

Economics Group

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Foreign Purchases of U.S. Securities Were Strong in December

Foreigners continue to buy U.S. securities, especially Treasury securities. As long as foreigners remain confident in U.S. economic and financial prospects, the dollar likely will remain well supported.

Foreigners Continue to Buy U.S. Assets

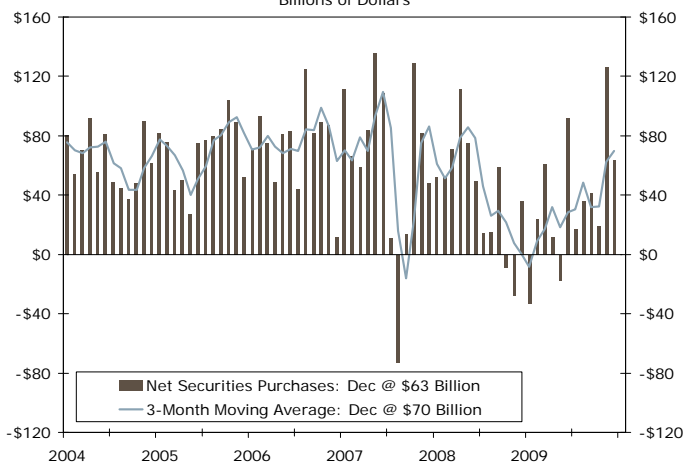
- Foreigners bought \$63 billion worth of U.S. long-term securities in December, a strong outturn in light of the \$126 billion that were purchased during November.
- Despite popular concerns about the fiscal situation of the U.S. government, foreigners continue to buy Treasury securities. Private foreign investors purchased \$48 billion worth of Treasuries in December, and central banks bought \$22 billion.

Outflows Remain Strong

- American purchases of foreign assets totaled \$19 billion in December, bringing the total over the last 12 months to about \$200 billion.
- Strong net purchases of U.S. assets have helped the dollar rebound from its lows in late November. As long as foreigners remain confident in U.S. economic and financial prospects, the greenback likely will remain well supported.

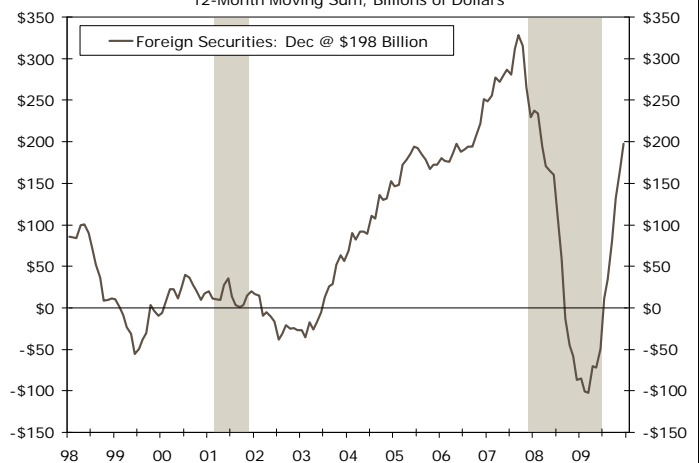
Monthly Net Securities Purchases

Billions of Dollars



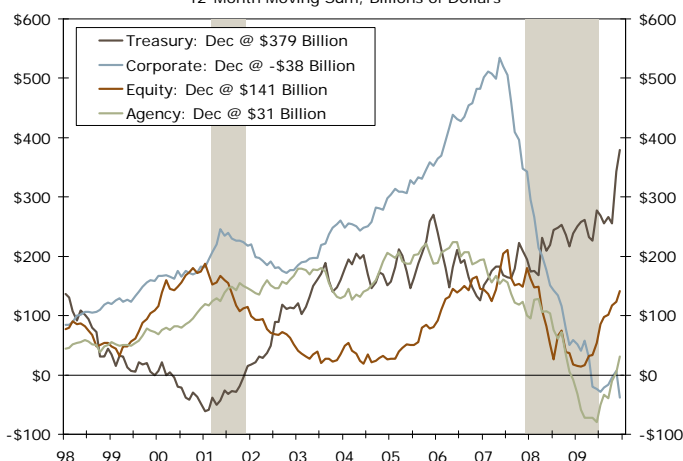
U.S. Purchases of Foreign Securities

12-Month Moving Sum, Billions of Dollars



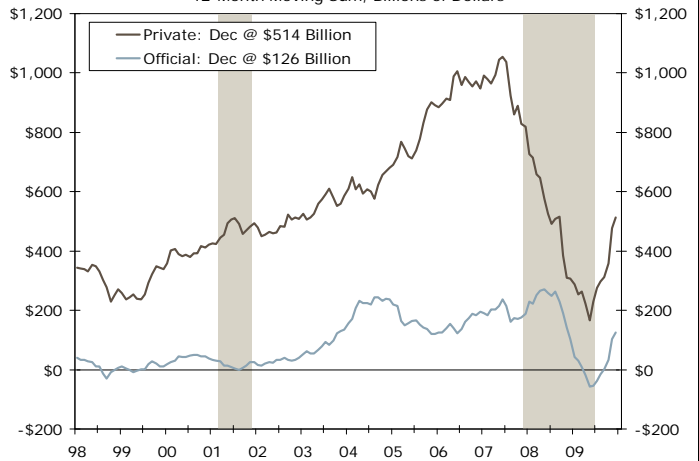
Foreign Private Purchases of U.S. Securities

12-Month Moving Sum, Billions of Dollars



Foreign Purchases of U.S. Securities

12-Month Moving Sum, Billions of Dollars



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