



# Economics Group

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## TIC Flows Signal Less Fear in Fixed Income Markets

*Foreign purchases of U.S. financial assets picked up just \$1.3 billion in October, well short of consensus expectations. The sum of all cross-border financial activity was a net monthly outflow of \$56.7 billion.*

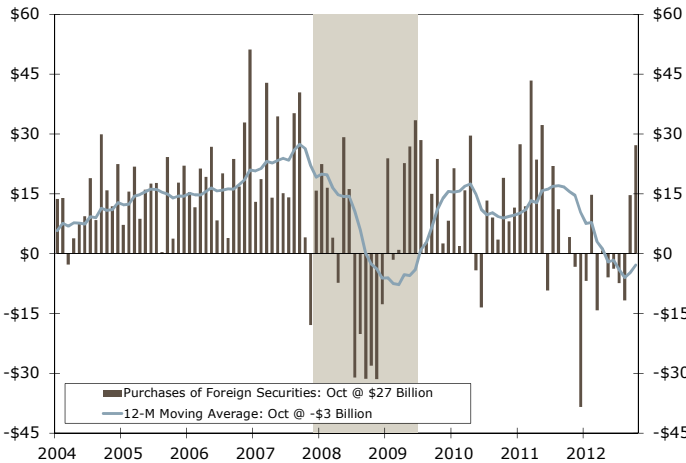
### Eurozone Fears Abating?

- U.S. net purchases of foreign securities increased \$27.1 billion in October. That represents the largest sequential increase in more than a year.
- Meanwhile, the net total of all foreign financial flows of long-term securities, short-term securities and banking transactions was a net monthly outflow of \$56.7 billion. Taken together, these moves signal that fears about Europe are abating.

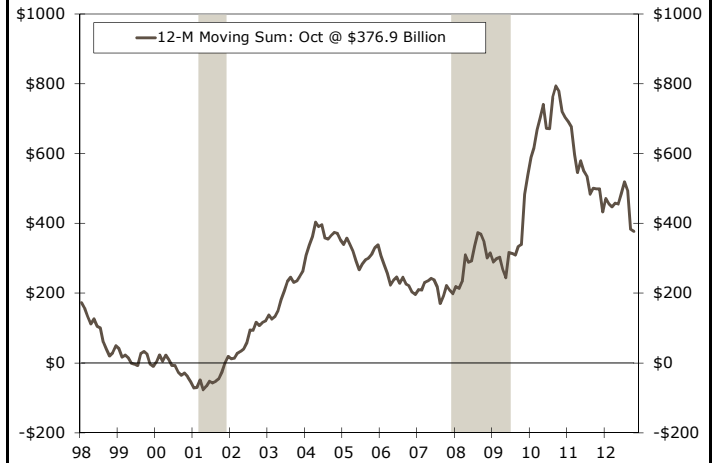
### Foreigners Trending Away from U.S. Assets

- While month-to-month flows can be choppy, a 12-month moving average shows longer-term trends. As the top chart below shows, the massive inflows into U.S. financial assets during 2010 and 2011 have given way to a more subdued pace of purchases.
- Demand from foreign central banks has held up rather well over that same period. It is the purchases of U.S. securities by foreigners that have trailed off.

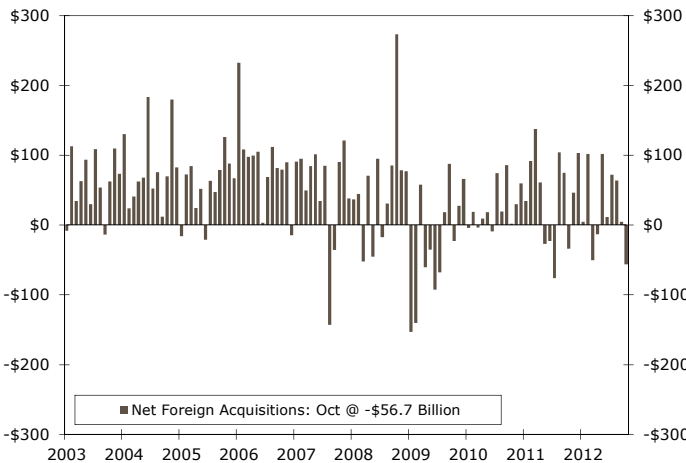
**U.S. Purchases of Foreign Securities**  
 Billions of Dollars



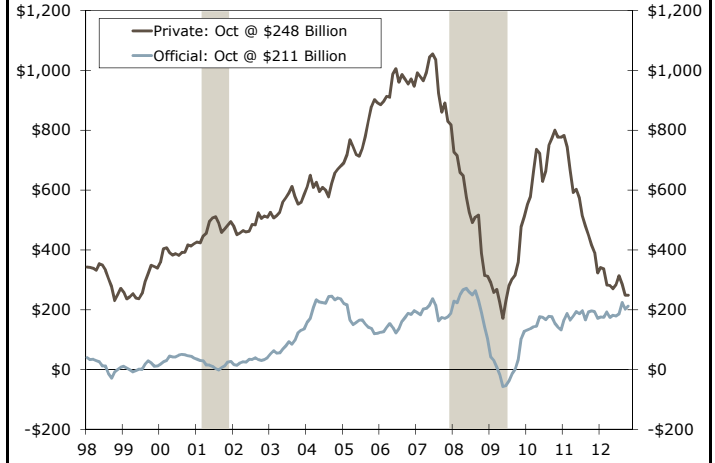
**Net Foreign Purchases of Marketable US Treasury Securities**  
 Bonds and Notes, 12-Month Moving Sum, Billions USD



**Monthly Net TIC Flows**  
 Billions of Dollars



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



## Wells Fargo Securities, LLC Economics Group

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