

Macro Roundup Article

Headline: [Brad Sester On The Balance Of Payments](#)

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Author(s)	Brad Setser
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Tweet: [.@Brad_Setser notes that in 2022 foreign demand for American Treasury and Agency bonds was strong, though official demand fell off in Q4.](#)

Summary: On a trailing 4q basis (so for the full year 2022) foreign demand for "safe" US bonds remained strong ... Bondmageddon (the mark to market losses on low yielding bonds) didn't seem to impede total foreign demand for US bonds (new inflows get the new higher rate.) Official demand (from foreign central banks and SWFs) did fall off in 2022 -- and clearly shifted toward Agencies (cough, China) But foreign demand for US bonds decoupled from reserve growth ... and that is reflected on the US side of the global data as well. Overall foreign demand for US bonds (which has been surprisingly strong in 2022 when judged relative to global reserve growth) from both public and private sources tailed off in q4 as well. It does seem that demand for US assets fell a bit faster than the goods deficit in q4 ... so a potential source of dollar weakness (then) is in the data.

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Primary Topic: Savings Glut/Trade Deficit

Topics: Graph, Op-Ed/Blog Post, Savings Glut/Trade Deficit

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