



Economics Group

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Foreign Demand for U.S. Assets Remained Strong in April

Foreign purchases of U.S. securities remained strong in April, driven by continued demand for Treasuries, namely from the private sector. Meanwhile, purchases of foreign securities by U.S. investors trended higher.

Treasury Purchases Fueled Foreign Demand

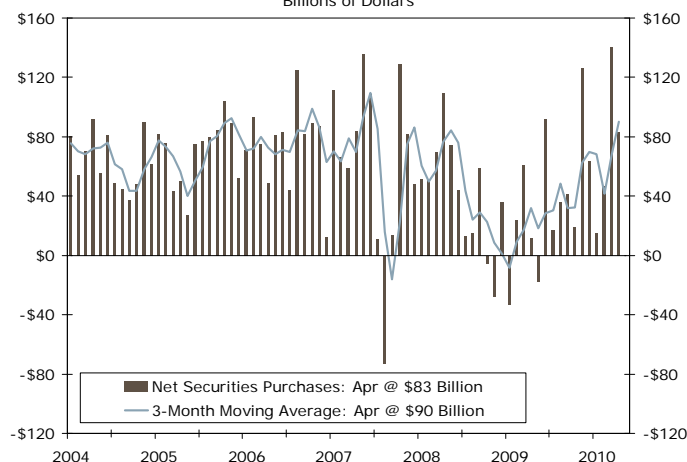
- Private sector Treasury purchases of \$61.9 billion, along with foreign official purchases of \$14.5 billion, drove demand for U.S. securities. Equities also saw a net inflow of \$10.1 billion.
- U.S. purchases of foreign securities rose further in April to \$27.8 billion. Bond purchases remained steady, while equities saw a \$10.8 billion jump as U.S. investors' appetite for riskier assets increased. The net long-term inflow was \$83.0 billion.

Short-term Purchases Fell on Lower Demand for Bills

- Foreign purchases of short-term securities slipped as private investors were net sellers of Treasury bills. Total net monthly inflows were \$15.0 billion in April, less than the \$26.0 billion in March. This is far below the nearly \$2.0 billion a day needed to finance the current account deficit. We expect an increase in inflows for May as demand for U.S. Treasuries jumped during the month in response to the worsening European debt crisis.

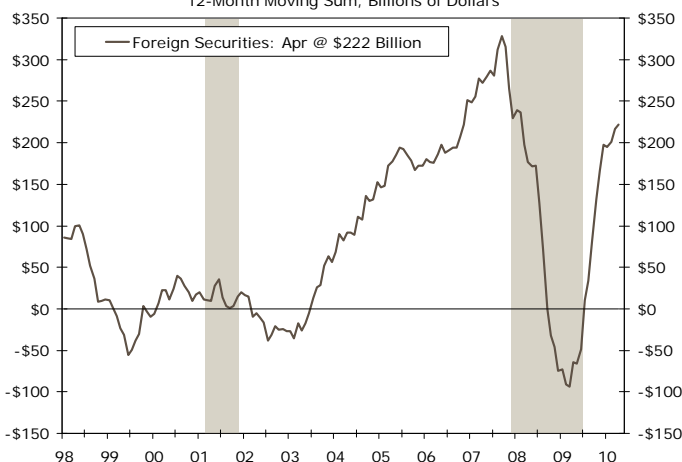
Monthly Net Securities Purchases

Billions of Dollars



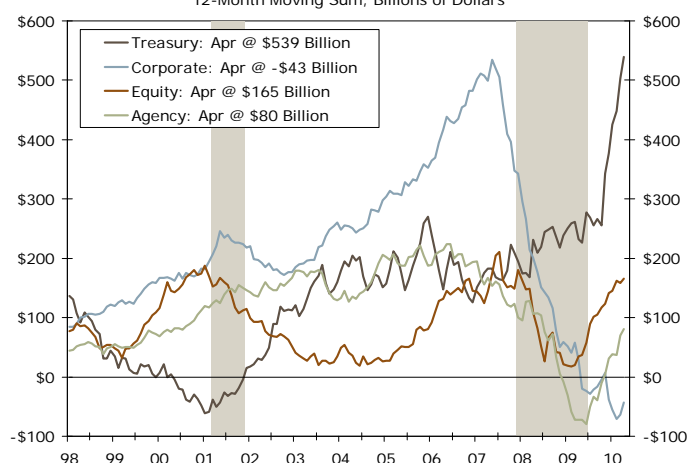
U.S. Purchases of Foreign Securities

12-Month Moving Sum, Billions of Dollars



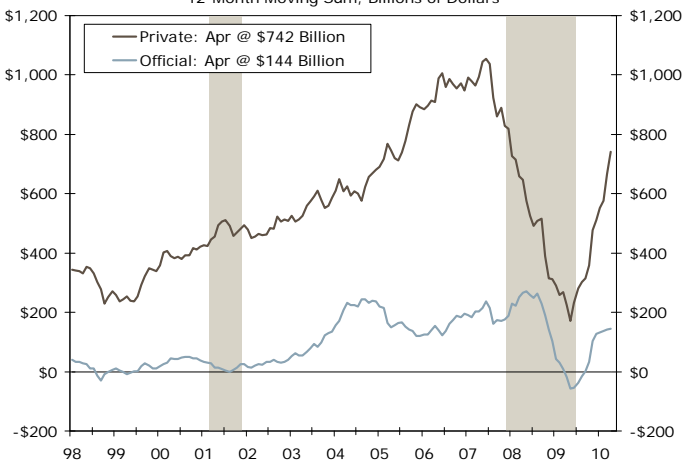
Foreign Private Purchases of U.S. Securities

12-Month Moving Sum, Billions of Dollars



Foreign Purchases of U.S. Securities

12-Month Moving Sum, Billions of Dollars



Source: U.S. Department of Commerce and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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