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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 April 30, 2003, the Department of Treasury released its "Treasury International Capital Movements" data. This is a monthly series and the current release is updated through February 28, 2003.

Because this data is two months old, subject to modest revisions, and heavily influenced by the seasonal factors of each country, this report uses the trailing 12-month sum of net purchases. Our 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 transactor 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 February 28, 2003, All Foreign Countries were net **buyers** of \$125.17 billion of U.S. Treasury Notes and Bonds.

- Total Europe was a net **buyer** of \$35.84 billion
- Total Asia was a net **buyer** of \$67.62 billion, China-Mainland was a net **buyer** of \$29.73 billion and Japan was a net **buyer** of \$45.11 billion
- Total Latin American was a net **buyer** of \$22.42 billion.

U.S. Government Agency Securities

In the 12 months ending February 28, All Foreign Countries were net **buyers** of \$210.39 billion of U.S. Government Agency Securities.

- Total Asia was a net buyer of \$110.66 billion
- Total Europe was a net buyer of \$71.29 billion

U.S. Corporate Bonds

In the 12 months ending February 28, All Foreign Countries were net **buyers** of \$197.10 billion of U.S. Corporate Bonds.

- Total Europe accounted for the vast majority of this buying at \$120.38 billion with the United Kingdom accounting for \$76.00 billion.
- Tax Havens net purchases totaled \$35.09 billion.
- Total Asia net purchases totaled only \$30.39 billion with Japan accounting for \$13.43 billion.

U.S. Equities

In the 12 months ending February 28, All Foreign Countries were net **buyers** of \$38.79 billion of U.S. Equities.

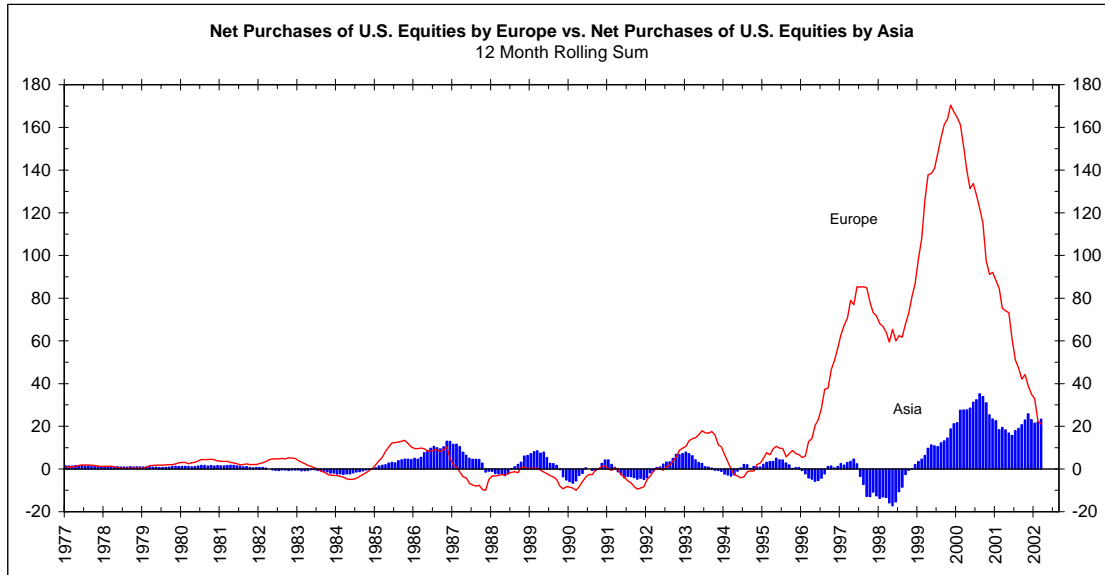
- Total Europe was a net buyer of \$21.11 billion with the United Kingdom accounting for \$9.01 billion.
- Total Asia accounted for most of these purchases at \$23.26 billion with Japan accounting for \$13.92 billion.
- Tax Havens were net sellers with \$16.40 billion in net **sales**.

Interesting Patterns Among Foreign Flows

Below is a chart of the net purchases of U.S. equities by both Europe and Asia on a twelve-month rolling sum. Notice the interesting trend here. Europe's net purchases of U.S. equities have declined by so much since their peak in October 2000 that Asia is currently a larger net buyer of U.S.

stocks on a rolling twelve-month basis. This has not happened since September 1995.

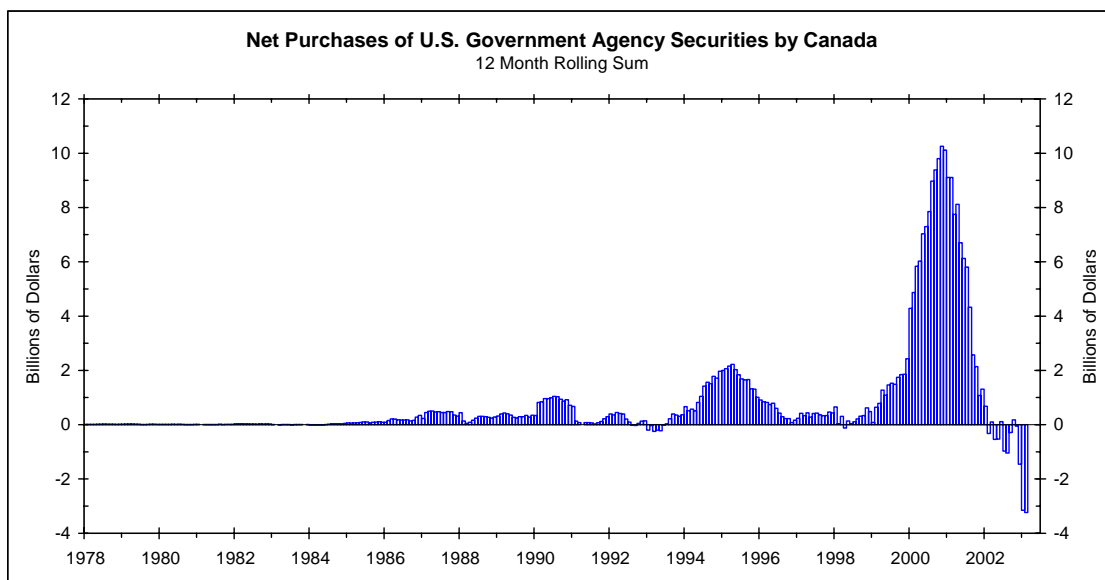
This chart underscores that Europe has been the dominant foreign buyer of U.S. equities and how much they have "soured" on the U.S. stock market.



Through the month of February, many countries were buying U.S. agencies at levels never before seen. This is illustrated in the agency percentile ranking section of our detailed [TIC table](#). The majority of the countries/continents that we watch are either at or near record levels of U.S. agency buying.

The one exception to this record buying is Canada. They have been net sellers of U.S. agencies for the majority of the past year, as shown in the chart below.

Why are Canadians selling? Maybe they view U.S. agencies as a "parking place" for U.S. funds and the recent strength of the Canadian Dollar has made them want to "bring their money home".



To see larger version of these charts, as well as over 150 other charts drawn from this data, please visit our [website](#).

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
12 Month Rolling Sum of Net Purchases of U.S. Treasury Notes and Bonds (billions of \$)							
2/28/2003	125.17	67.62	35.84	22.42	22.52	-13.97	52.39
1/31/2003	138.76	68.57	49.91	15.72	26.98	-10.22	58.71
12/31/2002	121.70	55.85	44.17	21.12	25.12	-16.83	34.68
11/30/2002	116.23	66.38	40.44	7.90	34.27	-24.48	35.26
5 Year High (date)	138.76 1/31/2003	78.46 9/30/2002	134.53 3/31/1998	22.42 2/28/2003	36.50 8/31/2002	53.42 3/31/1998	67.88 3/31/1998
5 Year Low (date)	-77.04 4/30/2001	-22.72 4/30/2001	-55.98 1/31/2001	-22.87 4/30/1998	-25.47 5/31/2001	-34.41 8/31/2002	-41.37 4/30/2001
Net Purchases Percentile Ranking Of Its 5 Year Range							
2/28/2003	93.7%	89.3%	48.2%	100.0%	77.4%	23.3%	85.8%
1/31/2003	92.3%	90.2%	51.4%	87.7%	84.6%	27.5%	90.3%
12/31/2002	79.7%	77.7%	46.2%	100.0%	81.6%	20.0%	61.8%
11/30/2002	74.0%	88.1%	44.5%	71.8%	96.4%	11.3%	57.9%
Gross Percentage of All Foreign Trading							
2/28/2003	100.0%	12.3%	55.1%	N/A	6.4%	22.1%	43.5%
1/31/2003	100.0%	12.4%	55.5%	N/A	6.5%	22.5%	43.8%
12/31/2002	100.0%	12.6%	56.0%	N/A	6.7%	22.5%	43.7%
11/30/2002	100.0%	12.6%	56.0%	N/A	6.6%	22.6%	43.7%

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
12 Month Rolling Sum of Net Purchases of U.S. Treasury Notes and Bonds (billions of \$)							
2/28/2003	210.39	110.66	71.29	30.93	65.37	31.68	149.99
1/31/2003	208.15	101.56	64.35	44.14	60.66	28.01	137.69
12/31/2002	195.46	97.20	56.93	41.94	59.65	23.83	131.18
11/30/2002	188.33	93.16	53.49	41.17	59.78	23.61	128.28
5 Year High (date)	210.39 2/28/2003	110.66 2/28/2003	71.29 2/28/2003	44.14 1/31/2003	65.37 2/28/2003	31.68 2/28/2003	149.99 2/28/2003
5 Year Low (date)	41.91 10/31/1998	2.22 10/31/1998	18.15 3/31/1998	-3.02 2/28/1999	4.49 10/31/1998	8.05 3/31/1998	17.11 10/31/1998
Net Purchases Percentile Ranking Of Its 5 Year Range							
2/28/2003	100.0%	100.0%	100.0%	72.0%	100.0%	100.0%	100.0%
1/31/2003	100.0%	100.0%	95.0%	100.0%	99.5%	100.0%	100.0%
12/31/2002	100.0%	100.0%	80.9%	97.7%	97.7%	88.6%	100.0%
11/30/2002	99.7%	99.9%	74.4%	96.0%	98.0%	87.7%	99.8%
Gross Percentage of All Foreign Trading							
2/28/2003	100.0%	13.7%	21.7%	N/A	8.0%	11.9%	29.8%
1/31/2003	100.0%	13.7%	22.1%	N/A	7.8%	11.9%	29.8%
12/31/2002	100.0%	13.5%	22.3%	N/A	7.6%	11.9%	29.5%
11/30/2002	100.0%	13.7%	22.6%	N/A	7.5%	12.0%	29.8%

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
12 Month Rolling Sum of Net Purchases of U.S. Treasury Notes and Bonds (billions of \$)							
2/28/2003	197.10	30.39	120.38	41.56	16.96	44.38	86.01
1/31/2003	190.44	29.17	115.95	40.82	16.84	41.46	80.69
12/31/2002	182.32	26.58	110.64	40.90	15.66	33.91	70.00
11/30/2002	182.87	25.97	111.45	40.05	16.55	32.46	68.83
5 Year High (date)	248.41 5/31/2001	30.39 2/28/2003	168.19 5/31/2001	54.68 12/31/2001	21.55 12/31/2001	44.38 2/28/2003	86.01 2/28/2003
5 Year Low (date)	90.12 3/31/1998	0.69 10/31/1998	58.60 3/31/1998	19.40 4/30/1998	0.12 10/31/1998	11.86 10/31/2000	25.54 3/31/1998
Net Purchases Percentile Ranking Of Its 5 Year Range							
2/28/2003	67.6%	100.0%	56.4%	62.8%	78.6%	100.0%	100.0%
1/31/2003	64.4%	100.0%	54.0%	61.8%	78.0%	100.0%	100.0%
12/31/2002	59.4%	91.0%	49.3%	63.5%	72.5%	100.0%	97.2%
11/30/2002	60.1%	88.8%	50.0%	61.6%	76.7%	100.0%	94.6%
Gross Percentage of All Foreign Trading							
2/28/2003	100.0%	6.6%	54.0%	N/A	4.0%	11.8%	26.3%
1/31/2003	100.0%	6.7%	53.7%	N/A	4.1%	11.7%	26.3%
12/31/2002	100.0%	6.8%	53.7%	N/A	4.1%	11.5%	26.1%
11/30/2002	100.0%	6.8%	53.8%	N/A	4.2%	11.6%	26.2%

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
12 Month Rolling Sum of Net Purchases of U.S. Treasury Notes and Bonds (billions of \$)							
2/28/2003	38.79	23.26	21.11	-14.84	9.34	12.10	46.18
1/31/2003	37.34	21.98	22.39	-17.07	8.87	13.94	47.30
12/31/2002	49.44	21.39	33.01	-15.44	9.05	17.83	51.66
11/30/2002	60.31	23.06	34.86	-9.16	9.53	18.44	55.46
5 Year High (date)	188.09 1/31/2001	35.12 7/31/2001	170.37 10/31/2000	14.18 9/30/1999	22.99 1/31/2001	115.57 10/31/2000	142.00 11/30/2000
5 Year Low (date)	30.59 3/31/1999	-17.21 4/30/1999	21.11 2/28/2003	-22.45 3/31/2001	-17.26 4/30/1999	12.10 2/28/2003	20.76 5/31/1999
Net Purchases Percentile Ranking Of Its 5 Year Range							
2/28/2003	5.2%	77.3%	0.0%	20.8%	66.1%	0.0%	21.0%
1/31/2003	4.3%	74.9%	0.0%	14.7%	64.9%	0.0%	21.9%
12/31/2002	12.0%	73.8%	0.0%	19.1%	65.4%	0.0%	25.5%
11/30/2002	18.9%	77.0%	0.0%	36.3%	66.6%	0.0%	28.6%
Gross Percentage of All Foreign Trading							
2/28/2003	100.0%	4.4%	35.8%	N/A	2.6%	18.3%	39.3%
1/31/2003	100.0%	4.6%	35.5%	N/A	2.7%	18.2%	39.2%
12/31/2002	100.0%	4.6%	35.4%	N/A	2.8%	18.3%	39.2%
11/30/2002	100.0%	4.7%	35.3%	N/A	2.8%	18.3%	39.1%

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

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