

## US Thematic Views

# Gauging the recent foreign investor selling of US equities

- The recent declines in US stocks and bonds alongside the weakening dollar have raised investor questions about a flight of foreign investors out of US assets. This dynamic poses a substantial risk to equity valuations because foreign investors entered 2025 with a record 18% ownership share of US equities.
- We estimate foreign investors have sold roughly \$60 billion of US stocks since the start of March. High frequency fund flow data suggest European investors have driven the selling, while other regions have generally continued to buy US stocks.
- 10 other episodes of substantial foreign investor selling since 1980 have lasted an average of 11 months and totaled 0.6% on average of US equity market cap, a magnitude that would equate to roughly \$300 billion today. However, unlike today, in the other episodes US equities and the dollar generally continued to rally despite the selling pressure from foreign investors.

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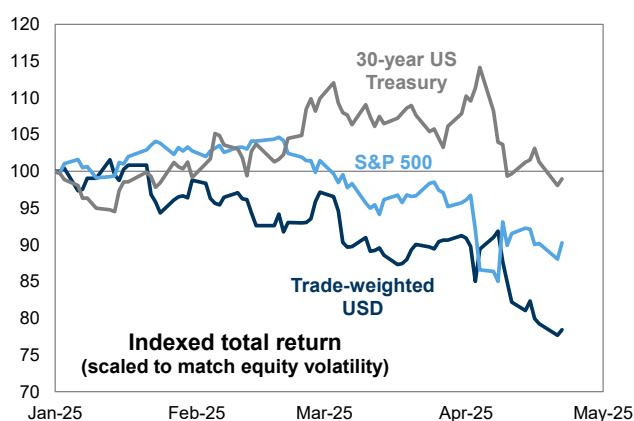
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**Recent poor performance of US equities, bonds, and the dollar has generated client questions about the selling of US assets by foreign investors.** Since the start of April, the S&P 500 has declined by 4%, the trade-weighted US dollar has fallen by 3%, and the 30-year US Treasury yield has risen by 18 bp ([Exhibit 1](#)).

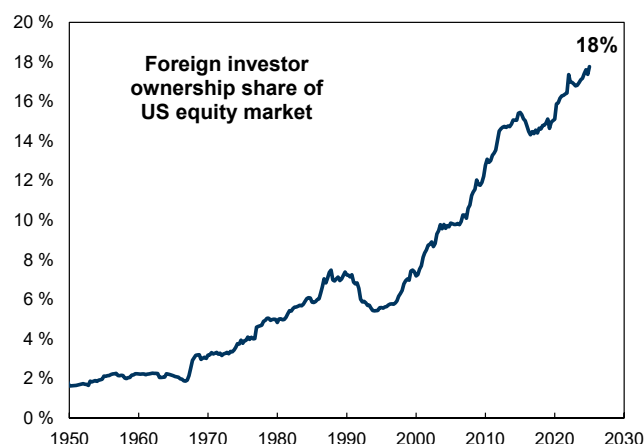
**Record foreign ownership of US equities at the start of 2025 highlights the potential for foreign investors to sell US stocks.** Data from the Fed show that foreign investors owned 18% (\$17 trillion) of US public and private corporate equities at the start of 2025, an increase of 11 pp during the last 25 years ([Exhibit 2](#)).

**Exhibit 1: US assets have struggled in recent weeks**



Source: Goldman Sachs Global Investment Research

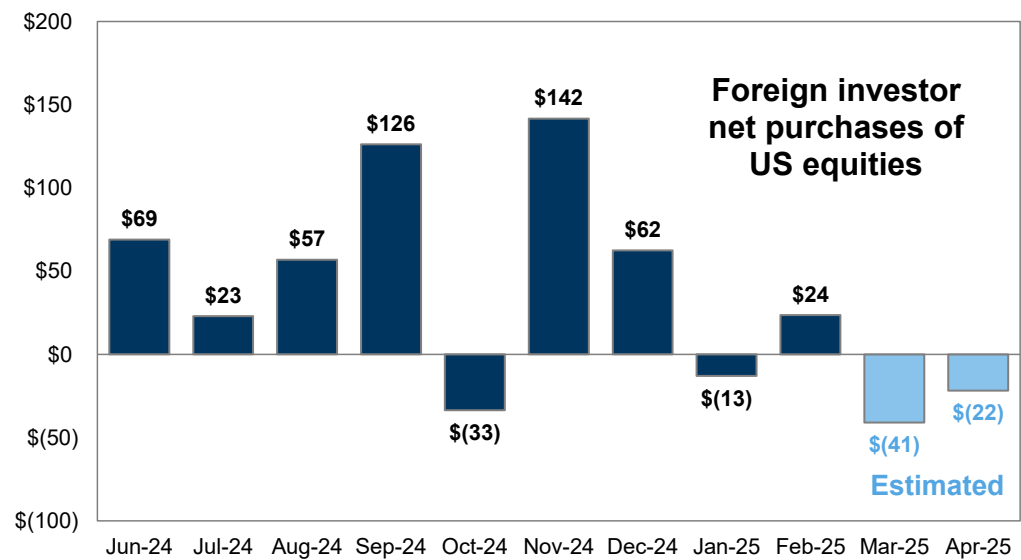
**Exhibit 2: Foreign ownership of the US equity market has risen steadily in recent decades**



Source: Federal Reserve, Goldman Sachs Global Investment Research

**Based on high frequency fund flow data, we estimate that foreign investors have sold \$63 billion of US equities since the start of March.** The US Treasury Department's [Treasury International Capital \(TIC\) data](#) on cross-border financial flows include foreign investors transactions in US equities. However, these data are published with a 6-week lag, with the most recent available data covering flows in February. We use weekly data on flows to foreign-domiciled funds to estimate the latest foreign investor demand for US equities. Specifically, we model TIC flows based on a regression using foreign-domiciled US equity ETF and mutual fund flows, controlling for S&P 500 returns and seasonality, during the last 5 years.

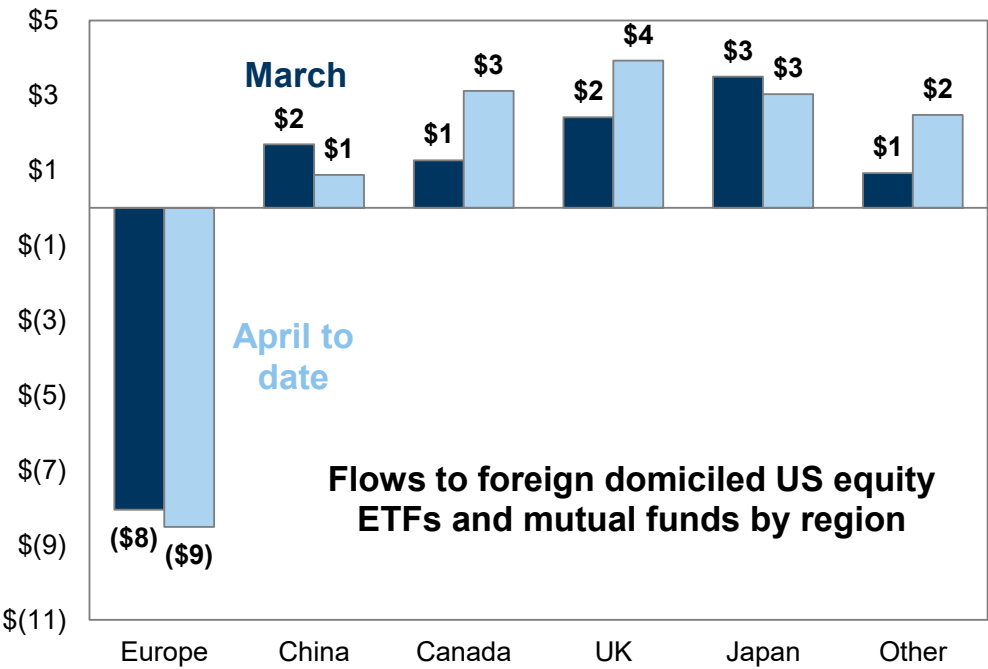
**Exhibit 3: We estimate moderate selling of US equities by foreign investors across March and April**  
as of April 24, 2025



Source: TIC, Goldman Sachs Global Investment Research

**Fund flow data show that European investors have driven the bulk of recent selling.** Outflows from foreign-domiciled US equity ETFs and mutual funds have been concentrated in funds domiciled in Europe. In contrast, flows in other global regions have remained modestly positive. Likewise, our colleagues have highlighted the substantial recent purchasing of European equities by European investors.

**Exhibit 4: Selling of US equities has likely been driven by European investors**  
as of April 24, 2025

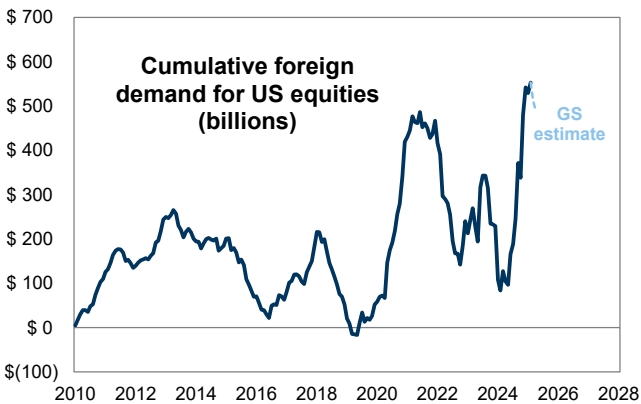


Source: EPFR, Goldman Sachs Global Investment Research

**The most recent episode of foreign selling has been shorter and shallower than the average experience during the last few decades.** Despite the continued increase in foreign ownership of US equities in recent decades, there have been several periods of substantial foreign investor selling (Exhibit 5). The most recent such example took place over the course of 7 months in mid 2023-early 2024, when foreign investors sold \$260 billion of US stocks. On average, during 10 prior episodes since 1980, foreign investor selling of US equities lasted 11 months and accounted for 0.6% of S&P 500 market cap (Exhibit 6). Today, this would translate into roughly \$300 billion of selling, compared with our estimate of roughly \$63 billion of selling during the last two months.

**Unlike the recent experience, in past episodes US stock prices have usually continued to rise despite selling pressure from international investors.** The S&P 500 rose in 7 of the 10 episodes, with exceptions in 1987, 1990, and 2022. The 4% decline in the US dollar since the start of March also contrasts with the typical episode of foreign investor selling, in which the USD appreciated by an average of 5%. The sole exception of USD weakness was in 1987.

**Exhibit 5: Cumulative foreign investor demand for US equities since 2010**  
GS estimate through April



Source: TIC, Goldman Sachs Global Investment Research

**Exhibit 6: Historical episodes of large foreign selling of US equities**  
Dollar change reflects trade-weighted average

Start	End	Months Elapsed	Total selling (bn)	Selling as % of S&P 500 market cap	S&P 500 return	USD change
Apr-84	Mar-85	11	\$(5)	(0.5)%	12 %	14 %
Oct-87	Dec-87	2	(10)	(0.5)	(29)	(4)
Oct-89	Jan-91	15	(18)	(0.8)	(6)	3
Nov-91	Sep-92	10	(12)	(0.5)	8	3
Mar-94	Mar-95	12	(8)	(0.3)	7	2
Apr-13	Mar-14	11	(87)	(0.6)	19	3
Feb-15	Jun-16	16	(180)	(1.0)	4	6
Jan-18	May-19	16	(232)	(1.0)	7	9
Dec-21	Oct-22	10	(325)	(0.8)	(22)	11
Jul-23	Feb-24	7	(260)	(0.7)	9	2
Median		11	\$(53)	(0.6)%	7 %	3 %
Average		11	(114)	(0.6)	1	5
Mar-25	Current	2	\$(63)	(0.1)%	(10)%	(4)%

Source: TIC, Goldman Sachs Global Investment Research

**While recent foreign investor selling poses downside risk to our previous forecast of \$300 bn of foreign investor US equity demand in 2025, the recent market rebound alongside less hawkish trade commentary suggests a less aggressive pace of selling in the near future.** If the US economic outlook continues to deteriorate, foreign investors will likely continue to sell US stocks. However, even if the economic outlook stabilizes, recent political and market volatility may incentivize investors to geographically diversify their equity portfolios away from the US.

**Even if recent flows away from US stocks continue, we do not expect an immediate collapse in the foreign investor ownership share of the US equity market.** Many of the pillars of “US exceptionalism” remain in place, including superior US corporate profitability and long-term earnings growth. In addition, the size and liquidity of other global equity markets relative to the US market limits the potential speed of reallocation away from US equities.

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