

Macro Roundup Article

Headline: [In 2023 Foreign Demand for Long Term Treasuries Exceed Net Issuances](#)

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Summary: A rather surprising fact from the Fed's flow of funds: foreign demand for long-term US Treasuries (just over \$450b) exceeded the Treasury's net issuance of long term Treasuries (just over \$400b). That hasn't been the case for a long-time and it wasn't the expectation for 2023. Of course, with the Fed's Quantitative Tightening, the net supply of notes and bonds that the market had to absorb was larger than the Treasury's issuance (and note the foreign demand did not come from China either). What explains this sort of surprising outcome? Well, foreign demand for Treasuries isn't just China. Private investors presumably liked the yields on offer. And Treasury long-term issuance lagged the fiscal deficit bigly (1.5% of GDP v 6% of GDP). Net long-term issuance hasn't been this low since, well, 2007. So the increase in the stock of "safe" long-term US assets (counting Agencies) actually was fairly modest in 2023.

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Primary Topic: Fiscal Deficits

Topics: Financial Markets, Fiscal Deficits, Fiscal Policy, GDP, Op-Ed/Blog Post, Weekly

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