



U.S. International Investment Position Third Quarter 2020

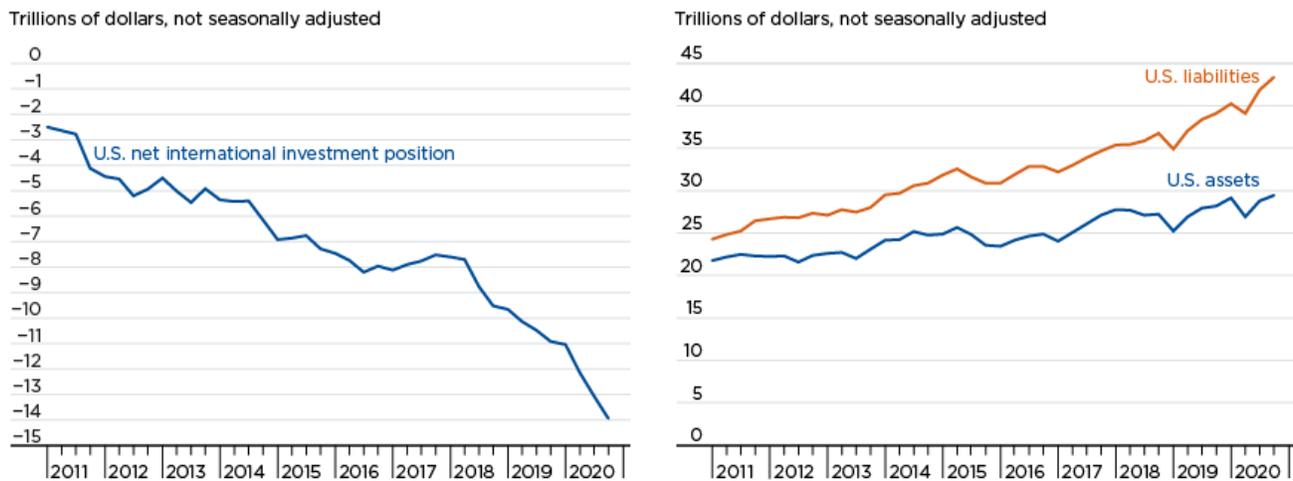
By Erin Whitaker

The U.S. net international investment position—the difference between U.S. residents’ foreign financial assets and liabilities—was $-\$13.95$ trillion at the end of the third quarter of 2020 (chart 1). Assets totaled $\$29.41$ trillion and liabilities were $\$43.36$ trillion. At the end of the second quarter, the net investment position was $-\$13.08$ trillion.

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. A negative net investment position represents a U.S. net liability to the rest of the world.

The $-\$865.6$ billion change in the net investment position from the second quarter to the third quarter came from net financial transactions of $-\$219.9$ billion and net other changes in position, such as price and exchange-rate changes, of $-\$645.7$ billion (table A).

Chart 1. U.S. International Investment Position



U.S. Bureau of Economic Analysis

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 the Bureau of Economic Analysis website. The links in the tables of this article are to the latest available statistics in the interactive tables. For the statistics, see “[International Transactions, International Services, and International Investment Position \(IIP\) Tables](#).” For the methods, see *U.S. International Economic Accounts: Concepts and Methods*.

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

In the third quarter of 2020, U.S. assets and liabilities continued to increase, reflecting increases in portfolio investment and direct investment assets and liabilities. Most of the currency swaps between the U.S. Federal Reserve System and foreign central banks that remained at the end of the second quarter were ended in the third quarter, contributing to the continued U.S. withdrawal of deposit assets and the continued U.S. repayment of deposit and loan liabilities. These currency swaps were initiated in the first quarter to alleviate the dollar shortage overseas at the onset of the COVID-19 pandemic. Separately, in the third quarter, a record level of net shipments of U.S. currency abroad to meet the demand for U.S. currency by foreign residents increased U.S. currency liabilities, partly offsetting the net repayment of U.S. deposit liabilities. 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 December 18 international transactions accounts [news release](#).

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

[Billions of dollars, not seasonally adjusted]

Type of investment	Position, 2020 Q2	Change in position in 2020 Q3			Position, 2020 Q3
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
U.S. net international investment position	-13,084.6	-865.6	-219.9	-645.7	-13,950.2
Net position excluding financial derivatives	-13,106.8	-870.3	-243.9	-626.4	-13,977.1
Financial derivatives other than reserves, net ²	22.2	4.7	24.0	-19.3	26.9
U.S. assets	28,779.1	629.2	(²)	(²)	29,408.3
Assets excluding financial derivatives	26,028.3	834.8	-69.8	904.6	26,863.1
Financial derivatives other than reserves	2,750.8	-205.6	(²)	(²)	2,545.2
By functional category:					
Direct investment at market value	7,945.0	370.8	74.3	296.5	8,315.8
Equity	6,685.1	348.7	60.5	288.2	7,033.8
Debt instruments	1,259.9	22.2	13.8	8.3	1,282.1
Portfolio investment	12,388.4	684.7	142.2	542.5	13,073.1
Equity and investment fund shares	8,552.7	572.1	92.7	479.4	9,124.8
Debt securities	3,835.7	112.6	49.5	63.1	3,948.3
Short term	656.1	23.0	20.3	2.7	679.1
Long term	3,179.6	89.6	29.2	60.4	3,269.2
Financial derivatives other than reserves	2,750.8	-205.6	(²)	(²)	2,545.2
Over-the-counter contracts	2,699.9	-206.3	(²)	(²)	2,493.6
Single-currency interest rate contracts	2,195.1	-199.3	(²)	(²)	1,995.8
Foreign exchange contracts	315.6	-20.9	(²)	(²)	294.7
Other contracts	189.1	13.9	(²)	(²)	203.1
Exchange-traded contracts	50.9	0.7	(²)	(²)	51.6
Other investment	5,109.8	-256.8	-288.1	31.3	4,853.0
Other equity	69.3	0.2	0.2	0.0	69.6
Currency and deposits	2,282.9	-183.8	-203.6	19.8	2,099.0
Loans	2,709.0	-73.2	-84.5	11.2	2,635.8
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	48.6	0.0	-0.2	0.2	48.6
Reserve assets	585.1	36.1	1.8	34.3	621.2
Monetary gold	462.4	31.1	0.0	31.1	493.4
Special drawing rights	50.6	1.2	(*)	1.2	51.7
Reserve position in the International Monetary Fund	30.6	2.5	1.8	0.7	33.1
Other reserve assets	41.5	1.4	(*)	1.4	42.9
U.S. liabilities	41,863.7	1,494.8	(²)	(²)	43,358.5
Liabilities excluding financial derivatives	39,135.1	1,705.1	174.1	1,531.0	40,840.3
Financial derivatives other than reserves	2,728.6	-210.3	(²)	(²)	2,518.2
By functional category:					
Direct investment at market value	10,090.1	762.3	72.6	689.7	10,852.4
Equity	8,401.3	730.9	39.8	691.0	9,132.2
Debt instruments	1,688.8	31.4	32.8	-1.4	1,720.2
Portfolio investment	22,046.8	967.8	147.5	820.3	23,014.6
Equity and investment fund shares	9,212.1	923.2	146.4	776.8	10,135.3
Debt securities	12,834.8	44.6	1.1	43.5	12,879.4
Short term	1,280.0	-47.0	-47.5	0.5	1,233.0
Long term	11,554.7	91.6	48.6	43.0	11,646.4
Financial derivatives other than reserves	2,728.6	-210.3	(²)	(²)	2,518.2
Over-the-counter contracts	2,678.6	-207.1	(²)	(²)	2,471.6
Single-currency interest rate contracts	2,171.6	-195.1	(²)	(²)	1,976.5
Foreign exchange contracts	318.1	-27.8	(²)	(²)	290.3
Other contracts	188.9	15.8	(²)	(²)	204.7
Exchange-traded contracts	49.9	-3.3	(²)	(²)	46.6
Other investment	6,998.2	-25.0	-46.0	21.0	6,973.2
Other equity	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	3,728.6	0.7	-4.1	4.8	3,729.3
Loans	3,011.0	-29.4	-44.4	14.9	2,981.5
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	210.1	2.6	2.4	0.2	212.7
Special drawing rights allocations	48.6	1.1	0.0	1.1	49.7

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 presented for annual statistics released in June each year.
2. Financial transactions and other changes in financial derivatives positions are available on a net basis; they are not separately available for U.S. assets and U.S. liabilities.

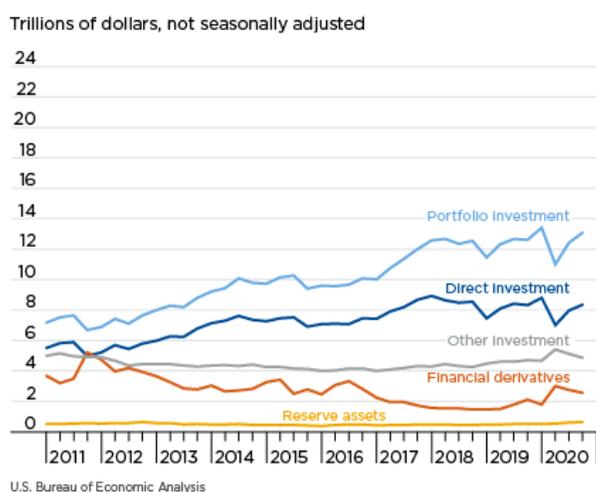
Note. The statistics on positions are presented in [table 1.2](#) of the International Investment Position accounts on BEA's website. The statistics on financial transactions are not seasonally adjusted and are presented in [table 1.2](#) of the International Transactions Accounts on BEA's website.

U.S. Assets

U.S. assets increased by \$629.2 billion, to a total of \$29.41 trillion at the end of the third quarter, reflecting increases in portfolio investment and direct investment assets that were partly offset by decreases in other investment assets and in financial derivatives (chart 2). Portfolio investment assets increased by \$684.7 billion, to \$13.07 trillion, and direct investment assets increased by \$370.8 billion, to \$8.32 trillion, driven mainly by the appreciation of major foreign currencies against the U.S. dollar and by foreign stock price increases that raised the value of these assets.

Other changes in position drove the overall increase in U.S. assets (table A).

Chart 2. U.S. Assets

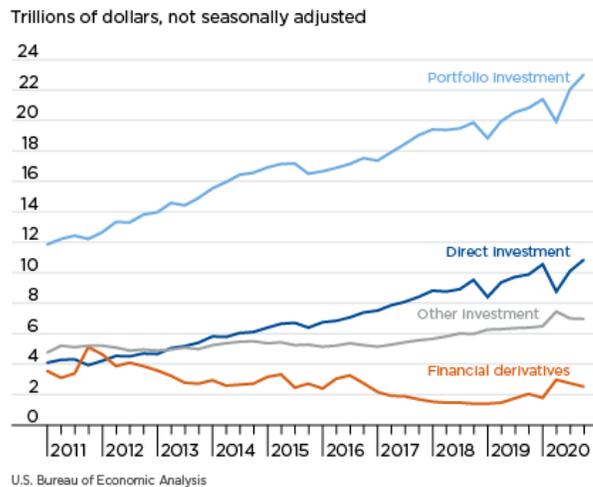


U.S. Liabilities

U.S. liabilities increased by \$1.49 trillion, to a total of \$43.36 trillion at the end of the third quarter, reflecting increases in portfolio investment and direct investment liabilities that were partly offset by decreases in financial derivatives and in other investment liabilities (chart 3). Portfolio investment liabilities increased by \$967.8 billion, to \$23.01 trillion, and direct investment liabilities increased by \$762.3 billion, to \$10.85 trillion, driven mainly by U.S. stock price increases that raised the value of these liabilities.

Other changes in position drove the overall increase in U.S. liabilities (table A).

Chart 3. U.S. Liabilities



Updates to Statistics

The U.S. international investment position statistics for the second quarter of 2020 have been updated to incorporate newly available and revised source data (table B).

Table B. Updates to Second-Quarter 2020 International Investment Position Aggregates
[Billions of dollars, not seasonally adjusted]

Type of investment	Preliminary estimate	Revised estimate
U.S. net international investment position	-13,045.9	-13,084.6
U.S. assets	28,872.8	28,779.1
Direct investment at market value	7,942.5	7,945.0
Portfolio investment	12,392.3	12,388.4
Financial derivatives other than reserves	2,750.8	2,750.8
Other investment	5,202.1	5,109.8
Reserve assets	585.1	585.1
U.S. liabilities	41,918.6	41,863.7
Direct investment at market value	10,097.2	10,090.1
Portfolio investment	22,033.3	22,046.8
Financial derivatives other than reserves	2,728.6	2,728.6
Other investment	7,059.6	6,998.2