

FOR WIRE TRANSMISSION: 8:30 A.M. EST, MONDAY, December 30, 2013

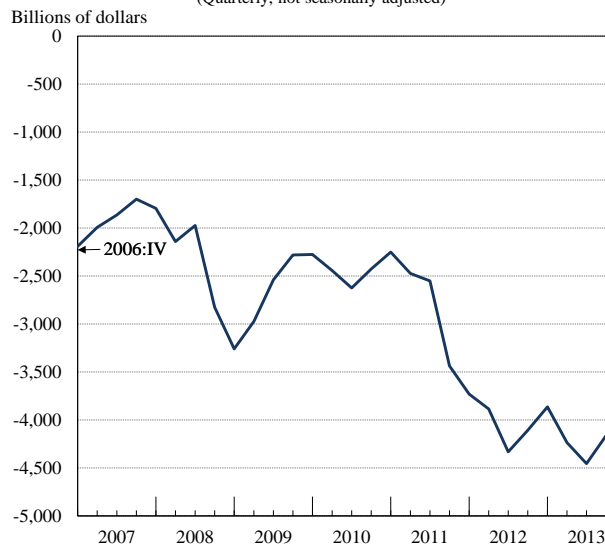
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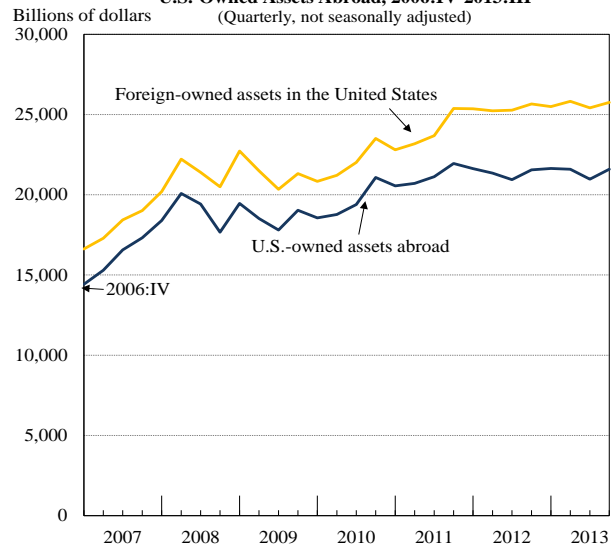
### U.S. Net International Investment Position: End of Third Quarter 2013

The U.S. net international investment position at the end of the third quarter of 2013 was -\$4,165.6 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 second quarter, the U.S. net international investment position was -\$4,455.0 billion (revised). The \$289.5 billion increase in the net position reflected a \$621.5 billion increase in the value of U.S.-owned assets abroad that exceeded a \$332.1 billion increase in the value of foreign-owned assets in the United States. The U.S. net position increased primarily as rising foreign stock prices, as well as the appreciation of foreign currencies relative to the U.S. dollar, increased the value of U.S.-owned assets abroad more than the increase in the value of foreign-owned assets in the United States.

**Chart 1. U.S. Net International Investment Position, 2006:IV-2013:III**  
(Quarterly, not seasonally adjusted)



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



The U.S. net international investment position increased 6.5 percent in the third quarter, compared with a 5.2-percent decrease in the second quarter and an average quarterly decrease of 7.6 percent from the first quarter of 2011 through the second quarter of 2013. The net position was equal to 2.2 percent of the value of all U.S. financial assets at the end of the third quarter,

NOTE: This news release is available on BEA's Web site <[www.bea.gov](http://www.bea.gov)> along with [Quarterly 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 third-quarter statistics for 2013 in this release are preliminary and will be revised on March 26, 2014.

down from 2.4 percent at the end of the second quarter.<sup>1</sup>

U.S.-owned assets abroad were \$21,590.9 billion at the end of the third quarter compared with \$20,969.4 billion at the end of the second quarter (chart 2). The \$621.5 billion increase reflected a \$687.4 billion increase in the value of U.S.-owned assets abroad excluding financial derivatives that was partly offset by a \$65.9 billion decrease in the value of financial derivatives.

U.S.-owned assets abroad excluding financial derivatives were \$18,831.7 billion at the end of the third quarter compared with \$18,144.3 billion at the end of the second quarter. The \$687.4 billion increase reflected a \$606.6 billion increase resulting from valuation changes and an \$80.8 billion increase resulting from financial outflows.<sup>2</sup> Valuation changes were mainly attributable to the increase in foreign stock prices that raised the value of U.S. holdings of foreign stocks and also to the appreciation of foreign currencies relative to the U.S. dollar.

Foreign-owned assets in the United States were \$25,756.5 billion at the end of the third quarter compared with \$25,424.4 billion at the end of the second quarter (chart 2). The \$332.1 billion increase reflected a \$385.8 billion increase in the value of foreign-owned assets in the United States excluding financial derivatives that was partly offset by a \$53.8 billion decrease in the value of financial derivatives.

Foreign-owned assets in the United States excluding financial derivatives were \$23,044.6 billion at the end of the third quarter compared with \$22,658.7 billion at the end of the second quarter. The \$385.8 billion increase reflected a \$230.3 billion increase resulting from valuation changes and a \$155.6 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. Treasury and agency debt due to falling prices. The appreciation of foreign currencies relative to the U.S. dollar had very little impact on the value of foreign-owned assets, which are mostly denominated in U.S. dollars.

## Revisions

The U.S. net international investment position at the end of the second quarter of 2013 was revised to -\$4,455.0 billion from a previously-published value of -\$4,504.1 billion. The \$49.1 billion upward revision to the net position reflected a \$63.9 billion downward revision to foreign-owned assets in the United States that exceeded a \$14.9 billion downward revision to U.S.-owned assets abroad.

U.S.-owned assets abroad at the end of the second quarter were revised to \$20,969.4 billion from \$20,984.3 billion, and foreign-owned assets in the United States were revised to

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<sup>1</sup> Board of Governors of the Federal Reserve System (FRS), Flow of Funds Accounts of the United States, Flows and Outstandings, Third Quarter 2013, Release Z.1. Statistical Release (Washington, DC: FRS, December 9, 2013) Table L.5, page 11. According to the December 9, 2013 Z.1 release, the value of all U.S. financial assets was \$188,503.7 billion at the end of the third quarter. U.S. assets abroad from the international investment position were \$21,590.9 billion at the end of the third quarter, 11.5% of all U.S. assets, up from 11.4% in the second quarter and down from the 13.8% series peak in the fourth quarter of 2008.

<sup>2</sup> 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.

\$25,424.4 billion from \$25,488.4 billion. These revisions reflect revised source data from the Treasury International Capital (TIC) reporting system and from BEA’s quarterly surveys of direct investment.

\* \* \*

### 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.<sup>3</sup> 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.<sup>4</sup>

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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)   |

\* \* \*

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<sup>3</sup> BEA publishes direct investment at *market value* as an alternative current-period price measure with owners’ equity revalued using indexes of stock market prices. 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](http://www.bea.gov/iTable/index_MNC.cfm)).

<sup>4</sup> 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 Quarter<sup>1</sup>**  
 [Millions of dollars, not seasonally adjusted]

| Line              | Type of investment  | 2012              |                   |                   |                   | 2013              |                   |                   | Change:<br>2013:II to<br>2013:III |
|-------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------------------|
|                   |   | I                 | II                | III               | IV                | I                 | II <sup>r</sup>   | III <sup>p</sup>  |                                   |
| 1                 | <b>Net international investment position of the United States (lines 2+3)</b> .....               | <b>-3,886,446</b> | <b>-4,332,158</b> | <b>-4,109,198</b> | <b>-3,863,892</b> | <b>-4,236,559</b> | <b>-4,455,040</b> | <b>-4,165,583</b> | <b>289,457</b>                    |
| 2                 | Financial derivatives, net (line 5 less line 25).....   | 76,286            | 67,589            | 52,493            | 57,776            | 40,025            | 59,352            | 47,248            | -12,104                           |
| 3                 | Net international investment position, excluding financial derivatives (line 6 less line 26)..... | -3,962,732        | -4,399,747        | -4,161,691        | -3,921,668        | -4,276,584        | -4,514,392        | -4,212,831        | 301,561                           |
| 4                 | <b>U.S.-owned assets abroad (lines 5+6)</b> .....   | <b>21,349,048</b> | <b>20,948,183</b> | <b>21,551,595</b> | <b>21,637,618</b> | <b>21,590,055</b> | <b>20,969,405</b> | <b>21,590,938</b> | <b>621,533</b>                    |
| 5                 | Financial derivatives (gross positive fair value).....  | 3,950,239         | 4,155,820         | 3,925,606         | 3,619,761         | 3,248,377         | 2,825,067         | 2,759,201         | -65,866                           |
| 6                 | U.S.-owned assets abroad, excluding financial derivatives (lines 7+12+17).....                    | 17,398,809        | 16,792,363        | 17,625,989        | 18,017,857        | 18,341,678        | 18,144,338        | 18,831,737        | 687,399                           |
| 7                 | U.S. official reserve assets.....   | 572,578           | 556,620           | 606,277           | 572,368           | 553,058           | 446,207           | 483,426           | 37,219                            |
| 8                 | Gold <sup>2</sup> .....   | 434,742           | 418,006           | 464,422           | 433,434           | 417,941           | 311,707           | 346,878           | 35,171                            |
| 9                 | Special drawing rights.....   | 55,460            | 54,341            | 55,232            | 55,050            | 53,704            | 53,881            | 54,966            | 1,085                             |
| 10                | Reserve position in the International Monetary Fund.....  | 31,436            | 33,930            | 35,248            | 34,161            | 34,039            | 33,860            | 33,462            | -398                              |
| 11                | Foreign currencies.....   | 50,940            | 50,343            | 51,375            | 49,723            | 47,374            | 46,759            | 48,120            | 1,361                             |
| 12                | U.S. government assets, other than official reserve assets.....                                   | 127,814           | 111,164           | 95,958            | 93,570            | 94,016            | 90,901            | 90,052            | -849                              |
| 13                | U.S. credits and other long-term assets <sup>3</sup> .....  | 80,642            | 82,500            | 82,691            | 84,029            | 85,433            | 88,636            | 88,933            | 297                               |
| 14                | Repayable in dollars.....   | 80,369            | 82,227            | 82,418            | 83,756            | 85,160            | 88,363            | 88,660            | 297                               |
| 15                | Other <sup>4</sup> .....  | 273               | 273               | 273               | 273               | 273               | 273               | 273               | 0                                 |
| 16                | U.S. foreign currency holdings and U.S. short-term assets <sup>5</sup> .....                      | 47,172            | 28,664            | 13,267            | 9,541             | 8,583             | 2,265             | 1,119             | -1,146                            |
| 17                | U.S. private assets.....  | 16,698,417        | 16,124,579        | 16,923,754        | 17,351,919        | 17,694,604        | 17,607,230        | 18,258,259        | 651,029                           |
| 18                | Direct investment at current cost.....  | 4,759,096         | 4,826,428         | 4,983,377         | 5,077,750         | 5,123,775         | 5,194,622         | 5,318,629         | 124,007                           |
| 19                | Foreign securities.....   | 6,999,263         | 6,662,323         | 7,159,326         | 7,531,223         | 7,823,264         | 7,719,064         | 8,291,808         | 572,744                           |
| 20                | Bonds.....  | 1,960,498         | 1,946,486         | 2,052,037         | 2,140,685         | 2,174,582         | 2,086,978         | 2,127,228         | 40,250                            |
| 21                | Corporate stocks.....   | 5,038,765         | 4,715,837         | 5,107,289         | 5,390,538         | 5,648,682         | 5,632,086         | 6,164,580         | 532,494                           |
| 22                | U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....                  | 869,251           | 845,301           | 845,865           | 844,752           | 906,061           | 974,663           | 980,805           | 6,142                             |
| 23                | U.S. claims reported by U.S. banks and securities brokers, not included elsewhere.....            | 4,070,807         | 3,790,527         | 3,935,186         | 3,898,194         | 3,841,504         | 3,718,881         | 3,667,017         | -51,864                           |
| 24                | <b>Foreign-owned assets in the United States (lines 25+26)</b> .....                              | <b>25,235,494</b> | <b>25,280,341</b> | <b>25,660,793</b> | <b>25,501,510</b> | <b>25,826,614</b> | <b>25,424,445</b> | <b>25,756,521</b> | <b>332,076</b>                    |
| 25                | Financial derivatives (gross negative fair value).....  | 3,873,953         | 4,088,231         | 3,873,113         | 3,561,985         | 3,208,352         | 2,765,715         | 2,711,953         | -53,762                           |
| 26                | Foreign-owned assets in the United States, excluding financial derivatives (lines 27+34).....     | 21,361,541        | 21,192,110        | 21,787,680        | 21,939,525        | 22,618,262        | 22,658,730        | 23,044,568        | 385,838                           |
| 27                | Foreign official assets in the United States.....   | 5,428,122         | 5,496,057         | 5,640,245         | 5,692,448         | 5,814,441         | 5,744,199         | 5,843,282         | 99,083                            |
| 28                | U.S. government securities.....   | 4,316,906         | 4,400,470         | 4,487,789         | 4,526,896         | 4,561,428         | 4,460,203         | 4,485,873         | 25,670                            |
| 29                | U.S. Treasury securities.....   | 3,722,551         | 3,857,872         | 3,958,112         | 4,032,204         | 4,090,723         | 4,009,152         | 4,016,025         | 6,873                             |
| 30                | Other.....  | 594,355           | 542,598           | 529,677           | 494,692           | 470,705           | 451,051           | 469,848           | 18,797                            |
| 31                | Other U.S. government liabilities <sup>6</sup> .....  | 123,406           | 125,065           | 127,657           | 128,279           | 128,554           | 132,268           | 136,437           | 4,169                             |
| 32                | U.S. liabilities reported by U.S. banks and securities brokers, not included elsewhere.....       | 191,515           | 191,921           | 198,987           | 204,401           | 224,462           | 215,107           | 245,159           | 30,052                            |
| 33                | Other foreign official assets.....  | 796,295           | 778,601           | 825,812           | 832,872           | 899,997           | 936,621           | 975,813           | 39,192                            |
| 34                | Other foreign assets.....   | 15,933,419        | 15,696,053        | 16,147,435        | 16,247,077        | 16,803,821        | 16,914,531        | 17,201,286        | 286,755                           |
| 35                | Direct investment at current cost.....  | 2,913,781         | 2,976,814         | 3,029,271         | 3,057,326         | 3,074,647         | 3,101,291         | 3,131,595         | 30,304                            |
| 36                | U.S. Treasury securities.....   | 1,425,087         | 1,455,648         | 1,517,253         | 1,541,569         | 1,631,056         | 1,585,232         | 1,638,634         | 53,402                            |
| 37                | U.S. securities other than U.S. Treasury securities.....  | 6,608,954         | 6,491,227         | 6,794,000         | 6,904,050         | 7,296,277         | 7,258,691         | 7,614,454         | 355,763                           |
| 38                | Corporate and other bonds.....  | 2,927,923         | 2,887,851         | 3,008,379         | 3,061,963         | 3,056,573         | 2,940,348         | 3,034,976         | 94,628                            |
| 39                | Corporate stocks.....   | 3,681,031         | 3,603,376         | 3,785,621         | 3,842,087         | 4,239,704         | 4,318,343         | 4,579,478         | 261,135                           |
| 40                | U.S. currency.....  | 415,143           | 422,259           | 438,415           | 454,227           | 459,184           | 468,670           | 481,334           | 12,664                            |
| 41                | U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....             | 683,453           | 680,186           | 678,508           | 656,522           | 632,919           | 626,418           | 565,620           | -60,798                           |
| 42                | U.S. liabilities reported by U.S. banks and securities brokers, not included elsewhere.....       | 3,887,001         | 3,669,919         | 3,689,988         | 3,633,383         | 3,709,738         | 3,874,229         | 3,769,649         | -104,580                          |
| <b>Memoranda:</b> |   |                   |                   |                   |                   |                   |                   |                   |                                   |
| 43                | Direct investment abroad at market value.....   | 4,975,809         | 4,679,267         | 5,058,812         | 5,249,539         | 5,500,811         | 5,435,081         | 5,980,129         | 545,048                           |
| 44                | Direct investment in the United States at market value.....                                       | 3,855,543         | 3,764,768         | 3,961,992         | 3,923,969         | 4,251,181         | 4,333,762         | 4,524,450         | 190,688                           |
| 45                | Direct investment abroad at historical cost.....  | 4,169,123         | 4,224,965         | 4,370,424         | 4,453,307         | 4,499,331         | 4,570,179         | 4,694,186         | 124,007                           |
| 46                | Direct investment in the United States at historical cost.....                                    | 2,529,479         | 2,585,115         | 2,630,175         | 2,650,832         | 2,668,153         | 2,694,796         | 2,725,102         | 30,306                            |

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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