



# Economics Group

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## Foreign Purchases of U.S. Securities Slow in October

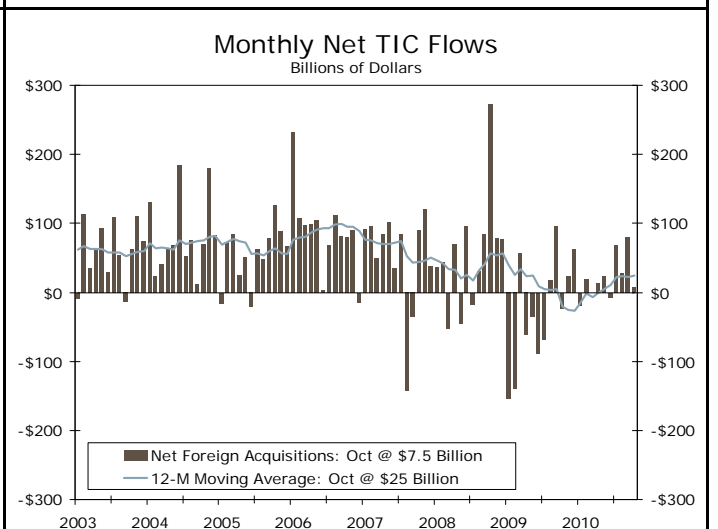
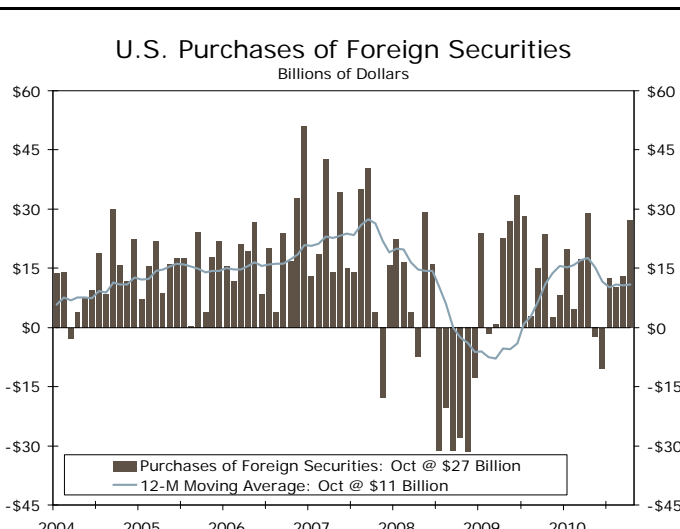
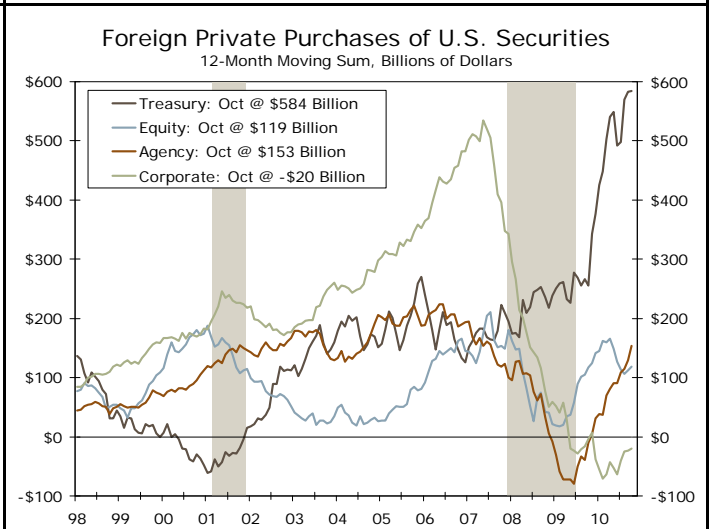
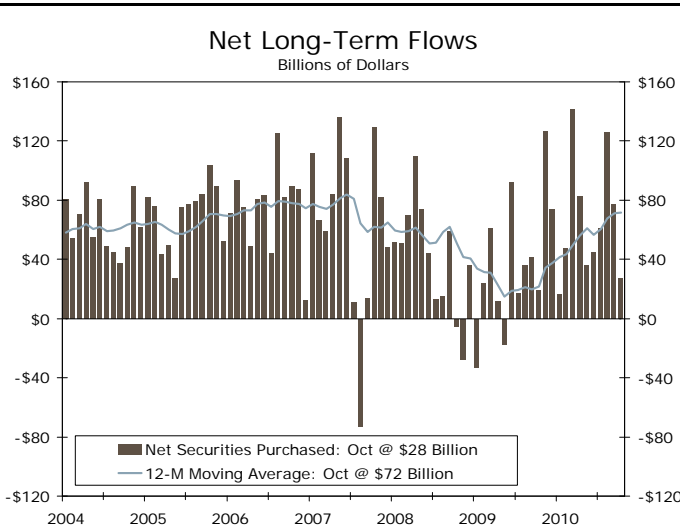
**Net purchases of U.S. securities slowed noticeably in October. While private investors were net buyers of long-term securities, foreign official investors were net sellers. Less demand for Treasuries pushed yields up.**

### Demand for Long-Term U.S. Securities Wanes

- Net long-term securities purchases fell to just \$27.6 billion in October. All security types saw less demand from private investors except for corporate bonds, which rose slightly. Foreign official investors were net sellers of all security types.
- Net purchases of foreign securities by U.S. residents more than doubled to \$27.1 billion, with both bonds and equities seeing increased demand.

### Holdings of Short-Term U.S. Securities Rise

- Holdings of short-term U.S. securities rose in October by \$31.4 billion. While private investors were net sellers of Treasury bills, foreign official investors were net buyers.
- Overall net inflows plunged to just \$7.5 billion from \$80.1 billion in September. This is far below what is necessary to finance the current account deficit. If the global economy continues to improve, interest rates will need to rise to attract investors.



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

## Wells Fargo Securities, LLC Economics Group

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