U.S. Official Reserve Assets

In This Section:

Coverage and definitions

Transactions in U.S. official reserve assets are measured in the following accounts: (1) Gold (line 42); (2) special drawing rights (SDRs) (line 43); (3) reserve position in the International Monetary Fund (IMF) (line 44); and (4) foreign currencies (line 45) (see table 18). Transactions consist of (1) sales and purchases by U.S. monetary authorities of monetary gold (that is, gold held by the U.S. Treasury as a financial asset); (2) IMF allocations of SDRs to the United States and cancellations of SDRs, U.S. acquisitions of outstanding SDRs, and sales of U.S.-owned SDRs for foreign currencies or U.S. dollars; (3) changes in IMF holdings of dollars, resulting from transactions between the IMF and member countries; and (4) foreign exchange market interventions by U.S. monetary authorities, some acquisitions of foreign currencies from the IMF or foreign governments, and net earnings on U.S. official reserve assets. Transactions with private foreign residents are included in these accounts only if they result in changes in U.S. official reserve holdings of foreign currencies.

Estimation methods overview

BEA estimates quarterly transactions on the basis of data provided—generally under Office of Management and Budget (OMB) Directive No. 19—by the U.S. Treasury Department, the Federal Reserve System, and the IMF. Data on U.S. reserve assets are published weekly by the Treasury Department in terms of holdings (outstanding amounts). BEA does not use this release as an input into its estimates of reserve assets; rather, BEA uses source data on the gold stock from Treasury, on foreign currency holdings from the Federal Reserve System, and on U.S. accounts at the IMF from the IMF. BEA publishes U.S. holdings of reserve assets at market value annually in the U.S. international investment position and quarterly in table 5 of the U.S. international transactions accounts.

BEA excludes from transactions changes in the value of reserve assets attributable to holding gains and losses, which are not considered to be international transactions. Thus, changes in the value of assets that arise from fluctuations in the market price of gold and from fluctuations in the exchange market value of the dollar vis-à-vis foreign currencies and SDRs are excluded. Also excluded are reclassifications arising from monetizations and demonetizations of monetary gold by monetary authorities. An additional exclusion resulted from changes in the par value of gold in 1972 and 1973. These exclusions are, however, included in the international investment position accounts as valuation adjustments so as to value reserve assets at current market prices.

1 **Gold** (line 42)

1.1 This account measures transactions in monetary gold between U.S. monetary and foreign monetary authorities, between U.S. monetary authorities and the IMF, and between U.S. monetary authorities and other international financial organizations. Monetary gold is gold to which the monetary authorities (or others who are subject to the effective control of the monetary authorities) have title and is held as reserve assets. All monetary gold is included in reserve assets or is held by international financial organizations. Transactions in nonmonetary gold—gold exported or imported in forms such as ore, scrap and base bullion, refined bullion, and coins and medallions—are not included here, but rather in goods exports and goods imports (lines 3 and 20).

1.2 Since 1972, following the August 1971 U.S. government action to end the convertibility of the U.S. dollar into gold for settling international reserve transactions, the only transactions in monetary gold are purchases of gold by U.S. monetary authorities from the IMF in 1977–1979 as part of a gold “restitution” program between the IMF and member countries.

1.3 The U.S. government gold stock, including that in the Exchange Stabilization Fund (ESF), is held by the Treasury Department.[1] The stock and monetary gold transactions with foreign governments are valued at the official U.S. Treasury par value of gold, $42.2222 per fine troy ounce. Between May 1972 and October 1973, U.S. gold was valued at $38 per fine troy ounce. From January 1934 until May 1972, the valuation was $35. Official valuations of U.S. gold are made pursuant to the Par Value Modification Act (Public Law 92–268) and its amendment (Public Law 93–110). Gold transactions with the IMF—including the return of gold contributed by the United States (restitutions)—are valued at the U.S. dollar equivalent of the established price of gold in terms of SDRs.

1. The ESF was established in the U.S. Treasury Department, by section 10 of the Gold Reserve Act of 1934, to stabilize the exchange value of the dollar through the purchase and sale of foreign currencies and gold in the open market.

2 **Special Drawing Rights** (line 43)

2.1 This account, which measures transactions in U.S. holdings of SDRs in the IMF Special Drawing Rights Department, reflects SDR allocations, cancellations, acquisitions, and sales.

2.2 SDRs are international reserve assets created by the IMF and allocated to members to supplement existing official reserves. SDRs are held only by monetary authorities of IMF members and a limited number of international financial institutions that are authorized holders. SDR holdings represent unconditional rights to obtain foreign exchange or other reserve assets from other IMF members.

2.3 The allocation of newly created SDRs by the IMF to the United States is considered as an increase in U.S. official reserve assets (line 43); the offset to the allocation is recorded as the incurrence of a U.S. government official liability (line 60) because of the requirement to repay the allocation to the IMF in certain circumstances. A cancellation of an allocation would result in a reversal of the entries in lines 43 and 60. Interest accrues on both the asset and liability.

2.4 The acquisition of outstanding SDRs is considered as an increase in U.S. official reserve assets; the sale of outstanding SDRs is considered as a decrease in U.S. official reserve assets.

2.5 The SDR was created in 1969 through an amendment to the IMF Articles of Agreement. The first SDR allocation to IMF member countries was made in three installments in 1970-1972, the second allocation in three installments in 1979-1981, the third allocation in 2009, and the fourth allocation in 2009. The valuation of the SDR has changed over the years, from the equivalent of 0.888671 grams of fine gold in 1970 (equal to the U.S. dollar at the dollar’s par value of $35 per troy ounce of fine gold) to the current valuation that is based on a weighted average of exchange rates for the currencies of four major countries. Beginning January 1, 2011, the relative weights are: U.S. dollar, 42 percent; euro, 37 percent; Japanese yen, 9 percent; and pound sterling, 11 percent. The value of the dollar relative to the SDR changes daily.

2.6 BEA estimates quarterly SDR transactions on the basis of IMF data on transactions and on amounts outstanding at the beginning and end of the period. BEA records transactions in U.S. dollar equivalents. Changes in U.S. holdings of SDRs resulting from changes in the exchange market value of the dollar vis-à-vis the SDR are not included in the transactions estimates, but are included in the international investment position estimates as valuation adjustments.

3 **Reserve Position in the IMF** (line 44)

3.1 This account measures transactions affecting the U.S. reserve position in the IMF; it reflects IMF transactions in U.S. dollars with both the United States and foreign countries. *IMF transactions with the United States* consist of (1) IMF acquisitions of dollars resulting from net sales of gold to the United States for use in IMF operations; (2) U.S. purchases from the IMF of SDRs and foreign currencies in exchange for dollars, and U.S. repurchases of dollars; (3) net U.S. dollar loans to the IMF under the General Arrangements to Borrow and under the New Arrangements to Borrow; (4) U.S. payments of dollars to the IMF as charges against the United States, and IMF payments of dollars to the United States as interest on IMF borrowings; and (5) IMF payments of dollars for its administrative operations in the United States. *IMF transactions in dollars with other countries* consist of (1) IMF sales of dollars for foreign currencies and SDRs and IMF repurchases of those currencies for dollars; (2) IMF sales of gold for dollars; (3) IMF dollar borrowings and relendings; (4) IMF payments on its borrowings; and (5) IMF payments of dollars for its administrative operations outside the United States.

3.2 The U.S. reserve position in the IMF is equal to the U.S. quota in the IMF minus IMF holdings of dollars (excluding dollar holdings in IMF administrative and subsidiary accounts)—the “U.S. reserve tranche”—plus net U.S. loans to the IMF. The reserve position represents the amount of foreign exchange that the United States can unconditionally draw from the IMF, up to the full amount of its quota. Under appropriate conditions, the United States can draw additional amounts based on its quota.

3.3 The initial U.S. quota in the IMF in 1946 was $2,750 million. It was subsequently increased in a number of steps—including revaluations in 1972 and 1973 as a result of changes in the par value of the dollar—to SDR 37,149 million in April 2001 and has remained at that level. The quota is reviewed every 5 years and is under review in 2010–2011.

3.4 BEA estimates the quarterly net change in the U.S. reserve position in the IMF on the basis of IMF data on transactions and on amounts outstanding at the beginning and end of the period. Estimates do not include valuation changes in the reserve position that result from changes in the exchange market value of the dollar in terms of the SDR, but these changes are included in the international investment position accounts as valuation adjustments.

4 **Foreign Currencies** (line 45)

4.1 This account measures the net transactions that affect U.S. Treasury Department and Federal Reserve System holdings of the foreign currencies that are included in U.S. official international reserves. Changes in these holdings result from (1) transactions associated with U.S. exchange market intervention through the ESF and the Federal Reserve System; (2) transactions under some types of reciprocal currency arrangements of the ESF and Federal Reserve System with foreign monetary authorities; and (3) foreign currency transactions with the IMF.

4.2 ESF transactions consist of (1) drawings and repayments of foreign currencies against the U.S. reserve position in the IMF and (2) sales of SDRs to other countries for foreign currencies. The ESF also has the authority (since 1962) to engage in reciprocal currency arrangements, carried out by the Federal Reserve Bank of New York acting as agent on behalf of the Treasury, to enable the U.S. Federal Reserve System and major foreign central banks to obtain immediate access to each other’s currencies in order to deal with temporary pressures in exchange markets.

Drawings and repayments under these reciprocal foreign currency arrangements are considered as transactions in reserve assets because the monetary authorities have immediate and unconditional access to each other's currencies. These arrangements have not been used in recent time periods.

4.3 The Federal Reserve System, under the authority of section 14 of the Federal Reserve Act, may also swap dollars for foreign currencies with major foreign central banks to aid in the easing of liquidity shortages, such as occurred in 2008 and 2009. However, these transactions, while between central banks, do not meet the strict definition of reserve asset transactions; that is, the monetary authorities do not have immediate and unconditional access to each other's currencies. Drawings and repayments under these reciprocal short-term programs, known as dollar liquidity swap lines, are entered as changes in U.S. government foreign currency holdings and U.S. government short-term assets (line 49).

4.4 BEA estimates quarterly transactions on the basis of Federal Reserve Bank of New York data on amounts of foreign currencies outstanding at the beginning and end of the period and reports of income earned on foreign exchange holdings. Changes in the value of foreign exchange holdings as a result of fluctuations in currency exchange rates are not entered in the international transactions accounts, but are included as valuation adjustments in the international investment position accounts.

Table 18. U.S. Official Reserve Assets, (2009) (Line 41)

[Millions of dollars]

(Credits +; decrease in U.S. assets. Debits –; increase in U.S. assets.)	
U.S. official reserve assets, net (line 41)	**–52,256**
Gold (line 42)	0
Special drawing rights (line 43)	–48,230
Reserve position in the International Monetary Fund (line 44)	–3,357
Foreign currencies (line 45)	–669