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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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July 16, 2010

On July 16, 2010, the Department of Treasury released its "Treasury International Capital Movements" data. This is a monthly series and the current release is updated through May 31, 2010.

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 May 31, 2010, All Foreign Countries were net **buyers** of \$740.83 billion of U.S. Treasury Notes and Bonds.

- Total Europe was a net **buyer** of \$359.28 billion
- Total Asia was a net **buyer** of \$265.19 billion, China-Mainland was a net **buyer** of \$130.40 billion and Japan was a net **buyer** of \$110.03 billion

U.S. Government Agency Securities

In the 12 months ending May 31, 2010, All Foreign Countries were net **buyers** of \$67.99 billion of U.S. Government Agency Securities.

- Total Asia was a net buyer of \$33.68 billion
- Total Europe was a net buyer of \$37.22 billion

U.S. Corporate Bonds

In the 12 months ending May 31, 2010, All Foreign Countries were net **sellers** of \$54.69 billion of U.S. Corporate Bonds.

- Total Europe was a net **seller** of \$64.48 billion while the United Kingdom was a net seller of \$29.74 billion.
- Tax Havens were net buyer of \$096 billion.
- Total Asia was a net seller of \$0.06 billion while Japan was a net buyer of \$1.55 billion.

U.S. Equities

In the 12 months ending May 31, 2010, All Foreign Countries were net **buyers** of \$156.29 billion of U.S. Equities.

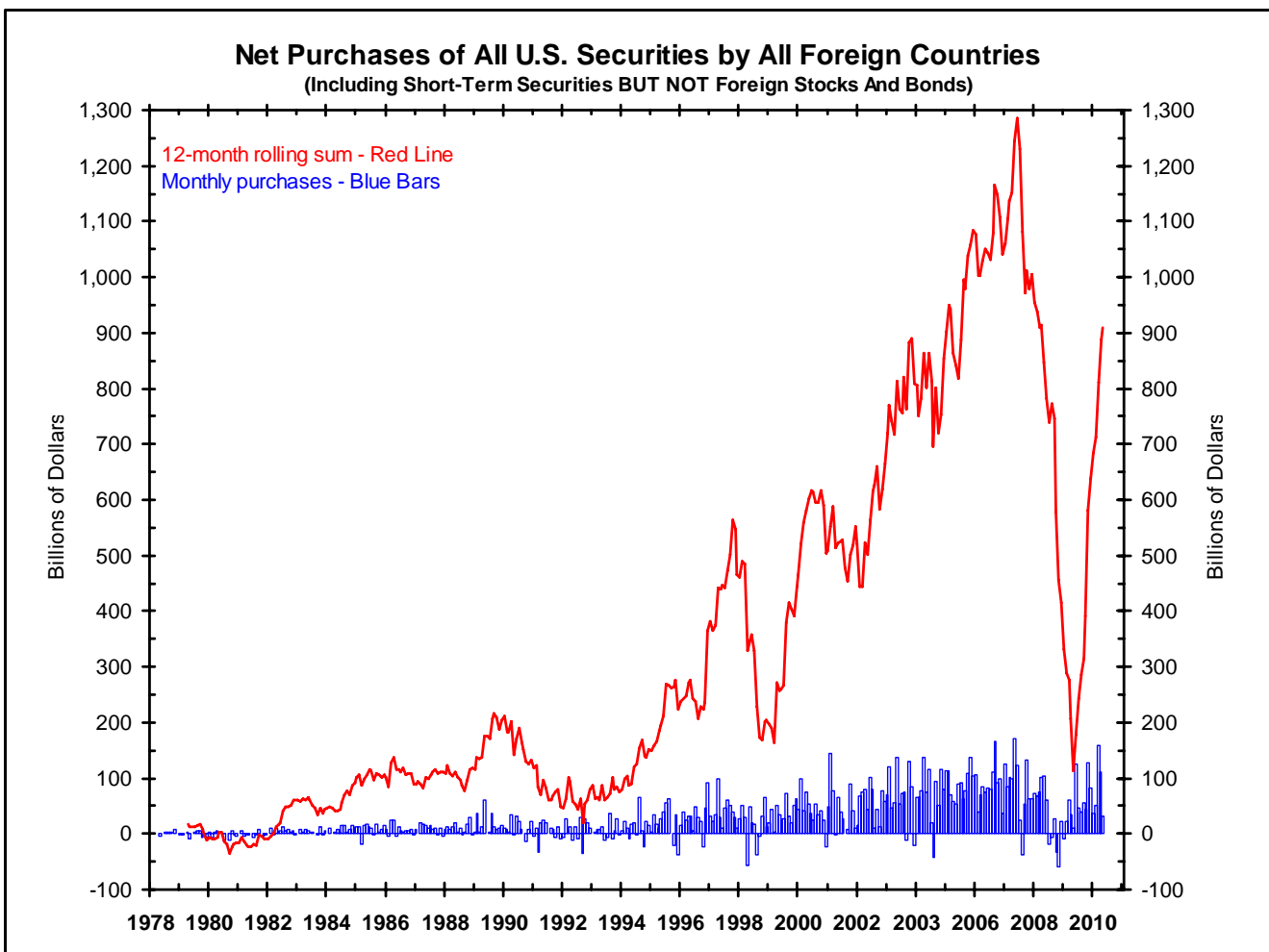
- Total Europe was a net buyer of \$55.20 billion, while the United Kingdom was a net buyer of \$21.87 billion.
- Total Asia was a net **buyer** of \$38.63 billion.
- Tax Havens were net buyers of \$37.17 billion.

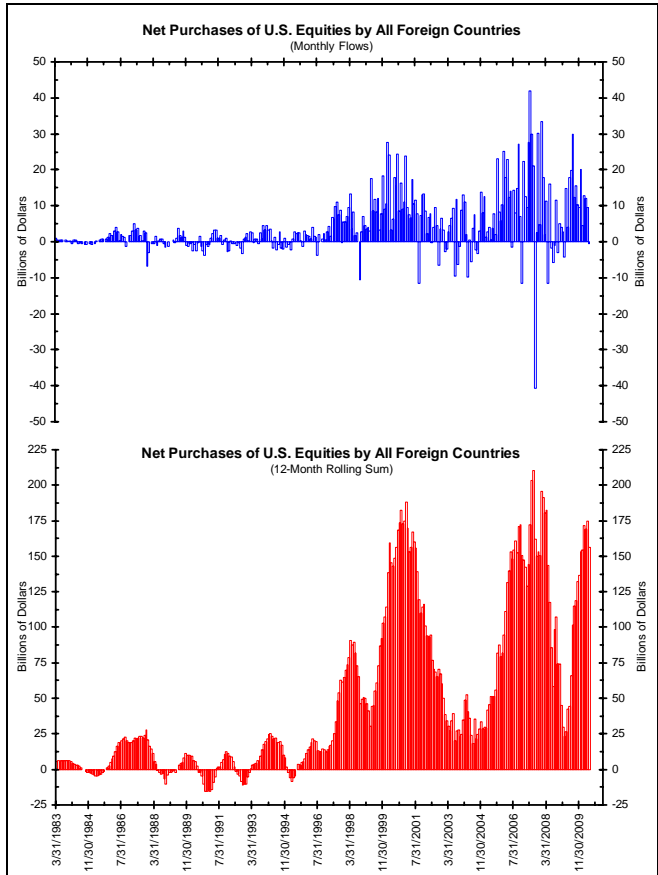
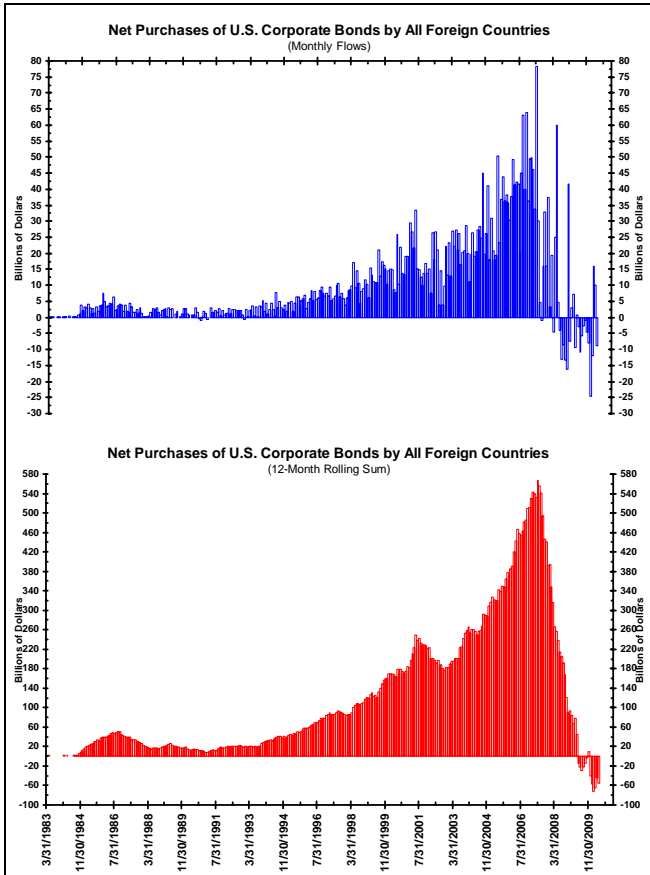
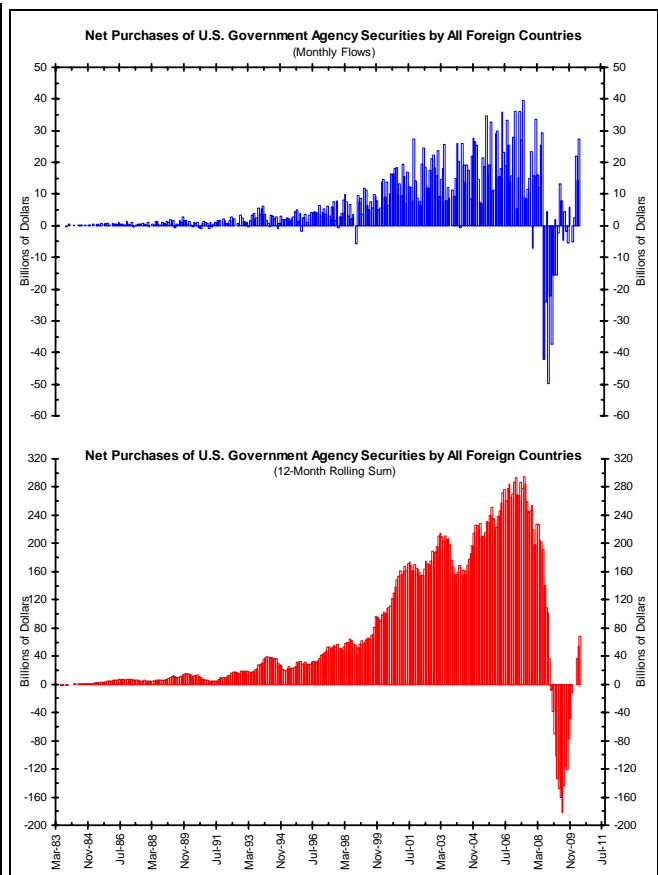
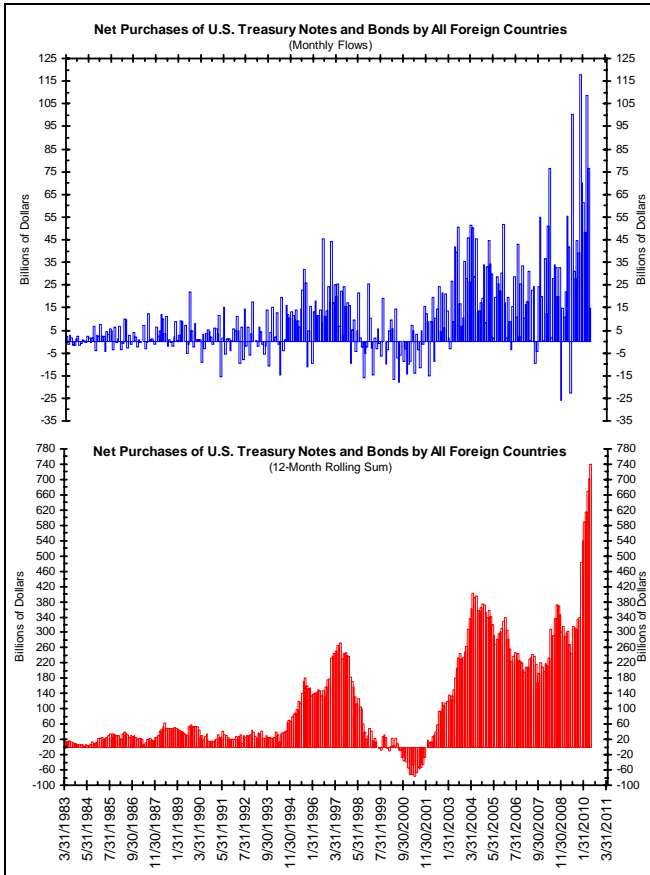
Foreigners Purchase \$910 Billion Of U.S. Assets In Past Year

As the red line in the chart below shows, foreigners bought \$910.42 billion of U.S. assets in the 12 months ending May 2010. The four charts on the following page break down these purchases by asset. Over the same period, foreigners bought a record \$740.83 billion of U.S. Treasuries, \$67.99 billion of U.S. agency securities, **sold** \$54.69 billion of U.S. corporate bonds, and bought \$156.29 billion of U.S. equities.

Foreigners still prefer Treasury securities to any other U.S. asset, so our conclusion from [last month's TIC Update](#) stands:

If increased demand for U.S. assets was really a vote of confidence in the U.S. economy, we would expect to see riskier assets (stocks, corporates, agencies) also be bought by foreigners. Unfortunately, this is not the case at the moment. Rather, foreigners seem to be flocking to what they perceive as the safest asset available. If all the dominoes begin to fall, foreigners believe the U.S. will be the last to do so.





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 \$)							
5/31/2010	14.95	-14.63	28.22	2.78	-3.51	1.24	-19.01
4/30/2010	76.36	14.45	45.34	9.39	1.12	3.08	36.14
3/31/2010	108.83	45.13	49.14	0.95	30.25	4.22	62.66
5 Year High (date)	117.88 11/30/2009	59.85 6/30/2009	68.18 11/30/2009	25.57 12/31/2009	30.25 3/31/2010	21.05 10/31/2006	62.66 3/31/2010
5 Year Low (date)	-25.78 11/30/2008	-51.93 8/31/2007	-18.13 12/31/2007	-24.21 5/31/2009	-28.09 8/31/2007	-17.82 7/31/2007	-54.89 8/31/2007
Net Purchases Percentile Ranking Of Its 5 Year Range							
5/31/2010	28.4%	33.4%	53.7%	54.2%	42.1%	49.0%	30.5%
4/30/2010	71.1%	59.4%	73.5%	67.5%	50.1%	53.8%	77.4%
3/31/2010	93.7%	86.8%	77.9%	50.6%	100.0%	56.7%	100.0%
12 Month Rolling Sum of Net Purchases of U.S. Treasury Notes and Bonds (billions of \$)							
5/31/2010	740.83	265.19	359.28	32.11	155.16	41.53	402.89
4/30/2010	703.31	273.57	340.48	5.12	160.39	35.47	399.73
3/31/2010	668.92	275.58	321.81	-5.95	176.96	36.62	382.06
5 Year High (date)	740.83 5/31/2010	283.09 1/31/2010	359.28 5/31/2010	92.11 1/31/2008	176.96 3/31/2010	56.63 11/30/2009	402.89 5/31/2010
5 Year Low (date)	169.88 8/31/2007	-69.27 12/31/2007	98.90 1/31/2007	-51.99 9/30/2009	-20.59 12/31/2007	-38.03 11/30/2007	-9.18 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 \$)							
5/31/2010	27.43	13.84	10.40	2.65	8.23	0.79	16.45
4/30/2010	14.29	10.80	4.27	-0.91	3.83	2.01	14.02
3/31/2010	21.93	11.62	6.55	3.50	3.48	1.15	14.69
5 Year High (date)	39.59 6/30/2007	22.47 5/31/2007	29.06 3/31/2008	18.71 9/30/2008	19.25 5/31/2007	5.88 7/31/2009	28.98 6/30/2007
5 Year Low (date)	-49.86 10/31/2008	-16.17 10/31/2008	-27.40 12/31/2008	-31.45 3/31/2008	-14.31 10/31/2008	-14.26 12/31/2008	-27.73 7/31/2008
Net Purchases Percentile Ranking Of Its 5 Year Range							
5/31/2010	86.4%	77.7%	66.9%	68.0%	67.2%	74.7%	77.9%
4/30/2010	71.7%	69.8%	56.1%	60.9%	54.1%	80.8%	73.6%
3/31/2010	80.3%	71.9%	60.1%	69.7%	53.0%	76.5%	74.8%
12 Month Rolling Sum of Net Purchases of U.S. Government Agency Securities (billions of \$)							
5/31/2010	67.99	33.68	37.22	-2.36	13.21	7.84	38.62
4/30/2010	53.70	27.26	34.59	-6.78	10.26	9.67	29.79
3/31/2010	37.04	18.85	31.67	-13.91	7.67	8.00	19.81
5 Year High (date)	294.14 6/30/2007	158.74 6/30/2007	121.54 5/31/2008	53.71 12/31/2006	133.14 11/30/2007	35.51 1/31/2007	223.80 6/30/2007
5 Year Low (date)	-181.78 6/30/2009	-69.27 6/30/2009	-51.35 5/31/2009	-86.18 1/31/2009	-40.47 6/30/2009	-69.70 3/31/2009	-129.38 6/30/2009

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 \$)							
5/31/2010	-8.95	0.72	-7.15	-2.43	0.04	-3.71	-3.76
4/30/2010	10.09	1.19	6.12	3.88	0.37	-0.69	-0.55
3/31/2010	16.01	3.00	5.29	5.02	2.22	-0.58	6.33
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	21.84 11/30/2006
5 Year Low (date)	-24.60 1/31/2010	-3.55 9/30/2008	-21.36 11/30/2008	-7.18 1/31/2010	-3.02 9/30/2008	-11.66 9/30/2007	-11.45 9/30/2008
Net Purchases Percentile Ranking Of Its 5 Year Range							
5/31/2010	15.2%	18.7%	18.4%	15.5%	19.0%	30.3%	23.1%
4/30/2010	33.7%	20.8%	35.6%	36.2%	21.1%	41.8%	32.7%
3/31/2010	39.4%	28.7%	34.5%	39.9%	32.5%	42.2%	53.4%
12 Month Rolling Sum of Net Purchases of U.S. Corporate Bonds (billions of \$)							
5/31/2010	-54.69	-0.06	-64.48	7.49	-1.60	-34.75	-25.91
4/30/2010	-44.92	-1.68	-58.43	13.33	-2.49	-32.28	-23.75
3/31/2010	-64.37	-3.56	-74.68	11.03	-3.90	-39.51	-30.86
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)	-73.01 2/28/2010	-7.98 2/28/2010	-77.03 2/28/2010	-1.52 5/31/2009	-6.17 1/31/2010	-48.05 11/30/2008	-37.45 1/31/2010

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 \$)							
5/31/2010	-0.43	3.15	-0.52	-1.06	1.45	-0.98	1.35
4/30/2010	9.60	2.54	0.17	6.80	3.17	0.40	3.42
3/31/2010	12.02	3.45	2.15	7.02	3.47	3.89	8.88
5 Year High (date)	42.04 5/31/2007	20.16 10/31/2007	23.44 5/31/2007	14.46 4/30/2007	17.80 1/31/2008	13.54 5/31/2007	24.63 1/31/2008
5 Year Low (date)	-40.62 8/31/2007	-4.81 7/31/2008	-15.86 10/31/2008	-24.52 8/31/2007	-5.73 7/31/2008	-12.66 9/30/2008	-13.25 8/31/2007
Net Purchases Percentile Ranking Of Its 5 Year Range							
5/31/2010	48.6%	31.9%	39.0%	60.2%	30.5%	44.6%	38.6%
4/30/2010	60.7%	29.4%	40.8%	80.3%	37.8%	49.8%	44.0%
3/31/2010	63.7%	33.1%	45.8%	80.9%	39.1%	63.2%	58.4%
12 Month Rolling Sum of Net Purchases of U.S. Equities (billions of \$)							
5/31/2010	156.29	38.63	55.20	51.39	33.44	33.33	97.25
4/30/2010	174.60	35.99	61.33	65.09	31.46	38.37	102.30
3/31/2010	168.92	34.57	62.44	59.04	28.91	39.05	103.08
5 Year High (date)	210.50 7/31/2007	88.83 6/30/2008	113.50 10/31/2006	84.90 7/31/2007	85.88 5/31/2008	39.55 2/28/2010	122.10 3/31/2008
5 Year Low (date)	23.45 2/28/2009	-3.60 4/30/2007	9.96 1/31/2009	-48.27 7/31/2008	-1.34 4/30/2007	-26.27 1/31/2009	12.61 3/31/2009

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

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