

News Release

EMBARGOED UNTIL RELEASE AT 8:30 A.M. EDT, TUESDAY, SEPTEMBER 29, 2020

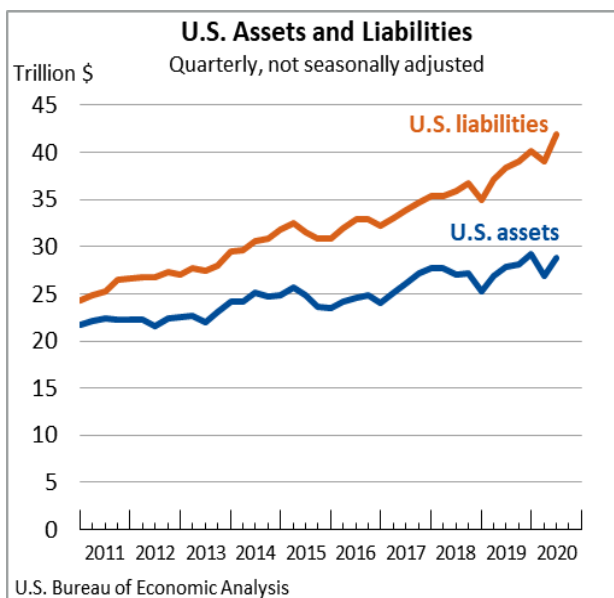
BEA 20-47

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U.S. International Investment Position Second Quarter 2020

The **U.S. net international investment position**, the difference between U.S. residents' foreign financial assets and liabilities, was $-\$13.05$ trillion at the end of the second quarter of 2020, according to statistics released by the U.S. Bureau of Economic Analysis (BEA). Assets totaled $\$28.87$ trillion and liabilities were $\$41.92$ trillion.

At the end of the first quarter, the net investment position was $-\$12.16$ trillion ([Table 1](#)).



The $-\$882.6$ billion change in the net investment position from the first quarter to the second quarter came from net financial transactions of $-\$77.5$ billion and net other changes in position, such as price and exchange rate changes, of $-\$805.1$ billion (Table A).

Coronavirus (COVID-19) Impact on Second Quarter 2020 International Investment Position

In the second quarter of 2020, U.S. assets and liabilities increased following the first quarter decreases that reflected the impact of the COVID-19 pandemic. A recovery in global stock prices, responding to monetary accommodation and fiscal stimulus measures in the United States and abroad, drove the increases in portfolio investment and direct investment assets and liabilities. Both U.S. deposit assets and liabilities decreased, as some currency swap transactions between the U.S. Federal Reserve System and several foreign central banks in Europe and Japan were allowed to expire amid improved liquidity conditions in the global dollar funding markets. These currency swaps were initiated in the first quarter to alleviate the dollar shortage overseas. The full economic effects of the COVID-19 pandemic cannot be quantified in the IIP statistics because the impacts are generally embedded in source data and cannot be separately identified. For more information on the currency swaps, see the [technical note](#) that accompanied the September 18 international transactions accounts [news release](#).

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

Billions of dollars, not seasonally adjusted

	Position, 2020 Q1	Change in position in 2020 Q2			Position, 2020 Q2
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
U.S. net international investment position	-12,163.3	-882.6	-77.5	-805.1	-13,045.9
Net position excluding financial derivatives	-12,197.0	-871.1	-137.8	-733.3	-13,068.1
Financial derivatives other than reserves, net	33.7	-11.5	60.3	-71.7	22.2
U.S. assets	26,921.3	1,951.5	(²)	(²)	28,872.8
Assets excluding financial derivatives	23,925.2	2,196.8	-141.1	2,337.9	26,122.0
Financial derivatives other than reserves	2,996.1	-245.3	(²)	(²)	2,750.8
U.S. liabilities	39,084.5	2,834.1	(²)	(²)	41,918.6
Liabilities excluding financial derivatives	36,122.1	3,067.9	-3.3	3,071.3	39,190.1
Financial derivatives other than reserves	2,962.4	-233.8	(²)	(²)	2,728.6

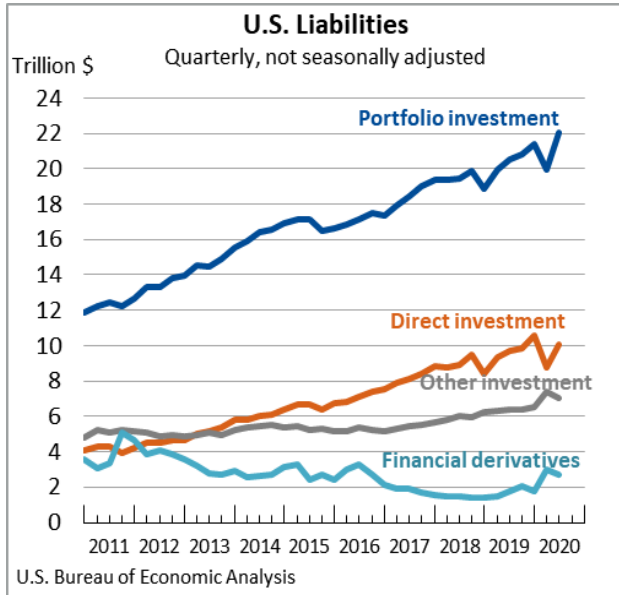
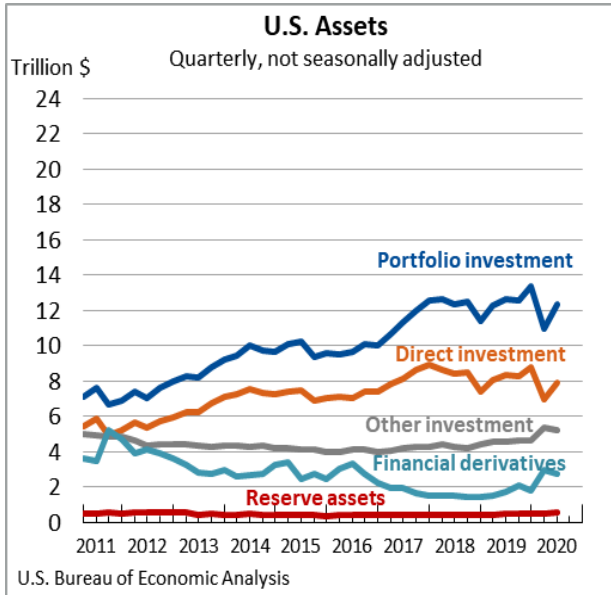
1. Disaggregation of other changes in position into price changes, exchange rate changes, and other changes in volume and valuation is only presented for annual statistics released in June each year.

2. Financial transactions and other changes in financial derivatives positions are available only on a net basis; they are not separately available for U.S. assets and U.S. liabilities.

U.S. assets increased by \$1.95 trillion, to a total of \$28.87 trillion, at the end of the second quarter, mostly reflecting increases in portfolio investment and direct investment assets that were partly offset by decreases in financial derivatives and other investment assets. Portfolio investment assets increased by \$1.39 trillion, to \$12.39 trillion, and direct investment assets increased by \$938.8 billion, to \$7.94 trillion, driven mainly by increases in foreign stock prices that raised the value of these assets. Global stock prices recovered from the decreases that occurred in the first quarter at the onset of the COVID-19 pandemic.

U.S. liabilities increased by \$2.83 trillion, to a total of \$41.92 trillion, at the end of the second quarter,

mostly reflecting increases in portfolio investment and direct investment liabilities that were partly offset by decreases in other investment liabilities and financial derivatives. Portfolio investment liabilities increased by \$2.10 trillion, to \$22.03 trillion, and direct investment liabilities increased by \$1.34 trillion, to \$10.10 trillion, driven mainly by increases in U.S. stock prices that raised the value of these liabilities.



Updates to First Quarter 2020 International Investment Position Aggregates

Trillions of dollars, not seasonally adjusted

	Preliminary estimate	Revised estimate
U.S. net international investment position	-12.06	-12.16
U.S. assets	26.77	26.92
U.S. liabilities	38.82	39.08

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Next release: December 29, 2020, at 8:30 A.M. EST
U.S. International Investment Position, Third Quarter 2020

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Additional Information

Resources

- Stay informed about BEA developments by reading the BEA [blog](#), signing up for BEA's [email subscription service](#), or following BEA on Twitter [@BEA_News](#).
- Historical time series for these estimates can be accessed in BEA's [interactive data application](#).
- Access BEA data by registering for BEA's Data [application programming interface](#) (API).
- For more on BEA's statistics, see our monthly online journal, the [Survey of Current Business](#).
- BEA's [news release schedule](#).
- More information on these international investment position statistics will be provided next month in the [Survey of Current Business](#).
- More information on the international investment position accounts and a description of the estimation methods used to compile them is provided in [U.S. International Economic Accounts: Concepts and Methods](#).

Definitions

The **international investment position (IIP)** is a statistical balance sheet that presents the dollar value of U.S. financial assets and liabilities with respect to foreign residents at a specific point in time. BEA presents IIP statistics at the end of a quarter or year (March, June, September, and December). For the June release, BEA also presents statistics on changes in the yearend position that are disaggregated into financial transactions, price changes, exchange rate changes, and changes in volume and valuation not included elsewhere (n.i.e.).

The **U.S. net international investment position** is defined as the value of U.S. assets less the value of U.S. liabilities.

Financial transactions are transactions between U.S. residents and nonresidents in financial assets and liabilities. They are also recorded in the financial account of the international transactions accounts (ITAs). See **Related Statistics** below.

Other changes in position are changes in the value of U.S. assets or liabilities arising from any source besides a financial transaction. Other changes in position include price changes, exchange rate changes, and changes in volume and valuation not included elsewhere (n.i.e.).

Price changes (only presented for annual statistics in the June news release) are changes in the value of an asset or liability due to changes in the market price of a financial instrument.

Exchange rate changes (only presented for annual statistics in the June news release) are changes in the value of foreign-currency denominated assets and liabilities due to changes in the values of foreign currencies relative to the value of the U.S. dollar.

Changes in volume and valuation n.i.e. (only presented for annual statistics in the June news release) reflect changes in position due to year-to-year shifts in the composition of reporting panels, the incorporation of more comprehensive annual and benchmark survey results, and revaluations (holding gains and losses) on assets and liabilities that are not explained by price changes or exchange rate changes.

Functional categories are the primary classification system used in the IIP and in the financial account of the ITAs. The five functional categories are direct investment, portfolio investment, financial derivatives other than reserves, other investment, and reserve assets. While the functional categories are based on features that are relevant for understanding cross-border financial transactions and positions, they also take into account some aspects of the relationship between transactors and the economic motivation for the investment. Within the functional categories, the IIP accounts are classified by type of financial instrument.

Direct investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise resident in another economy. Ownership or control of 10 percent or more of the voting securities of an entity in another economy is the threshold for separating direct investment from other types of investment. Direct investment positions include positions in equity and debt instruments. BEA's IIP statistics feature the [market value](#) measure of direct investment positions, a measure that values owner's equity at current-period prices using indexes of stock market prices.

Portfolio investment consists of cross-border positions involving equity and investment fund shares and debt securities, excluding those included in direct investment or reserve assets. Debt securities are classified by original maturity (short term vs. long term at the time of issue).

Financial derivatives other than reserves consist of cross-border positions arising from financial contracts that are linked to underlying financial instruments, commodities, or indicators. Positions in financial derivatives consist of contracts with positive and negative fair values. A contract with a positive fair value is a U.S. asset and represents the amount that a foreign resident would have to pay to a U.S. counterparty if the contract were terminated or settled. A contract with a negative fair value is a U.S. liability and 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 across all contracts with positive (negative) fair values. Fair values differ from notional values, which are the underlying amounts used to calculate payments on contracts. Gross positive and gross negative fair values for financial derivatives positions are available separately in table 1. However, transactions and other changes in financial derivatives positions are only available for the net position in financial derivatives. For other changes in position for financial derivatives presented in the June news release, statistics are not separately available for price changes, exchange rate changes, and changes in volume and valuation n.i.e.

Other investment includes cross-border positions other than those included in direct investment, portfolio investment, financial derivatives, and reserve assets. Other investment positions consist of positions in other equity (equity not in the form of securities), currency and deposits, loans, insurance technical reserves, trade credit and advances, and, for liabilities, special drawing rights allocations.

Reserve assets are those external assets that are readily available to and controlled by U.S. monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes such as maintaining confidence in the currency and the economy and serving as a basis for foreign borrowing. The major published components are monetary gold, International Monetary Fund (IMF) special drawing rights (SDRs), reserve position in the IMF, and other reserve assets.

Release and update schedule

Preliminary quarterly IIP account statistics are released in March, June, September, and December, approximately 90 days after the end of the reference quarter. These statistics are updated the following quarter to incorporate new and revised source data. Quarterly statistics are open for revision for at least the prior three years in annual updates released in June. Preliminary annual statistics are released in March reflecting positions at the end of the fourth quarter of the previous year. These annual statistics are open for revision for at least the prior three years in subsequent annual updates.

Related statistics

The IIP statistics comprise one part of a broader set of U.S. international economic accounts that, taken together, provide a comprehensive, integrated and detailed picture of U.S. international economic activities.

The [international transactions accounts \(ITAs\)](#) are released quarterly. Financial transactions reported in the financial account of the ITAs are one type of change in position recorded in the IIP. Financial transactions are transactions between U.S. residents and nonresidents for direct investment, portfolio investment, other investment, reserve assets, and financial derivatives.

Statistics on [direct investment and multinational enterprises \(MNEs\)](#) include annual statistics on the [activities of U.S. MNEs](#) and [U.S. affiliates of foreign MNEs, detailed annual and quarterly statistics on direct investment](#), and annual statistics on [new foreign direct investment in the United States](#).

Statistics on [international services](#) include detailed annual information on trade in services and on services supplied through the channel of direct investment by affiliates of multinational enterprises.

[U.S. international trade in goods and services](#), released by BEA and the U.S. Census Bureau, provides monthly statistics on trade in goods and services.

List of News Release Tables

Table 1. U.S. Net International Investment Position at the End of the Period

Table 1. U.S. Net International Investment Position at the End of the Period

[Billions of dollars, not seasonally adjusted]

Line	Type of investment	2019				2020		Change: 2020Q 1 to 2020Q2	Line
		Q1	Q2	Q3	Q4	Q1 ^r	Q2 ^p		
1	U.S. net international investment position (line 4 less line 36)	-10,145.0	-10,487.9	-10,935.4	-11,050.5	-12,163.3	-13,045.9	-882.6	1
2	Net international investment position excluding financial derivatives (line 5 less line 37)	-10,180.6	-10,503.6	-10,965.8	-11,070.7	-12,197.0	-13,068.1	-871.1	2
3	Financial derivatives other than reserves, net (line 6 less line 38)	35.6	15.8	30.4	20.2	33.7	22.2	-11.5	3
4	U.S. assets	26,932.6	27,897.4	28,174.3	29,152.8	26,921.3	28,872.8	1,951.5	4
5	Assets excluding financial derivatives (sum of lines 7, 10, 21, and 27)	25,432.5	26,125.3	26,096.0	27,362.4	23,925.2	26,122.0	2,196.8	5
6	Financial derivatives other than reserves, gross positive fair value (line 15)	1,500.1	1,772.2	2,078.3	1,790.4	2,996.1	2,750.8	-245.3	6
	By functional category:								
7	Direct investment at market value	8,094.9	8,394.8	8,305.2	8,798.7	7,003.7	7,942.5	938.8	7
8	Equity	6,836.3	7,063.8	6,996.0	7,485.0	5,728.7	6,688.7	960.0	8
9	Debt instruments	1,258.6	1,331.0	1,309.1	1,313.6	1,275.0	1,253.8	-21.3	9
10	Portfolio investment	12,294.7	12,655.6	12,601.4	13,375.9	11,001.2	12,392.3	1,391.1	10
11	Equity and investment fund shares	8,687.2	8,894.6	8,720.9	9,459.1	7,370.8	8,545.6	1,174.8	11
12	Debt securities	3,607.5	3,761.0	3,880.5	3,916.8	3,630.4	3,846.6	216.3	12
13	Short term	668.5	693.0	752.9	734.0	669.5	666.8	-2.7	13
14	Long term	2,939.0	3,068.0	3,127.6	3,182.8	2,960.9	3,179.8	218.9	14
15	Financial derivatives other than reserves, gross positive fair value	1,500.1	1,772.2	2,078.3	1,790.4	2,996.1	2,750.8	-245.3	15
16	Over-the-counter contracts	1,469.1	1,733.5	2,038.0	1,755.3	2,908.3	2,699.9	-208.4	16
17	Single-currency interest rate contracts	1,027.0	1,291.9	1,561.7	1,297.5	2,128.7	2,195.1	66.4	17
18	Foreign exchange contracts	284.4	281.0	313.5	288.1	481.3	315.6	-165.7	18
19	Other contracts	157.7	160.6	162.8	169.7	298.2	189.1	-109.1	19
20	Exchange-traded contracts	31.0	38.7	40.3	35.1	87.8	50.9	-36.9	20
21	Other investment	4,590.2	4,589.3	4,684.6	4,673.4	5,382.8	5,202.1	-180.6	21
22	Other equity	66.7	68.0	68.0	68.0	69.3	69.3	(*)	22
23	Currency and deposits	1,864.0	1,904.0	1,929.7	2,010.6	2,534.3	2,386.3	-148.1	23
24	Loans	2,609.1	2,567.7	2,632.9	2,541.4	2,730.6	2,703.1	-27.4	24
25	Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	25
26	Trade credit and advances	50.4	49.6	54.0	53.3	48.6	43.4	-5.1	26
27	Reserve assets	452.7	485.6	504.9	514.4	537.5	585.1	47.6	27
28	Monetary gold	338.7	368.5	388.4	396.1	420.7	462.4	41.6	28
29	Special drawing rights	50.8	50.9	50.0	50.7	50.1	50.6	0.4	29
30	Reserve position in the International Monetary Fund	22.1	24.4	25.6	26.2	25.5	30.6	5.1	30
31	Other reserve assets	41.1	41.9	40.8	41.4	41.1	41.5	0.4	31
32	Currency and deposits	27.4	28.6	28.1	29.3	29.5	30.6	1.0	32
33	Securities	13.7	13.3	12.8	12.1	11.6	11.0	-0.6	33
34	Financial derivatives	34
35	Other claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35
36	U.S. liabilities	37,077.6	38,385.3	39,109.7	40,203.3	39,084.5	41,918.6	2,834.1	36
37	Liabilities excluding financial derivatives (sum of lines 39, 42, and 57)	35,613.1	36,628.9	37,061.9	38,433.0	36,122.1	39,190.1	3,067.9	37
38	Financial derivatives other than reserves, gross negative fair value (line 51)	1,464.5	1,756.4	2,047.9	1,770.3	2,962.4	2,728.6	-233.8	38
	By functional category:								
39	Direct investment at market value	9,368.8	9,730.9	9,858.2	10,547.1	8,762.1	10,097.2	1,335.1	39
40	Equity	7,645.7	7,961.9	8,061.9	8,764.2	6,999.0	8,404.3	1,405.3	40
41	Debt instruments	1,723.1	1,769.0	1,796.3	1,782.9	1,763.1	1,692.9	-70.2	41
42	Portfolio investment	19,958.8	20,537.5	20,805.0	21,389.8	19,933.7	22,033.3	2,099.6	42
43	Equity and investment fund shares	8,264.8	8,610.3	8,608.4	9,220.2	7,649.0	9,202.6	1,553.6	43
44	Debt securities	11,694.0	11,927.1	12,196.6	12,169.6	12,284.7	12,830.7	546.0	44
45	Short term	997.4	925.3	985.2	937.3	936.0	1,273.8	337.8	45
46	Treasury bills and certificates	765.4	707.8	750.1	706.2	729.5	1,040.8	311.3	46
47	Other short-term securities	231.9	217.5	235.1	231.1	206.5	233.0	26.4	47
48	Long term	10,696.7	11,001.8	11,211.4	11,232.3	11,348.7	11,556.9	208.2	48
49	Treasury bonds and notes	5,708.6	5,918.0	6,023.3	5,984.6	6,220.0	5,998.0	-221.9	49
50	Other long-term securities	4,988.1	5,083.8	5,188.1	5,247.7	5,128.7	5,558.9	430.2	50
51	Financial derivatives other than reserves, gross negative fair value	1,464.5	1,756.4	2,047.9	1,770.3	2,962.4	2,728.6	-233.8	51
52	Over-the-counter contracts	1,434.8	1,718.6	2,010.1	1,738.0	2,875.3	2,678.6	-196.7	52
53	Single-currency interest rate contracts	1,001.6	1,278.3	1,547.5	1,276.3	2,129.5	2,171.6	42.1	53
54	Foreign exchange contracts	277.0	284.8	304.8	296.1	470.2	318.1	-152.1	54
55	Other contracts	156.2	155.5	157.7	165.7	275.6	188.9	-86.7	55
56	Exchange-traded contracts	29.7	37.8	37.8	32.2	87.1	49.9	-37.1	56
57	Other investment	6,285.5	6,360.5	6,398.6	6,496.2	7,426.3	7,059.6	-366.8	57
58	Other equity	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	58
59	Currency and deposits	3,230.2	3,345.4	3,433.8	3,458.8	3,959.4	3,719.4	-240.0	59
60	Loans	2,800.4	2,762.0	2,714.0	2,782.5	3,212.1	3,083.4	-128.7	60
61	Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	61
62	Trade credit and advances	205.8	204.0	202.7	206.1	206.7	208.2	1.5	62
63	Special drawing rights allocations	49.0	49.1	48.1	48.8	48.2	48.6	0.4	63

p Preliminary r Revised n.a. Not available Not applicable (*) Value between zero and +/- \$50 million.

Note: Details may not add to totals because of rounding. Source: U.S. Bureau of Economic Analysis