

U.S. International Investment Position and Valuation Effects

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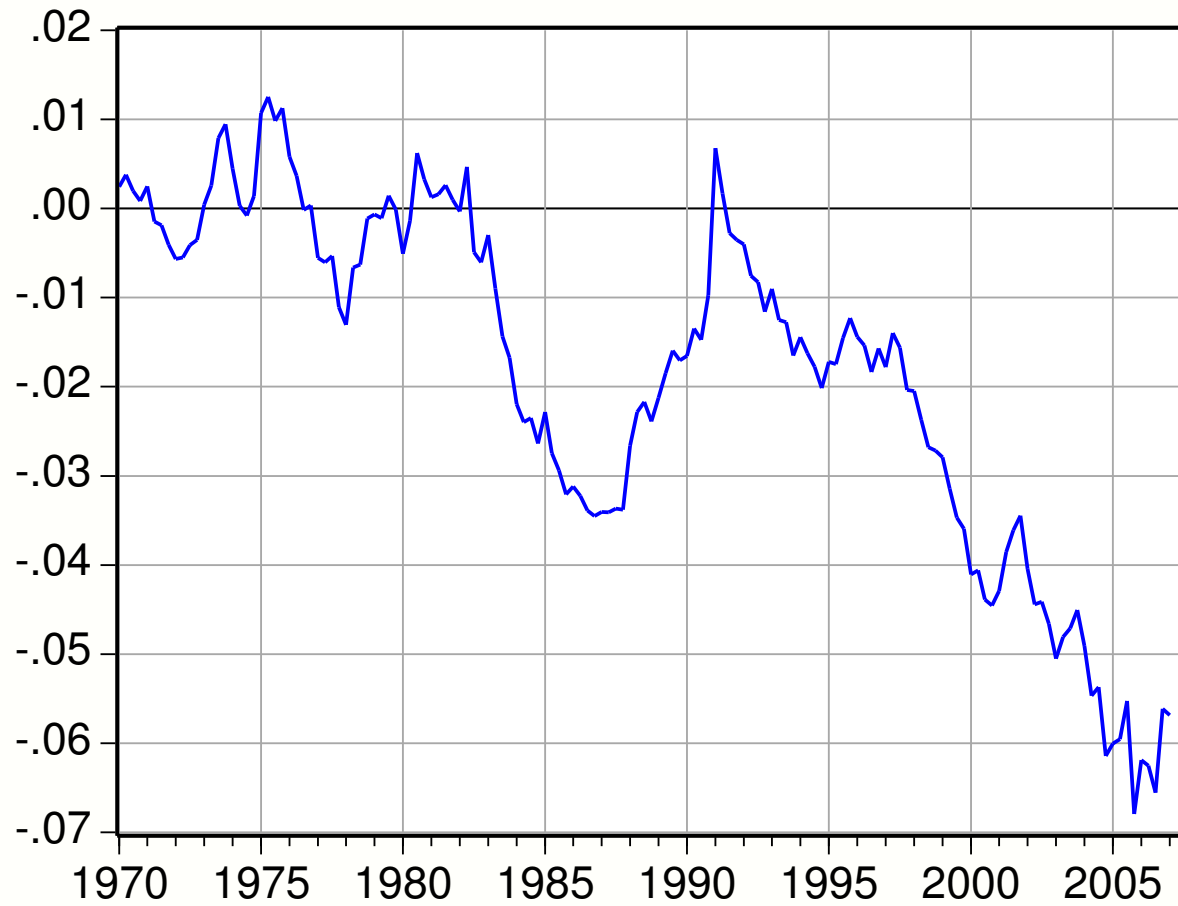
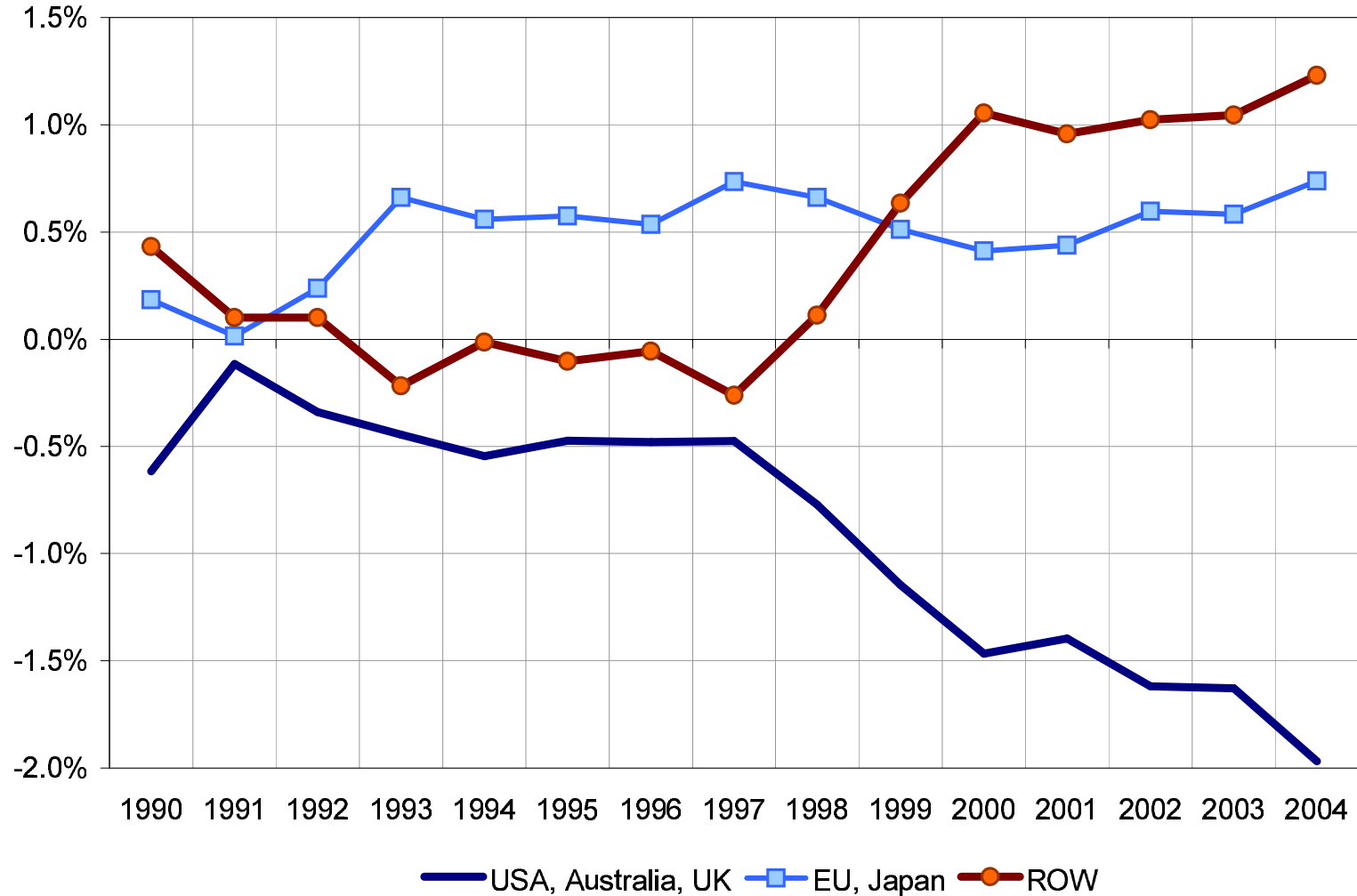


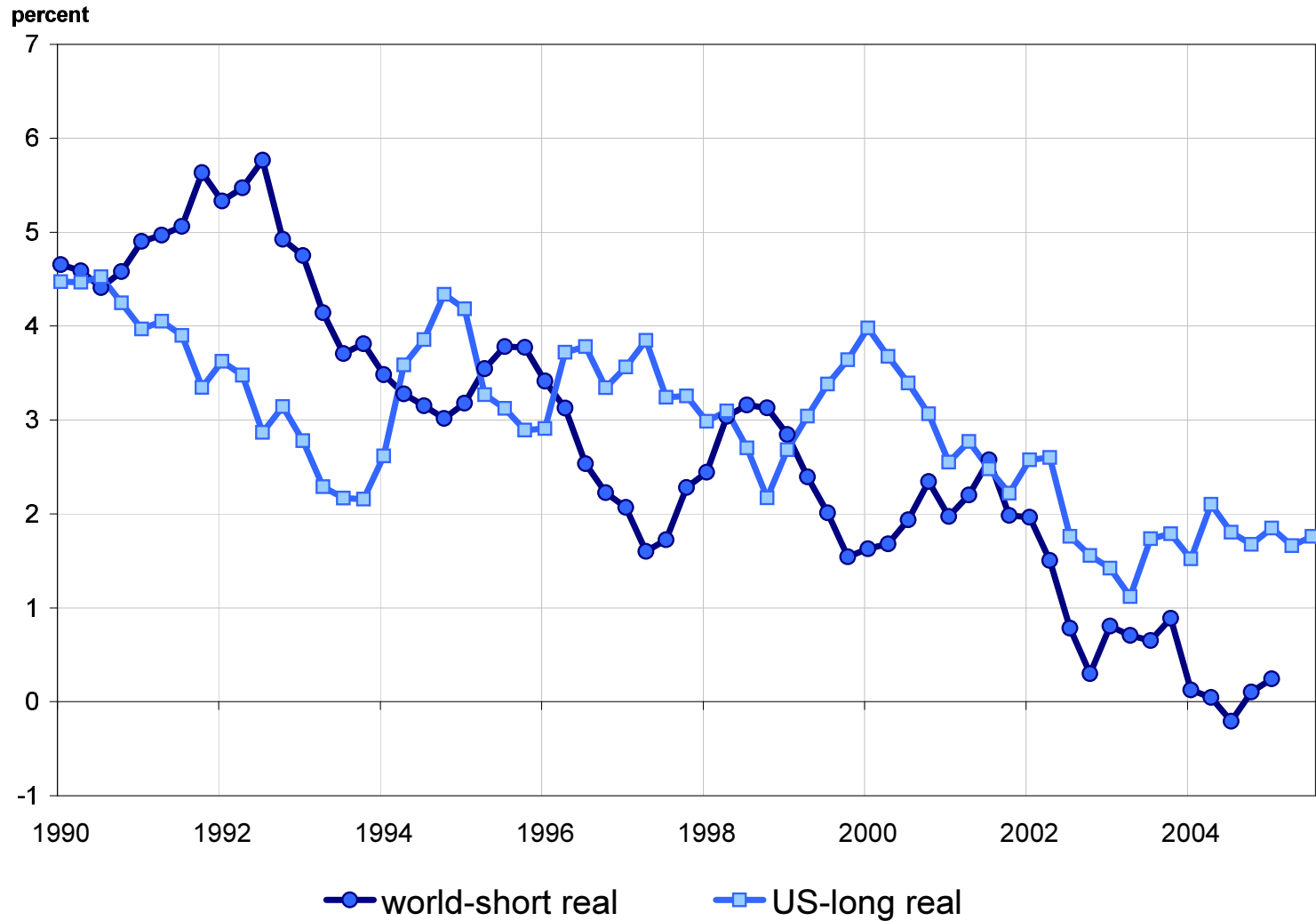
Figure 1: US Current account, relative to GDP, 1970-2006. Source: BEA

Current Account by Region

% of World GDP



World and US Interest Rates



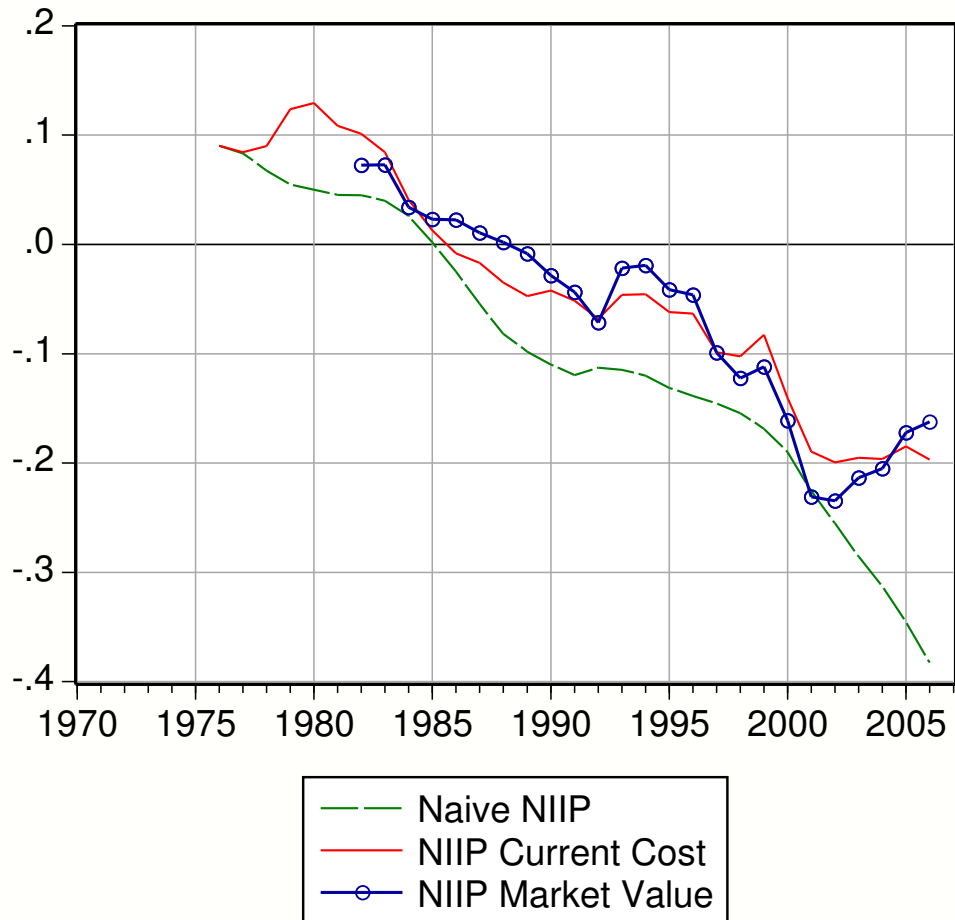


Figure 2: US NIIP, relative to GDP, 1976-2006. Source: BEA

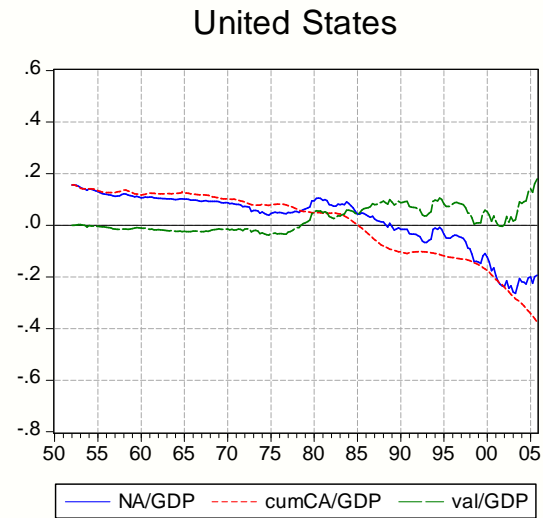
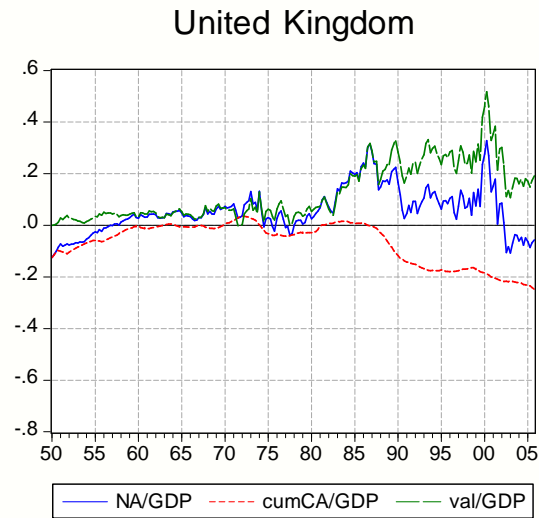
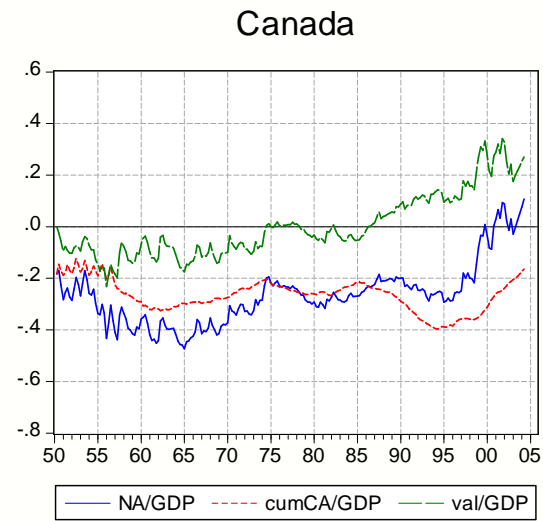
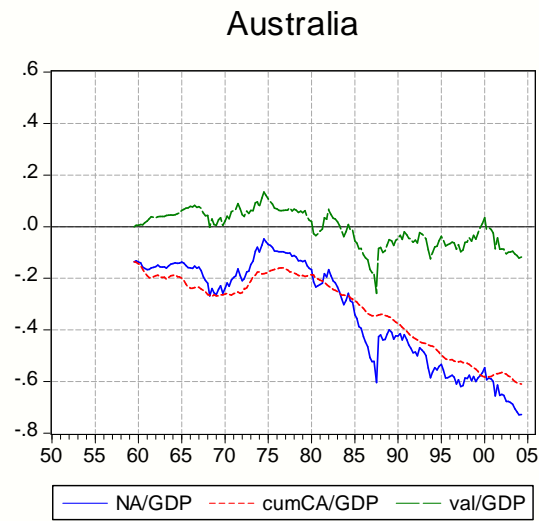


Figure 12: Valuation Component for Australia, Canada, UK and US

Source: Gourinchas Lopez and Rey (2006)

Decomposition (percent of GDP), 1991-2002.

	$\Delta n a y_t$	$\Sigma c a y_t$	$v a y_t$
Brazil	-30.6	-17.5	-13.1
Czech Rep.	-29.4	-40	10.5
Indonesia	-6.1	32.9	-39
Mexico	-8.8	-27.7	19
Thailand	-10.0	11.9	-21.9
Turkey	-21.3	2.6	-23.9

Lane and Milesi-Ferretti (2004).

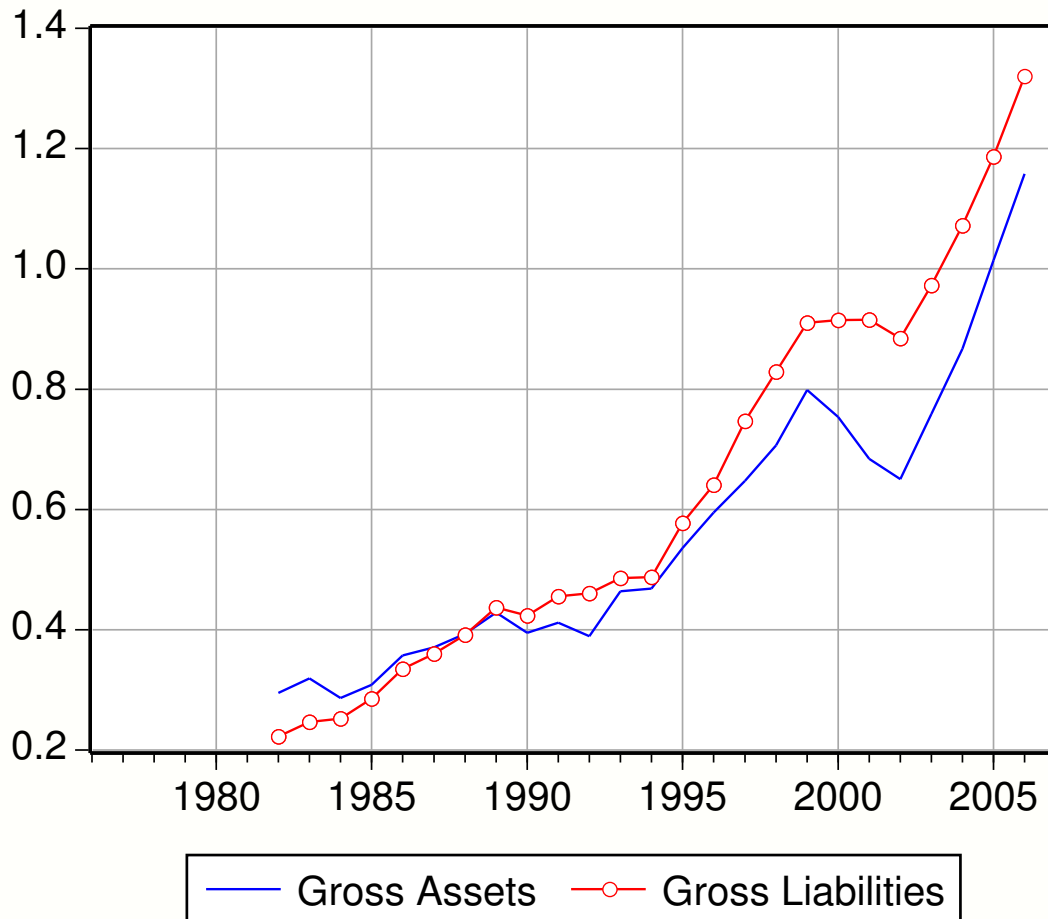
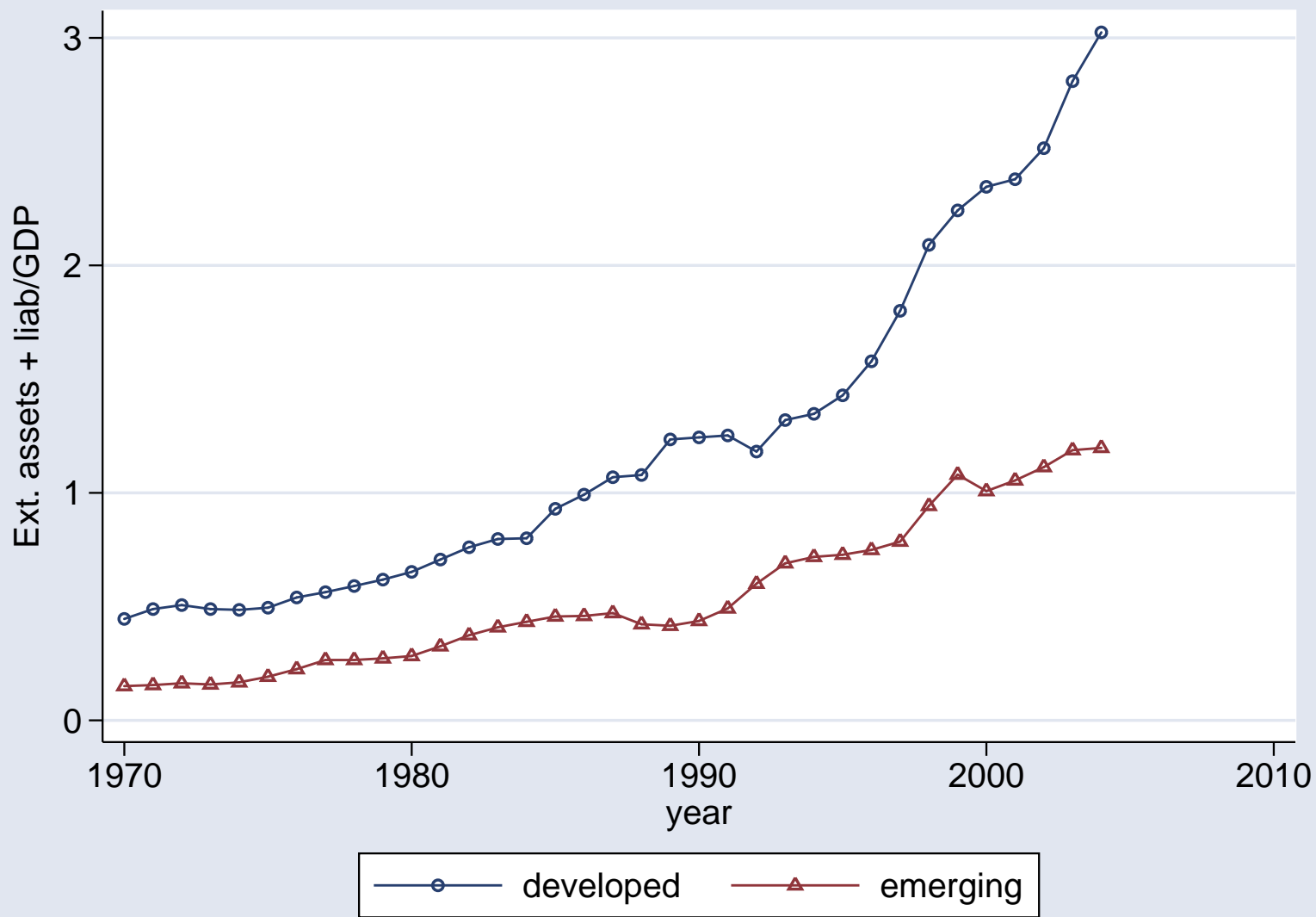


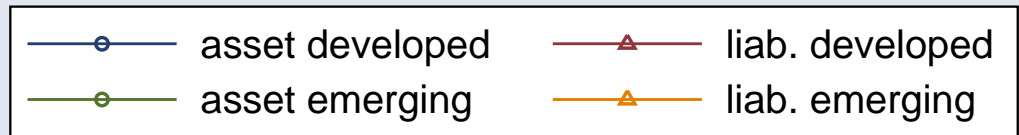
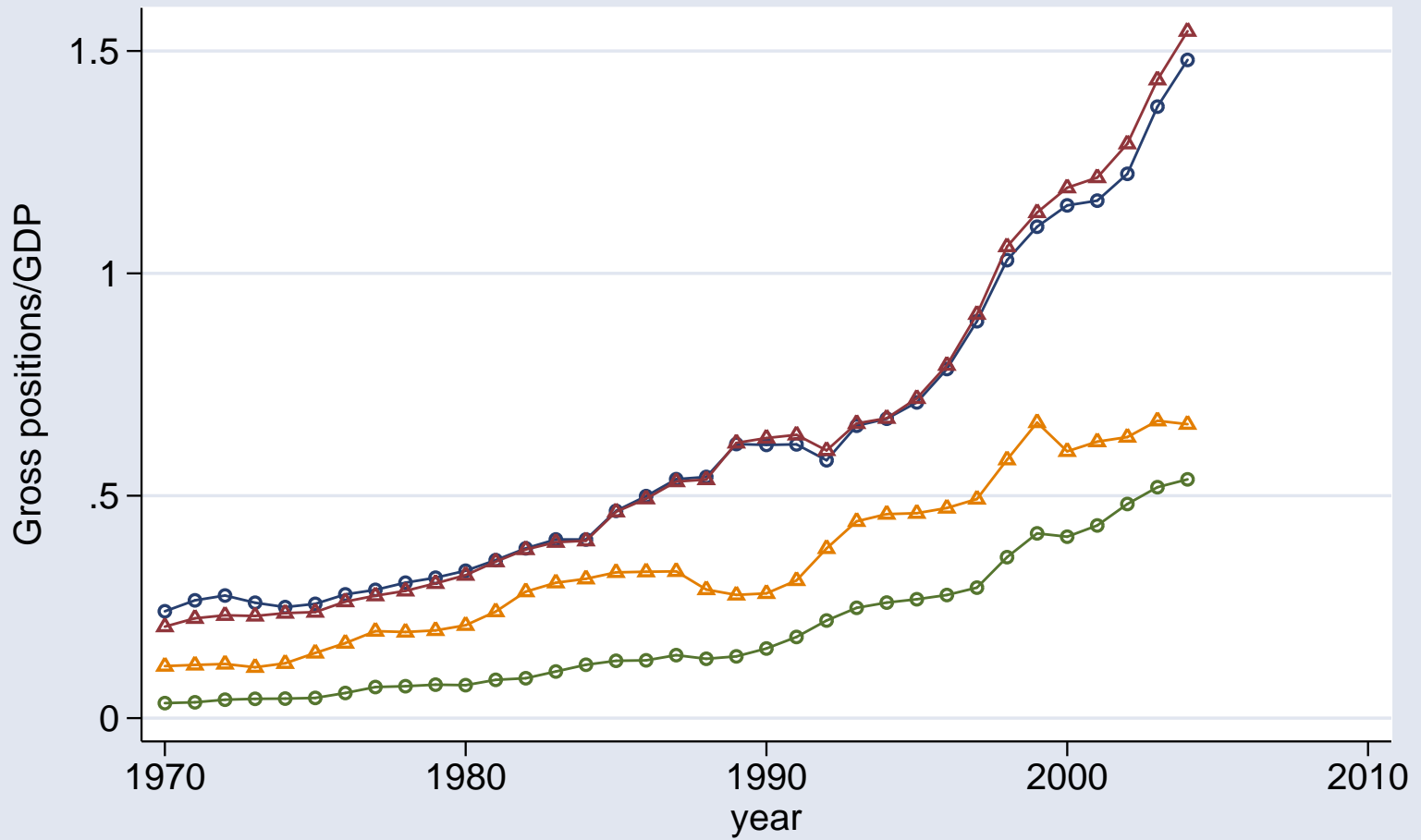
Figure 3: Gross Assets and Liabilities, relative to GDP, 1982-2006. Source: BEA

Figure 1: International financial integration: $(A + L) / Y$.



Source: Lane and Milesi-Ferretti (2006)

Figure 2: Gross Positions: A/Y , L/Y .



Source: Lane and Milesi-Ferretti (2006)

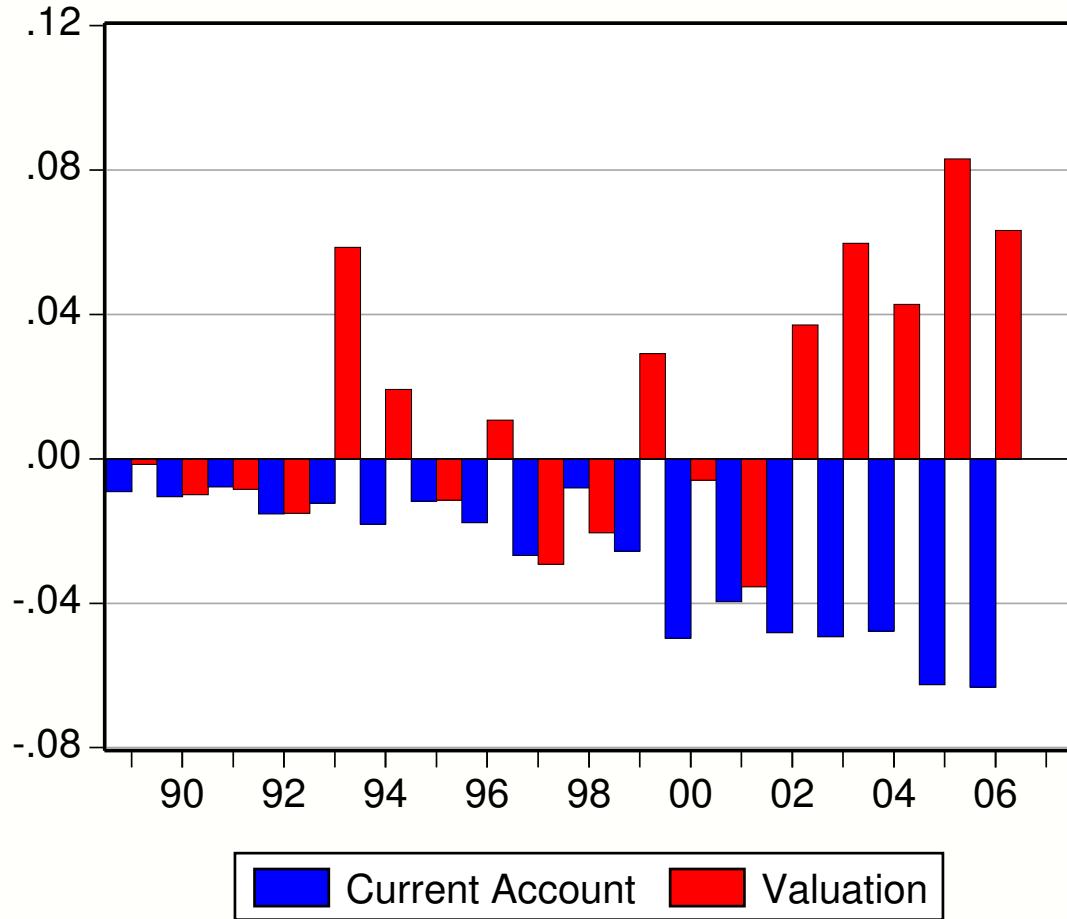
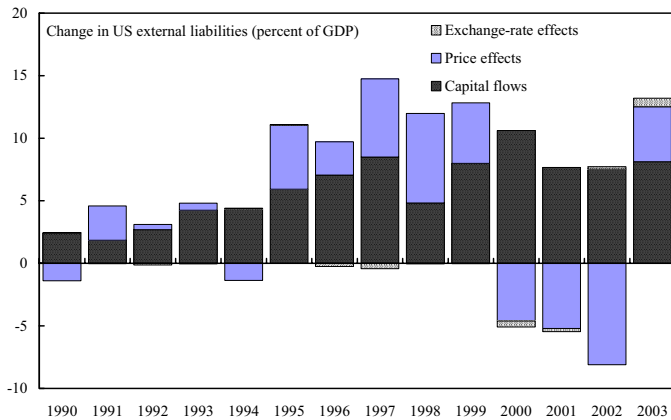
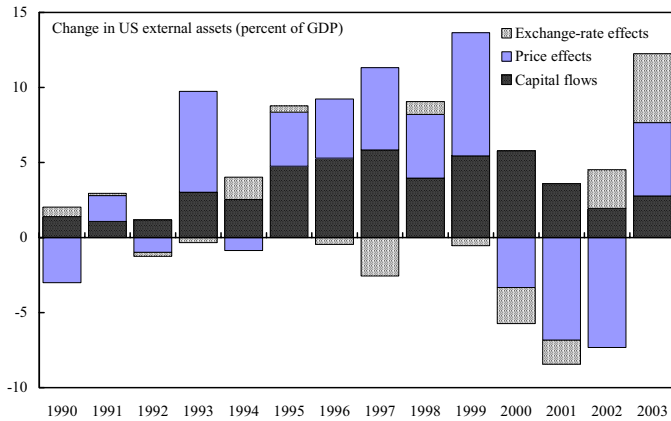


Figure 4: Change in NIIP: Valuation and Flow components, relative to GDP, 1989-2006. Source: BEA

Figure 11: Change in NA , US and Australia (% of GDP).

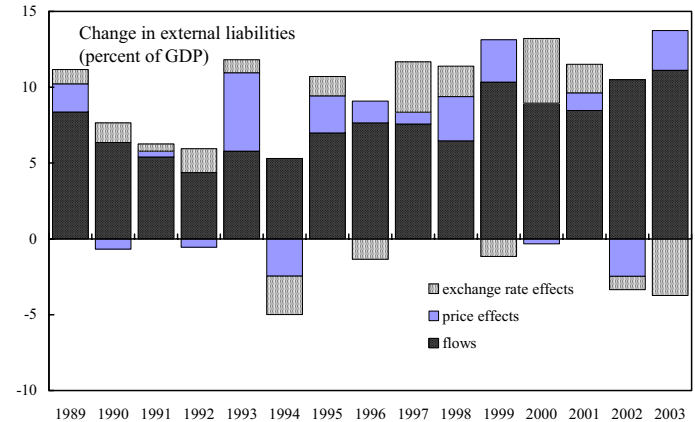
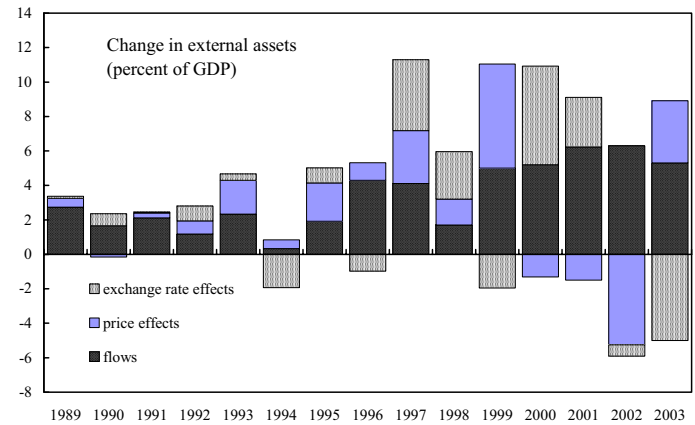
Figure 7. United States: Components of Change in External Assets and Liabilities, 1990–2003



Source: Authors' calculations based on Tille (2003) and updated data provided by Cédric Tille.

(a) US

Figure 8. Australia: Components of Change in External Assets and Liabilities, 1989–2003



Source: authors' calculations based on Australian National Statistics

(b) Australia

Source: Tille (2003) and Lane and Milesi-Ferretti (2004)

BACK OF THE ENVELOPE CALCULATION:

- ▷ Gross assets/GDP: 116%
- ▷ Foreign currency denominated assets: 70%
- ▷ Impact of a 10% depreciation of the U.S. Dollar (relative to GDP):

$$1.16 * 0.7 * 0.1 = 8.1\%$$

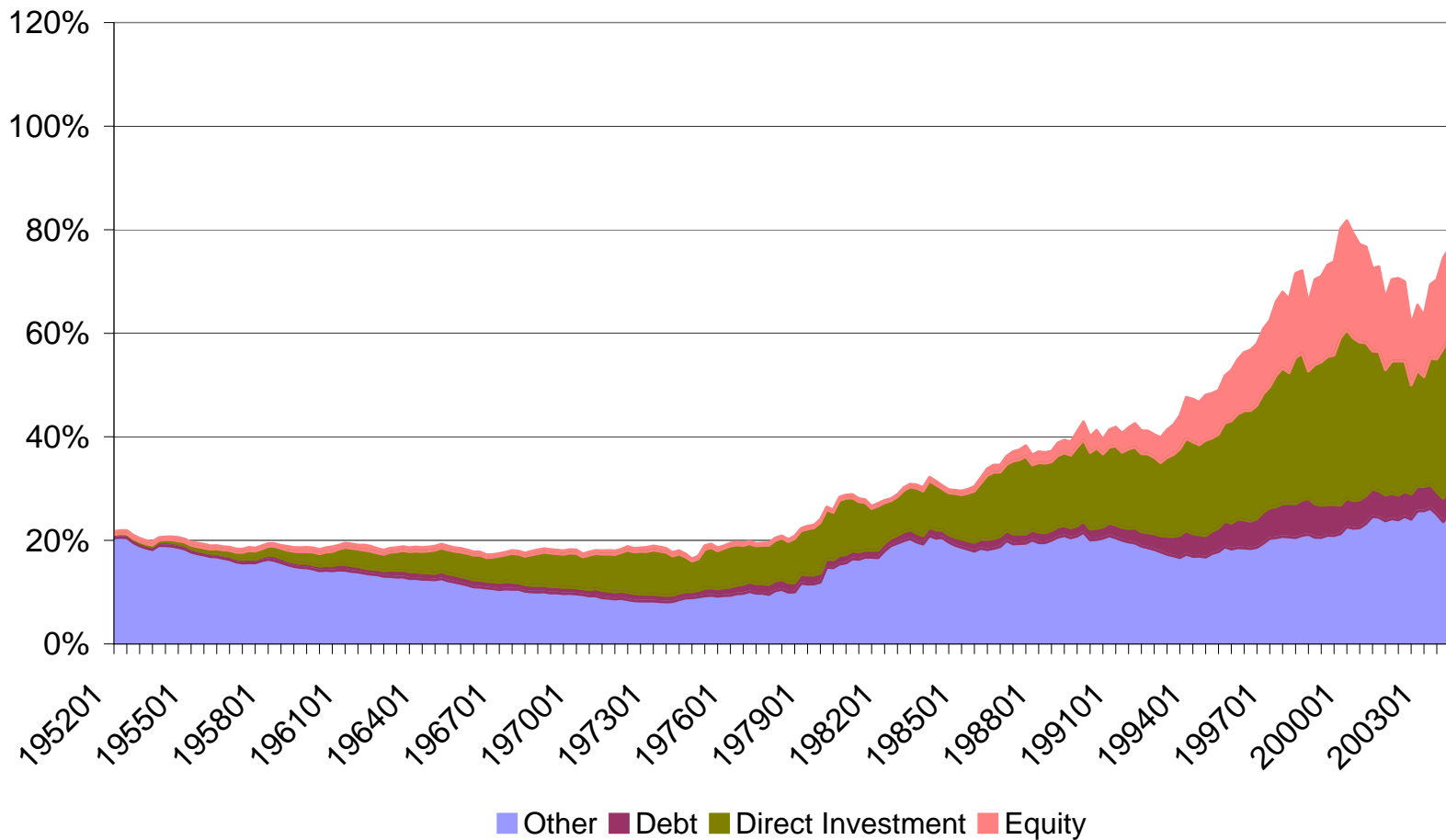


Figure 5: U.S. Gross External Assets (share of GDP). Source: Gourinchas & Rey (2007)

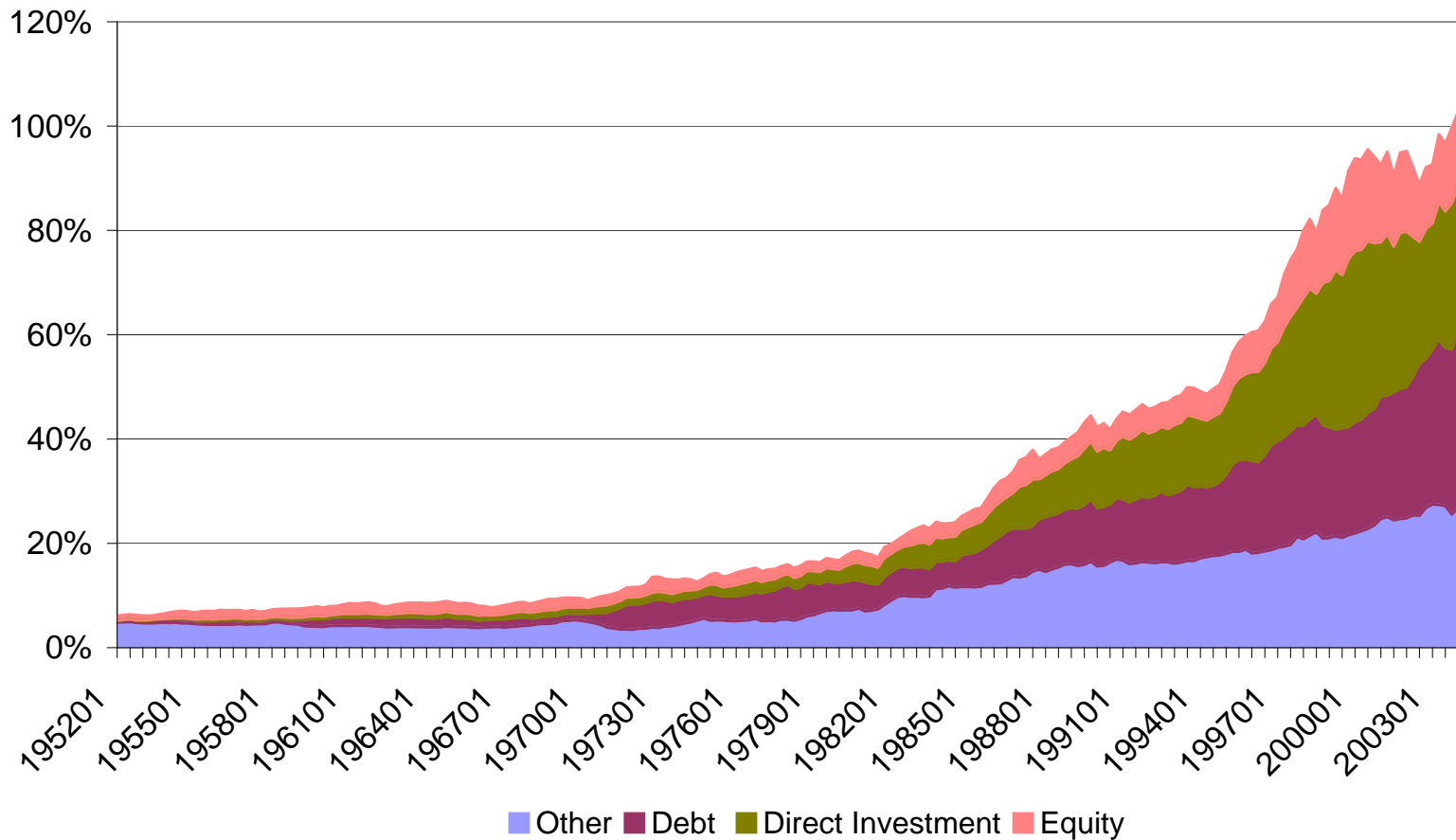


Figure 6: U.S. Gross External Liabilities (share of GDP). Source: Gourinchas & Rey (2007)

CURRENCY COMPOSITION OF US EXTERNAL POSITIONS (2004)

	Assets	Liabilities	Net ($A - L$)	(% GDP)
Total	9,973	12,515	-2,542	-21.7
US dollar	3,476	11,869	-8,393	-71.5
Foreign Currencies	6,497	646	5,851	49.9
Euro	1,784	296	1,488	12.7
UK	1,039	71	968	8.3
Canada	557	1	556	4.7
Japan	506	61	445	3.8
Switzerland	304	18	286	2.4
Other	2,307	199	2,108	18.0

\$ billions; Source: Tille (2005)

Period	Return effect					Composition Effect				Total
	(1) Other	(2) Debt	(3) Equity	(4) FDI	Total	(5) Debt	(6) Equity	(7) FDI	Total	$r^a - r^l$ (1)-(7)
52-04	1.00	0.56	0.35	0.06	1.97	0.03	-0.59	0.70	0.14	2.11
52-73	0.69	0.38	0.04	0.12	1.23	-0.23	-1.46	0.73	-0.96	0.27
73-04	1.21	0.68	0.55	0.01	2.45	0.20	-0.02	0.68	0.86	3.32

Table 1: Break-up of Total Real Returns in a Return and a Composition Effect. Source: Gourinchas & Rey (2007)

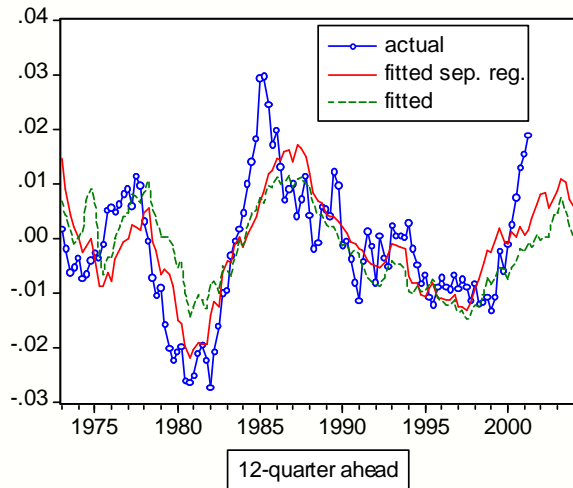
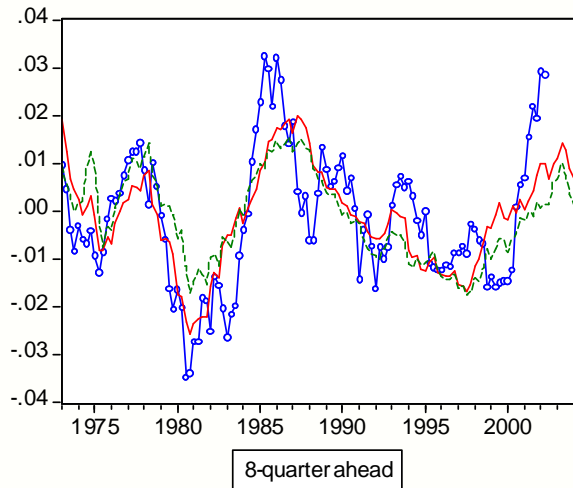
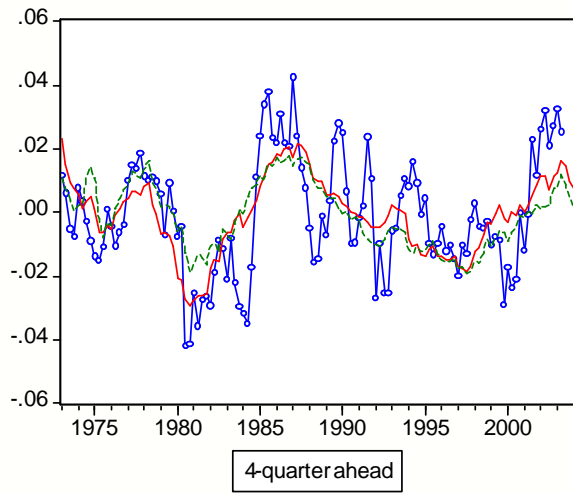
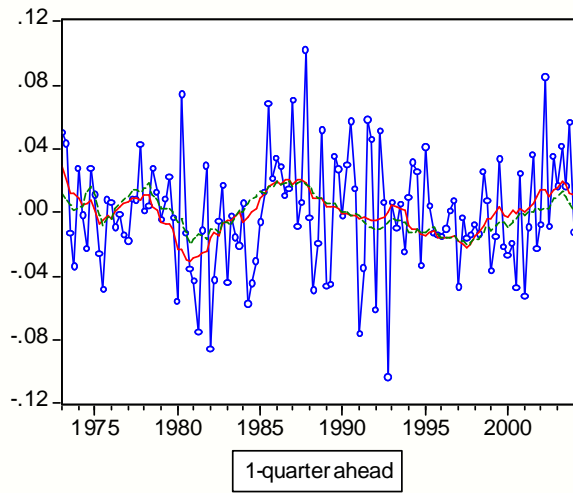


Figure 18: Predicted One to 12-quarter ahead depreciation rates.