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U.S. Net International Investment Position: End of the Fourth Quarter and Year 2014

Fourth Quarter

The U.S. net international investment position at the end of the fourth quarter of 2014 was -$6,915.3 billion (preliminary) as the value of U.S. liabilities exceeded the value of U.S. assets (chart 1, table 1). At the end of the third quarter of 2014, the net position was -$6,129.4 billion (revised). The $785.8 billion decrease in the net position reflected an $861.9 billion increase in the value of U.S. liabilities that exceeded a $76.1 billion increase in the value of U.S. assets.

Notice About the 2015 Annual Revision of the U.S. Net International Investment Position

The annual revision of the U.S. net international investment position will be released along with preliminary estimates for the first quarter of 2015 on June 30, 2015. An article previewing the annual revisions will appear in the April 2015 issue of the Survey of Current Business.

NOTE: This news release is available on BEA’s Web site <www.bea.gov> along with Quarterly Highlights and Annual Highlights related to this release, the latest detailed statistics for the U.S. net international investment position, and a description of the estimation methods used to compile them. The fourth-quarter and year 2014 statistics in this release are preliminary and will be revised on June 30, 2015.

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The U.S. net international investment position decreased 12.8 percent in the fourth quarter, compared with a decrease of 11.9 percent in the third quarter and an average quarterly decrease of 6.5 percent from the first quarter of 2011 through the second quarter of 2014. The net position was equal to 3.4 percent of the value of all U.S. financial assets at the end of the fourth quarter, up from 3.1 percent at the end of the third quarter.1

The decrease in the net position reflected 1) the depreciation of major foreign currencies against the U.S. dollar that lowered the value of most U.S. assets and 2) the increase in U.S. equity prices that increased at a higher rate than foreign equity prices.

U.S. assets were $24,693.2 billion at the end of the fourth quarter compared with $24,617.2 billion at the end of the third quarter (chart 2). The $76.1 billion increase reflected a $464.4 billion increase in the value of financial derivatives that was partly offset by a $388.4 billion decrease in the value of assets excluding financial derivatives.

U.S. assets excluding financial derivatives were $21,430.5 billion at the end of the fourth quarter compared with $21,818.9 billion at the end of the third quarter. The $388.4 billion decrease reflected a $448.2 billion decrease resulting from other changes in position that was partly offset by a $59.8 billion increase resulting from financial transactions.2 Other changes in position were mostly attributable to the depreciation of major foreign currencies against the U.S. dollar that lowered the value of U.S. assets in dollar terms.3

U.S. liabilities were $31,608.5 billion at the end of the fourth quarter compared with $30,746.6 billion at the end of the third quarter (chart 2). The $861.9 billion increase reflected a $444.8 billion increase in the value of financial derivatives and a $417.1 billion increase in the value of liabilities excluding financial derivatives.

U.S. liabilities excluding financial derivatives were $28,419.6 billion at the end of the fourth quarter compared with $28,002.5 billion at the end of the third quarter. The $417.1 billion increase reflected a $54.1 billion increase resulting from financial transactions and a $363.0 billion increase resulting from other changes in position. Other changes in position were mostly attributable to increases in U.S. equity prices that raised the value of U.S. direct investment and portfolio investment liabilities. These increases were partly offset by decreases in the value of U.S. liabilities denominated in foreign currencies as the U.S. dollar strengthened in the fourth quarter.

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1 Board of Governors of the Federal Reserve System (FRS), “Table L.5 Total Liabilities and Its Relation to Total Financial Assets,” in Financial Accounts of the United States, Fourth Quarter 2014, Z.1. Statistical Release (Washington, DC: FRS, March 12, 2015):11. According to the March release, at the end of the fourth quarter, the value of all U.S. financial assets was $201,605.6 billion. The value of U.S. assets abroad was $24,693.2 billion, or 12.2 percent of all U.S. assets, down from 12.4 percent at the end of the third quarter and down from the 14.1 percent series peak at the end of the first quarter of 2008.

2 For 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 release 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 presented only for annual statistics in the June release each year.

3 According to the Federal Reserve Board’s major currencies index, foreign currencies depreciated 5 percent against the U.S. dollar from the end of the third quarter to the end of the fourth 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 Foreign Exchange Rates—H10 (weekly release of daily data), Nominal Major Currencies Index at www.federalreserve.gov.
Revisions

The U.S. net international investment position at the end of the third quarter of 2014 was revised to -$6,129.4 billion from the previously-published value of -$6,157.9 billion. The $28.5 billion upward revision to the net position reflected a $2.5 billion upward revision to U.S. assets and a $25.9 billion downward revision to U.S. liabilities.

U.S. assets at the end of the third quarter were revised to $24,617.2 billion from $24,614.6 billion; U.S. liabilities were revised to $30,746.6 billion from $30,772.5 billion. These revisions reflect revised source data from the Treasury International Capital (TIC) reporting system and from BEA’s quarterly surveys of direct investment.

Year 2014

The U.S. net international investment position was -$6,915.3 billion (preliminary) at the end of 2014 compared with -$5,383.0 billion at the end of 2013. The $1,532.3 billion decrease in the net position reflected a $2,515.6 billion increase in the value of U.S. liabilities that exceeded a $983.4 billion increase in the value of U.S. assets. The U.S. net international investment position decreased 28.5 percent from the end of 2013 to the end of 2014, compared with a 17.6 percent decrease from the end of 2012 to the end of 2013.

The decrease in the net position reflected 1) the depreciation of major foreign currencies against the U.S. dollar that lowered the value of most U.S. assets and 2) the increase in U.S. equity prices that increased at a higher rate than foreign equity prices.

U.S. assets were $24,693.2 billion at the end of 2014 compared with $23,709.8 billion at the end of 2013. The $983.4 billion increase reflected a $540.5 billion increase in the value of assets excluding financial derivatives and a $442.8 billion increase in the value of financial derivatives.

U.S. assets excluding financial derivatives were $21,430.5 billion at the end of 2014 compared with $20,890.0 billion at the end of 2013. The $540.5 billion increase reflected an $820.5 billion increase resulting from financial transactions that was partly offset by a $280.0 billion decrease resulting from other changes in position. Other changes in position were mostly attributable to the depreciation of major foreign currencies against the U.S. dollar that was partly offset by increases in foreign stock and bond prices.

U.S. liabilities were $31,608.5 billion at the end of 2014 compared with $29,092.8 billion at the end of 2013. The $2,515.6 billion increase reflected a $2,073.1 billion increase in the value of liabilities excluding financial derivatives and a $442.5 billion increase in the value of financial derivatives.

U.S. liabilities excluding financial derivatives were $28,419.6 billion at the end of 2014 compared with $26,346.6 billion at the end of 2013. The $2,073.1 billion increase reflected a $1,164.5 billion increase resulting from other changes in position and a $908.6 billion increase resulting from financial transactions. Other changes in position were mostly attributable to increases in U.S. equity prices that raised the value of direct investment and portfolio investment liabilities, and to a lesser extent, increases in U.S. Treasury bond prices. Partly offsetting these increases were decreases in the value of U.S. liabilities denominated in foreign currencies as the U.S. dollar strengthened in 2014.
Release dates in 2015:

End of the Fourth Quarter and Year 2014..........................March 31, 2015 (Tuesday)
End of the First Quarter of 2015, Year 2014, and Annual Revisions...June 30, 2015 (Tuesday)
End of the Second Quarter of 2015........................................September 29, 2015 (Tuesday)
End of the Third Quarter of 2015...........................................December 29, 2015 (Tuesday)

BEA statistics—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic statistics for states, local areas, and industries—are available on the BEA Web site: www.bea.gov. E-mail alerts are also available.
### Table 1. U.S. Net International Investment Position at the End of the Period

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<thead>
<tr>
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<tbody>
<tr>
<td>1</td>
<td>U.S. net international investment position (line 4 less line 3)</td>
<td>$-5,382,999$</td>
<td>$-5,511,676$</td>
<td>$-5,475,364$</td>
<td>$-6,129,420$</td>
</tr>
<tr>
<td>2</td>
<td>Net international investment position excluding financial derivatives (line 5 less line 3)</td>
<td>$-5,462,542$</td>
<td>$-5,581,501$</td>
<td>$-5,509,576$</td>
<td>$-6,183,634$</td>
</tr>
<tr>
<td>3</td>
<td>Financial derivatives other than reserves, net (line 6 less line 37)</td>
<td>$73,546$</td>
<td>$69,823$</td>
<td>$34,512$</td>
<td>$54,214$</td>
</tr>
<tr>
<td>4</td>
<td>U.S. assets</td>
<td>$23,709,843$</td>
<td>$24,020,053$</td>
<td>$24,976,981$</td>
<td>$26,617,162$</td>
</tr>
<tr>
<td>5</td>
<td>Assets excluding financial derivatives (sum of lines 7, 10, 21, and 26)</td>
<td>$20,890,008$</td>
<td>$21,365,676$</td>
<td>$22,290,695$</td>
<td>$21,818,906$</td>
</tr>
<tr>
<td>6</td>
<td>Financial derivatives other than reserves, gross positive fair value (line 15)</td>
<td>$2,819,835$</td>
<td>$2,654,377$</td>
<td>$2,686,286$</td>
<td>$2,798,256$</td>
</tr>
</tbody>
</table>

#### By functional category:

- **Line 7**: Direct investment at market value...
- **Line 8**: Equity...
- **Line 9**: Debt instruments...
- **Line 10**: Portfolio investment...
- **Line 11**: Equity and investment fund shares...
- **Line 12**: Debt securities...
- **Line 13**: Short term...
- **Line 14**: Long term...
- **Line 15**: Financial derivatives other than reserves, gross positive fair value...
- **Line 16**: Over the-counter contracts...
- **Line 17**: Single-currency interest rate contracts...
- **Line 18**: Foreign exchange contracts...
- **Line 19**: Other contracts...
- **Line 20**: Exchange-traded contracts...
- **Line 21**: Other investment...
- **Line 22**: Reserve position in the International Monetary Fund...
- **Line 23**: Other reserve assets...
- **Line 24**: Currency and deposits...
- **Line 25**: Securitised debt instruments...
- **Line 26**: Securities...
- **Line 27**: Trade credit and advances...
- **Line 28**: Foreign exchange contracts...
- **Line 29**: Other short-term securities...
- **Line 30**: Debt instruments...
- **Line 31**: Reserve position in the International Monetary Fund...
- **Line 32**: Other reserve assets...
- **Line 33**: Financial derivatives...
- **Line 34**: Futures contracts...
- **Line 35**: Options contracts...
- **Line 36**: Swaps and similar contracts...
- **Line 37**: Financial derivatives other than reserves, gross negative fair value...

#### By sector:

- **Line 38**: Direct investment at market value...
- **Line 39**: Equity...
- **Line 40**: Debt instruments...
- **Line 41**: Portfolio investment...
- **Line 42**: Equity and investment fund shares...
- **Line 43**: Debt securities...
- **Line 44**: Short term...
- **Line 45**: Long term...
- **Line 46**: Treasury bonds and notes...
- **Line 47**: Other securitised debt instruments...
- **Line 48**: Financial derivatives other than reserves, gross negative fair value...

#### Liabilities:

- **Line 49**: Liabilities excluding financial derivatives (sum of lines 38, 41, and 56)...
- **Line 50**: Financial derivatives other than reserves, gross negative fair value (line 50)...

#### By functional category:

- **Line 51**: Direct investment at market value...
- **Line 52**: Equity...
- **Line 53**: Debt instruments...
- **Line 54**: Portfolio investment...
- **Line 55**: Equity and investment fund shares...
- **Line 56**: Debt securities...
- **Line 57**: Short term...
- **Line 58**: Long term...
- **Line 59**: Treasury bonds and notes...
- **Line 60**: Other securitised debt instruments...
- **Line 61**: Financial derivatives other than reserves, gross negative fair value...

#### By sector:

- **Line 62**: Direct investment at market value...
- **Line 63**: Equity...
- **Line 64**: Debt instruments...
- **Line 65**: Portfolio investment...
- **Line 66**: Equity and investment fund shares...
- **Line 67**: Debt securities...
- **Line 68**: Short term...
- **Line 69**: Long term...
- **Line 70**: Treasury bonds and notes...
- **Line 71**: Other securitised debt instruments...

#### Notes:

- **p**: Preliminary
- **r**: Revised
- **n.a.**: Not applicable
- **Not applicable**: Data may not add to totals because of rounding.

Source: U.S. Bureau of Economic Analysis