

The U.S. Net International Investment Position at the End of the Second Quarter of 2015

By Kyle L. Westmoreland

THE U.S. NET international investment position—the value of the accumulated stock of U.S. assets less the value of the accumulated stock of U.S. liabilities—was $-\$6,688.3$ billion (preliminary) at the end of the second quarter of 2015 (chart 1).¹ The U.S.

1. For comprehensive statistics on the international investment position, including annual statistics beginning with 1976 and quarterly statistics beginning with the fourth quarter of 2005, see BEA's [interactive tables](#).

Chart 1. U.S. Net International Investment Position, 2007:IV–2015:II



net international investment position increased $\$113.1$ billion from the end of the first quarter to the end of the second quarter, reflecting an $\$892.4$ billion decrease in the value of U.S. liabilities that exceeded a $\$779.3$ billion decrease in the value of U.S. assets. The negative net international investment position represents a U.S. net liability to the rest of the world. At the end of the first quarter of 2015, the net investment position was $-\$6,801.4$ billion (revised).

Highlights

- The $\$113.1$ billion increase in the net investment position reflected net other changes in position of $\$168.2$ billion that were partly offset by net financial transactions of $-\$55.1$ billion (table A).² Other changes in position include price changes, exchange-rate changes, and other changes in volume and valuation.³

2. For the statistics on financial transactions, see the financial account in [table 1.2](#) of the U.S. international transactions accounts. Quarterly financial transactions presented in this article are not seasonally adjusted. Detail on other changes in position such as price changes, exchange-rate changes, and other changes in volume and valuation is only presented for annual statistics in the June news release each year.

3. For information on the valuation of U.S. assets and liabilities and a description of the estimation methods, see “[International Investment Position Accounts](#)” in *International Economic Accounts: Concepts and Methods*.

Table A. Change in the U.S. Net International Investment Position

[Billions of dollars, not seasonally adjusted]

	Position, 2015:I	Change in position in 2015:II			Position, 2015:II
		Total	Attributable to:		
			Financial-account transactions	Other changes in position	
U.S. net international investment position	-6,801.4	113.1	-55.1	168.2	-6,688.3
Net international investment position excluding financial derivatives.....	-6,880.2	155.7	-56.9	212.6	-6,724.4
Financial derivatives other than reserves, net.....	78.7	-42.6	1.8	-44.4	36.1
U.S. assets	25,317.0	-779.3	(¹)	(¹)	24,537.7
Assets excluding financial derivatives.....	21,940.7	135.5	144.9	-9.4	22,076.2
Financial derivatives other than reserves, gross positive fair value.....	3,376.4	-914.9	(¹)	(¹)	2,461.5
U.S. liabilities	32,118.5	-892.4	(¹)	(¹)	31,226.0
Liabilities excluding financial derivatives.....	28,820.8	-20.2	201.7	-221.9	28,800.6
Financial derivatives other than reserves, gross negative fair value.....	3,297.6	-872.2	(¹)	(¹)	2,425.4

1. Financial transactions and other changes in financial derivatives positions are available only on a net basis; they are not separately available for gross positive fair values and gross negative fair values of financial derivatives.

- U.S. assets decreased \$779.3 billion and U.S. liabilities decreased \$892.4 billion, mostly as a result of decreases in the value of financial derivatives.⁴
- U.S. assets excluding financial derivatives increased \$135.5 billion, reflecting financial transactions of \$144.9 billion that were partly offset by other changes in position of $-\$9.4$ billion.
- U.S. liabilities excluding financial derivatives decreased \$20.2 billion, reflecting other changes in position of $-\$221.9$ billion that were mostly offset by financial transactions of \$201.7 billion.

The increase in the net investment position reflected the effects of price decreases for U.S. assets and liabilities and the appreciation of most major foreign currencies against the U.S. dollar. The net investment position increased 1.7 percent in the second quarter, compared with an increase of 3.1 percent in the first quarter and an average quarterly decrease of 7.3 percent from the first quarter of 2011 through the fourth

4. A derivatives contract with a positive fair value represents the amount that a foreign resident would have to pay to a U.S. counterparty if the contract were terminated or settled. A contract with a negative fair value represents the amount that a U.S. resident would have to pay to a foreign counterparty if the contract were terminated or settled. The gross positive (negative) fair value is the sum of all contracts with positive (negative) fair values. Fair values differ from notional values, which are the underlying amounts used to calculate payments on contracts.

Market Value: The Featured Measure of Direct Investment Positions in the International Investment Position

Investment positions for direct investment are valued at current-period prices based on a revaluation of book values reported on BEA's direct investment surveys. Direct investment at market value became BEA's featured measure of direct investment at current-period prices with the June 2014 comprehensive restructuring of the international economic accounts.¹ The market-value measure values owners' equity at current-period prices using indexes of stock market prices.² Direct investment positions at market value are presented on an asset/liability basis according to whether the positions are assets or liabilities. Assets include U.S. parent and U.S. affiliate claims, and liabilities include U.S. affiliate and U.S. parent liabilities.

1. BEA also publishes direct investment at current cost and at historical cost. Direct investment at current cost is an alternative current-price measure that values the U.S. and foreign parent shares of their affiliates' investment in (1) plant and equipment using the current cost of capital equipment, (2) land using general price indexes, and (3) inventories using estimates of their replacement cost (table 2.1). Direct investment at historical cost, including country and industry detail, is discussed in "Direct Investment Positions for 2014: Country and Industry Detail" in the July 2015 SURVEY OF CURRENT BUSINESS.

2. For additional information on the market-value and current-cost methods, see "Valuation of the U.S. Net International Investment Position," SURVEY 71 (May 1991): 40–49.

quarter of 2014. The net investment position was equal to 3.2 percent of the value of all U.S. financial assets at the end of the second quarter, down from 3.3 percent at the end of the first quarter.⁵

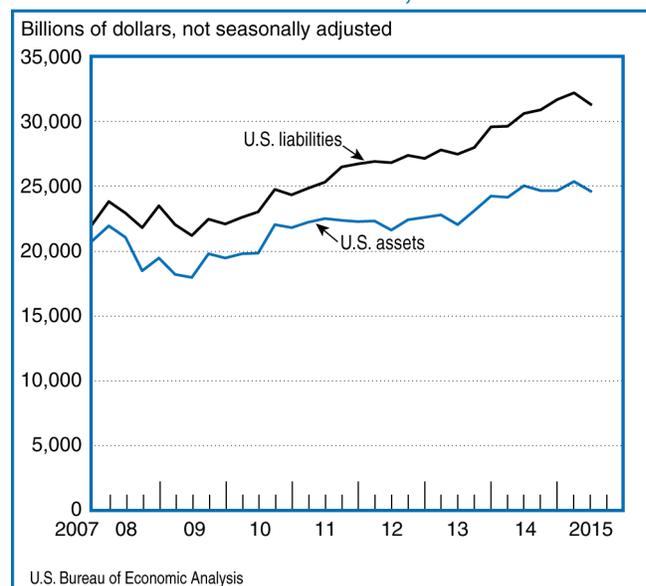
U.S. assets. U.S. assets were \$24,537.7 billion at the end of the second quarter, compared with \$25,317.0 billion at the end of the first quarter (chart 2). The \$779.3 billion decrease reflected a \$914.9 billion decrease in the value of financial derivatives that was partly offset by a \$135.5 billion increase in the value of assets excluding financial derivatives.

U.S. assets excluding financial derivatives were \$22,076.2 billion at the end of the second quarter, compared with \$21,940.7 billion at the end of the first quarter. The \$135.5 billion increase reflected a \$144.9 billion increase resulting from financial transactions that was partly offset by a \$9.4 billion decrease resulting from other changes in position (table A). Other changes in position reflected the decrease in foreign equity and bond prices that lowered the value of U.S. direct investment and portfolio investment assets. Decreases in foreign equity and bond prices were mostly offset by the appreciation of major foreign currencies against the U.S. dollar that raised the value of U.S. assets in dollar terms.⁶

5. Board of Governors of the Federal Reserve System (FRS), *Financial Accounts of the United States, Second Quarter 2015*, Z.1. Statistical Release (Washington, DC: FRS, September 18, 2015). According to the September release, the value of all U.S. financial assets was \$206,473.5 billion at the end of the second quarter. The value of U.S. assets abroad was \$24,537.7 billion, or 11.9 percent of all U.S. assets, down from 12.3 percent at the end of the first quarter.

6. According to the Federal Reserve Board's major currencies index, foreign currencies appreciated 2.4 percent against the U.S. dollar from the end of the first quarter of 2015 to the end of the second quarter. The major currencies index is a weighted average of the foreign exchange values of the U.S. dollar against a subset of the broad index currencies that circulate widely outside the country of issue. See FRS, "Nominal Major Currencies Dollar Index" in "Foreign Exchange Rates—H.10" (weekly release of daily data).

Chart 2. U.S. Assets and Liabilities, 2007:IV–2015:II



U.S. liabilities. U.S. liabilities were \$31,226.0 billion at the end of the second quarter, compared with \$32,118.5 billion at the end of the first quarter (chart 2). The \$892.4 billion decrease reflected an \$872.2 billion decrease in the value of financial derivatives and a \$20.2 billion decrease in the value of liabilities excluding financial derivatives.

U.S. liabilities excluding financial derivatives were \$28,800.6 billion at the end of the second quarter, compared with \$28,820.8 billion at the end of the first quarter. The \$20.2 billion decrease reflected a \$221.9 billion decrease resulting from other changes in position that was mostly offset by a \$201.7 billion increase resulting from financial transactions. Other changes in position were mostly attributable to decreases in U.S. bond prices that lowered the value of U.S. portfolio investment liabilities. These decreases were slightly offset by increases in the value of U.S. liabilities denominated

in foreign currencies as the U.S. dollar weakened in the second quarter.

Revisions

The U.S. net international investment position at the end of the first quarter of 2015 was revised to -\$6,801.4 billion from the previously published value of -\$6,794.0 billion. The \$7.4 billion downward revision to the net position reflected a \$7.3 billion downward revision to U.S. assets and a \$0.1 billion upward revision to U.S. liabilities.

U.S. assets at the end of the first quarter were revised to \$25,317.0 billion from \$25,324.4 billion; U.S. liabilities were revised to \$32,118.5 billion from \$32,118.3 billion. These revisions reflect revised source data from the Treasury International Capital reporting system and from BEA's quarterly surveys of direct investment.

Table 1 follows.

Table 1. U.S. Net International Investment Position at the End of the Period

[Millions of dollars, not seasonally adjusted]

Line	Type of investment	2014				2015		Change: 2015:I to 2015:II
		I	II	III	IV	I ^p	II ^p	
1	U.S. net international investment position (line 4 less line 35)	-5,483,360	-5,518,617	-6,204,917	-7,019,699	-6,801,407	-6,688,315	113,092
2	Net international investment position excluding financial derivatives (line 5 less line 36)	-5,552,781	-5,551,951	-6,259,130	-7,093,546	-6,880,155	-6,724,425	155,730
3	Financial derivatives other than reserves, net (line 6 less line 37)	69,421	33,334	54,213	73,847	78,748	36,110	-42,638
4	U.S. assets	24,080,862	24,987,306	24,596,646	24,595,547	25,317,044	24,537,696	-779,348
5	Assets excluding financial derivatives (sum of lines 7, 10, 21, and 26)	21,425,380	22,280,432	21,798,389	21,371,012	21,940,659	22,076,171	135,512
6	Financial derivatives other than reserves, gross positive fair value (line 15)	2,655,482	2,706,874	2,798,257	3,224,535	3,376,385	2,461,525	-914,860
	By functional category:							
7	Direct investment at market value	7,183,037	7,480,688	7,231,870	7,124,034	7,250,999	7,298,353	47,354
8	Equity	6,119,909	6,413,204	6,155,625	6,052,002	6,177,395	6,201,828	24,433
9	Debt instruments	1,063,128	1,067,484	1,076,245	1,072,032	1,073,604	1,096,525	22,921
10	Portfolio investment	9,400,599	9,997,286	9,710,959	9,572,539	10,033,728	10,198,480	164,752
11	Equity and investment fund shares	6,627,771	7,061,208	6,803,745	6,719,690	7,117,995	7,285,739	167,744
12	Debt securities	2,772,828	2,936,078	2,907,214	2,852,849	2,915,733	2,912,741	-2,992
13	Short term	432,776	479,151	471,292	450,171	476,275	520,317	44,042
14	Long term	2,340,052	2,456,927	2,435,922	2,402,678	2,439,458	2,392,424	-47,034
15	Financial derivatives other than reserves, gross positive fair value	2,655,482	2,706,874	2,798,257	3,224,535	3,376,385	2,461,525	-914,860
16	Over-the-counter contracts	2,619,651	2,672,455	2,754,530	3,156,595	3,310,198	2,409,740	-900,458
17	Single-currency interest rate contracts	2,074,736	2,190,627	2,103,959	2,453,622	2,581,182	1,850,457	-730,725
18	Foreign exchange contracts	271,949	229,408	412,361	425,534	480,916	352,314	-128,602
19	Other contracts	272,966	252,420	238,210	277,439	248,100	206,969	-41,131
20	Exchange-traded contracts	35,831	34,419	43,727	67,940	66,187	51,785	-14,402
21	Other investment	4,370,859	4,324,592	4,411,573	4,240,188	4,237,447	4,163,467	-73,486
22	Currency and deposits	1,937,231	1,914,809	1,933,219	1,785,396	1,773,381	1,766,473	-6,908
23	Loans	2,387,772	2,361,214	2,431,782	2,408,601	2,420,072	2,352,810	-67,262
24	Insurance technical reserves	n.a.						
25	Trade credit and advances	45,856	48,569	46,572	46,191	43,994	44,678	684
26	Reserve assets	470,884	477,865	443,987	434,251	418,485	415,377	-3,108
27	Monetary gold	337,791	343,871	318,113	315,368	310,399	306,215	-4,184
28	Special drawing rights	55,394	55,411	53,148	51,941	49,459	50,425	966
29	Reserve position in the International Monetary Fund	29,820	30,535	28,358	25,164	19,783	19,236	-547
30	Other reserve assets	47,879	48,048	44,368	41,778	38,844	39,501	657
31	Currency and deposits	20,930	24,777	22,143	19,003	17,440	17,818	378
32	Securities	21,727	21,866	22,225	22,775	21,404	21,683	279
33	Financial derivatives							
34	Other claims	5,222	1,405	0	0	0	0	0
35	U.S. liabilities	29,564,222	30,505,923	30,801,563	31,615,246	32,118,451	31,226,011	-892,440
36	Liabilities excluding financial derivatives (sum of lines 38, 41, and 56)	26,978,161	27,832,383	28,057,519	28,464,558	28,820,814	28,800,596	-20,218
37	Financial derivatives other than reserves, gross negative fair value (line 50)	2,586,061	2,673,540	2,744,044	3,150,688	3,297,637	2,425,415	-872,222
	By functional category:							
38	Direct investment at market value	5,683,630	5,934,993	6,023,492	6,228,795	6,391,903	6,434,435	42,532
39	Equity	4,370,632	4,603,276	4,639,198	4,839,384	4,977,559	4,978,289	730
40	Debt instruments	1,312,998	1,331,717	1,384,294	1,389,411	1,414,344	1,456,146	41,802
41	Portfolio investment	15,938,103	16,423,330	16,570,603	16,917,146	17,084,559	17,162,433	77,874
42	Equity and investment fund shares	6,051,072	6,352,073	6,450,520	6,665,202	6,726,984	6,686,720	-40,264
43	Debt securities	9,887,031	10,071,257	10,120,083	10,251,944	10,357,575	10,475,713	118,138
44	Short term	904,573	879,623	870,771	912,548	947,868	942,028	-5,840
45	Treasury bills and certificates	689,327	627,612	614,053	671,636	702,044	700,529	-1,515
46	Other short-term securities	215,246	252,011	256,718	240,912	245,824	241,499	-4,325
47	Long term	8,982,458	9,191,634	9,249,312	9,339,396	9,409,707	9,533,685	123,978
48	Treasury bonds and notes	5,260,807	5,392,941	5,458,147	5,484,544	5,473,960	5,474,802	842
49	Other long-term securities	3,721,651	3,798,693	3,791,165	3,854,852	3,935,747	4,058,883	123,136
50	Financial derivatives other than reserves, gross negative fair value	2,586,061	2,673,540	2,744,044	3,150,688	3,297,637	2,425,415	-872,222
51	Over-the-counter contracts	2,552,846	2,639,871	2,700,424	3,086,341	3,233,504	2,371,983	-861,521
52	Single-currency interest rate contracts	2,014,778	2,132,641	2,049,218	2,401,469	2,524,808	1,801,950	-722,858
53	Foreign exchange contracts	271,154	256,370	415,208	414,670	465,105	364,757	-100,348
54	Other contracts	266,914	250,860	235,998	270,202	243,591	205,276	-38,315
55	Exchange-traded contracts	33,215	33,669	43,620	64,347	64,133	53,432	-10,701
56	Other investment	5,356,428	5,474,060	5,463,424	5,318,617	5,344,352	5,203,728	-140,624
57	Currency and deposits	2,795,225	2,899,696	2,931,024	2,837,615	2,840,808	2,845,664	4,856
58	Loans	2,344,616	2,352,664	2,317,634	2,266,948	2,289,945	2,138,643	-151,302
59	Insurance technical reserves	n.a.						
60	Trade credit and advances	162,002	167,107	162,407	162,887	164,882	169,752	4,870
61	Special drawing rights allocations	54,585	54,594	52,358	51,166	48,718	49,668	950

p Preliminary r Revised n.a. Not available
 Not applicable

NOTE: Details may not add to totals because of rounding.
 Source: U.S. Bureau of Economic Analysis