

Macro Roundup Article

Headline: [The End of Privilege: A Reexamination of the Net Foreign Asset Position of the United States](#)

Article Link: <https://www.nber.org/papers/w29771>

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Summary: In sharp contrast to this prior experience, from 2007 into 2021 the U.S. NFA position declined precipitously — by 60pp of U.S. GDP — before bouncing back somewhat in the first three quarters of 2022. And this has occurred despite the fact that U.S. current account deficits have narrowed relative to the early 2000s. We document that this unprecedented decline in the U.S. NFA position has been driven by a boom in the market valuation of the non-financial assets in U.S. corporations. Because foreigners' gross holdings of equity in U.S. corporations have grown to be very large, this boom has mechanically increased the market value of U.S. liabilities to the rest of the world (henceforth, ROW). There has not been a similar boom in the valuation of corporations in the ROW over this time period, so U.S. residents have not enjoyed a similar revaluation of their gross foreign equity assets.

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