

U.S. International Investment Position

Third Quarter 2021

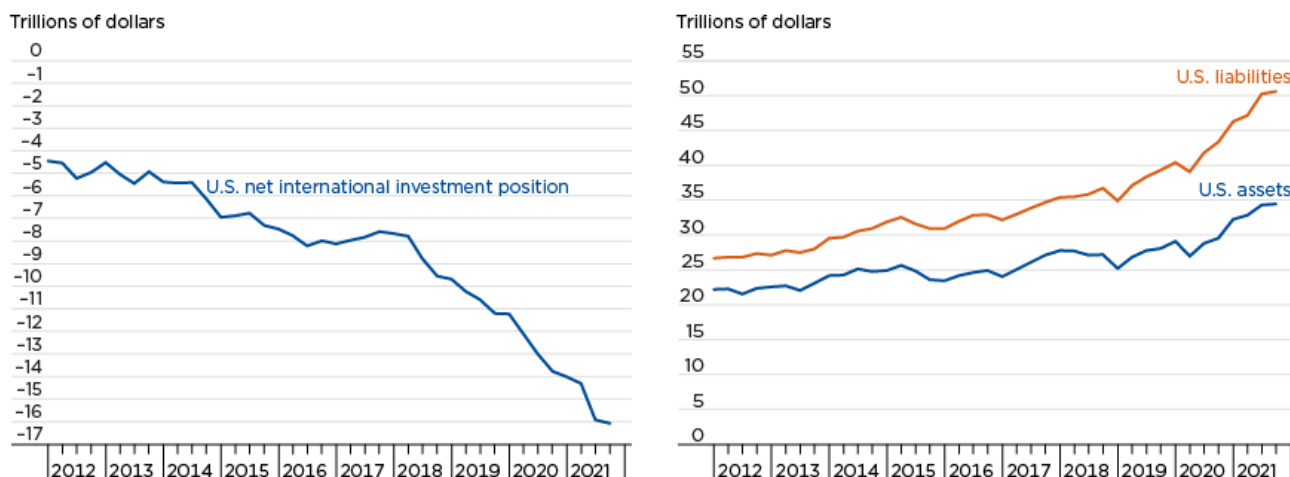
By Erin Whitaker

The U.S. net international investment position (IIP)—the difference between U.S. residents' foreign financial assets and liabilities—was $-\$16.07$ trillion at the end of the third quarter of 2021 (chart 1). Assets totaled $\$34.45$ trillion, and liabilities were $\$50.53$ trillion. At the end of the second quarter, the net investment position was $-\$15.91$ trillion. The net investment positions and components of assets and liabilities are presented in table A.

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

The $-\$165.1$ billion change in the net investment position from the second quarter to the third quarter came from net financial transactions of $-\$114.0$ billion and net other changes in position, such as price and exchange-rate changes, of $-\$51.1$ billion that mostly reflected the depreciation of major foreign currencies against the U.S. dollar that lowered the value of U.S. assets in dollar terms (table A).

Chart 1. U.S. International Investment Position
 End of quarter, not seasonally adjusted



Data Availability and Methodology

Detailed statistics for the U.S. international investment position are available in [tables 1.1–3.1](#) on the Bureau of Economic Analysis website. For information on data sources and estimation methods, see the recently updated and expanded *U.S. International Economic Accounts: Concepts and Methods*.

BEA is introducing two new IIP tables—[tables 2.2 and 4.1](#). IIP table 2.2 features position statistics on [U.S. special purpose entities](#). IIP table 4.1 features statistics on [U.S. debt positions by currency, sector, and maturity](#).

Coronavirus (COVID-19) Impact on Third-Quarter 2021 International Investment Position

In the third quarter of 2021, a new allocation of [special drawing rights](#), approved by the International Monetary Fund to mitigate the impact of the COVID-19 pandemic on the finances of developing countries, contributed to the increases in U.S. assets and 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.

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

[Billions of dollars, not seasonally adjusted]

Type of investment	End of quarter position, 2021:Q2	Change in position in 2021:Q3			End of quarter position, 2021:Q3
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
U.S. net international investment position	-15,906.0	-165.1	-114.0	-51.1	-16,071.1
Net position excluding financial derivatives	-15,943.9	-160.7	-106.0	-54.7	-16,104.5
Financial derivatives other than reserves, net ²	37.9	-4.4	-8.0	3.6	33.5
U.S. assets	34,273.3	181.2	(²)	(²)	34,454.6
Assets excluding financial derivatives	32,167.2	240.9	511.2	-270.3	32,408.1
Financial derivatives other than reserves	2,106.1	-59.7	(²)	(²)	2,046.5
By functional category:					
Direct investment at market value	10,563.1	-20.5	115.4	-135.9	10,542.6
Equity	9,316.8	-36.5	104.0	-140.5	9,280.3
Debt instruments	1,246.3	16.0	11.4	4.5	1,262.3
Portfolio investment	15,969.7	194.3	311.7	-117.5	16,164.0
Equity and investment fund shares	11,793.4	-13.1	119.6	-132.7	11,780.3
Debt securities	4,176.3	207.4	192.1	15.3	4,383.7
Short term	754.4	19.3	20.6	-1.4	773.7
Long term	3,421.9	188.1	171.5	16.6	3,610.0
Financial derivatives other than reserves	2,106.1	-59.7	(²)	(²)	2,046.5
Over-the-counter contracts	2,043.4	-73.4	(²)	(²)	1,970.0
Single-currency interest rate contracts	1,505.2	-100.6	(²)	(²)	1,404.5
Foreign exchange contracts	298.2	8.0	(²)	(²)	306.2
Other contracts	240.1	19.2	(²)	(²)	259.3
Exchange-traded contracts	62.7	13.8	(²)	(²)	76.5
Other investment	5,044.2	-37.9	-28.5	-9.4	5,006.4
Other equity	71.1	(*)	(*)	0.0	71.1
Currency and deposits	2,091.0	-26.9	-25.2	-1.6	2,064.1
Loans	2,835.8	-9.9	-2.3	-7.6	2,825.9
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	46.4	-1.1	-1.0	-0.1	45.3
Reserve assets	590.1	105.0	112.6	-7.6	695.1
Monetary gold	461.1	-5.3	0.0	-5.3	455.7
Special drawing rights	52.4	111.4	112.8	-1.4	163.9
Reserve position in the International Monetary Fund	34.3	-0.4	(*)	-0.4	33.9
Other reserve assets	42.3	-0.7	-0.2	-0.4	41.6

Type of investment	End of quarter position, 2021:Q2	Change in position in 2021:Q3			End of quarter position, 2021:Q3
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
U.S. liabilities	50,179.3	346.3	(²)	(²)	50,525.6
Liabilities excluding financial derivatives	48,111.1	401.6	617.2	-215.7	48,512.6
Financial derivatives other than reserves	2,068.3	-55.3	(²)	(²)	2,013.0
By functional category:					
Direct investment at market value	13,473.2	98.4	153.1	-54.7	13,571.6
Equity	11,794.8	68.3	115.3	-47.0	11,863.1
Debt instruments	1,678.4	30.1	37.8	-7.7	1,708.5
Portfolio investment	27,164.2	8.4	146.2	-137.8	27,172.7
Equity and investment fund shares	13,579.1	85.6	148.8	-63.3	13,664.7
Debt securities	13,585.1	-77.2	-2.6	-74.5	13,508.0
Short term	1,143.6	-31.8	-10.2	-21.6	1,111.7
Long term	12,441.6	-45.3	7.6	-52.9	12,396.2
Financial derivatives other than reserves	2,068.3	-55.3	(²)	(²)	2,013.0
Over-the-counter contracts	2,005.5	-67.9	(²)	(²)	1,937.5
Single-currency interest rate contracts	1,480.0	-91.8	(²)	(²)	1,388.3
Foreign exchange contracts	281.4	5.8	(²)	(²)	287.2
Other contracts	244.0	18.0	(²)	(²)	262.0
Exchange-traded contracts	62.8	12.7	(²)	(²)	75.5
Other investment	7,473.6	294.8	318.0	-23.2	7,768.4
Other equity	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	3,960.8	175.0	178.1	-3.1	4,135.8
Loans	3,238.4	7.3	25.9	-18.6	3,245.8
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	224.0	1.0	1.1	-0.1	225.0
Special drawing rights allocations	50.4	111.5	112.8	-1.4	161.8

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 presented for annual statistics released in March and revised 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.

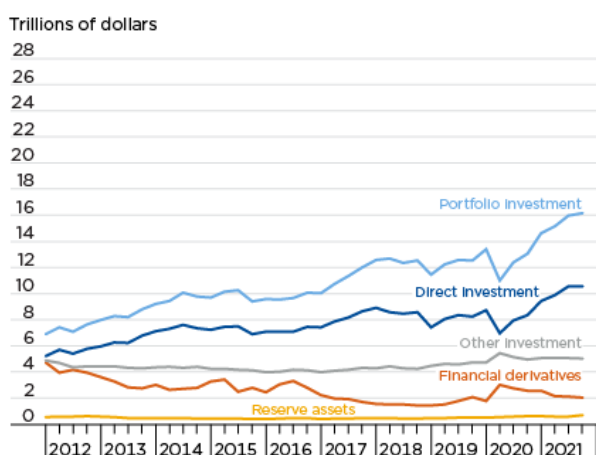
Note. The statistics on positions are presented in [table 1.2](#) of the International Investment Position Accounts on the Bureau of Economic Analysis (BEA) website. The statistics on financial transactions are not seasonally adjusted and are presented in [table 1.2](#) of the International Transactions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

U.S. Assets

U.S. assets increased by \$181.2 billion to a total of \$34.45 trillion at the end of the third quarter, reflecting increases in portfolio investment and reserve assets (chart 2). Portfolio investment assets increased by \$194.3 billion to \$16.16 trillion, driven by net U.S. purchases of foreign securities. Reserve assets increased by \$105.0 billion to \$695.1 billion, reflecting the allocation of \$112.8 billion in new special drawing rights (SDRs) in August 2021 to the United States as its share of the \$650 billion SDR allocation approved by the International Monetary Fund (IMF). The SDR is an international reserve asset created by the IMF to supplement its member countries' official reserves and can be exchanged between members for currencies such as the U.S. dollar, the euro, or the yen. The allocation in the third quarter was the largest in the history of the IMF.

Financial transactions drove the overall increase in U.S. assets (table A).

Chart 2. U.S. Assets by Category
End of quarter, not seasonally adjusted

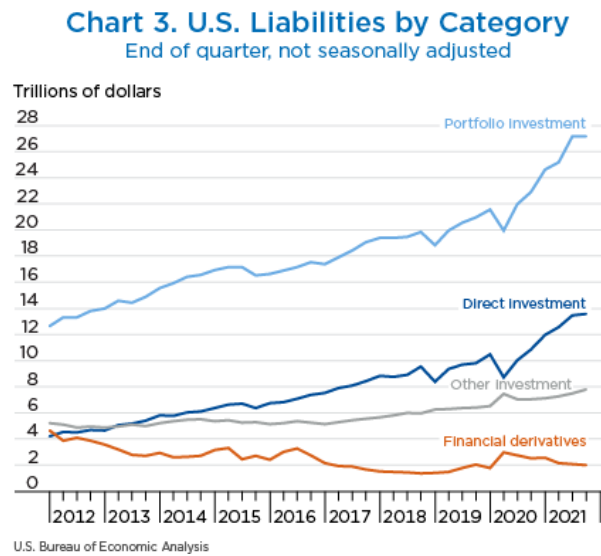


U.S. Bureau of Economic Analysis

U.S. Liabilities

U.S. liabilities increased by \$346.3 billion to a total of \$50.53 trillion at the end of the third quarter, mostly reflecting increases in other investment liabilities (chart 3). Other investment liabilities increased by \$294.8 billion to \$7.77 trillion, reflecting increases in deposit liabilities and in SDR allocation liabilities that represent the U.S. long-term obligation to other IMF member countries holding SDRs. In an SDR allocation, the increase in U.S. liabilities offsets the increase in U.S. assets, so the allocation has no impact on the net international investment position.

Financial transactions drove the overall increase in U.S. liabilities (table A).



Updates to Statistics

The U.S. international investment position statistics for the second quarter of 2021 have been updated to incorporate newly available and revised source data (table B).

Table B. Updates to Second-Quarter 2021 International Investment Position Aggregates
[Billions of dollars, not seasonally adjusted]

	Preliminary estimate	Revised estimate
U.S. net international investment position	-15,419.6	-15,906.0
U.S. assets	34,196.0	34,273.3
Direct investment at market value	10,548.6	10,563.1
Portfolio investment	15,902.6	15,969.7
Financial derivatives other than reserves	2,106.1	2,106.1
Other investment	5,048.4	5,044.2
Reserve assets	590.1	590.1
U.S. liabilities	49,615.6	50,179.3
Direct investment at market value	13,489.7	13,473.2
Portfolio investment	26,588.0	27,164.2
Financial derivatives other than reserves	2,068.3	2,068.3
Other investment	7,469.5	7,473.6

Notice of New Statistics and Acceleration of Statistics

Releases of new statistics

With the release of the International Investment Position (IIP) Accounts on December 30, 2021, the Bureau of Economic Analysis introduced two new IIP tables—[tables 2.2 and 4.1](#). IIP table 2.2 features annual statistics on direct investment positions in U.S. resident special purpose entities (SPEs), which are U.S. legal entities with little or no employment or physical presence. The increased prevalence of SPEs heightens the need for separate statistics on their activities for analysis and for improved interpretability of macroeconomic statistics. IIP table 4.1 features quarter-end position statistics on U.S. debt positions by currency, sector, and maturity for U.S. assets and liabilities. These statistics will be valuable for assessing U.S. exposure to foreign currency risks and for helping to identify potential future financial crises. The new tables fulfill commitments to the [IMF Task Force on Special Purpose Entities](#) and the [G-20 Data Gaps Initiative](#) to release these statistics by yearend 2021. For more information, see “[New Statistics on U.S. Resident Special Purpose Entities in the International Investment Position Accounts](#)” and “[New Statistics on U.S. Debt Positions in the International Investment Position Accounts](#).”

Accelerating release of annual IIP statistics

The Bureau of Economic Analysis (BEA) will accelerate the publication of the annual [IIP table 1.3](#) usually released in June each year to March each year. Table 1.3 provides details for the annual change in the IIP, such as financial transactions, price changes, exchange-rate changes, and other changes in volume and valuation. For the upcoming IIP release on March 29, 2022, and for the related article in the April 2022 issue of the [Survey of Current Business](#), BEA will include table 1.3 for 2021, which will also be available in BEA’s [Interactive Data Application](#). The table will subsequently be updated as part of the annual update in June each year.