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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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May 16, 2011

On May 16, 2011, the Department of Treasury released its "Treasury International Capital Movements" data. This is a monthly series and the current release is updated through March 31, 2011.

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 March 31, 2011, All Foreign Countries were net **buyers** of \$592.44 billion of U.S. Treasury Notes and Bonds.

- Total Europe was a net **buyer** of \$318.15 billion
- Total Asia was a net **buyer** of \$172.77 billion, China-Mainland was a net **buyer** of \$16.33 billion and Japan was a net **buyer** of \$125.68 billion

### U.S. Government Agency Securities

In the 12 months ending March 31, 2011, All Foreign Countries were net **buyers** of \$109.25 billion of U.S. Government Agency Securities.

- Total Asia was a net buyer of \$79.95 billion
- Total Europe was a net buyer of \$13.46 billion

### U.S. Corporate Bonds

In the 12 months ending March 31, 2011, All Foreign Countries were net **buyers** of \$10.68 billion of U.S. Corporate Bonds.

- Total Europe was a net **seller** of \$33.47 billion while the United Kingdom was a net seller of \$1.52 billion.
- Tax Havens were net buyers of \$30.79 billion.
- Total Asia was a net buyer of \$13.82 billion while Japan was a net buyer of \$4.82 billion.

### U.S. Equities

In the 12 months ending March 31, 2011, All Foreign Countries were net **buyers** of \$116.82 billion of U.S. Equities.

- Total Europe was a net buyer of \$62.28 billion, while the United Kingdom was a net buyer of \$44.82 billion.
- Total Asia was a net **buyer** of \$11.27 billion.
- Tax Havens were net buyers of \$26.81 billion.

## China Almost A Net Seller Of U.S. Securities Over Past Year

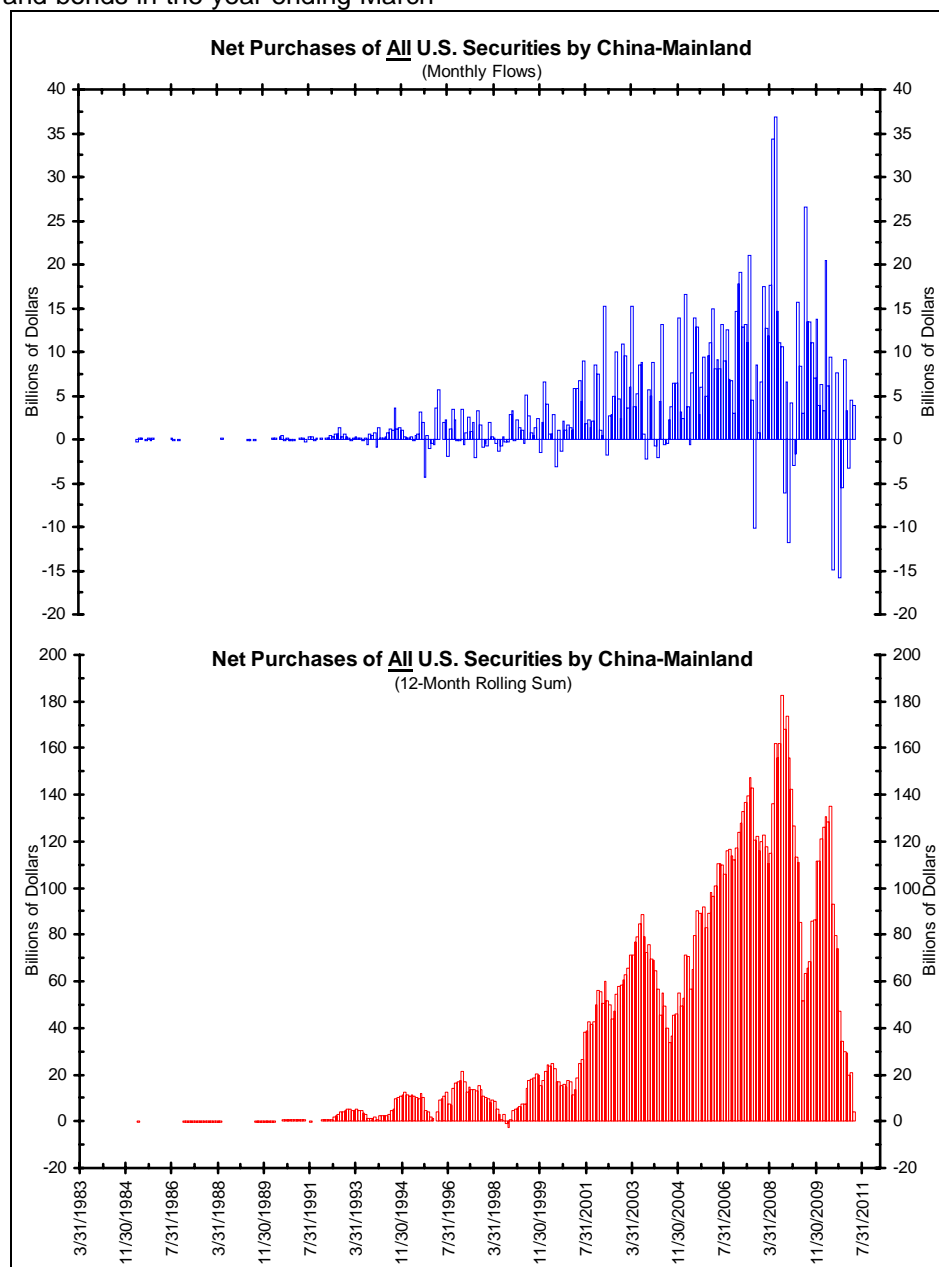
In [February](#) we examined Asian net purchases of U.S. assets, noting that the Chinese have been reducing their exposure to the dollar by allowing Treasury bills to mature (first chart next page) as well as selling their holdings of agency, corporate and equity securities (second chart next page). Only after reducing their exposure to these assets did China begin selling Treasury notes and bonds.

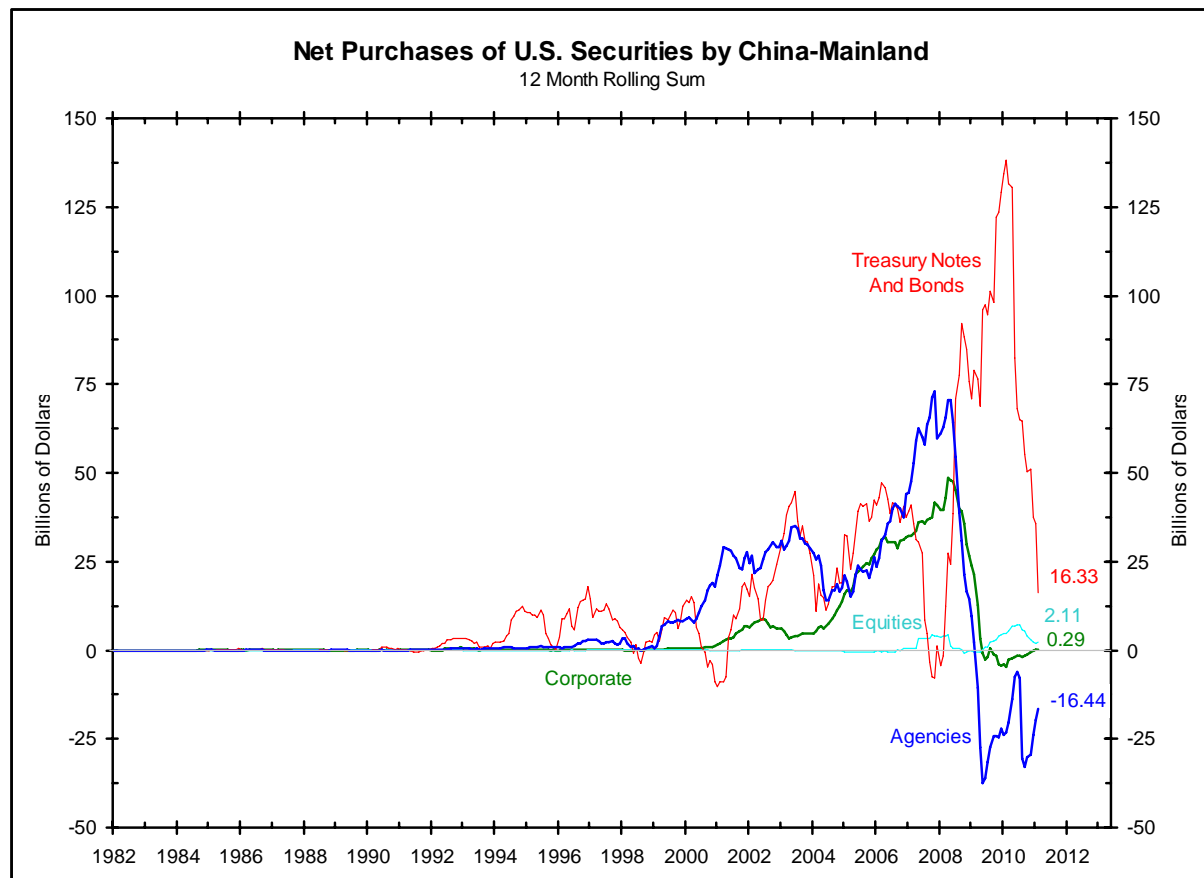
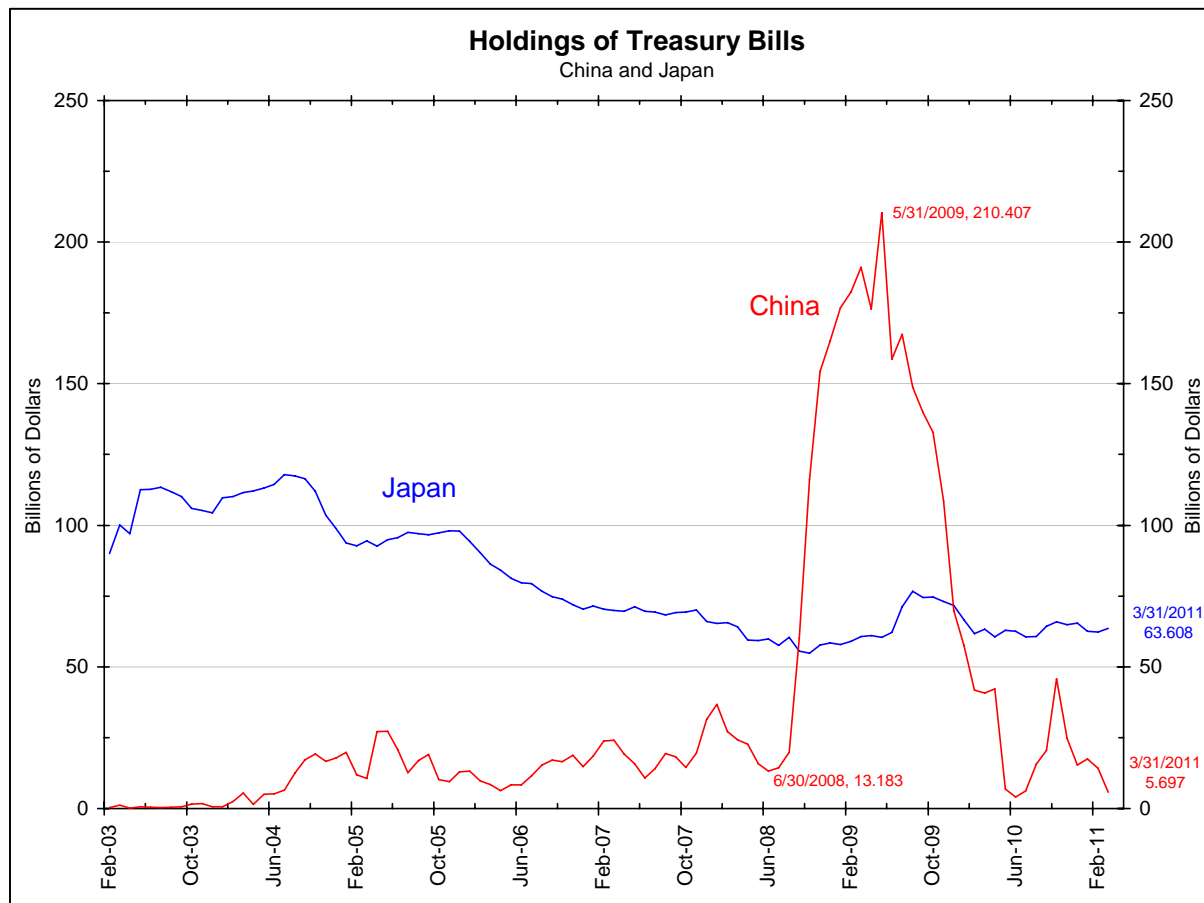
As the red bars in the chart below show, China's net purchases of **all U.S. assets** over the past year **totaled just \$4.25 billion, its lowest level of annual purchases since the year ending October 1998**. As the second chart on the following page shows, China's net purchases of \$16.33 billion in Treasury notes and bonds in the year ending March

2011 was essentially offset by their net sales of \$16.44 billion in agency securities over the same period. Net purchases of equities, corporate bonds, foreign stocks and foreign bonds account for the remainder of the \$4.25 billion in net purchases.

With QE2 coming to an end, the Treasury market will lose its biggest buyer in the Federal Reserve. At the moment it does not appear that China is interested in picking up the slack for Bernanke and company.

Politicians often ponder how the markets might react if China were to stop buying U.S. assets. Are they aware this reality is already upon us?





### 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
<b>Monthly Net Purchases of U.S. Treasury Notes and Bonds (billions of \$)</b>							
3/31/2011	26.78	12.81	29.31	-15.62	-3.58	-7.79	2.64
2/28/2011	30.58	6.86	13.41	2.51	2.31	-2.96	19.98
1/31/2011	46.48	-5.48	25.39	17.07	-11.99	15.91	39.81
5 Year High	118.01	59.85	76.53	25.46	30.24	21.05	66.45
(date)	8/31/2010	6/30/2009	8/31/2010	12/31/2009	3/31/2010	10/31/2006	9/30/2010
5 Year Low	-25.78	-51.93	-18.13	-24.21	-28.09	-17.82	-54.89
(date)	11/30/2008	8/31/2007	12/31/2007	5/31/2009	8/31/2007	7/31/2007	8/31/2007
<b>Net Purchases Percentile Ranking Of Its 5 Year Range</b>							
3/31/2011	36.6%	57.9%	50.1%	17.3%	42.0%	25.8%	47.4%
2/28/2011	39.2%	52.6%	33.3%	53.8%	52.1%	38.2%	61.7%
1/31/2011	50.3%	41.6%	46.0%	83.1%	27.6%	86.8%	78.0%
<b>12 Month Rolling Sum of Net Purchases of U.S. Treasury Notes and Bonds (billions of \$)</b>							
3/31/2011	592.44	172.77	318.15	32.55	47.08	8.83	296.84
2/28/2011	673.31	203.68	338.06	49.16	80.90	20.94	355.65
1/31/2011	690.93	214.94	342.46	46.83	88.71	16.77	367.89
5 Year High	793.26	282.87	403.08	92.11	176.95	56.63	418.44
(date)	9/30/2010	1/31/2010	9/30/2010	1/31/2008	3/31/2010	11/30/2009	9/30/2010
5 Year Low	169.88	-69.27	98.90	-51.99	-20.59	-38.03	-9.18
(date)	8/31/2007	12/31/2007	1/31/2007	9/30/2009	12/31/2007	11/30/2007	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
<b>Monthly Net Purchases of U.S. Government Agency Securities (billions of \$)</b>							
3/31/2011	9.49	5.86	6.53	-2.78	3.05	-1.09	5.81
2/28/2011	-1.49	4.35	-4.34	-2.36	1.69	-0.89	4.53
1/31/2011	11.28	12.18	-1.60	-0.13	10.43	-1.88	12.32
5 Year High	39.59	22.47	29.06	18.71	19.25	6.83	28.98
(date)	6/30/2007	5/31/2007	3/31/2008	9/30/2008	5/31/2007	9/30/2010	6/30/2007
5 Year Low	-49.86	-20.06	-27.40	-31.45	-22.62	-14.26	-27.73
(date)	10/31/2008	9/30/2010	12/31/2008	3/31/2008	9/30/2010	12/31/2008	7/31/2008
<b>Net Purchases Percentile Ranking Of Its 5 Year Range</b>							
3/31/2011	66.4%	61.0%	60.1%	57.2%	61.3%	62.4%	59.1%
2/28/2011	54.1%	57.4%	40.8%	58.0%	58.1%	63.4%	56.9%
1/31/2011	68.3%	75.8%	45.7%	62.5%	78.9%	58.7%	70.6%
<b>12 Month Rolling Sum of Net Purchases of U.S. Government Agency Securities (billions of \$)</b>							
3/31/2011	109.25	79.95	13.46	8.66	14.76	0.21	93.55
2/28/2011	120.32	85.67	12.55	14.62	15.19	1.39	101.29
1/31/2011	124.40	83.90	16.87	16.18	10.94	-0.79	97.72
5 Year High	294.14	158.74	121.54	53.71	133.14	35.51	223.80
(date)	6/30/2007	6/30/2007	5/31/2008	12/31/2006	11/30/2007	1/31/2007	6/30/2007
5 Year Low	-181.78	-69.27	-51.35	-86.18	-40.47	-69.70	-129.38
(date)	6/30/2009	6/30/2009	5/31/2009	1/31/2009	6/30/2009	3/31/2009	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
<b>Monthly Net Purchases of U.S. Corporate Bonds (billions of \$)</b>							
3/31/2011	3.77	2.02	-5.34	5.32	0.06	-2.10	3.04
2/28/2011	-2.54	0.93	-2.19	0.88	-0.46	-1.48	-3.54
1/31/2011	0.69	0.44	-2.43	3.16	1.03	-3.46	-2.92
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)	-24.68 1/31/2010	-3.55 9/30/2008	-21.36 11/30/2008	-7.27 1/31/2010	-3.02 9/30/2008	-11.66 9/30/2007	-11.45 9/30/2008
<b>Net Purchases Percentile Ranking Of Its 5 Year Range</b>							
3/31/2011	27.6%	24.5%	20.7%	41.1%	19.1%	36.4%	43.5%
2/28/2011	21.5%	19.7%	24.8%	26.6%	15.9%	38.8%	23.8%
1/31/2011	24.6%	17.5%	24.5%	34.0%	25.1%	31.3%	25.6%
<b>12 Month Rolling Sum of Net Purchases of U.S. Corporate Bonds (billions of \$)</b>							
3/31/2011	10.68	13.82	-33.47	33.61	9.00	-31.95	-18.60
2/28/2011	22.16	14.59	-23.84	33.68	11.17	-30.60	-15.59
1/31/2011	12.20	12.56	-34.96	35.05	11.21	-32.63	-16.27
5 Year High (date)	567.39 5/31/2007	134.73 5/31/2008	362.79 5/31/2007	103.07 5/31/2008	84.61 5/31/2008	80.29 9/30/2006	188.69 9/30/2006
5 Year Low (date)	-77.64 6/30/2010	-7.67 2/28/2010	-81.41 6/30/2010	-1.52 5/31/2009	-6.18 1/31/2010	-48.05 11/30/2008	-37.09 1/31/2010
<b>Net Purchases of U.S. Equities Broad Regions</b>							
	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
<b>Monthly Net Purchases of U.S. Equities (billions of \$)</b>							
3/31/2011	14.70	0.25	4.35	8.87	0.88	1.85	4.28
2/28/2011	6.10	-3.25	8.18	2.91	-2.41	2.51	-0.98
1/31/2011	15.95	1.23	-1.61	11.27	1.01	-5.79	0.78
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	15.38 9/30/2010	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
<b>Net Purchases Percentile Ranking Of Its 5 Year Range</b>							
3/31/2011	66.9%	20.2%	51.4%	85.7%	28.1%	51.8%	46.3%
2/28/2011	56.5%	6.2%	61.2%	70.4%	14.1%	54.1%	32.4%
1/31/2011	68.4%	24.2%	36.3%	91.8%	28.6%	24.5%	37.0%
<b>12 Month Rolling Sum of Net Purchases of U.S. Equities (billions of \$)</b>							
3/31/2011	116.82	11.27	62.28	34.33	8.10	17.46	45.19
2/28/2011	114.21	14.49	60.08	32.57	10.70	19.50	49.84
1/31/2011	121.08	19.83	54.66	35.27	14.59	22.36	60.36
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	39.66 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

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