

## Valuing the Components of the U.S. International Investment Position

Investment positions for long-term portfolio securities are based on market values from monthly, annual, and benchmark surveys conducted by the Treasury International Capital (TIC) reporting system of the U.S. Department of the Treasury. Investment positions for financial derivatives are based on fair market values from quarterly surveys conducted by the TIC reporting system. Investment positions for claims and liabilities reported by banks, securities brokers, and other nonbanks are based on contractual (face) values of instruments as reported by financial institutions for both their own accounts and the accounts of their customers on the monthly and quarterly TIC surveys with supplementary data for U.S. nonbanks from foreign central banks.

Investment positions for direct investment are valued at current-period prices based on a revaluation of book values. Book values are reported by U.S. multinational companies on surveys conducted by BEA. Direct investment at current cost is BEA's featured measure of direct investment at current-period prices.<sup>1</sup> The current-cost method values the U.S. and foreign parent shares of their affiliates' investment in (1) plant and equipment using the current cost of capital equipment, (2) land using general price indexes, and (3) inventories using estimates of their replacement cost.<sup>2</sup>

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<sup>1</sup> BEA publishes direct investment at *market value* as an alternative current-period price measure with owners' equity revalued using indexes of stock market prices. Beginning with the June 30, 2014 release, direct investment at *market value* will be the featured measure in the U.S. net international investment position statistics. BEA also publishes direct investment at historical cost with owners' equity at the book value reported on BEA's surveys. Country and industry detail for direct investment are available only on a historical-cost basis; these statistics are available in interactive tables at [www.bea.gov](http://www.bea.gov) under "International."

<sup>2</sup> For additional information on the current-cost and market-value methods, see J. Steven Landefeld and Ann M. Lawson, "[Valuation of the U.S. Net International Investment Position](#)," SURVEY OF CURRENT BUSINESS 71 (May 1991): 40–49.