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Christopher A. Gohrband: (202) 606-9564
 Elena L. Nguyen: (202) 606-9555
 Kevin Barefoot: (202) 606-9994 (For inquiries regarding direct investment)

BEA 13-11

U.S. Net International Investment Position: End of the Fourth Quarter and Year 2012

Newly-Available Statistics

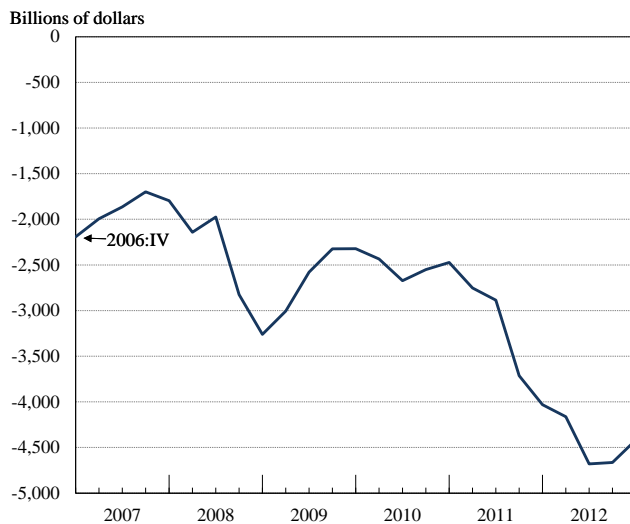
In this release, BEA introduces new U.S. international investment position statistics on a *quarterly* basis. The new statistics are available for the fourth quarter of 2005 through the fourth quarter of 2012. Previously-published yearend positions are not revised.

These new statistics are part of BEA's effort to provide more frequent and timely statistics on cross-border linkages to help users better assess U.S. vulnerability to external financial shocks in the aftermath of the 2008 financial crisis. Going forward, quarterly statistics will be made available every March, June, September, and December via BEA news releases.

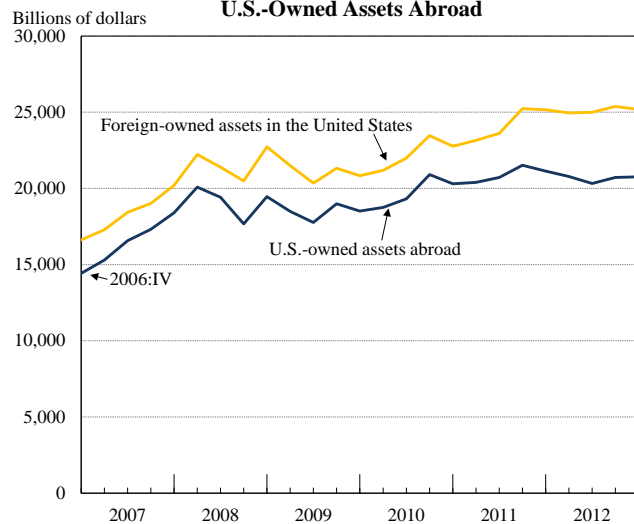
Fourth Quarter

The U.S. net international investment position at the end of the fourth quarter of 2012 was -\$4,416.2 billion (preliminary) as the value of foreign investments in the United States exceeded the value of U.S. investments abroad (table 1). At the end of the third quarter, the U.S. net international investment position was -\$4,663.4 billion. The \$247.2 billion change in the net position reflected a \$207.2 billion decrease in the value of foreign-owned assets in the United States and a \$40.0 billion increase in the value of U.S.-owned assets abroad.

U.S. Net International Investment Position



Foreign-Owned Assets in the United States and U.S.-Owned Assets Abroad



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 2012 in this release are preliminary and will be revised on June 25, 2013.

U.S.-owned assets abroad were \$20,760.1 billion at the end of the fourth quarter compared with \$20,720.2 billion at the end of the third quarter. The \$40.0 billion increase reflected an increase of \$318.6 billion in the value of U.S.-owned assets excluding financial derivatives that was mostly offset by a decrease of \$278.7 billion in the value of financial derivatives.

U.S.-owned assets abroad excluding financial derivatives were \$17,140.3 billion at the end of the fourth quarter compared with \$16,821.7 billion at the end of the third quarter. The \$318.6 billion increase reflected \$120.5 billion in financial outflows and \$198.1 billion in valuation changes.¹

Foreign-owned assets in the United States were \$25,176.3 billion at the end of the fourth quarter compared with \$25,383.6 billion at the end of the third quarter. The \$207.2 billion decrease reflected a decrease of \$284.6 billion in the value of financial derivatives that was partly offset by an increase of \$77.3 billion in the value of foreign-owned assets in the United States excluding financial derivatives.

Foreign-owned assets in the United States excluding financial derivatives were \$21,614.4 billion at the end of the fourth quarter compared with \$21,537.0 billion at the end of the third quarter. The \$77.3 billion increase reflected \$176.0 billion in financial inflows and -\$98.6 billion in valuation changes.

Year 2012

The U.S. net international investment position was -\$4,416.2 billion (preliminary) at the end of 2012 compared with -\$4,030.3 billion at the end of 2011. The -\$386.0 billion change in the net position from the end of 2011 to the end of 2012 reflected a \$372.3 billion decrease in the value of U.S.-owned assets abroad and a \$13.7 billion increase in the value of foreign-owned assets in the United States.

U.S.-owned assets abroad were \$20,760.1 billion at the end of 2012 compared with \$21,132.4 billion at the end of 2011. The \$372.3 billion decrease reflected a decrease of \$1,084.9 billion in the value of financial derivatives that was mostly offset by an increase of \$712.6 billion in the value of U.S.-owned assets abroad excluding financial derivatives.

U.S.-owned assets abroad excluding financial derivatives were \$17,140.3 billion at the end of 2012 compared with \$16,427.7 billion at the end of 2011. The \$712.6 billion increase reflected \$730.6 billion in valuation changes as prices of foreign stocks increased in 2012 after falling in 2011. Financial inflows of \$17.9 billion were partly offsetting.

Foreign-owned assets in the United States were \$25,176.3 billion at the end of 2012 compared with \$25,162.6 billion at the end of 2011. The \$13.7 billion increase reflected an

¹ For statistics on financial flows, see the financial account transactions of the U.S. International Transactions Accounts in [Table 1](#). Detailed valuation changes by type of change for the year 2012 will be presented in the June 25, 2013 U.S. International Investment Position news release.

increase of \$1,030.2 billion in the value of foreign-owned assets in the United States excluding financial derivatives that was mostly offset by a decrease of \$1,016.4 billion in the value of financial derivatives.

Foreign-owned assets in the United States excluding financial derivatives were \$21,614.4 billion at the end of 2012 compared with \$20,584.2 billion at the end of 2011. The \$1,030.2 billion increase reflected \$384.9 billion in financial inflows and \$645.3 billion in valuation changes as prices of U.S. corporate stocks and bonds increased in 2012.

Additional statistics for the year 2012, including changes in positions resulting from financial flows and detailed valuation changes, along with historical revisions will be presented in the June 25, 2013 U.S. International Investment Position news release.

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

Investment positions for long-term portfolio securities are based on market values from annual 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 their own accounts or for the accounts of their customers. Contractual (face) values come from 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 the Bureau of Economic Analysis (BEA). Direct investment at current cost is BEA's featured measure of direct investment at current-period prices.² The current-cost method values the U.S. and foreign parents' 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

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² 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).

³ 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.

Release dates in 2013:

End of the fourth quarter and year 2012.....March 26, 2013 (Tuesday)
End of the first quarter of 2013 and the year 2012.....June 25, 2013 (Tuesday)
End of the second quarter of 2013.....September 24, 2013 (Tuesday)
End of the third quarter of 2013.....December 30, 2013 (Monday)

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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.

Table 1. International Investment Position of the United States at the End of the Quarter ¹

[Millions of dollars, not seasonally adjusted]

Line	Type of investment	2011	2012				Change: 2012:III to 2012:IV	Change: 2011:IV to 2012:IV
		IV	I	II	III	IV ^P		
1	Net international investment position of the United States (lines 2+3).....	-4,030,250	-4,162,992	-4,680,073	-4,663,404	-4,416,243	247,161	-385,993
2	Financial derivatives, net (line 5 less line 25).....	126,252	77,084	69,043	51,892	57,776	5,884	-68,476
3	Net international investment position, excluding financial derivatives (line 6 less line 26).....	-4,156,502	-4,240,076	-4,749,116	-4,715,296	-4,474,019	241,277	-317,517
4	U.S.-owned assets abroad (lines 5+6).....	21,132,370	20,785,561	20,318,147	20,720,154	20,760,106	39,952	-372,264
5	Financial derivatives (gross positive fair value).....	4,704,666	3,942,897	4,140,513	3,898,433	3,619,761	-278,672	-1,084,905
6	U.S.-owned assets abroad, excluding financial derivatives (lines 7+12+17).....	16,427,704	16,842,664	16,177,634	16,821,721	17,140,345	318,624	712,641
7	U.S. official reserve assets.....	536,036	572,578	556,620	606,277	570,648	-35,629	34,612
8	Gold ²	400,355	434,742	418,006	464,422	431,714	-32,708	31,359
9	Special drawing rights.....	54,956	55,460	54,341	55,232	55,050	-182	94
10	Reserve position in the International Monetary Fund.....	30,080	31,436	33,930	35,248	34,161	-1,087	4,081
11	Foreign currencies.....	50,645	50,940	50,343	51,375	49,723	-1,652	-922
12	U.S. government assets, other than official reserve assets.....	178,901	127,824	111,174	95,970	93,790	-2,180	-85,111
13	U.S. credits and other long-term assets ³	78,373	80,652	82,510	82,703	84,248	1,545	5,875
14	Repayable in dollars.....	78,100	80,379	82,237	82,430	83,975	1,545	5,875
15	Other ⁴	273	273	273	273	273	0	0
16	U.S. foreign currency holdings and U.S. short-term assets ⁵	100,528	47,172	28,664	13,267	9,542	-3,725	-90,986
17	U.S. private assets.....	15,712,767	16,142,262	15,509,840	16,119,474	16,475,907	356,433	763,140
18	Direct investment at current cost.....	4,681,569	4,801,217	4,825,981	4,897,840	4,944,427	46,587	262,858
19	Foreign securities.....	5,922,001	6,424,890	6,054,854	6,432,218	6,763,173	330,955	841,172
20	Bonds.....	1,763,754	1,775,337	1,747,955	1,802,335	1,843,629	41,294	79,875
21	Corporate stocks.....	4,158,247	4,649,553	4,306,899	4,629,883	4,919,544	289,661	761,297
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	796,827	849,967	839,634	846,395	870,149	23,754	73,322
23	U.S. claims reported by U.S. banks and securities brokers, not included elsewhere.....	4,312,370	4,066,188	3,789,371	3,943,021	3,898,158	-44,863	-414,212
24	Foreign-owned assets in the United States (lines 25+26).....	25,162,620	24,948,553	24,998,220	25,383,558	25,176,349	-207,209	13,729
25	Financial derivatives (gross negative fair value).....	4,578,414	3,865,813	4,071,470	3,846,541	3,561,985	-284,556	-1,016,429
26	Foreign-owned assets in the United States, excluding financial derivatives (lines 27+34).....	20,584,206	21,082,740	20,926,750	21,537,017	21,614,364	77,347	1,030,158
27	Foreign official assets in the United States.....	5,250,792	5,344,094	5,446,794	5,615,555	5,681,262	65,707	430,470
28	U.S. government securities.....	4,277,348	4,319,166	4,430,658	4,546,139	4,600,858	54,719	323,510
29	U.S. Treasury securities.....	3,653,065	3,696,626	3,820,663	3,925,250	3,985,849	60,599	332,784
30	Other.....	624,283	622,540	609,995	620,889	615,009	-5,880	-9,274
31	Other U.S. government liabilities ⁶	119,359	122,680	124,227	126,771	127,326	555	7,967
32	U.S. liabilities reported by U.S. banks and securities brokers, not included elsewhere.....	209,550	190,424	196,424	203,871	214,479	10,608	4,929
33	Other foreign official assets.....	644,535	711,824	695,485	738,774	738,599	-175	94,064
34	Other foreign assets.....	15,333,414	15,738,646	15,479,956	15,921,462	15,933,102	11,640	599,688
35	Direct investment at current cost.....	2,908,791	2,932,170	2,992,683	3,037,527	3,070,383	32,856	161,592
36	U.S. Treasury securities.....	1,418,050	1,434,919	1,476,428	1,523,526	1,540,207	16,681	122,157
37	U.S. securities other than U.S. Treasury securities.....	5,968,177	6,378,928	6,224,331	6,541,385	6,580,029	38,644	611,852
38	Corporate and other bonds.....	2,909,962	2,934,845	2,902,018	2,990,435	3,022,400	31,965	112,438
39	Corporate stocks.....	3,058,215	3,444,083	3,322,313	3,550,950	3,557,629	6,679	499,414
40	U.S. currency.....	397,086	415,143	422,259	438,415	454,227	15,812	57,141
41	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	629,728	682,005	678,136	678,101	662,054	-16,047	32,326
42	U.S. liabilities reported by U.S. banks and securities brokers, not included elsewhere.....	4,011,582	3,895,481	3,686,119	3,702,508	3,626,202	-76,306	-385,380
Memoranda:								
43	Direct investment abroad at market value.....	4,499,962	4,960,890	4,639,071	5,025,637	5,191,116	165,479	691,154
44	Direct investment in the United States at market value.....	3,509,359	3,846,691	3,762,669	3,953,586	3,931,976	-21,610	422,617
45	Direct investment abroad at historical cost.....	4,155,551	4,275,199	4,299,963	4,371,822	4,418,409	46,587	262,858
46	Direct investment in the United States at historical cost.....	2,547,828	2,571,206	2,631,720	2,676,564	2,709,419	32,855	161,591

^p Preliminary

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