

Macro Roundup Article

Headline: [How Was the U.S. Current Account Deficit Financed In 2022?](#)

Article Link: <https://theovershoot.co/p/how-was-the-us-current-account-deficit>

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Tweet: [@M_C_Klein](#) notes the major buyer of Treasury debt has shifted from the Federal Reserve to US households and foreign buyers.

Summary: The Fed switched to “quantitative tightening”—an inelegant term for “letting some bonds mature”—which meant that new buyers needed to be found. State and local governments continued their purchases, but money-market funds shed Treasury bills and coupons for reverse repos with the Fed, while other buyers cut back on their purchases. The resulting mix of buyers in the first three quarters of 2022 looked a lot different than in prior periods. The entire net issuance was covered by the two most opaque sectors in the financial accounts: “households and nonprofit organizations” and “the rest of the world”.

Primary Topic: Savings Glut/Trade Deficit

Topics: Data, Financial Markets, Fiscal Policy, GDP, Op-Ed/Blog Post, Savings Glut/Trade Deficit, Sell-by Date, Weekly

Permalink: https://www.edwardconard.com/macro-roundup/m_c_klein-notes-the-major-buyer-of-treasury-debt-has-shifted-from-the-federal-reserve-to-us-households-and-foreign-buyers?view=detail

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