



Economics Group

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Foreign Demand for U.S. Equities Pauses, Rises for Treasuries

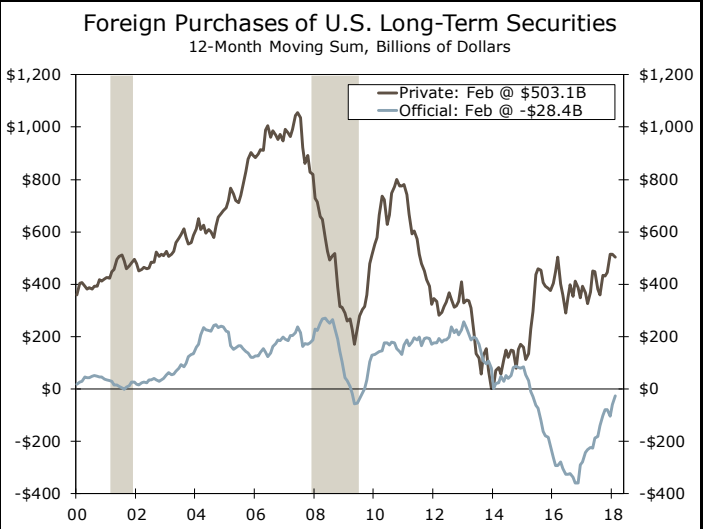
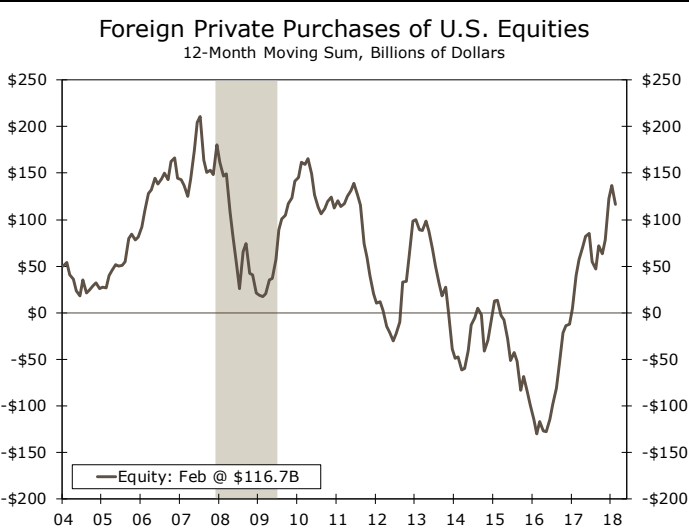
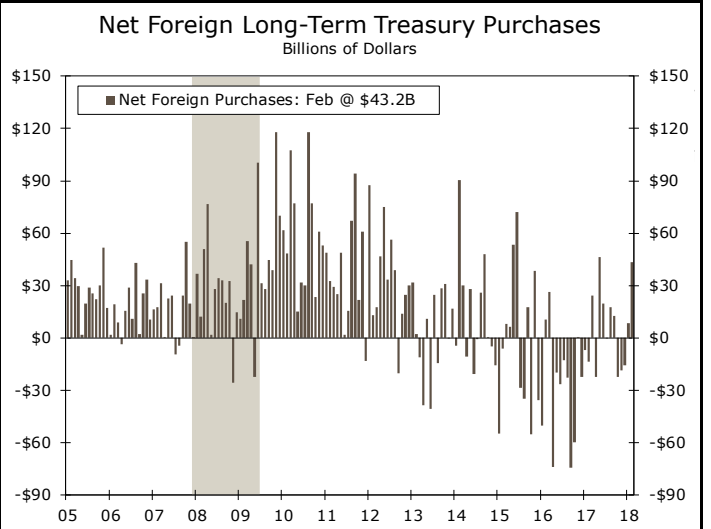
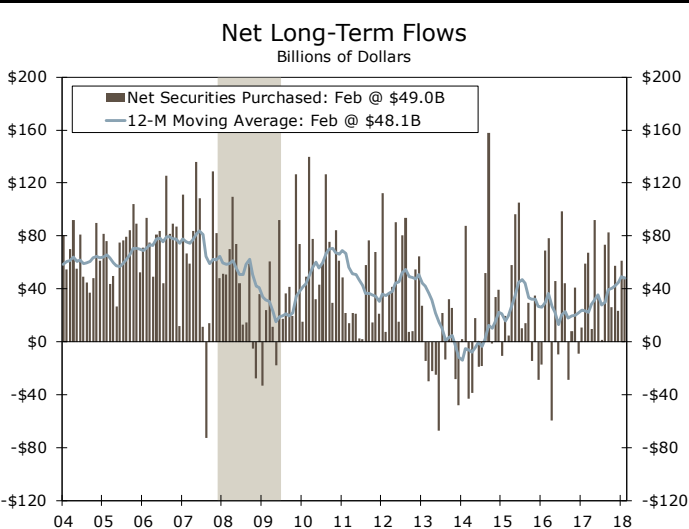
Foreign demand for U.S. long-term securities slowed a bit in February as volatile U.S. equity markets halted net inflows. Foreign official buying of U.S. Treasuries reversed a seven-month streak of net selling.

Foreign Demand for U.S. Equities Abates in February

- Foreign residents increased their holdings of long-term securities in February, with \$49.0 billion in net purchases. Through the volatility, the trend remains towards higher net inflows into the United States.
- Robust demand for U.S. equities took a breather in February amid rocky financial markets. Foreigners were net sellers of U.S. equities by \$700 million.

Foreign Official Buyers Snap Up Treasuries

- A small decline in net foreign demand for U.S. equities was offset by an appetite for U.S. fixed income, particularly Treasuries. Net foreign purchases of U.S. Treasuries rose \$43.2 billion in the month, the most since May 2017.
- Foreign official buying returned in force, rising \$19.1 billion in February, the most since June 2014. Chinese buyers in particular saw a sizable increase in the month, up \$8.5 billion on net.



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

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