	818.3	823.1	825.7
Rest of the world	-8.9	-8.3	-10.0	-17.7	-7.2	-9.5	-15.5	-9

Table 6.16C.—Corporate Profits by Industry

[Billions of dollars]

	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
Corporate profits with inventory valuation and capital consumption adjustments	526.5	588.6	549.8	568.9	559.6	561.1	614.9	618.6
Domestic industries	465.3	510.0	488.7	506.7	484.8	483.2	541.7	530.1
Financial	100.7	125.4	114.6	112.4	120.3	118.7	136.6	125.8
Nonfinancial	364.6	384.6	374.2	394.3	364.6	364.5	405.0	404.3
Rest of the world	61.3	78.6	61.1	62.2	74.8	77.8	73.2	88.5
Receipts from the rest of the world	86.9	112.6	91.8	94.4	106.1	111.3	110.1	122.8
Less: Payments to the rest of the world	25.6	34.0	30.7	32.2	31.3	33.5	36.9	34.3
Corporate profits with inventory valuation adjustment	514.9	572.7	531.0	547.6	542.2	546.1	600.3	602.2
Domestic industries	453.7	494.1	469.9	485.5	467.5	468.2	527.1	513.7
Financial	94.4	119.1	108.4	106.4	114.3	112.6	130.4	119.3
Federal Reserve banks	17.8	21.9	18.1	19.8	21.5	22.3	21.9	21.7
Other	76.6	97.3	90.3	86.6	92.7	90.3	108.5	97.6
Nonfinancial	359.3	375.0	361.5	379.0	353.2	355.6	396.7	394.4
Manufacturing	142.7	145.7	142.8	148.4	134.7	137.8	153.2	157.3
Durable goods	77.2	77.2	75.6	81.8	75.8	74.0	78.1	80.8
Primary metal industries .....	.7	3.0	.8	.4	2.2	4.7	2.5	2.7
Fabricated metal products	10.7	11.1	10.2	11.1	10.2	11.5	10.7	12.2
Industrial machinery and equipment	9.0	12.1	8.0	10.1	12.5	12.1	12.5	11.1
Electronic and other electric equipment	22.5	25.6	23.8	26.1	23.2	22.4	27.3	29.5
Motor vehicles and equipment ..	10.2	4.4	8.5	8.6	6.7	3.0	4.4	3.6
Other	24.1	20.9	24.3	25.5	21.0	20.4	20.6	21.7
Nondurable goods	65.5	68.5	67.1	66.7	58.8	63.8	75.0	76.5
Food and kindred products	19.1	17.7	19.7	19.4	18.3	18.4	16.8	17.5
Chemicals and allied products ..	18.0	20.9	17.0	19.0	16.8	21.3	23.6	22.1
Petroleum and coal products	-1.8	.8	3.3	4.2	-2.3	-2	5.2	.3
Other	28.4	29.1	27.1	24.2	26.0	24.3	29.4	36.6
Transportation and public utilities	81.3	94.8	81.6	89.0	88.5	92.5	102.3	95.8
Transportation	10.8	14.4	11.2	13.9	13.6	13.5	15.0	15.4
Communications	36.7	41.0	35.1	38.7	38.6	41.3	44.0	40.1
Electric, gas, and sanitary services	33.8	39.4	35.2	36.4	36.3	37.7	43.3	40.3
Wholesale trade	34.5	29.6	34.3	35.4	29.7	26.4	31.2	31.2
Retail trade	42.2	38.7	43.7	43.6	36.0	36.6	42.5	39.6
Other	58.6	66.2	59.0	62.5	64.3	62.3	67.5	70.5
Rest of the world	61.3	78.6	61.1	62.2	74.8	77.8	73.2	88.5

NOTE.— Estimates in this table are based on the 1987 Standard Industrial Classification (SIC).

Table 8.2.—Contributions to Percent Change in Real Gross Domestic Product

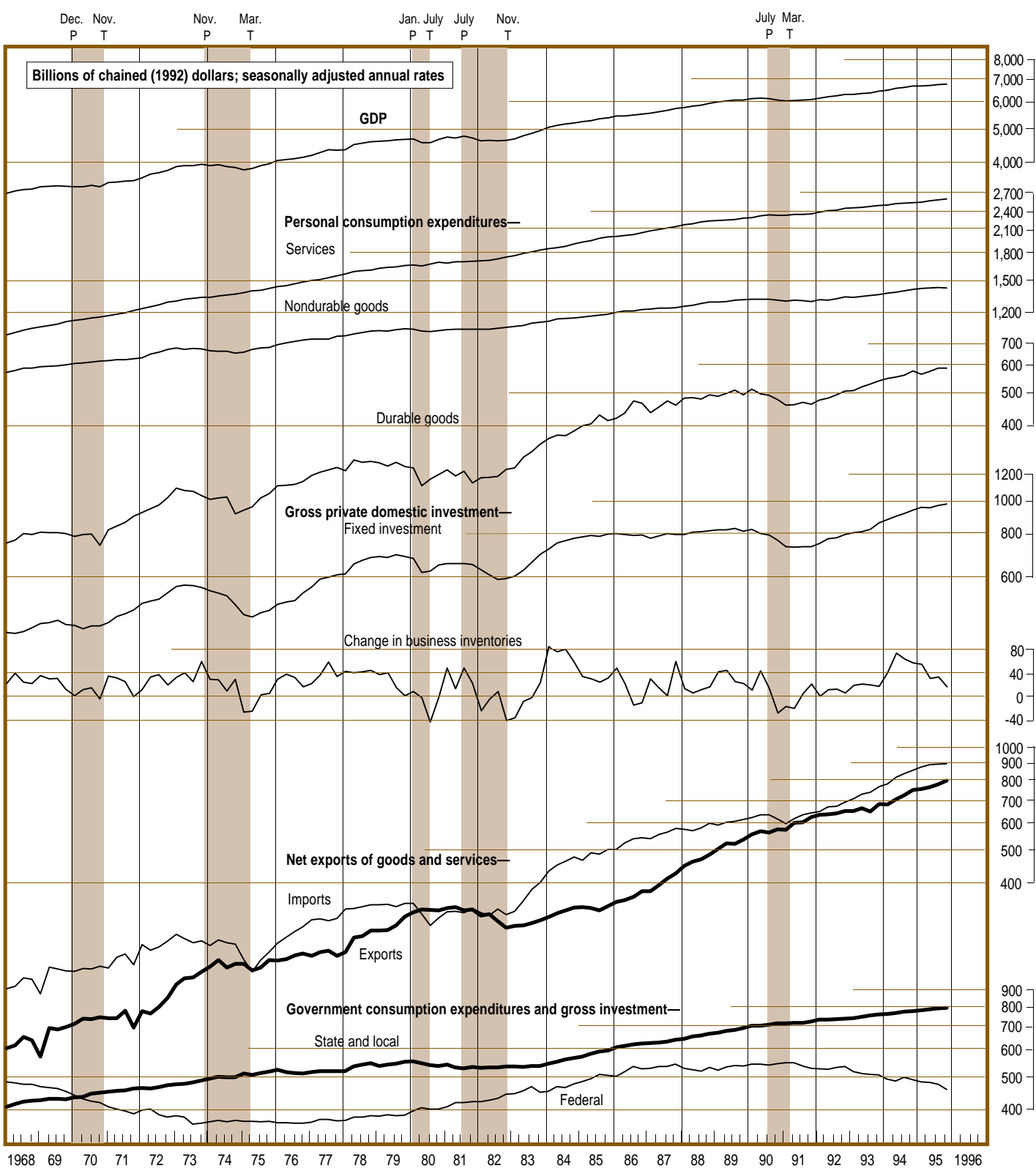
	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
			III	IV	I	II	III	IV
Percent change at annual rate:								
Gross domestic product	3.5	2.0	3.6	3.2	0.6	0.5	3.6	0.5
Percentage points at annual rates:								
Personal consumption expenditures ..	2.1	1.6	1.7	2.2	.5	2.3	1.9	.8
Durable goods .....	.6	.3	.5	1.0	-.8	.6	.8	0
Nondurable goods .....	.6	.5	.8	.7	.5	.4	.1	-.1
Services .....	.8	.9	.5	.5	.8	1.3	1.0	.9
Gross private domestic investment ...	1.9	.5	.6	.7	1.1	-1.5	1.1	-6
Fixed investment	1.3	.8	1.2	1.1	1.2	-.2	.9	.6
Nonresidential .....	.9	.9	1.3	1.1	1.5	.4	.5	.3
Structures	0	.2	0	.3	.3	.1	.2	0
Producers' durable equipment ..	.9	.7	1.2	.8	1.2	.3	.4	.3
Residential .....	.4	-.1	-.1	0	-.3	-.6	.3	.2
Change in business inventories .....	.6	-.4	-.6	-.4	-.1	-.1.3	.2	-.1.1
Net exports of goods and services ...	-.5	-.1	0	.5	-.7	-.4	.7	1.0
Exports .....	.8	.9	1.2	1.5	.3	.5	.9	1.2
Goods .....	.7	.8	1.0	1.5	.3	.5	.7	1.1
Services .....	.1	.1	.2	.1	0	0	.1	.1
Imports	-1.3	-.9	-1.2	-1.1	-1.0	-.9	-.1	-2
Goods	-1.2	-.9	-1.3	-1.2	-.8	-1.0	-.1	0
Services	-.1	0	0	.1	-.2	.1	0	-.1
Government consumption expenditures and gross investment	0	0	1.3	-.3	-.2	.2	-.1	-.8
Federal	-.3	-.3	.8	-.5	-.5	-.1	-.4	-.9
National defense	-.3	-.3	.6	-.9	-.4	0	-.4	-.6
Nondefense	0	0	.2	.4	-.1	-.1	0	-.4
State and local .....	.3	.3	.5	.2	.3	.2	.3	.2

Table 8.3.—Selected Per Capita Product and Income Series in Current and Chained Dollars

	[Dollars]							
	1994	1995	Seasonally adjusted at annual rates					
			1994		1995			
III			IV	I	II	III	IV	
Current dollars:								
Gross domestic product	26,589	27,541	26,772	27,059	27,263	27,389	27,709	27,801
Gross national product	26,555	27,510	26,734	26,991	27,235	27,353	27,650	27,798
Personal income	22,059	23,193	22,228	22,526	22,868	23,071	23,294	23,535
Disposable personal income	19,253	20,174	19,427	19,666	19,931	20,021	20,263	20,477
Personal consumption expenditures	18,025	18,717	18,139	18,330	18,447	18,682	18,831	18,908
Durable goods	2,228	2,305	2,242	2,303	2,262	2,299	2,338	2,321
Nondurable goods	5,484	5,649	5,531	5,576	5,613	5,659	5,662	5,661
Services	10,312	10,764	10,366	10,451	10,572	10,725	10,831	10,926
Chained (1992) dollars:								
Gross domestic product	25,335	25,615	25,438	25,573	25,561	25,536	25,696	25,666
Gross national product	25,305	25,588	25,406	25,512	25,539	25,504	25,644	25,666
Disposable personal income	18,320	18,757	18,407	18,544	18,672	18,634	18,794	18,926
Personal consumption expenditures	17,152	17,403	17,187	17,283	17,282	17,388	17,465	17,475
Durable goods	2,156	2,208	2,157	2,216	2,162	2,195	2,239	2,235
Nondurable goods	5,334	5,407	5,353	5,383	5,404	5,418	5,411	5,394
Services	9,665	9,792	9,679	9,689	9,719	9,780	9,819	9,849
Population (mid-period, thousands)	260,681	263,090	261,004	261,653	262,181	262,748	263,399	264,032

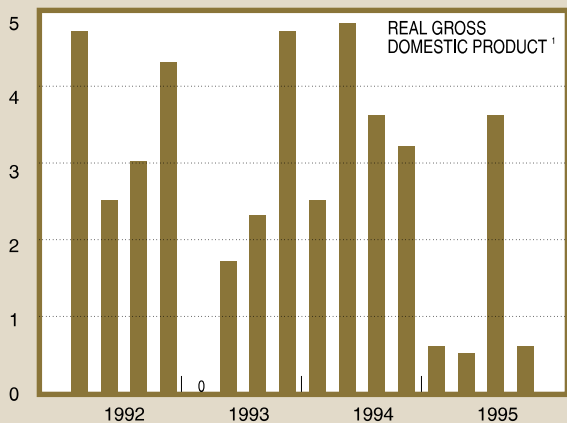
NIPA Charts

REAL GDP AND ITS COMPONENTS: TRENDS AND CYCLES

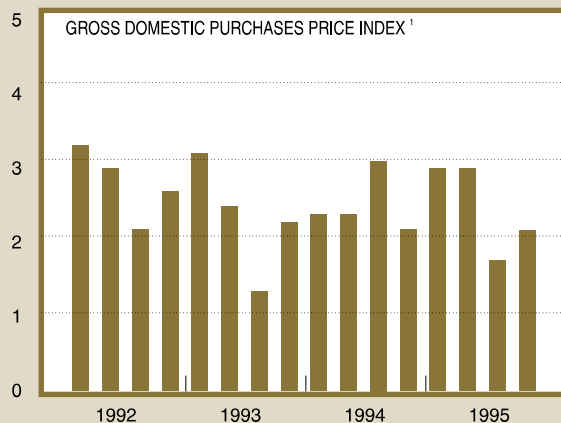


SELECTED SERIES: RECENT QUARTERS

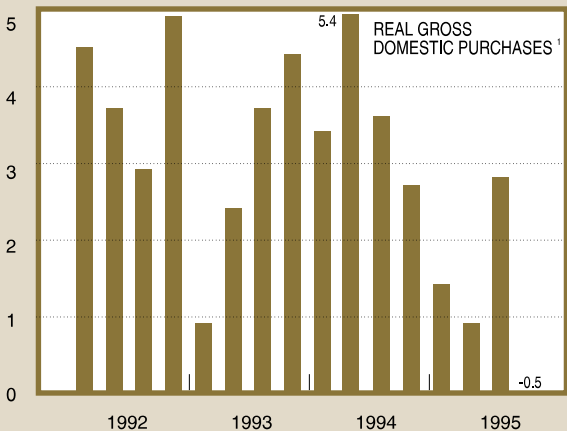
Percent change



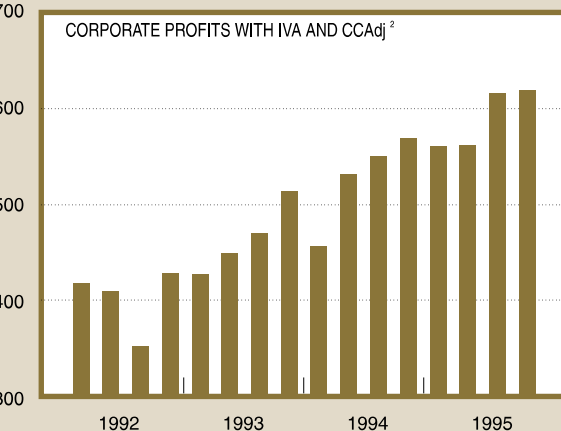
Percent change



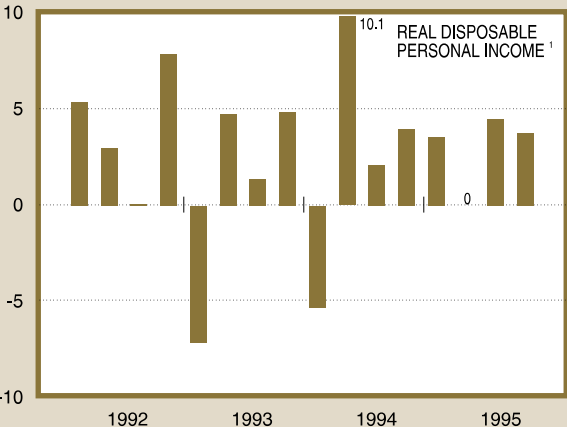
Percent change



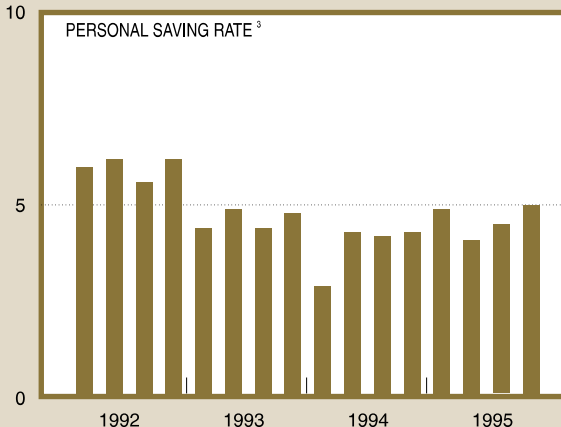
Billion \$



Percent change



Percent



1. Percent change at annual rate from preceding quarter; based on seasonally adjusted estimates.
 2. Seasonally adjusted annual rate; IVA is inventory valuation adjustment, and CCAj is capital consumption adjustment.
 3. Personal saving as percentage of disposable personal income; based on seasonally adjusted estimates.

Comprehensive NIPA Revision: Newly Available Tables

This section presents six tables that were not available for inclusion with the national income and product accounts (NIPA's) tables that were published as part of the comprehensive NIPA revision in the January/February 1996 issue of the SURVEY OF CURRENT BUSINESS: Tables 6.9C, 6.13C, 8.2, 8.13, 8.19, and 8.26 show annual estimates for 1991-94; table 8.2 also includes quarterly estimates for 1992-95. The remaining NIPA tables that were not published in the January/February issue (1.13, 3.13, 3.15-3.20, 5.3, and 9.1-9.6) and the tables for which estimates for some of the lines are not yet available (1.10, 1.16, 5.15, 7.13, 8.9, and 8.11) will be published in the May and June issues of the SURVEY.

Table 6.9C.—Hours Worked by Full-Time and Part-Time Employees by Industry

[Millions of hours]

	Line	1991	1992	1993	1994
Hours worked by full-time and part-time employees.	1	194,203	195,231	198,990	204,921
Domestic industries	2	194,374	195,414	199,206	205,154
Private industries	3	161,322	162,503	166,433	172,306
Agriculture, forestry, and fishing.	4	3,369	3,294	3,244	3,414
Farms	5	1,865	1,775	1,694	1,719
Agricultural services, forestry, and fishing.	6	1,504	1,519	1,550	1,695
Mining	7	1,471	1,348	1,272	1,288
Construction	8	9,468	9,119	9,468	10,196
Manufacturing	9	35,554	35,227	35,560	36,349
Durable goods	10	20,458	20,076	20,314	20,951
Nondurable goods	11	15,096	15,151	15,246	15,398
Transportation and public utilities.	12	10,482	10,515	10,792	11,294
Transportation	13	6,361	6,432	6,666	7,172
Communications	14	2,296	2,246	2,291	2,336
Electric, gas, and sanitary services.	15	1,825	1,837	1,835	1,786
Wholesale trade	16	11,256	11,437	11,053	11,596
Retail trade	17	29,141	29,464	30,195	31,624
Finance, insurance, and real estate.	18	11,501	11,501	11,767	11,955
Services	19	49,080	50,598	53,082	54,590
Government	20	33,052	32,911	32,773	32,848
General government	21	29,658	29,573	29,487	29,506
Government enterprises	22	3,394	3,338	3,286	3,342
Rest of the world	23	-171	-183	-216	-233

NOTE.— Estimates in this table are based on the 1987 Standard Industrial Classification (SIC).

Table 6.13C.—Noncorporate Capital Consumption Allowances by Industry

[Millions of dollars]

	Line	1991	1992	1993	1994
Noncorporate capital consumption allowances.	1	160,899	170,947	173,720	184,619
Agriculture, forestry, and fishing	2	13,869	14,482	15,129	15,935
Farms	3	12,239	12,828	13,103	13,773
Agricultural services, forestry, and fishing.	4	1,630	1,654	2,026	2,162
Mining	5	6,381	6,251	5,727	4,589
Construction	6	3,846	4,154	4,898	4,689
Manufacturing	7	4,989	5,767	6,049	6,513
Durable goods	8	2,660	2,619	2,797	2,862
Nondurable goods	9	2,329	3,148	3,252	3,651
Transportation and public utilities	10	11,223	11,560	12,780	14,265
Transportation	11	3,795	3,802	4,229	4,567
Communications	12	4,412	4,598	5,096	5,936
Electric, gas, and sanitary services.	13	3,016	3,160	3,454	3,762
Wholesale trade	14	1,103	1,072	1,184	1,378
Retail trade	15	5,565	5,849	6,254	6,776
Finance, insurance, and real estate.	16	91,399	97,596	96,708	103,769
Finance and insurance	17	1,580	1,456	1,758	1,855
Real estate	18	89,818	96,141	94,950	101,914
Owner-occupied nonfarm housing.	19	35,445	40,708	40,080	43,796
Other	20	54,373	55,433	54,870	58,118
Services	21	22,526	24,215	24,991	26,704
Hotels and other lodging places ..	22	4,437	4,344	4,223	4,048
Personal services	23	1,291	1,421	1,486	1,710
Business services	24	5,672	6,174	6,578	7,259
Auto repair, services, and parking.	25	1,547	1,727	1,716	1,957
Miscellaneous repair services	26	423	371	508	566
Motion pictures	27	792	645	835	852
Amusement and recreation services.	28	1,187	1,929	1,334	1,608
Health services	29	3,340	3,504	3,785	4,009
Legal services	30	1,304	1,371	1,431	1,467
Other ¹	31	2,533	2,730	3,095	3,227

1. Consists of educational services; social services; museums, botanical, zoological gardens; membership organizations; engineering and management services, except for commercial research and testing services and for management and public relations; and services, not elsewhere classified.

NOTE.— Estimates in this table are based on the 1987 Standard Industrial Classification (SIC).

Table 8.26.—Comparison of Personal Income in the National Income and Product Accounts (NIPA's) with Adjusted Gross Income as Published by the Internal Revenue Service (IRS)

[Billions of dollars]

	Line	1991	1992	1993	1994
Personal income, NIPA's	1	4,968.5	5,264.2	5,479.2	5,750.2
<i>Less:</i> Portion of personal income not included in adjusted gross income ..	2	1,602.7	1,714.6	1,791.0	1,909.4
Transfer payments except taxable military retirement and taxable government pensions.	3	625.6	692.8	738.0	772.6
Other labor income except fees	4	318.1	346.5	376.0	397.2
Imputed income in personal income ¹	5	167.1	182.2	203.6	214.9
Investment income of life insurance carriers and private noninsured pension plans ² .	6	199.8	200.2	205.5	211.5
Investment income received by nonprofit institutions or retained by fiduciaries.	7	52.3	50.7	48.5	50.0
Differences in accounting treatment between NIPA's and tax regulations, net.	8	73.3	66.0	31.5	56.6
Other personal income exempt or excluded from adjusted gross income.	9	166.6	176.2	187.8	206.5
<i>Plus:</i> Portion of adjusted gross income not included in personal income ..	10	512.6	571.9	607.7	657.8
Personal contributions for social insurance	11	235.8	248.4	259.6	278.1
Net gain from sale of assets	12	94.3	109.1	124.8	115.2
Taxable private pensions	13	136.5	147.4	153.6	163.3
Small business corporation income	14	31.7	47.9	50.7	62.8
Other types of income	15	14.4	19.2	18.9	38.4
Equals: BEA-derived adjusted gross income	16	3,878.4	4,121.5	4,295.9	4,498.7
Adjusted gross income, IRS	17	3,464.5	3,629.1	3,723.3	3,909.3
Adjusted gross income (AGI) gap ³	18	413.9	492.4	572.5	589.4
AGI gap (line 18) as a percentage of BEA-derived AGI (line 16)	19	10.7	11.9	13.3	13.1
AGI of IRS (line 17) as a percentage of BEA-derived AGI (line 16)	20	89.3	88.1	86.7	86.9

1. Consists of the imputations included in personal income shown in table 8.19 except for employer-paid health and life insurance premiums (line 115). In table 8.26, these premiums are included in line 4.

2. Equals imputed interest received by persons from life insurance carriers and private noninsured pension plans as shown in table 8.18 (line 51).

3. Consists of income earned by low-income individuals who are not required to file income tax returns, unreported income that is included in the NIPA measure, and gross errors and omissions in lines 2 through 15. Also includes the net effect of errors in the IRS adjusted gross income (line 17) and NIPA personal income (line 1) measures. Such errors can arise from the sample used by IRS to estimate line 17 and from the data sources used by BEA to estimate line 1.

Reconciliation and Other Special Tables

Table 1.—Relation of Net Exports of Goods and Services and Net Receipts of Factor Income in the National Income and Product Accounts (NIPA's) to Balance on Goods, Services, and Income in the Balance of Payments Accounts (BPA's)

[Billions of dollars]

	Line	1994	1995	Seasonally adjusted at annual rates					
				1994		1995			
				III	IV	I	II	III	IV
Exports of goods, services, and income, BPA's	1	838.8	965.0	857.2	892.7	930.3	959.0	969.0	1001.6
Less: Gold, BPA's	2	5.8	5.1	4.7	3.5	5.6	7.7	3.4	3.7
Statistical differences ¹	3	.7	.2	.9	.8	-.7	-.6	1.0	1.0
Other items	4	.7	.3	1.6	.6	.4	.3	.3	.3
Plus: Adjustment for grossing of parent/affiliate interest payments	5	5.4	7.5	5.1	5.8	7.0	6.5	7.9	8.8
Adjustment for U.S. territories and Puerto Rico	6	30.7	30.2	30.8	32.0	29.6	30.4	30.2	30.7
Services furnished without payment by financial intermediaries except life insurance carriers and private noninsured pension plans	7	13.4	14.0	13.7	13.7	13.9	13.8	14.0	14.2
Equals: Exports of goods and services and receipts of factor income, NIPA's	8	881.1	1011.2	899.7	939.3	975.5	1002.4	1016.4	1050.4
Imports of goods, services, and income, BPA's	9	954.3	1087.8	982.6	1020.9	1054.1	1103.1	1098.9	1095.2
Less: Gold, BPA's	10	4.7	5.3	2.8	2.6	4.4	10.8	2.5	3.4
Statistical differences ¹	11	0	1.0	0	0	-1.3	-1.3	3.5	3.1
Other items	12	0	0	0	0	0	0	0	0
Plus: Gold, NIPA's	13	-3.7	-3.2	-3.6	-3.3	-3.5	-2.9	-3.1	-3.2
Adjustment for grossing of parent/affiliate interest payments	14	5.4	7.5	5.1	5.8	7.0	6.5	7.9	8.8
Adjustment for U.S. territories and Puerto Rico	15	21.9	21.8	23.1	22.2	20.9	23.2	21.0	21.9
Imputed interest paid to rest of world	16	13.4	14.0	13.7	13.7	13.9	13.8	14.0	14.2
Equals: Imports of goods and services and payments of factor income, NIPA's	17	986.5	1121.7	1018.1	1056.7	1089.3	1134.3	1132.7	1130.5
Balance on goods, services, and income, BPA's (1-9)	18	-115.5	-122.8	-125.4	-128.2	-123.8	-144.1	-129.9	-93.6
Less: Gold (2-10+13)	19	-2.6	-3.4	-1.7	-2.4	-2.3	-6.0	-2.2	-2.9
Statistical differences (3-11) ¹	20	.7	-.8	.9	.8	.6	.7	-2.5	-2.1
Other items (4-12)	21	.7	.3	1.6	.6	.4	.3	.3	.3
Plus: Adjustment for U.S. territories and Puerto Rico (6-15)	22	8.8	8.4	7.7	9.8	8.7	7.2	9.2	8.8
Equals: Net exports of goods and services and net receipts of factor income, NIPA's (8-17)	23	-105.4	-110.5	-118.4	-117.4	-113.8	-131.9	-116.3	-80.1

1. Consists of statistical revisions in the NIPA's that have not yet been incorporated in the BPA's (1995:IV) and statistical revisions in the BPA's that have not yet been incorporated in the NIPA's (1994:III-1995:IV).

U.S. International Transactions, Fourth Quarter and Year 1995

By Christopher L. Bach

FOURTH QUARTER 1995

THE U.S. current-account deficit decreased to \$31.1 billion in the fourth quarter from \$40.3 billion (revised) in the third (table A).¹ The deficits on merchandise trade and investment income both fell sharply.

In the capital account, net recorded capital inflows—that is, net changes in U.S. assets abroad less net changes in foreign assets in the United States—were \$13.8 billion in the fourth quarter, compared with net inflows of \$89.0 billion in the third. A step-up in U.S. acquisitions of foreign assets accounted for much of the reduction.

The statistical discrepancy—errors and omissions in recorded transactions—shifted to an inflow of \$17.2 billion in the fourth quarter from

an outflow of \$48.8 billion in the third. The large shift is partly a reflection of the volatility of financial flows in the third and fourth quarters.

The following are highlights for the fourth quarter of 1995:

- The merchandise trade deficit fell, as exports continued to rise and imports decreased for the second consecutive quarter.
- The deficit on investment income fell, as direct investment income receipts increased strongly while total income payments remained about the same.
- Outflows for U.S. assets abroad increased, partly as a result of direct investment outflows for numerous large-scale acquisitions.
- Among foreign assets in the United States, a very substantial drop in inflows into U.S. Treasury securities was partly offset by a shift to especially strong inflows to U.S. banks.

1. Quarterly estimates of U.S. current- and capital-account components are seasonally adjusted when statistically significant seasonal patterns are present. The accompanying tables present both adjusted and unadjusted estimates.

Table A.—Summary of U.S. International Transactions

[Millions of dollars, seasonally adjusted]

Line	Lines in tables 1 and 10 in which transactions are included are indicated in ()	1994	1995 ^P	Change: 1994-95	1994				1995				Change: 1995 III- IV
					I	II	III	IV	I ^r	II ^r	III ^r	IV ^P	
1	Exports of goods, services, and income (1)	838,820	965,008	126,188	197,173	204,161	214,305	223,180	232,581	239,760	242,255	250,412	8,157
2	Merchandise, excluding military (2)	502,485	574,879	72,394	118,445	122,730	127,384	133,926	138,325	142,667	145,050	148,837	3,787
3	Services (3)	198,716	208,828	10,112	47,786	49,093	50,890	50,947	51,071	51,692	52,755	53,311	556
4	Income receipts on investments (11)	137,619	181,301	43,682	30,942	32,338	36,031	38,307	43,185	45,401	44,450	48,264	3,814
5	Imports of goods, services, and income (15)	-954,304	-1,087,828	-133,524	-220,073	-233,369	-245,645	-255,218	-263,515	-275,785	-274,725	-273,808	917
6	Merchandise, excluding military (16)	-668,584	-749,348	-80,764	-154,935	-164,224	-172,011	-177,414	-182,784	-191,321	-188,376	-186,867	1,509
7	Services (17)	-138,829	-145,778	-6,949	-34,312	-34,522	-35,070	-34,926	-35,516	-36,379	-36,736	-37,150	-414
8	Income payments on investments (25)	-146,891	-192,703	-45,812	-30,826	-34,623	-38,564	-42,878	-45,215	-48,085	-49,613	-49,791	-178
9	Unilateral transfers (29)	-35,761	-30,095	5,666	-7,371	-8,778	-8,374	-11,239	-7,520	-7,117	-7,780	-7,677	103
10	U.S. assets abroad, net (increase/capital outflow (-)) (33)	-125,851	-280,096	-154,245	-36,783	-5,973	-27,940	-55,156	-75,455	-100,355	-27,517	-76,769	-49,252
11	U.S. official reserve assets, net (34)	5,346	-9,742	-15,088	-59	3,537	-165	2,033	-5,318	-2,722	-1,893	191	2,084
12	U.S. Government assets, other than official reserve assets, net (39)	-322	-326	-4	401	491	-283	-931	-152	-180	246	-240	-486
13	U.S. private assets, net (43)	-130,875	-270,028	-139,153	-37,125	-10,001	-27,492	-56,258	-69,985	-97,453	-25,870	-76,720	-50,850
14	Foreign assets in the United States, net (increase/ capital inflow (+)) (48)	291,365	426,325	134,960	80,390	46,526	79,736	84,715	94,841	124,332	116,544	90,609	-25,935
15	Foreign official assets, net (49)	39,409	110,483	71,074	10,977	9,162	19,691	-421	22,308	37,836	39,346	10,993	-28,353
16	Other foreign assets, net (56)	251,956	315,842	63,886	69,413	37,364	60,045	85,136	72,533	86,496	77,198	79,616	2,418
17	Allocations of special drawing rights (62)												
18	Statistical discrepancy (63)	-14,269	6,685	20,954	-13,336	-2,567	-12,082	13,718	19,068	19,165	-48,777	17,233	66,010
19	Memorandum: Balance on current account (70)	-151,245	-152,915	-1,670	-30,271	-37,986	-39,714	-43,277	-38,454	-43,142	-40,250	-31,073	9,177

^r Revised.

^P Preliminary.

- The U.S. dollar edged up very slightly during the quarter, but on average, it was unchanged for the quarter.

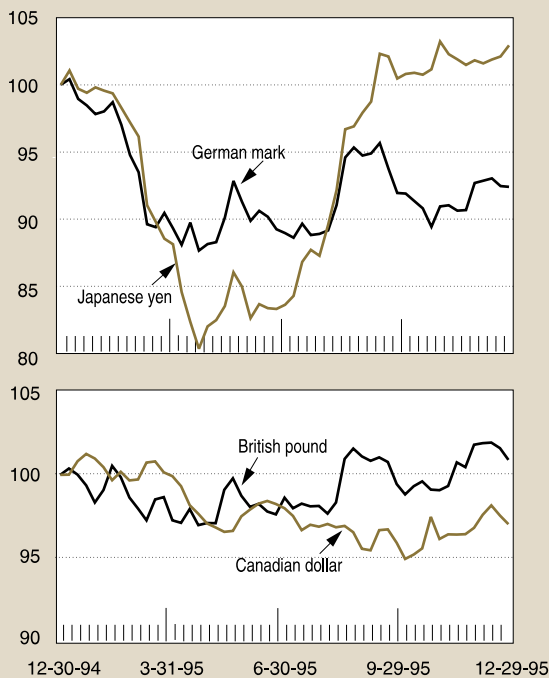
U.S. dollar in exchange markets.—On a quarterly average basis, the U.S. dollar was virtually unchanged against the European currencies in the fourth quarter, and it appreciated 8 percent against the Japanese yen (table B, chart 1).

The dollar depreciated 1 percent on a quarterly average basis against the German mark. The German mark strengthened against the other European currencies in October, when considerable uncertainty arose whether France, Italy, and other countries could meet the tough fiscal re-

CHART 1

Indexes of Foreign Currency Price of the U.S. Dollar

December 30, 1994=100

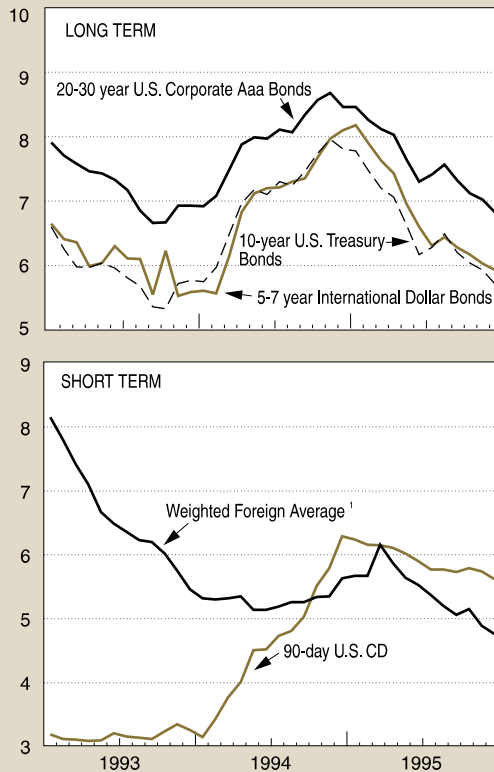


Indexes prepared by BEA from weekly data.
U.S. Department of Commerce, Bureau of Economic Analysis

CHART 2

U.S. and Foreign Interest Rates

Percent



1. Interest rates for 3-month interbank loans or short-term paper for other Group of 10 countries and Switzerland weighted by average total trade shares in 1972-76.

Data: Federal Reserve Board, OECD.
U.S. Department of Commerce, Bureau of Economic Analysis

Table B.—Indexes of Foreign Currency Price of the U.S. Dollar

[December 1980=100]

	1994					1995												
	IV	I	II	III	IV	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Trade-weighted average against 26 currencies ¹	98.0	96.6	92.3	95.1	96.6	99.0	98.2	97.3	94.4	92.1	92.0	92.7	93.1	96.6	95.5	95.9	96.9	97.1
Trade-weighted average against 10 currencies ²	96.8	95.1	90.5	92.5	92.9	98.6	97.1	96.0	92.1	90.0	91.0	90.5	90.1	93.1	94.3	92.5	92.6	93.6
Selected currencies: ³																		
Canada	114.4	117.7	114.7	113.3	113.4	116.2	118.2	117.1	117.7	115.1	113.8	115.2	113.8	113.3	112.9	112.5	113.2	114.5
European currencies:																		
Belgium	100.7	96.4	90.8	93.1	92.6	102.2	99.7	97.7	91.8	89.8	91.7	91.0	90.3	94.0	95.0	92.0	92.1	93.6
France	116.4	113.4	108.0	108.6	108.2	118.9	116.2	114.7	109.3	106.5	109.5	108.0	106.1	109.2	110.6	108.4	107.3	108.8
Germany	78.5	75.2	71.1	72.8	72.4	79.9	77.8	76.4	71.5	70.2	71.7	71.3	70.6	73.5	74.3	71.9	72.1	73.3
Italy	169.9	175.5	178.4	172.6	170.7	175.4	172.6	172.6	181.4	184.5	175.4	175.4	172.6	172.6	172.6	172.6	169.8	169.8
Netherlands	81.0	77.7	73.2	75.1	74.7	82.4	80.3	78.9	73.9	72.4	73.9	73.4	72.8	75.8	76.6	74.2	74.3	75.5
Switzerland	72.8	69.8	64.9	66.2	64.6	74.6	72.2	71.4	65.7	63.9	65.6	65.1	64.9	67.2	66.6	64.3	64.2	65.3
United Kingdom	148.2	148.4	147.1	149.2	150.5	150.6	149.1	149.4	146.7	146.1	147.9	147.2	147.2	149.9	150.6	148.8	150.3	152.4
Japan	47.1	45.8	40.2	44.8	48.3	47.7	47.5	46.8	43.1	39.8	40.5	40.3	41.6	45.1	47.8	48.0	48.5	48.5

1. Currencies of 22 OECD countries—Australia, Austria, Belgium-Luxembourg, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom—plus Hong Kong, Republic of Korea, Singapore, and Taiwan. Data: U.S. Department of the Treasury. End-of-month rates for months; averages of end-of-month rates for quarters.

2. Currencies of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and United Kingdom. Data: Federal Reserve Board. Monthly and quarterly average rates. Index rebased by BEA.

3. Data: Federal Reserve Board. Monthly and quarterly average rates. Indexes prepared by BEA.

quirements for entry into the European Monetary Union (EMU). Capital flight into marks affected the dollar negatively, but the mark's strength subsided late in the quarter, when the countries of the weaker currencies reaffirmed their desire to join the EMU. In addition, the weakening of German economic growth throughout the period, and a more rapid decline in German and other European interest rates than in U.S. rates, substantially increased interest-rate differentials in favor of dollar assets and thereby provided support to the dollar (charts 2 and 3). The positive effect on the dollar of falling European interest rates was partly offset by monetary easing in the United States.

The dollar appreciated 8 percent on quarterly average basis against the yen. The appreciation was mostly attributable to the lack of confidence in the Japanese economy brought about by losses at a large Japanese securities firm and the closure of that firm's U.S. offices by the Federal Reserve, by the negative impact of earlier credit union failures in Japan, and by the lack of full disclosure of a sizable volume of nonperforming loans at Japanese banks. Early in November, the Japanese government announced that all deposits at Japanese commercial banks would be insured, including those at overseas branches.

The Canadian dollar was unchanged on a quarterly average basis against the U.S. dollar. The Canadian dollar fell prior to the referendum on the secession of Quebec from the rest of Canada at the end of October, but it recovered when the initiative to secede was narrowly defeated.

The dollar appreciated 22 percent against the Mexican peso on a quarterly average basis. Despite a gradual return to financial stability through the middle months of the year, confidence in the peso was undermined by an unexpectedly high inflation report in November and by a reluctance of foreign investors to continue to hold Mexican assets toward yearend. Near the end of the quarter, Mexican monetary authorities tightened liquidity conditions and purchased pesos in the foreign exchange market.

Current Account

Goods and services

The deficit on goods and services decreased to \$21.9 billion in the fourth quarter from \$27.3 billion in the third. The deficit on merchandise trade decreased substantially, and the surplus on services increased by a small amount.

Merchandise trade.—The U.S. merchandise trade deficit decreased to \$38.0 billion in the fourth quarter from \$43.3 billion in the third. The smaller deficit reflected an increase in exports and a decrease in imports.

Exports.—Exports increased \$3.8 billion, or 3 percent, to \$148.8 billion in the fourth quarter. Quantity increased 3 percent.² Nonagricultural exports accounted for much of the increase.

Nonagricultural exports increased \$3.3 billion, or 2 percent, to \$133.6 billion. Much of the increase was accounted for by capital goods, especially computers, peripherals, and parts; semiconductors; telecommunications equipment; and industrial, agricultural, and service machinery. Civilian aircraft rebounded from the previous quarter's low but were held down by a strike. Consumer goods also increased.

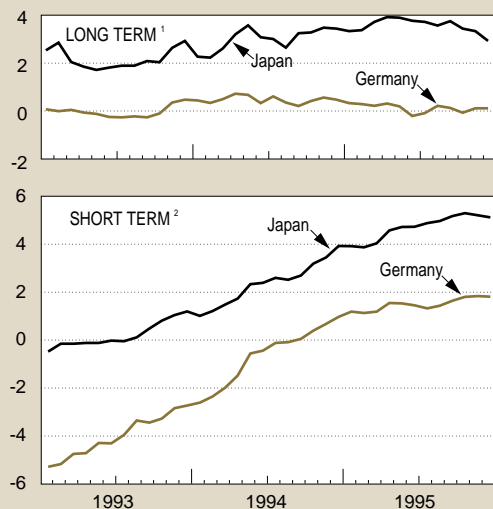
Agricultural exports increased \$0.5 billion, or 4 percent, to a quarterly record of \$15.2 billion. All of the increase was in prices; quantity was unchanged. The increase in value was more than accounted for by cotton exports, which increased \$0.6 billion, largely to the developing countries in Asia (mainly China). Cotton prices remained

CHART 3

Interest-Rate Differentials

(Plus (+) Indicates Differentials in Favor of U.S. Dollar Assets)

Percentage points



1. Interest rate on U.S. Government bonds (composite over 10 years) less interest rate on Japanese Central Government bonds. Interest rate on U.S. Government bonds (composite over 10 years) less interest rate on German 7-15 year public sector bonds. Data OECD.

2. Interest rate on 90-day Eurodollar deposits less Japanese CD rate. Interest rate on 90-day Eurodollar deposits less German interbank rate. Data: Federal Reserve Board.

U.S. Department of Commerce, Bureau of Economic Analysis

2. Quantity estimates are in chained (1992) dollars; price indexes are chain-type measures.

high, partly because of the poor yield of the new U.S. crop. Corn remained especially strong, edging up to its highest quarterly level since the second quarter of 1981. Soybeans decreased after sizable increases in the two previous quarters.

Imports.—Imports decreased \$1.5 billion, or 1 percent, to \$186.9 billion in the fourth quarter. Quantity was unchanged. Both nonpetroleum and petroleum imports have decreased for two consecutive quarters.

Nonpetroleum imports decreased \$0.8 billion, or 1 percent, to \$173.5 billion. All major categories decreased except capital goods. The largest decrease was in imports of automotive products from areas other than Canada and Mexico (mainly Japan). Capital goods, especially computers and semiconductors, remained strong.

Petroleum imports decreased \$0.7 billion, or 5 percent, to \$13.4 billion. The average price per barrel was virtually unchanged at \$16.01, and the average number of barrels imported daily decreased to 9.15 million from 9.61 million. Domestic production and consumption increased, and inventories were reduced.

Services.—The surplus on services increased to \$16.2 billion in the fourth quarter from \$16.0 billion in the third. Travel more than accounted for the increases in both service receipts and service payments.

Foreign visitors spent \$15.3 billion in the United States, up 4 percent. Receipts from overseas visitors were \$13.1 billion, up 4 percent; receipts from Canada were \$1.6 billion, up 9 percent; and receipts from Mexico, reflecting renewed depreciation of the peso, were \$0.6 billion, down 16 percent. U.S. travelers spent \$11.8 billion abroad, up 5 percent. Payments to overseas residents were \$9.3 billion, up 4 percent; payments to Canada were \$1.2 billion, up 13 percent; and payments to Mexico were \$1.3 billion, up 11 percent.

“Other” transportation receipts increased slightly to \$7.3 billion. “Other” transportation payments decreased to \$7.3 billion from \$7.5 billion, largely as a result of a decrease in freight payments.

“Other” private service receipts were unchanged at \$16.1 billion. “Other” private service payments were unchanged at \$9.8 billion.

Investment income

The deficit on investment income decreased to \$1.5 billion in the fourth quarter from \$5.2 billion in the third. Receipts, particularly direct invest-

ment, increased strongly, and payments increased only a small amount.

Direct investment income.—Income receipts on U.S. direct investment abroad increased strongly to \$25.2 billion in the fourth quarter from \$22.2 billion in the third. Earnings increases were especially strong in Western Europe, where affiliates of U.S. parents in computer and semiconductor manufacturing responded to the strong demand for personal computers and where affiliates in transportation recovered from weak earnings in the third quarter. Earnings of affiliates in the Pacific Rim were also especially strong, particularly in petroleum.

Income payments on foreign direct investment in the United States were \$8.2 billion, down from \$9.0 billion. Earnings fell from the third quarter but remained well above year-ago levels.

Portfolio investment income.—Receipts of income on “other” private investment were \$22.0 billion in the fourth quarter, up from \$21.4 billion, as a result of higher claims outstanding. Payments of income on “other” private investment were \$25.4 billion, up from \$24.8 billion, as a result of higher liabilities outstanding. A decline in interest rates held down the increases in both receipts and payments.

Receipts of income on U.S. Government assets were up slightly to \$1.0 billion. Payments of income on U.S. Government liabilities were \$16.2 billion, up from \$15.8 billion, as a result of higher liabilities outstanding.

Unilateral transfers

Net unilateral transfers were \$7.7 billion in the fourth quarter, down slightly from \$7.8 billion in the third.

U.S. Government grants were unchanged at \$2.9 billion. Unlike the past several years, large disbursements to Israel were not made in the fourth quarter as a result of temporary expenditure constraints imposed during protracted congressional budget negotiations late in the year. (Many of the grants scheduled for Israel were subsequently disbursed in the first quarter of 1996.)

Capital Account

Net recorded capital inflows—that is, net changes in U.S. assets abroad less net changes in foreign assets in the United States—were \$13.8 billion in the fourth quarter, compared with net inflows of \$89.0 billion in the third. A step-up in U.S.

acquisitions of foreign assets from a low third quarter accounted for much of the reduction in net inflows.

U.S. assets abroad

U.S. assets abroad increased \$76.8 billion in the fourth quarter, compared with an increase of \$27.5 billion in the third. The step-up was mostly accounted for by larger direct investment capital outflows and a shift to an increase in U.S. bank-reported claims.

U.S. official reserve assets.—U.S. official reserve assets decreased \$0.2 billion in the fourth quarter, following a \$1.9 billion increase in the third. The fourth-quarter decrease was more than accounted for by the partial repayment (\$0.7 billion) of short-term swap arrangements by the Mexican Government; the remaining short-term indebtedness (\$1.3 billion) was renewed under a new short-term swap arrangement (table C).

Claims reported by banks.—U.S. claims on foreigners reported by U.S. banks increased \$4.4 billion in the fourth quarter, in contrast to a \$14.6 billion decrease in the third. In the fourth quarter, much of the \$16.3 billion increase in banks' own claims payable in dollars was related to (1) lending to international bond mutual funds in the Caribbean to finance purchases of U.S. Treasury securities and (2) lending by European-owned banks in the United States to affiliated banks in Western Europe. A decrease in claims of Japanese-owned banks was perhaps related to financial problems encountered by their parents in Japan. Banks' own claims payable in foreign currencies increased \$5.3 billion. Banks' domestic customers' claims decreased \$11.9 billion, largely as a result of a decrease in deposits.

Foreign securities.—Net U.S. purchases of foreign securities were \$31.5 billion in the fourth quarter, down from \$34.0 billion in the third.

Net U.S. purchases of foreign stocks were \$13.8 billion, down from \$21.0 billion. Net purchases from Europe remained strong, bolstered by new issues, but net purchases from Japan dropped sharply to \$4.2 billion from \$11.4 billion. The recent failures of several Japanese financial institutions and discovery of the extent of nonperforming assets of Japanese banks contributed to increased investor caution regarding the Japanese economy.

Net U.S. purchases of foreign bonds were \$17.7 billion, up from \$13.0 billion, mostly as a result of renewed acquisitions of outstanding British gilt-edged bonds. Net purchases of British bonds doubled to \$5.0 billion, partly reflecting an interest-rate differential of 170 basis points in favor of British bonds and the relative stability of the sterling to dollar exchange rate. New foreign bond issues in the United States were unchanged and remained strong at \$12.8 billion, as U.S. bond rates continued to fall; concerns about the creditworthiness of borrowers from developing countries, which had held down borrowing in the first half of the year, largely receded in the second half.

Direct investment.—Net capital outflows for U.S. direct investment abroad were \$40.9 billion in the fourth quarter, compared with \$16.2 billion in the third. Equity capital outflows reached a record level as a result of a clustering of especially large acquisitions in the pharmaceutical industry, reflecting global consolidation, and in the public utility industry, reflecting privatizations. Reinvested earnings were also especially strong.

Table C.—Selected Transactions with Official Agencies

[Millions of dollars]

	1994	1995 ^P	Change: 1994- 95	1994				1995				Change: 1995 III- IV
				I	II	III	IV	I	II	III ^r	IV ^P	
Changes in foreign official assets in the United States, net (decrease -) (table 1, line 49)	39,409	110,483	71,074	10,977	9,162	19,691	-421	22,308	37,836	39,346	10,993	-28,353
Industrial countries ¹	29,815	23,261	-6,554	10,870	16,529	9,439	-7,023	14,175	7,379	5,480	-3,773	-9,253
Members of OPEC ²	-1,184	4,482	5,666	-1,651	-4,217	3,564	1,120	-322	-11	6,278	-1,463	-7,741
Other countries	10,778	82,740	71,962	1,758	-3,150	6,688	5,482	8,455	30,468	27,588	16,229	-11,359
Changes in U.S. official reserve assets, net (increase -) (table 1, line 34)	5,346	-9,742	-15,088	-59	3,537	-165	2,033	-5,318	-2,722	-1,893	191	2,084
Activity under U.S. official reciprocal currency arrangements with foreign monetary authorities: ³												
Foreign drawings, or repayments (-), net		11,800	11,800					5,000	5,000	2,500	-700	-3,200
Drawings		18,800	18,800					6,000	7,000	4,500	1,300	-3,200
Repayments		-7,000	-7,000					-1,000	-2,000	-2,000	-2,000	

¹ Revised.
² Preliminary.
¹ Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
² Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Beginning in January 1993, excludes Ecuador.

³ Consists of transactions of the Federal Reserve System and the U.S. Treasury Department's Exchange Stabilization Fund.

Foreign assets in the United States

Foreign assets in the United States increased \$90.6 billion in the fourth quarter, compared with an increase of \$116.5 billion in the third. Inflows for foreign official assets slowed, net foreign purchases of U.S. Treasury securities fell sharply, and U.S. liabilities reported by U.S. banks excluding U.S. Treasury securities increased by a large amount following a decrease.

Foreign official assets.—Foreign official assets in the United States increased \$11.0 billion in the fourth quarter, following a \$39.4 billion increase in the third (table C). In the fourth quarter, assets of developing countries increased at about half the exceptional pace of the second and third quarters, and assets of industrial countries decreased.

Liabilities reported by banks.—U.S. liabilities to foreigners reported by U.S. banks, excluding U.S. Treasury securities, increased \$29.8 billion in the fourth quarter, in contrast to a \$21.6 billion decrease in the third. In the fourth quarter, banks' own liabilities payable in dollars increased \$16.6 billion, as both U.S.-owned and foreign-owned banks borrowed exceptionally large amounts in October from banks in Western Europe and the Caribbean and then repaid some of those borrowings in November and December. A small part of the increase was borrowing by Japanese-owned banks in the United States from their parents to avoid paying premium costs imposed in the interbank market as a result of the weakened asset positions of banks located in Japan. Banks' own liabilities payable in foreign currencies increased \$10.1 billion; much of the increase was by Japanese banks, whose foreign currency liabilities and claims both increased by sizable amounts.

U.S. Treasury securities.—Net foreign purchases of U.S. Treasury securities were \$1.7 billion in the fourth quarter, compared with \$37.2 billion in the third. Despite continued strength in U.S. bond markets and the highest bond prices in nearly 2 years, net foreign purchases plummeted after reaching record levels in each of the previous four quarters. Large net sales by Western European and Japanese investors were more than offset by especially strong net purchases by international bond mutual funds in the Caribbean.

Other U.S. securities.—Net foreign purchases of U.S. securities other than U.S. Treasury securities

were \$27.2 billion in the fourth quarter, compared with \$31.0 billion in the third.

Net foreign purchases of U.S. bonds were \$17.3 billion, down from \$26.2 billion, mostly as a result of a decline in transactions in U.S. Government agency issues; foreign net purchases of these mortgage-backed securities were slowed by Japanese sales and by investors' concerns over early redemption as U.S. interest rates fell. New bond issues sold abroad by U.S. corporations slowed but remained strong.

Net foreign purchases of U.S. stocks were \$9.9 billion, compared with \$4.8 billion. Aside from an exceptionally large foreign acquisition of a U.S. company through an exchange of stock, net purchases were weak, in spite of increases in stock prices that carried the averages into record territory and stability of the dollar in exchange markets.

Direct investment.—Net capital inflows for foreign direct investment in the United States were \$20.9 billion in the fourth quarter, compared with \$23.7 billion in the third. Fourth-quarter equity capital inflows were boosted by an exceptionally large acquisition in the pharmaceutical industry, reflecting global consolidation, and by several other major large acquisitions in insurance, wholesale trade, and banking. However, the step-up was more than offset by a sharp decrease in intercompany debt inflows from strong inflows in the third quarter.

THE YEAR 1995

The U.S. current-account deficit increased to \$152.9 billion in 1995 from \$151.2 billion in 1994. By quarter, the largest deficit occurred in the second quarter, and progressively lower deficits occurred in the two quarters that followed. For the year, increases in the deficits on merchandise trade and on investment income were nearly offset by an increase in the surplus on services and a reduction in net unilateral transfers (table D).

In the capital account, net recorded inflows—that is, net changes in U.S. assets abroad less net changes in foreign assets in the United States—were \$146.2 billion in 1995, compared with \$165.5 billion in 1994. In 1995, increases in U.S. assets abroad and in foreign assets in the United States both accelerated sharply.

The statistical discrepancy—errors and omissions in recorded transactions—was an inflow of \$6.7 billion in 1995, in contrast to an outflow of \$14.3 billion in 1994.

The following are highlights for the year 1995:

- The merchandise trade deficit increased, but by much less than in 1994. Exports increased strongly in response to the second consecutive year of expansion in most industrial countries abroad, while imports remained strong as the U.S. economy completed its fourth year of expansion.
- The deficit on investment income increased by only a small amount; however, both income receipts and payments increased by sizable amounts.
- Capital inflows into U.S. securities (mostly bonds) were especially strong, more than double 1994's inflows.
- Capital inflows to U.S. banks dropped to a small amount from exceptionally large inflows last year, partly due to rapid deceleration in the growth of domestic bank credit, and therefore in the demand for foreign funds, that accompanied the slowdown in U.S. economic activity.
- Capital outflows from U.S. banks were characterized largely by lending related to securities purchases.
- Capital outflows and inflows for direct investment were much larger than in 1994, reflecting substantial merger and acquisition activity both in the United States and abroad.
- The U.S. dollar depreciated 8 percent in the foreign exchange markets on a trade-weighted yearly average basis.

U.S. dollar in exchange markets.—The U.S. dollar depreciated 8 percent on a trade-weighted yearly average basis in 1995. Within 1995, it fell substantially in the first half and then recovered somewhat in the second.

In the first half of 1995, a slowing U.S. economy and declining U.S. interest rates pushed the

dollar lower against the European and Japanese currencies. In the second half, the dollar recovered in mid-summer against the European currencies and was stable thereafter, bolstered by slowing European economic growth and by European interest rates that declined more rapidly than U.S. rates. The recovery against the yen was much stronger than that against the European currencies, partly because the Japanese economy failed to generate any sustained growth and the weakened Japanese banking sector substantially eroded confidence in the Japanese economy (table B, chart 1).

At the close of 1994, U.S. interest rates were expected to rise further, which would likely increase interest-rate differentials in favor of dollar assets and slow the decline of the dollar. Indeed, the Federal Reserve Board, still concerned over the strength of the U.S. economy in 1994, raised both the federal funds rate and the discount rate 50 basis points early in 1995. By contrast, most European interest rates were expected to remain stable, partly in response to stronger economic growth in Europe than in the United States.

However, contrary to expectations, U.S. interest rates began to decline at yearend 1994 then fell further as U.S. economic activity slowed. Because European and Japanese interest rates changed little, the dollar fell substantially, and at times sharply, against the European currencies and even more against the Japanese yen. U.S. and foreign monetary authorities intervened on four occasions in the March–May period to slow the decline. Nonetheless, interest-rate differentials in favor of dollar assets continued to increase; these increases carried into the July–September period.

Several developments in the Japanese financial situation contributed to a sharp recovery of the dollar against the yen in the July–September period: These included actions by Japanese monetary authorities in July to lower the Japanese

Table D.—Selected Balances on U.S. International Transactions

[Millions of dollars, quarters seasonally adjusted]

	1993	1994	1995 ^p	1995			
				I ^r	II ^r	III ^r	IV ^p
Merchandise trade balance	-132,618	-166,099	-174,469	-44,459	-48,654	-43,326	-38,030
Services, net	57,777	59,887	63,051	15,555	15,313	16,019	16,161
Investment income, net	9,000	-9,272	-11,402	-2,030	-2,684	-5,163	-1,527
Direct, net	56,329	45,081	59,131	14,252	14,681	13,179	17,019
Other private, net	-10,876	-11,416	-13,851	-3,273	-3,702	-3,462	-3,414
U.S. Government, net	-36,453	-42,937	-56,684	-13,009	-13,663	-14,880	-15,132
Unilateral transfers, net	-34,084	-35,761	-30,095	-7,520	-7,117	-7,780	-7,677
Current account balance	-99,925	-151,245	-152,915	-38,454	-43,142	-40,250	-31,073

^r Revised.

^p Preliminary.

Current Account

Goods and services

The deficit on goods and services increased to \$111.4 billion in 1995 from \$106.2 billion in 1994. The larger merchandise trade deficit more than accounted for the increase; the surplus on services increased.

Merchandise trade.—The merchandise trade deficit increased to \$174.5 billion in 1995 from \$166.1 billion in 1994 and \$132.6 billion in 1993 (tables E and F). The far smaller increase in the deficit in 1995 than in 1994 was attributable to a decrease in imports in the second half of the year.

U.S. exports increased strongly in response to the second consecutive year of expansion in most industrial countries and to sustained expansion in developing countries. Depreciation of the dol-

lar (measured on a trade-weighted average basis) in 1994 and the first half of 1995 may have had a slight stimulative effect on exports. U.S. imports remained strong, as the U.S. economy completed its fourth year of expansion.

U.S. exports were spurred by increases in demand and output abroad in 1995. Expansion continued in Germany and the other continental European countries, the United Kingdom, and Canada, but that expansion decelerated sharply as 1995 progressed; Japan showed little expansion for the entire year (chart 4). Expansion in the developing countries of Asia and Latin America was sustained at just under the pace of 1994. U.S. imports were strong for the fourth consecutive year, in spite of a slowing in U.S. real gross domestic product to 2.0 percent in 1995 from 3.5 percent in 1994.

Domestic prices of exports increased more than in 1994; the largest step-up was in industrial supplies and materials (table G). However, prices decreased for all major categories when converted into foreign currencies, as appreciation of foreign currencies more than offset the increase in domestic prices (table H).

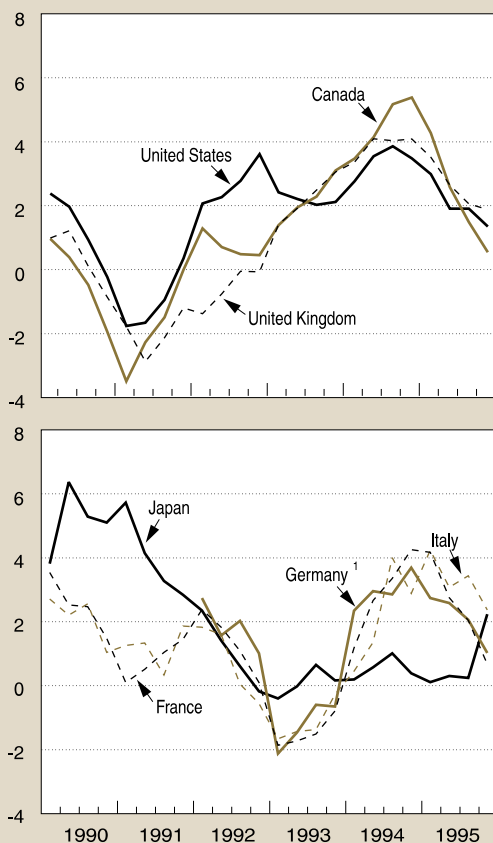
Dollar prices of most imports increased only slightly more than in 1994. However, the prices of nonpetroleum industrial supplies and materials and of petroleum increased much more sharply.

Exports.—Nonagricultural exports increased \$62.2 billion, or 14 percent, to \$517.6 billion in 1995, compared with a 10-percent increase in 1994. Quantity increased 11 percent, following a 9-percent increase. In value, growth of capital

CHART 4

Major Industrial Countries: Real GDP

Percent change from four quarters earlier



1. Data for unified Germany not available prior to 1991.

Data: International Monetary Fund.

U.S. Department of Commerce, Bureau of Economic Analysis

Table F.—Percent Changes in U.S. Merchandise Trade, Current and Chained (1992) Dollars

[Balance of payments basis]

	Current dollars			Chained (1992) dollars		
	1992	1994	1995 ^P	1993 ^P	1994 ^P	1995 ^P
Exports	3.7	10.0	14.4	4.9	9.3	11.1
Agricultural products	-8	7.7	21.6	-2.3	3.3	11.0
Nonagricultural products	4.2	10.2	13.7	5.7	10.0	11.1
Foods, feeds, and beverages .....	.9	3.3	20.3	-3	.1	10.8
Industrial supplies and materials	2.1	8.7	20.3	1.2	2.3	6.8
Capital goods, except automotive	3.5	12.7	13.6	7.7	16.8	18.0
Automotive vehicles, parts, and engines	11.4	9.9	5.0	10.4	8.9	3.7
Consumer goods (nonfood), except automotive	6.3	9.7	7.5	5.0	9.3	6.1
Exports, n.e.c.	-5.8	6.3	24.5	-5.6	5.7	20.1
Imports	9.9	13.4	12.1	11.7	12.7	9.3
Petroleum and products	-2	-4	7.4	10.3	6.0	-3.4
Nonpetroleum products	10.9	14.7	12.5	11.9	13.4	10.4
Foods, feeds, and beverages .....	.9	11.1	7.2	1.3	2.5	2.3
Industrial supplies and materials	8.4	8.2	11.5	12.3	8.1	2.1
Capital goods, except automotive	13.5	21.0	20.2	18.9	24.1	23.9
Automotive vehicles, parts, and engines	11.6	15.5	5.3	9.7	11.8	2.3
Consumer goods (nonfood), except automotive	9.3	9.2	9.4	8.3	8.4	7.6
Imports, n.e.c. and U.S. goods returned	4.0	16.9	10.1	3.8	14.6	6.9

^P Preliminary.

goods remained especially strong and was augmented by a sharp step-up in growth of nonagricultural industrial supplies and materials; these two categories combined accounted for four-fifths of the growth in nonagricultural exports. Growth of consumer goods slowed, but remained strong, and growth of automotive products fell by one-half (chart 5). About 60 percent of the export growth was to industrial countries, and about 40 percent was to developing countries.

Capital goods increased \$27.9 billion, or 14 percent, to \$233.3 billion, up slightly from an increase of 13 percent. Quantity increased 18 percent, up from 17 percent. The increase in value was more than accounted for by non-aircraft components: An especially large increase of \$33.2 billion followed a strong increase of \$24.4 billion in 1994 as

a result of continued acceleration in semiconductors, computers, telecommunications equipment, and industrial and agricultural machinery. Other machinery, engines, and parts continued to increase at the same pace as in 1994. These increases were partly offset by a sizable drop in deliveries of civilian aircraft and parts, which decreased \$5.3 billion after decreases of \$1.2 billion 1994 and \$5.0 billion in 1993 (table I).

Nonagricultural industrial supplies and materials increased \$22.8 billion, or 20 percent, to \$135.3 billion, up sharply from an increase of 7 percent. Quantity increased 7 percent, compared with a 2-percent increase. In value, paper and paper-based products, chemicals, metals, and nonmetals were all exceptionally strong. Exports

Table G.—Percent Changes in U.S. Merchandise Trade Chain-Weighted Price Indexes

[Based on index numbers (1992=100)]

	1993 ^P	1994 ^P	1995 ^P
Exports	-1.1	0.7	2.9
Agricultural products	1.6	4.2	9.0
Nonagricultural products	-1.3	.2	2.3
Foods, feeds, and beverages	1.2	3.2	8.5
Industrial supplies and materials .....	.5	6.4	13.1
Capital goods, except automotive	-3.7	-3.0	-2.5
Computers, peripherals, and parts	-16.1	-10.3	-14.9
Civilian aircraft, engines, and parts	2.7	2.9	3.2
Other capital goods	-2.2	-2.7	.2
Automotive vehicles, parts, and engines .....	.9	.9	1.3
Consumer goods (nonfood), except automotive	1.2	.3	1.4
Exports, n.e.c.	-2	.6	3.6
Imports	-1.6	.6	2.6
Petroleum and products	-9.2	-6.1	11.3
Nonpetroleum products	-8	1.2	1.9
Foods, feeds, and beverages	-4	8.3	4.8
Industrial supplies and materials, excluding petroleum	-8	2.9	8.6
Capital goods, except automotive	-4.3	-1.9	-2.0
Computers, peripherals, and parts	-14.4	-10.6	-11.9
Civilian aircraft, engines, and parts	3.0	2.9	2.5
Other capital goods	-1.2	1.0	1.8
Automotive vehicles, parts, and engines	1.7	3.3	2.9
Consumer goods (nonfood), except automotive .....	.9	.7	1.6
Imports, n.e.c., and U.S. goods returned .....	.2	1.9	3.0

^P Preliminary.

Table H.—Percent Changes in Foreign Currency Cost of U.S. Merchandise Exports

[Based on index numbers (1992=100)]

	1993 ^P	1994 ^P	1995 ^P
Exports	3.0	-0.2	-2.0
Agricultural products	5.8	3.3	3.8
Nonagricultural products	2.7	-.7	-2.5
Foods, feeds, and beverages	5.3	2.3	3.4
Industrial supplies and materials	4.6	5.4	7.7
Capital goods, except automotive .....	.2	-3.8	-7.1
Computers, peripherals, and parts	-12.7	-11.0	-18.9
Civilian aircraft, engines, and parts	6.9	2.0	-1.7
Other capital goods	1.8	-3.5	-4.5
Automotive vehicles, parts, and engines	5.0	0	-3.5
Consumer goods (nonfood), except automotive	5.3	-.6	-3.4
Exports, n.e.c.	3.9	-3	-1.3

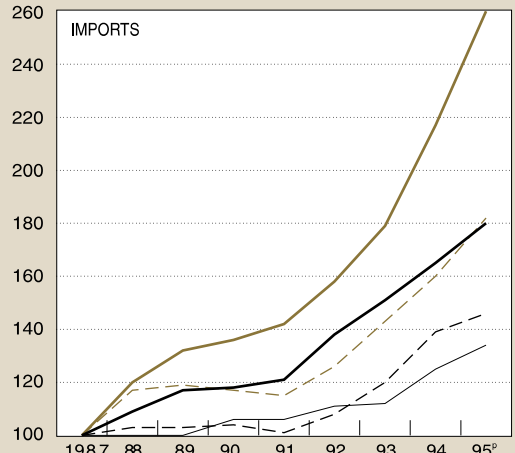
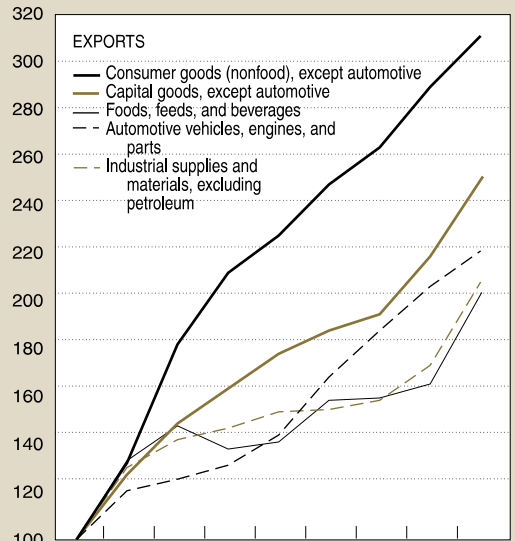
^P Preliminary.

NOTE.—Chain-weighted price indexes multiplied by trade-weighted exchange rate index of the currencies of 22 OECD countries and 4 newly industrialized countries in the Far East.

CHART 5

Growth in U.S. Merchandise Nonpetroleum Exports and Imports

1987=100



^P Preliminary
U.S. Department of Commerce, Bureau of Economic Analysis

of coal and petroleum products also increased, following decreases in each of the last 3 years. Although the quantity increase in industrial supplies and materials was significant, much of the rise in the value was attributable to very large price increases—increases that began in mid-1994 and accelerated in 1995. In 1995, price increases for paper and paper-based stocks were 44 percent; for chemicals, 17 percent; for steelmaking materials, 19 percent; for nonferrous metals, 12

percent; and for iron and steel products, 7 percent (tables F and J).

Consumer goods increased \$4.5 billion, or 8 percent, to \$64.5 billion, down from an increase of 10 percent. Quantity increased 6 percent, down from a 9-percent increase. Growth in exports continued to Western Europe, Canada, and Japan, but durable goods shipped to Mexico decreased as a result of the poor economic conditions there.

Table I.—Capital Goods, except Automotive

[Balance of payments basis, millions of dollars]

	1991	1992	1993	1994	1995 ^P
Exports	166,453	176,070	182,216	205,390	233,315
Computers, peripherals, and parts	27,293	28,763	29,317	33,320	39,641
Semiconductors	14,348	15,987	19,122	25,178	34,106
Telecommunications equipment	10,294	11,450	13,514	16,297	19,805
Scientific, hospital, and medical equipment and parts	9,221	9,930	10,569	11,522	13,063
Industrial, agricultural, and service industry machinery	25,017	26,291	28,550	32,084	37,289
Machine tools, metalworking equipment, and control instruments	9,092	9,836	10,650	12,318	14,210
Oil drilling, mining, and construction machinery	9,644	9,620	9,465	10,196	11,504
Industrial engines, pumps, and compressors	6,220	6,658	7,506	9,176	10,099
Electric generating machinery, electric apparatus, and parts	14,608	15,480	16,959	19,674	22,951
Civilian aircraft, engines, parts	36,587	37,725	32,678	31,475	26,178
Other capital goods, n.e.c.	4,129	4,330	3,886	4,150	4,469
Imports	120,802	134,252	152,366	184,425	221,604
Computers, peripherals, and parts	26,000	31,686	38,026	46,160	56,396
Semiconductors	13,084	15,475	19,482	26,157	39,130
Telecommunications equipment	9,939	10,776	11,275	14,185	15,250
Scientific, hospital, and medical equipment and parts	5,040	5,436	5,806	5,965	6,728
Industrial, agricultural, and service industry machinery	21,928	23,358	26,150	31,851	36,700
Machine tools, metalworking equipment, and control instruments	7,172	7,055	8,040	9,804	12,248
Oil drilling, mining, and construction machinery	3,209	2,948	4,313	5,325	5,478
Industrial engines, pumps, and compressors	3,264	3,618	4,094	5,758	6,169
Electric generating machinery, electric apparatus, and parts	14,260	15,336	17,421	20,029	24,170
Civilian aircraft, engines, parts	11,737	12,581	11,275	11,299	10,684
Other capital goods, n.e.c.	5,169	5,983	6,484	7,892	8,651

^P Preliminary.

Table J.—U.S. Trade in Industrial Supplies and Materials, excluding Agricultural Products

[Balance of payments basis, millions of dollars]

	1990	1991	1992	1993	1994	1995 ^P
Exports	96,912	101,682	101,688	105,002	112,557	135,322
Energy products	15,237	15,170	14,364	12,713	12,039	13,725
Chemicals, excluding medicinals	27,563	30,444	29,840	30,082	35,136	42,959
Paper and paper base stocks	8,399	8,706	9,298	8,483	10,103	14,483
Textile supplies and related materials	6,313	6,620	6,809	6,998	8,183	9,277
Building materials, except metals	7,585	7,592	8,078	8,751	8,839	9,051
Other nonmetals	9,130	9,706	10,302	10,751	11,901	13,389
Metals and nonmetallic products	22,685	23,444	22,997	27,224	26,356	32,438
Steelmaking materials and iron and steel products	5,587	5,971	5,405	5,443	5,791	8,554
Nonferrous metals	11,431	11,145	10,963	14,649	12,279	14,591
Other metals and nonmetallic products	5,667	6,328	6,629	7,132	8,286	9,293
Imports	141,181	128,708	136,035	147,879	160,140	178,333
Energy products	66,534	56,279	56,820	57,390	58,079	61,175
Chemicals, excluding medicinals	15,021	15,290	16,872	18,081	21,358	25,532
Paper and paper base stocks	9,471	8,450	8,232	8,320	8,930	12,878
Textile supplies and related materials	5,656	6,135	6,866	7,550	8,182	8,614
Building materials, except metals	7,337	6,825	8,282	10,556	12,602	12,723
Other nonmetals	7,087	8,084	9,455	10,331	11,047	12,500
Metals and nonmetallic products	30,075	27,645	29,508	35,651	39,942	44,911
Steelmaking materials and iron and steel products	13,170	11,904	12,603	13,591	18,377	19,155
Nonferrous metals	13,091	12,145	13,228	18,127	16,728	20,253
Other metals and nonmetallic products	3,814	3,596	3,677	3,933	4,837	5,503

^P Preliminary.

Automotive products increased \$2.9 billion, or 5 percent, to \$60.5 billion, down from an increase of 10 percent. Quantity increased 4 percent, down from a 9-percent increase. Shipments of cars increased little; shipments of parts increased about the same amount as in 1994, as an increase in parts to Canada was offset by a decrease in parts to Mexico.

Agricultural products increased \$10.2 billion, or 22 percent, to \$57.2 billion, up sharply from an 8-percent increase. Quantity increased 12 percent, up from a 3-percent increase. Both quantity and price increases were the largest in several years, leading to a record year for exports.

The largest increases in value were in bulk grains (mainly to China, Korea, and other developing countries in Asia), soybeans (mainly to Western Europe, Japan, and the newly industrialized countries), and meat products (mainly to Japan).

Corn exports increased \$3.3 billion, largely to developing countries in Asia and to Japan; this especially strong increase followed 6 years of declines. Quantity increased 59 percent, and the average price rose 17 percent as a result of tight world supplies, due partly to lower U.S. production. In recent years, China has been a leading exporter of corn, but surging Chinese domestic demand reversed this role in 1995 when China imported corn from the United States. In addition, the United States was the beneficiary of the loss of China as a corn supplier to Pacific Rim countries.

Wheat increased \$1.4 billion. Strong foreign demand, coupled with low exportable supplies in other producing countries and a 6-percent drop in U.S. production, led to a 28-percent increase in prices; quantity increased 6 percent.

Soybeans increased \$1.1 billion, or 25 percent: A 27-percent rise in quantity more than accounted for the increase; prices decreased 2 percent.

Cotton increased \$1.1 billion: Prices increased 22 percent and quantity increased 17 percent. The United States had a record crop for export in 1995, which combined with production shortfalls in India, China, Pakistan, and Uzbekistan, left the United States as a primary supplier.

Meat and poultry products increased \$1.2 billion, all in quantity.

Imports.—Nonpetroleum imports increased \$77.0 billion, or 13 percent, to \$694.3 billion in 1995, compared with a 15-percent increase in 1994. Quantity increased 9 percent, compared with a 13-percent increase. In value, growth of capital goods remained exceptionally strong and was

augmented by an acceleration in nonpetroleum industrial supplies and materials; these two categories combined accounted for two-thirds of the increase in nonpetroleum imports. Growth of consumer goods was unchanged, and growth of automotive products dropped by two-thirds ([chart 5](#)). One-half of the import growth was from industrial countries, and one-half, from developing countries.

Capital goods increased \$37.2 billion, or 20 percent, to \$221.6 billion, up slightly from a 21-percent increase. Quantity increased 24 percent, the same pace as in 1994. In value, growth was fueled by computers and semiconductors, as U.S. companies, drawing on imported components, participated in a worldwide boom in shipments of these types of equipment; imports increased \$23.2 billion, \$8.4 billion more than in 1994. Other types of equipment increased somewhat less than in 1994. Imports of civilian aircraft were down ([table I](#)).

Nonpetroleum industrial supplies and materials increased \$15.2 billion, or 13-percent, to \$128.8 billion, the same rate of increase as in 1994. Paper and paper-base stocks, chemicals, and metals and nonmetals accounted for most of the increase. Much of the rise in value of these products was attributable to very large price increases—increases that began in late 1994 and accelerated in 1995. In 1995, price increases for paper and paper-base stocks were 38 percent; for nonferrous metals, 17 percent; for steelmaking materials, 13 percent; for steel mill products, 9 percent; and for chemicals, 8 percent. In quantity, supplies and materials slowed to a 5-percent increase from a 9-percent increase ([tables F and J](#)).

Consumer goods increased \$13.7 billion, or 9 percent, to \$160.0 billion, unchanged from a 9-percent increase in each of the last 3 years. Volume increased 8 percent, also unchanged from the increase in each of the last 3 years. Despite the weakening in the U.S. economy, growth of both durable and nondurable goods was maintained.

Automotive products increased \$6.2 billion, or 5 percent, to \$124.5 billion, following a 16-percent increase. Quantity increased 2 percent, down from a 12-percent increase. A 2-percent decline in U.S. new-car sales restrained imports of both cars and parts. In value, imports of cars increased \$3.5 billion, compared with an \$8.9 billion increase: Cars from Japan decreased 10 percent, following an 11-percent increase; the decrease was a major factor holding down the rise in imports of automotive products. Partly offsetting this decrease was an 11-percent increase in cars from

Canada, following a 21-percent increase, and a 48-percent increase in cars from Mexico, following a 28-percent increase. Imports of parts increased \$1.7 billion, compared with a \$6.4 billion increase: Parts from Canada were unchanged, following a 10-percent increase, and parts from Mexico were up 9 percent, following a 27-percent increase. The market share of new-car sales accounted for by domestic nameplates remained at 64 percent, while the Japanese share, including imports and transplants, remained at 31 percent.

Petroleum imports increased \$3.8 billion, or 7 percent, to \$55.1 billion. The average price per barrel increased to \$16.39 from \$14.72, more than offsetting a decrease in quantity. Quantity fell 4 percent, as the total number of barrels imported daily decreased to 9.21 million from 9.54 million. The number of barrels imported from OPEC remained virtually unchanged from that in both 1994 and 1993, and OPEC's share of imports increased to 47 percent from 46 percent. The quantity of imports from Saudi Arabia, Nigeria, Venezuela, and Mexico was virtually unchanged (chart 6).

U.S. consumption of petroleum and products was virtually unchanged at 17.7 million barrels per day. Domestic production decreased 1 percent, and inventories decreased 5 percent. Imports as a percent of consumption decreased to 52 percent from 54 percent.

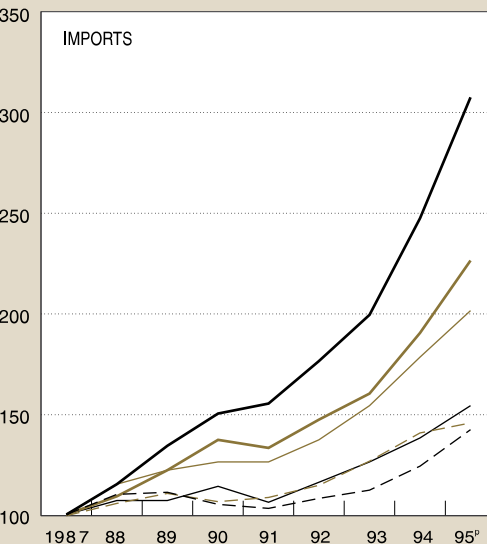
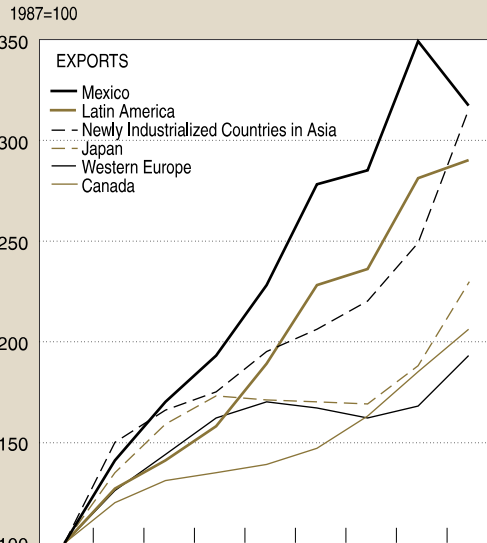
Balances by area.—As noted earlier, the U.S. merchandise trade deficit increased to \$174.5 billion in 1995 from \$166.1 billion in 1994.

The deficit with Western Europe decreased to \$15.6 billion from \$17.6 billion. Exports of capital goods and of industrial supplies and materials responded strongly to economic growth in Europe, while imports of capital goods and consumer goods were only moderately higher (table K, chart 7).

The deficit with Japan decreased to \$60.6 billion from \$67.3 billion. Especially strong increases in capital goods exports and in industrial supplies exports were combined with a decrease

CHART 7

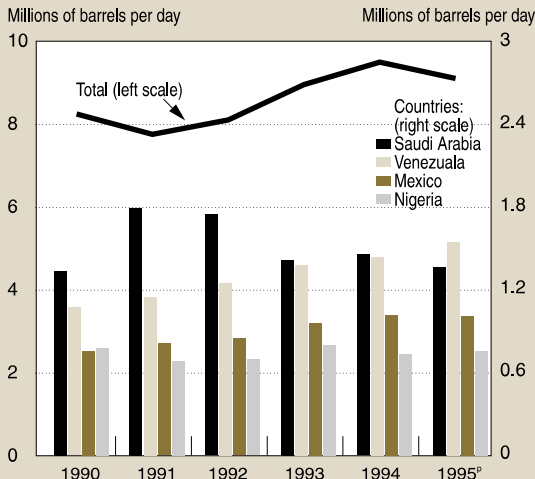
Growth in U.S. Merchandise Exports and Imports by Selected Areas and Countries



p Preliminary
U.S. Department of Commerce, Bureau of Economic Analysis

CHART 6

U.S. Petroleum Imports, Total and From Selected Countries



p Preliminary
U.S. Department of Commerce, Bureau of Economic Analysis

1995 and a weak Mexican economy severely restrained Mexican travel to both the border and interior regions of the United States. Receipts from Canada were \$6.1 billion, down from \$6.3 billion. The number of Canadian visitors was down 4 percent, or 2 million visitors. Receipts from overseas were \$51.4 billion in 1995, up from \$49.3 billion. Although moderate economic growth overseas continued and foreign currencies appreciated against the U.S. dollar in 1995, growth in the number of visitors slowed further, to 2 percent from 3 percent in 1994 and 5 percent in 1993.

U.S. travel payments increased to \$45.5 billion in 1995, up 4 percent, following increases of 7 percent in 1994 and 6 percent in 1993. Travel payments overseas accounted for much of the slowdown, as the number of travelers increased only 3 percent, down from an 8-percent increase in 1994 and a 7-percent increase in 1993. Payments to Canada increased 10 percent to \$4.3 billion, as the number of travelers increased 7 percent, or 2.4 million. Payments to Mexico decreased 2 percent to \$5.0 billion, in spite of increased travel to the interior.

"Other" transportation receipts were \$28.6 billion in 1995, up 10 percent, following a 9-percent increase in 1994. Two successive years of strong growth in receipts reflected the substantial demand overseas for U.S. goods. The increase in demand had the greatest impact on ocean export tonnage, which led to substantial increases in ocean freight and ocean port services. Air freight also remained strong, but after several years of increasing market share at the expense of foreign airlines, U.S. airlines' share of the air export market fell in 1995.

"Other" transportation payments were \$29.5 billion in 1995, a 4-percent increase, following a 7-percent increase in 1994. A decrease in U.S. imports in the second half of the year resulted in only modest increases in ocean and air import tonnages and in related payments; ocean freight payments slowed more than air freight payments.

Royalties and license fees receipts increased \$3.4 billion, to \$25.9 billion, mostly from Western Europe; this year was the second consecutive year of strong increases.

"Other" private service receipts were \$62.5 billion, up from \$59.0 billion, but the increase slowed to 5 percent from 7 percent. Education and financial services increased at about the same pace as in 1994, but business, professional, and technical services slowed.

"Other" private service payments were \$38.1 billion, up from \$35.6 billion, but the increase slowed to 6 percent from 11 percent. Growth in nearly all categories slowed from 1994.

Transfers under U.S. military sales contracts, at \$12.7 billion in 1995, changed little for the third consecutive year. Transfers rose in some categories and fell in others; large increases in foreign military sales to Saudi Arabia, Taiwan, Kuwait, and Japan were nearly offset by decreases in sales to Turkey, Israel, and the United Kingdom. With most F-16 delivery programs to Western Europe completed in 1994, deliveries in 1995 were mostly to countries in the Asia and Pacific region.

Direct defense expenditures abroad were \$9.9 billion in 1995, down from \$10.3 billion in 1994. This year was the first time expenditures have fallen below \$10.0 billion since 1979. The total number of troops stationed in foreign countries decreased to 241,000 by mid-1995, down 37,000 from mid-1994, to the lowest level since the end of World War II. This troop reduction, confined mostly to Western Europe, completed the drawdown of troops that began in 1991.

Table L.—Services
[Millions of dollars, quarters seasonally adjusted]

	1993	1994	1995 ^a	1995			
				I ^r	II ^r	III ^r	IV ^p
Exports	187,755	198,716	208,828	51,071	51,692	52,755	53,311
Travel	57,875	60,406	60,278	15,187	15,016	14,751	15,323
Passenger fares	16,611	17,477	18,213	4,509	4,523	4,506	4,675
Other transportation	23,983	26,078	28,553	6,923	7,122	7,222	7,287
Royalties and license fees	20,637	22,436	25,852	6,291	6,504	6,622	6,435
Other private services	55,101	59,022	62,488	14,976	15,345	16,042	16,125
Affiliated services	16,191	17,215	18,358	4,300	4,444	4,909	4,706
Unaffiliated services	38,910	41,807	44,129	10,676	10,901	11,133	11,419
Education	6,732	7,140	7,582	1,843	1,859	1,951	1,929
Financial	6,606	6,962	7,673	1,623	1,862	1,950	2,239
Insurance	1,380	1,640	1,790	440	446	451	453
Telecommunications	2,784	2,757	2,729	684	683	682	681
Business, professional, and technical	13,294	14,813	15,556	3,861	3,873	3,917	3,906
Other	8,113	8,495	8,800	2,226	2,180	2,184	2,211
Military transactions ¹	12,650	12,418	12,674	2,997	3,047	3,369	3,261
U.S. Government receipts	899	880	771	188	135	243	205
Imports	129,979	138,829	145,777	35,516	36,379	36,736	37,150
Travel	40,713	43,562	45,496	11,051	11,515	11,162	11,768
Passenger fares	11,313	12,696	13,385	3,231	3,378	3,335	3,442
Other transportation	26,558	28,373	29,505	7,320	7,421	7,502	7,263
Royalties and license fees	4,863	5,666	6,561	1,535	1,614	1,712	1,701
Other private services	31,999	35,605	38,148	9,186	9,360	9,846	9,757
Affiliated services	10,606	11,602	13,385	3,170	3,229	3,492	3,497
Unaffiliated services	21,394	24,003	24,761	6,016	6,131	6,354	6,260
Education	753	791	834	204	208	210	213
Financial	5,558	6,835	6,943	1,614	1,636	1,850	1,843
Insurance	3,107	3,405	3,533	903	918	929	784
Telecommunications	6,193	6,828	7,192	1,772	1,807	1,802	1,811
Business, professional, and technical	4,046	4,227	4,272	1,045	1,067	1,077	1,083
Other	1,736	1,916	1,986	478	496	487	526
Direct defense expenditures ²	12,202	10,270	9,864	2,455	2,460	2,480	2,469
U.S. Government payments	2,331	2,657	2,818	738	631	699	750

^r Revised.
^p Preliminary.
 1. Consists of goods and services transferred under U.S. military agency sales contracts that cannot be separately identified.
 2. Consists of imports of goods and services by U.S. defense agencies that cannot be separately identified.

Investment income

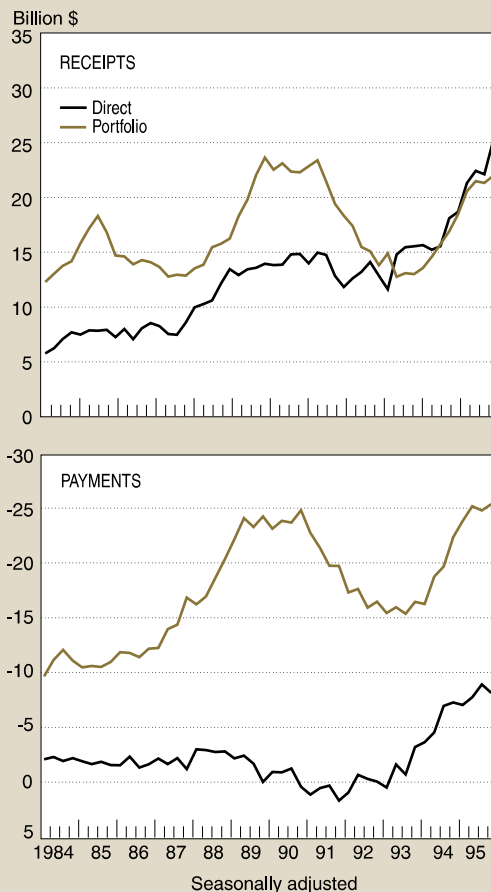
The deficit on investment income increased to \$11.4 billion in 1995 from \$9.3 billion in 1994 (table D). Both direct and portfolio income receipts increased substantially, as did portfolio income payments. Direct investment payments increased considerably, but not as much as in 1994.

Direct investment income.—Receipts of income on U.S. direct investment abroad were \$91.2 billion in 1995, compared with \$67.7 billion in 1994 (table M, chart 8). Earnings were especially strong for Western Europe as well as for the Asia and Pacific region. Exceptionally rapid growth occurred in earnings of affiliates of U.S. parents with operations in petroleum, chemicals, and computer and semiconductor manufacturing in Europe and in finance and wholesale trade affiliates in the Pacific Rim (chart 9). Earnings in these geographic areas have been boosted over the past several years by large capital flows that have greatly expanded the size of investments, including exceptionally large acquisitions that took place throughout 1995.

Payments of income on foreign direct investment in the United States were \$32.1 billion in 1995, compared with \$22.6 billion in 1994 (table M, chart 8). Earnings reflected solid year-to-year growth in nearly all industries (but especially in chemicals, wholesale trade, "other industries," and petroleum) by affiliates of parents from nearly all geographic areas. However, the increase was smaller than in 1994 (chart 10).

CHART 8

Private Investment Income



U.S. Department of Commerce, Bureau of Economic Analysis

Table M.—Direct Investment Income and Capital

[Millions of dollars, quarters seasonally adjusted]

(Credits +; debits -)	1993	1994	1995 ^P	1995			
				I ^r	II ^r	III ^r	IV ^P
Income							
Income receipts on U.S. direct investment abroad	61,579	67,702	91,195	21,352	22,476	22,151	25,215
Distributed earnings	28,390	31,065	30,048	7,176	7,931	8,122	6,819
Reinvested earnings	31,492	34,718	58,886	13,606	13,937	13,503	17,840
Interest	1,697	1,919	2,261	571	609	526	556
Income payments on foreign direct investment in the United States	-5,250	-22,621	-32,062	-7,100	-7,795	-8,972	-8,196
Distributed earnings	-8,478	-7,394	-10,175	-1,784	-2,609	-3,424	-2,358
Reinvested earnings	9,317	-7,594	-13,548	-3,306	-2,954	-3,454	-3,834
Interest	-6,090	-7,633	-8,338	-2,009	-2,233	-2,093	-2,004
Capital							
U.S. direct investment abroad (increase/capital outflow (-))	-72,601	-49,370	-96,897	-22,616	-17,241	-16,162	-40,878
Equity capital	-22,265	-11,698	-41,617	-5,308	1,631	-8,026	-29,913
Reinvested earnings	-31,492	-34,718	-58,886	-13,606	-13,937	-13,503	-17,840
Intercompany debt	-18,845	-2,954	3,607	-3,702	-4,934	5,367	6,876
Foreign direct investment in the United States (increase/capital inflow (+))	41,108	49,448	74,701	17,225	12,866	23,669	20,942
Equity capital	26,742	32,367	48,241	13,643	8,012	11,419	15,167
Reinvested earnings	-9,317	7,594	13,548	3,306	2,954	3,454	3,834
Intercompany debt	23,682	9,487	12,912	276	1,900	8,796	1,941

^r Revised.

^P Preliminary.

Portfolio investment income.—Receipts of income on “other” private investment increased to \$85.5 billion in 1995 from \$65.8 billion in 1994; the record is \$91.5 billion in 1989 (table N, chart 8). The increase was mostly due to higher receipts on bank and nonbank claims, attributable largely to interest rates that averaged 150 basis points higher in 1995 than in 1994.

Receipts of income on U.S. Government assets increased to \$4.6 billion in 1995 from \$4.1 billion in 1994 (table O).

Payments of income on “other” private investment increased to a record \$99.4 billion in

1995, up from \$77.3 billion in 1994; the previous record was \$95.7 billion in 1990 (table N, chart 8). The increase was mostly due to higher payments on bank and nonbank liabilities that

Table N.—Other Private Income

[Billions of dollars]

	1993	1994	1995 ^P
Receipts	52.6	65.8	85.5
Dividends	6.1	7.4	9.0
Interest on bonds	17.0	20.9	22.1
Interest on bank claims	19.9	25.5	36.7
Interest on other claims ¹	9.6	12.0	17.7
Payments	63.4	77.3	99.4
Dividends	9.8	10.5	11.2
Interest on bonds	24.3	26.3	29.1
Interest on bank liabilities	21.5	30.2	44.8
Interest on other liabilities ¹	7.8	10.3	14.3

^P Preliminary.

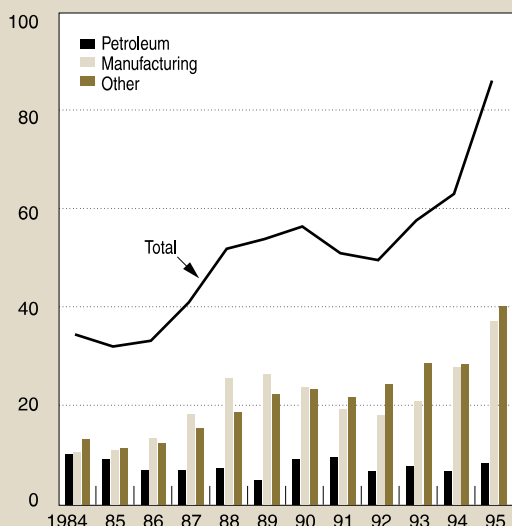
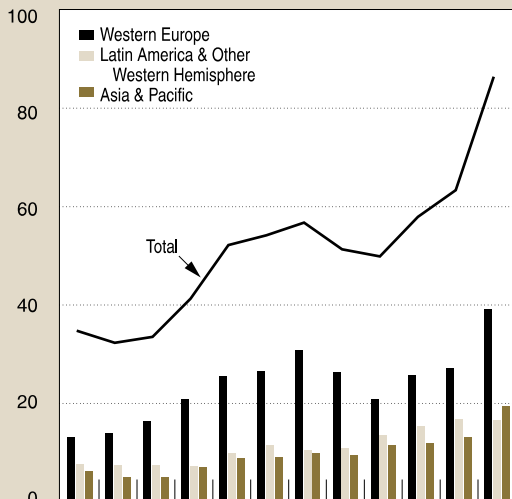
1. Primarily income of business concerns other than banks.

NOTE.—Excludes direct investment income receipts and payments.

CHART 9

Earnings on U.S. Direct Investment Abroad

Billion \$



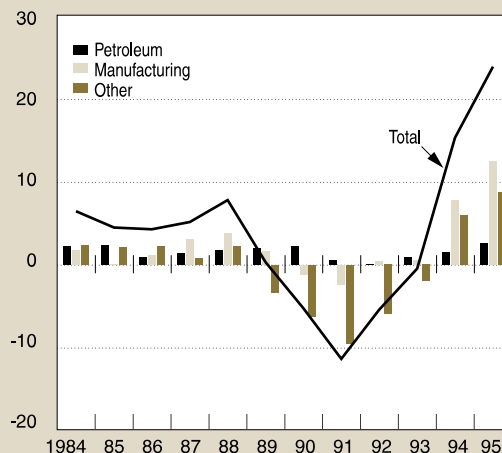
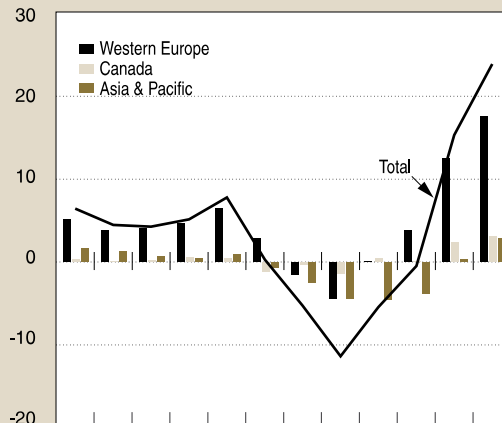
NOTE.—To be consistent with earnings by area and by industry, total earnings are shown in this chart without the current-cost adjustment and after deduction of withholding taxes, the only basis on which area and industry data are available.

U.S. Department of Commerce, Bureau of Economic Analysis

CHART 10

Earnings on Foreign Direct Investment in the United States

Billion \$



NOTE.—To be consistent with earnings by area and by industry, total earnings are shown in this chart without the current-cost adjustment and after deduction of withholding taxes, the only basis on which area and industry data are available.

U.S. Department of Commerce, Bureau of Economic Analysis

were attributable largely to interest rates that averaged 145 basis points higher in 1995 than in 1994; the rise in rates more than offset a sharp slowing in the increase in outstanding liabilities. In addition, a strengthening in foreign purchases for U.S. corporate bonds led to higher interest payments on bonds.

Payments of income on U.S. Government liabilities increased to \$61.3 billion in 1995 from \$47.0 billion in 1994. The increase was attributable both to exceptionally large purchases of U.S. Treasury securities and to interest rates that averaged 60 basis points higher in 1995 than in 1994 (table O).

Unilateral transfers

Net unilateral transfers were \$30.1 billion in 1995, compared with \$35.8 billion in 1994. Much of the decrease was attributable to U.S. Government grants, which fell to \$11.0 billion from \$15.8 billion (table O). Disbursements for many programs and countries decreased as a result of temporary expenditure constraints imposed during congressional budget negotiations in late 1995. Unlike in the past several years, Israel received only \$0.6 billion of a scheduled \$3.0 billion in economic support funds and funds for financing military purchases during the fourth quarter. (Much of the shortfall for Israel was made up during the first quarter of 1996). Disbursements for debt forgiveness fell \$0.7 billion.

Capital Account

Net recorded capital inflows—that is, net changes in U.S. assets abroad less net changes in foreign assets in the United States—were \$146.2 billion in 1995, compared with \$165.5 billion in 1994. In 1995, increases in U.S. assets abroad and in foreign assets in the United States both accelerated sharply.

U.S. assets abroad

U.S. assets abroad increased \$280.1 billion in 1995, compared with an increase of \$125.9 billion in 1994. Most of the step-up was accounted for by a large shift to outflows for U.S. claims on foreigners reported by U.S. banks and by sharply higher outflows for net U.S. purchases of foreign securities and for U.S. direct investment abroad.

U.S. official reserve assets.—U.S. official reserve assets increased \$9.7 billion in 1995, in contrast to a decrease of \$5.3 billion in 1994. An increase in foreign currency holdings accounted for much of the increase in 1995 (table C).

Foreign currency holdings increased \$6.5 billion. The increase was more than accounted for by the acquisition of \$11.8 billion in Mexican pesos under existing short-term swap arrangements and newly established medium-term swap arrangements. The short-term borrowings were repaid and renewed as new credits several times during the year, and there was a net repayment in the fourth quarter. No repayments are due

Table O.—Selected U.S. Government Transactions

(Millions of dollars)

	1993	1994	1995 ^P	1995			
				I	II	III ^r	IV ^P
U.S. Government grants	-16,311	-15,814	-11,027	-2,867	-2,284	-2,942	-2,934
Disbursed	-16,314	-15,815	-11,027	-2,867	-2,284	-2,942	-2,934
For debt forgiveness	-667	-1,088	-434	(*)		-433	
Other disbursements	-15,647	-14,727	-10,593	-2,867	-2,284	-2,509	-2,934
Received	3	1					
For Defense Cooperation Account	2						
Other receipts	1	1					
U.S. Government credits and other long-term assets	-6,299	-5,182	-4,744	-1,578	-813	-1,193	-1,160
For debt rescheduling	-2,096	-1,302	-997	-788	-122	-14	-73
Other disbursements	-4,203	-3,880	-3,747	-790	-691	-1,179	-1,087
Repayments of U.S. Government credits and other long-term assets	6,270	5,044	4,352	1,043	647	1,711	951
From debt rescheduling	701	210	145	69	17	9	50
From debt forgiveness	667	1,086	408	(*)		408	
Other repayments	4,901	3,748	3,800	973	630	1,295	901
U.S. Government receipts of income	5,108	4,082	4,595	1,309	1,125	1,065	1,096
From debt rescheduling	293	192	100	61	12	4	22
From debt forgiveness		2	26	(*)		26	
Other receipts	4,815	3,887	4,469	1,248	1,114	1,034	1,074
U.S. Government payments of income	-41,561	-47,019	-61,279	-14,239	-15,061	-15,807	-16,172

(*) Less than \$500,000 (±).

^r Revised.

^P Preliminary.

on the medium-term arrangement until mid-1997. The medium-term arrangement contains a maintenance-of-value provision that requires repayment of the full amount of the dollar value of the indebtedness regardless of the peso to dollar exchange rate at the time of repayment.

The acquisitions of Mexican pesos were partly offset by intervention sales in exchange markets of \$6.5 billion of German marks and Japanese yen. Sales of \$5.0 billion in the March-May period and of \$1.5 billion in the July-August period were coordinated with foreign monetary authorities.

The U.S. reserve position in the International Monetary Fund (IMF) increased \$2.5 billion. The increase had the effect of providing U.S. dollar funding to the IMF as part of the IMF's financial assistance to Mexico and Russia.

U.S. Government assets other than official reserve assets.—Among these assets, U.S. Government credits and other long-term assets increased \$4.7 billion in 1995, down from an increase of \$5.2 billion in 1994. New credit disbursements were \$0.2 billion lower than in 1994, and the rescheduling of direct loans, guarantee claims, and interest was \$0.3 billion lower (table O).

U.S. Government short-term assets decreased slightly. Acquisitions from U.S. banks of outstanding claims on the former Soviet Union under credit guarantee programs, and their consolidation and rescheduling as a new U.S. Government long-term credit, were \$0.6 billion, one-half the amount in 1994.

Claims reported by banks.—U.S. claims on foreigners reported by U.S. banks increased \$59.0 billion in 1995, in contrast to a decrease of \$1.0 billion in 1994 (tables P and Q).

Banks' own claims payable in dollars increased \$41.4 billion, in contrast to a decrease of \$6.3 billion. In 1995, a major share of the increase in claims was related to lending to international bond mutual funds in Caribbean banking centers; the lending was largely in the form of resale agreements to finance an unprecedented surge in purchases of U.S. Treasury securities.

In other developments, *U.S.-owned* banks' interbank claims decreased \$10.3 billion, mostly on affiliated banking offices in Western Europe. The decrease reflected several factors: International capital markets continued to draw borrowers away from traditional bank financing, U.S. banks remained reluctant to compete in markets where margins had been greatly reduced by competition in recent years (including the syndicated loan market in which borrowing was especially strong in 1995), and U.S. banks showed little inclination to participate in the merger and acquisition boom that was taking place in Europe. In contrast, *foreign-owned* banks' interbank claims increased \$15.8 billion: Claims, mostly of European-owned banks in the United States on affiliated banking offices in Western Europe, increased \$29.3 billion, as these banks provided a sizable volume of funds to the banking and capital markets; claims, mostly of Japanese-owned banks in the United States on unaffiliated banking offices, de-

Table P.—Private Capital Flows, Net

[Billions of dollars]

Claims (increase/capital outflow (-)); (increase/capital inflow (+))	1993	1994	1995 ^P	1995			
				I	II	III ^r	IV ^P
Private capital flows	-6.5	121.0	45.9	2.6	-10.9	51.4	2.8
Bank-reported capital, net ¹	50.8	115.3	-39.1	-29.8	-27.7	-6.9	25.4
U.S. claims	29.9	.9	-59.0	-29.3	-40.0	14.6	-4.4
U.S. liabilities ¹	20.9	114.4	19.9	-5	12.2	-21.6	29.8
Securities, net	-37.9	42.6	99.9	39.2	29.1	34.2	-2.6
Net U.S. purchases of foreign securities	-141.8	-49.8	-93.8	-6.6	-21.7	-34.0	-31.5
Stocks	-60.5	-42.7	-47.2	-3.2	-9.3	-21.0	-13.8
Bonds	-81.3	-7.1	-46.5	-3.4	-12.5	-13.0	-17.7
Net foreign purchases of U.S. securities	103.9	92.4	193.7	45.7	50.9	68.2	28.9
U.S. Treasury securities	24.1	33.8	99.1	29.9	30.3	37.2	1.7
Other than U.S. Treasury securities	79.9	58.6	94.6	15.8	20.5	31.0	27.2
Stocks	18.6	3.0	12.8	-3.9	1.9	4.8	9.9
Bonds	61.2	55.6	81.8	19.7	18.6	26.2	17.3
Direct investment, net	-31.5	0	-22.2	-5.4	-4.3	7.5	-20.0
U.S. direct investment abroad	-72.6	-49.4	-96.9	-22.6	-17.2	-16.2	-40.9
Foreign direct investment in the United States	41.1	49.4	74.7	17.2	12.9	23.7	20.9
Nonbank-reported capital, net	12.1	-36.9	n.a.	-1.4	-8.0	16.6	n.a.
U.S. claims	1.6	-32.6	n.a.	-11.5	-18.5	9.7	n.a.
U.S. liabilities	10.5	-4.3	n.a.	10.1	10.5	6.9	n.a.

n.a. Not available.

^r Revised.

^P Preliminary.

1. Liabilities exclude U.S. Treasury securities.

creased \$13.5 billion, partly in response to the funding difficulties encountered by Japanese financial institutions in the last 4 months of the year.

Banks' own claims payable in foreign currencies increased \$14.9 billion, in contrast to a \$6.2 billion decrease. The increase in 1995 was mostly in the first half of the year, when the dollar fell sharply in exchange markets.

Banks' domestic customers' claims increased \$2.8 billion, compared with an \$11.6 billion increase. In 1995, customers withdrew deposits in the second half of the year, largely from Japanese banks in Caribbean banking centers.

Foreign securities.—Net U.S. purchases of foreign securities were \$93.8 billion in 1995, nearly double the \$49.8 billion in 1994 but well below the record of \$141.8 billion in 1993. Net U.S. purchases of foreign bonds accounted for most of the surge (table P, chart 11).

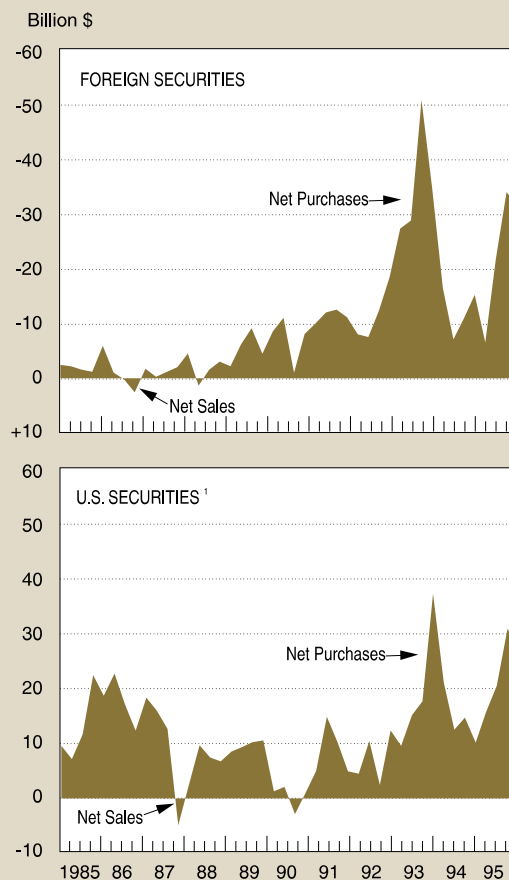
Net U.S. purchases of foreign bonds recovered sharply to \$46.5 billion, compared with only \$7.1 billion in 1994, but were well below the record of \$81.3 billion in 1993. Most of the recovery was attributable to transactions in outstanding bonds, particularly those in the London market where net purchases were \$12.6 billion, compared with net sales of \$30.5 billion in 1994. British long-term bond prices rose throughout most of the year, yields on British gilt-edged bonds averaged 115 basis points higher than comparable U.S. rates, and the dollar to pound exchange rate was relatively stable throughout the year. Net purchases from Japan were \$5.2 billion, compared with \$2.7 billion. Rising prices in the first half of the year offered substantial gains for U.S. institu-

tions, although the Japanese yen's decline in the second half eroded much of the gains.

Foreign new bond issues placed in the United States were \$39.4 billion, down from \$48.2 billion

CHART 11

Securities Transactions



1. Excludes marketable U.S. Treasury bonds and notes.

U.S. Department of Commerce, Bureau of Economic Analysis

Table Q.—U.S. Bank-Reported Claims and Liabilities by Type

[Billions of dollars]

	1993	1994	1995 ^a	1995			
				I	II	III ^r	IV ^p
Claims on foreigners reported by U.S. banks (increase/capital outflow (-))	29.9	0.9	-59.0	-29.3	-40.0	14.6	-4.4
Banks' claims for own accounts, payable in dollars:							
Own foreign offices	17.6	4.0	-19.6	-9.0	-8.5	3.6	-5.7
Unaffiliated banks	10.9	-11.2	14.1	6.1	-6.8	5.2	9.6
Public borrowers and other foreigners	-14.7	13.5	-35.9	-6.1	-12.9	-2.1	-14.8
Banks' claims for domestic customers' accounts, payable in dollars	13.6	-4.9	-5.9	-8.3	-5.7	-3.6	11.7
Claims payable in foreign currencies	2.5	-5	-11.8	-12.0	-6.1	11.5	-5.2
Liabilities to foreigners reported by U.S. banks (excluding U.S. Treasury securities) (increase/capital inflow (+))¹	20.9	114.4	19.9	-5	12.2	-21.6	29.8
Banks' liabilities for own accounts, payable in dollars:							
Own foreign offices	-14.3	78.3	-5.2	.1	-2.4	-8.3	5.4
Unaffiliated banks	15.3	12.9	1.3	-2.7	3.1	-10.1	11.0
Other private foreigners and international financial institutions	3.0	11.4	5.1	-5.2	5.4	4.8	.1
Banks' custody liabilities, payable in dollars	11.6	.3	-3.5	.5	-3.7	-3.4	3.1
Liabilities payable in foreign currencies	5.3	11.5	22.2	6.8	9.8	-4.6	10.2

^a Revised.

^p Preliminary.

1. Excludes liabilities to foreign official agencies.

in 1994 and a high of \$60.9 billion in 1993. Adverse repercussions from the Mexican peso crisis in December 1994 led to substantial declines in new bond issues from Latin America and Asia in the first half of the year, when investors placed prohibitive risk premiums on issues by borrowers from emerging countries. These repercussions probably also raised risk premiums on weaker Western European issuers and held down their new issues. New issue activity recovered for most borrowers, especially Asian borrowers, in the second half of the year, when borrowing returned to about the same level as in the last half of 1994. Maturities lengthened in 1995, as issuers took advantage of a decline of 250 basis points in interest rates during the year; 28 percent of placements in 1995 mature in over 10 years, up from 24 percent in 1994. Private corporations placed about the same amount of issues in both years; Government issues plummeted in 1995, largely because of a reduction in placements by emerging market countries.

Net U.S. purchases of foreign stocks were \$47.2 billion, up from \$42.7 billion. The increase was more than accounted for by stepped-up purchases from the United Kingdom and Japan. Net purchases from Western Europe were \$14.3 billion, up from \$6.0 billion, fueled partly by the continued strong push of U.S. pension and mutual funds into foreign portfolio acquisitions and encouraged by sizable advances in stock prices in most European countries. Net purchases from Japan were \$18.6 billion, up from \$13.5 billion; purchases in the last half of the year were spurred by a 21-percent rebound in Japanese stock prices despite a lagging Japanese economy and by strong appreciation of the dollar against the yen. Net purchases in markets of emerging countries recovered somewhat; purchases in Asian markets were slightly higher, at \$6.9 billion, than in 1994, and purchases in Latin American markets were double, at \$2.0 billion, those in 1994.

Direct investment.—Net capital outflows for U.S. direct investment abroad were a record \$96.9 billion in 1995, compared with \$49.4 billion in 1994; the previous record was \$72.6 billion in 1993. Record net outflows were attributable to both strong equity outflows for acquisitions and strong reinvested earnings (table M).

Equity capital outflows increased to \$41.6 billion from \$11.7 billion, as U.S. parents were major contributors to the boom in acquisitions and mergers that swept Western Europe. Two industry-specific factors drove some of the largest deals. First, pharmaceutical manufactur-

ers sought global partners to realize economies of scale in research and marketing efforts, partly under the stimulus of pressures from governments and big customers to hold down prices; consolidations in this industry have been ongoing for several years. Second, electric utility companies took advantage of recent privatizations of Australian and British electricity distributors, seeking geographic diversification and less regulated markets. Large acquisitions also took place in financial services, communications, investment banking, and paper in 1995.

Reinvested earnings increased to \$58.9 billion from \$34.7 billion, reflecting both strong earnings and an increase in the share of earnings reinvested.

Intercompany debt shifted to inflows of \$3.6 billion from outflows of \$3.0 billion.

Foreign assets in the United States

Foreign assets in the United States increased \$426.3 billion in 1995, compared with an increase of \$291.4 billion in 1994. Increases in foreign official assets were sharply higher, as were net foreign purchases of U.S. Treasury securities, net foreign purchases of U.S. securities other than U.S. Treasury securities, and foreign direct investment inflows to the United States.

Foreign official assets.—Foreign official assets in the United States increased a record \$110.5 billion in 1995, following a \$39.4 billion increase in 1994; the previous record was \$72.1 billion in 1993 (table C). Much of the increase in 1995 was by developing countries, whose assets increased by much larger amounts than in 1994.

Dollar assets of developing countries increased \$87.2 billion in 1995, compared with an increase of \$9.6 billion. Countries that made substantial additions to their holdings of dollar assets in 1995 came from highly varied economic situations: Several Eastern European countries restructured their economies and trade relationships after the dissolution of the former Soviet Union; several Latin American countries partially reestablished their trade and financial standings after the Mexican peso crises at the end of 1994; and several Asian countries, either through internal economic change or successful commercial ventures, continued to accumulate large amounts of dollar reserves. Dollar assets of industrial countries increased less strongly in 1995 than in 1994, \$23.3 billion, compared with an increase of \$29.8 billion.

taking and questionable prospects for raising the federal debt ceiling contributed to large net sales.

Net purchases by Japanese investors were \$16.8 billion in 1995, up from \$13.3 billion in 1994. Strong net purchases were fueled in the first half of the year by an interest-rate differential of 350 to 400 basis points in favor of U.S. assets, which was well above the differential of 200 to 325 basis points in 1994; purchases were encouraged in the third quarter by sharp appreciation of the dollar against the yen. However, net purchases gave way to large net sales from September to the end of the year, partly as a result of the adverse impacts of weak Japanese financial institutions, both in the United States and in Japan.

Other U.S. securities.—Net foreign purchases of U.S. securities, other than U.S. Treasury securities, surged to a record \$94.6 billion in 1995 from \$58.6 billion in 1994; the previous record was \$79.9 billion in 1993 (table P, chart 11). Strong increases in corporate bonds and in U.S. agency bonds accounted for much of the surge.

New bond issues sold abroad by U.S. corporations were a record \$59.3 billion, up from \$40.9 billion, as the corporate bond market registered its best total return performance in 10 years. Low inflation and slow economic growth provided a powerful stimulus to both bond prices and new issues. New issues by nonbank financial institutions accounted for much of the step-up, but new issues by banks also strengthened. Straight fixed-rate bonds remained the most popular form of issue, but floating-rate issues also increased (table R).

Net foreign purchases of newly issued and outstanding U.S. agency bonds were \$25.0 billion, up from \$16.9 billion, largely as Government agen-

cies broadened their investor base by placing a substantial volume of new issues in the Eurobond market.

Net foreign purchases of U.S. stocks were \$12.8 billion, up from \$3.0 billion. Aside from an exceptionally large foreign acquisition of a U.S. company through an exchange of stock, net foreign purchases of U.S. stocks were not particularly strong in spite of a 35-percent increase in U.S. stock prices that far outpaced the performance of foreign markets (chart 12). Purchases picked up somewhat in the second half of the year when stock price performance continued very strong and the dollar recovered in the exchange markets.

Direct investment.—Net capital inflows for foreign direct investment in the United States were a record \$74.7 billion in 1995, compared with \$49.4 billion in 1994; the previous record was \$67.7 billion in 1989. Equity inflows financed a large volume of acquisitions, and reinvested earnings increased substantially (table M).

Equity capital inflows were especially strong at \$48.2 billion, compared with \$32.4 billion, reflecting the stepped-up volume of merger and acquisition activity in the United States. Western European investors made especially large acquisitions of U.S. pharmaceutical and biotechnology companies as part of the global consolidation that has taken place in those industries.

Reinvested earnings increased to \$13.5 billion from \$7.6 billion, reflecting strong earnings growth.

Intercompany debt inflows were \$12.9 billion, compared with \$9.5 billion.


Tables 1 through 10 follow. 

Table 3.—Private Service Transactions

[Millions of dollars]

Table with columns for Line, 1994, 1995, Not seasonally adjusted (1994, 1995), and Seasonally adjusted (1994, 1995). Rows include Exports of private services (lines 1-27), Imports of private services (lines 28-54), and Memoranda (lines 55-57).

See footnotes on page 81.

Table 7.—Claims on and Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns

[Millions of dollars]

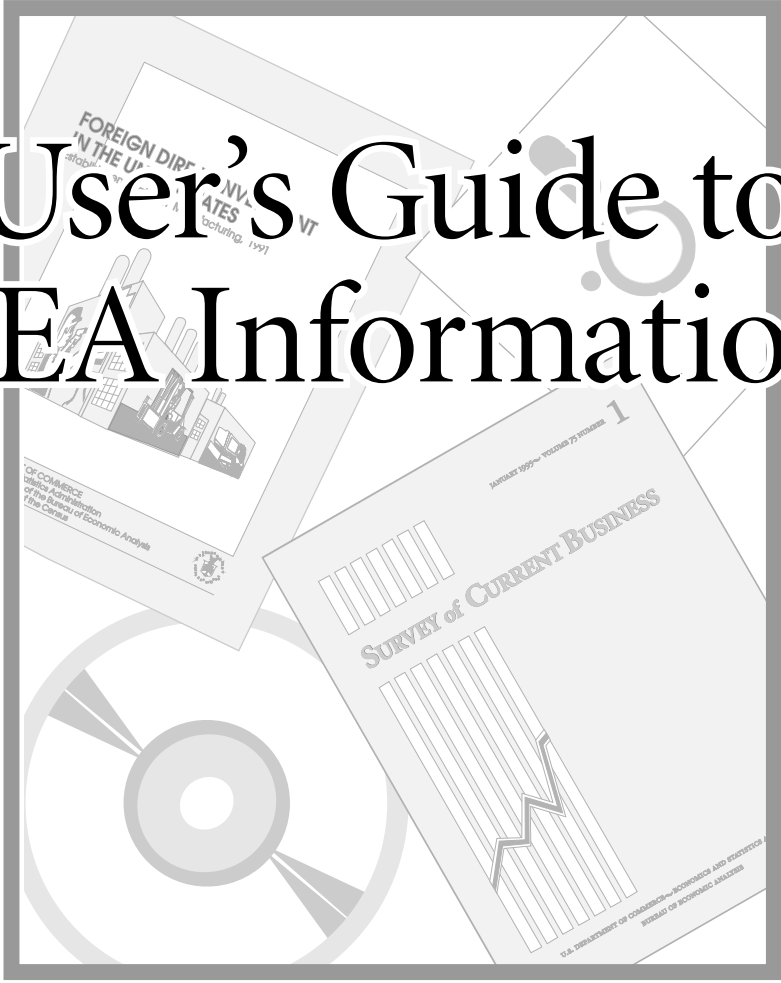
Line	(Credits +; increase in U.S. liabilities or decrease in U.S. assets. Debits -; decrease in U.S. liabilities or increase in U.S. assets.)	1994	Not seasonally adjusted								Amounts outstanding Sept. 30, 1995
			1994				1995				
			I	II	III	IV	I	II	III ^p	IV	
A1	Claims, total (table 1, line 46)	-32,621	-1,891	-10,230	-8,051	-12,449	-11,518	-18,499	9,659	n.a.	306,905
2	Financial claims	-30,235	-1,951	-9,473	-7,786	-11,025	-11,137	-17,935	10,008	n.a.	283,026
3	Denominated in U.S. dollars	-28,395	595	-11,261	-7,823	-9,906	-11,567	-18,417	14,161	n.a.	223,000
4	Denominated in foreign currencies	-1,840	-2,546	1,788	37	-1,119	430	482	-4,153	n.a.	60,026
5	By type: Deposits ¹	-30,695	-2,092	-9,899	-7,802	-10,902	-9,478	-17,906	10,416	n.a.	278,973
6	Other claims ^{1,2}	460	141	426	16	-123	-1,659	-29	-408	n.a.	4,053
7	By area: Industrial countries ³	-1,684	3,892	-3,289	460	-2,747	-5,767	-2,041	-8,834	n.a.	122,202
8	Of which United Kingdom	2,294	4,709	-2,122	-1,184	891	-1,102	-804	-1,709	n.a.	41,818
9	Canada	-4,715	-3,244	34	-279	-1,226	-3,041	1,107	1,564	n.a.	14,001
10	Caribbean banking centers ⁴	-24,886	-5,493	-4,318	-7,953	-7,122	-5,654	-15,787	19,084	n.a.	147,255
11	Other	-3,665	-350	-1,866	-293	-1,156	284	-107	-242	n.a.	13,569
12	Commercial claims	-2,386	60	-757	-265	-1,424	-381	-564	-349	n.a.	23,879
13	Denominated in U.S. dollars	-2,305	200	-702	-278	-1,525	552	-467	-490	n.a.	21,965
14	Denominated in foreign currencies	-81	-140	-55	13	101	-933	-97	141	n.a.	1,914
15	By type: Trade receivables	-2,531	-50	-833	-306	-1,342	-299	-570	-375	n.a.	21,687
16	Advance payments and other claims	145	110	76	41	-82	-82	6	26	n.a.	2,192
17	By area: Industrial countries ³	-935	105	-139	-20	-881	-446	-368	282	n.a.	13,512
18	Members of OPEC ⁵	-79	59	38	-74	-102	94	-13	-108	n.a.	1,365
19	Other	-1,372	-104	-656	-171	-441	-29	-183	-523	n.a.	9,002
B1	Liabilities, total (table 1, line 60)	-4,324	2,478	-2,047	487	-5,242	10,113	10,527	6,938	n.a.	239,736
2	Financial liabilities	-4,486	1,973	-2,321	1,573	-5,711	9,212	9,046	6,124	n.a.	214,741
3	Denominated in U.S. dollars	-7,385	2,623	-2,141	-5,180	-2,687	6,691	9,603	6,660	n.a.	188,122
4	Denominated in foreign currencies	2,899	-650	-180	6,753	-3,024	2,521	-557	-536	n.a.	26,619
5	By area: Industrial countries ³	6,139	2,171	1,343	4,570	-1,945	3,122	-2,082	3,554	n.a.	62,754
6	Of which United Kingdom	3,735	1,109	2,306	944	-624	1,342	-351	4,711	n.a.	49,762
7	Caribbean banking centers ⁴	-10,853	-201	-3,419	-3,297	-3,936	6,258	11,232	2,514	n.a.	138,853
8	Other	228	3	-245	300	170	-168	-104	56	n.a.	13,134
9	Commercial liabilities	162	505	274	-1,086	469	901	1,481	814	n.a.	24,995
10	Denominated in U.S. dollars	-521	-314	298	-968	463	1,008	1,288	849	n.a.	23,595
11	Denominated in foreign currencies	683	819	-24	-118	6	-107	193	-35	n.a.	1,400
12	By type: Trade payables	1,190	163	939	-361	449	149	650	-466	n.a.	10,061
13	Advance receipts and other liabilities	-1,028	342	-665	-725	20	752	831	1,280	n.a.	14,934
14	By area: Industrial countries ³	593	665	-28	-702	658	1,159	406	990	n.a.	15,245
15	Members of OPEC ⁵	224	18	350	-156	12	221	-12	-138	n.a.	2,366
16	Other	-655	-178	-48	-228	-201	-479	1,087	-38	n.a.	7,384

See footnotes on page 81.

Table 10.—U.S. International

[Millions]

Line	(Credits +; debits -) ¹	Australia					
		1994	1995 ²	1995			
				I	II	III ³	IV ⁴
1	Exports of goods, services, and income	17,212	18,799	4,651	4,702	4,554	4,893
2	Merchandise, adjusted, excluding military ²	9,586	10,496	2,590	2,663	2,601	2,642
3	Services ³	4,209	4,316	1,041	1,059	1,129	1,088
4	Transfers under U.S. military agency sales contracts ⁴	412	248	67	57	56	68
5	Travel	1,445	1,511	351	386	421	353
6	Passenger fares	426	456	106	113	131	106
7	Other transportation	261	281	65	72	72	72
8	Royalties and license fees ⁵	540	586	136	136	147	167
9	Other private services ⁵	1,120	1,225	312	295	299	320
10	U.S. Government miscellaneous services	5	9	5		2	2
11	Income receipts on U.S. assets abroad	3,417	3,988	1,020	981	824	1,163
12	Direct investment receipts	2,371	2,735	757	602	618	758
13	Other private receipts	1,046	1,253	263	379	206	405
14	U.S. Government receipts						
15	Imports of goods, services, and income	-5,272	-6,222	-1,620	-1,437	-1,632	-1,533
16	Merchandise, adjusted, excluding military ²	-3,202	-3,396	-905	-823	-849	-819
17	Services ³	-2,045	-2,231	-562	-490	-595	-585
18	Direct defense expenditures	-50	-64	-18	-15	-16	-15
19	Travel	-785	-821	-198	-164	-250	-209
20	Passenger fares	-422	-451	-129	-93	-107	-122
21	Other transportation	-243	-293	-67	-72	-77	-77
22	Royalties and license fees ⁵	-19	-16	-4	-4	-4	-4
23	Other private services ⁵	-482	-546	-131	-136	-131	-148
24	U.S. Government miscellaneous services	-44	-40	-15	-5	-10	-10
25	Income payments on foreign assets in the United States	-25	-594	-153	-124	-188	-129
26	Direct investment payments	243	-204	-75	-24	-89	-16
27	Other private payments	-189	-281	-52	-88	-71	-70
28	U.S. Government payments	-79	-109	-26	-12	-28	-43
29	Unilateral transfers, net	-85	-97	-30	-22	-24	-21
30	U.S. Government grants ⁴						
31	U.S. Government pensions and other transfers	-28	-28	-7	-7	-7	-7
32	Private remittances and other transfers ⁶	-57	-69	-23	-15	-17	-14
33	U.S. assets abroad, net (increase/capital outflow (-))	-2,136	-4,238	985	-1,157	-2,513	-1,553
34	U.S. official reserve assets, net ⁷						
35	Gold						
36	Special drawing rights						
37	Reserve position in the International Monetary Fund						
38	Foreign currencies						
39	U.S. Government assets, other than official reserve assets, net	6	3	2	1		
40	U.S. credits and other long-term assets						
41	Repayments on U.S. credits and other long-term assets ⁸	2					
42	U.S. foreign currency holdings and U.S. short-term assets, net	4	3	2	1		
43	U.S. private assets, net	-2,142	-4,241	983	-1,158	-2,513	-1,553
44	Direct investment	-1,382	-5,469	-982	50	-1,002	-3,536
45	Foreign securities	-2,241	130	369	45	713	-997
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-54	n.a.	-16	-130	-458	n.a.
47	U.S. claims reported by U.S. banks, not included elsewhere	1,535	1,702	1,611	-1,123	-1,766	2,980
48	Foreign assets in the United States, net (increase/capital inflow (+))	4,649	582	-678	-869	744	1,385
49	Foreign official assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)
50	U.S. Government securities	(18)	(18)	(18)	(18)	(18)	(18)
51	U.S. Treasury securities ⁹	(18)	(18)	(18)	(18)	(18)	(18)
52	Other ¹⁰	(18)	(18)	(18)	(18)	(18)	(18)
53	Other U.S. Government liabilities ¹¹	-174	-22	1	20	-22	-21
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(18)	(18)	(18)
55	Other foreign official assets ¹²	(18)	(18)	(18)	(18)	(18)	(18)
56	Other foreign assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)
57	Direct investment	1,830	-448	201	-265	-636	251
58	U.S. Treasury securities	(18)	(18)	(18)	(18)	(18)	(18)
59	U.S. securities other than U.S. Treasury securities	656	645	193	670	-283	65
60	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	166	n.a.	54	-60	213	n.a.
61	U.S. liabilities reported by U.S. banks, not included elsewhere	18 2,171	18 200	18 -1,127	18 -1,234	18 1,471	18 1,090
62	Allocations of special drawing rights						
63	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-14,368	-8,824	-3,308	-1,217	-1,129	-3,171
Memoranda:							
64	Balance on merchandise trade (lines 2 and 16)	6,384	7,100	1,685	1,840	1,752	1,823
65	Balance on services (lines 3 and 17)	2,164	2,085	479	569	534	502
66	Balance on goods and services (lines 64 and 65)	8,548	9,185	2,164	2,409	2,286	2,325
67	Balance on investment income (lines 11 and 25)	3,392	3,393	867	856	636	1,034
68	Balance on goods, services, and income (lines 1 and 15 or lines 66 and 67) ¹³	11,939	12,578	3,031	3,265	2,922	3,359
69	Unilateral transfers, net (line 29)	-85	-97	-30	-22	-24	-21
70	Balance on current account (lines 1, 15, and 29 or lines 68 and 69) ¹³	11,854	12,481	3,001	3,243	2,898	3,338



User's Guide to BEA Information

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User's Guide to BEA Information

The Bureau of Economic Analysis (BEA) provides basic information on such key issues as economic growth, regional development, and the Nation's role in the world economy. This guide lists the most recent and most frequently requested BEA products and helps users locate and obtain that information.

The guide contains program descriptions and entries for specific products. The first section, entitled "General," describes the products that cut across the range of BEA's work. The following sections describe the products related to BEA's national, regional, and international economics programs.

General

BEA's current national, regional, and international estimates usually appear first in news releases. The information in news releases is available to the general public in a variety of forms: On recorded telephone messages, online through the Economic Bulletin Board[®] (EBB), by fax through STAT-USA/FAX, on the Internet through STAT-USA Internet[®], and in printed *BEA Reports*. This section describes these products, as well as the SURVEY OF CURRENT BUSINESS—BEA's monthly journal of record. General information products produced by BEA, including BEA's home page on the Internet, are discussed first. This is followed by descriptions of electronic products and services available through the Department of Commerce's STAT-USA, which also disseminates BEA's economic data.

For more information on BEA's programs and products, write to the Public Information Office, BE-53, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-9900; for telecommunications device for the deaf (TDD), call (202) 606-5335. For information about STAT-USA's services, call (202) 482-1986.

BEA products

1.1 SURVEY OF CURRENT BUSINESS (publication). A monthly journal containing estimates and analyses of U.S. economic activity. Most of BEA's work is presented in the SURVEY, either in full or in summary form. Includes the "Business Situation"—a review of current economic developments—and regular and special articles pertaining to the national, regional, and international economic accounts and related topics. Among the special articles that appeared in the past year were "Mid-Decade Strategic Review of BEA's Economic Accounts: Maintaining and Improving Their Performance," "Improved Estimates of the National Income and Product Accounts for 1959-95: Results of the Comprehensive Revision," "An Ownership-Based Disaggregation of the U.S. Current Account, 1982-93," and "Regional and State Projections of Economic

What's New?

- SURVEY OF CURRENT BUSINESS on CD-ROM (see [entry 1.2](#));
- Summary BEA data now available on BEA's Internet site (see [entry 1.5](#));
- Change in SURVEY cover dates (see the box on [page 92](#));
- Transfer of business cycle indicators to The Conference Board (see [entry 6.0](#));
- *State Personal Income, 1929-93* (see [entry 8.2](#));
- *BEA Regional Projections to 2045: Volume 1, States* (see [entry 9.3](#));
- *Foreign Direct Investment in the United States: 1992 Benchmark Survey, Final Results* (see [entry 12.2](#)).

General—
Continued

How To Use This Guide

Entries in this guide are arranged by program area. Each program area includes descriptions and schedules of current estimates, a list of products available, and telephone numbers for users who have questions or need assistance. Near the end of this guide is a subject list of BEA products.

Each BEA product is available from one of three sales agents, abbreviated as follows:

BEA—Bureau of Economic Analysis

GPO—U.S. Government Printing Office, Superintendent of Documents

NTIS—National Technical Information Service

Each product's listing identifies the sales agent and includes a stock or accession number to be used when ordering. An order form from each sales agent, including specific ordering information, is provided at the end of this guide. Each sales agent accepts credit cards.

BEA data are also available electronically from STAT-USA (see [entries 1.6–1.9](#)).

Activity and Population to the Year 2005.” Current estimates of the national income and product accounts (see program [description 2.0](#)) appear every month.

The SURVEY is available from the U.S. Government Printing Office (GPO): List ID SCUB, price \$49.00 per year (domestic second-class mail), \$61.25 (foreign second-class mail), or \$90.00 (domestic first-class mail); single copy price, \$11.00 (domestic) and \$13.75 (foreign). Foreign airmail delivery rates are available upon request from GPO.

1.2 SURVEY OF CURRENT BUSINESS (CD-ROM). All of the issues of 1994 and selected articles from 1987–93 with the look and feel of the printed version. A Windows version of Acrobat Exchange LE software is included on the CD-ROM, enabling searches across the entire set of files for 1987–94. In addition, a “Copy Table to Clipboard” plug-in allow Windows users to easily extract statistical material from the SURVEY into spreadsheet format. The SURVEY files on the CD-ROM are in portable document format (PDF), a graphically oriented format that preserves document fidelity across all major computer platforms and printers. Available from BEA: Accession No. 53-95-30-001, price \$35.00. To order, contact BEA's Public Information Office at (202) 606-9900.

NOTE.—The availability of a CD-ROM containing all the issues of the SURVEY for 1995 and selected articles for 1987–94 will be announced in the SURVEY.

1.3 Recorded Telephone Messages. Brief (3–5 minutes) recorded telephone messages summarizing key estimates immediately after their release. The messages are available 24 hours a day for several days following release. The usual time of release (eastern standard or eastern daylight time) and the telephone numbers to call are as follows:

Gross Domestic Product (8:30 AM)	(202) 606-5306
Personal Income and Outlays (8:30 AM)	-5303
U.S. International Transactions (10:00 AM)	-5362

1.4 BEA Reports (EBB, STAT-USA/FAX, Internet, news release). Four sets of reports that present the information contained in the BEA news releases for the following areas: Gross domestic product; personal income and outlays; regional reports; and international reports. The reports contain summary estimates. All reports are available online through the EBB (see [entry 1.6](#)), by fax through STAT-USA/FAX (see [entry 1.7](#)), and on the Internet through STAT-USA Internet (see [entry 1.9](#)). The printed reports

are mailed the day after estimates are released. Annual subscriptions to the printed reports may be ordered for individual sets or for all four sets. Order information for the four printed sets is given below. For information on individual sets, see the following corresponding entries: Gross domestic product, [entry 2.1](#); personal income and outlays, [entry 2.2](#); regional reports, [entry 7.1](#); and international reports, [entry 10.1](#).

All Four Sets. Usually a total of 37 printed reports. Available from BEA: Accession No. 53-91-11-019, price \$74.00 per year.

1.5 BEA's Home Page on the Internet. Summary data—including the latest figures on GDP, personal income, and balance of payments—are available free of charge on BEA's Internet site. The "User's Guide to BEA Information," a telephone contact list, the news release schedule, and other information are also available. Go to <http://www.bea.doc.gov>. For more detailed economic data and BEA's news releases, subscribe to STAT-USA at <http://www.stat-usa.gov> (see [entry 1.9](#)).

BEA's economic statistics are also made available in the following electronic formats through the Commerce Department's STAT-USA.

*Available through
STAT-USA*

1.6 Economic Bulletin Board. Online computer access to news releases and other information. BEA news releases are available on the Economic Bulletin Board (EBB) shortly after their release. Selected national, regional, and international estimates and articles from the SURVEY OF CURRENT BUSINESS are also available. (Other items in this guide that are available through the EBB are marked "EBB" after the title.) The EBB may be accessed by personal computer equipped with a modem and communications software; the information available on it—which includes information from several other Federal agencies—may be either viewed on the user's screen or downloaded. A \$45.00 registration fee includes \$20.00 of connect time on the system, which is charged at rates that range from 5 cents to 40 cents per minute. Instant hookup is available. For more information, call STAT-USA at (202) 482-1986.

1.7 STAT-USA/FAX. Facsimile-based service that provides access to BEA news releases and other BEA information on the EBB, usually within 1 hour of the time of the release. The STAT-USA/FAX is available by dialing (202) 482-0005 from a facsimile machine's handset. Subscriptions start at \$29.95, and instant access is available. This service is available 24 hours a day, 7 days a week. For more information, call STAT-USA at (202) 482-1986.

1.8 The National Trade Data Bank[®] (CD-ROM). BEA places a significant amount of its statistics in the National Trade Data Bank (NTDB[®]). These statistics include international transactions, foreign direct investment, balance of payments, annual and quarterly national income and product accounts, and others. The NTDB contains over 150 information programs from over 30 government agencies, including export and import statistics, foreign marketing reports, "how-to" guides for exporters, and names of companies overseas that want to do business with U.S. exporters. The NTDB is produced monthly and may be ordered from STAT-USA by calling (202) 482-1986; an individual monthly issue (two discs) costs \$59.00, and an annual subscription (12 monthly issues) is \$575.00. The NTDB is also available for public use at over 1,100 Federal Depository Libraries throughout the Nation.

1.9 STAT-USA Internet (Internet). BEA's economic information is available on the Internet by subscription through STAT-USA. Users can obtain BEA news releases shortly after their release, SURVEY OF CURRENT BUSINESS issues and articles, and detailed data files from BEA's national, regional, and international economic accounts, as well as a variety of information from other Federal agencies. Subscriptions start at \$50.00; to find out more, go to <http://www.stat-usa.gov>.

National Economics

BEA's national economics program encompasses the national income and product accounts, government transactions on a national income and product accounting basis, the input-output accounts, and estimates of expenditures on pollution abatement and control.

National income and product accounts

2.0 The national income and product accounts (NIPA's) show the value and composition of the Nation's output and the distribution of incomes generated in its production. The accounts include estimates of gross domestic product (GDP)—the market value of the Nation's output of goods and services—in current and real terms, GDP price measures, the goods and services that make up GDP in current and real terms, national income, personal income, and corporate profits. In addition, BEA produces specialized measures such as estimates of auto and truck output, GDP of corporate business, housing output, and business inventories and sales. Estimates of gross product originating by industry are prepared annually in current and real terms. Measures of the inventory and fixed capital stocks consistent with the NIPA output measures are also provided. Further, the accounts provide a consistent framework within which estimates of analytical interest—such as the role of research and development in the U.S. economy or as the interaction of the economy and the environment—can be developed.

The estimates of GDP are prepared each quarter in the following sequence: *Advance* estimates are released near the end of the first month after the end of the quarter; as more detailed and comprehensive data become available, *preliminary* and *final* estimates are released near the end of the second and third months, respectively. Monthly estimates of personal income and outlays are released near the end of the month following the reference month; estimates for the 2 to 4 most recent months are revised at that time. Ordinarily, annual NIPA revisions are carried out each summer and cover the months and quarters of the most recent calendar year and the preceding 2 years. (For example, the July 1994 revision covered 1991, 1992, and 1993.) These revisions are timed to incorporate newly available major annual source data. Comprehensive (benchmark) revisions are carried out at about 5-year intervals, a comprehensive revision was released in January 1996. Current quarterly NIPA estimates appear in a set of 54 "selected" tables each month in the SURVEY OF CURRENT BUSINESS. The full set of NIPA tables (138 tables) usually is published at the time of annual revisions and comprehensive revisions. Annual estimates of the fixed capital stock are reported shortly thereafter.

In addition to the current and historical estimates described in the entries that follow, additional component detail (for example, purchases of private structures by type and change in business inventories by industry) is available. For further information about this detail or about the listed printouts and diskettes, write to the National Income and Wealth Division, BE-54, Bureau of Economic Analysis, U.S. Department

SURVEY OF CURRENT BUSINESS Cover Dates

Beginning in 1996, the cover date designation for the SURVEY was changed to match the month of publication. As a result, the issues in which regular quarterly and annual articles appear will have a different monthly designation than those in which the article had previously appeared. For example, in 1996 (and henceforth), the article on the annual revision of the international transactions accounts will appear in the July issue; in previous years, this article had appeared in the June issue.

of Commerce, Washington, DC 20230, or call (202) 606-9700. For specific questions, the following telephone numbers may be used:

GDP	(202) 606-5304
Personal income and outlays	-5301
Corporate profits	-9738
Personal consumption expenditures	-5302
Gross private domestic investment	-9711
GDP by industry	-5307

A recorded telephone message summarizing the latest GDP estimates is available by calling (202) 606-5306 (see entry 1.3). A recorded message summarizing the latest personal income and outlays estimates is available at (202) 606-5303.

2.1 BEA Reports: Gross Domestic Product (EBB, STAT-USA/FAX, Internet, news release). Monthly reports with summary NIPA estimates that feature GDP and corporate profits. Reports are available online through the EBB (see entry 1.6), by fax through STAT-USA/FAX (see entry 1.7), and on the Internet (see entry 1.9). Printed reports are mailed the day after estimates are released. (This set of reports is included in the four sets of *BEA Reports*; see entry 1.4.) The gross domestic product printed reports are available from BEA on a subscription basis: Accession No. 53-91-11-015, price \$24.00 per year.

Current estimates

2.2 BEA Reports: Personal Income and Outlays (EBB, STAT-USA/FAX, Internet, news release). Monthly reports with summary NIPA estimates that feature personal income and outlays. Reports are available online through the EBB (see entry 1.6), by fax through STAT-USA/FAX (see entry 1.7), and on the Internet (see entry 1.9). Printed reports are mailed the day after estimates are released. (This set of reports is included in the four sets of *BEA Reports*; see entry 1.4.) The personal income and outlays printed reports are available from BEA on a subscription basis: Accession No. 53-91-11-014, price \$24.00 per year.

2.3 Monthly Advance National Income and Product Accounts Tables (EBB, Internet, diskette, or printout). NIPA estimates as they appear in the current issue of the SURVEY OF CURRENT BUSINESS. Updated monthly. Available online through the EBB (see entry 1.6) and on the Internet (see entry 1.9). Diskettes are available the day of release of GDP, and printouts are available 1 day after the release from BEA on a subscription basis:

Diskette (3½" HD)—Accession No. 54-85-41-401, price \$200.00 per year.

Printout—Accession No. 54-83-21-201, price \$100.00 per year.

2.4 Key Source Data and Assumptions (EBB, Internet, printed table). Available source data and assumptions for missing source data that are used to prepare the advance estimates of GDP for each quarter. Available online through the EBB (see entry 1.6) and on the Internet (see entry 1.9). Annual subscriptions for the printed table are available from BEA: Accession No. 54-84-21-209, price \$25.00 per year.

2.5 National Income and Product Accounts (diskette). The full set of NIPA tables, most with estimates from 1959 to the present. *Diskettes* (3½" HD)—available from BEA: Accession No. 54-89-40-401, price \$40.00 (two diskettes).

Historical estimates

2.6 National Income and Product Accounts of the United States (forthcoming). Two volumes will present the full set of NIPA tables for 1929-92. Includes statistical conventions and the definitions and classifications underlying the NIPA's. (1996-97) *Volume 1: 1929-58* and *Volume 2: 1959-92* will be available from GPO.

Summary tables listing the principal source data and estimating methods used to prepare the NIPA estimates are included in the articles in the SURVEY OF CURRENT

NIPA methodology

National Economics— Continued

BUSINESS that describe annual revisions to the **NIPA's**. These tables were last published in the July 1994 issue of the **SURVEY**. The availability of updated tables will be announced in a future issue. A number of papers that provide detailed descriptions of **NIPA** concepts and methodologies have been published (see next entry).

Methodology Papers (publications). A series of papers that documents the conceptual framework of the **NIPA's** and the methodology used to prepare the estimates. To date, six papers are available.

NOTE.—The methodologies described in these papers are subject to periodic improvements that are typically introduced as part of the annual and comprehensive revisions of the **NIPA's**. These improvements—which consist of definitional changes, new source data, and new estimating methods—are described in the **SURVEY** articles that cover these revisions. For example, the major improvements introduced in the most recent comprehensive revision are described in articles in the July 1995, September 1995, October 1995, and January/February 1996 issues. For more information, write or call the National Income and Wealth Division.

- 2.7 **An Introduction to National Economic Accounting** (**NIPA** Methodology Paper No. 1). An introduction to the concepts of the U.S. **NIPA's** that places these accounts within the larger framework of national economic accounting. Shows the step-by-step derivation of a general national economic accounting system from the conventional accounting statements used by business and government and inferred for other transactors. Also shows how the income and product accounts, the capital finance accounts, and the input-output accounts—the major branches of national economic accounting in the United States today—are derived from this general system. Also appeared in the March 1985 **SURVEY OF CURRENT BUSINESS**. (1985) Available from **NTIS**: Accession No. PB 85-247567, price \$12.50.
- 2.8 **Corporate Profits: Profits Before Tax, Profits Tax Liability, and Dividends** (**NIPA** Methodology Paper No. 2). A description of the concepts, sources, and methods of the corporate profits components of the **NIPA's**. (1985) Available from **NTIS**: Accession No. PB 85-245397, price \$27.00.
- 2.9 **Foreign Transactions** (**NIPA** Methodology Paper No. 3). A description of the preparation of estimates in the **NIPA's** of net exports (both current- and constant-dollar), transfer payments to foreigners, capital grants received by the United States, interest paid by Government to foreigners, and net foreign investment. Also describes the relationship between foreign transactions estimates in the **NIPA's** and those in the balance of payments accounts. (1987) Available from **NTIS**: Accession No. PB 88-100649, price \$27.00.
- 2.10 **GNP: An Overview of Source Data and Estimating Methods** (**NIPA** Methodology Paper No. 4). Basic information about **GNP**, including the conceptual basis for the account that presents **GNP**, definitions of each of the components on the income and product sides of that account, and a summary, presented in tabular form, of the source data and methods used in preparing estimates of current- and constant-dollar **GNP**. Also provides an annotated bibliography, with a directory, of the more than 50 items over the last decade that provided methodological information about **GNP**. Appeared in the July 1987 **SURVEY OF CURRENT BUSINESS**. (1987) Available from **NTIS**: Accession No. PB 88-134838, price \$24.50. The summary tables of source data and methods were last updated in the July 1994 issue of the **SURVEY** (tables 7 and 8, pages 28-45); the availability of updated tables will be announced in a future issue.
- 2.11 **Government Transactions** (**NIPA** Methodology Paper No. 5). Presents the conceptual basis and framework of government transactions in the **NIPA's**,

describes the presentation of the estimates, and details the sources and methods used to prepare estimates of Federal transactions and of State and local transactions. (1988) Available from NTIS: Accession No. PB 90-118480, price \$31.50.

NOTE.—Major changes in methodology have occurred since the publication of this methodology paper. These changes include the recognition of government investment, treatment of Federal retirement programs, enterprise definition changes, treatment of Commodity Credit Corporation loans, and deposit insurance changes. See “[The Comprehensive Revision of the U.S. National Income and Product Accounts: A Review of Revisions and Major Statistical Changes](#),” SURVEY 71 (December 1991) and “[Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology for Calculating Depreciation](#),” SURVEY 75 (September 1995).

- 2.12 **Personal Consumption Expenditures** (NIPA Methodology Paper No. 6). Presents the conceptual basis and framework for personal consumption expenditures (PCE) in the NIPA's, describes the presentation of the estimates, and details the sources and methods used to prepare annual, quarterly, and monthly estimates of PCE. Includes a bibliography, definitions, and convenient tabular summaries of estimating procedures. (1990) Available from NTIS: Accession No. PB 90-254244, price \$27.00.

Gross product originating (GPO) by industry is the contribution of each industry—including government—to GDP. GPO, also known as GDP by industry or value added, equals an industry's gross output less intermediate goods and services purchased from other industries or imported. Annual estimates are expressed in both current dollars (1947-93) and in real terms (1977-93). These estimates, published in the April 1995 (1991-93) and November 1993 (1947-90) issues of the SURVEY OF CURRENT BUSINESS, are provided at approximately the two-digit Standard Industrial Classification (SIC) level. Industry classifications are based on the 1987 SIC for 1988-93, on the 1972 SIC for 1947-86, and on both the 1972 and 1987 SIC's for 1987. For further information, write to the Industry Economics Division, BE-51, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-5307.

GDP by industry estimates

NOTE.—Revised estimates consistent with the recently released comprehensive revision of the NIPA's will be released in June, for 1987-94, and in July, for 1959-86.

2.13 **Gross Product by Industry.** Current-dollar estimates are provided for 1947-93. Constant-dollar estimates, which are calculated with benchmark-years and fixed 1987 weights, are provided for 1977-93. Includes the components of gross domestic income that define current-dollar GPO for each industry. Includes estimates of gross output and intermediate inputs for double-deflated industries.

Diskette (3½" HD)—Accession No. 51-91-40-406, price \$20.00.

Printout—Accession No. 51-91-20-206, price \$20.00.

2.14 **Gross Output by Detailed Industry.** Annual estimates (1977-93) of gross output in current and constant dollars (fixed 1987 weights) for double-deflated industries that were used to prepare the estimates of GPO. Industry detail generally exceeds that available in the Gross Product by Industry data products (see entry 2.13). Gross output for manufacturing industries on these files is at the two-digit GPO level of industry detail; see [entry numbers 2.15 and 2.16](#) for more detailed data for manufacturing.

Diskette (3½" HD)—Accession No. 51-91-40-410, price \$20.00.

Printout—Accession No. 51-91-20-210, price \$20.00.

National Economics— Continued

2.15 Manufacturing Establishment Shipments. Annual estimates (1977–93) in current and constant dollars (fixed 1987 weights) of manufacturing establishment shipments by four-digit SIC. These estimates were used to prepare the estimates of gross output that underlie the GPO estimates for manufacturing industries.

Diskette (3½" HD)—Accession No. 51-91-40-407, price \$20.00.

Printout—Accession No. 51-91-20-207, price \$35.00.

2.16 Manufacturing Product Shipments. Annual estimates (1977–92) in current and constant dollars (fixed 1987 weights) of manufacturing product shipments by five-digit Census Bureau product class defined on a wherever made basis. Estimates for 1993 are not available. Estimates are based on the 1972 Census Bureau product-class system for 1977–1986, on the 1987 system for 1988–92, and on both the 1972 and 1987 systems for 1987.

Diskette (3½" HD)—Accession No. 51-91-40-408, price \$20.00.

Printout—Accession No. 51-91-20-208, price \$35.00.

Other information related to the NIPA's

2.17 The Underground Economy: An Introduction (reprint). A discussion of the coverage, measurement methods, and implications of the underground economy. Part of the discussion features the relation between the NIPA's and the underground economy: Illegal activities in the context of the NIPA's, three sets of NIPA estimates sometimes misunderstood as being measures of the underground economy, and the effect on NIPA estimates of possible misreporting in source data due to the underground economy. Articles appeared in the May, June, and July 1984 issues of the SURVEY OF CURRENT BUSINESS. (1984) Available upon request from BEA's Public Information Office.

2.18 Alternative Measures of Change in Real Output and Prices (reprint). Four articles that appeared in the SURVEY OF CURRENT BUSINESS describing the two alternatively weighted measures of real output and of prices that BEA prepares to supplement its featured fixed-weighted measures. These alternative measures are especially useful for studies of long-term economic growth, for comparisons of business cycles, and for gauging the effect of changes in the economy's relative price structure on the measurement of real gross domestic product. (1993) Available upon request from BEA's Public Information Office. (For recent information about BEA's improved chain-type measures of real output and prices, see ["Improved Estimates of the National Income and Product Accounts: Results of the Comprehensive Revision,"](#) SURVEY 76 (January/February 1996): 1-31.)

2.19 Evaluation of the GNP Estimates (reprint). An evaluation of the GNP estimates, covering the reliability of estimates, sources of error and types of statistical improvement, status of source data, documentation of methodology, release schedules, and security before release. This article appeared in the August 1987 SURVEY OF CURRENT BUSINESS. (1987) Available upon request from BEA's Public Information Office. (For a more recent study, see Allan H. Young, ["Reliability of the Quarterly Estimates of GDP,"](#) SURVEY 73 (October 1993): 29-43.)

2.20 The Use of National Income and Product Accounts for Public Policy: Our Successes and Failures (BEA Staff Paper No. 43). An evaluation using two indirect approaches. The first reviews the "accuracy" of the estimates, using the size of revisions to GNP estimates as an indicator. The second reviews users' recommendations drawn from publications issued over the last 30 years. (1985) Available from NTIS: Accession No. PB 86-191541, price \$17.50.

2.21 The United Nations System of National Accounts: An Introduction (reprint). Describes the United Nations System of National Accounts (SNA), which is followed by most other countries, and contrasts it with the U.S. economic accounts. The article also presents estimates prepared by BEA to approximate some of the major

SNA aggregates and describes the revision of the SNA that is under way. This article appeared in the June 1990 SURVEY OF CURRENT BUSINESS. (1990) Available upon request from BEA's Public Information Office. (For a more recent description, see "New International Guidelines in Economic Accounting," SURVEY 73 (February 1993): 43-44.)

2.22 **Economic-Environmental Accounts** (reprint). Two articles that describe a BEA framework for integrated economic and environmental satellite accounts and that present prototype estimates of mineral stocks, and changes in those stocks, for the past several decades. The new set of accounts, which supplements the existing system of national economic accounts, provides a statistical picture of the interaction of the economy and the environment. These articles appeared in the April 1994 SURVEY OF CURRENT BUSINESS. (1994) Available upon request from BEA's Public Information Office.

2.23 **A Satellite Account for Research and Development** (diskette). The Satellite Account for Research and Development is designed to facilitate analysis of the role of research and development (R&D) in the U.S. economy. In the R&D satellite account, R&D expenditures are treated as a form of investment, and the resulting investment flows are used to estimate stocks of R&D fixed intangible capital. For most series, summary tables include data for 1953-92. (For a description of the R&D accounts, see "A Satellite Account for Research and Development," SURVEY 74 (November 1994): 37-71.) The complete set of data in the R&D satellite account is available on diskette (3½" HD) from BEA's Public Information Office: Accession No. 53-94-40-001, price \$20.00.

These estimates are being updated to reflect the results of the recently released comprehensive revision of the NIPA's. The data products that follow will become available when the updating of the estimates is completed; their availability will be announced in the SURVEY OF CURRENT BUSINESS:

Wealth and related estimates

2.24 **Fixed Reproducible Tangible Wealth in the United States, 1925-92** (publication). Annual estimates of net stocks, depreciation, and average ages of net stock for fixed nonresidential and private capital and residential capital, for government-owned fixed capital, and for durable goods owned by consumers.

2.25 **Wealth** (diskette). Annual estimates of net stocks and depreciation for fixed nonresidential private and residential capital, for government-owned fixed capital, and for durable goods owned by consumers.

2.26 **Detailed Investment by Industry** (diskette). Annual estimates of investment purchased by industry for each detailed NIPA type of equipment and structure.

2.27 **Detailed Wealth by Industry** (diskette). Annual estimates of net stocks, depreciation, and discards for fixed nonresidential capital by industry for each detailed NIPA type of equipment and structure.

3.0 BEA's estimates of government receipts, expenditures, and surplus or deficit are on a national income and product accounting basis. The estimates are prepared separately for Federal and for State and local governments on the same schedule as that described for the NIPA's (see program [description 2.0](#)). Reconciliations of the Federal sector on a NIPA basis and the budget prepared by the Office of Management and Budget are the basis for an article in the SURVEY OF CURRENT BUSINESS, shortly after the release of the budget, about Federal fiscal programs for the next fiscal year, and for detailed tables in the NIPA annual revision issue. These reconciliations, and more specialized work such as described in the papers that follow, facilitate analysis of the effects of government fiscal policies on the economy. An article on the fiscal position of State and local governments is usually published in the February or March

Government transactions

National Economics— Continued

SURVEY. For further information, write to the Government Division, BE-57, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-5590. For specific questions, the following telephone numbers may be used:

Federal	(202) 606-5591
National defense	-5592
Nondefense	-5593
State and local	-5594

3.1 Government Transactions (NIPA Methodology Paper No. 5). Presents the conceptual basis and framework of government transactions in the national income and product accounts, describes the presentation of the estimates, and details the sources and methods used to prepare estimates of Federal transactions and of State and local transactions. (1988) Available from NTIS: Accession No. PB 90-118480, price \$31.50.

NOTE.—Major changes in methodology have occurred since the publication of this methodology paper. These changes include the recognition of government investment, treatment of Federal retirement programs, enterprise definition changes, treatment of Commodity Credit Corporation loans, and deposit insurance changes. See “[The Comprehensive Revision of the U.S. National Income and Product Accounts: A Review of Revisions and Major Statistical Changes](#),” SURVEY 71 (December 1991) and “[Preview of the Comprehensive Revision of the National Income and Product Accounts: Recognition of Government Investment and Incorporation of a New Methodology for Calculating Depreciation](#),” SURVEY 75 (September 1995).

3.2 National Income and Product Accounts Translation of the Federal Budget (printed tables). Package of tables that provide a more detailed translation than appears in the *Budget of the United States Government, Analytical Perspectives*. (See item 3.1 to obtain information on the differences between the budget and NIPA concepts that lead to the translation.) The translation package will include the annual article on the Federal budget after it is published this summer in the SURVEY OF CURRENT BUSINESS. Available from BEA: Accession No. 57-91-20-101, price \$12.00.

Input-output accounts

4.0 Input-output (I-O) accounts for the United States show how industries interact—providing input to, and taking output from, each other—to produce GDP. Benchmark tables, based largely on the economic censuses, are prepared every 5 years; the latest benchmark tables are for 1987. Annual tables are prepared using basically the same procedures as used for the benchmark tables, but with less comprehensive and less reliable source data. The preparation of annual tables was suspended after the 1987 annual table; the preparation of annual tables will resume after publication of the 1992 benchmark table. For benchmark years, associated benchmark tables showing capital flows from producing to using industries are also prepared. Diskettes are available at the summary level (95 industries) and detailed level (480 industries), listed below. For further information, write to the Industry Economics Division, BE-51, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-5585.

4.1 Benchmark Input-Output Accounts of the United States, 1987 (publication). This volume contains the use and make tables and total output multipliers for BEA's 1987 benchmark I-O study at the summary and detailed I-O industry levels. Includes discussion of concepts and of analytical and statistical uses of estimates, description of sources and methods, and overview of industry and commodity classification. Provides benchmark I-O commodity composition of NIPA final demand, personal consumption expenditures, and producers' durable equipment expenditures. (1994) Available from GPO: Stock No. 003-010-00251-4, price \$29.00.

4.2 **1987 Benchmark I-O Tables** (diskettes). Estimates from the 1987 benchmark I-O accounts at the summary and the detailed levels. Each product includes information on the mathematical derivation of the coefficients tables. Available from BEA:

- 1987 **Benchmark Detailed Transactions**. Contains the make table, use table, direct requirements coefficients table, and estimates by commodity of transportation costs and of wholesale and retail trade margins. Accession No. 51-94-40-001, price \$40.00.
- 1987 **Benchmark Detailed, Industry-By-Commodity Total Requirements**. Accession No. 51-94-40-002, price \$40.00.
- 1987 **Benchmark Detailed, Commodity-By-Commodity Total Requirements**. Accession No. 51-94-40-003, price \$40.00.
- 1987 **Benchmark Summary, All**. Contains the make table, use table, direct requirements coefficients table, estimates by commodity of transportation costs and of wholesale and retail trade margins, and industry-by-commodity and commodity-by-commodity total requirements coefficients. Accession No. 51-94-40-004, price \$20.00.
- 1987 **Benchmark Commodity Composition of NIPA Final Demand at the Detailed Level**. Accession No. 51-94-40-005, price \$20.00.
- 1987 **Benchmark PCE and PDE By NIPA Category**. Contains the detailed I-O commodity composition of NIPA personal consumption expenditures and producers' durable equipment expenditures. Accession No. 51-94-40-006, price \$20.00.

4.3 **1982 Benchmark 85-Industry Input-Output Tables** (diskette). Five tables: (1) Use table, (2) make table, (3) commodity-by-industry direct requirements table, (4) commodity-by-commodity total requirements table, and (5) industry-by-commodity total requirements table. *Diskette (3½" HD)*—Available from BEA; Accession No. 51-91-40-008, price \$20.00.

5.0 BEA maintains a set of annual current- and constant-dollar estimates of capital expenditures and operating costs for pollution abatement and control. These estimates, which are prepared within the framework of the national income and product accounts, are classified by sector (consumers, business, and government) and by type of pollution abatement and control (PAC) activity (air PAC, water PAC, and solid waste management). The most recent SURVEY OF CURRENT BUSINESS article reporting the total expenditures (including capital and operating spending) appeared in May 1995. For further information, write to the Environmental Economics Division, BE-62, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-5350.

Environmental estimates

5.1 **BEA Reports: Pollution Abatement and Control Expenditures** (EBB, Internet, news release). News release on annual pollution abatement and control expenditures. Available online through the EBB (see [entry 1.6](#)) and on the Internet (see [entry 1.9](#)). Printed report available by calling or writing the Environmental Economics Division.

5.2 **Stocks and Underlying Data for Air and Water Pollution Abatement Plant and Equipment** (printout). Estimates of the gross and net capital stocks at historical, constant, and current cost; estimates of capital expenditures in constant and current dollars; price indexes by media (air and water) and for selected industry groups (manufacturing, electric utilities, and other nonmanufacturing); and estimates of lifetimes by media for pollution abatement plant and equipment. Available from BEA; Accession No. 62-82-20-001, price \$35.00.

***Business cycle
indicators***

6.0 Effective in late 1995, responsibility for the preparation and dissemination of the composite indexes of leading, coincident, and lagging indicators was transferred to The Conference Board. The Conference Board is now producing these indexes and is maintaining and publishing a set of data similar to that previously available in the “Business Cycle Indicators” section of the SURVEY OF CURRENT BUSINESS. For more information, call The Conference Board at (212) 339-0345. In addition, many of the business cycle indicator series are available on the Economic Bulletin Board (see [entry 1.6](#)).

BEA's regional economics program provides estimates, analyses, and projections by region, State, metropolitan area, and county.

7.1 BEA Reports: Regional Reports (EBB, STAT-USA/FAX, Internet, news release). Reports (usually six a year) with summary estimates of State personal income (quarterly and annual) and of county and metropolitan area personal income (annual). Reports are available online through the EBB (see [entry 1.6](#)). (The EBB carries, in addition to the news release, estimates of personal income by State and by county and earnings and wages by industry and by State; see [entry 8.4](#).) The news releases are also available by fax through STAT-USA/FAX (see [entry 1.7](#)) and on the Internet (see [entry 1.9](#)). The printed reports are mailed the day after estimates are released. (This set of reports is included in the four sets of *BEA Reports*; see [entry 1.4](#).) These printed regional reports are available from BEA on a subscription basis: Accession No. 53-91-11-017, price \$12.00 per year.

8.0 Current quarterly State personal income estimates are released in January, April, July, and October. The annual estimates of State and local area personal income for a given year are subject to successive improvement. Preliminary annual State estimates, based on the current quarterly series, are released 4 months after the close of the reference year. Revised annual estimates based on more reliable source data are released in August. These estimates are subsequently revised to incorporate newly available information used to prepare the current local area estimates. The revised State estimates, together with the current local area estimates, are released the following April. The annual estimates emerging from this process are subject to further revision for several succeeding years (the State estimates in April and August and the local area estimates in April) as additional data become available. These routine revisions are completed 3 years after the preliminary State estimates were prepared and 2 years after the local area estimates were prepared. The State and local area estimates are normally revised again only to incorporate a comprehensive revision of the national income and product accounts, which takes place approximately every 5 years, or to make important improvements to the estimates through the use of additional or more current State and local area data.

Estimates of personal income and employment by State, metropolitan area, and county are available through the Regional Economic Information System (REIS). The system includes an information retrieval service that provides a variety of analytical tabulations for counties and combinations of counties. All of the tabulations are available in several media.

BEA also makes its regional estimates available through the BEA User Group, members of which include State agencies, universities, and Census Bureau Primary State Data Centers. BEA provides its estimates of income and employment for all States and counties to these organizations with the understanding that they will make the estimates readily available.

For further information, write to the Regional Economic Measurement Division, BE-55, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-5360.

8.1 Regional Economic Information System (REIS) CD-ROM, 1969-94 (CD-ROM). Estimates of annual personal income by major source, per capita personal income, earnings by two-digit SIC industry, full- and part-time employment by one-digit SIC industry, regional economic profiles, transfer payments by major program, and farm income and expenses for States, metropolitan areas, and counties. The CD-ROM contains over 450 megabytes of data and documentation. All the estimates are stored as ASCII files that can be accessed in either sequential or random mode. The CD-ROM includes a REIS program (both DOS- and Windows-based) that allows the user to dis-

Regional Economics

Regional estimates

Regional Economics— Continued

play, print, or copy one or more of the standard tables from the historical personal income series.

In addition, the CD-ROM includes BEA estimates of quarterly personal income by State (1969:I–1995:IV); Census Bureau data on intercounty flows for 1960, 1970, 1980, and 1990; BEA's latest gross state product estimates for 1977–92; its projections to 2045 of income and employment for States and metropolitan areas; and total commuters' income flows, 1969–94. Updated annually. (June 1996) Available from BEA: Accession No. 55–94–30–599, price \$35.00.

8.2 State Personal Income, 1929–93 (publication). Presents detailed annual estimates for States and regions of personal income for 1929–93, including estimates of per capita personal income, personal income by major source, and earnings by industry. Also presents annual estimates for States and regions of disposable personal income and per capita disposable personal income for 1969–93. Provides information about the sources and methods used to prepare the estimates for 1987–93 and samples of all the detailed tables of personal income and employment that are available for regions, States, counties, and metropolitan areas. (1995) Available from GPO: Stock No. 003–010–00257–3, price \$27.00.

8.3 Local Area Personal Income, 1969–92 (publication). Presents the estimates of personal income and per capita personal income for 1969–92 for the United States, regions, States, counties, and metropolitan areas. Also presents the Census Bureau's estimates of population that were used in the derivation of per capita personal income. Provides information about the sources and methods used to prepare the estimates for 1987–92 and samples of all the detailed tables of personal income and employment that are available for regions, States, counties, and metropolitan areas. (1994) Available from GPO: Stock No. 003–010–00249–2, price \$41.00.

Special-order regional products . . .

8.4 Regional Income and Employment. The products listed in section 8.4 must be special ordered from BEA for the specific area(s) needed. Items 8.4.1 through 8.4.12 are for the United States, regions, and States. Items 8.4.13 through 8.4.24 are for the United States, States, metropolitan areas, and counties. All items are available on several media and can be purchased for a single area (a county, a metropolitan area, a State), for groups of areas (several counties, several metropolitan areas, all counties in a State, several States), or for all counties or all States in the United States. Some items are available online through the EBB (see [entry 1.6](#)). Before placing an order, write to the Regional Economic Measurement Division, REIS, BE–55, Bureau of Economic Analysis, Washington DC 20230, or call (202) 606–5360 for accession numbers, prices, and availability. Call the same number to place charge orders using MasterCard or VISA.

. . . For regions and States

8.4.1 Quarterly Personal Income, 1969–95 (EBB, Internet, printout). Total personal income by quarter for the United States, regions, and States. (1996)

8.4.2 Quarterly Personal Income by Major Source and Earnings by Industry, 1969–95 (EBB, Internet, computer tape, printout, diskette). Major sources of personal income and earnings by one-digit SIC industry by quarter for the United States, regions, and States. (1996)

8.4.3 Quarterly Wages and Salaries by Major Source and Major Industry, 1969–95 (EBB, Internet, computer tape, printout, diskette). Wage and salary disbursements by one-digit SIC industry by quarter for the United States, regions, and States. (1996)

8.4.4 Personal Income, Per Capita Personal Income, and Total Population, 1929–95 (EBB, Internet, computer tape, printout, diskette). Total and per capita per-

The items in section 8.4 must be special ordered. Refer to the text at the beginning of section 8.4 for instructions.

sonal income and population annually for the United States, regions, and States. (1996)

8.4.5 Personal Income by Major Source and Earnings by Industry, 1929–94 (EBB, Internet, computer tape, printout, diskette). Major sources of personal income and earnings by two-digit SIC industry annually for 1958–94 and by one-digit SIC industry annually for 1929–57 for the United States, regions, and States. (1995)

8.4.6 Wage and Salary Disbursements by Industry, 1929–94 (EBB, Internet, computer tape, printout, diskette). Wages and salaries by two-digit SIC industry annually for 1958–94 and by one-digit SIC industry annually for 1929–57 for the United States, regions, and States. (1995)

8.4.7 Full-Time and Part-Time Employment by Industry, 1969–94 (computer tape, printout, diskette). Total employment by place of work by two-digit SIC industry annually for the United States, regions, and States. (1995)

8.4.8 Full-Time and Part-Time Wage and Salary Employment by Industry, 1969–94 (computer tape, printout, diskette). Wage and salary employment by place of work by two-digit SIC industry annually for the United States, regions, and States. (1995)

8.4.9 Transfer Payments, 1948–94 (computer tape, printout, diskette). Transfer payments by type annually for the United States, regions, and States. (1995)

8.4.10 Farm Income and Expenses, 1969–94 (computer tape, printout, diskette). Major categories of farm income and expenses and gross and net farm income aggregates annually for the United States, regions, and States. (1995)

8.4.11 Personal Tax and Nontax Payments, 1948–94 (computer tape, printout, diskette). Personal tax and nontax payments by level of government and by type of payment (includes total and per capita disposable personal income and population) annually for the United States, regions, and States. (1995)

8.4.12 Disposable Personal Income, Per Capita Disposable Personal Income, and Total Population, 1948–95 (EBB, Internet, printout, diskette). Total and per capita disposable personal income and population annually for the United States, regions, and States. (1996)

8.4.13 Personal Income, Per Capita Personal Income, and Total Population, 1969–94 (EBB, Internet, computer tape, printout, diskette). Total and per capita personal income and population annually for the United States, States, metropolitan areas, and counties. (June 1996)

8.4.14 Per Capita Personal Income Ranking, 1994 (printout). Ranking in the United States and in regions (highest and lowest 250 counties). (June 1996) Available from BEA:

Printout—Accession No. 55-94-20-541, price \$20.00. Rankings among all counties.

Printout—Accession No. 55-94-20-542, price \$20.00. Rankings among counties with total personal incomes greater than \$50 million.

8.4.15 Personal Income by Major Source and Earnings by Major Industry, 1969–94 (computer tape, printout, diskette). Major sources of personal income and earnings by one-digit SIC industry annually for the United States, States, metropolitan areas, and counties. (June 1996)

8.4.16 Personal Income by Major Source and Earnings by Industry, 1969–94 (computer tape, printout). Major sources of personal income and earnings by two-digit SIC industry annually for the United States, States, metropolitan areas, and counties. (June 1996)

. . . For States, metropolitan areas, and counties

The items in section 8.4 must be special ordered. Refer to the text at the beginning of section 8.4 for instructions.

Regional Economics— Continued

8.4.17 **Full-Time and Part-Time Employment by Major Industry, 1969–94** (computer tape, printout, diskette). Total employment by one-digit SIC industry annually for the United States, States, metropolitan areas, and counties. (June 1996)

8.4.18 **Regional Economic Profile, 1969–94** (computer tape, printout, diskette). Summary of income and employment by place of work and residence annually for the United States, States, metropolitan areas, and counties. (June 1996)

8.4.19 **Total Wages and Salaries, Total Wage and Salary Employment, and Average Wage Per Job, 1969–94** (computer tape, printout, diskette). Annually for the United States, States, metropolitan areas, and counties. (1995)

8.4.20 **Transfer Payments, 1969–94** (computer tape, printout, diskette). Transfer payments by type annually for the United States, States, metropolitan areas, and counties. (June 1996)

8.4.21 **Farm Income and Expenses, 1969–94** (computer tape, printout, diskette). Major categories of farm income and expenses and gross and net farm aggregates annually for the United States, States, and counties. (June 1996)

8.4.22 **BEARFACTS, 1993–94 or 1984–94** (printout, diskette). One-page computer-generated narrative. Describes an area's personal income using current estimates, growth rates, and a breakdown of the sources of personal income for that area for States, metropolitan areas, and counties. (June 1996)

8.4.23 **Journey-To-Work, 1960, 1970, 1980, 1990** (computer tape, printout, diskette). Data on commuting flows to and from counties from decennial census by place of work or by place of residence. (1990)

8.4.24 **Total Commuters' Income Flows, 1969–94** (computer tape, printout, diskette). Total gross commuters' income flows (inflows and outflows) annually for all counties. (June 1996)

Regional analyses and projections

9.0 BEA prepares analyses to identify and measure factors that determine area differences in levels and growth rates of total and per capita personal income and of industrially detailed earnings, employment, and gross state product. Annual estimates of gross state product—the market value of the goods and services produced by the labor and property located in a State—are prepared by component and industry 8 months after the release of national GDP by industry. Special tabulations from the Regional Input-Output Modeling System (RIMS II) of regional economic multipliers for any combination of counties are prepared on a reimbursable basis for use in analyzing the economic effects of events, such as the conversion of military bases and the expansion of airports. Long-term and midterm projections of personal income and gross state product, employment, and earnings by industry for States, as well as long-term projections of employment and earnings for metropolitan areas and BEA economic areas are prepared for use by planners and marketing analysts. The segmentation of the Nation into 172 BEA economic areas facilitates regional economic analysis for businesses that want to assess potential plant locations and sales territories and for public-sector and university groups that want to conduct small-area, geographically exhaustive regional economic studies. For further information, write to the Regional Economic Analysis Division, BE-61, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-3700. For specific questions, the following telephone numbers may be used:

Gross state product by industry	(202) 606-5340
Regional input-output multipliers	-5343
Long-term regional projections	-5341
Midterm regional projections	-5342
BEA economic areas	-9219

9.1 **Revised Gross State Product, Annual Estimates, 1977–92** (EBB, Internet, diskette, CD-ROM). These estimates are the State equivalent of GDP and provide the

most comprehensive measure of State production now available. Gross state product (GSP) is measured in current dollars as the sum of four components for each industry: Compensation of employees; proprietors' income; indirect business tax and nontax liability; and other, mainly capital-related, charges. A statement of sources and methods for the estimates was published in the December 1993 SURVEY OF CURRENT BUSINESS. The estimates are for the 50 States, eight BEA regions, and the United States and for 61 industries. Estimates are in current and constant (1987) dollars. Available online through the EBB (see entry 1.6), on CD-ROM (see entry 8.1), and on the Internet (see entry 1.9). Diskette (3½" HD) available from BEA: Accession No. 61-95-40-421 for GSP with DOS, price \$20.00 (one diskette) or 61-95-40-423 for GSP with Windows, price \$40.00 (two diskettes).

9.2 Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II), Second Edition (publication). Presents tables of regional input-output multipliers by industry, for output, earnings, and employment, for all States and the District of Columbia. Multipliers are shown on a direct-effect and a final-demand basis. Explains how to obtain multipliers for over 500 industries for any geographic area composed of one or more U.S. counties or county equivalents. Includes case studies. (1992) Available from NTIS: Accession No. PB 92-204-262, price \$27.00.

9.3 BEA Regional Projections to 2045 (publication, EBB, Internet, diskette, CD-ROM). Estimates for 1978, 1983, and 1993 and projections for 2000, 2005, 2010, 2015, 2025, and 2045 for total personal income, population, per capita personal income, and gross state product, employment, and earnings by industry for the United States, BEA regions, and States. These estimates and projections, as well as estimates and projections of employment and earnings for metropolitan areas and BEA economic areas, will be available online through the EBB (see entry 1.6) on the Internet (see entry 1.9), and on CD-ROM (see entry 8.1) in June 1996 and in other media as follows:

Volume 1. States.

Publication—Available from GPO: Stock No. 003-010-00256-5, price \$13.00.

Diskette (3½" HD)—Available from BEA: Accession No. 61-95-40-201, price \$40.00 (two diskettes).

Metropolitan Statistical Areas.

Diskette (3½" HD)—Available in June 1996 from BEA: Accession No. 61-96-40-202, price \$40.00 (two diskettes).

BEA Economic Areas.

Diskette (3½" HD)—Available in June 1996 from BEA: Accession No. 61-96-40-203, price \$40.00 (two diskettes).

9.4 BEA Economic Areas, 1995 (EBB, Internet, diskette, CD-ROM). This segmentation of the Nation on an economic basis has 172 economic areas, and it replaces the 183-area segmentation that BEA first drafted in 1977 and then revised slightly in 1983. Each economic area consists of one or more centers of economic activity and the surrounding counties that are economically related to the centers. Economic data assembled by economic area can be used to analyze local area economic activity, local interindustry economic relationships, and interarea population movements. The codes, names, and numbers of the counties in each economic area are available online through the EBB (see entry 1.6), on the Internet (see entry 1.9), and on CD-ROM (see entry 8.1). *Diskette (3½" HD)*—Available from BEA: Accession No. 61-95-40-101, price \$20.00.

A 26" by 40" map of the economic areas is also available from BEA: Accession No. 61-95-10-500, price \$15.00.

International Economics

BEA's international economics program encompasses the international transactions accounts (balance of payments), including related estimates of the U.S. international investment position, and the direct investment estimates. The international transactions accounts, which measure U.S. transactions with foreign countries, include merchandise trade, trade in services, the current-account balance, and capital transactions. The direct investment estimates cover estimates of U.S. direct investment abroad and foreign direct investment in the United States, income and other flows associated with these investments, and other aspects of the operations of multinational enterprises.

10.1 BEA Reports: International Reports (EBB, STAT-USA/FAX, Internet, news release). Reports (usually seven a year) with summary estimates of international transactions (quarterly); international investment position (annual); and related topics. Reports are available online through the EBB (see [entry 1.6](#)), by fax through STAT-USA/FAX (see [entry 1.7](#)), and on the Internet (see [entry 1.9](#)). Printed reports are mailed the day after estimates are released. (This set of reports is included in the four sets of *BEA Reports*; see [entry 1.4](#).) The printed international reports are available from BEA on a subscription basis: Accession No. 53-91-11-018, price \$14.00 per year.

U.S. international transactions

11.0 The international transactions accounts provide a detailed and comprehensive view of economic transactions between the United States and foreign countries. The accounts include estimates of merchandise exports and imports; travel, transportation, and other services; foreign aid; and private and official capital flows, including direct investment. (Information about direct investment and international services is provided in program [description 12.0](#).) Current estimates are reported in the January, April, July, and October issues of the SURVEY OF CURRENT BUSINESS. (Prior to 1996, the current estimates appeared in the March, June, September, and December issues; see the box on [page 92](#).) Estimates include detail for the current and capital accounts, classified by type of transaction and by area. Each July, estimates for the last 4 years are revised. Estimates of the international investment position of the United States appear in July. For further information, write to the Balance of Payments Division, BE-58, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-9545. For specific questions, the following telephone numbers may be used:

Current-account estimates	(202) 606-9573
Merchandise trade	-3384
Capital-account transactions	-9579
Government transactions	-9574

A recorded telephone message summarizing key estimates of U.S. international transactions is available at (202) 606-5362 (see [entry 1.3](#)).

NOTE.—Monthly estimates of U.S. international trade in goods and services are released jointly by the Bureau of the Census and BEA. For information on goods, contact the Bureau of the Census at (301) 457-2311; for information on services, contact BEA at (202) 606-9545. For information about the availability of the news releases, contact the Bureau of the Census at (301) 457-4100.

11.1 U.S. Merchandise Trade Data (printout, diskette). Seasonally adjusted and unadjusted exports and imports for the end-use categories used by BEA to derive trade totals on a Census Bureau basis. Series begin in 1978. Updated monthly or quarterly. Available from BEA on a subscription basis:

U.S. Merchandise Trade Data, Monthly.

Printout—Accession No. 58-86-21-201, price \$100.00 per year.

Diskette (5¼")—Accession No. 58-86-41-401, price \$200.00 per year.

U.S. Merchandise Trade Data, Quarterly. Also includes, on a balance of payments basis, exports of agricultural products, nonagricultural products, and

nonmonetary gold and imports of petroleum and products, nonpetroleum products, and nonmonetary gold.

Printout—Accession No. 58-86-21-202, price \$40.00 per year.

Diskette (5¼")—Accession No. 58-86-41-402, price \$80.00 per year.

11.2 U.S. Merchandise Trade: Exports and Imports by End-Use Category, Monthly (printout). Monthly end-use detail (not seasonally adjusted) on a Census Bureau basis for exports and imports for 70 countries and areas. Series begin in 1978. Available by subscription from BEA:

U.S. Merchandise Exports, Monthly. Accession No. 58-86-20-001, price \$880.00 per year.

U.S. Merchandise Imports, Monthly. Accession No. 58-86-20-002, price \$880.00 per year.

11.3 U.S. Merchandise Trade: Exports and Imports by End-Use Category, Quarterly (printout). Quarterly end-use detail (not seasonally adjusted) on a Census Bureau basis for exports and imports for 70 countries and areas. Series begin in 1978. Available by subscription from BEA:

U.S. Merchandise Exports, Quarterly. Accession No. 58-86-20-003, price \$275.00 per year.

U.S. Merchandise Imports, Quarterly. Accession No. 58-86-20-004, price \$275.00 per year.

11.4 U.S. Merchandise Trade: Exports and Imports by End-Use Category, Annually (printout). Annual end-use detail on a Census Bureau basis for exports and imports for 70 countries and areas. Series begin in 1978. Available by subscription from BEA:

U.S. Merchandise Exports, Annually. Accession No. 58-86-20-005, price \$110.00.

U.S. Merchandise Imports, Annually. Accession No. 58-86-20-006, price \$110.00.

11.5 An Analysis of the Use of Time-Series Models to Improve Estimates of International Transactions (BEA Working Paper No. 7). An investigation to see whether the use of time-series models could improve the accuracy and decrease the bias of the initial estimates of international transactions data in both the national income and product accounts and the international transactions accounts. Currently, these estimates require a considerable degree of judgment in lieu of complete source data. (1993) Available from BEA: Accession No. 53-93-10-002, price \$5.00.

11.6 The Balance of Payments of the United States: Concepts, Data Sources, and Estimating Procedures (publication). Describes in detail the methodology used in constructing the U.S. balance of payments (U.S. international transactions) estimates and the international investment position of the United States. Explains underlying principles and describes the presentation of the estimates. Includes a comprehensive list of data sources. (1990) Available from NTIS: Accession No. PB 90-268715, price \$39.00.

NOTE.—The methodologies described in this paper are subject to periodic improvements that are typically introduced as part of the annual revisions of the international transactions accounts. These improvements are described in the SURVEY articles that cover the annual revisions, most recently in “[U.S. International Transactions, Revised Estimates for 1983-94](#),” SURVEY 75 (June 1995): 69-75.

11.7 Current and Historical Data for U.S. International Transactions (diskettes). In March, September, and December, a current-period diskette with data for the most recent 1-2 years will be available 3 working days after the U.S. international transactions news release. In June, a current-period diskette with data for the most recent 3 years will be available 5-6 working days after the news release. In late June, a historical data diskette will be available; this diskette will include data that begin with

International Economics— Continued

the earliest period available for individual tables and that end with the fourth quarter of the previous year. (1995) For order information, call (202) 606-9545. Available as follows:

Subscription—Accession No. 58-94-41-001, price \$80.00 per year.

Current-period diskette—Accession No. 58-94-40-001, price \$20.00.

Historical diskette—Accession No. 58-94-40-002, price \$20.00.

11.8 U.S. International Sales and Purchases of Private Services (diskette). The diskette contains data on cross-border transactions for 1986-94 and on sales by majority-owned affiliates for 1989-93. The estimates cover transactions by type of service, by area, and by industry. Available from BEA: Accession No. 58-93-40-501, price \$20.00.

Direct investment and international services

12.0 BEA conducts quarterly, annual, and benchmark surveys of U.S. direct investment abroad and of foreign direct investment in the United States. The information collected relates to the direct investment position and flows of capital, income, royalties and license fees, and other service charges between parent companies and affiliates; the financial structure and operations of U.S. parent companies and their foreign affiliates; the financial structure and operations of U.S. affiliates of foreign companies; and U.S. business enterprises acquired or established by foreign direct investors.

Summary information on the quarterly and annual surveys usually appears in the SURVEY OF CURRENT BUSINESS on the following schedule.

Foreign direct investment in the United States:

- The position and balance of payments flows, in July, with additional detail in September. (Prior to 1996, these estimates were published in June and August, respectively. In 1993, the additional detail was published in July.)
- Operations of U.S. affiliates of foreign companies, in June (or subsequent months). (Prior to 1996, these estimates were published in May or subsequent months.)
- U.S. business enterprises acquired or established by foreign direct investors, in June. (Prior to 1996, these estimates were published in May.)

U.S. direct investment abroad:

- The position and balance of payments flows, in July, with additional detail in September. (Prior to 1996, these estimates were published in June and August, respectively. In 1993, the additional detail was published in July.)
- Operations of U.S. parent companies and their foreign affiliates, in July (or subsequent months). (Prior to 1996, these estimates were published in June or subsequent months.)

BEA's data on direct investment are collected and published at the enterprise (company) level. In 1992, highly detailed establishment (plant) level data on foreign direct investment in the United States, which complement BEA's enterprise data, became available for the first time as a result of a joint project between BEA and the Bureau of the Census. A volume containing data for 1987 on the number, employment, payroll, and shipments or sales of foreign-owned U.S. establishments was published in June 1992 (see [entry 12.4](#)), and an article analyzing the data appeared in the October 1992 SURVEY OF CURRENT BUSINESS. Expanded information for 1988-91 for manufacturing establishments, including most of the items covered by the Census Bureau's annual survey of manufactures, was subsequently published. Articles in the January 1994 and March 1996 issues of the SURVEY analyzed the results.

The information BEA provides on U.S. international sales and purchases of services covers cross-border (balance of payments) services transactions, sales of services abroad by nonbank majority-owned foreign affiliates of U.S. companies, and sales of services in the United States by nonbank majority-owned U.S. affiliates of foreign companies. The information on cross-border services transactions is derived from a variety of sources, including BEA surveys, surveys by other Government agencies, and non-Government sources. The information on sales of services by affiliates is obtained from BEA's benchmark and annual direct investment surveys. From 1990 to 1995, the data on international services were published in a detailed and unified format in the September issue of the SURVEY. Beginning with 1996, these data will appear in the October issue of the SURVEY.

For further information on direct investment and international services, write to the International Investment Division, BE-50, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606-9800. For specific questions, the following telephone numbers may be used:

Foreign direct investment in the United States	(202) 606-9804
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Establishment-level data on foreign direct investment in the United States	-9898
U.S. direct investment abroad	-9867
Operations of U.S. parent companies and their foreign affiliates	-9867
International services	-9804

12.1 Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies (publication, diskette). The most detailed results of BEA's annual survey of foreign direct investment in the United States (only summary information appears in articles in the SURVEY OF CURRENT BUSINESS). Contains information on the financial structure and operations of nonbank U.S. affiliates of foreign direct investors. Data are classified by industry of U.S. affiliate, by country and industry of ultimate beneficial owner, and for selected data, by industry of sales and by State. Estimates from annual surveys are first released on a preliminary basis; revised estimates are released 1 year later. Available as follows:

Foreign direct investment in the United States

Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies, Preliminary 1993 Estimates. (1995)

Publication—Available from GPO: Stock No. 003-010-00255-7, price \$6.50.

Diskette (3½" HD)—Available from BEA: Accession No. 50-95-40-402, price \$20.00.

Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies, Revised 1991 Estimates. (1994)

Publication—Available from BEA: Accession No. 50-94-10-101, price \$6.00.

Diskette (3½" HD)—Available from BEA: Accession No. 50-94-40-401, price \$20.00.

Foreign Direct Investment in the United States: Operations of U.S. Affiliates of Foreign Companies, Revised 1990 Estimates. (1993)

Publication—Available from NTIS: Accession No. PB 93-216224, price \$19.50.

Diskette (3½" HD)—Available from BEA: Accession No. 50-93-40-401, price \$20.00.

NOTE.—For 1992, a benchmark survey was conducted instead of an annual survey (see entry 12.2).

12.2 Foreign Direct Investment in the United States, Benchmark Survey Results (publication, diskette). The results of BEA's benchmark survey of foreign direct investment in the United States. Benchmark surveys are BEA's most comprehensive surveys,

International Economics— Continued

both in terms of companies covered and information gathered. Contains information on the financial structure and operations of the U.S. affiliates of foreign direct investors. Data are classified by industry of U.S. affiliate, by country and industry of foreign parent or ultimate beneficial owner, and, for selected data, by industry of sales and by State. Results from benchmark surveys are first released on a preliminary basis; final results are released 1 year later.

Foreign Direct Investment in the United States, 1992 Benchmark Survey, Final Results. (1995)

Publication—Available from GPO: Stock No. 003-010-00259-0, price \$20.00.

Diskette (3½" HD)—Available from BEA: Accession No. 50-95-40-401, price \$20.00.

Foreign Direct Investment in the United States, 1987 Benchmark Survey, Final Results. (1990)

Publication—Available from NTIS: Accession No. PB 91-108316, price \$48.00

Diskette (3½" HD)—Available from BEA: Accession No. 50-90-40-401, price \$20.00.

12.3 Foreign Direct Investment in the United States: Establishment Data for Manufacturing (publication, diskette). Presents detailed annual data for 1988-91 on the manufacturing establishments of U.S. affiliates of foreign companies. The data were obtained by linking BEA enterprise, or company, data on foreign direct investment in the United States with Census Bureau establishment, or plant, data for all U.S. companies. Data for the foreign-owned manufacturing establishments were extracted from the Census Bureau's annual survey of manufactures (ASM) and cover most of the ASM items, including value added, shipments, employment, total employee compensation, employee benefits, hourly wage rates of production workers, cost of materials and energy used, inventories by stage of fabrication, and expenditures for new plant and equipment. The data are presented by detailed manufacturing industry (they are classified into the 459 Standard Industrial Classification four-digit industries), by country of the ultimate beneficial owner of the establishment, and by State. Available as follows:

Foreign Direct Investment in the United States: Establishment Data for Manufacturing, 1991. (1994)

Publication—Available from GPO: Stock No. 003-010-00250-6, price \$14.00.

Diskette (3½" HD)—Available from BEA: Accession No. 50-94-40-791, price \$20.00.

Foreign Direct Investment in the United States: Establishment Data for Manufacturing, 1990. (1993)

Publication—Available from BEA: Accession No. 50-93-10-790, price \$14.00.

Diskette (3½" HD)—Available from BEA: Accession No. 50-93-40-790, price \$20.00.

Foreign Direct Investment in the United States: Establishment Data for Manufacturing, 1989. (1993)

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Foreign Direct Investment in the United States: Establishment Data for Manufacturing, 1988. (1994)

Publication—Available from BEA: Accession No. 50-94-10-788, price \$13.00.

Diskette (3½" HD)—Available from BEA: Accession No. 50-94-40-788, price \$20.00.

12.4 Foreign Direct Investment in the United States: Establishment Data for 1987 (publication, diskette). Presents detailed results from linking BEA's data for

foreign-owned U.S. business enterprises to the Census Bureau's data for the establishments (or plants) of those enterprises. Detailed estimates of the number, employment, payroll, and shipments or sales of foreign-owned U.S. establishments and, for comparative purposes, of all U.S. establishments are presented. Data are classified by detailed industry (four-digit SIC), by country of the ultimate beneficial owner of the investment, and by State. (1992) Available as follows:

Publication—Available from BEA: Accession No. 50-92-10-777, price \$36.00.

Diskette (3½" HD)—Available from BEA: Accession No. 50-92-40-777, price \$20.00.

12.5 Foreign Direct Investment in the United States: Balance of Payments and Direct Investment Position Estimates, 1980-86 (publication). Contains estimates of the foreign direct investment position in the United States and balance of payments transactions between foreign parent groups and their U.S. affiliates for 1980-86. Includes estimates by country of foreign parent and industry of U.S. affiliate. Note that the data in this publication do not incorporate methodological changes made in June 1992 to the data for 1982 forward. (1990) Available from BEA: Accession No. 50-90-10-109, price \$5.00.

12.6 Foreign Direct Investment in the United States: Direct Investment Position and Related Capital and Income Flows (printed tables, diskette). Annual estimates of the foreign direct investment position in the United States and selected capital and income flows between U.S. affiliates and their foreign parent companies. In June 1992, a number of methodological changes were made to the data on capital and income flows for 1982 forward. To the extent they could be carried to the detailed country and industry level presented, these changes have been incorporated in this item. Available from BEA:

1987-94:

Printed tables—Accession No. 50-96-20-606, price \$10.00 for each year.

Diskettes (3½" HD)—Accession No. 50-95-40-606, price \$20.00.

1980-86:

Diskettes (3½" HD)—Accession No. 50-91-40-605, price \$20.00.

12.7 U.S. Business Enterprises Acquired or Established by Foreign Direct Investors, Supplementary Tables (printed tables, diskette). The results of BEA's survey of new foreign direct investments in the United States. Summary tables appeared in the May 1995 SURVEY OF CURRENT BUSINESS article. This set of supplementary tables contains additional detail for 1992-94 on the number of investments and investors, investment outlays, and selected operating data of the U.S. business enterprises acquired or established. (1995) Comparable tables for 1980-86 are also available. Available from BEA:

Printed tables:

1992-94—Accession No. 50-95-20-105, price \$10.00.

1987-91—Accession No. 50-95-20-106, price \$18.00.

1980-86—Accession No. 50-89-20-106, price \$18.00.

Diskettes (3½" HD):

1992-94—Accession No. 50-95-40-405, price \$20.00.

1980-91—Accession No. 50-96-40-406, price \$20.00.

12.8 A Guide to BEA Statistics on Foreign Direct Investment in the United States (reprint). Explains the types of data on foreign direct investment in the United States that are collected and published by BEA and clarifies the differences between those data sets. This article appeared in the February 1990 SURVEY OF CURRENT BUSINESS. (1990) Available upon request from the International Investment Division.

U.S. direct investment abroad

12.9 U.S. Direct Investment Abroad: Operations of U.S. Parent Companies and Their Foreign Affiliates (publication, diskette). The most detailed results of BEA's annual survey of the worldwide operations of U.S. multinational companies (only summary information appears in the *SURVEY OF CURRENT BUSINESS*). Contains information on the financial structure and operations of both U.S. parent companies and their foreign affiliates. Data are classified by country and industry of foreign affiliate and by industry of U.S. parent. Estimates from annual surveys are first released on a preliminary basis; revised estimates are released 1 year later. Available as follows:

U.S. Direct Investment Abroad: Operations of U.S. Parent Companies and Their Foreign Affiliates, Preliminary 1993 Estimates. (1995)

Publication—Available from GPO: Stock No. 003-010-00254-9, price \$6.50.

Diskette (3½" HD)—Available from BEA: Accession No. 50-95-40-404, price \$20.00.

U.S. Direct Investment Abroad: Operations of U.S. Parent Companies and Their Foreign Affiliates, Revised 1992 Estimates. (1995)

Publication—Available from GPO: Stock No. 003-010-00253-1, price \$6.50.

Diskette (3½" HD)—Available from BEA: Accession No. 50-95-40-403, price \$20.00.

U.S. Direct Investment Abroad: Operations of U.S. Parent Companies and Their Foreign Affiliates, Revised 1991 Estimates. (1994)

Publication—Available from NTIS: Accession No. PB 94-196425, price \$19.50.

Diskette (3½" HD)—Available from BEA: Accession No. 50-94-40-403, price \$20.00.

12.10 U.S. Direct Investment Abroad: 1989 Benchmark Survey, Final Results (publication, diskette). Final results of BEA's 1989 benchmark survey of U.S. direct investment abroad. Benchmark surveys are BEA's most comprehensive surveys, both in terms of companies covered and information gathered. Presents a detailed account of U.S. direct investment abroad in 1989, including data on balance sheets; income statements; employment; employee compensation; U.S. merchandise trade; sales of goods and services; research and development expenditures; property, plant, and equipment; and taxes. Data are classified by country and industry of affiliate and industry of U.S. parent. (1992) Available as follows:

Publication—Available from NTIS: Accession No. PB 93-127702, price \$57.00.

Diskette—Available from BEA: Accession No. 50-92-40-403, price \$20.00.

12.11 U.S. Direct Investment Abroad: Balance of Payments and Direct Investment Position Estimates, 1982-88 (publication). Contains estimates of the U.S. direct investment position abroad and balance of payments transactions between U.S. parent companies and their foreign affiliates for 1982-88. The data are presented by country and industry of affiliate. (1995) Available from GPO: Stock No. 003-010-00258-1, price \$6.50.

12.12 U.S. Direct Investment Abroad: Direct Investment Position and Related Capital and Income Flows (printed tables, diskette). (These data, together with additional data, are also available on diskette (see [entry 11.8](#).) Annual estimates of the U.S. direct investment position abroad and selected capital and income flows between U.S. parent companies and their foreign affiliates. Available from BEA:

1989-94:


Printed tables—Accession No. 50-96-20-577, price \$10.00 for each year.

1982-94:

Diskette (3½" HD)—Accession No. 50-95-40-577, price \$20.00.

12.13 A Guide to BEA Statistics on U.S. Multinational Companies (reprint). Explains the types of data on U.S. multinational companies that are collected and published by BEA and clarifies the differences between those data sets. This article

appeared in the March 1995 SURVEY OF CURRENT BUSINESS. (1995) Available upon request from the International Investment Division.

12.14 **U.S. International Sales and Purchases of Services** (reprint). Presents information on services in a detailed and unified format. Includes data on cross-border transactions in services (for 1991–94) and on sales of services by majority-owned foreign affiliates of U.S. companies and by majority-owned U.S. affiliates of foreign companies (for 1992–93). (These data, together with additional data, are also available on diskette (see [entry 11.8](#).) This article appeared in the September 1995 SURVEY OF CURRENT BUSINESS; data are updated annually. (1995) (Beginning with 1996, the article will appear in the October issue of the SURVEY.) Available upon request from the International Investment Division. 

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