The International Investment Position of the United States at Yearend 2007

By Elena L. Nguyen

T HE NET international investment position of the United States was -\$2,441.8 billion (preliminary) at yearend 2007, compared with -\$2,225.8 billion (revised) at yearend 2006 (table 1, chart 1). At yearend 2007, the value of foreign-owned assets in the United States continued to exceed the value of U.S.-owned assets abroad.

The -\$216.0 billion change in the U.S. net investment position from yearend 2006 to yearend 2007 reflected net foreign acquisitions of financial assets in the United States that substantially exceeded net U.S. acquisitions of financial assets abroad. The impact of this disparity was partly offset by large exchange-rate changes resulting from strong appreciation of most major foreign currencies against the U.S. dollar, which raised the dollar value of U.S.-owned assets abroad, and by price appreciation of U.S.-held foreign stocks that surpassed by a large amount the price appreciation of foreign-held U.S. stocks.

U.S.-owned assets abroad increased to \$17,640.0 billion at yearend 2007 from \$14,381.3 billion at yearend 2006 (table A).

Table A. U.S. Net International Investment Position at Yearend	
[Billions of dollars]	

	2005	2006	2007
Net position	-1,925.1	-2,225.8	-2,441.8
Financial derivatives, net	57.9	59.8	83.5
Net position, excluding financial derivatives	-1,983.1	-2,285.6	-2,525.4
U.Sowned assets abroad	11,961.6	14,381.3	17,640.0
Financial derivatives (gross positive fair value)	1,190.0	1,239.0	2,284.6
U.Sowned assets abroad, excluding financial derivatives	10,771.5	13,142.3	15,355.4
Foreign-owned assets in the United States Financial derivatives (gross negative fair value) Foreign-owned assets in the United States, excluding financial derivatives.	13,886.7 1,132.1 12,754.6	16,607.1 1,179.2 15,427.9	20,081.8 2,201.1 17,880.7

- •Financial flows excluding financial derivatives increased the value of U.S. investments abroad by \$1,289.9 billion in 2007, up slightly from \$1,251.7 billion in 2006 (table B). In 2007, increases in claims reported by U.S. banks and U.S. direct investment abroad were especially strong. Net U.S. purchases of foreign securities declined somewhat but remained robust. Increases in claims reported by U.S. nonbanks weakened considerably.
- Valuation adjustments excluding financial derivatives increased the value of U.S. investments

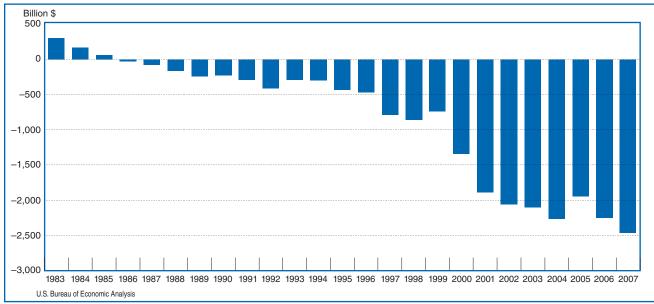


Chart 1. Net International Investment Position of the United States at Yearend, 1983–2007

abroad by \$923.2 billion (table B). Strong exchange-rate appreciation of most major foreign currencies against the U.S. dollar from yearend 2006 to yearend 2007 raised the value of U.S.owned assets abroad, especially of U.S.-owned foreign stocks. Price appreciation also raised the value of U.S.-owned assets abroad, especially of U.S.owned foreign stocks.

Table B. Changes in U.S.-Owned Assets Abroad, Excluding Financial Derivatives [Billions of dollars]

	2006	2007
Total change	2,370.8	2,213.1
Financial flows	1,251.7	1,289.9
Valuation adjustments Price changes	1,119.1 753.3	923.2 420.6
Exchange-rate changes	269.7	517.0
Other valuation changes	96.1	-14.3

•Financial flows and valuation adjustments for U.S. holdings of financial derivatives with gross positive fair value increased the value of U.S. investments abroad by \$1,045.6 billion.

Foreign-owned assets in the United States increased to \$20,081.8 billion at yearend 2007 from \$16,607.1 billion at yearend 2006 (table A).

•Financial flows excluding financial derivatives increased the value of foreign investments in the United States by \$2,057.7 billion in 2007, down slightly from \$2,061.1 billion in 2006 (table C). In 2007, net foreign private purchases of U.S. securities and increases in liabilities reported by U.S. banks were especially strong. Net foreign official acquisitions of U.S. assets and foreign direct investment in the United States remained robust. Increases in liabilities reported by U.S. nonbanks weakened.

Table C. Changes in Foreign-Owned Assets in the United States, Excluding Financial Derivatives

[Billions of dollars]

	2006	2007
Total change	2,673.4	2,452.8
Financial flows	2,061.1	2,057.7
Valuation adjustments Price changes Exchange-rate changes Other valuation changes	612.3 333.3 47.3 231.6	395.1 222.9 78.3 93.9

- Valuation adjustments excluding financial derivatives increased the value of foreign investments in the United States by \$395.1 billion, largely as a result of price appreciation of foreign-owned U.S. stocks and U.S. government bonds (table C).
- Financial flows and valuation adjustments for U.S. holdings of financial derivatives with gross negative fair value increased the value of foreign investments in the United States by \$1,021.9 billion.

This article presents the major changes in U.S.owned assets abroad and in foreign-owned assets in the United States in 2007. Tables 1 and 2 at the end of this article present estimates of the yearend positions by type of asset.

Improvements in the Estimates

As is customary each June, the estimates of the U.S. international investment position incorporate newly available source data and methodological changes that relate to the improvements incorporated in the annual revision of the U.S. international transactions accounts.

This year, the revised position estimates reflect the incorporation of results from BEA's benchmark survey of U.S. direct investment abroad for 2004 and results from the U.S. Treasury Department's benchmark survey of securities claims for December 2006 and annual survey of securities liabilities for June 2007. Claims reported by U.S. nonbanking concerns were revised for 2005 and 2006 to account for new estimates of lending by U.S. financial intermediaries related to the intermediaries' issuance of asset-backed commercial paper in the United States. The U.S. net international investment

position was also revised for 1976–2006, as a result of improved estimates of U.S. currency shipments.

In addition to the inclusion of benchmark and improved source data, estimates were revised to incorporate newly available or revised quarterly source data. Revisions attributable to these updated source data were for 2002–2006. The net result of revisions from all sources caused the difference between the value of U.S. assets abroad and the value of foreign assets in the United States to change by small amounts for 2002–2004 and by much larger amounts for 2005 and 2006. The net international investment position at yearend 2006 was revised to –\$2,225.8 billion from –\$2,539.6 billion.

For additional information, see "Annual Revision of the U.S. International Accounts, 1974–2007" in this issue.

Changes in U.S.-Owned Assets Abroad

Financial derivatives

U.S. holdings of financial derivatives with gross positive fair value increased \$1,045.6 billion to \$2,284.6 billion in 2007 (table D).¹ The gross positive fair value of financial derivatives increased strongly in the second half of the year, when global financial markets experienced severe strains as a result of the collapse of the U.S. subprime mortgage market. Most of the increase was attributable to increases in over-the-counter (OTC) single currency interest-rate contracts, especially swaps, and "other" OTC contracts, such as equity, credit, and commodity derivatives. By area, most of U.S. positions were with counterparties in Europe, predominantly the United Kingdom.

Table D. Gross Positive Fair Value of Financial Derivatives
[Billions of dollars]

				Change		
	2005	2006	2007	1st half 2007	2nd half 2007	2006– 2007
Financial derivatives By type:	1,190.0	1,239.0	2,284.6	307.7	737.9	1,045.6
Over-the-counter contracts	1,171.2	1,213.4	2,251.3	303.3	734.7	1,038.0
Single-currency interest rate contracts	854.0	793.1	1,321.6	211.3	317.3	528.6
Foreign exchange contracts	147.1	176.3	279.7	20.2	83.2	103.4
Other	170.1	244.0	650.0	71.8	334.1	406.0
Exchange-traded contracts	18.9	25.6	33.2	4.4	3.2	7.6
By area:						
Europe	1,024.1	1,048.0	1,975.7	283.7	644.0	927.8
Of which: United Kingdom	707.0	658.9	1,393.0	227.5	506.6	734.1
Canada	33.1	31.6	49.6	5.5	12.5	18.0
Caribbean financial centers	55.1	67.2	126.0	8.2	50.7	58.9
Of which: Cayman Islands	41.7	49.7	105.6	9.1	46.9	55.9
Latin America, excluding Caribbean						
financial centers	10.6	14.3	16.0	2.6	-0.9	1.8
Asia	49.0	57.9	92.1	5.5	28.7	34.2
Of which: Japan	33.4	38.3	56.1	2.5	15.3	17.8
Africa	3.6	3.1	4.3	0.0	1.2	1.2
Other	14.5	17.0	20.8	2.2	1.6	3.8

U.S. official reserve assets and other U.S. government assets

U.S. official reserve assets increased \$57.4 billion to \$277.2 billion in 2007. The increase mostly resulted from a \$52.8 billion increase in the market value of the official U.S. gold stock. U.S. official holdings of foreign currencies and Special Drawing Rights also increased, mostly as a result of exchange-rate changes. In contrast, the U.S. reserve position at the International Monetary Fund (IMF) decreased, mostly as a result of repayments of U.S. dollar funds to the IMF from several European countries.

U.S. government assets other than official reserve assets increased \$22.3 billion to \$94.5 billion. The increase resulted from drawings under temporary reciprocal currency arrangements between the Federal Reserve System and foreign central banks that do not meet the strict definition of U.S. reserve assets.

Bank and nonbank claims

U.S. claims on foreigners reported by U.S. banks and securities brokers increased \$679.4 billion to \$3,826.2 billion in 2007, mostly as a result of especially strong financial flows. In 2007, financial flows increased U.S. banks' and securities brokers' claims on foreigners by \$644.8 billion, up from an increase of \$488.4 billion in 2006. U.S. banks' and securities brokers' claims increased substantially in the first half of 2007, when demand for international syndicated loans was strong, global merger and acquisition activity picked up, and foreign investors acquired U.S. corporate bonds and stocks at a record pace. In the second half of 2007, lending by U.S. banks was lower but remained robust; banks in the United States continued to provide substantial dollar liquidity, mostly to affiliated banks in Europe, where liquidity in interbank markets tightened considerably. Lending by U.S. securities brokers came to a halt, partly as a result of a cutback in lending to highly leveraged investment funds overseas.

U.S. banks' and securities brokers' own claims denominated in dollars increased \$504.2 billion to \$2,789.4 billion (table E). Most of the increase in banks' claims reflected interoffice transfers of funds, mostly in the form of short-term loans, to offices overseas, mainly in Europe and Caribbean financial centers. Lending by U.S. securities brokers was mostly in the form of resale agreements with investment funds in Western Europe and Caribbean financial centers.

Table E. U.S. Claims Reported by U.S. Banks and Securities Brokers and U.S. Nonbanks at Yearend [Billions of dollars]

	2005	2006	2007
U.S. claims reported by U.S. banks and securities brokers	2,506.5	3,146.7	3,826.2
Claims for own accounts, denominated in dollars	1,856.5	2,285.2	2,789.4
U.Sowned banks' claims	488.4	545.5	663.2
Foreign-owned banks' claims	917.7	1,108.7	1,364.4
Brokers' and dealers' claims	450.4	631.0	761.8
Claims for customers' accounts, denominated in dollars	493.8	665.4	793.5
Claims, denominated in foreign currencies	156.2	196.1	243.3
U.S. claims reported by U.S. nonbanking concerns	1,018.5	1,163.1	1,176.0

U.S. banks' domestic customers' claims denominated in dollars increased \$128.1 billion to \$793.5 billion, reflecting a substantial increase in offshore deposits and brokerage balances. U.S. banks' claims payable in foreign currencies increased \$47.2 billion to \$243.3 billion as a result of an upturn in deposits and of exchange-rate changes.

^{1.} A derivatives contract with a positive fair value represents the amount that a foreign resident would have to pay to a U.S. resident if the contract was terminated or settled. A contract with a negative fair value represents the amount that a U.S. resident would have to pay to a foreign resident if the contract was terminated or settled. The gross positive (or negative) fair value is the sum of all contracts with positive (or negative) fair values. Fair values are different from notional values, which are the underlying amounts used to calculate payments on contracts.

U.S. claims on foreigners reported by U.S. nonbanking concerns increased only \$12.9 billion to \$1,176.0 billion, reflecting exchange-rate changes of \$12.3 billion (table E). Financial flows increased U.S. claims by only \$0.7 billion in 2007, compared with an increase of \$164.6 billion in 2006.

Foreign securities

U.S. holdings of foreign securities increased \$1,044.2 billion to \$6,648.7 billion in 2007. The increase resulted from exchange-rate changes of \$413.2 billion, price changes of \$342.2 billion, and net U.S. purchases of foreign securities of \$288.7 billion.

U.S. holdings of foreign stocks increased \$841.6 billion to \$5,170.6 billion in 2007. The increase was attributable to exchange-rate changes of \$385.3 billion, stock price appreciation of \$338.3 billion, and net U.S. purchases of \$118.0 billion. From yearend 2006 to yearend 2007, the Federal Reserve Board's broad index of foreign currencies appreciated 9 percent against the U.S. dollar. Morgan Stanley Capital International's broad index of foreign stocks appreciated 6 percent in local currency, surpassing U.S. stock price appreciation for the fourth consecutive year. Net U.S. purchases foreign stocks were down in 2007, reflecting a sharp reduction in net U.S. purchases of Asian stocks.

•U.S. holdings of European stocks increased \$359.6 billion to \$2,550.7 billion (table F). The increase was mostly attributable to appreciation of the euro and the pound against the U.S. dollar and to increases in European stock prices. Net U.S. pur-

Table F. U.S. Holdings of Foreign Stocks				
by Major Area and Country at Yearend				
[Billions of dollars]				

	2005	2006	2007
Total holdings	3,317.7	4,329.0	5,170.6
Europe	1,614.0	2,191.1	2,550.7
Of which: United Kingdom	544.5	689.1	797.0
France	205.1	306.9	350.5
Germany	158.0	220.4	306.3
Switzerland	191.9	262.9	275.1
Netherlands	132.8	161.5	186.0
Spain	63.5	85.6	108.5
Italy	63.9	92.7	94.6
Finland	44.4	55.9	82.7
Sweden	40.5	59.4	55.7
Canada	247.8	298.1	393.5
Caribbean financial centers	330.1	418.1	468.6
Of which: Bermuda	173.8	191.9	220.5
Cayman Islands	102.6	160.6	175.3
Latin America, excluding Caribbean financial centers	154.3	207.0	315.2
Of which: Brazil	68.6	92.0	180.5
Mexico	57.9	84.6	92.2
Asia	849.9	1,050.2	1,231.4
Of which: Japan	493.3	543.5	518.0
Korea, Republic of	110.3	114.2	151.7
China	26.9	73.9	123.3
Hong Kong	44.5	85.8	112.8
Taiwan	57.1	74.2	79.6
Africa	39.9	49.4	61.9
Of which: South Africa	31.6	39.6	47.2
Other countries.	81.7	115.1	149.3
Of which: Australia	71.1	102.0	132.2

chases of European stocks were \$82.5 billion, down slightly from \$87.1 billion.

- •U.S. holdings of Asian stocks increased \$181.1 billion to \$1,231.4 billion, mostly as a result of price appreciation and exchange-rate changes. Net U.S. purchases of Asian stocks were only \$4.8 billion, down sharply from \$46.3 billion. U.S. holdings of Japanese stocks decreased \$25.5 billion to \$518.0 billion. The decrease was attributable to an 11 percent price depreciation of Japanese stocks in local currency that more than offset a 6 percent appreciation of the yen against the dollar. Net U.S. purchases of Japanese stocks were only \$1.5 billion. In contrast, U.S. holdings of other Asian stocks increased \$206.7 billion to \$713.4 billion. The increase was mostly attributable to strong stock price appreciation, including appreciations (in local currencies) of 38 percent for Hong Kong stocks, 16 percent for Singapore stocks, and 36 percent for Asian emerging market stocks. Net U.S. purchases of stocks from Asia excluding Japan were only \$3.3 billion, down sharply from \$44.4 billion.
- •U.S. holdings of Latin American stocks increased \$108.3 billion to \$315.2 billion, reflecting strong price appreciation and exchange-rate changes. Latin American emerging market stock prices appreciated 32 percent in local currencies. Net U.S. purchases were \$11.3 billion, up from \$8.3 billion.
- •U.S. holdings of Canadian stocks increased \$95.4 billion to \$393.5 billion, mostly as a result of a 15 percent appreciation of the Canadian dollar against the U.S. dollar and an 8 percent price appreciation of Canadian stocks in local currency. Net U.S. purchases of Canadian stocks were \$7.9 billion, up slightly from \$7.5 billion.
- •U.S. holdings of stocks from Caribbean financial centers increased \$50.5 billion to \$468.6 billion, mostly as a result of price appreciation. Net U.S. purchases were \$6.8 billion, a shift from net sales of \$20.8 billion.

U.S. holdings of foreign bonds increased \$202.6 billion to \$1,478.1 billion in 2007, reflecting net U.S. purchases of \$170.7 billion, exchange-rate changes of \$27.9 billion, and price changes of \$3.9 billion. Net U.S. purchases of foreign bonds were down in 2007 from record net purchases of \$227.8 billion in 2006. Net U.S. purchases of European bonds and bonds from Caribbean financial centers slowed slightly but remained brisk. Transactions in Latin American bonds shifted to net sales from net purchases, and net sales of Asian bonds picked up.

•U.S. holdings of European bonds increased \$151.4 billion to \$798.3 billion (table G). Net U.S. purchases of European bonds were \$149.5 billion,

Table G. U.S. Holdings of Foreign Bonds by Major Area and Country at Yearend

[Billions of dollars]

	2005	2006	2007
Total holdings	1,011.6	1,275.5	1,478.1
Europe	474.8	646.9	798.3
Of which: United Kingdom	193.9	256.1	340.4
Belgium and Luxembourg	33.5	42.8	104.1
Netherlands	51.8	67.9	70.8
France	43.9	58.9	65.4
Ireland	16.9	38.3	47.2
Germany	45.7	58.2	44.1
Spain	5.7	24.2	34.5
Canada	157.5	162.1	170.5
Caribbean financial centers	137.1	199.0	250.4
Of which: Cayman Islands	118.4	177.9	224.8
Latin America, excluding Caribbean financial centers	87.0	82.1	80.7
Of which: Mexico	28.2	23.8	22.6
Brazil	21.7	18.2	16.8
Asia	75.5	93.4	79.1
Of which: Japan	25.6	35.5	30.7
Africa	6.4	6.7	3.8
Of which: South Africa	2.6	3.0	3.3
Other countries	73.3	85.4	95.3
Of which: Australia	48.6	61.6	66.3

down from \$171.3 billion. Exchange-rate changes resulting from appreciation of the euro and the pound against the dollar were mostly offset by price depreciation of European bonds.

• In addition, U.S. holdings of bonds from Caribbean financial centers increased \$51.4 billion to \$250.4 billion, largely as a result of net U.S. purchases of

\$42.2 billion from the Cayman Islands. U.S. holdings of Canadian bonds increased to \$170.5 billion from \$162.1 billion.

• In contrast, U.S. holdings of Asian bonds decreased \$14.4 billion to \$79.1 billion. The decrease was more than accounted for by net U.S. sales of \$31.4 billion, reflecting sizable net U.S. sales to China, Singapore, and Japan. Net U.S. sales were partly offset by exchange-rate changes resulting from appreciations of several Asian currencies, including the Japanese yen and the Chinese yuan, against the dollar.

U.S. direct investment abroad

The stock of U.S. direct investment abroad increased \$396.9 billion to \$3,332.8 billion in 2007, mostly as a result of strong financial flows (table H). Financial flows increased U.S. direct investment abroad by \$333.3 billion, mostly as a result of reinvested earnings. In 2007, reinvested earnings were \$263.3 billion, up from \$231.6 billion in 2006, reflecting strong growth in foreign affiliate earnings resulting from robust growth in many foreign economies and appreciation of major foreign currencies, particularly the euro, against the dollar. U.S. net equity capital investment

Valuing Direct Investment Positions and Other Components of the U.S. International Investment Position

Virtually all of the categories in the international investment position accounts except direct investment positions can be directly estimated with reference to readily observable market prices. For example, the value of positions in portfolio investment securities, gold, loans, currencies, and bank deposits can be directly estimated based on face values or market prices of recent transactions. In contrast, direct investment positions typically involve illiquid ownership interests in companies that may possess many unique attributes—such as customer base, management, and ownership of intangible assets—whose values in the current period are difficult to determine, because there is no widely accepted standard for revaluing company financial statements at historical cost into prices of the current period.

Direct investment at current cost is BEA's featured measure of direct investment in current-period prices. The current-cost method values the U.S. and foreign parents' shares of their affiliates' investment in plant and equipment, using the current cost of capital equipment; in land, using general price indexes; and in inventories, using estimates of their replacement cost. Direct investment at market value is an alternative measure of direct investment in current-period prices. The market-value method values the owners' equity share of direct investment, using indexes of stock market prices. BEA also publishes direct investment at historical cost, which values assets and liabilities at their book value. Country and industry detail can be shown only for direct investment at historical cost. (For additional information, see J. Steven Landefeld and Ann M. Lawson, "Valuation of the U.S. Net International Investment Position," SURVEY OF CUR-RENT BUSINESS 71 (May 1991): 40–49.)

In this article, BEA features the current-cost method, because the estimates prepared using this method are comparable with BEA's current-cost estimates of the net stock of fixed assets and consumer durable goods and with the Federal Reserve Board's estimates of domestic net worth (the sum of tangible assets located in the United States, including plant and equipment, inventories, and land). Furthermore, BEA's calculation of direct investment income includes a current-cost adjustment to depreciation; this adjustment converts depreciation as reported on company financial statements to the preferred economic accounts measure, which is based on the current cost, rather than on the historical cost, of assets.

For detailed data on direct investment at historical cost by country and industry, see "Direct Investment Positions for 2007: Country and Industry Detail" in this issue. abroad increased \$88.0 billion in 2007, up from an increase of \$32.3 billion in 2006. The pickup mostly reflected a rise in global merger and acquisition activity, particularly in Europe. Net intercompany debt investment abroad decreased \$18.0 billion, mostly with affiliates in Europe.

Table H. U.S. Direct Investment Abroad [Billions of dollars]

	2006	2007
Total position at yearend	2,936.0	3,332.8
Total change	284.3	396.9
Financial outflows	241.2	333.3
Equity capital	32.3	88.0
Intercompany debt	-22.6	-18.0
Reinvested earnings	231.6	263.3
Price changes	43.4	25.6
Exchange-rate changes	40.5	69.6
Other valuation changes	-40.9	-31.6

Changes in Foreign-Owned Assets in the United States

Financial derivatives

U.S. holdings of financial derivatives with gross negative fair value increased \$1,021.9 billion to \$2,201.1 billion (table I). As with U.S. holdings of financial derivatives with gross positive fair value, U.S. holdings with gross negative fair value increased strongly in the second half of 2007, when global financial markets experienced severe strains as a result of the collapse of the U.S. subprime mortgage market. Most of the increase was attributable to increases in over-the-counter (OTC) single currency interest-rate contracts, especially swaps, and "other" OTC contracts, such as equity, credit, and commodity derivatives. By area, most of U.S. positions were with counterparties in Europe, predominantly the United Kingdom.

Table I. Gross I	Negative Fair	Value of	Financial	Derivatives
	[Billions	of dollars]		

1	Dimonio	~	aonaro	

				Change				
	2005	2006	2007	1st half 2007	2nd half 2007	2006– 2007		
Financial derivatives By type:	1,132.1	1,179.2	2,201.1	310.7	711.2	1,021.9		
Over-the-counter contracts	1,116.5	1,156.2	2,169.3	306.5	706.6	1,013.1		
Single-currency interest rate contracts	815.1	749.0	1,294.8	220.2	325.7	545.8		
Foreign exchange contracts	132.1	151.0	229.1	15.5	62.5	78.0		
Other	169.3	256.2	645.4	70.8	318.5	389.2		
Exchange-traded contracts	15.6	22.9	31.8	4.3	4.6	8.8		
By area:								
Europe	977.0	994.4	1,908.2	283.7	630.2	913.9		
Of which: United Kingdom	680.0	632.4	1,362.5	230.7	499.5	730.2		
Canada	28.9	27.2	41.6	4.9	9.4	14.3		
Caribbean financial centers	50.9	72.9	125.4	13.2	39.2	52.5		
Of which: Cayman Islands	40.1	57.2	103.6	12.3	34.1	46.4		
Latin America, excluding Caribbean								
financial centers	10.5	13.3	13.7	1.4	-0.9	0.4		
Asia	46.7	53.4	90.3	7.8	29.0	36.8		
Of which: Japan	32.3	37.1	58.0	1.5	19.4	20.9		
Africa	3.0	2.2	3.0	0.1	0.8	0.9		
Other	15.1	15.8	18.9	-0.4	3.5	3.1		

Foreign official assets

Foreign official assets in the United States increased \$511.4 billion to \$3,337.0 billion in 2007. Financial flows increased foreign official assets by \$411.1 billion, reflecting net purchases of U.S. securities and especially strong increases in short-term assets held at U.S. banks. Net foreign official purchases of U.S. government securities were \$230.3 billion in 2007, down sharply from \$428.4 billion in 2006. In contrast, short-term assets held at U.S. banks increased \$108.7 billion in 2007, compared with an increase of \$22.4 billion in 2006, and net purchases of U.S. corporate bonds and stocks nearly doubled to \$66.7 billion from \$34.4 billion.

In 2007, China continued to accumulate foreign reserves at a rapid pace and accounted for much of the increase in foreign official assets in the United States, as it has in 2006; increases in recent years have reflected rising Chinese trade surpluses. Dollar assets of OPEC members increased slightly less in 2007 than in 2006 despite higher oil revenues.

Bank and nonbank liabilities

U.S. liabilities to private foreigners and international financial institutions reported by U.S. banks and securities brokers increased \$591.9 billion to \$4,022.2 billion in 2007, reflecting especially strong financial flows. Financial flows increased U.S. banks' and securities brokers' liabilities by \$532.8 billion in 2007, up from an increase of \$461.1 billion in 2006. U.S. banks' and securities brokers' own liabilities denominated in dollars increased \$370.4 billion to \$3,071.5 billion (table J). Liabilities increased strongly in the first half of 2007, when securities brokers borrowed heavily from abroad, mainly through repurchase agreements with investment funds in Europe and Caribbean financial centers. In the second half of 2007, U.S. securities brokers repaid substantial funds to banks and nonbanks abroad, mostly in Europe, where liquidity in interbank markets tightened considerably. In contrast, borrowing by U.S.-owned banks

Table J. U.S. Liabilities Reported by U.S. Banks and Securities
Brokers and U.S. Nonbanks at Yearend

[Billions of dollars]

	2005	2006	2007
U.S. liabilities reported by U.S. banks and securities brokers	2,606.9	3,430.3	4,022.2
Liabilities for own accounts, denominated in dollars	2,100.6	2,701.1	3,071.5
U.Sowned banks' liabilities	725.1	852.0	1,042.7
Foreign-owned banks' liabilities	688.8	783.2	865.2
Brokers' and dealers' liabilities	686.7	1,065.9	1,163.6
Liabilities for customers' accounts, denominated in dollars	400.5	570.4	671.5
Liabilities, denominated in foreign currencies	105.8	158.8	279.2
U.S. liabilities reported by U.S. nonbanking concerns	658.2	797.5	959.5

strengthened considerably, particularly in the fourth quarter, when many U.S. banks faced substantial financial difficulties, including large asset write-downs and continued funding pressures in the U.S. interbank market.

U.S. banks' customers' liabilities denominated in dollars increased \$101.1 billion to \$671.5 billion. U.S. banks' liabilities payable in foreign currencies increased \$120.4 billion to \$279.2 billion, reflecting a sharp increase in short-term loans and some nondollar deposits.

U.S. liabilities to foreigners reported by U.S. nonbanking concerns increased \$162.0 billion to \$959.5 billion, reflecting an increase in loans, advances, and other U.S. corporate borrowing, mostly from Europe (table J).

U.S. Treasury securities

Total foreign official and private holdings of U.S. Treasury securities increased \$305.9 billion to \$2,432.1 billion in 2007 (table K). The increase reflected net foreign purchases of \$215.7 billion and price changes of \$76.8 billion. Transactions by private foreign investors shifted to record net purchases of \$156.8 billion in 2007 from net sales of \$58.2 billion in 2006. In contrast, net purchases by foreign official agencies decreased to \$58.9 billion from \$208.6 billion.

Table K. Foreign Official and Private Holdings of U.S. Treasury Securities by Selected Countries at Yearend [Billions of dollars]

2006 2007 2005 Total holdings 1,984.4 2,126.2 **2,432.1** 606.8 659.1 636.4 Japan . China 327. 445.2 479.8 13.6 157.5 United Kingdom. 80.9 Brazil 28.9 53.0 134 5 OPEC Asia 101.5 69.5 118.9 Belgium and Luxembourg ... 61.3 72.8 85.5 Cayman Islands ... 33.8 27.4 59.0 Hona Kona 40.5 53.2 53.5 Switzerland 36.3 37.4 42.5 33.0 Singapore. 33.2 41.2

At yearend 2007, Japan remained the largest holder of U.S. Treasury securities at \$606.8 billion, but its holdings have been declining since 2004 (table K). (In table K, foreign official and private holdings are combined in order to avoid the disclosure of sensitive data on individual country holdings by foreign official agencies.) China's holdings increased \$34.6 billion to \$479.8 billion at yearend 2007. Net purchases of U.S. Treasury securities by China slowed sharply in 2007 after several years of rapid accumulation. The United Kingdom became the third-largest holder of U.S. Treasury securities at \$157.5 billion, as a result of strong net purchases in 2007.

Other U.S. securities

Foreign private holdings of U.S. securities other than U.S. Treasury securities increased \$760.1 billion to \$6,132.4 billion in 2007. The increase reflected net foreign purchases of \$573.9 billion, price changes of \$97.4 billion, and exchange-rate changes of \$53.0 billion.

Foreign holdings of U.S. bonds increased \$474.4 billion to \$3,299.3 billion, mostly as a result of net foreign purchases. Exchange-rate appreciation of foreigncurrency-denominated U.S. corporate bonds also raised the value of foreign holdings somewhat. Net foreign purchases of corporate bonds were \$372.1 billion in 2007, down from record net purchases of \$517.8 billion in 2006. Foreign demand for U.S. corporate bonds was strong in the first half of 2007 as a result of favorable economic and credit market conditions, including strong corporate profits and low corporate default rates. However, demand for corporate bonds weakened substantially in the second half of the year, when conditions in U.S. credit markets deteriorated rapidly. Net foreign purchases of agency bonds were \$19.4 billion, down from \$25.8 billion.

At yearend 2007, investors in Europe accounted for \$2,095.0 billion, or 63 percent, of total foreign holdings of U.S. corporate and agency bonds; most of the holdings were by investors in the United Kingdom and in Belgium and Luxembourg (table L). Outside of Europe, investment funds in Caribbean financial centers accounted for \$568.1 billion, or 17 percent, of total foreign holdings. Investors in Asia accounted for \$456.0 billion, or 14 percent, of total foreign holdings, mostly in Japan.

Foreign holdings of U.S. stocks increased \$285.6 billion to \$2,833.1 billion, reflecting strong net

Table L. Foreign Private Holdings of U.S. Corporate and Agency Bonds by Major Area and Country at Yearend

[Billions of dollars]

	2005	2006	2007
Total holdings Europe	2,243.1 1,396.1	2,824.9 1,762.4	3,299.3 2,095.0
Of which: United Kingdom	482.8	593.4	767.4
Belgium and Luxembourg	542.7	648.3	720.3
Ireland	69.8	120.8	160.3
Germany	70.6	90.4	114.3
Netherlands	83.1	103.3	107.5
Switzerland	63.8	88.6	101.4
France	31.5	54.6	64.7
Canada	63.8	77.3	87.1
Caribbean financial centers	356.4	503.9	568.1
Of which: Cayman Islands	228.9	353.7	431.8
Bermuda	96.5	110.8	96.6
Latin America, excluding Caribbean financial centers	30.0	38.3	46.6
Asia	370.7	407.2	456.0
<i>Of which:</i> Japan	241.2	253.3	288.5
China	48.9	65.6	59.5
Hong Kong	24.5	26.2	31.6
Africa	2.8	3.1	2.7
Other countries	23.3	32.7	43.8
Of which: Australia	13.9	22.7	31.2

purchases and modest price changes (table M). In 2007, net foreign purchases of U.S. stocks were \$182.4 billion, the strongest since 2000 when net purchases were a record \$192.5 billion. Price changes were \$103.2 billion, as the S&P 500 Index gained 4 percent and the Dow Jones Industrial Average gained 6 percent, well below their double-digit gains in 2006. Returns for U.S. stocks in 2007 were attributable to strong performance in the first half of the year, fueled by strong corporate profits, robust merger and acquisition activity, and increases in dividend payouts and share buybacks amid relatively calm credit conditions. However, gains in U.S. stock prices were limited by sharp price declines in July and November, when concerns about U.S. credit markets heightened.

At yearend 2007, investors in Europe accounted for \$1,533.7 billion, or 54 percent, of total foreign holdings of U.S. stocks. Outside of Europe, investment funds in Caribbean financial centers accounted for \$456.7 billion, or 16 percent, of total foreign holdings, Canadian investors accounted for \$348.8 billion, or 12 percent, of total holdings, and Japanese investors accounted for \$213.9 billion, or 8 percent, of total holdings.

Table M. Foreign Private Holdings of U.S. Corporate Stocks by Major Area and Country at Yearend [Billions of dollars]

	2005	2006	2007
Total holdings	2,109.9	2,547.5	2,833.1
Europe	1,162.4	1,397.1	1,533.7
Of which: United Kingdom	291.4	377.8	444.5
Belgium and Luxembourg	191.9	243.5	246.6
Netherlands	163.1	167.6	178.6
Switzerland	139.8	162.2	168.6
France	82.9	116.1	135.8
Germany	80.2	84.3	97.0
Ireland	63.4	75.3	79.1
Sweden	47.7	50.6	53.0
Denmark	26.4	31.1	31.5
Italy	30.2	29.1	24.1
Canada	253.6	318.4	348.8
Caribbean financial centers	317.2	391.8	456.7
Of which: Cayman Islands	164.8	220.8	272 7
Bermuda	59.9	72.0	84.2
Netherlands Antilles	25.8	25.3	18.5
Latin America, excluding Caribbean financial centers	33.9	40.4	43.5
Asia	268.4	310.1	349.3
Of which: Japan	187.6	213.3	213.9
Singapore	32.0	45.5	45.5
Hong Kong	13.1	11.1	41.8
Africa	4.7	5.5	5.8
Other countries	69.7	84.2	95.3
Of which: Australia	61.2	74.8	86.4

U.S. currency

U.S. currency held by foreigners decreased \$10.7 billion to \$272.0 billion in 2007. Net U.S. currency shipments to foreigners slowed considerably in recent years, and in 2007, there were net returns of currency to the United States for first time since 2000. More stable economic and political conditions in countries where dollars have been used for savings and transactions as a result of instability appear to have encouraged local residents to shift to bank deposits and local currencies for a larger share of their savings and transactions.

Foreign direct investment in the United States

The stock of foreign direct investment in the United States increased \$271.2 billion to \$2,422.8 billion in 2007, mostly as a result of financial flows (table N). Financial flows were \$237.5 billion in 2007, down slightly from \$242.0 billion in 2006. Net equity capital investment in the United States increased \$147.4 billion in 2007, up from an increase of \$117.8 billion in 2006, reflecting the strengthening global merger and acquisition activity for both years. Reinvested earnings were \$68.5 billion in 2007, virtually unchanged from \$68.8 billion in 2006. Net intercompany debt investment in the United States increased \$21.6 billion, compared with an increase of \$55.3 billion in 2006.

Table N. Foreign Direct Investment in the United States [Billions of dollars]

Total position at yearend Total change Financial inflows Equity capital Intercompany debt	2,151.6 245.6	2,422.8 271.2
Financial inflows Equity capital Intercompany debt		271.2
Financial inflows Equity capital Intercompany debt	040.0	
Intercompany debt	242.0	237.5
	117.8	147.4
	55.3	21.6
Reinvested earnings	68.8	68.5
Price changes	31.4	18.6
Exchange-rate changes	3.3	3.9
Other valuation changes	-31.0	11.1

Tables 1 and 2 follow.

SURVEY OF CURRENT BUSINESS

Table 1. International Investment Position of the United States at Yearend, 2006 and 2007

[Millions of dollars]

				Char	nges in position in	2007		
Line	Type of investment	Position, 2006 ^r		Valuation adjustments				Position, 2007 ^p
			Financial flows (a)	Price changes (b)	Exchange-rate changes ¹ (c)	Other changes ² (d)	Total (a+b+c+d)	
1 2 3	Net international investment position of the United States (lines 2+3) Financial derivatives, net (line 5 less line 25) ³ Net international investment position, excluding financial derivatives (line 6 less line 26)	-2,225,804 59,836 -2,285,640	-774,345 -6,496 -767,849	197,683 (⁴) 197,683	438,711 (⁴) 438,711	-78,074 ⁴ 30,189 -108,263	-216,025 23,693 -239,718	-2,441,829 83,529 -2,525,358
4 5 6	U.Sowned assets abroad (lines 5+6) Financial derivatives (gross positive fair value) U.Sowned assets abroad, excluding financial derivatives (lines 7+12+17)	14,381,297 1,238,995 13,142,302	(³) (³) 1,289,854	(³) (³) 420,581	(³) (³) 516,968	(3) (3) –14,332	3,258,657 1,045,586 2,213,071	17,639,954 2,284,581 15,355,373
7 8 9	U.S. official reserve assets Gold Special drawing rights	219,853 165,267 8,870	122 0 154	52,758 ⁵ 52,758	4,478 	0 6 0 0	57,358 52,758 606	277,211 218,025 9,476
10 11 12 13	Reserve position in the International Monetary Fund Foreign currencies U.S. government assets, other than official reserve assets	5,040 40,676 72,189 71,635	-1,021 989 22,273 -1.629		225 3,801	0 0 9	-796 4,790 22,282 -1.620	4,244 45,466 94,471 70.015
13 14 15 16	U.Š. credits and other long-term assets 7 Repayable in dollars Other 8 U.S. foreign currency holdings and U.S. short-term assets	71,035 71,362 273 554	-1,629 -1,629 0 23,902		(*) (*)	9	-1,620 -1,620 0 23,902	69,742 273 24,456
17 18 19 20	U.S. private assets Direct investment at current cost Foreign securities Bonds	12,850,260 2,935,977 5,604,475 1,275,515	1,267,459 333,271 288,731 170,708	367,823 25,579 342,244 3,918	512,490 69,631 413,236 27,946	-14,341 -31,630 0	2,133,431 396,851 1,044,211 202,572	14,983,691 3,332,828 6,648,686 1,478,087
20 21 22 23	Corporate stocks U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns U.S. claims reported by U.S. banks, not included elsewhere	4,328,960 1,163,102 3,146,706	118,023 706 644,751	338,326	385,290 12,329 17,294	0 0 –110 17,399	841,639 12,925 679,444	5,170,599 1,176,027 3,826,150
24 25 26	Foreign-owned assets in the United States (lines 25+26) Financial derivatives (gross negative fair value) Foreign-owned assets in the Unites States, excluding financial derivatives (lines 27+34)	16,607,101 1,179,159 15,427,942	(3) (3) 2,057,703	(3) (3) 222,898	(3) (3) 78,257	(³) (³) 93,931	3,474,682 1,021,893 2,452,789	20,081,783 2,201,052 17,880,731
27 28 29	Foreign official assets in the United States U.S. government securities U.S. Treasury securities	2,825,628 2,167,112 1,558,317	411,058 230,330 58,865	84,554 73,387 54,397		15,790 32,002 25,786	511,402 335,719 139,048	3,337,030 2,502,831 1,697,365
30 31 32 33	Other U.S. government liabilities ^a	608,795 18,682 297,012 342,822	171,465 5,342 108,695 66,691	18,990 11,167		6,216 0 -16,212	196,671 5,342 108,695 61,646	805,466 24,024 405,707 404,468
34 35 36 37	Other foreign assets Direct investment at current cost U.S. Treasury securities	12,602,314 2,151,616 567,885	1,646,645 237,542 156,825	138,344 18,628 22,362	78,257 3,935	78,141 11,075 –12,296	1,941,387 271,180 166,891	14,543,701 2,422,796 734,776
37 38 39 40	U.S. securitiés other than U.S. Treasury securities Corporate and other bonds Corporate stocks U.S. currency	5,372,361 2,824,879 2,547,482 282,627	573,850 391,440 182,410 -10.675	97,354 -5,867 103,221	52,974 52,974	35,899 35,899 0	760,077 474,446 285,631 -10,675	6,132,438 3,299,325 2,833,113 271,952
41 42	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns U.S. liabilities reported by U.S. banks, not included elsewhere	797,495 3,430,330	156,290 532,813		6,895 14,453	-1,136 44,599	162,049 591,865	959,544 4,022,195
43	Memoranda: Direct investment abroad at market value Direct investment in the United States at market value	4,454,635 3,293,739	333,271 237,542	108,353 6,264	267,198	-15,505 -13,945	693,317 229,861	5,147,952 3,523,600

p Preliminary r Revised * Less than \$500,000 (+/-) Not applicable 1. Represents gains or losses on foreign-currency-denominated assets and liabilities due to their revaluation at current webcome rates

exchange rates. 2. Includes changes in coverage due to year-to-year changes in the composition of reporting panels, primarily for bank and nonbank estimates, and to the incorporation of survey results. Also includes capital gains and losses of direct invest-ment affiliates and changes in positions that cannot be allocated to financial flows, price changes, or exchange-rate

Ment attributes and changes in positivity and cannot be accessed and a state of the sta

of their underlying assets or reference rates, which may arise from movements in interest rates, stock prices, commodity prices, or other variables. Exchange-rate changes result from the revaluation of foreign-currency-denominated derivatives contracts at current exchange rates. "Other changes" can result when data on investment positions that had accumulated in prior periods are covered by a new or more complete survey. 5. Reflects changes in the value of the official gold stock due to fluctuations in the market price of gold. 6. Reflects changes in the value of the official gold stock due to fluctuations and commemorative and bullion coins; also reflects replenishment through open market purchases. These demonetizations/monetizations are not included in international transactions financial flows. 7. Also includes paid-in capital subscriptions to international financial institutions and outstanding amounts of miscella-neous claims that have been settled through international agreements to be payable to the U.S. government over periods in excess of 1 year. Excludes World War I debts that are not being serviced. 8. Includes indebtedness that be borower may contractually, or at its option, repay with its currency, with a third country's currency, or by delivery of materials or transfer of services. 9. Primarily U.S. government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.

[Millions

Table 2. International Investment Position

l ine Type of Investment 1976 1977 1978 1979 1980^r 1981 1982 1983 1984 1985 1986 1987 r 1988 1989 Net international investment position of the United States (lines 2+3) 165.374 172.395 208.052 319.836 365.502 346.088 336.778 307.534 171.550 67.121 -21,766 -63.968 -160.865 -239.793 Financial derivatives, net (line 5 less line 25) ¹..... Net international investment position, excluding financial derivatives 2 3 (line 6 less line 26) 165 374 172 395 208 052 319 836 365 502 346 088 336 778 307 534 171 550 67 121 -21 766 -63 968 -160 865 -239 793 U.S.-owned assets abroad (lines 5+6) 456.964 512.278 621.227 786.701 929.806 1.001.667 .108.436 .287.396 .469.396 .646.527 1.829.665 2.070.868 4 1.210.974 .204.900 5 Financial derivatives (gross positive fair value) ¹.....U.S.-owned assets abroad, excluding financial derivatives (lines 7+12+17) 6 456.964 512.278 621,227 786,701 929,806 1,001,667 ,108,436 210.974 ,204,900 .287.396 .469.396 .646.527 .829.665 2.070.868 143,260 135,476 124,568 105,644 123,110 100,484 105,040 81,202 144,179 107,434 168,714 105,164 7 U.S. official reserve assets... 44.09 53,376 69 450 171 412 143.445 117,930 139.875 162.370 36,944 62,471 120,635 85,834 Gold² 45,781 102,428 127,648 155.816 Special drawing rights..... Reserve position in the International Monetary Fund. 2,395 4,434 2,629 4,946 1,558 1,047 2,610 2,852 5,250 7,348 5,025 11,312 7,293 8,395 11,730 10,283 11,349 9,637 9,745 9,951 9,048 9 2,724 4.096 5,641 10 11 11,541 1,253 5,054 10,134 Foreign currencies .. 321 20 4,374 3.807 9,774 10.212 6 289 6,656 12.856 17,322 13,090 17.363 44,551 48.567 12 13 14 15 16 U.S. government assets, other than official reserve assets U.S. credits and other long-term assets ³..... 44,978 53,187 58.851 65.573 70.893 76.903 81.664 86.945 89.792 91.850 90.681 87.892 86.643 44,124 47,749 52,252 57,909 63,731 69,320 75,105 79,852 84,857 87,854 90,923 89,900 87,163 86,057 72,635 2,470 Repavable in dollars .. 41 309 45 154 49 817 54 616 60.731 66 591 77 618 82.819 85 978 89 271 88 344 85.768 84 734 3,000 1,842 2,815 2,595 2,435 3,293 2,729 2,234 1,876 1,652 1,556 1,395 1,323 U.S. foreign currency holdings and U.S. short-term assets ... 854 818 935 942 1.573 1.798 1.812 2.088 1,938 927 781 729 586 17 367.892 410,335 498,590 584.590 692,821 806,206 888,088 .006.200 ,012,915 .079.674 .237,671 393.476 .597.594 .815.511 U.S. private assets 285,005 53,384 348 342 553,093 314,294 18 19 20 21 Direct investment at current cost 5..... 222 283 246 078 336,301 388.072 407.804 374.059 355 643 371.036 404 818 478 062 513 761 188,589 44,157 88,804 119,403 Foreign securities 6 49.439 56.769 62.454 62.142 74.046 84.723 158,123 232.849 39,329 10,110 56,604 17,442 75,020 44,383 85,724 72,399 Bonds 6 34,704 42,148 41,966 43 524 45 675 58,569 62,810 93,889 104,187 116 949 25,994 94,700 Corporate stocks 6 9,453 11,236 14,803 18,930 16.46 26,154 197.345 128.662 U.S. claims on unaffiliated foreigners reported by U.S. nonbanking 22 23 20,317 22,256 92.562 29,385 34,491 157,029 38,429 42,752 35,405 404.578 131,329 130,138 141,872 167,392 177,368 197,757 234,307 713.817 Concerns 7..... U.S. claims reported by U.S. banks, not included elsewhere 8... 81 135 130,816 203 866 293 508 434 505 445 631 447 363 507 338 549 457 653 227 24 Foreign-owned assets in the United States (lines 25+26). 291.590 339.883 413,175 466,865 564,304 655.579 771.658 903.440 .033.350 220.275 .491.162 1.710.495 .990.530 2.310.661 25 Financial derivatives (gross negative fair value) Foreign-owned assets in the Unites States, excluding financial ,033,350 26 derivatives (lines 27+34) 291,590 339,883 466,865 564,304 771,658 903,440 ,220,275 ,990,530 413,175 655,579 ,491,162 ,710,495 2,310,661 Foreign official assets in the United States. U.S. government securities 180,425 202,482 283,058 220,548 341,746 263,612 27 28 104,445 140,867 173,057 159,852 176,062 189,109 194,468 199,678 241,226 322,036 S. government securities U.S. Treasury securities ⁹ 72 572 105 386 128 511 106 640 118 189 132 587 136 987 144 665 178 916 260 934 29 70,555 101,092 123,991 101,748 117,004 124,929 129,716 138,168 138,438 173,310 213,713 252,962 257,201 111,336 30 31 Other 9 2.017 4.294 4,520 4,892 12,749 6.853 8,126 7.658 7.271 6,497 14,959 6,625 5,606 17,993 6,835 15,667 7,972 6.411 10,260 Other U.S. government liabilities 10. 8,860 12,749 13,367 13,029 13,639 14,231 15,803 15,200 15,374 30 540 32 33 U.S. liabilities reported by U.S. banks, not included elsewhere ... 17 231 18.004 23 327 30 381 26 737 24 989 25 534 26 090 26 734 27 920 31 838 31 520 36 495 Other foreign official assets 9 5,782 7,217 8,470 9,923 14,125 15,529 17,894 17,716 13,964 14,882 16,397 15,005 14,382 26,265 Other foreign assets. 87,145 199,016 240,118 307,013 388,242 475,154 582,549 708,972 833,672 ,017,793 249,936 ,427,437 ,668,494 ,968,915 34 35 36 37 38 39 Direct investment at current cost 11. 47,528 7,028 55,413 7,562 68,976 8,910 88,579 127,105 164,623 184,842 193,708 223 538 247,223 87,954 284 701 334,552 82,588 401 766 467 886 U.S. Treasury securities 14,210 16,113 18,505 25,758 33,846 62,121 96,078 100,877 166,541 U.S. securities other than U.S. Treasury securities 9 ... 51,235 54 913 53 554 58 587 74 114 75 085 92 988 113 811 128 477 207 868 309 803 341 732 392 292 482 864 Corporate and other bonds ⁹...... Corporate stocks ⁹..... 11,964 11,456 11,457 10,269 48,318 9,545 64,569 10,694 64,391 17,454 96,357 32,421 82,290 125,578 140,863 168,940 166,089 191,314 231,673 251,191 16,709 42,949 39,779 42,097 76.279 96.056 175.643 200,978 40 U.S. currency . 11,250 12,701 14,940 16,642 19,415 20,974 23,441 27,546 29,942 33,258 35.679 39,545 43,656 47,405 U.S. liabilities to unaffiliated foreigners reported by U.S. 41 nonbanking concerns 12 12 961 11 021 16 019 18 669 30 426 30 606 27 532 61.731 77 415 86 993 90 703 110 187 144 548 167 093 U.S. liabilities reported by U.S. banks, not included elsewhere ¹³ 312.179 354,497 637,126 42 53.465 60.184 77.719 10.326 121.069 165.361 227.988 278.330 432.972 518.833 585.355 Memoranda: 43 Direct investment abroad at market value ⁵...... 44 Direct investment in the United States at market value ¹¹...... 226.638 274,342 153,318 832.460 270.574 386 352 530 074 590 246 692 46 130,428 172,377 219,996 272,966 316,200 391,530 534,734

p Preliminary

r Revised

Not applicable

A break in series in 2005 reflects the introduction of U.S. Department of the Treasury data on financial derivatives.

2. U.S. official gold stock is valued at market price.

2. Occompany and the second se Second se under foreign assistance programs requiring repayment over several years. Excludes World War I debts that are not being serviced.

4. Includes indebtedness that the borrower may contractually, or at its option, repay with its currency, with a third

4. Includes includes includes in the borrior inay contrastant, or a ne option, repay with its control, with a limit ocurrency, or by delivery of materials or transfer of services.
5. A break in series in 1994 reflects the reclassification from the direct investment accounts of thercompany debt positions between parent companies and affiliates that are not depository institutions and that are primarily engaged in financial intermediation. Estimates for 1976 forward are linked to the 1977, 1982, 1989, 1994,

1999, and 2004 benchmark surveys of U.S. direct investment abroad.
6. Estimates include results of the 1994, 1997, 2001, and 2006 Benchmark Surveys of U.S. Portfolio Holdings of Foreign Securities, and the results of the 2003, 2004, and 2005 Annual Surveys of U.S. Holdings of Foreign Securities, conducted by the U.S. Department of the Treasury.
7. A break in series in 1983 reflects the introduction of counterparty data from the United Kingdom and from the Bank

for International Settlements (BIS) for several European countries, Caribbean banking centers, and Asian banking centers. Additional coverage from BIS data was introduced in 1986, 1989, 1993, and 1994. In 1994, intercompany debt positions between parent companies and affiliates that are not depository institutions and that are primarily engaged in financial intermediation are reclassified from the direct investment accounts to the nonbank investment accounts. A break in series in 2003 reflects the reclassification of assets reported by U.S. securities brokers from nonbark-reported assets to bark-reported assets, and a reduction in counterparty balances to eliminate double counting. A break in series in 2005 reflects the addition of previously unreported claims of U.S. financial intermediaries on their foreign parents associated with the issuance of asset-backed commercial paper in the United States.

of the United States at Yearend, 1976-2007

of dollars]

1990 ^r	1991 [,]	1992 [,]	1993 [,]	1994 ^r	1995 [,]	1996 [,]	1997 ⁻	1998 ^r	1999 ^r	2000'	2001 '	2002 ^r	2003 ^r	2004 r	2005 ^r	2006 ^r	2007 p	Line
-223,405	-284,746	-404,284	-277,730	-291,305	-422,911	-456,293	-779,563	-851,464	-724,343	-1,330,630	-1,868,875	-2,037,970	-2,086,513	-2,245,417	-1,925,146 57,915	-2,225,804 59,836	- 2,441,829 83,529	1 2
-223,405	-284,746	-404,284	-277,730	-291,305	-422,911	-456,293	-779,563	-851,464	-724,343	-1,330,630	-1,868,875	-2,037,970	-2,086,513	-2,245,417	-1,983,061	-2,285,640	-2,525,358	3
2,178,978	2,286,456	2,331,696	2,753,648	2,987,118	3,486,272	4,032,307	4,567,906	5,095,546	5,974,394	6,238,785	6,308,681	6,649,079	7,638,086	9,340,634	11,961,552 1,190,029	14,381,297 1,238,995	17,639,954 2,284,581	4 5
2,178,978	2,286,456	2,331,696	2,753,648	2,987,118	3,486,272	4,032,307	4,567,906	5,095,546	5,974,394	6,238,785	6,308,681	6,649,079	7,638,086	9,340,634	10,771,523	13,142,302	15,355,373	6
174,664	159,223	147,435	164,945	163,394	176,061	160,739	134,836	146,006	136,418	128,400	129,961	158,602	183,577	189,591	188,043	219,853	277,211	7
102,406	92,561	87,168	102,556	100,110	101,279	96,698	75,929	75,291	75,950	71,799	72,328	90,806	108,866	113,947	134,175	165,267	218,025	8
10,989	11,240	8,503	9,039	10,039	11,037	10,312	10,027	10,603	10,336	10,539	10,783	12,166	12,638	13,628	8,210	8,870	9,476	9
9,076	9,488	11,759	11,818	12,030	14,649	15,435	18,071	24,111	17,950	14,824	17,869	21,979	22,535	19,544	8,036	5,040	4,244	10
52,193	45,934	40,005	41,532	41,215	49,096	38,294	30,809	36,001	32,182	31,238	28,981	33,651	39,538	42,472	37,622	40,676	45,466	11
84,344	81,422	83,022	83,382	83,908	85,064	86,123	86,198	86,768	84,227	85,168	85,654	85,309	84,772	83,062	77,523	72,189	94,471	12
83,716	79,776	81,352	81,435	81,884	82,802	83,999	84,130	84,850	81,657	82,574	83,132	82,682	81,980	80,308	76,960	71,635	70,015	13
82,602	78,814	80,498	80,660	81,389	82,358	83,606	83,780	84,528	81,367	82,293	82,854	82,406	81,706	80,035	76,687	71,362	69,742	14
1,114	962	854	775	495	444	393	350	322	290	281	278	276	274	273	273	273	273	15
628	1,646	1,670	1,947	2,024	2,262	2,124	2,068	1,918	2,570	2,594	2,522	2,627	2,792	2,754	563	554	24,456	16
1,919,970	2,045,811	2,101,239	2,505,321	2,739,816	3,225,147	3,785,445	4,346,872	4,862,772	5,753,749	6,025,217	6,093,066	6,405,168	7,369,737	9,067,981	10,505,957	12,850,260	14,983,691	17
616,655	643,364	663,830	723,526	786,565	885,506	989,810	1,068,063	1,196,021	1,414,355	1,531,607	1,693,131	1,867,043	2,054,464	2,498,494	2,651,721	2,935,977	3,332,828	18
342,313	455,750	515,083	853,528	937,153	1,203,925	1,487,546	1,751,183	2,069,383	2,551,949	2,425,534	2,169,735	2,076,722	2,948,370	3,545,396	4,329,259	5,604,475	6,648,686	19
144,717	176,774	200,817	309,666	310,391	413,310	481,411	543,396	594,400	548,233	572,692	557,062	702,742	868,948	984,978	1,011,554	1,275,515	1,478,087	20
197,596	278,976	314,266	543,862	626,762	790,615	1,006,135	1,207,787	1,474,983	2,003,716	1,852,842	1,612,673	1,373,980	2,079,422	2,560,418	3,317,705	4,328,960	5,170,599	21
265,315	256,295	254,303	242,022	322,980	367,567	450,578	545,524	588,322	704,517	836,559	839,303	901,946	594,004	793,556	1,018,462	1,163,102	1,176,027	22
695,687	690,402	668,023	686,245	693,118	768,149	857,511	982,102	1,009,046	1,082,928	1,231,517	1,390,897	1,559,457	1,772,899	2,230,535	2,506,515	3,146,706	3,826,150	23
2,402,383	2,571,202	2,735,980	3,031,378	3,278,423	3,909,183	4,488,600	5,347,469	5,947,010	6,698,737	7,569,415	8,177,556	8,687,049	9,724,599	11,586,051	13,886,698 1,132,114	16,607,101 1,179,159	20,081,783 2,201,052	24 25
2,402,383	2,571,202	2,735,980	3,031,378	3,278,423	3,909,183	4,488,600	5,347,469	5,947,010	6,698,737	7,569,415	8,177,556	8,687,049	9,724,599	11,586,051	12,754,584	15,427,942	17,880,731	26
373,293	398,538	437,263	509,422	535,227	682,873	820,823	873,716	896,174	951,088	1,030,708	1,109,072	1,250,977	1,562,564	2,011,899	2,306,292	2,825,628	3,337,030	27
291,228	311,199	329,317	381,687	407,152	507,460	631,088	648,188	669,768	693,781	756,155	847,005	970,359	1,186,500	1,509,986	1,725,193	2,167,112	2,502,831	28
285,911	305,994	322,600	373,050	396,887	489,952	606,427	615,076	622,921	617,680	639,796	720,149	811,995	986,301	1,251,943	1,340,598	1,558,317	1,697,365	29
5,317	5,205	6,717	8,637	10,265	17,508	24,661	33,112	46,847	76,101	116,359	126,856	158,364	200,199	258,043	384,595	608,795	805,466	30
17,243	18,610	20,801	22,113	23,678	23,573	22,592	21,712	18,386	21,141	19,316	17,007	17,144	16,421	16,287	15,866	18,682	24,024	31
39,880	38,396	54,967	69,721	73,386	107,394	113,098	135,384	125,883	138,847	153,403	134,655	155,876	201,054	270,387	296,647	297,012	405,707	32
24,942	30,333	32,178	35,901	31,011	44,446	54,045	68,432	82,137	97,319	101,834	110,405	107,598	158,589	215,239	268,586	342,822	404,468	33
2,029,090	2,172,664	2,298,717	2,521,956	2,743,196	3,226,310	3,667,777	4,473,753	5,050,836	5,747,649	6,538,707	7,068,484	7,436,072	8,162,035	9,574,152	10,448,292	12,602,314	14,543,701	34
505,346	533,404	540,270	593,313	617,982	680,066	745,619	824,136	920,044	1,101,709	1,421,017	1,518,473	1,499,952	1,580,994	1,742,716	1,905,979	2,151,616	2,422,796	35
152,452	170,295	197,739	221,501	235,684	326,995	433,903	538,137	543,323	440,685	381,630	375,059	473,503	527,223	561,610	643,793	567,885	734,776	36
460,644	546,008	599,447	696,449	739,695	969,849	1,165,113	1,512,725	1,903,443	2,351,291	2,623,014	2,821,372	2,779,067	3,422,856	3,995,506	4,352,998	5,372,361	6,132,438	37
238,903	274,136	299,287	355,822	368,077	459,080	539,308	618,837	724,619	825,175	1,068,566	1,343,071	1,530,982	1,710,787	2,035,149	2,243,135	2,824,879	3,299,325	38
221,741	271,872	300,160	340,627	371,618	510,769	625,805	893,888	1,178,824	1,526,116	1,554,448	1,478,301	1,248,085	1,712,069	1,960,357	2,109,863	2,547,482	2,833,113	39
63,991	76,804	87,890	104,508	125,093	133,933	148,084	170,509	184,356	208,763	205,406	229,200	248,061	258,652	271,953	280,400	282,627	271,952	40
213,406	208,908	220,666	229,038	239,817	300,424	346,810	459,407	485,675	578,046	738,904	798,314	897,335	450,884	600,161	658,177	797,495	959,544	41
633,251	637,245	652,705	677,147	784,925	815,043	828,248	968,839	1,013,995	1,067,155	1,168,736	1,326,066	1,538,154	1,921,426	2,402,206	2,606,945	3,430,330	4,022,195	42
731,762	827,537	798,630	1,061,299	1,114,582	1,363,792	1,608,340	1,879,285	2,279,601	2,839,639	2,694,014	2,314,934	2,022,588	2,729,126	3,362,796	3,637,996	4,454,635	5,147,952	43
539,601	669,137	696,177	768,398	757,853	1,005,726	1,229,118	1,637,408	2,179,035	2,798,193	2,783,235	2,560,294	2,021,817	2,454,877	2,717,383	2,817,970	3,293,739	3,523,600	44

8. A break in series in 1988 reflects the introduction of data on holdings of foreign commercial paper. A break in series in 2003 reflects the reclassification of assets reported by U.S. securities brokers from nonbark-reported assets to bark-reported assets.
9. Estimates include results of the 1978, 1984, 1989, 1994, 2000, and 2004 Benchmark Surveys of Foreign Portfolio Investment in the United States, and the results of the 2002, 2003, 2005, 2006, and 2007 Annual Surveys of Foreign Hold-ings of U.S. Securities, conducted by the U.S. Department of the Treasury.
10. Primarily U.S. government liabilities associated with military sales contracts and other transactions arranged with or through foreign official agencies.
11. A break in series in 1994 reflects the reclassification from the direct investment accounts to the nonbark investment taccounts of intercompany debt positions between parent companies and affiliates that are not depository institutions and that are primarily engaged in financial intermediation. Estimates for 1976 forward are linked to the 1980, 1987, 1992, 1997,

and 2002 benchmark surveys of foreign direct investment in the United States. 12. A break in series in 1983 reflects the introduction of counterparty data from the United Kingdom. A break in series in 1994 reflects the reclassification of intercompany debt positions between parent companies and affiliates that are not depository institutions and that are primarily engaged in financial intermediation from the direct investment accounts to the nonbank investment accounts. A break in series in 1996 reflects the introduction of counterparty data from the Bank of International Settlements (BIS) for several European countries. A break in series in 2003 reflects the reclassification of liabilities reported by U.S. securities brokers from nonbank-reported liabilities to bank-reported liabilities, and a reduction in counterparty balances to eliminate double counting. 13. A break in series in 2003 reflects the reclassification of liabilities reported by U.S. securities brokers from nonbank-reported liabilities to bank-reported liabilities.