

EMBARGOED UNTIL RELEASE AT 8:30 A.M. EDT, WEDNESDAY, March 26, 2014

Christopher A. Gohrband: (202) 606-9564
Elena L. Nguyen: (202) 606-9555

BEA 14-12

U.S. Net International Investment Position: End of the Fourth Quarter and Year 2013

Fourth Quarter

The U.S. net international investment position at the end of the fourth quarter of 2013 was -\$4,577.5 billion (preliminary) as the value of foreign investments in the United States exceeded the value of U.S. investments abroad (chart 1, table 1). At the end of the third quarter, the net position was -\$4,171.8 billion (revised). The \$405.7 billion decrease in the net position reflected a \$777.8 billion increase in the value of foreign-owned assets in the United States that exceeded a \$372.1 billion increase in the value of U.S.-owned assets abroad.

Chart 1. U.S. Net International Investment Position, 2006:IV-2013:IV

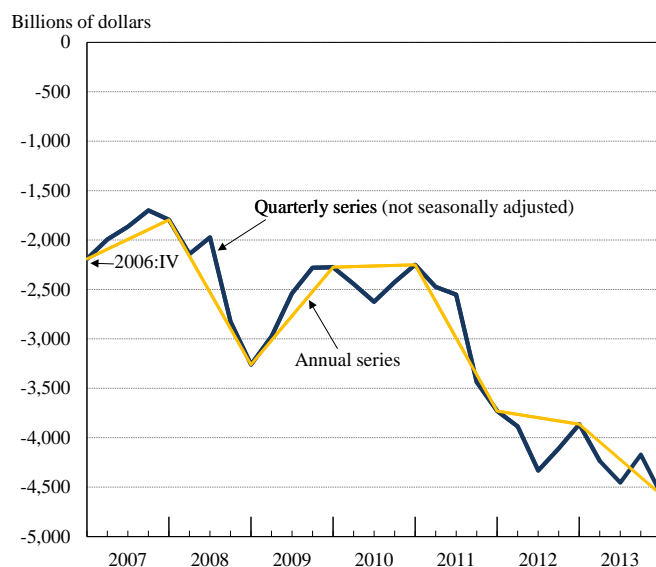
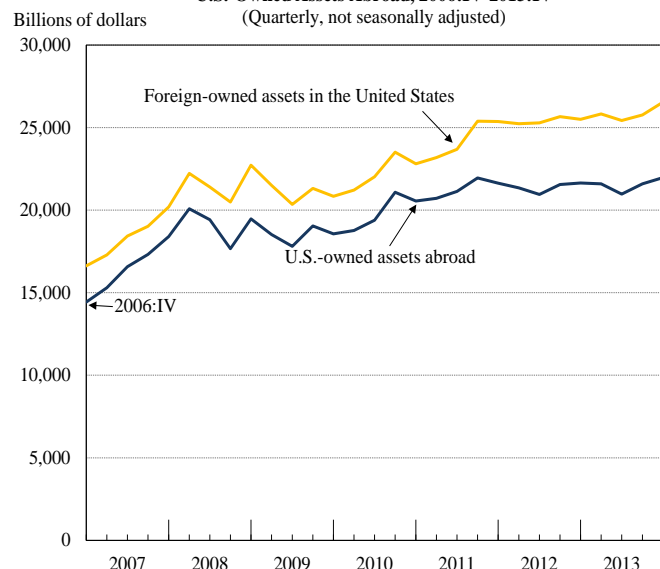


Chart 2. Foreign-Owned Assets in the United States and U.S.-Owned Assets Abroad, 2006:IV-2013:IV (Quarterly, not seasonally adjusted)



Comprehensive Restructuring of the U.S. International Economic Accounts

On June 30, 2014, BEA will release “U.S. Net International Investment Position: End of the First Quarter 2014, Year 2013, and Annual Revisions.” The statistics will be revised to reflect newly available and more complete source data, changes in estimation methods, and changes in definitions and classifications.

BEA will also introduce a new presentation of the IIP statistics as part of a comprehensive restructuring of BEA’s international economic accounts. This change in presentation, combined with changes in definitions and classifications, will bring the statistics into closer alignment with international guidelines. Additional information on BEA’s comprehensive restructuring of the international accounts is published in the March 2014 issue of the *Survey of Current Business*. Table templates for the restructured presentation are available on the BEA Web site at <http://www.bea.gov/international/modern.htm>.

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. international investment position, and a description of the [estimation methods](#) used to compile them. The fourth-quarter statistics for 2013 in this release are preliminary and will be revised on June 30, 2014.

The U.S. net international investment position decreased 9.7 percent in the fourth quarter, compared with a 6.4-percent increase in the third quarter and an average quarterly decrease of 6.3 percent from the first quarter of 2011 through the third quarter of 2013. The net position was equal to 2.4 percent of the value of all U.S. financial assets at the end of the fourth quarter, up from 2.2 percent at the end of the third quarter.¹

U.S.-owned assets abroad were \$21,963.8 billion at the end of the fourth quarter compared with \$21,591.7 billion at the end of the third quarter (chart 2). The \$372.1 billion increase reflected a \$318.4 billion increase in the value of U.S.-owned assets abroad excluding financial derivatives and a \$53.7 billion increase in the value of financial derivatives.

U.S.-owned assets abroad excluding financial derivatives were \$19,148.7 billion at the end of the fourth quarter compared with \$18,830.2 billion at the end of the third quarter. The \$318.4 billion increase reflected a \$196.4 billion increase resulting from valuation changes and a \$122.1 billion increase resulting from financial outflows.² Valuation changes were mainly attributable to an increase in foreign stock prices that raised the value of U.S. holdings of foreign stocks.

Foreign-owned assets in the United States were \$26,541.3 billion at the end of the fourth quarter compared with \$25,763.5 billion at the end of the third quarter (chart 2). The \$777.8 billion increase reflected a \$749.3 billion increase in the value of foreign-owned assets in the United States excluding financial derivatives and a \$28.5 billion increase in the value of financial derivatives.

Foreign-owned assets in the United States excluding financial derivatives were \$23,799.4 billion at the end of the fourth quarter compared with \$23,050.0 billion at the end of the third quarter. The \$749.3 billion increase reflected a \$430.6 billion increase resulting from valuation changes and a \$318.8 billion increase resulting from financial inflows. Valuation changes were mostly attributable to increases in U.S. stock prices that raised the value of foreign holdings of U.S. stocks. The rise in the value of U.S. stocks was partly offset by declines in the value of U.S. debt securities due to falling bond prices.

Revisions

The U.S. net international investment position at the end of the third quarter of 2013 was revised to -\$4,171.8 billion from a previously-published value of -\$4,165.6 billion. The \$6.2 billion downward revision to the net position reflected a \$6.9 billion upward revision to foreign-owned assets in the United States that exceeded a \$0.7 billion upward revision to U.S.-owned assets abroad.

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 2013, Z.1*. Statistical Release (Washington, DC: FRS, March 6, 2014): 11. According to the March 6, 2014 Z.1 release, the value of all U.S. financial assets was \$193,911.9 billion at the end of the fourth quarter. U.S. assets abroad from the international investment position were \$21,963.8 billion at the end of the fourth quarter, 11.3% of all U.S. assets, down from 11.4% in the third quarter and down from the 13.5% series peak in the third quarter of 2011.

² For statistics on financial flows, see the financial account transactions in [table 1](#) of the U.S. International Transactions Accounts. Financial flows discussed in this release are not seasonally adjusted. Detailed valuation changes such as price, exchange-rate, and other changes are available only for annual statistics in the June release.

U.S.-owned assets abroad at the end of the third quarter were revised to \$21,591.7 billion from \$21,590.9 billion, and foreign-owned assets in the United States were revised to \$25,763.5 billion from \$25,756.5 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 2013

The U.S. net international investment position was -\$4,577.5 billion (preliminary) at the end of 2013 compared with -\$3,863.9 billion at the end of 2012. The \$713.6 billion decrease in the net position reflected a \$1,039.8 billion increase in the value of foreign-owned assets in the United States that exceeded a \$326.1 billion increase in the value of U.S.-owned assets abroad. The U.S. net international investment position decreased 18.5 percent from the end 2012 to the end of 2013, compared with a 3.6-percent decrease from yearend 2011 to yearend 2012.

U.S.-owned assets abroad were \$21,963.8 billion at the end of 2013 compared with \$21,637.6 billion at the end of 2012. The \$326.1 billion increase reflected a \$1,130.8 billion increase in the value of U.S.-owned assets abroad excluding financial derivatives that was partly offset by an \$804.7 billion decrease in the value of financial derivatives.

U.S.-owned assets abroad excluding financial derivatives were \$19,148.7 billion at the end of 2013 compared with \$18,017.9 billion at the end of 2012. The \$1,130.8 billion increase reflected a \$577.8 billion increase resulting from valuation changes and a \$553.0 billion increase resulting from financial outflows. Valuation changes were mainly attributable to the increase in foreign stock prices that raised the value of U.S. holdings of foreign stocks.

Foreign-owned assets in the United States were \$26,541.3 billion at the end of 2013 compared with \$25,501.5 billion at the end of 2012. The \$1,039.8 billion increase reflected a \$1,859.8 billion increase in the value of foreign-owned assets in the United States excluding financial derivatives that was partly offset by an \$820.1 billion decrease in the value of financial derivatives.

Foreign-owned assets in the United States excluding financial derivatives were \$23,799.4 billion at the end of 2013 compared with \$21,939.5 billion at the end of 2012. The \$1,859.8 billion increase reflected a \$953.8 billion increase resulting from valuation changes and a \$906.1 billion increase resulting from financial inflows. Valuation changes were mostly attributable to increases in U.S. stock prices that raised the value of foreign holdings of U.S. stocks. The rise in the value of U.S. stocks was partly offset by declines in the value of U.S. debt securities due to falling bond prices.

* * *

Valuing the Components of the U.S. International Investment Position

Investment positions for long-term portfolio securities are based on market values from monthly, annual, and benchmark surveys conducted by the Treasury International Capital (TIC) reporting system of the U.S. Department of the Treasury. Investment positions for financial derivatives are based on fair market values from quarterly surveys conducted by the TIC reporting system. Investment positions for claims and liabilities reported by banks, securities brokers, and

other nonbanks are based on contractual (face) values of instruments as reported by financial institutions for both their own accounts and the accounts of their customers on the monthly and quarterly surveys conducted by the TIC reporting system with supplementary data for U.S. nonbanks from foreign central banks.

Investment positions for direct investment are valued at current-period prices based on a revaluation of book values. Book values are reported by U.S. multinational companies on surveys conducted by BEA. Direct investment at current cost is BEA’s featured measure of direct investment at current-period prices.³ The current-cost method 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.⁴

* * *

Release dates in 2014:

End of the Fourth Quarter and Year 2013.....	March 26, 2014 (Wednesday)
End of the First Quarter of 2014, Year 2013, and Annual Revisions....	June 30, 2014 (Monday)
End of the Second Quarter of 2014.....	September 25, 2014 (Thursday)
End of the Third Quarter of 2014.....	December 30, 2014 (Tuesday)

* * *

BEA’s national, international, regional, and industry statistics; the *Survey of Current Business*; and BEA news releases are available without charge at www.bea.gov. At the site, you can also subscribe to receive free [e-mail summaries](#) of BEA releases and announcements.

³ BEA publishes direct investment at *market value* as an alternative current-period price measure with owners’ equity revalued using indexes of stock market prices. Beginning with the June 30, 2014 release, direct investment at *market value* will be the featured measure in the U.S net international investment position statistics. BEA also publishes direct investment at *historical cost* with owners’ equity at the book value reported on BEA’s surveys. Country and industry detail for direct investment are available only on a historical-cost basis (see http://www.bea.gov/iTable/index_MNC.cfm).

⁴ For additional information on the current-cost and market-value methods, see J. Steven Landefeld and Ann M. Lawson, “[Valuation of the U.S. Net International Investment Position](#),” *Survey of Current Business* 71 (May 1991): 40–49.

Table 1. International Investment Position of the United States at the End of the Quarter¹
 [Millions of dollars, not seasonally adjusted]

Line	Type of investment	2013					Change: 2013:III to 2013:IV	Change: 2012:IV to 2013:IV
		2012 IV	I	II	III ^r	IV ^p		
1	Net international investment position of the United States (lines 2+3).....	-3,863,892	-4,236,559	-4,455,040	-4,171,798	-4,577,504	-405,706	-713,612
2	Financial derivatives, net (line 5 less line 25).....	57,776	40,025	59,352	47,963	73,178	25,215	15,402
3	Net international investment position, excluding financial derivatives (line 6 less line 26).....	-3,921,668	-4,276,584	-4,514,392	-4,219,761	-4,650,682	-430,921	-729,014
4	U.S.-owned assets abroad (lines 5+6).....	21,637,618	21,590,055	20,969,405	21,591,657	21,963,763	372,106	326,145
5	Financial derivatives (gross positive fair value).....	3,619,761	3,248,377	2,825,067	2,761,416	2,815,095	53,679	-804,666
6	U.S.-owned assets abroad, excluding financial derivatives (lines 7+12+17).....	18,017,857	18,341,678	18,144,338	18,830,241	19,148,668	318,427	1,130,811
7	U.S. official reserve assets.....	572,368	553,058	446,207	483,426	448,333	-35,093	-124,035
8	Gold ²	433,434	417,941	311,707	346,878	314,975	-31,903	-118,459
9	Special drawing rights.....	55,050	53,704	53,881	54,966	55,184	218	134
10	Reserve position in the International Monetary Fund.....	34,161	34,039	33,860	33,462	30,750	-2,712	-3,411
11	Foreign currencies.....	49,723	47,374	46,759	48,120	47,424	-696	-2,299
12	U.S. government assets, other than official reserve assets.....	93,570	94,016	90,901	91,043	91,596	553	-1,974
13	U.S. credits and other long-term assets ³	84,029	85,433	88,636	89,912	90,951	1,039	6,922
14	Repayable in dollars.....	83,756	85,160	88,363	89,639	90,678	1,039	6,922
15	Other ⁴	273	273	273	273	273	0	0
16	U.S. foreign currency holdings and U.S. short-term assets ⁵	9,541	8,583	2,265	1,131	645	-486	-8,896
17	U.S. private assets.....	17,351,919	17,694,604	17,607,230	18,255,772	18,608,739	352,967	1,256,820
18	Direct investment at current cost.....	5,077,750	5,123,775	5,194,622	5,309,596	5,366,043	56,447	288,293
19	Foreign securities.....	7,531,223	7,823,264	7,719,064	8,286,838	8,715,531	428,693	1,184,308
20	Bonds.....	2,140,685	2,174,582	2,086,978	2,129,377	2,204,052	74,675	63,367
21	Corporate stocks.....	5,390,538	5,648,682	5,632,086	6,157,461	6,511,479	354,018	1,120,941
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	844,752	906,061	974,663	987,104	935,682	-51,422	90,730
23	U.S. claims reported by U.S. banks and securities brokers, not included elsewhere.....	3,898,194	3,841,504	3,718,881	3,672,234	3,591,483	-80,751	-306,911
24	Foreign-owned assets in the United States (lines 25+26).....	25,501,510	25,826,614	25,424,445	25,763,455	26,541,267	777,812	1,039,757
25	Financial derivatives (gross negative fair value).....	3,561,985	3,208,352	2,765,715	2,713,453	2,741,917	28,464	-820,068
26	Foreign-owned assets in the United States, excluding financial derivatives (lines 27+34).....	21,939,525	22,618,262	22,658,730	23,050,002	23,799,350	749,348	1,859,825
27	Foreign official assets in the United States.....	5,692,448	5,814,441	5,744,199	5,844,774	5,948,424	103,650	255,976
28	U.S. government securities.....	4,526,896	4,561,428	4,460,203	4,486,853	4,506,863	20,010	-20,033
29	U.S. Treasury securities.....	4,032,204	4,090,723	4,009,152	4,017,000	4,056,266	39,266	24,062
30	Other.....	494,692	470,705	451,051	469,853	450,597	-19,256	-44,095
31	Other U.S. government liabilities ⁶	128,279	128,554	132,268	137,100	139,693	2,593	11,414
32	U.S. liabilities reported by U.S. banks and securities brokers, not included elsewhere.....	204,401	224,462	215,107	245,160	266,372	21,212	61,971
33	Other foreign official assets.....	832,872	899,997	936,621	975,661	1,035,496	59,835	202,624
34	Other foreign assets.....	16,247,077	16,803,821	16,914,531	17,205,228	17,850,926	645,698	1,603,849
35	Direct investment at current cost.....	3,057,326	3,074,647	3,101,291	3,130,534	3,178,693	48,159	121,367
36	U.S. Treasury securities.....	1,541,569	1,631,056	1,585,232	1,637,655	1,747,512	109,857	205,943
37	U.S. securities other than U.S. Treasury securities.....	6,904,050	7,296,277	7,258,691	7,616,011	8,034,920	418,909	1,130,870
38	Corporate and other bonds.....	3,061,963	3,056,573	2,940,348	3,035,289	3,059,590	24,301	-2,373
39	Corporate stocks.....	3,842,087	4,239,704	4,318,343	4,580,722	4,975,330	394,608	1,133,243
40	U.S. currency.....	454,227	459,184	468,670	481,334	491,949	10,615	37,722
41	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	656,522	632,919	626,418	576,222	598,286	22,064	-58,236
42	U.S. liabilities reported by U.S. banks and securities brokers, not included elsewhere.....	3,633,383	3,709,738	3,874,229	3,763,472	3,799,566	36,094	166,183
Memoranda:								
43	Direct investment abroad at market value.....	5,249,539	5,500,811	5,435,081	5,973,419	6,349,512	376,093	1,099,973
44	Direct investment in the United States at market value.....	3,923,969	4,251,181	4,333,762	4,515,937	4,935,167	419,230	1,011,198
45	Direct investment abroad at historical cost.....	4,453,307	4,499,331	4,570,179	4,685,154	4,741,601	56,447	288,294
46	Direct investment in the United States at historical cost.....	2,650,832	2,668,153	2,694,796	2,724,040	2,772,199	48,159	121,367

p Preliminary

r Revised

1. The statistics for each quarter are the values as of the last day of the quarter; the first quarter ends on March 31; the second quarter ends on June 30; the third quarter ends on September 30; and the fourth quarter ends on December 31 of the year.

2. U.S. official gold stock is valued at market price.

3. Also includes paid-in capital subscriptions to international financial institutions and outstanding amounts of miscellaneous claims that have been settled through international agreements to be payable to the U.S. government over periods in excess of 1 year. Excludes World War I debts that are not being serviced.

4. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services.

5. Includes foreign-currency-denominated assets obtained through temporary reciprocal currency arrangements between the Federal Reserve System and foreign central banks. These assets are included in the investment position at the dollar value established at the time they were received, reflecting the valuation of these assets in the Federal Reserve System's balance sheet. Changes in exchange rates do not affect this valuation.

6. Includes U.S. government liabilities associated with military sales contracts and U.S. government reserve-related liabilities from allocations of special drawing rights (SDRs).

Source: Bureau of Economic Analysis