# Recent Trends in the US NFA

# The end of privilege (Atkeson, Heathcote, Perri 2021)
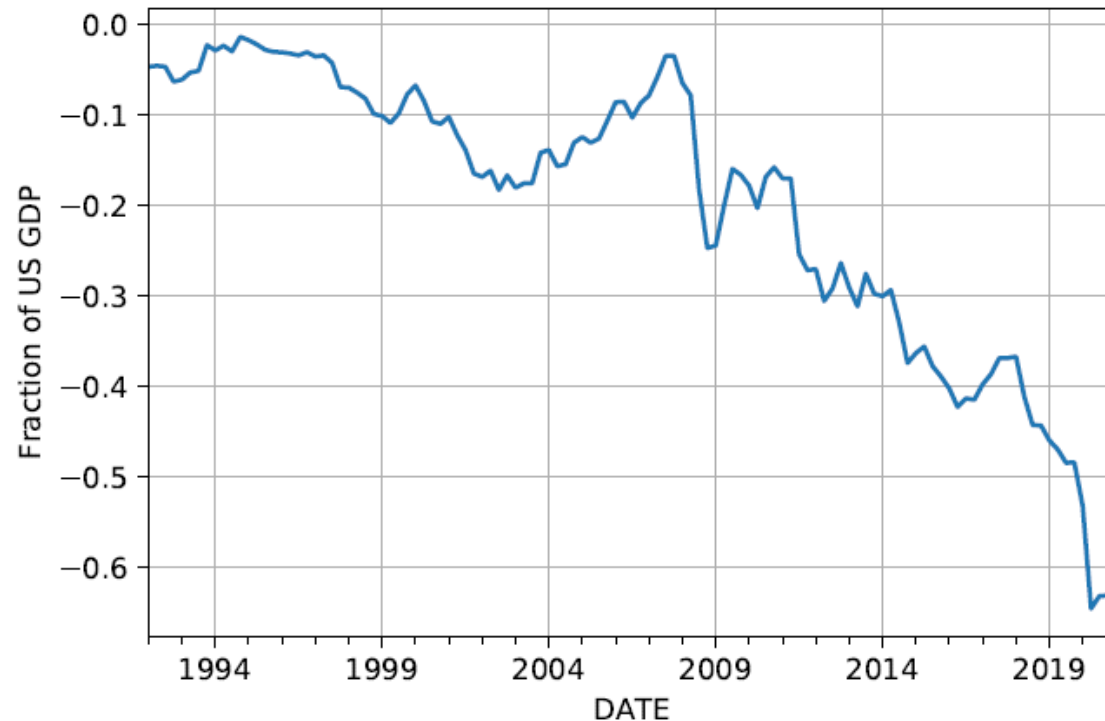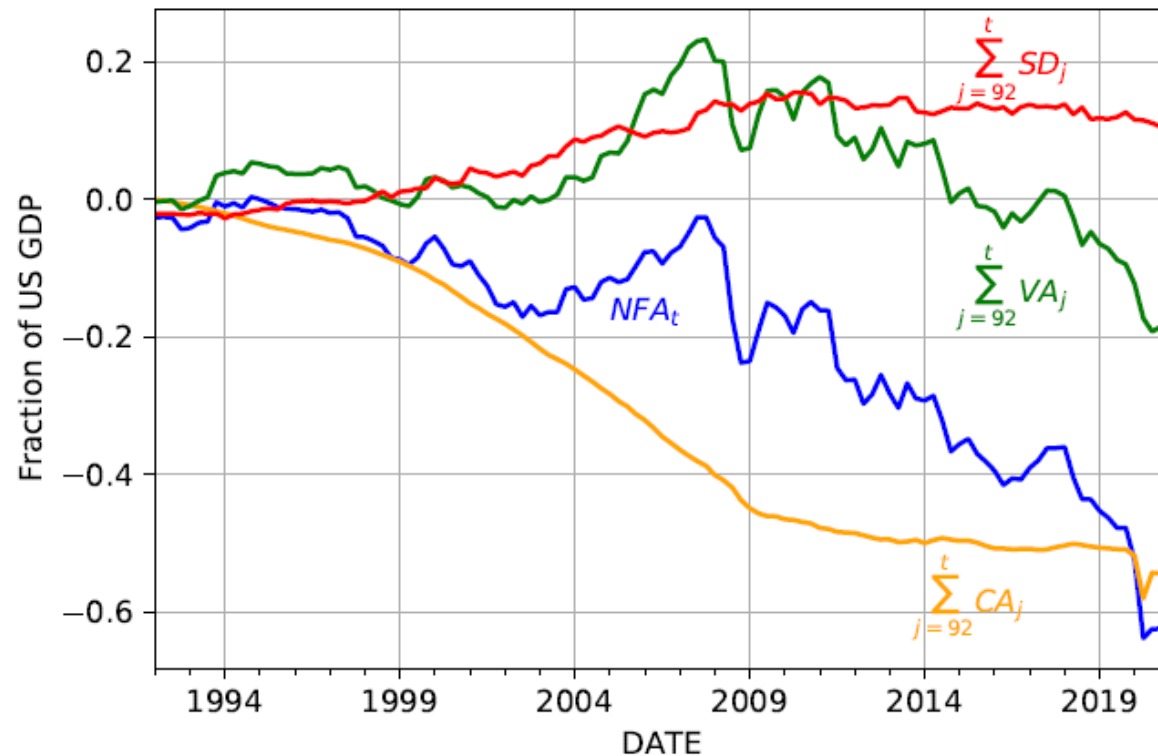


Figure 1: The US Net Foreign Asset Position: 1992-2020

$$NFA_t - NFA_{t-1} = \underbrace{CA_t}_{\text{net lending abroad}} + \underbrace{VA_t}_{\text{Valuation Effects}} + \underbrace{SD_t}_{\text{Statistical Discrepancy}}$$

$$NFA_t = NFA_0 + \underbrace{\sum_{j=1}^{t} CA_j}_{\text{Cumulated CA}} + \underbrace{\sum_{j=1}^{t} VA_j}_{\text{Cumulated Valuations}} + \underbrace{\sum_{j=1}^{t} SD_j}_{\text{Cumulated SD}}$$

# Changing dynamics before and after the GFC



$$NFA_t - NFA_{t-1} = \underbrace{CA_t}_{\text{net lending abroad}} + \underbrace{VA_t}_{\text{Valuation Effects}} + \underbrace{SD_t}_{\text{Statistical Discrepancy}}$$

$$NFA_t = NFA_0 + \underbrace{\sum_{j=1}^{t} CA_j}_{\text{Cumulated CA}} + \underbrace{\sum_{j=1}^{t} VA_j}_{\text{Cumulated Valuations}} + \underbrace{\sum_{j=1}^{t} SD_j}_{\text{Cumulated SD}}$$

Figure 2: Decomposition of Changes in US Net Foreign Assets over GDP
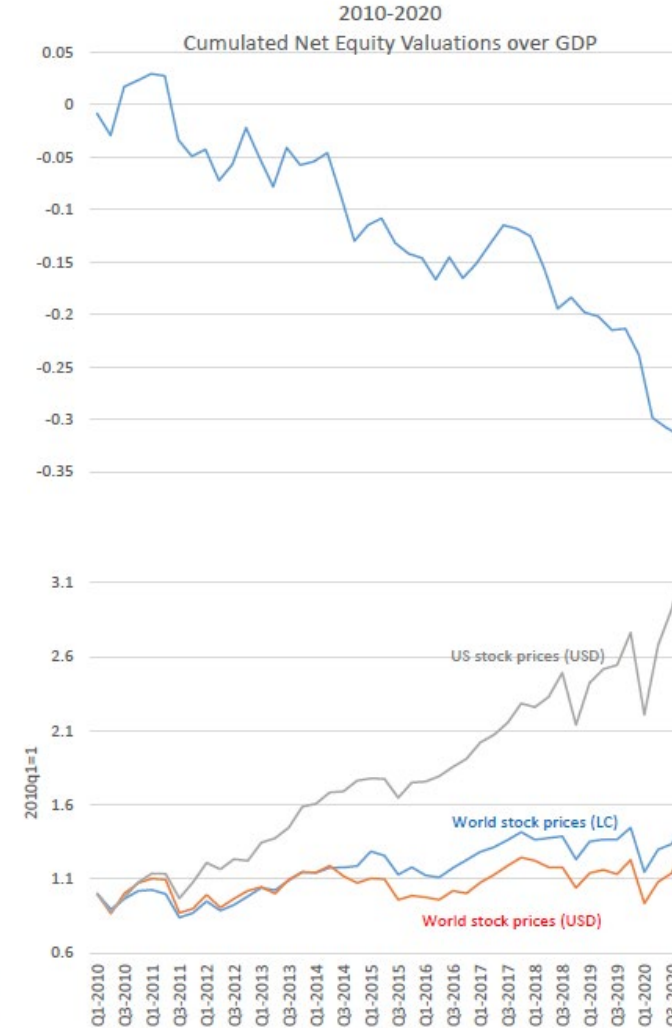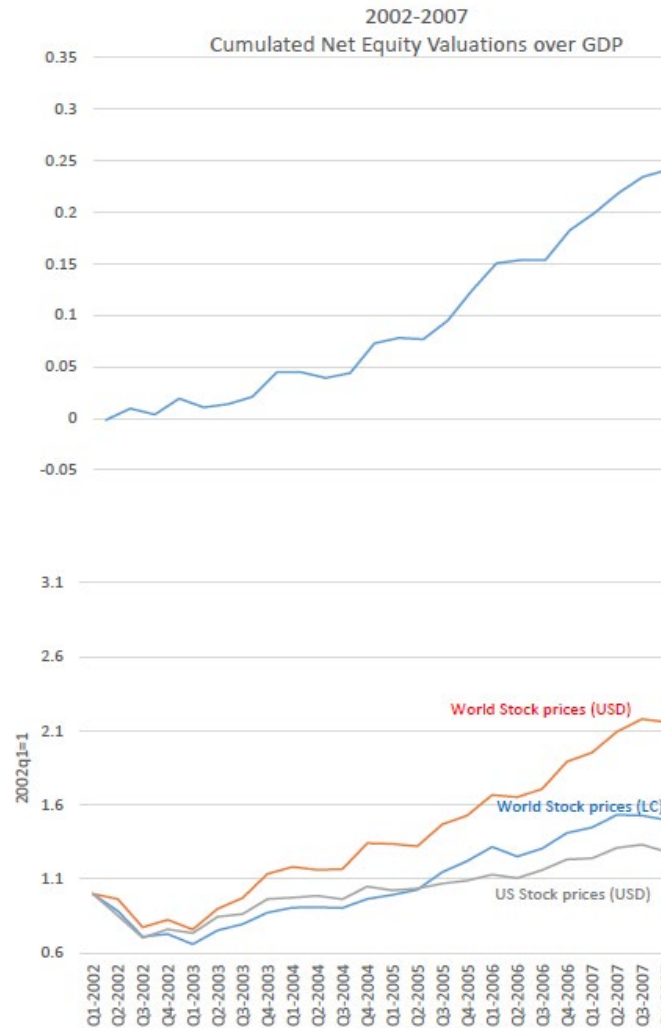
# Composition of US assets and liabilities



Figure 3: Gross equity and non equity positions
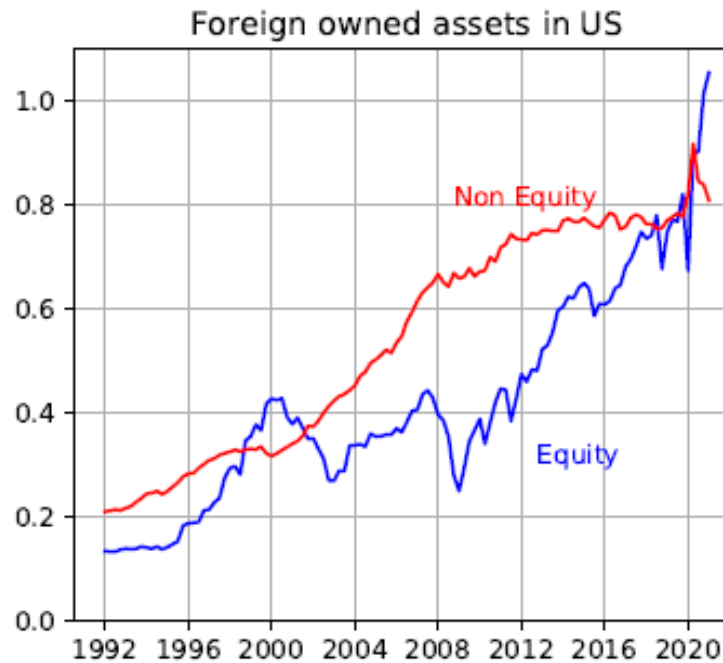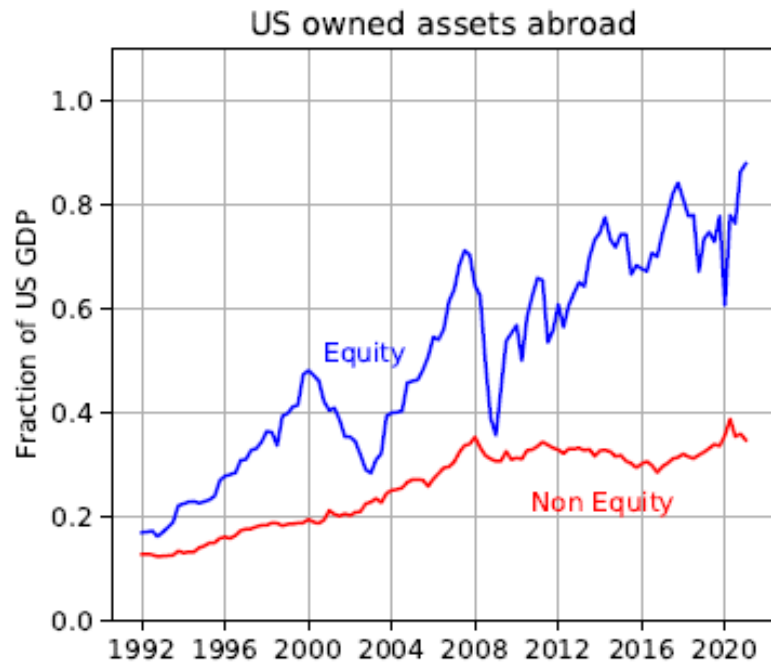
- Equity here means both stock shares and FDI
- Equity liabilities are as large as non-equity(i.e. debt) liabilities

# Two valuation episodes

# Flow of Funds L.133

| | | | 2017 | 2018 | 2019 | 2020 | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | FL264090005 | **Total financial assets** | **30413.7** | **29967.3** | **34771.5** | **39862.1** | **32244.0** | **35396.9** | **37056.7** | **39862.1** | **41135.7** | 1 |
| 2 | LM313111303 | SDR allocations | 50.3 | 49.1 | 48.8 | 50.9 | 48.2 | 48.6 | 49.7 | 50.9 | 50.1 | 2 |
| 3 | FL264016005 | Net interbank assets | 158.0 | 206.8 | 123.6 | 152.9 | 473.4 | 287.7 | 221.8 | 152.9 | 38.7 | 3 |
| 4 | FL263020005 | U.S. checkable deposits and currency | 848.5 | 928.0 | 987.0 | 1142.4 | 1059.8 | 1073.3 | 1106.5 | 1142.4 | 1167.4 | 4 |
| 5 | FL263030005 | U.S. time deposits | 564.6 | 601.9 | 599.7 | 697.3 | 703.5 | 686.5 | 675.6 | 697.3 | 728.7 | 5 |
| 6 | FL263034003 | Money market fund shares | 93.4 | 110.7 | 125.1 | 127.1 | 130.5 | 135.9 | 129.3 | 127.1 | 131.9 | 6 |
| 7 | FL262051005 | Security repurchase agreements | 1002.6 | 971.7 | 1055.3 | 1068.1 | 1179.4 | 1060.5 | 1038.2 | 1068.1 | 1144.2 | 7 |
| 8 | LM264022005 | Debt securities | 11341.9 | 11186.0 | 12070.9 | 12870.7 | 12191.5 | 12721.2 | 12769.1 | 12870.7 | 12618.1 | 8 |
| 9 | LM263069103 | Open market paper | 135.4 | 124.7 | 130.3 | 85.6 | 115.0 | 132.4 | 112.0 | 85.6 | 90.0 | 9 |
| 10 | LM263061105 | Treasury securities | 6211.3 | 6270.1 | 6690.8 | 7073.9 | 6949.5 | 7046.6 | 7071.3 | 7073.9 | 7027.0 | 10 |
| 11 | LM263061705 | Agency- and GSE-backed securities | 1012.2 | 1087.0 | 1182.1 | 1195.0 | 1283.6 | 1232.6 | 1183.4 | 1195.0 | 1152.6 | 11 |
| 12 | FL263062003 | Municipal securities | 101.3 | 99.7 | 103.7 | 108.0 | 102.9 | 107.2 | 108.1 | 108.0 | 104.3 | 12 |
| 13 | LM263063005 | U.S. corporate bonds (1) | 3881.7 | 3604.4 | 3964.0 | 4408.2 | 3740.5 | 4202.4 | 4294.3 | 4408.2 | 4244.2 | 13 |
| 14 | FL263069500 | Loans to U.S. corporate business | 375.8 | 733.3 | 830.8 | 905.6 | 877.8 | 882.0 | 890.1 | 905.6 | 935.5 | 14 |
| 15 | FL263069563 | Of which: loans held by CLOs (2) | ND | 459.1 | 522.6 | 566.0 | 532.6 | 557.2 | 561.2 | 566.0 | 577.1 | 15 |
| 16 | LM263064105 | U.S. corporate equities | 7019.4 | 6629.5 | 8199.0 | 10519.3 | 6723.9 | 8174.8 | 9063.3 | 10519.3 | 11189.2 | 16 |
| 17 | LM263064203 | Mutual fund shares | 828.7 | 799.0 | 896.1 | 1032.7 | 794.6 | 901.3 | 951.3 | 1032.7 | 1087.2 | 17 |
| 18 | LM263070005 | Trade receivables | 299.6 | 332.7 | 348.9 | 429.5 | 364.8 | 391.7 | 408.6 | 429.5 | 439.9 | 18 |
| 19 | FL543141905 | Life insurance reserves | 19.7 | 10.4 | 10.7 | 1.6 | 8.7 | 5.8 | 3.9 | 1.6 | 1.6 | 19 |
| 20 | FL543151905 | Pension entitlements | 4.3 | 15.4 | 16.0 | 2.4 | 13.0 | 8.6 | 5.8 | 2.4 | 2.4 | 20 |
| 21 | LM263092001 | Foreign direct investment in U.S. (3) | 7756.7 | 7333.5 | 9398.4 | 10802.6 | 7614.0 | 8959.1 | 9685.7 | 10802.6 | 11540.3 | 21 |
| 22 | FL263076005 | Miscellaneous assets (insurance receivables) | 50.1 | 59.2 | 61.3 | 59.1 | 61.0 | 59.8 | 57.8 | 59.1 | 60.6 | 22 |
| 44 | LM263164100 | Foriegn equities held by U.S. residents (5) | 9118.1 | 7899.6 | 9459.1 | 10560.1 | 7370.8 | 8552.7 | 9133.2 | 10560.1 | 11025.9 | 44 |
| 45 | LM263092101 | U.S. direct investment abroad: equity (3) | 7075.8 | 6725.5 | 8764.2 | 10267.0 | 6999.0 | 8401.3 | 9132.3 | 10267.0 | 11009.9 | 45 |

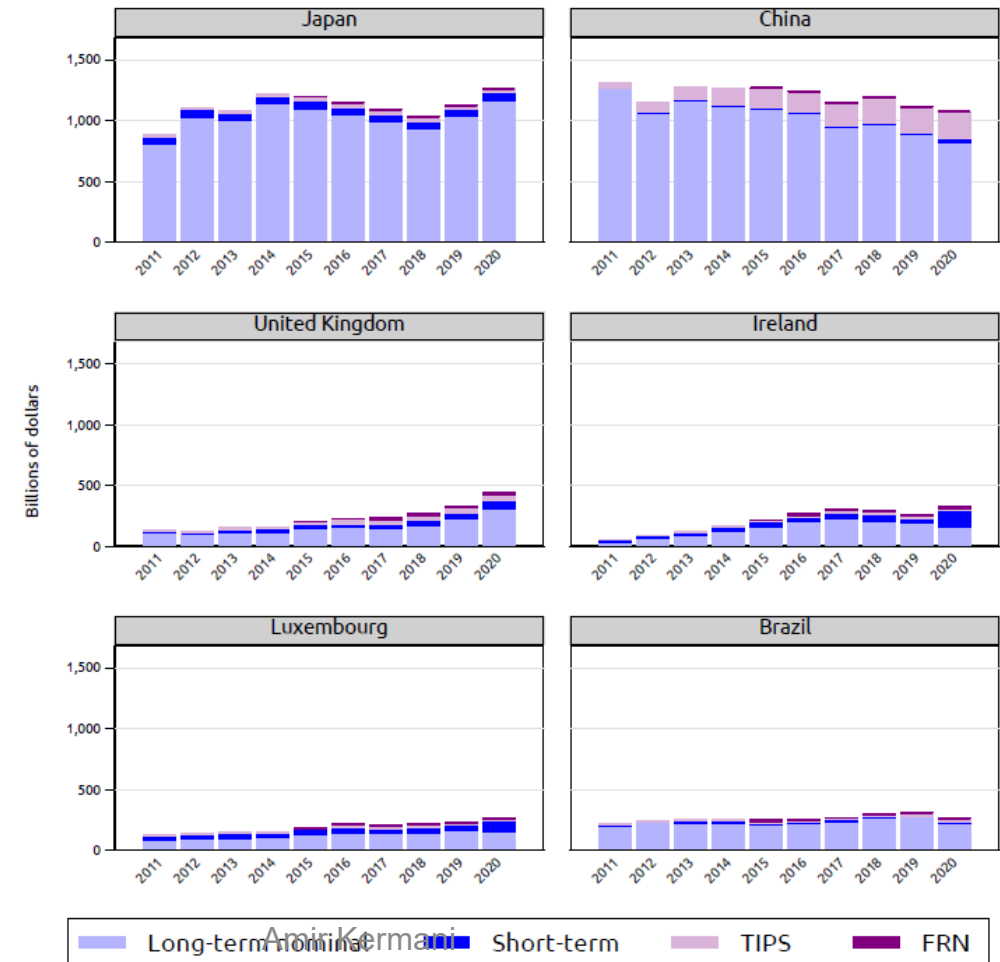# Foreign Holdings of U.S. Securities by Broad Security Type
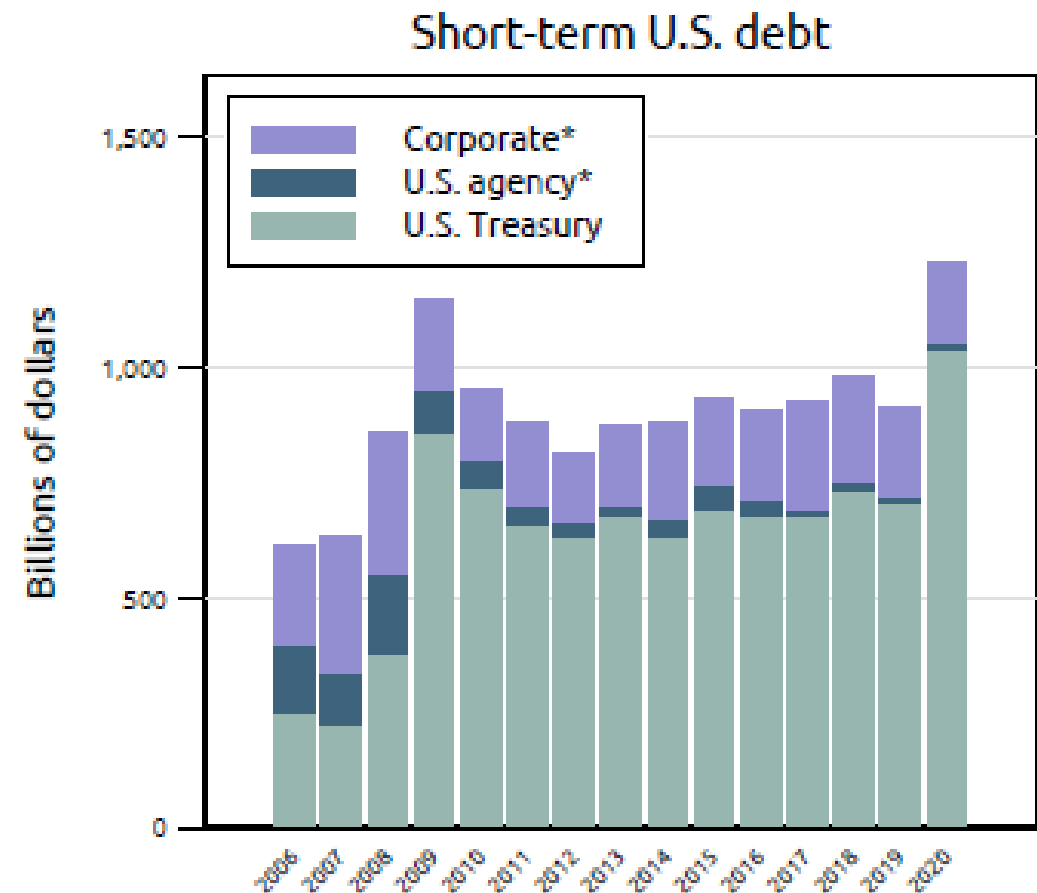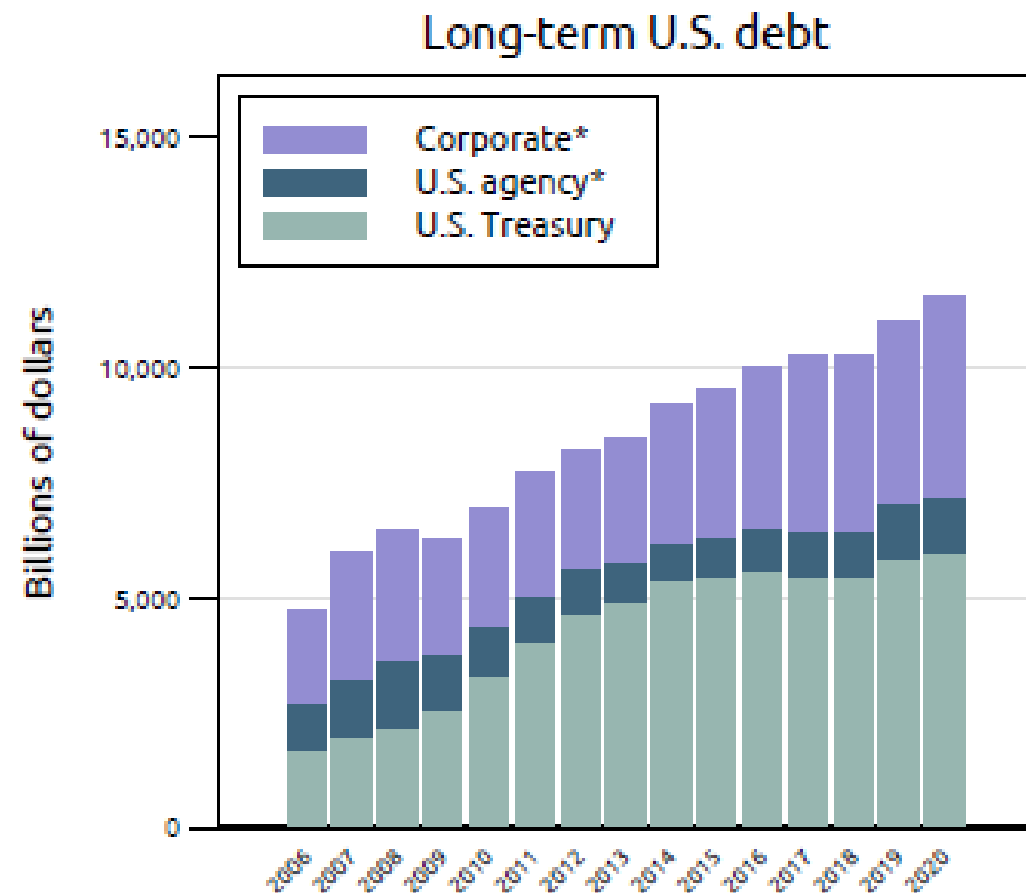
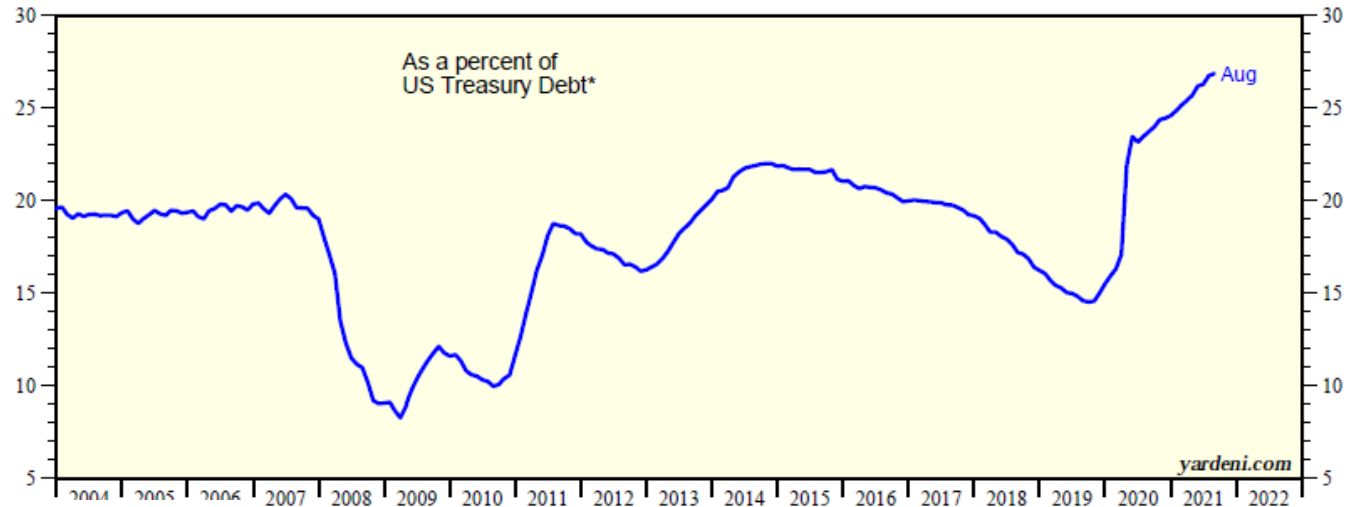# Foreign holding of US debt and equity by country
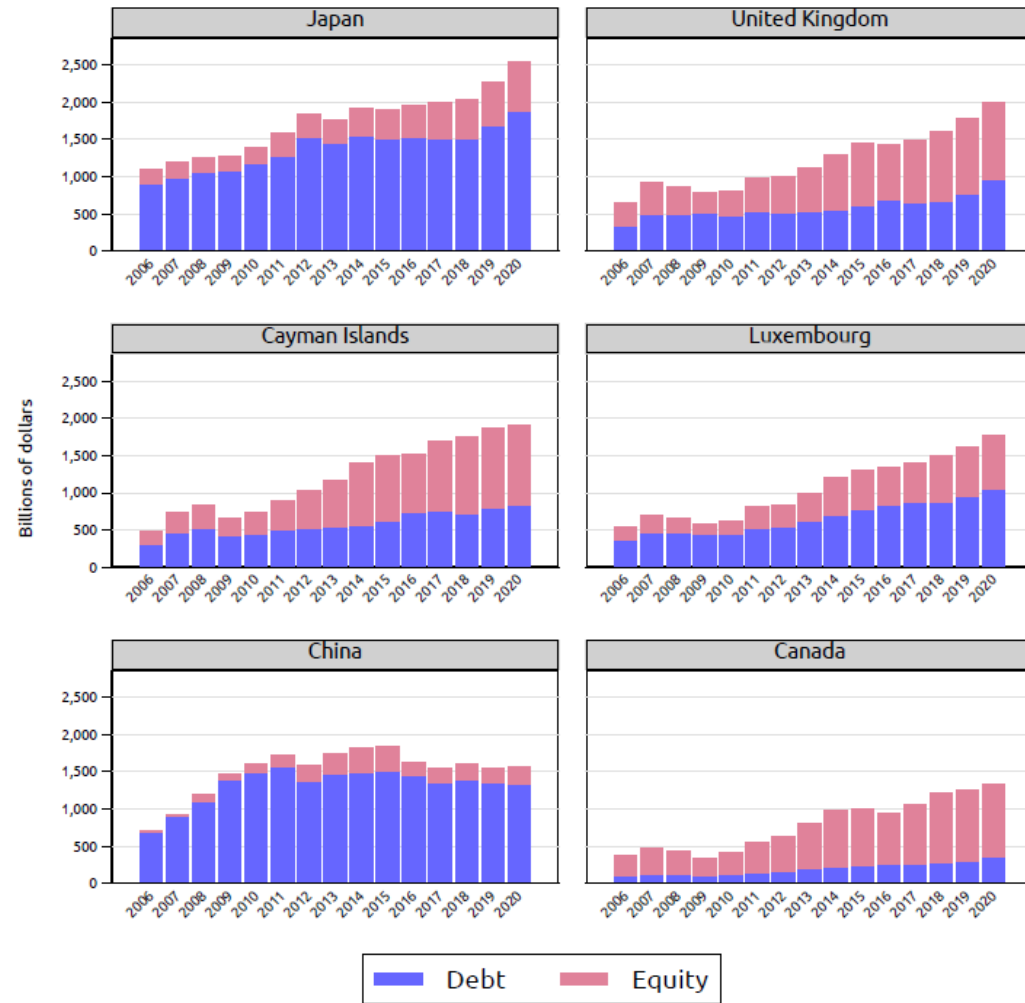
# Central banks holding of the US treasury

**Fed's Holdings of US Treasuries**



As a percent of US Treasury Debt*

**Foreign Central Banks' Holdings of US Treasuries**



As a percent of US Treasury Debt**

BerkeleyHaas