

U.S. Net International Investment Position

Fourth Quarter and Year 2018

By Elena L. Nguyen and Erin M. Whitaker

The U.S. net international investment position—the value of U.S. assets less the value of U.S. liabilities—decreased to $-\$9,717.1$ billion (preliminary) at the end of the fourth quarter of 2018 from $-\$9,634.8$ billion (revised) at the end of the third quarter (chart 1).

For the year 2018, the U.S. net international investment position decreased $\$1,992.1$ billion from $-\$7,725.0$ billion at the end of 2017 (chart 1).

The U.S. international investment position is a statistical balance sheet that presents the dollar value of U.S. external financial assets and liabilities at a specific point in time. The negative net investment position represents a U.S. net liability to the rest of the world.

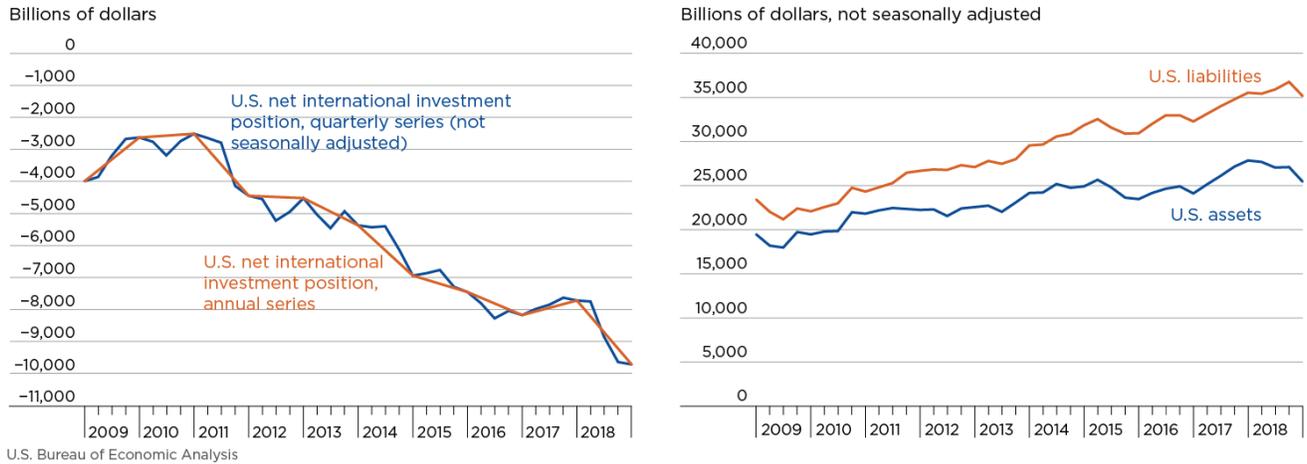
Fourth-quarter highlights

- The net investment position decreased $\$82.4$ billion in the fourth quarter, reflecting a $\$1,695.4$ billion decrease in U.S. assets and a $\$1,613.0$ billion decrease in U.S. liabilities. The decrease also reflected net financial transactions of $-\$199.2$ billion and net other changes in position, such as price and exchange-rate changes, of $\$116.8$ billion (table A).
- The net investment position decreased 0.9 percent in the fourth quarter, compared with a decrease of 8.9 percent in the third quarter and an average quarterly decrease of 4.7 percent from the first quarter of 2011 through the second quarter of 2018.

Year 2018 highlights

- The net investment position decreased $\$1,992.1$ billion in 2018, reflecting a $\$2,400.5$ billion decrease in U.S. assets and a $\$408.4$ billion decrease in U.S. liabilities. The decrease also reflected net financial transactions of $-\$519.6$ billion and net other changes in position, such as price and exchange-rate changes, of $-\$1,472.6$ billion (table E).
- The net investment position decreased 25.8 percent in 2018, compared with an increase of 5.6 percent in 2017.

Chart 1. U.S. Net International Investment Position



Data Availability and Methodology

Detailed statistics for the U.S. international investment position accompany this article in [tables 1.1–3.1](#). The statistics and a description of the estimation methods used to compile them are also available on BEA's website. The links in the tables of this article are to the latest available statistics in the interactive tables. For the statistics, see "[International Data](#)." For the methods, see *U.S. International Economic Accounts: Concepts and Methods*.

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

[Billions of dollars, not seasonally adjusted]

Type of investment	Position, 2018:III	Change in position in 2018:IV			Position, 2018:IV
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
U.S. net international investment position	-9,634.8	-82.4	-199.2	116.8	-9,717.1
Net position excluding financial derivatives	-9,692.0	-56.0	-179.1	123.2	-9,747.9
Financial derivatives other than reserves, net ²	57.2	-26.4	-20.1	-6.3	30.8
U.S. assets	27,094.0	-1,695.4	(²)	(²)	25,398.6
Assets excluding financial derivatives	25,594.7	-1,942.1	136.5	-2,078.6	23,652.6
Financial derivatives other than reserves	1,499.2	246.7	(²)	(²)	1,746.0
U.S. liabilities	36,728.7	-1,613.0	(²)	(²)	35,115.7
Liabilities excluding financial derivatives	35,286.7	-1,886.2	315.6	-2,201.8	33,400.5
Financial derivatives other than reserves	1,442.0	273.1	(²)	(²)	1,715.2

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.

Note. The statistics on positions are presented in [table 1.2](#) of the international investment position (IIP) accounts on BEA's website. The statistics on financial transactions are not seasonally adjusted and are presented in [table 1.2](#) of the international transactions accounts (ITAs) on BEA's website.

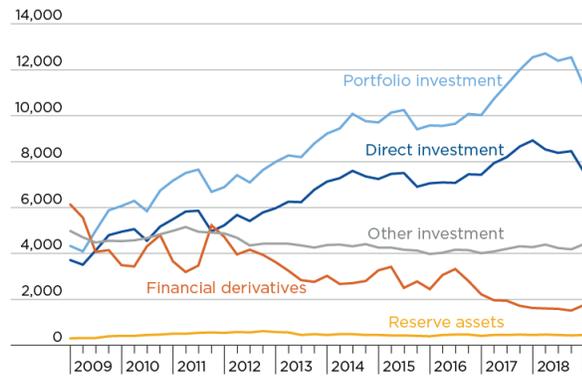
Fourth Quarter—U.S. Assets

U.S. assets decreased \$1,695.4 billion to \$25,398.6 billion at the end of the fourth quarter, reflecting decreases in portfolio investment and direct investment assets that were partly offset by increases in financial derivatives, other investment, and reserve assets (chart 2, table B).

- Assets excluding financial derivatives decreased \$1,942.1 billion to \$23,652.6 billion. The decrease resulted from financial transactions of \$136.5 billion and other changes in position of -\$2,078.6 billion.
 - Financial transactions reflected net U.S. acquisition of other investment deposit and loan assets and of direct investment equity assets that were partly offset by net U.S. sales of foreign securities.
 - Other changes in position were driven by foreign stock price decreases that lowered the equity value of portfolio investment and direct investment assets.
- Financial derivatives increased \$246.7 billion to \$1,746.0 billion, reflecting increases in single-currency interest rate contracts.

Chart 2. U.S. Assets

Billions of dollars, not seasonally adjusted



U.S. Bureau of Economic Analysis

Table B. Quarterly Change in U.S. Assets
[Billions of dollars, not seasonally adjusted]

Type of investment	Position, 2018:III	Change in position in 2018:IV			Position, 2018:IV
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
U.S. assets	27,094.0	-1,695.4	(²)	(²)	25,398.6
Assets excluding financial derivatives	25,594.7	-1,942.1	136.5	-2,078.6	23,652.6
Financial derivatives other than reserves	1,499.2	246.7	(²)	(²)	1,746.0
By functional category:					
Direct investment at market value	8,451.3	-922.9	60.7	-983.6	7,528.4
Equity	7,201.5	-925.5	62.0	-987.5	6,276.0
Debt instruments	1,249.8	2.6	-1.3	3.9	1,252.3
Portfolio investment	12,543.2	-1,262.1	-149.6	-1,112.6	11,281.1
Equity and investment fund shares	8,988.6	-1,162.4	-65.1	-1,097.3	7,826.2
Debt securities	3,554.7	-99.7	-84.5	-15.3	3,454.9
Short term	699.9	-33.9	-34.2	0.3	666.0
Long term	2,854.7	-65.8	-50.3	-15.6	2,788.9
Financial derivatives other than reserves	1,499.2	246.7	(²)	(²)	1,746.0
Over-the-counter contracts	1,435.9	251.6	(²)	(²)	1,687.5
Single-currency interest rate contracts	958.5	249.2	(²)	(²)	1,207.8
Foreign exchange contracts	301.8	2.1	(²)	(²)	303.8
Other contracts	175.6	0.3	(²)	(²)	175.9
Exchange-traded contracts	63.3	-4.9	(²)	(²)	58.4
Other investment	4,177.2	216.8	223.2	-6.4	4,394.0
Currency and deposits	1,768.6	138.8	143.5	-4.7	1,907.5
Loans	2,358.1	76.2	77.7	-1.6	2,434.3
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	50.4	1.9	2.0	-0.1	52.3
Reserve assets	423.0	26.0	2.1	23.9	449.1
Monetary gold	310.5	24.0	0.0	24.0	334.5
Special drawing rights	50.9	-0.1	(*)	-0.2	50.8
Reserve position in the International Monetary Fund	20.0	2.0	2.0	-0.1	22.0
Other reserve assets	41.6	0.2	(*)	0.2	41.8

n.a. Not available

(*) Value between zero and +/- \$50 million

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.

Note. The statistics on positions are presented in [table 1.2](#) of the international investment position (IIP) accounts on BEA's website. The statistics on financial transactions are not seasonally adjusted and are presented in [table 1.2](#) of the international transactions accounts (ITAs) on BEA's website.

Fourth Quarter—U.S. Liabilities

U.S. liabilities decreased \$1,613.0 billion to \$35,115.7 billion at the end of the fourth quarter, reflecting decreases in portfolio investment and direct investment liabilities that were partly offset by increases in other investment liabilities and financial derivatives (chart 3, table C).

- Liabilities excluding financial derivatives decreased \$1,886.2 billion to \$33,400.5 billion. The decrease resulted from financial transactions of \$315.6 billion and other changes in position of -\$2,201.8 billion.
 - Financial transactions reflected net U.S. incurrence of other investment loan and deposit liabilities and of direct investment equity liabilities that were partly offset by net foreign sales of U.S. securities, especially of U.S. long-term debt.
 - Other changes in position were driven by U.S. stock price decreases that lowered the equity value of portfolio investment and direct investment liabilities.
- Financial derivatives increased \$273.1 billion to \$1,715.2 billion, reflecting increases in single-currency interest rate contracts.

Chart 3. U.S. Liabilities

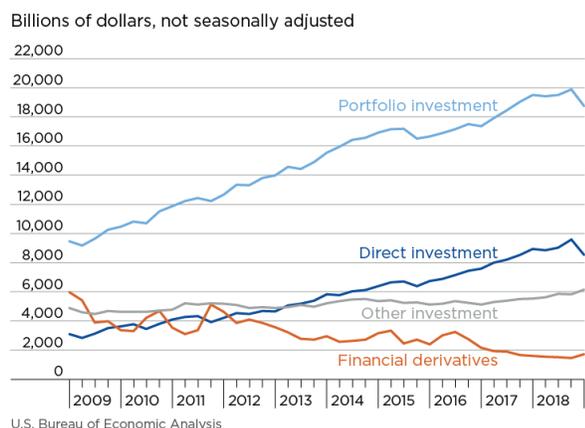


Table C. Quarterly Change in U.S. Liabilities
[Billions of dollars, not seasonally adjusted]

Type of investment	Position, 2018:III	Change in position in 2018:IV			Position, 2018:IV
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
U.S. liabilities	36,728.7	-1,613.0	(²)	(²)	35,115.7
Liabilities excluding financial derivatives	35,286.7	-1,886.2	315.6	-2,201.8	33,400.5
Financial derivatives other than reserves	1,442.0	273.1	(²)	(²)	1,715.2
By functional category:					
Direct investment at market value	9,583.2	-1,064.8	83.6	-1,148.4	8,518.4
Equity	7,855.1	-1,057.5	95.0	-1,152.5	6,797.6
Debt instruments	1,728.1	-7.3	-11.4	4.1	1,720.8
Portfolio investment	19,882.9	-1,144.9	-12.9	-1,132.0	18,738.1
Equity and investment fund shares	8,561.6	-1,107.9	88.2	-1,196.0	7,453.7
Debt securities	11,321.4	-37.0	-101.0	64.0	11,284.4
Short term	967.1	12.9	13.1	-0.2	980.0
Long term	10,354.3	-49.9	-114.1	64.2	10,304.4
Financial derivatives other than reserves	1,442.0	273.1	(²)	(²)	1,715.2
Over-the-counter contracts	1,385.6	269.5	(²)	(²)	1,655.1
Single-currency interest rate contracts	917.4	264.8	(²)	(²)	1,182.2
Foreign exchange contracts	290.7	8.6	(²)	(²)	299.3
Other contracts	177.5	-3.9	(²)	(²)	173.6
Exchange-traded contracts	56.4	3.6	(²)	(²)	60.0
Other investment	5,820.6	323.5	244.9	78.6	6,144.1
Currency and deposits	3,152.6	102.8	104.6	-1.8	3,255.4
Loans	2,418.7	222.4	141.8	80.6	2,641.1
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	200.0	-1.6	-1.5	-0.1	198.5
Special drawing rights allocations	49.3	-0.2	0.0	-0.2	49.1

n.a. Not available

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.

Note. The statistics on positions are presented in [table 1.2](#) of the international investment position (IIP) accounts on BEA's website. The statistics on financial transactions are not seasonally adjusted and are presented in [table 1.2](#) of the international transactions accounts (ITAs) on BEA's website.

Updates to Statistics

The U.S. net international investment position statistics for the third quarter of 2018 have been updated to incorporate newly available and revised source data (table D).

Table D. Updates to Third-Quarter 2018 International Investment Position Aggregates
[Billions of dollars, not seasonally adjusted]

	Preliminary estimate	Revised estimate
U.S. net international investment position	-9,627.2	-9,634.8
U.S. assets	27,150.7	27,094.0
Direct investment at market value	8,468.6	8,451.3
Portfolio investment	12,558.8	12,543.2
Financial derivatives other than reserves	1,499.2	1,499.2
Other investment	4,201.1	4,177.2
Reserve assets	423.0	423.0
U.S. liabilities	36,777.9	36,728.7
Direct investment at market value	9,591.1	9,583.2
Portfolio investment	19,882.9	19,882.9
Financial derivatives other than reserves	1,442.0	1,442.0
Other investment	5,861.9	5,820.6

Notice of Upcoming Update to the U.S. Net International Investment Position

The annual update of the U.S. net international investment position will be released along with preliminary estimates for the first quarter of 2019 on June 26, 2019. A [preview of the annual update](#) is available in this issue of the *Survey of Current Business*.

Year 2018—U.S. Net IIP and U.S. Assets

The U.S. net international investment position decreased to -\$9,717.1 billion (preliminary) at the end of 2018 from -\$7,725.0 billion at the end of 2017 (table E). The \$1,992.1 billion decrease reflected a \$2,400.5 billion decrease in U.S. assets and a \$408.4 billion decrease in U.S. liabilities.

U.S. assets decreased \$2,400.5 billion to \$25,398.6 billion at the end of 2018, reflecting decreases in direct investment and portfolio investment assets that were partly offset by increases in financial derivatives and other investment assets (table E).

- Assets excluding financial derivatives decreased \$2,524.0 billion to \$23,652.6 billion. The decrease resulted from financial transactions of \$301.6 billion and other changes in position of -\$2,825.6 billion.
 - Financial transactions reflected net U.S. purchases of foreign securities and net U.S. acquisition of other investment deposit assets that were partly offset by net U.S.

withdrawal of direct investment equity assets. The net withdrawal of direct investment equity assets reflected U.S. parent repatriation of previously reinvested earnings in response to the Tax Cuts and Jobs Act. For more information, see the box “Effects of the 2017 Tax Cuts and Jobs Act on U.S. Direct Investment Assets.”

- Other changes in position mostly reflected foreign stock price decreases that lowered the equity value of portfolio investment and direct investment assets, and to a lesser extent, the depreciation of major foreign currencies against the U.S. dollar that lowered the value of foreign-currency-denominated assets in dollar terms.
- Financial derivatives increased \$123.5 billion to \$1,746.0 billion, mostly in single-currency interest rate contracts and foreign exchange contracts.

Table E. Annual Change in the U.S. Net International Investment Position and in U.S. Assets
[Billions of dollars]

Type of investment	Yearend position, 2017	Change in position in 2018			Yearend position, 2018
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
U.S. net international investment position	-7,725.0	-1,992.1	-519.6	-1,472.6	-9,717.1
Net position excluding financial derivatives	-7,753.3	-1,994.7	-499.3	-1,495.4	-9,747.9
Financial derivatives other than reserves, net	28.3	2.5	-20.3	22.8	30.8
U.S. assets	27,799.1	-2,400.5	⁽²⁾	⁽²⁾	25,398.6
Assets excluding financial derivatives	26,176.6	-2,524.0	301.6	-2,825.6	23,652.6
Financial derivatives other than reserves	1,622.5	123.5	⁽²⁾	⁽²⁾	1,746.0
By functional category:					
Direct investment at market value	8,910.0	-1,381.6	-50.6	-1,331.0	7,528.4
Equity	7,645.9	-1,369.8	-58.5	-1,311.3	6,276.0
Debt instruments	1,264.1	-11.8	7.9	-19.7	1,252.3
Portfolio investment	12,543.8	-1,262.7	210.3	-1,473.1	11,281.1
Equity and investment fund shares	9,129.5	-1,303.3	97.2	-1,400.5	7,826.2
Debt securities	3,414.4	40.6	113.2	-72.6	3,454.9
Short term	649.8	16.2	17.6	-1.4	666.0
Long term	2,764.6	24.3	95.6	-71.2	2,788.9
Financial derivatives other than reserves	1,622.5	123.5	⁽²⁾	⁽²⁾	1,746.0
Over-the-counter contracts	1,582.0	105.6	⁽²⁾	⁽²⁾	1,687.5
Single-currency interest rate contracts	1,150.5	57.2	⁽²⁾	⁽²⁾	1,207.8
Foreign exchange contracts	261.3	42.5	⁽²⁾	⁽²⁾	303.8
Other contracts	170.1	5.8	⁽²⁾	⁽²⁾	175.9
Exchange-traded contracts	40.5	17.9	⁽²⁾	⁽²⁾	58.4
Other investment	4,273.0	121.0	136.9	-15.9	4,394.0
Currency and deposits	1,774.9	132.6	151.8	-19.3	1,907.5
Loans	2,446.4	-12.1	-15.7	3.6	2,434.3
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	51.8	0.5	0.8	-0.3	52.3
Reserve assets	449.7	-0.6	5.0	-5.6	449.1
Monetary gold	337.6	-3.1	0.0	-3.1	334.5
Special drawing rights	51.9	-1.1	0.2	-1.2	50.8
Reserve position in the International Monetary Fund	17.6	4.4	4.8	-0.4	22.0
Other reserve assets	42.6	-0.8	(*)	-0.8	41.8

n.a. Not available

(*) Value between zero and +/- \$50 million

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.

Note. The statistics on positions are presented in [table 1.2](#) of the international investment position (IIP) accounts on BEA's website. The statistics on financial transactions are presented in [table 1.2](#) of the international transactions accounts (ITAs) on BEA's website.

Effects of the 2017 Tax Cuts and Jobs Act on Direct Investment Assets

The earnings of foreign affiliates of U.S. multinational enterprises consist of repatriated earnings to the parent company in the United States in the form of dividends and reinvested earnings in foreign affiliates. When dividends exceed earnings in a given period, reinvested earnings (calculated as a residual) are negative, indicating a withdrawal of equity assets. In 2018, the \$58.5 billion net withdrawal of direct investment equity assets reflected reinvested earnings of $-\$141.6$ billion and net U.S. acquisition of equity other than reinvested earnings of $\$83.1$ billion. The net withdrawal of direct investment equity assets in 2018 reflected the repatriation of accumulated prior earnings of foreign affiliates by their U.S. parent companies as dividends in response to the 2017 Tax Cuts and Jobs Act (TCJA), which generally eliminated taxes on repatriated earnings.

The financial transactions highlighted in this article and related income transactions are reflected in the U.S. international transactions accounts. For more information about how the TCJA affected direct investment asset and income transactions, see [“U.S. International Transactions: Fourth Quarter and Year 2018,”](#) in this issue of the *Survey of Current Business*, and two BEA FAQs, [“How are the International Transactions Accounts affected by an increase in direct investment dividend receipts?”](#) and [“How does the 2017 Tax Cuts and Jobs Act affect BEA’s business income statistics?”](#)

Year 2018—U.S. Liabilities

U.S. liabilities decreased $\$408.4$ billion to $\$35,115.7$ billion at the end of 2018, reflecting decreases in portfolio investment and direct investment liabilities that were partly offset by increases in other investment liabilities and financial derivatives (table F).

- Liabilities excluding financial derivatives decreased $\$529.3$ billion to $\$33,400.5$ billion. The decrease resulted from financial transactions of $\$800.9$ billion and other changes in position of $-\$1,330.2$ billion.
 - Financial transactions reflected net incurrence of liabilities in all major investment categories.
 - Other changes in position mostly reflected U.S. stock price decreases that lowered the equity value of portfolio investment and direct investment liabilities.
- Financial derivatives increased $\$120.9$ billion to $\$1,715.2$ billion, mostly in single-currency interest rate contracts and foreign exchange contracts.

Table F. Annual Change in U.S. Liabilities

[Billions of dollars]

Type of investment	Yearend position, 2017	Change in position in 2018			Yearend position, 2018
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
U.S. liabilities	35,524.1	-408.4	(²)	(²)	35,115.7
Liabilities excluding financial derivatives	33,929.8	-529.3	800.9	-1,330.2	33,400.5
Financial derivatives other than reserves	1,594.2	120.9	(²)	(²)	1,715.2
By functional category:					
Direct investment at market value	8,925.5	-407.1	267.1	-674.2	8,518.4
Equity	7,132.8	-335.2	332.2	-667.5	6,797.6
Debt instruments	1,792.6	-71.8	-65.1	-6.7	1,720.8
Portfolio investment	19,482.2	-744.1	320.0	-1,064.1	18,738.1
Equity and investment fund shares	7,951.9	-498.2	147.2	-645.4	7,453.7
Debt securities	11,530.3	-245.9	172.8	-418.7	11,284.4
Short term	959.2	20.8	28.8	-8.0	980.0
Long term	10,571.1	-266.7	144.0	-410.7	10,304.4
Financial derivatives other than reserves	1,594.2	120.9	(²)	(²)	1,715.2
Over-the-counter contracts	1,554.4	100.8	(²)	(²)	1,655.1
Single-currency interest rate contracts	1,112.6	69.7	(²)	(²)	1,182.2
Foreign exchange contracts	266.8	32.5	(²)	(²)	299.3
Other contracts	175.1	-1.4	(²)	(²)	173.6
Exchange-traded contracts	39.9	20.2	(²)	(²)	60.0
Other investment	5,522.2	621.9	213.8	408.1	6,144.1
Currency and deposits	3,196.6	58.8	29.6	29.2	3,255.4
Loans	2,091.1	550.0	169.7	380.3	2,641.1
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	184.2	14.3	14.5	-0.2	198.5
Special drawing rights allocations	50.3	-1.2	0.0	-1.2	49.1

n.a. Not available

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.

Note. The statistics on positions are presented in [table 1.2](#) of the international investment position (IIP) accounts on BEA's website. The statistics on financial transactions are presented in [table 1.2](#) of the international transactions accounts (ITAs) on BEA's website.



Survey of Current Business
www.bea.gov/scb
scb@bea.gov
(301) 278-9004