



U.S. International Investment Position

Second Quarter 2020

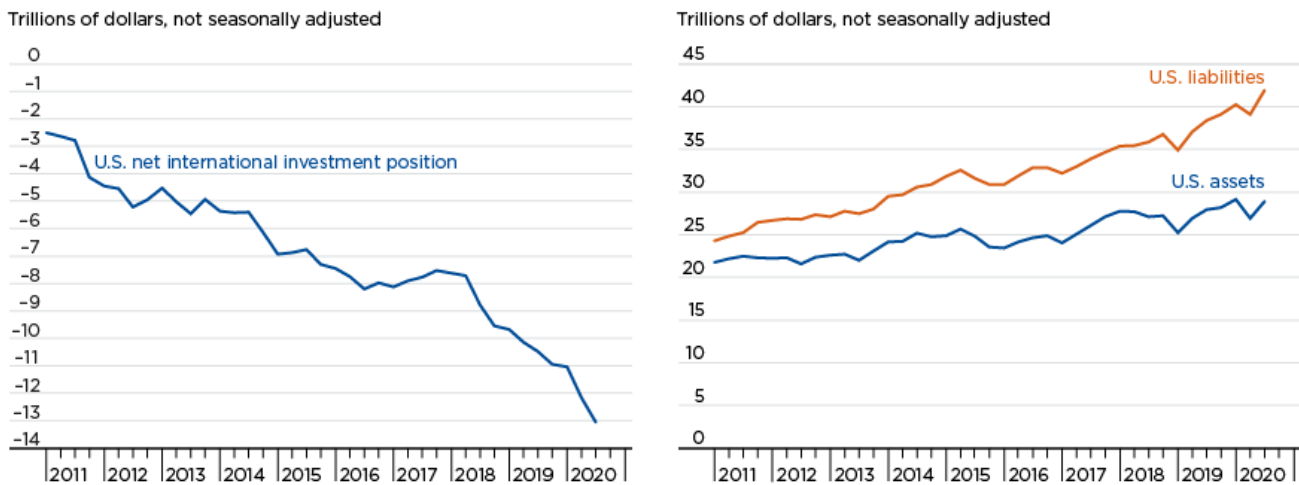
By Erin Whitaker

The U.S. net international investment position—the difference between U.S. residents’ foreign financial assets and liabilities—was $-\$13.05$ trillion at the end of the second quarter of 2020 (chart 1). 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.

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 $-\$882.6$ 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).

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 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]

Type of investment	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 ²	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
By functional category:					
Direct investment at market value	7,003.7	938.8	42.4	896.4	7,942.5
Equity	5,728.7	960.0	62.2	897.8	6,688.7
Debt instruments	1,275.0	-21.3	-19.9	-1.4	1,253.8
Portfolio investment	11,001.2	1,391.1	-29.8	1,420.9	12,392.3
Equity and investment fund shares	7,370.8	1,174.8	-67.7	1,242.5	8,545.6
Debt securities	3,630.4	216.3	37.9	178.4	3,846.6
Short term	669.5	-2.7	-3.5	0.8	666.8
Long term	2,960.9	218.9	41.4	177.6	3,179.8
Financial derivatives other than reserves	2,996.1	-245.3	(²)	(²)	2,750.8
Over-the-counter contracts	2,908.3	-208.4	(²)	(²)	2,699.9
Single-currency interest rate contracts	2,128.7	66.4	(²)	(²)	2,195.1
Foreign exchange contracts	481.3	-165.7	(²)	(²)	315.6
Other contracts	298.2	-109.1	(²)	(²)	189.1
Exchange-traded contracts	87.8	-36.9	(²)	(²)	50.9
Other investment	5,382.8	-180.6	-158.6	-22.0	5,202.1
Other equity	69.3	(*)	(*)	0.0	69.3
Currency and deposits	2,534.3	-148.1	-156.8	8.7	2,386.3
Loans	2,730.6	-27.4	3.4	-30.8	2,703.1
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	48.6	-5.1	-5.2	0.1	43.4
Reserve assets	537.5	47.6	5.0	42.7	585.1
Monetary gold	420.7	41.6	0.0	41.6	462.4
Special drawing rights	50.1	0.4	(*)	0.4	50.6
Reserve position in the International Monetary Fund	25.5	5.1	4.9	0.2	30.6
Other reserve assets	41.1	0.4	(*)	0.4	41.5
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
By functional category:					
Direct investment at market value	8,762.1	1,335.1	-7.1	1,342.1	10,097.2
Equity	6,999.0	1,405.3	27.8	1,377.5	8,404.3
Debt instruments	1,763.1	-70.2	-34.9	-35.4	1,692.9
Portfolio investment	19,933.7	2,099.6	339.0	1,760.7	22,033.3
Equity and investment fund shares	7,649.0	1,553.6	66.5	1,487.1	9,202.6
Debt securities	12,284.7	546.0	272.5	273.5	12,830.7
Short term	936.0	337.8	337.6	0.2	1,273.8
Long term	11,348.7	208.2	-65.1	273.4	11,556.9
Financial derivatives other than reserves	2,962.4	-233.8	(²)	(²)	2,728.6
Over-the-counter contracts	2,875.3	-196.7	(²)	(²)	2,678.6
Single-currency interest rate contracts	2,129.5	42.1	(²)	(²)	2,171.6
Foreign exchange contracts	470.2	-152.1	(²)	(²)	318.1
Other contracts	275.6	-86.7	(²)	(²)	188.9
Exchange-traded contracts	87.1	-37.1	(²)	(²)	49.9
Other investment	7,426.3	-366.8	-335.2	-31.5	7,059.6
Other equity	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	3,959.4	-240.0	-242.5	2.6	3,719.4
Loans	3,212.1	-128.7	-94.2	-34.5	3,083.4
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	206.7	1.5	1.5	0.1	208.2
Special drawing rights allocations	48.2	0.4	0.0	0.4	48.6

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.

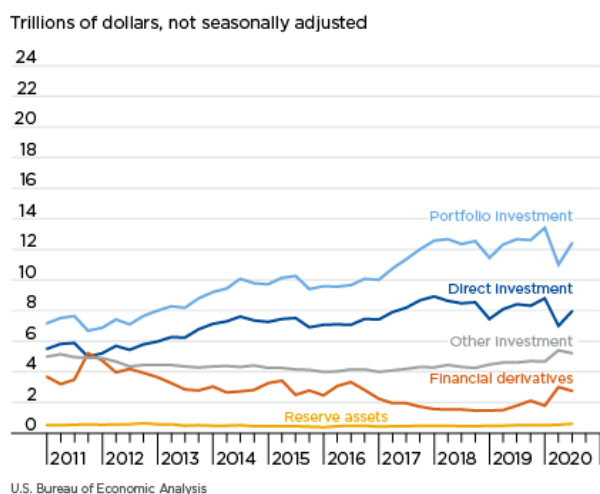
Note. The statistics on positions are presented in [table 1.2](#) of the International Investment Position accounts on BEA's website. The statistics on financial transactions are not seasonally adjusted and are presented in [table 1.2](#) of the International Transactions Accounts on BEA's website.

U.S. Assets

U.S. assets increased by \$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 (chart 2). 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.

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

Chart 2. U.S. Assets

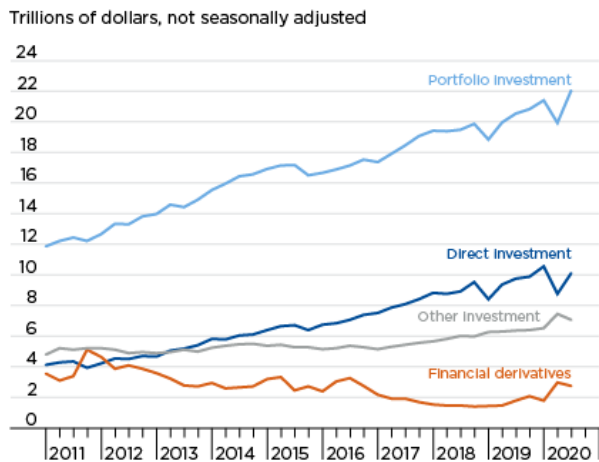


U.S. Liabilities

U.S. liabilities increased by \$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 (chart 3). 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.

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

Chart 3. U.S. Liabilities



U.S. Bureau of Economic Analysis

Updates to Statistics

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

Table B. Updates to First-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	-12,057.5	-12,163.3
U.S. assets	26,767.1	26,921.3
Direct investment at market value	6,982.0	7,003.7
Portfolio investment	10,987.4	11,001.2
Financial derivatives other than reserves	3,000.5	2,996.1
Other investment	5,259.7	5,382.8
Reserve assets	537.5	537.5
U.S. liabilities	38,824.6	39,084.5
Direct investment at market value	8,769.8	8,762.1
Portfolio investment	19,778.4	19,933.7
Financial derivatives other than reserves	2,965.2	2,962.4
Other investment	7,311.2	7,426.3