



U.S. International Investment Position

Fourth Quarter and Year 2020

By Erin Whitaker

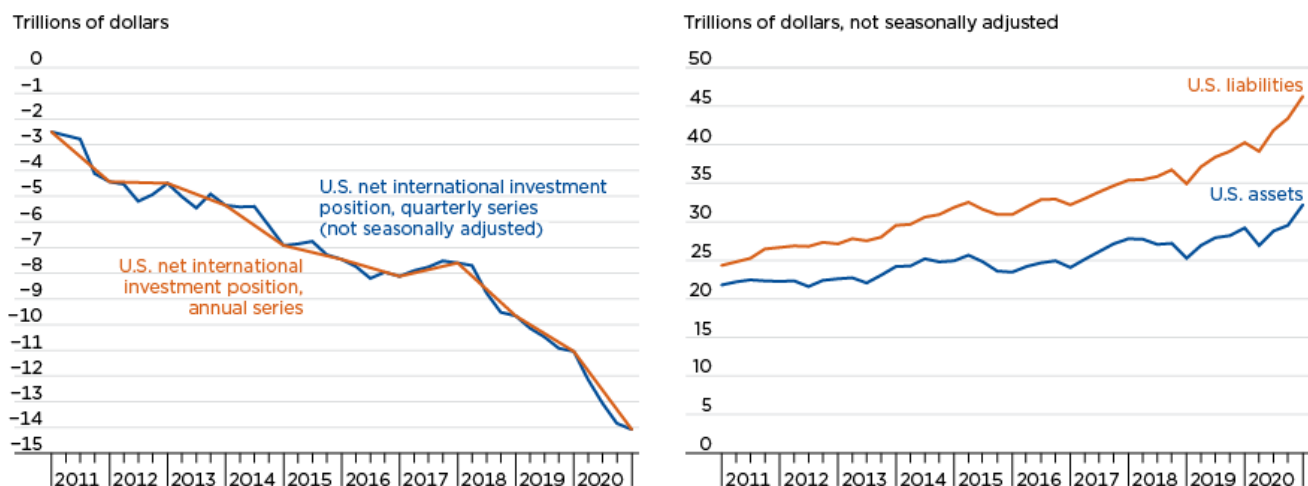
The U.S. net international investment position—the difference between U.S. residents' foreign financial assets and liabilities—was $-\$14.09$ trillion at the end of the fourth quarter of 2020 (chart 1). Assets totaled $\$32.16$ trillion and liabilities were $\$46.25$ trillion. At the end of the third quarter, the net investment position was $-\$13.86$ 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 $-\$227.5$ billion change in the net investment position from the third quarter to the fourth quarter came from net financial transactions of $-\$287.1$ billion and net other changes in position, such as price and exchange rate changes, of $\$59.6$ billion (table A).

The U.S. net international investment position was $-\$14.09$ trillion at the end of 2020, compared to $-\$11.05$ trillion at the end of 2019 (chart 1). The $-\$3.04$ trillion change in the net investment position from the end of 2019 to the end of 2020 came from net financial transactions of $-\$743.6$ billion and net other changes in position, such as price and exchange rate changes, of $-\$2.30$ trillion (table C).

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 are available in [tables 1.1–3.1](#) on the Bureau of Economic Analysis (BEA) website. The statistics and a description of the estimation methods used to compile them are also available on the BEA 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 Fourth-Quarter 2020 International Investment Position

The global pandemic and the economic recovery continued to impact the international investment position (IIP) in the fourth quarter of 2020. The 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	Position, 2020:Q3	Change in position in 2020:Q4			Position, 2020:Q4
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
U.S. net international investment position	-13,864.6	-227.5	-287.1	59.6	-14,092.1
Net position excluding financial derivatives	-13,891.6	-193.9	-289.7	95.8	-14,085.5
Financial derivatives other than reserves, net ²	26.9	-33.6	2.6	-36.2	-6.6
U.S. assets	29,516.5	2,639.5	(²)	(²)	32,156.0
Assets excluding financial derivatives	26,971.3	2,638.9	121.4	2,517.5	29,610.3
Financial derivatives other than reserves	2,545.2	0.6	(²)	(²)	2,545.7
By functional category:					
Direct investment at market value	8,340.1	955.5	-10.8	966.3	9,295.6
Equity	7,059.0	967.6	1.3	966.3	8,026.6
Debt instruments	1,281.1	-12.2	-12.2	(*)	1,268.9
Portfolio investment	13,080.4	1,592.2	82.1	1,510.1	14,672.6
Equity and investment fund shares	9,133.2	1,426.9	-5.0	1,431.9	10,560.1
Debt securities	3,947.2	165.3	87.1	78.2	4,112.5
Short term	679.0	39.4	35.0	4.5	718.4
Long term	3,268.2	125.8	52.1	73.7	3,394.0
Financial derivatives other than reserves	2,545.2	0.6	(²)	(²)	2,545.7
Over-the-counter contracts	2,493.6	-2.2	(²)	(²)	2,491.4
Single-currency interest rate contracts	1,995.8	-81.8	(²)	(²)	1,914.0
Foreign exchange contracts	294.7	77.4	(²)	(²)	372.1
Other contracts	203.1	2.2	(²)	(²)	205.3
Exchange-traded contracts	51.6	2.8	(²)	(²)	54.4
Other investment	4,929.6	85.2	47.8	37.4	5,014.8
Other equity	69.6	0.3	0.3	0.0	69.9
Currency and deposits	2,171.5	-21.0	-44.6	23.6	2,150.5
Loans	2,646.7	102.2	88.7	13.6	2,748.9

Type of investment	Position, 2020:Q3	Change in position in 2020:Q4			Position, 2020:Q4
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	41.8	3.7	3.4	0.2	45.5
Reserve assets	621.2	6.1	2.4	3.6	627.3
Monetary gold	493.4	0.2	0.0	0.2	493.6
Special drawing rights	51.7	1.2	(*)	1.2	52.9
Reserve position in the International Monetary Fund	33.1	3.2	2.5	0.8	36.4
Other reserve assets	42.9	1.4	(*)	1.5	44.4
U.S. liabilities	43,381.1	2,867.0	(²)	(²)	46,248.1
Liabilities excluding financial derivatives	40,862.9	2,832.9	411.2	2,421.7	43,695.8
Financial derivatives other than reserves	2,518.2	34.1	(²)	(²)	2,552.4
By functional category:					
Direct investment at market value	10,847.4	1,122.3	67.7	1,054.6	11,969.7
Equity	9,132.3	1,134.7	84.0	1,050.7	10,267.0
Debt instruments	1,715.1	-12.4	-16.3	3.9	1,702.7
Portfolio investment	23,024.0	1,642.5	301.4	1,341.1	24,666.4
Equity and investment fund shares	10,143.9	1,535.1	258.5	1,276.7	11,679.0
Debt securities	12,880.1	107.3	42.9	64.5	12,987.4
Short term	1,233.0	-11.6	-12.3	0.7	1,221.4
Long term	11,647.0	119.0	55.2	63.8	11,766.0
Financial derivatives other than reserves	2,518.2	34.1	(²)	(²)	2,552.4
Over-the-counter contracts	2,471.6	29.3	(²)	(²)	2,500.9
Single-currency interest rate contracts	1,976.5	-74.3	(²)	(²)	1,902.2
Foreign exchange contracts	290.3	95.9	(²)	(²)	386.2
Other contracts	204.7	7.7	(²)	(²)	212.4
Exchange-traded contracts	46.6	4.8	(²)	(²)	51.5
Other investment	6,991.5	68.1	42.1	25.9	7,059.6
Other equity	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	3,729.3	67.9	61.9	6.1	3,797.3
Loans	3,002.6	-6.8	-25.3	18.5	2,995.8
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	209.9	5.8	5.6	0.2	215.7
Special drawing rights allocations	49.7	1.2	0.0	1.2	50.9

n.a. Not available

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

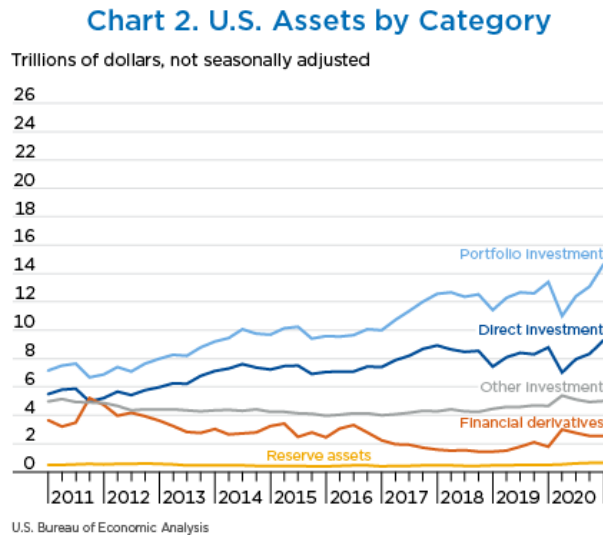
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2. Financial transactions and other changes in financial derivatives positions are available on a net basis; they are not separately available for U.S. assets and U.S. liabilities.

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.

Fourth Quarter—U.S. Assets

U.S. assets increased by \$2.64 trillion to a total of \$32.16 trillion at the end of the fourth quarter, reflecting increases in all major categories of assets, particularly in portfolio investment and direct investment assets. Portfolio investment assets increased by \$1.59 trillion to \$14.67 trillion, and direct investment assets increased by \$955.5 billion to \$9.30 trillion, driven mainly by foreign stock price increases and, to a lesser extent, the appreciation of major foreign currencies against the U.S. dollar that raised the value of U.S. assets in dollar terms.

Both financial transactions and other changes in position contributed to the overall increase in U.S. assets (table A).

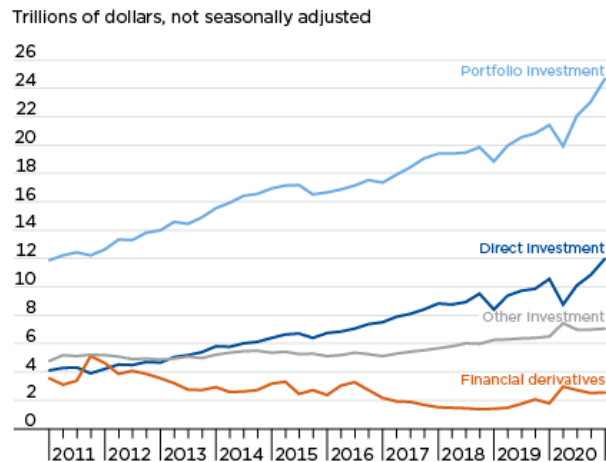


Fourth Quarter—U.S. Liabilities

U.S. liabilities increased by \$2.87 trillion to a total of \$46.25 trillion at the end of the fourth quarter, reflecting increases in all major categories of liabilities, particularly in portfolio investment and direct investment liabilities. Portfolio investment liabilities increased by \$1.64 trillion to \$24.67 trillion, and direct investment liabilities increased by \$1.12 trillion to \$11.97 trillion, driven mainly by U.S. stock price increases that raised the value of these liabilities.

Both financial transactions and other changes in position contributed to the overall increase in U.S. liabilities (table A).

Chart 3. U.S. Liabilities by Category



U.S. Bureau of Economic Analysis

Updates to Statistics

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

Table B. Updates to Third-Quarter 2020 International Investment Position Aggregates

[Billions of dollars, not seasonally adjusted]

	Preliminary estimate	Revised estimate
U.S. net international investment position	-13,950.2	-13,864.6
U.S. assets	29,408.3	29,516.5
Direct investment at market value	8,315.8	8,340.1
Portfolio investment	13,073.1	13,080.4
Financial derivatives other than reserves	2,545.2	2,545.2
Other investment	4,853.0	4,929.6
Reserve assets	621.2	621.2
U.S. liabilities	43,358.5	43,381.1
Direct investment at market value	10,852.4	10,847.4
Portfolio investment	23,014.6	23,024.0
Financial derivatives other than reserves	2,518.2	2,518.2
Other investment	6,973.2	6,991.5

Year 2020

The U.S. net international investment position was -\$14.09 trillion at the end of 2020, compared to -\$11.05 trillion at the end of 2019 (table C).

U.S. assets increased by \$3.00 trillion to a total of \$32.16 trillion at the end of 2020, reflecting increases in all major categories of assets, particularly in portfolio investment, financial derivatives, and direct investment assets. Portfolio investment assets increased \$1.30 trillion to \$14.67 trillion, and direct investment assets increased \$496.9 billion to \$9.30 trillion, driven mainly by the appreciation of major foreign currencies against the U.S. dollar that raised the value of U.S. assets in dollar terms and, to a lesser extent, by financial transactions. Financial derivatives increased \$755.3 billion to \$2.55 trillion, mostly reflecting increases in single-currency interest rate contracts.

Both financial transactions and other changes in position contributed to the overall increase in U.S. assets (table C).

U.S. liabilities increased by \$6.04 trillion to a total of \$46.25 trillion at the end of 2020, reflecting increases in all major categories of liabilities, particularly in portfolio investment, direct investment, and financial derivatives liabilities. Portfolio investment liabilities increased by \$3.28 trillion to \$24.67 trillion, and direct investment liabilities increased by \$1.42 trillion to \$11.97 trillion, driven mainly by U.S. stock price increases and, to a lesser extent, by financial transactions. Financial derivatives increased \$782.1 billion to \$2.55 trillion, mostly reflecting increases in single-currency interest rate contracts.

Both financial transactions and other changes in position contributed to the overall increase in U.S. liabilities (table C).

Table C. Annual Change in the U.S. Net International Investment Position

[Billions of dollars]

Type of investment	Position, 2019	Change in position in 2020			Position, 2020
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
U.S. net international investment position	-11,050.5	-3,041.6	-743.6	-2,298.0	-14,092.1
Net position excluding financial derivatives	-11,070.7	-3,014.8	-740.3	-2,274.6	-14,085.5
Financial derivatives other than reserves, net ²	20.2	-26.8	-3.3	-23.5	-6.6
U.S. assets	29,152.8	3,003.2	(²)	(²)	32,156.0
Assets excluding financial derivatives	27,362.4	2,247.9	763.5	1,484.4	29,610.3
Financial derivatives other than reserves	1,790.4	755.3	(²)	(²)	2,545.7
By functional category:					
Direct investment at market value	8,798.7	496.9	153.3	343.6	9,295.6
Equity	7,485.0	541.6	174.7	366.9	8,026.6
Debt instruments	1,313.6	-44.7	-21.4	-23.3	1,268.9
Portfolio investment	13,375.9	1,296.7	350.2	946.5	14,672.6
Equity and investment fund shares	9,459.1	1,101.1	299.7	801.4	10,560.1
Debt securities	3,916.8	195.7	50.5	145.1	4,112.5
Short term	734.0	-15.6	3.9	-19.5	718.4
Long term	3,182.8	211.3	46.6	164.6	3,394.0
Financial derivatives other than reserves	1,790.4	755.3	(²)	(²)	2,545.7
Over-the-counter contracts	1,755.3	736.1	(²)	(²)	2,491.4
Single-currency interest rate contracts	1,297.5	616.5	(²)	(²)	1,914.0
Foreign exchange contracts	288.1	84.0	(²)	(²)	372.1
Other contracts	169.7	35.6	(²)	(²)	205.3
Exchange-traded contracts	35.1	19.3	(²)	(²)	54.4
Other investment	4,673.4	341.4	251.0	90.4	5,014.8
Other equity	68.0	1.8	1.8	0.0	69.9
Currency and deposits	2,010.6	139.9	51.8	88.1	2,150.5
Loans	2,541.4	207.5	200.6	6.9	2,748.9
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	53.3	-7.9	-3.2	-4.7	45.5
Reserve assets	514.4	112.9	9.0	103.9	627.3
Monetary gold	396.1	97.5	0.0	97.5	493.6
Special drawing rights	50.7	2.2	0.1	2.1	52.9
Reserve position in the International Monetary Fund	26.2	10.2	8.8	1.4	36.4
Other reserve assets	41.4	3.0	0.1	2.9	44.4
U.S. liabilities	40,203.3	6,044.8	(²)	(²)	46,248.1
Liabilities excluding financial derivatives	38,433.0	5,262.7	1,503.7	3,759.0	43,695.8
Financial derivatives other than reserves	1,770.3	782.1	(²)	(²)	2,552.4
By functional category:					
Direct investment at market value	10,547.1	1,422.6	212.4	1,210.2	11,969.7
Equity	8,764.2	1,502.8	204.9	1,297.9	10,267.0
Debt instruments	1,782.9	-80.2	7.5	-87.7	1,702.7
Portfolio investment	21,389.8	3,276.7	760.0	2,516.7	24,666.4
Equity and investment fund shares	9,220.2	2,458.8	725.7	1,733.1	11,679.0
Debt securities	12,169.6	817.8	34.2	783.6	12,987.4
Short term	937.3	284.1	267.3	16.8	1,221.4
Long term	11,232.3	533.7	-233.1	766.8	11,766.0
Financial derivatives other than reserves	1,770.3	782.1	(²)	(²)	2,552.4

Type of investment	Position, 2019	Change in position in 2020			Position, 2020
		Total	Attributable to:		
			Financial transactions	Other changes in position ¹	
Over-the-counter contracts	1,738.0	762.9	(²)	(²)	2,500.9
Single-currency interest rate contracts	1,276.3	626.0	(²)	(²)	1,902.2
Foreign exchange contracts	296.1	90.1	(²)	(²)	386.2
Other contracts	165.7	46.8	(²)	(²)	212.4
Exchange-traded contracts	32.2	19.3	(²)	(²)	51.5
Other investment	6,496.2	563.5	531.4	32.1	7,059.6
Other equity	n.a.	n.a.	n.a.	n.a.	n.a.
Currency and deposits	3,458.8	338.5	323.9	14.6	3,797.3
Loans	2,782.5	213.3	193.4	19.9	2,995.8
Insurance technical reserves	n.a.	n.a.	n.a.	n.a.	n.a.
Trade credit and advances	206.1	9.6	14.1	-4.5	215.7
Special drawing rights allocations	48.8	2.0	0.0	2.0	50.9

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 presented for annual statistics released in June each year.
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Upcoming Update to the U.S. International Investment Position

The annual update of the U.S. international investment position will be released along with preliminary estimates for the first quarter of 2021 on June 30, 2021. See [Preview of the 2021 Annual Update of the International Economic Accounts](#) in this issue.