



# Economics Group

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## June TIC Flows Negative on Weak Treasury Demand

*Net TIC flows were negative for the second consecutive month in June as foreigners were net sellers of Treasury bonds and notes. Meanwhile, U.S. residents were sellers of foreign securities.*

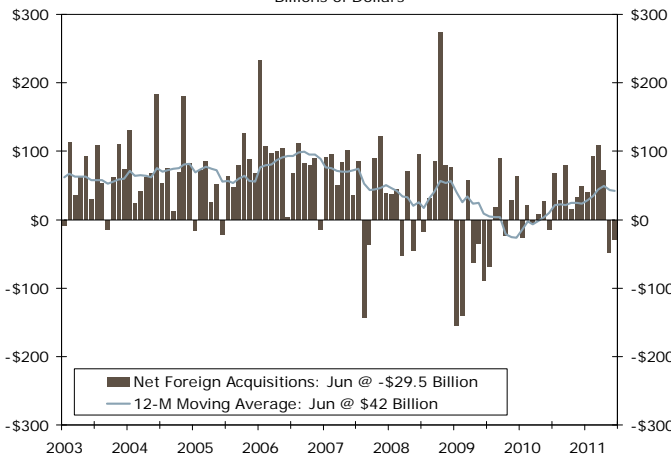
### Private Foreign Investors Lose Appetite for Treasuries

- Total net TIC flows were -\$29.5 billion in June. In terms of long-term securities, net flows were -\$8.0 billion as private foreign investors sold a net \$18.3 billion in Treasury bonds and notes amid wrangling over the U.S. debt ceiling. However, foreign central banks bought a net \$13.8 billion of Treasuries. Foreign investors were also net sellers of U.S. corporate bonds, while equities saw a weak \$3.9 billion of net inflows.

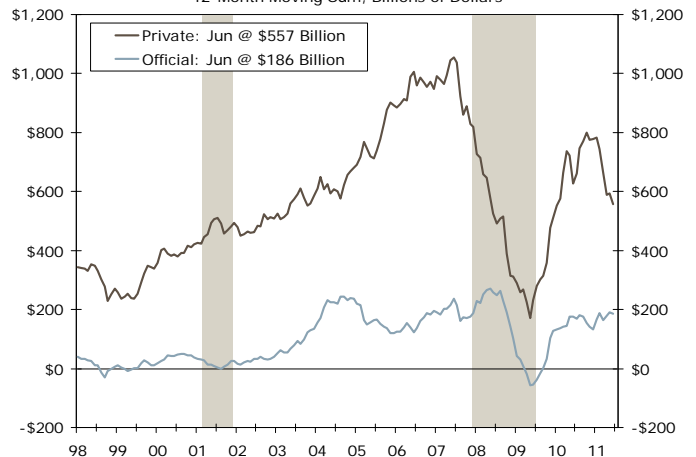
### Short-term Holdings Continued to Decline

- Foreigners were net sellers of U.S. Treasury bills, but contrary to past months, it was foreign central banks doing the selling rather than private investors. Also adding to the outflow was a \$6.8 billion decline in banks' own liabilities.
- Concerns over the debt ceiling may have concerned foreign investors in June. If inflows remain weak or negative, it will be difficult for the dollar to see any meaningful appreciation.

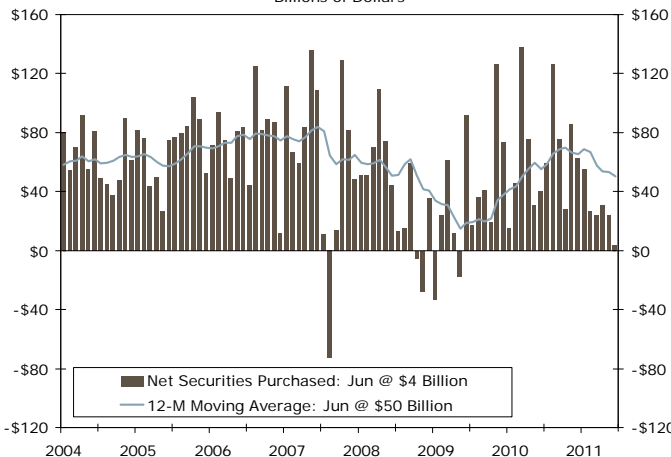
Monthly Net TIC Flows  
 Billions of Dollars



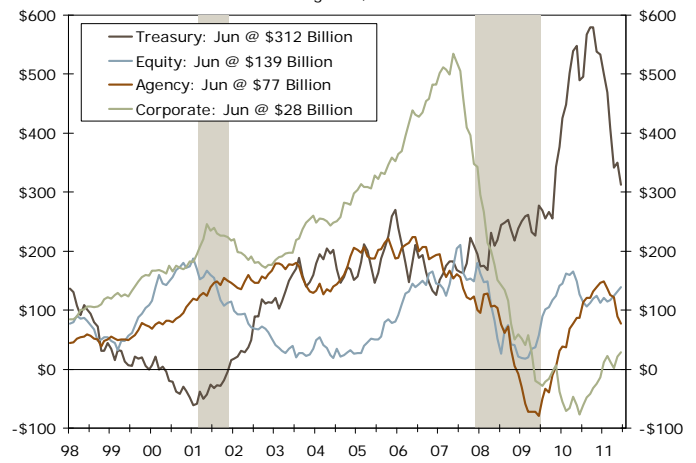
Foreign Purchases of U.S. Securities  
 12-Month Moving Sum, Billions of Dollars



Net Long-Term Flows  
 Billions of Dollars



Foreign Private Purchases of U.S. Securities  
 12-Month Moving Sum, Billions of Dollars



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