

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

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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 $-\$6,915.3$ billion (preliminary) at the end of the fourth quarter of 2014 (chart 1).¹ The negative net international investment position represents a U.S. net liability to the rest of the world as the value of U.S. liabilities exceeded the value of U.S. assets. At the end of the third quarter of 2014, the net position was $-\$6,129.4$ billion (revised), and at the end of 2013, the net position was $-\$5,383.0$ billion.

Highlights for the fourth quarter of 2014

- The U.S. net international investment position decreased $\$785.8$ billion from the end of the third quarter to the end of the fourth quarter, reflecting 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.²
- The $\$785.8$ billion decrease in the net position reflected net financial-account transactions of $-\$26.0$ billion and other changes in po-

sition—such as price changes, exchange-rate changes, and changes in volume and valuation not included elsewhere (n.i.e.)—of $-\$759.8$ billion (table A).

- 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.³

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" on the Web site of the Federal Reserve Board.

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

2. 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*.

Chart 1. U.S. Net International Investment Position, 2006:IV–2014:IV

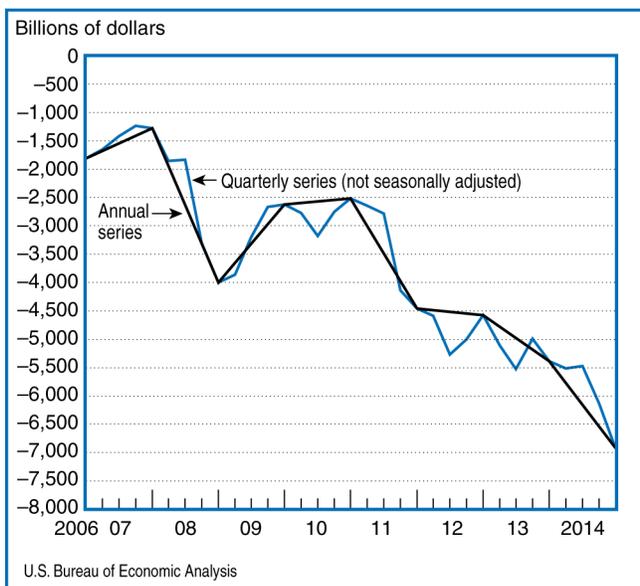


Table A. Quarterly Change in the U.S. Net International Investment Position

[Billions of dollars, not seasonally adjusted]

	Position, 2014:III	Change in position in 2014:IV			Position, 2014:IV
		Total	Attributable to:		
			Financial-account transactions	Other changes in position	
U.S. net international investment position	-6,129.4	-785.8	-26.0	-759.8	-6,915.3
Net international investment position excluding financial derivatives	-6,183.6	-805.5	5.7	-811.2	-6,989.1
Financial derivatives other than reserves, net.....	54.2	19.6	-31.7	51.4	73.8
U.S. assets	24,617.2	76.1	(¹)	(¹)	24,693.2
Assets excluding financial derivatives...	21,818.9	-388.4	59.8	-448.2	21,430.5
Financial derivatives other than reserves, gross positive fair value	2,798.3	464.4	(¹)	(¹)	3,262.7
U.S. liabilities	30,746.6	861.9	(¹)	(¹)	31,608.5
Liabilities excluding financial derivatives	28,002.5	417.1	54.1	363.0	28,419.6
Financial derivatives other than reserves, gross negative fair value....	2,744.0	444.8	(¹)	(¹)	3,188.8

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.

Preview of the 2015 Annual Revision

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. See "Preview of the 2015 Annual Revision of the International Economic Accounts: Changes in Classification and New Source Data" in this issue for a summary of the changes that will be incorporated as part of the revision.

- 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.⁴

Highlights for the year 2014

- The U.S. net international investment position decreased \$1,532.3 billion from the end of 2013 to the end of 2014, reflecting 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 \$1,532.3 billion decrease in the net position reflected net financial-account transactions of -\$141.6 billion and other changes in position of -\$1,390.6 billion (table B).
- 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

4. 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.

Table B. Annual Change in the U.S. Net International Investment Position
[Billions of dollars]

	Position, 2013:IV	Change in position in 2014			Position, 2014:IV
		Total	Attributable to:		
			Financial-account transactions	Other changes in position	
U.S. net international investment position	-5,383.0	-1,532.3	-141.6	-1,390.6	-6,915.3
Net international investment position excluding financial derivatives	-5,456.5	-1,532.6	-88.1	-1,444.4	-6,989.1
Financial derivatives other than reserves, net	73.5	0.3	-53.5	53.8	73.8
U.S. assets	23,709.8	983.4	(¹)	(¹)	24,693.2
Assets excluding financial derivatives ...	20,890.0	540.5	820.5	-280.0	21,430.5
Financial derivatives other than reserves, gross positive fair value	2,819.8	442.8	(¹)	(¹)	3,262.7
U.S. liabilities	29,092.8	2,515.6	(¹)	(¹)	31,608.5
Liabilities excluding financial derivatives	26,346.6	2,073.1	908.6	1,164.5	28,419.6
Financial derivatives other than reserves, gross negative fair value	2,746.3	442.5	(¹)	(¹)	3,188.8

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.

- and (2) the increase in U.S. equity prices that increased at a higher rate than foreign equity prices.
- 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 net position was equal to 3.4 percent of the value of all U.S. financial assets at the end of 2014, up from 2.8 percent at the end of 2013.

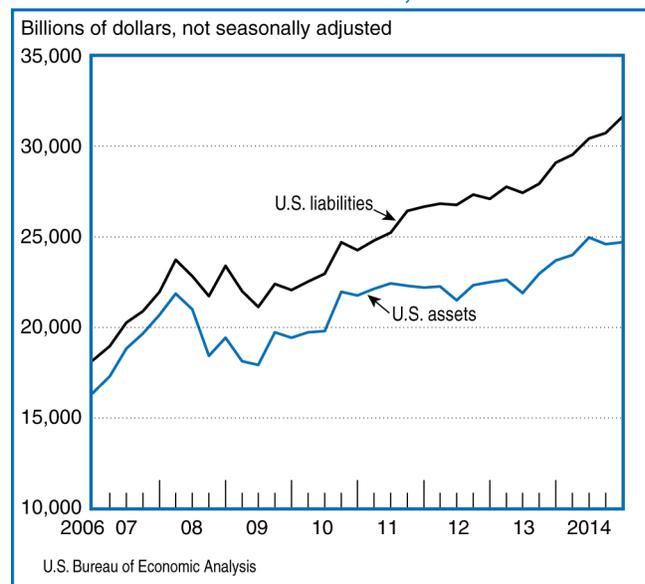
Fourth quarter of 2014

The U.S. net international investment position was -\$6,915.3 billion (preliminary) at the end of the fourth quarter of 2014, compared with -\$6,129.4 billion (revised) at the end of the third quarter (chart 1). 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.

U.S. assets. 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.⁵

5. A derivatives contract with a positive fair value represents the amount that a U.S. resident would receive from a foreign 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.

Chart 2. U.S. Assets and Liabilities, 2006:IV–2014:IV



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 (table A).⁶ 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, especially for direct investment and portfolio investment assets. Other investment assets, which mostly consist of dollar-denominated deposits and loans, were less affected by the depreciation of foreign currencies.

6. For statistics on financial transactions, see the financial account in [table 1.2](#) of the U.S. international transactions accounts. The quarterly financial transactions presented in this article are not seasonally adjusted. Detail on other changes in position is presented only for annual statistics in the June news release each year.

Market Value: The Featured Measure of Direct Investment Positions

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.¹ Direct investment at market value became BEA's featured measure of direct investment at current-period prices in the June 2014 comprehensive restructuring of the international economic accounts.² The market-value measure values owners' equity at current-period prices using indexes of stock market prices.³ 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 publishes direct investment positions at historical cost with owners' equity at the book value reported on BEA's surveys; [these statistics](#) are available on BEA's Web site. Historical-cost positions are on a directional basis, according to whether the positions are outward investment (U.S. direct investment abroad) or inward investment (foreign direct investment in the United States). Outward positions include U.S. parent claims less U.S. parent liabilities. Inward positions include U.S. affiliate liabilities less U.S. affiliate claims. Country and industry detail for direct investment positions is available only on a historical-cost basis.

2. BEA publishes direct investment at current cost as an alternative current-price measure ([table 2.1](#)). The current-cost basis 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.

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

U.S. liabilities. 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 (table A). 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.

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.

U.S. assets. 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 (table B).⁷ 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, especially for direct investment and portfolio investment assets. Other investment assets, which mostly consist of dollar-denominated deposits and loans, were less affected by the depreciation of foreign currencies. These decreases were partly offset by increases in foreign stock and bond prices.

U.S. liabilities. 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 (table B). 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. 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 2014.

⁷ Detail on other changes in position and historical revisions will be presented in the U.S. net international investment position news release on June 30, 2015.

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	2013		2014			Change: 2014:III to 2014:IV	Change: 2013:IV to 2014:IV
		IV	I	II	III ^r	IV ^p		
1	U.S. net international investment position (line 4 less line 35)	-5,382,996	-5,511,678	-5,475,364	-6,129,420	-6,915,258	-785,838	-1,532,262
2	Net international investment position excluding financial derivatives (line 5 less line 36).....	-5,456,542	-5,581,501	-5,509,876	-6,183,634	-6,989,104	-805,470	-1,532,562
3	Financial derivatives other than reserves, net (line 6 less line 37).....	73,546	69,823	34,512	54,214	73,846	19,632	300
4	U.S. assets	23,709,843	24,020,053	24,976,981	24,617,162	24,693,220	76,058	983,377
5	Assets excluding financial derivatives (sum of lines 7, 10, 21, and 26).....	20,890,008	21,365,676	22,290,695	21,818,906	21,430,538	-388,368	540,530
6	Financial derivatives other than reserves, gross positive fair value (line 15)	2,819,835	2,654,377	2,686,286	2,798,256	3,262,682	464,426	442,847
	By functional category:							
7	Direct investment at market value.....	7,080,058	7,117,452	7,488,612	7,249,048	7,161,716	-87,332	81,658
8	Equity.....	6,070,002	6,135,437	6,428,797	6,168,989	6,074,738	-94,251	4,736
9	Debt instruments.....	1,010,056	982,015	1,059,815	1,080,059	1,086,978	6,919	76,922
10	Portfolio investment.....	9,183,060	9,387,778	9,981,018	9,696,511	9,562,370	-134,141	379,310
11	Equity and investment fund shares.....	6,444,232	6,593,895	7,027,230	6,769,104	6,685,216	-83,888	240,984
12	Debt securities.....	2,738,828	2,793,883	2,953,788	2,927,407	2,877,154	-50,253	138,326
13	Short term.....	446,710	437,064	483,366	474,847	457,709	-17,138	10,999
14	Long term.....	2,292,118	2,356,820	2,470,422	2,452,560	2,419,445	-33,115	127,327
15	Financial derivatives other than reserves, gross positive fair value.....	2,819,835	2,654,377	2,686,286	2,798,256	3,262,682	464,426	442,847
16	Over-the-counter contracts.....	2,783,047	2,618,573	2,651,879	2,754,529	3,194,742	440,213	411,695
17	Single-currency interest rate contracts.....	2,207,692	2,074,456	2,170,053	2,103,877	2,488,245	384,368	280,553
18	Foreign exchange contracts.....	291,934	271,566	229,408	412,123	429,058	16,935	137,124
19	Other contracts.....	283,421	272,551	252,418	238,529	277,439	38,910	-5,982
20	Exchange-traded contracts.....	36,788	35,804	34,407	43,727	67,940	24,213	31,152
21	Other investment.....	4,178,557	4,389,562	4,343,200	4,429,360	4,272,202	-157,158	93,645
22	Currency and deposits.....	1,972,149	1,949,267	1,921,206	1,933,190	1,797,686	-135,504	-174,463
23	Loans.....	2,161,123	2,401,733	2,382,089	2,454,906	2,428,608	-26,298	267,485
24	Insurance technical reserves.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
25	Trade credit and advances.....	45,286	38,562	39,905	41,264	45,909	4,645	623
26	Reserve assets.....	448,333	470,884	477,865	443,987	434,250	-9,737	-14,083
27	Monetary gold.....	314,975	337,791	343,871	318,113	315,368	-2,745	393
28	Special drawing rights.....	55,184	55,394	55,411	53,148	51,940	-1,208	-3,244
29	Reserve position in the International Monetary Fund.....	30,750	29,820	30,535	28,358	25,164	-3,194	-5,586
30	Other reserve assets.....	47,424	47,879	48,048	44,368	41,778	-2,590	-5,646
31	Currency and deposits.....	20,889	20,930	24,777	22,143	19,003	-3,140	-1,886
32	Securities.....	21,436	21,727	21,866	22,225	22,775	550	1,339
33	Financial derivatives.....							
34	Other claims.....	5,099	5,222	1,405	0	0	0	-5,099
35	U.S. liabilities	29,092,840	29,531,731	30,452,345	30,746,583	31,608,478	861,895	2,515,638
36	Liabilities excluding financial derivatives (sum of lines 38, 41, and 56).....	26,346,551	26,947,177	27,800,571	28,002,541	28,419,642	417,101	2,073,091
37	Financial derivatives other than reserves, gross negative fair value (line 50)	2,746,289	2,584,554	2,651,774	2,744,042	3,188,836	444,794	442,547
	By functional category:							
38	Direct investment at market value.....	5,790,551	5,688,887	5,999,708	6,033,615	6,252,960	219,345	462,409
39	Equity.....	4,461,978	4,387,205	4,623,555	4,664,521	4,871,458	206,937	409,480
40	Debt instruments.....	1,328,573	1,301,682	1,376,153	1,369,094	1,381,502	12,408	52,929
41	Portfolio investment.....	15,503,192	15,904,348	16,310,118	16,480,961	16,833,145	352,184	1,329,953
42	Equity and investment fund shares.....	5,821,487	5,993,925	6,253,926	6,351,347	6,570,221	218,874	748,734
43	Debt securities.....	9,681,705	9,910,423	10,056,192	10,129,614	10,262,924	133,310	581,219
44	Short term.....	892,655	904,771	877,460	871,012	912,874	41,862	20,219
45	Treasury bills and certificates.....	686,036	689,327	626,830	614,053	671,636	57,583	-14,400
46	Other short-term securities.....	206,619	215,444	250,630	256,959	241,238	-15,721	34,619
47	Long term.....	8,789,050	9,005,652	9,178,732	9,258,602	9,350,050	91,448	561,000
48	Treasury bonds and notes.....	5,108,856	5,262,471	5,385,706	5,454,340	5,484,544	30,204	375,688
49	Other long-term securities.....	3,680,194	3,743,181	3,793,026	3,804,262	3,865,506	61,244	185,312
50	Financial derivatives other than reserves, gross negative fair value.....	2,746,289	2,584,554	2,651,774	2,744,042	3,188,836	444,794	442,547
51	Over-the-counter contracts.....	2,709,746	2,551,372	2,618,113	2,700,422	3,124,489	424,067	414,743
52	Single-currency interest rate contracts.....	2,142,859	2,013,740	2,110,959	2,049,195	2,436,093	386,898	293,234
53	Foreign exchange contracts.....	290,790	270,895	256,358	414,990	418,194	3,204	127,404
54	Other contracts.....	276,097	266,737	250,796	236,237	270,202	33,965	-5,895
55	Exchange-traded contracts.....	36,543	33,182	33,661	43,620	64,347	20,727	27,804
56	Other investment.....	5,052,808	5,353,942	5,490,745	5,487,965	5,333,537	-154,428	280,729
57	Currency and deposits.....	2,758,129	2,681,963	2,787,408	2,821,471	2,711,417	-110,054	-46,712
58	Loans.....	2,095,860	2,457,106	2,485,327	2,453,149	2,409,687	-43,462	313,827
59	Insurance technical reserves.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
60	Trade credit and advances.....	144,433	160,288	163,416	160,987	161,267	280	16,834
61	Special drawing rights allocations.....	54,386	54,585	54,594	52,358	51,166	-1,192	-3,220

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