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U.S. Treasury's International Capital Statistics

An Analysis of Foreign Investment Flows and Positions in the U.S. Financial Markets

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On October 16, 2008, the Department of Treasury released its "Treasury International Capital Movements" data. This is a monthly series and the current release is updated through August 31, 2008.

This report uses 12-month rolling sums of flows to negate the effects of seasonality and revisions. The intention is to illustrate the larger trends of foreign activity in U.S. long-term securities.

In general, information on U.S. transactions with foreigners in long-term securities is reported opposite the country in which the immediate foreign investor is located. The foreign party to a cross-border securities transaction may be an end-investor or issuer of securities, or it may be an intermediary. It is important to note that the country breakdown does not necessarily indicate the country of beneficial owner or issuer, nor does it indicate the currency in which securities are denominated.

Our analysis of the data assumes a close relationship between the country/region of each transaction and final ownership of the securities. For more information about this report, and to find background information on this data, refer to: "A Primer on Treasury International Capital" in the "Subscriber Area" of our web site under "U.S. Treasury's International Capital Statistics."

Our website (<http://www.biancoresearch.com>) has over 150 charts using this data. To view these charts, go to the "Subscriber Area," click on the "Charts" drop down box, click on the "Archive of Charts", and scroll down the page to click on the "U.S. Treasury's International Capital Statistics."

U.S. Treasury Notes and Bonds

In the 12 months ending August 31, 2008, All Foreign Countries were net **buyers** of \$389.09 billion of U.S. Treasury Notes and Bonds.

- Total Europe was a net **buyer** of \$225.36 billion
- Total Asia was a net **buyer** of \$68.95 billion, China-Mainland was a net **buyer** of \$70.82 billion and Japan was a net **seller** of \$1.84 billion
- Total Latin America was a net **buyer** of \$74.94 billion.

U.S. Government Agency Securities

In the 12 months ending August 31, 2008, All Foreign Countries were net **buyers** of \$120.10 billion of U.S. Government Agency Securities.

- Total Asia was a net buyer of \$86.38 billion
- Total Europe was a net buyer of \$104.26 billion

U.S. Corporate Bonds

In the 12 months ending August 31, 2008, All Foreign Countries were net **buyers** of \$192.43 billion of U.S. Corporate Bonds.

- Total Europe was a net **buyer** of \$11.65 billion with the United Kingdom accounting for \$52.11 billion.
- Tax Havens net purchases totaled \$43.34 billion.
- Total Asia net purchases totaled \$130.94 billion with Japan accounting for \$53.17 billion.

U.S. Equities

In the 12 months ending August 31, 2008, All Foreign Countries were net **buyers** of \$96.59 billion of U.S. Equities.

- Total Europe was a net buyer of \$39.89 billion, while the United Kingdom was a net buyer of \$32.38 billion.
- Total Asia was a net **buyer** of \$74.39 billion.
- Tax Havens were net sellers of \$27.04 billion.

Large Agency Sales from Foreigners Again In August

[Last month](#) we detailed the record net sales of agency securities by foreigners in July. The August data is not much better, with foreign net sales of agencies totaling \$29.47 billion. In hindsight, these outflows fit the story of the GSE bailout perfectly.

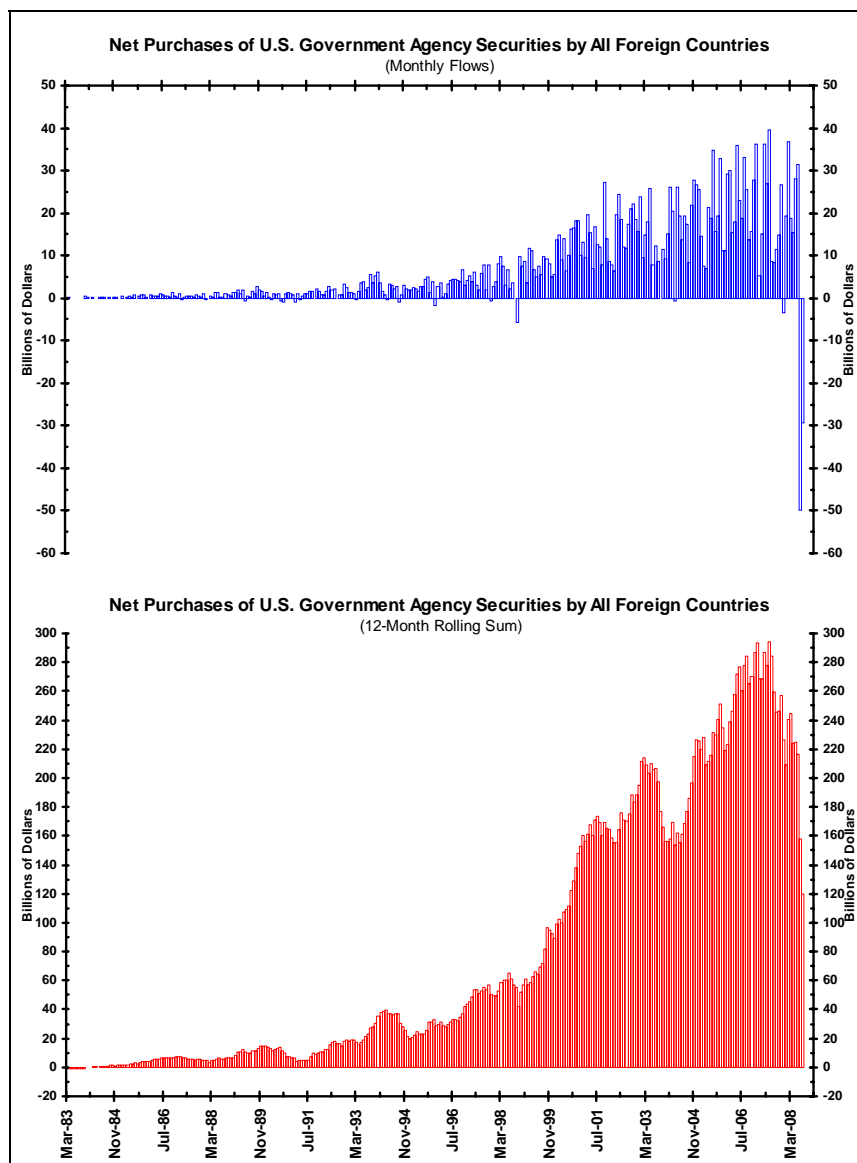
When foreigners began cutting these quasi-government securities out of their portfolios in July, Paulson first attempted to assuage fears in the marketplace by talking about the bazooka which he was prepared to use (July 15).

More than a month's time passed, and people began to speculate that the Treasury's bazooka looked more like a [peashooter](#). Stories in both the

[Wall Street Journal](#) and the [Financial Times](#) detailed that foreigners continued to sell agencies through August, and the latest TIC data now confirms this.

More than likely the Treasury was aware these outflows continued through August, prompting the September 7 announcement that Fannie Mae and Freddie Mac would be placed into conservatorship of the FHFA.

Next month, when the Treasury releases the September data, it will be very interesting to see the effects of Paulson firing the proverbial bazooka. Was this enough to lure foreigners back into U.S. agency securities? Only time will tell.



Net Purchases of U.S. Treasury Notes and Bonds Broad Regions							
	All Foreign Countries	Total Asia	Total Europe	Total Latin America	Asia less Japan	Europe less the U.K.	All Foreign less the U.K. & Tax Havens
Monthly Net Purchases of U.S. Treasury Notes and Bonds (billions of \$)							
8/31/2008	34.82	9.16	18.69	6.66	19.42	2.97	5.82
7/31/2008	34.29	27.45	7.49	-2.01	15.48	-1.74	20.77
6/30/2008	28.45	0.47	3.97	25.44	-4.05	-5.82	-1.63
5 Year High (date)	76.96 4/30/2008	32.31 3/31/2004	51.68 4/30/2008	31.27 1/31/2005	19.42 8/31/2008	21.05 10/31/2006	44.70 1/31/2008
5 Year Low (date)	-9.36 7/31/2007	-51.93 8/31/2007	-17.80 12/31/2007	-22.89 5/31/2007	-28.09 8/31/2007	-17.82 7/31/2007	-54.89 8/31/2007
Net Purchases Percentile Ranking Of Its 5 Year Range							
8/31/2008	51.2%	72.5%	52.5%	54.6%	100.0%	53.5%	61.0%
7/31/2008	50.6%	94.2%	36.4%	38.5%	92.9%	41.4%	76.0%
6/30/2008	43.8%	62.2%	31.3%	89.2%	51.3%	30.9%	53.5%
12 Month Rolling Sum of Net Purchases of U.S. Treasury Notes and Bonds (billions of \$)							
8/31/2008	389.07	68.95	225.36	74.94	70.79	21.82	161.04
7/31/2008	349.73	7.86	244.43	84.00	23.28	24.27	100.33
6/30/2008	306.08	-25.64	235.49	83.19	3.69	8.19	62.94
5 Year High (date)	403.20 4/30/2004	267.73 8/31/2004	268.03 4/30/2008	92.55 1/31/2008	103.17 4/30/2006	45.16 8/31/2005	324.75 4/30/2004
5 Year Low (date)	169.88 8/31/2007	-67.85 12/31/2007	26.26 8/31/2004	-16.46 4/30/2006	-20.47 12/31/2007	-37.36 11/30/2007	-6.51 12/31/2007

Net Purchases of U.S. Government Agency Securities Broad Regions							
	All Foreign Countries	Total Asia	Total Europe	Total Latin America	Asia less Japan	Europe less the U.K.	All Foreign less the U.K. & Tax Havens
Monthly Net Purchases of U.S. Government Agency Securities (billions of \$)							
8/31/2008	-29.47	-14.41	-4.20	-8.33	-11.62	-7.34	-23.99
7/31/2008	-49.95	-15.78	-8.70	-23.87	-10.26	-7.18	-27.47
6/30/2008	31.46	15.52	4.19	11.60	14.75	-2.52	12.97
5 Year High (date)	39.59 6/30/2007	22.47 5/31/2007	30.60 3/31/2008	14.35 11/30/2007	19.25 5/31/2007	5.62 3/31/2008	28.98 6/30/2007
5 Year Low (date)	-49.95 7/31/2008	-15.78 7/31/2008	-8.70 7/31/2008	-31.17 3/31/2008	-11.62 8/31/2008	-7.34 8/31/2008	-27.47 7/31/2008
Net Purchases Percentile Ranking Of Its 5 Year Range							
8/31/2008	22.9%	3.6%	11.4%	50.2%	0.0%	0.0%	6.2%
7/31/2008	0.0%	0.0%	0.0%	16.0%	0.0%	0.0%	0.0%
6/30/2008	81.1%	68.5%	25.4%	93.9%	79.3%	33.0%	40.7%
12 Month Rolling Sum of Net Purchases of U.S. Government Agency Securities (billions of \$)							
8/31/2008	120.10	86.38	104.26	-76.87	62.84	-10.25	86.26
7/31/2008	157.93	114.11	106.87	-72.04	84.10	-8.22	117.37
6/30/2008	216.54	131.62	122.66	-48.75	100.95	1.04	152.11
5 Year High (date)	294.14 6/30/2007	158.74 6/30/2007	134.40 5/31/2008	53.71 12/31/2006	133.63 11/30/2007	35.51 1/31/2007	223.80 6/30/2007
5 Year Low (date)	120.10 8/31/2008	71.00 6/30/2004	33.14 3/31/2004	-76.87 8/31/2008	38.91 4/30/2005	-10.25 8/31/2008	86.26 8/31/2008

For more detailed version of these tables, please visit our [website](#).

Net Purchases of U.S. Corporate Bonds Broad Regions							
	All Foreign Countries	Total Asia	Total Europe	Total Latin America	Asia less Japan	Europe less the U.K.	All Foreign less the U.K. & Tax Havens
Monthly Net Purchases of U.S. Corporate Bonds (billions of \$)							
8/31/2008	-13.13	1.81	-11.57	-3.47	0.09	-8.94	-6.57
7/31/2008	-4.17	5.16	-4.57	-3.25	1.59	-4.62	-0.49
6/30/2008	4.73	9.49	-2.75	-3.15	5.84	0.39	10.20
5 Year High (date)	78.37 5/31/2007	19.24 10/31/2007	55.92 5/31/2007	23.40 5/31/2008	13.09 5/31/2008	14.58 9/30/2006	22.08 9/30/2004
5 Year Low (date)	-13.13 8/31/2008	1.60 4/30/2005	-11.57 8/31/2008	-6.41 6/30/2007	0.09 8/31/2008	-11.66 9/30/2007	-6.57 8/31/2008
Net Purchases Percentile Ranking Of Its 5 Year Range							
8/31/2008	0.0%	1.1%	0.0%	9.9%	0.0%	10.4%	0.0%
7/31/2008	0.6%	20.2%	6.7%	10.6%	8.7%	26.9%	7.5%
6/30/2008	11.3%	44.7%	9.5%	10.9%	42.4%	45.9%	51.3%
12 Month Rolling Sum of Net Purchases of U.S. Corporate Bonds (billions of \$)							
8/31/2008	192.43	130.94	11.65	43.87	77.76	-40.46	96.99
7/31/2008	204.61	134.32	20.16	43.01	82.72	-40.88	101.23
6/30/2008	213.50	132.30	23.31	47.72	83.21	-41.07	102.22
5 Year High (date)	567.39 5/31/2007	134.73 5/31/2008	362.79 5/31/2007	103.07 5/31/2007	84.61 5/31/2008	80.29 9/30/2006	188.69 9/30/2006
5 Year Low (date)	192.43 8/31/2008	27.78 12/31/2003	11.65 8/31/2008	29.51 3/31/2008	15.56 1/31/2004	-41.07 6/30/2008	96.99 8/31/2008

Net Purchases of U.S. Equities Broad Regions							
	All Foreign Countries	Total Asia	Total Europe	Total Latin America	Asia less Japan	Europe less the U.K.	All Foreign less the U.K. & Tax Havens
Monthly Net Purchases of U.S. Equities (billions of \$)							
8/31/2008	-0.98	-2.21	5.20	-4.52	-2.35	-0.04	-2.05
7/31/2008	-5.78	-4.81	5.33	-3.87	-5.73	2.74	-8.58
6/30/2008	-1.82	3.94	0.56	-9.33	3.12	-2.51	5.58
5 Year High (date)	42.04 5/31/2007	20.16 10/31/2007	23.44 5/31/2007	14.46 4/30/2007	17.79 1/31/2008	13.54 5/31/2007	24.62 1/31/2008
5 Year Low (date)	-40.62 8/31/2007	-4.81 7/31/2008	-14.74 8/31/2007	-24.52 8/31/2007	-5.73 7/31/2008	-8.48 12/31/2006	-13.25 8/31/2007
Net Purchases Percentile Ranking Of Its 5 Year Range							
8/31/2008	47.9%	10.4%	52.2%	51.3%	14.4%	38.3%	29.6%
7/31/2008	42.1%	0.0%	52.6%	53.0%	0.0%	50.9%	12.3%
6/30/2008	46.9%	30.6%	40.1%	39.0%	29.5%	27.1%	49.7%
12 Month Rolling Sum of Net Purchases of U.S. Equities (billions of \$)							
8/31/2008	96.59	74.39	39.89	-28.30	66.03	7.50	91.24
7/31/2008	56.95	75.45	19.94	-48.30	67.29	2.27	80.04
6/30/2008	83.92	88.82	20.69	-39.32	82.75	2.92	104.33
5 Year High (date)	210.50 7/31/2007	88.82 6/30/2008	113.50 10/31/2006	84.90 7/31/2007	85.87 5/31/2008	37.00 5/31/2006	122.09 3/31/2008
5 Year Low (date)	18.57 6/30/2004	-5.21 3/31/2004	12.54 6/30/2004	-48.30 7/31/2008	-1.34 4/30/2007	2.06 2/28/2005	8.51 4/30/2005

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