

Economics Group

Jay H. Bryson, Global Economist
jay.bryson@wellsfargo.com • (704) 410-3274
 Julianne Causey, Economic Analyst
julianne.causey@wellsfargo.com • (704) 410-3281

TIC: Private Foreign Buyers Continue to Drive Capital Inflows

A net total of \$73.8 billion worth of short- and long-term capital flowed into the United States in August, while July's figure was revised down to \$118 billion. Private foreign buyers continue to increase their holdings.

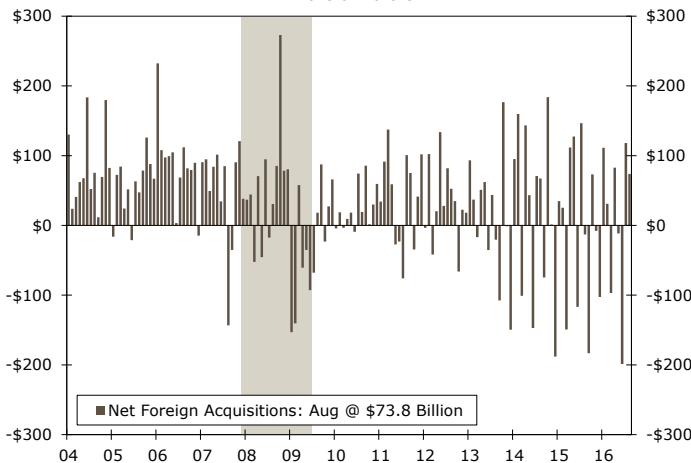
U.S. Residents Net Sellers of Foreign Securities

- Long-term net TIC inflows totaled \$ 113.0 billion in August—down from July's record monthly gain. Among the various securities purchased, government agency and corporate bonds were the most popular with private foreign buyers.
- Meanwhile, U.S. investors were net sellers of foreign securities on the month, decreasing their holdings by \$18.0 billion—a trend seen in six of the eight months this year.

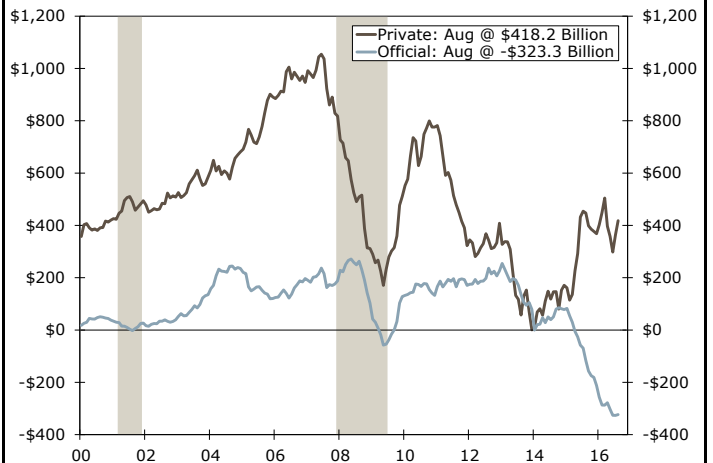
Private/Official Divergence Widens

- The divergence between foreign private buyers and official holdings continues to widen, with private buyers purchasing \$113.0 billion in securities, while foreign officials sold \$39.3 billion of their holdings (predominately U.S. Treasuries).
- In August, China and Japan decreased their holdings of U.S. Treasuries by \$33.7 billion and \$10.6 billion, respectively; however, these countries remain top holders of U.S. Treasuries.

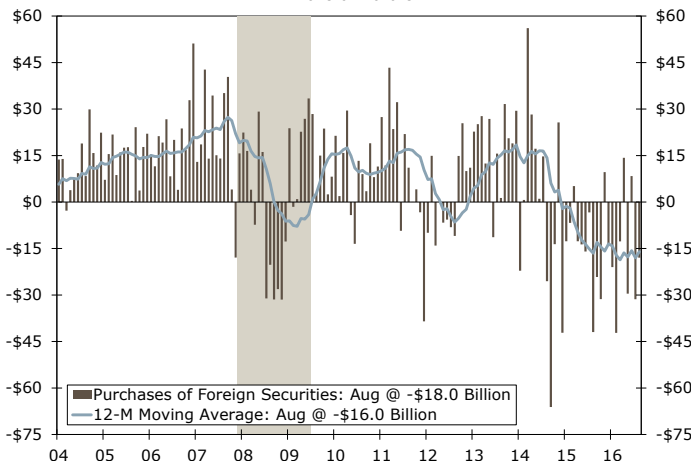
Monthly Net TIC Flows
Billions of Dollars



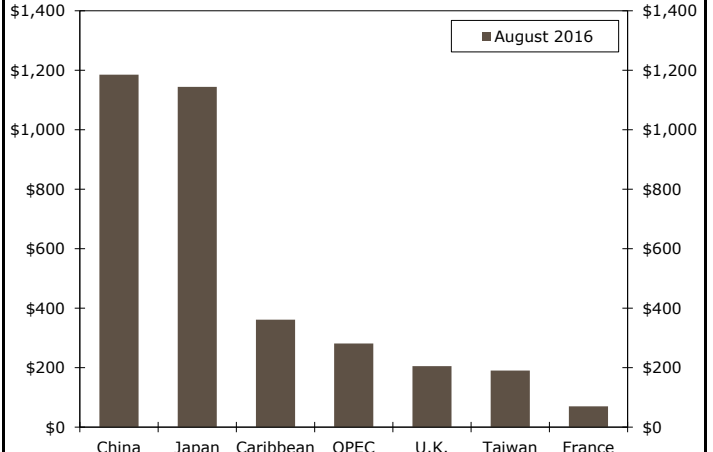
Foreign Purchases of U.S. Long-Term Securities
12-Month Moving Sum, Billions of Dollars



U.S. Purchases of Foreign Securities
Billions of Dollars



Top Holders of U.S. Treasuries
Billions of Dollars



Source: U.S. Department of the Treasury and Wells Fargo Securities

Wells Fargo Securities Economics Group

Diane Schumaker-Krieg	Global Head of Research, Economics & Strategy	(704) 410-1801 (212) 214-5070	diane.schumaker@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 410-3275	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Jay H. Bryson, Ph.D.	Global Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Currency Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Anika R. Khan	Senior Economist	(212) 214-8543	anika.khan@wellsfargo.com
Eugenio J. Alemán, Ph.D.	Senior Economist	(704) 410-3273	eugenio.j.aleman@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 410-3270	azhar.iqbal@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Eric Viloría, CFA	Currency Strategist	(212) 214-5637	eric.viloría@wellsfargo.com
Sarah House	Economist	(704) 410-3282	sarah.house@wellsfargo.com
Michael A. Brown	Economist	(704) 410-3278	michael.a.brown@wellsfargo.com
Jamie Feik	Economist	(704) 410-3291	jamie.feik@wellsfargo.com
Erik Nelson	Currency Analyst	(212) 214-5652	erik.f.nelson@wellsfargo.com
Misa Batcheller	Economic Analyst	(704) 410-3060	misa.n.batcheller@wellsfargo.com
Michael Pugliese	Economic Analyst	(704) 410-3156	michael.d.pugliese@wellsfargo.com
Julianne Causey	Economic Analyst	(704) 410-3281	julianne.causey@wellsfargo.com
E. Harry Pershing	Economic Analyst	(704) 410-3034	edward.h.pershing@wellsfargo.com
Donna LaFleur	Executive Assistant	(704) 410-3279	donna.lafleur@wellsfargo.com
Dawne Howes	Administrative Assistant	(704) 410-3272	dawne.howes@wellsfargo.com

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