



Economics Group

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TIC: Foreigners Buying Treasuries Again

The net sum of international financial flows in July was a net inflow of \$56.7 billion. Most of the change can be attributed to net foreign private inflows of \$59.3 billion.

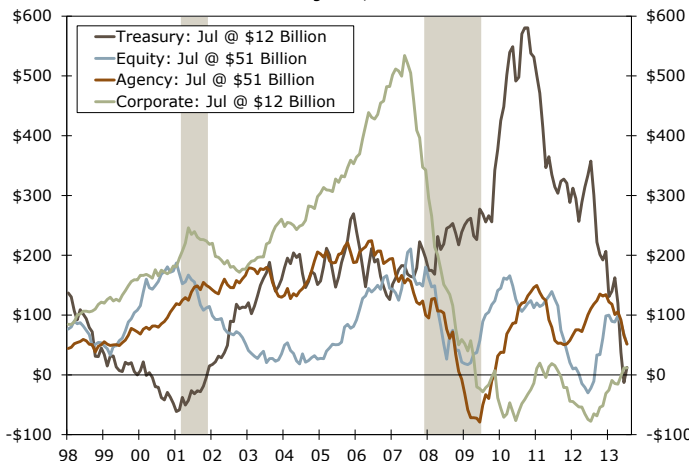
On Second Thought, We Will Keep Buying Treasuries

- For the past several months, foreign private investors have spurned Treasury securities, perhaps in anticipation of tapering by the FOMC. That reversed in July with foreign private investors buying a net \$49.8 billion in U.S. government bonds and notes.
- Foreign official flows were more modest with a net outflow of \$5.0 billion as central banks sold \$15.9 billion of Treasuries.

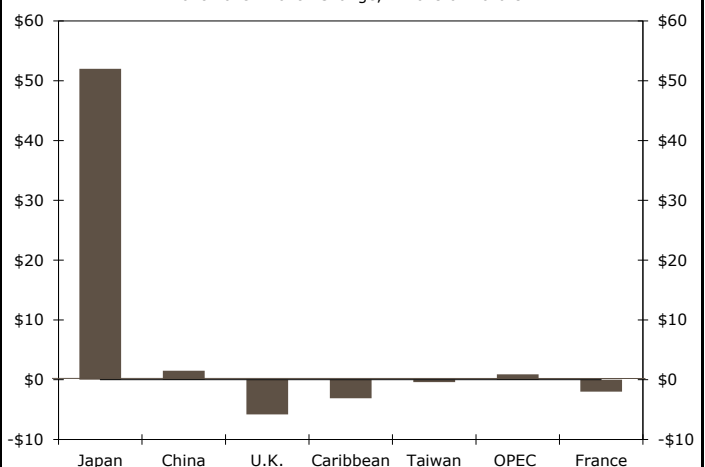
Is Abenomics the Catalyst for Japanese Treasury Buys?

- Among the foreign buyers of Treasuries, Japan was far and away the largest buyer of Treasury securities in July. The Bank of Japan's so called "quantitative and qualitative easing" is driving down domestic bond yields for Japanese investors, forcing them to look overseas for better yield. As inflation expectations grow in Japan, this trend should continue. Japan is closing the gap with China as the top foreign holder of U.S. Treasuries.

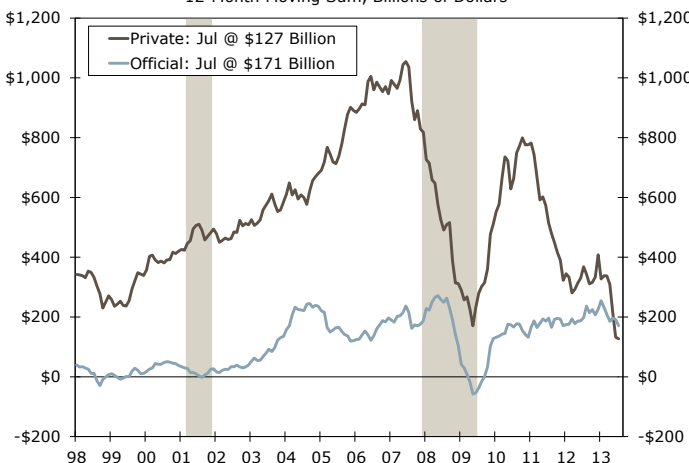
Foreign Private Purchases of U.S. Securities
 12-Month Moving Sum, Billions of Dollars



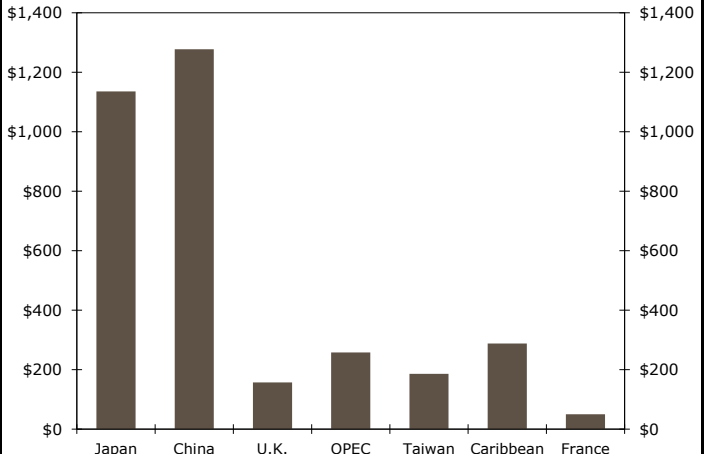
Top Holders of U.S. Treasuries
 Month-over-Month Change, Billions of Dollars



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



Top Holders of U.S. Treasuries
 Billions of Dollars



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