

FOR WIRE TRANSMISSION: 8:30 A.M. EDT, TUESDAY, June 26, 2012

Christopher A. Gohrband: (202) 606-9564

BEA 12-27

Elena L. Nguyen: (202) 606-9555

Kevin Barefoot: (202) 606-9994 (For inquiries regarding direct investment)

### **U.S. Net International Investment Position at Yearend 2011**

The U.S. net international investment position at yearend 2011 was -\$4,030.3 billion (preliminary), as the value of foreign investment in the United States continued to exceed the value of U.S. investment abroad (table 1). At yearend 2010, the U.S. net international investment position was -\$2,473.6 billion (revised). The -\$1,556.7 billion change in the U.S. net investment position from yearend 2010 to yearend 2011 was mainly attributable to net price changes of -\$802.1 billion and net financial flows of -\$556.3 billion.

#### Highlights for 2011:

- Increases in the prices of U.S. Treasury bonds and declines in foreign stock prices raised the value of foreign investment in the United States and lowered the value of U.S. investment abroad.
- The impact of changes in U.S. and foreign asset prices of -\$802.1 billion accounted for over half of the -\$1.6 trillion change in the U.S. net international investment position.
- Most of the rest of the change in the U.S. net international investment position reflected foreign acquisitions of U.S. assets (including over \$400 billion in U.S. Treasury securities) that exceeded U.S. acquisitions of foreign assets. U.S. acquisitions of foreign assets were reduced by an unusual decline in U.S. claims on foreigners as reported by U.S. banks and securities brokers.
- The appreciation of the U.S. dollar against a trade-weighted index of major currencies caused a change of -\$23.0 billion in the U.S. net international investment position.
- The U.S. net international investment position was equal to 2.6% of the value of all U.S. financial assets at the end of 2011, up from 1.6% in 2010, and up from the recent peak of

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NOTE: This news release is available on BEA's Web site <[www.bea.gov](http://www.bea.gov)> along with [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.

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2.3% in 2008.<sup>1</sup>

### Revisions

The U.S. international investment position statistics released today have been revised for 2009 and 2010. The previously published U.S. net international investment position at yearend 2010 was -\$2,471.0 billion. Revisions to the U.S. net international investment position were \$74.7 billion for 2009 and -\$2.6 billion for 2010.

The revisions reflect newly available data from the *Annual Survey of Foreign Portfolio Holdings of U.S. Securities at end-June 2011* and the *Annual Survey of U.S. Ownership of Foreign Securities at end-December 2010* conducted by the Federal Reserve System and the U.S. Treasury Department. The revisions also reflect other newly available and revised data from the Treasury International Capital reporting system and from BEA's surveys of direct investment.

The July SURVEY OF CURRENT BUSINESS will contain an article with a more detailed discussion of the U.S. net international investment position at yearend 2011 and revised historical data. That issue will also contain an article about direct investment positions valued at historical-cost and revised historical data on direct investment with detail by country and industry.

In July BEA will also release on its Web site detailed investment position statistics presented in table 1 of this release for 2003-2008 and revised statistics for 2009-2010.

### Financial flows

Net financial flows of -\$556.3 billion resulted from U.S. acquisitions of financial assets abroad (excluding financial derivatives) of \$483.7 billion, less foreign acquisitions of financial assets in the United States (excluding financial derivatives) of \$1,001.0 billion, plus net financial flows from financial derivatives of -\$39.0 billion.

U.S. acquisitions of financial assets abroad, excluding financial derivatives, were \$483.7 billion, down from \$939.5 billion in 2010. In 2011, U.S. official reserve assets, U.S. government assets other than official reserve assets, and direct investment abroad increased, and U.S. purchases of foreign securities exceeded sales. These financial outflows were partly offset by

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1. Board of Governors of the Federal Reserve System (FRS), *Flow of Funds Accounts of the United States, Flows and Outstandings, First Quarter 2012, Release Z.1*. Statistical Release (Washington, DC: FRS, June 7, 2012) Table L.5, page 66. According to June 2012 Z.1 release, the value of all U.S. financial assets was \$156,861.7 billion at the end of 2011. U.S. assets abroad from the international investment position were \$21,132.4 billion at the end of 2011, 13.5% of all U.S. assets, up from 13.2% in 2010, but down from the 13.8% series peak in 2008.

decreases in claims of U.S. banks and securities brokers on foreign residents.

Foreign acquisitions of financial assets in the United States, excluding financial derivatives, were \$1,001.0 billion, down from \$1,308.3 billion in 2010. In 2011, foreign official assets in the United States, U.S. banks' and securities brokers' liabilities to foreign residents, and foreign direct investment in the United States increased, and foreign purchases of U.S. Treasury securities exceeded sales. These financial inflows were partly offset by foreign sales of U.S. corporate and agency bonds that exceeded purchases.

### Valuation adjustments

Valuation adjustments included -\$802.1 billion from price changes, -\$23.0 billion from exchange-rate changes, and -\$175.3 billion in other changes.

Price changes led to a -\$802.1 billion change in the U.S. net international investment position, reflecting price decreases in the value of U.S. holdings of foreign stocks and price increases in the value of foreign holdings of U.S. debt securities. These price changes were partly offset by increases in the value of the U.S. gold stock as the market price of gold continued to climb.

Exchange-rate changes led to a -\$23.0 billion change in the U.S. net international investment position, reflecting depreciation in the foreign exchange index of major foreign currencies against the U.S. dollar from yearend 2010 to yearend 2011 that lowered the dollar value of U.S.-owned assets abroad. It also lowered the dollar value of foreign-owned assets in the United States denominated in foreign currencies, but by a smaller amount.

Other statistical changes led to a -\$175.3 billion change in the U.S. net international investment position. In 2011, other valuation changes included more complete reporting of the Treasury International Capital position data, the incorporation of new reporters from the U.S. Treasury Department's June 2011 survey of foreign portfolio holdings of U.S. securities, capital gains and losses from the sale of direct investment assets, and other adjustments to source data.

### Investment positions at yearend 2011

U.S.-owned assets abroad increased \$834.0 billion to \$21,132.4 billion.

Financial derivatives held as assets increased \$1,052.4 billion to \$4,704.7 billion, mainly due to increases in U.S. claims from single-currency interest rate swaps.

U.S. official reserve assets increased \$47.4 billion to \$536.0 billion, as a result of price appreciation of the U.S. gold stock and the increased U.S. reserve position in the International Monetary Fund.

U.S. government assets other than official reserve assets increased \$103.7 billion to \$178.9 billion, mainly as a result of increases in U.S. foreign currency holdings from central bank liquidity swaps between the U.S. Federal Reserve System and foreign central banks.

The stock of U.S. direct investment abroad at current cost increased \$374.7 billion to \$4,681.6 billion, mainly due to especially strong financial outflows that were mostly accounted for by reinvested earnings. (See the box on page 5 for a description of direct investment valuation methods.)

U.S. holdings of foreign securities decreased \$414.4 billion to \$5,922.0 billion, as a result of price decreases of foreign stocks.

Claims on foreigners reported by U.S. banks and securities brokers decreased \$251.8 billion to \$4,312.4 billion.

Claims on foreigners reported by U.S. nonbanks decreased \$77.9 billion to \$796.8 billion.

Foreign-owned assets in the United States increased \$2,390.6 billion to \$25,162.6 billion.

Financial derivatives held as liabilities increased \$1,036.5 billion to \$4,578.4 billion, mainly due to increases in U.S. liabilities from single-currency interest rate swaps.

Foreign official assets in the United States increased \$338.1 billion to \$5,250.8 billion, mostly as a result of net purchases and price appreciation of U.S. Treasury securities.

Foreign private holdings of U.S. Treasury securities increased \$316.2 billion to \$1,418.1 billion, mostly as a result of strong net purchases.

Liabilities to private foreign residents reported by U.S. banks and securities brokers increased \$313.4 billion to \$4,011.6 billion.

The stock of foreign direct investment in the United States at current cost increased \$311.1 billion to \$2,908.8 billion; mainly due to financial inflows that were mostly accounted for by net equity investment and reinvested earnings (see the box on page 5).

Foreign private holdings of U.S. securities other than U.S. Treasury securities increased \$34.2 billion to \$5,968.2 billion, as increases in prices, mostly of U.S. bonds, were partly offset by net sales.

Liabilities to private foreign residents reported by U.S. nonbanks decreased \$13.9 billion to \$629.7 billion.

The stock of U.S. currency abroad increased \$55.0 billion to \$397.1 billion.

### **Valuation Methods for Direct Investment**

Direct investment at current cost is BEA's featured measure of direct investment in current-period prices. The current-cost method values the U.S. and foreign parents' share of their affiliates' investment in plant and equipment using the current cost of capital equipment, in land using general price indexes, and in inventories using estimates of their replacement cost.

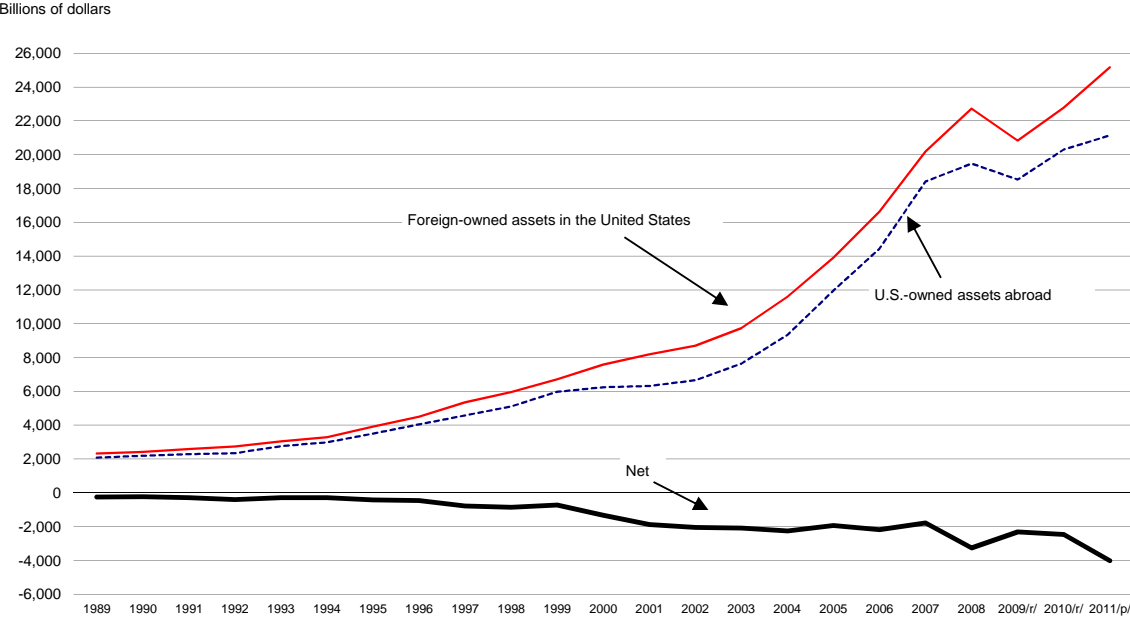
Direct investment at market value is an alternative measure of direct investment in current-period prices. The market-value method values the owners' equity component of the direct investment position using indexes of stock market prices. Direct investment positions at market value are presented in the memoranda of table 1 of this release.

The historical-cost method values assets and liabilities at their book values. Country and industry detail can be shown only under this method. Statistics on this basis are not presented in this release, but are available on BEA's Web site at [www.bea.gov/international/di1usdbal.htm](http://www.bea.gov/international/di1usdbal.htm) for U.S. direct investment abroad and [www.bea.gov/international/di1fdibal.htm](http://www.bea.gov/international/di1fdibal.htm) for foreign direct investment in the United States.

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BEA's national, international, regional, and industry estimates; the *Survey of Current Business*; and BEA news releases are available without charge on BEA's Web site at [www.bea.gov](http://www.bea.gov). By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

# Net International Investment Position of the United States at Yearend, 1989 - 2011



p Preliminary

r Revised

Source: Bureau of Economic Analysis

**Table 1. International Investment Position of the United States at Yearend, 2010 and 2011**  
[Millions of dollars]

Line	Type of investment	Position, 2010 <sup>f</sup>	Changes in position in 2011					Position, 2011 <sup>p</sup>
			Attributable to:					
			Financial flows (a)	Valuation adjustments			Total (a+b+c+d)	
				Price changes (b)	Exchange- rate changes <sup>1</sup> (c)	Other changes <sup>2</sup> (d)		
<b>1</b>	<b>Net international investment position of the United States (lines 2+3).....</b>	<b>-2,473,599</b>	<b>-556,347</b>	<b>-802,087</b>	<b>-22,959</b>	<b>-175,258</b>	<b>-1,556,651</b>	<b>-4,030,250</b>
2	Financial derivatives, net (line 5 less line 25) <sup>3</sup> .....	110,382	-39,010	( <sup>3</sup> )	( <sup>3</sup> )	<sup>4</sup> 54,880	15,870	126,252
3	Net international investment position, excluding financial derivatives (line 6 less line 26).....	-2,583,981	-517,337	-802,087	-22,959	-230,138	-1,572,521	-4,156,502
<b>4</b>	<b>U.S.-owned assets abroad (lines 5+6).....</b>	<b>20,298,413</b>	<b>(<sup>3</sup>)</b>	<b>(<sup>3</sup>)</b>	<b>(<sup>3</sup>)</b>	<b>(<sup>3</sup>)</b>	<b>833,957</b>	<b>21,132,370</b>
5	Financial derivatives (gross positive fair value).....	3,652,313	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	1,052,353	4,704,666
6	U.S.-owned assets abroad, excluding financial derivatives (lines 7+12+17).....	16,646,100	483,653	-519,543	-28,867	-153,639	-218,396	16,427,704
7	U.S. official reserve assets.....	488,673	15,877	32,818	-1,332	0	47,363	536,036
8	Gold.....	367,537	0	<sup>5</sup> 32,818	.....	<sup>6</sup> 0	32,818	400,355
9	Special drawing rights.....	56,824	-1,752	.....	-116	0	-1,868	54,956
10	Reserve position in the International Monetary Fund.....	12,492	18,079	.....	-491	0	17,588	30,080
11	Foreign currencies.....	51,820	-450	.....	-725	0	-1,175	50,645
12	U.S. government assets, other than official reserve assets.....	75,235	103,666	.....	( <sup>3</sup> )	0	103,666	178,901
13	U.S. credits and other long-term assets <sup>7</sup> .....	74,399	3,974	.....	( <sup>3</sup> )	0	3,974	78,373
14	Repayable in dollars.....	74,126	3,974	.....	.....	0	3,974	78,100
15	Other <sup>8</sup> .....	273	0	.....	( <sup>3</sup> )	.....	0	273
16	U.S. foreign currency holdings and U.S. short-term assets <sup>9</sup> .....	836	99,692	.....	( <sup>3</sup> )	.....	99,692	100,528
17	U.S. private assets.....	16,082,192	364,110	-552,361	-27,535	-153,639	-369,425	15,712,767
18	Direct investment at current cost.....	4,306,843	419,332	-611	-16,685	-27,310	374,726	4,681,569
19	Foreign securities.....	6,336,370	146,797	-551,750	-9,416	0	-414,369	5,922,001
20	Bonds.....	1,689,462	57,752	17,436	-896	0	74,292	1,763,754
21	Corporate stocks.....	4,646,908	89,045	-569,186	-8,520	0	-488,661	4,158,247
22	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns.....	874,762	11,608	.....	-5,813	-83,730	-77,935	796,827
23	U.S. claims reported by U.S. banks and securities brokers, not included elsewhere.....	4,564,217	-213,627	.....	4,379	-42,599	-251,847	4,312,370
<b>24</b>	<b>Foreign-owned assets in the United States (lines 25+26).....</b>	<b>22,772,012</b>	<b>(<sup>3</sup>)</b>	<b>(<sup>3</sup>)</b>	<b>(<sup>3</sup>)</b>	<b>(<sup>3</sup>)</b>	<b>2,390,608</b>	<b>25,162,620</b>
25	Financial derivatives (gross negative fair value).....	3,541,931	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	1,036,483	4,578,414
26	Foreign-owned assets in the United States, excluding financial derivatives (lines 27+34).....	19,230,081	1,000,990	282,544	-5,908	76,499	1,354,125	20,584,206
27	Foreign official assets in the United States.....	4,912,727	211,826	126,407	-168	0	338,065	5,250,792
28	U.S. government securities.....	3,993,275	158,735	125,338	.....	0	284,073	4,277,348
29	U.S. Treasury securities.....	3,364,758	171,179	117,128	.....	0	288,307	3,653,065
30	Other.....	628,517	-12,444	8,210	.....	0	-4,234	624,283
31	Other U.S. government liabilities <sup>10</sup> .....	110,464	9,063	.....	-168	0	8,895	119,359
32	U.S. liabilities reported by U.S. banks and securities brokers, not included elsewhere.....	179,540	30,010	.....	.....	0	30,010	209,550
33	Other foreign official assets.....	629,448	14,018	1,069	.....	0	15,087	644,535
34	Other foreign assets.....	14,317,354	789,164	156,137	-5,740	76,499	1,016,060	15,333,414
35	Direct investment at current cost.....	2,597,707	233,988	19,637	-453	57,912	311,084	2,908,791
36	U.S. Treasury securities.....	1,101,828	240,878	75,344	.....	0	316,222	1,418,050
37	U.S. securities other than U.S. Treasury securities.....	5,933,958	-56,442	61,156	-1,595	31,100	34,219	5,968,177
38	Corporate and other bonds.....	2,915,698	-68,840	53,299	-1,595	11,400	-5,736	2,909,962
39	Corporate stocks.....	3,018,260	12,398	7,857	.....	19,700	39,955	3,058,215
40	U.S. currency.....	342,090	54,996	.....	.....	0	54,996	397,086
41	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.....	643,618	6,567	.....	-3,141	-17,316	-13,890	629,728
42	U.S. liabilities reported by U.S. banks and securities brokers, not included elsewhere.....	3,698,153	309,177	.....	-551	4,803	313,429	4,011,582
<b>Memoranda:</b>								
43	Direct investment abroad at market value.....	4,766,730	419,332	-645,025	-34,521	-6,554	-266,768	4,499,962
44	Direct investment in the United States at market value.....	3,397,411	233,988	-142,835	.....	20,795	111,948	3,509,359

p Preliminary

r Revised

\* Less than \$500,000 (+/-)

..... Not applicable

- Represents gains or losses on foreign-currency-denominated assets and liabilities due to their revaluation at current exchange rates.
- Includes changes due to year-to-year shifts in the composition of reporting panels, primarily for bank and nonbank estimates, and to the incorporation of more comprehensive survey results. Also includes capital gains and losses of direct investment affiliates and changes in positions that cannot be allocated to financial flows, price changes, or exchange-rate changes.
- Financial flows and valuation adjustments for financial derivatives are available only on a net basis, which is shown on line 2; they are not separately available for gross positive fair values and gross negative fair values of financial derivatives. Consequently, columns (a) through (d) on lines 4, 5, 24, and 25 are not available.
- Data are not separately available for the three types of valuation adjustments; therefore, the sum of all three types is shown in column (d).
- Reflects changes in the value of the official gold stock due to fluctuations in the market price of gold.
- Reflects changes in gold stock from U.S. Treasury sales of gold medallions and commemorative and bullion coins; also reflects replenishment through open market purchases. These demonetizations/monetizations are not included in international transactions financial flows.
- 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.
- 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.
- 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. The movement of exchange rates does not affect this valuation.
- 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