

The U.S. Net International Investment Position at the End of the Third 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 $-\$7,269.8$ billion (preliminary) at the end of the third quarter of 2015 (chart 1).¹ The U.S. net international investment position decreased $\$526.7$

billion from the end of the second quarter to the end of the third quarter, reflecting a $\$1,233.3$ billion decrease in the value of U.S. assets that exceeded a $\$706.6$ billion decrease in the value of U.S. liabilities. The negative net international investment position represents a U.S. net liability to the rest of the world. At the end of the second quarter of 2015, the net investment position was $-\$6,743.1$ billion (revised).

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:III



Highlights

- The $\$526.7$ billion decrease in the net investment position reflected net other changes in position of $-\$514.9$ billion and net financial transactions of $-\$11.8$ billion (table A).² Other changes in position include price changes, exchange-rate changes, and other changes in volume and valuation.³
- U.S. assets decreased $\$1,233.3$ billion and U.S. liabilities decreased $\$706.6$ billion, mostly as a result of decreases in the value of portfolio and direct investment assets and liabilities.
- U.S. assets excluding financial derivatives decreased $\$1,496.6$ billion, reflecting other changes in position

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:II	Change in position in 2015:III			Position, 2015:III
		Total	Attributable to:		
			Financial-account transactions	Other changes in position	
U.S. net international investment position	-6,743.1	-526.7	-11.8	-514.9	-7,269.8
Net international investment position excluding financial derivatives.....	-6,791.7	-534.8	-12.5	-522.3	-7,326.5
Financial derivatives other than reserves, net.....	48.6	8.1	0.7	7.4	56.7
U.S. assets	24,545.2	-1,233.3	(¹)	(¹)	23,311.9
Assets excluding financial derivatives.....	22,087.3	-1,496.6	-77.3	-1,419.3	20,590.7
Financial derivatives other than reserves, gross positive fair value.....	2,457.9	263.3	(¹)	(¹)	2,721.3
U.S. liabilities	31,288.3	-706.6	(¹)	(¹)	30,581.8
Liabilities excluding financial derivatives.....	28,879.0	-961.8	-64.7	-897.1	27,917.1
Financial derivatives other than reserves, gross negative fair value.....	2,409.4	255.3	(¹)	(¹)	2,664.6

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.

of $-\$1,419.3$ billion and financial transactions of $-\$77.3$ billion.

- U.S. liabilities excluding financial derivatives decreased $\$961.8$ billion, reflecting other changes in position of $-\$891.1$ billion and financial transactions of $-\$64.7$ billion.

The decrease in the net investment position reflected equity price decreases for U.S. assets and liabilities and the depreciation of foreign currencies against the U.S. dollar. The net investment position decreased 7.8 percent in the third quarter, compared with an increase of 0.9 percent in the second quarter and an average quarterly decrease of 6.7 percent from the first quarter of 2011 through the first quarter of 2015. The net investment position was equal to 3.5 percent of the value of all U.S. financial assets at the end of the third quarter, up from 3.2 percent at the end of the second quarter.⁴

4. Board of Governors of the Federal Reserve System (FRS), *Financial Accounts of the United States, Third Quarter 2015, Z.1*. Statistical Release (Washington, DC: FRS, December 10, 2015). According to the December release, the value of all U.S. financial assets was $\$205,068.1$ billion at the end of the third quarter. The value of U.S. assets abroad was $\$23,311.9$ billion, or 11.4 percent of all U.S. financial assets, down from 11.8 percent at the end of the second quarter.

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.

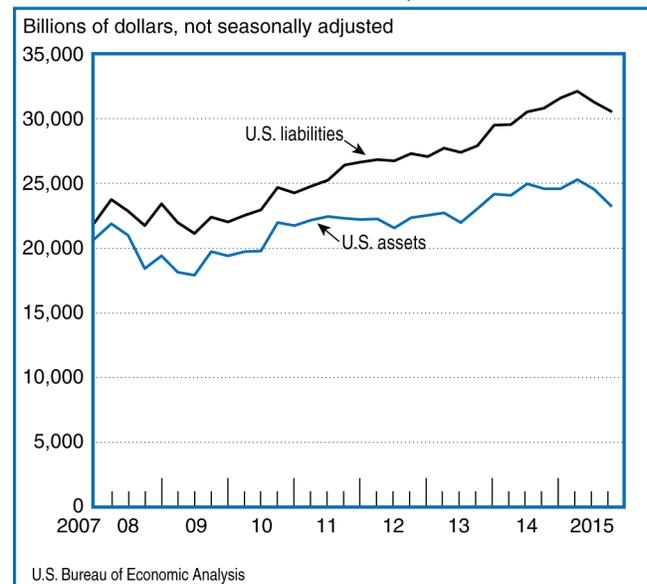
U.S. assets were $\$23,311.9$ billion at the end of the third quarter, compared with $\$24,545.2$ billion at the end of the second quarter (chart 2). The $\$1,233.3$ billion decrease reflected a $\$1,496.6$ billion decrease in the value of assets excluding financial derivatives that was partly offset by a $\$263.3$ billion increase in the value of financial derivatives.⁵

U.S. assets excluding financial derivatives were $\$20,590.7$ billion at the end of the third quarter, compared with $\$22,087.3$ billion at the end of the second quarter. The $\$1,496.6$ billion decrease reflected a $\$1,419.3$ billion decrease resulting from other changes in position and a $\$77.3$ billion decrease resulting from financial transactions (table A). Other changes in position mostly reflected decreases in foreign equity prices that lowered the value of U.S. direct investment and portfolio investment assets, and to a lesser extent, the depreciation of major foreign currencies against the U.S. dollar that lowered the value of U.S. assets in dollar terms.⁶

5. 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.

6. According to the Federal Reserve Board's major currencies index, foreign currencies depreciated 2.5 percent against the U.S. dollar from the end of the second quarter of 2015 to the end of the third 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:III



U.S. liabilities were \$30,581.8 billion at the end of the third quarter, compared with \$31,288.3 billion at the end of the second quarter (chart 2). The \$706.6 billion decrease reflected a \$961.8 billion decrease in the value of liabilities excluding financial derivatives that was partly offset by a \$255.3 billion increase in the value of financial derivatives.

U.S. liabilities excluding financial derivatives were \$27,917.1 billion at the end of the third quarter compared with \$28,879.0 billion at the end of the second quarter. The \$961.8 billion decrease reflected an \$897.1 billion decrease resulting from other changes in position and a \$64.7 billion decrease resulting from financial transactions. Other changes in position mostly reflected decreases in U.S. equity prices that lowered the value of U.S. direct investment and portfolio investment liabilities.

Revisions

The U.S. net international investment position at the end of the second quarter of 2015 was revised to -\$6,743.1 billion from the previously published value of -\$6,688.3 billion. The \$54.8 billion downward revision to the net position reflected a \$7.5 billion upward revision to U.S. assets and a \$62.3 billion upward revision to U.S. liabilities.

U.S. assets at the end of the second quarter were revised to \$24,545.2 billion from \$24,537.7 billion; U.S. liabilities were revised to \$31,288.3 billion from \$31,226.0 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:II to 2015:III
		I	II	III	IV	I	II ^r	III ^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	-6,743,114	-7,269,829	-526,715
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	-6,791,708	-7,326,481	-534,773
3	Financial derivatives other than reserves, net (line 6 less line 37).....	69,421	33,334	54,213	73,847	78,748	48,594	56,652	8,058
4	U.S. assets	24,080,862	24,987,306	24,596,646	24,595,547	25,317,044	24,545,202	23,311,922	-1,233,280
5	Assets excluding financial derivatives (sum of lines 7, 10, 21, and 26).....	21,425,380	22,260,432	21,798,389	21,371,012	21,940,659	22,087,258	20,590,663	-1,496,595
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	2,457,944	2,721,259	263,315
	By functional category:								
7	Direct investment at market value.....	7,183,037	7,480,688	7,231,870	7,124,034	7,250,999	7,304,895	6,695,189	-609,706
8	Equity.....	6,119,909	6,413,204	6,155,625	6,052,002	6,177,395	6,191,088	5,609,398	-581,690
9	Debt instruments.....	1,063,128	1,067,484	1,076,245	1,072,032	1,073,604	1,113,807	1,085,791	-28,016
10	Portfolio investment.....	9,400,599	9,997,286	9,710,959	9,572,539	10,033,728	10,204,632	9,376,875	-827,757
11	Equity and investment fund shares.....	6,627,771	7,061,208	6,803,745	6,719,690	7,117,995	7,285,866	6,534,436	-751,430
12	Debt securities.....	2,772,828	2,936,078	2,907,214	2,852,849	2,915,733	2,918,766	2,842,439	-76,327
13	Short term.....	432,776	479,151	471,292	450,171	476,275	520,000	528,891	8,891
14	Long term.....	2,340,052	2,456,927	2,435,922	2,402,678	2,439,458	2,398,765	2,313,548	-85,217
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	2,457,944	2,721,259	263,315
16	Over-the-counter contracts.....	2,619,651	2,672,455	2,754,530	3,156,595	3,310,198	2,404,699	2,663,894	259,195
17	Single-currency interest rate contracts.....	2,074,736	2,190,627	2,103,959	2,453,622	2,581,182	1,850,451	2,086,288	235,837
18	Foreign exchange contracts.....	271,949	229,408	412,361	425,534	480,916	347,279	363,964	16,685
19	Other contracts.....	272,966	252,420	238,210	277,439	248,100	206,969	213,642	6,673
20	Exchange-traded contracts.....	35,831	34,419	43,727	67,940	66,187	53,245	57,365	4,120
21	Other investment.....	4,370,859	4,324,592	4,411,573	4,240,188	4,237,447	4,162,354	4,118,247	-44,107
22	Currency and deposits.....	1,937,231	1,914,809	1,933,219	1,785,396	1,773,381	1,763,473	1,695,202	-68,271
23	Loans.....	2,387,727	2,361,214	2,431,782	2,408,601	2,420,072	2,354,203	2,377,655	23,452
24	Insurance technical reserves.....	n.a.							
25	Trade credit and advances.....	45,856	48,569	46,572	46,191	43,994	44,678	45,389	711
26	Reserve assets.....	470,884	477,865	443,987	434,251	418,485	415,377	400,352	-15,025
27	Monetary gold.....	337,791	343,871	318,113	315,368	310,399	306,215	291,310	-14,905
28	Special drawing rights.....	55,394	55,411	53,148	51,941	49,459	50,425	50,332	-93
29	Reserve position in the International Monetary Fund.....	29,820	30,535	28,358	25,164	19,783	19,236	18,891	-345
30	Other reserve assets.....	47,879	48,048	44,368	41,778	38,844	39,501	39,819	318
31	Currency and deposits.....	20,930	24,777	22,143	19,003	17,440	17,818	17,926	108
32	Securities.....	21,727	21,866	22,225	22,775	21,404	21,683	21,893	210
33	Financial derivatives.....								
34	Other claims.....	5,222	1,405	0	0	0	0	0	0
35	U.S. liabilities	29,564,222	30,505,923	30,801,563	31,615,246	32,118,451	31,288,316	30,581,750	-706,566
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	28,878,966	27,917,143	-961,823
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	2,409,350	2,664,607	255,257
	By functional category:								
38	Direct investment at market value.....	5,683,630	5,934,993	6,023,492	6,228,795	6,391,903	6,533,300	6,196,447	-336,853
39	Equity.....	4,370,632	4,603,276	4,639,198	4,839,384	4,977,559	4,977,389	4,637,544	-339,845
40	Debt instruments.....	1,312,998	1,331,717	1,384,294	1,389,411	1,414,344	1,555,911	1,558,903	2,992
41	Portfolio investment.....	15,938,103	16,423,330	16,570,603	16,917,146	17,084,559	17,141,387	16,494,673	-646,714
42	Equity and investment fund shares.....	6,051,072	6,352,073	6,450,520	6,665,202	6,726,984	6,688,768	6,115,854	-572,914
43	Debt securities.....	9,887,031	10,071,257	10,120,083	10,251,944	10,357,575	10,452,619	10,378,819	-73,800
44	Short term.....	904,573	879,623	870,771	912,548	947,868	942,068	889,515	-52,553
45	Treasury bills and certificates.....	689,327	627,612	614,053	671,636	702,044	700,569	665,842	-34,727
46	Other short-term securities.....	215,246	252,011	256,718	240,912	245,824	241,499	223,673	-17,826
47	Long term.....	8,982,458	9,191,634	9,249,312	9,339,396	9,409,707	9,510,551	9,489,304	-21,247
48	Treasury bonds and notes.....	5,260,807	5,392,941	5,458,147	5,484,544	5,473,960	5,474,368	5,437,413	-36,955
49	Other long-term securities.....	3,721,651	3,798,693	3,791,165	3,854,852	3,935,747	4,036,183	4,051,891	15,708
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	2,409,350	2,664,607	255,257
51	Over-the-counter contracts.....	2,552,846	2,639,871	2,700,424	3,086,341	3,233,504	2,354,697	2,604,301	249,604
52	Single-currency interest rate contracts.....	2,014,778	2,132,641	2,049,218	2,401,469	2,524,808	1,801,950	2,031,848	229,898
53	Foreign exchange contracts.....	271,154	256,370	415,208	414,670	465,105	347,471	364,043	16,572
54	Other contracts.....	266,914	250,860	235,998	270,202	243,591	205,276	208,410	3,134
55	Exchange-traded contracts.....	33,215	33,669	43,620	64,347	64,133	54,653	60,306	5,653
56	Other investment.....	5,356,428	5,474,060	5,463,424	5,318,617	5,344,352	5,204,279	5,226,023	21,744
57	Currency and deposits.....	2,795,225	2,899,696	2,931,024	2,837,615	2,840,808	2,837,372	2,844,446	7,074
58	Loans.....	2,344,616	2,352,664	2,317,634	2,266,948	2,289,945	2,147,486	2,155,513	8,027
59	Insurance technical reserves.....	n.a.							
60	Trade credit and advances.....	162,002	167,107	162,407	162,887	164,882	169,752	176,490	6,738
61	Special drawing rights allocations.....	54,585	54,594	52,358	51,166	48,718	49,668	49,574	-94

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