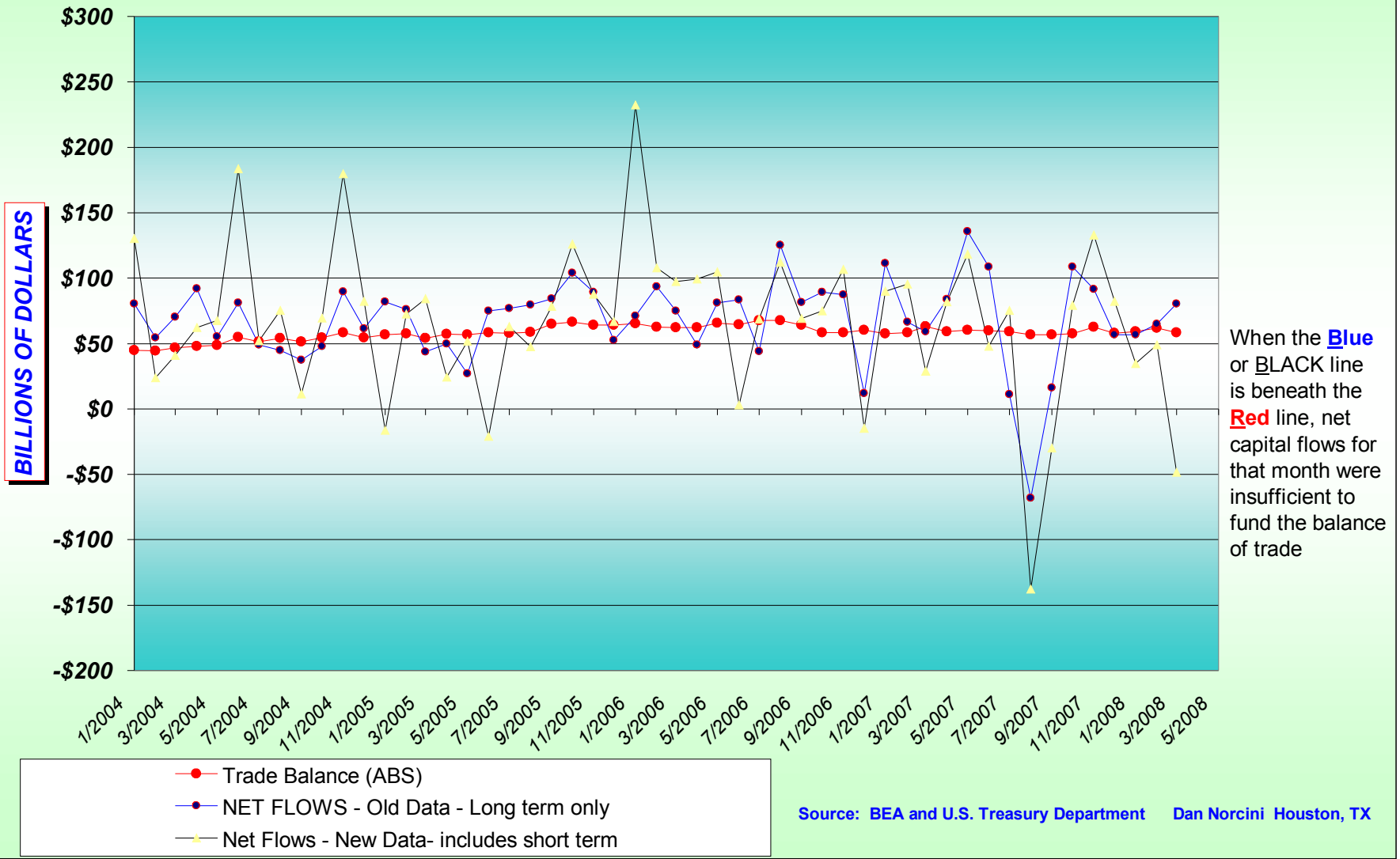
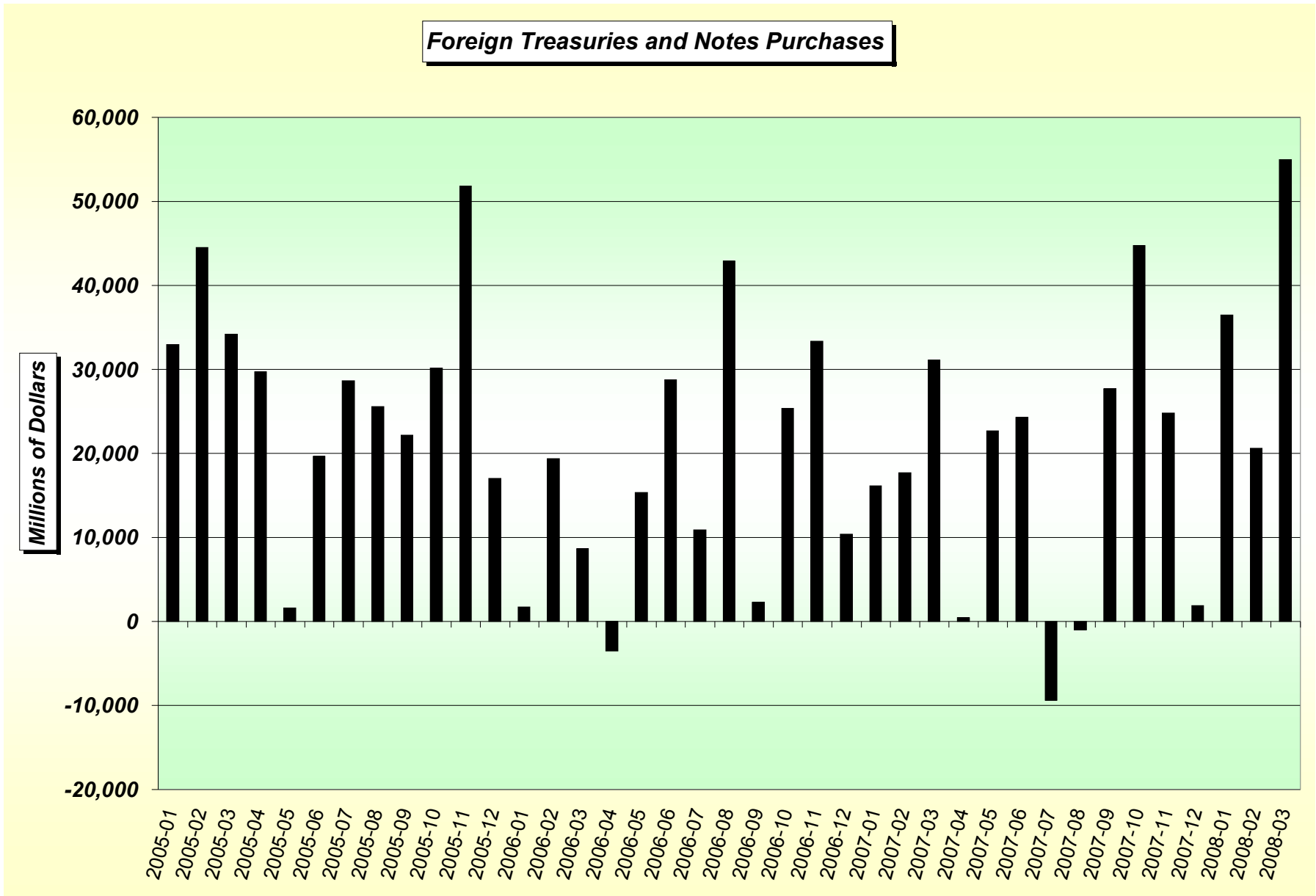


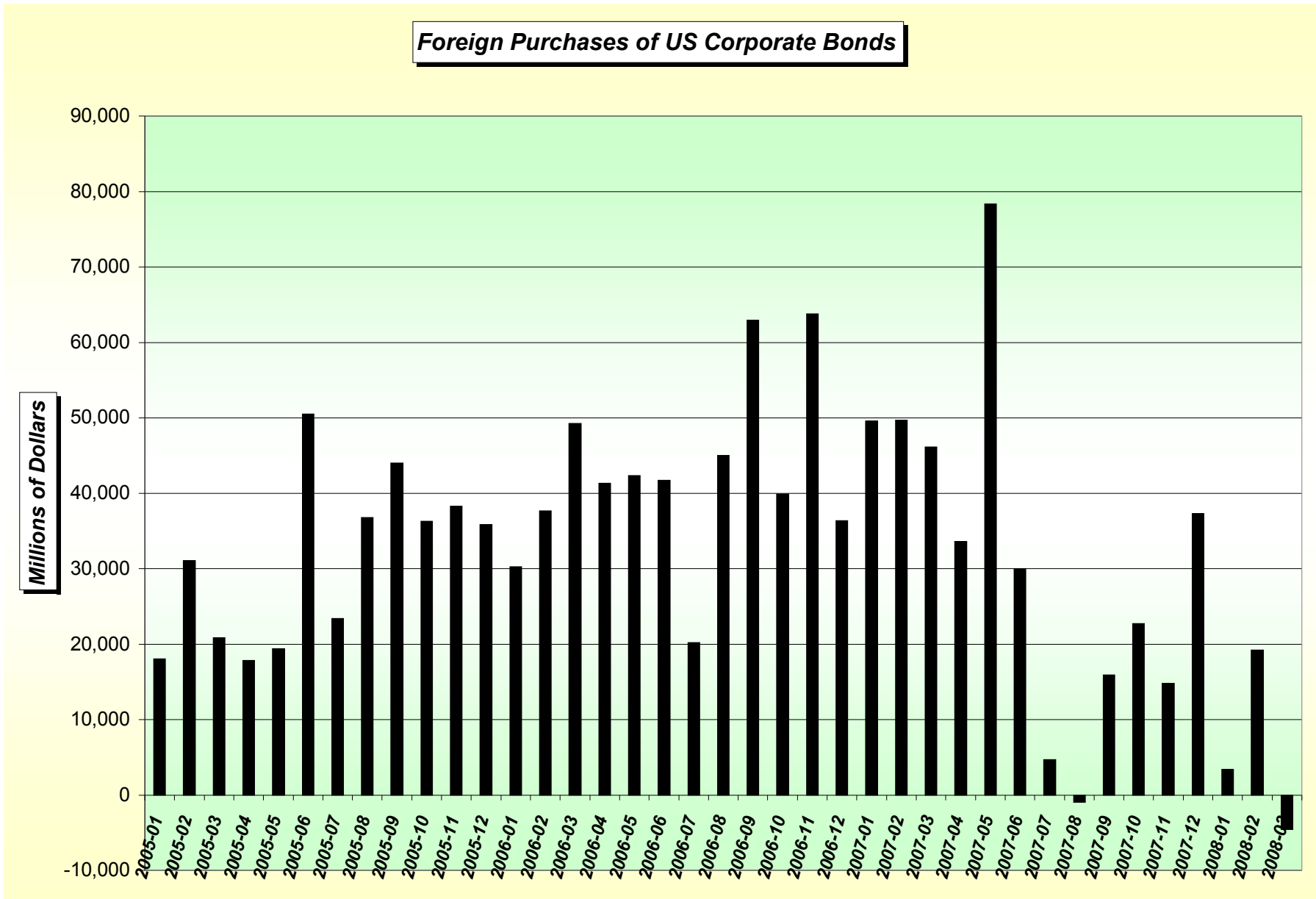
### Balance of Trade vs Net Capital Flows 2004-2008



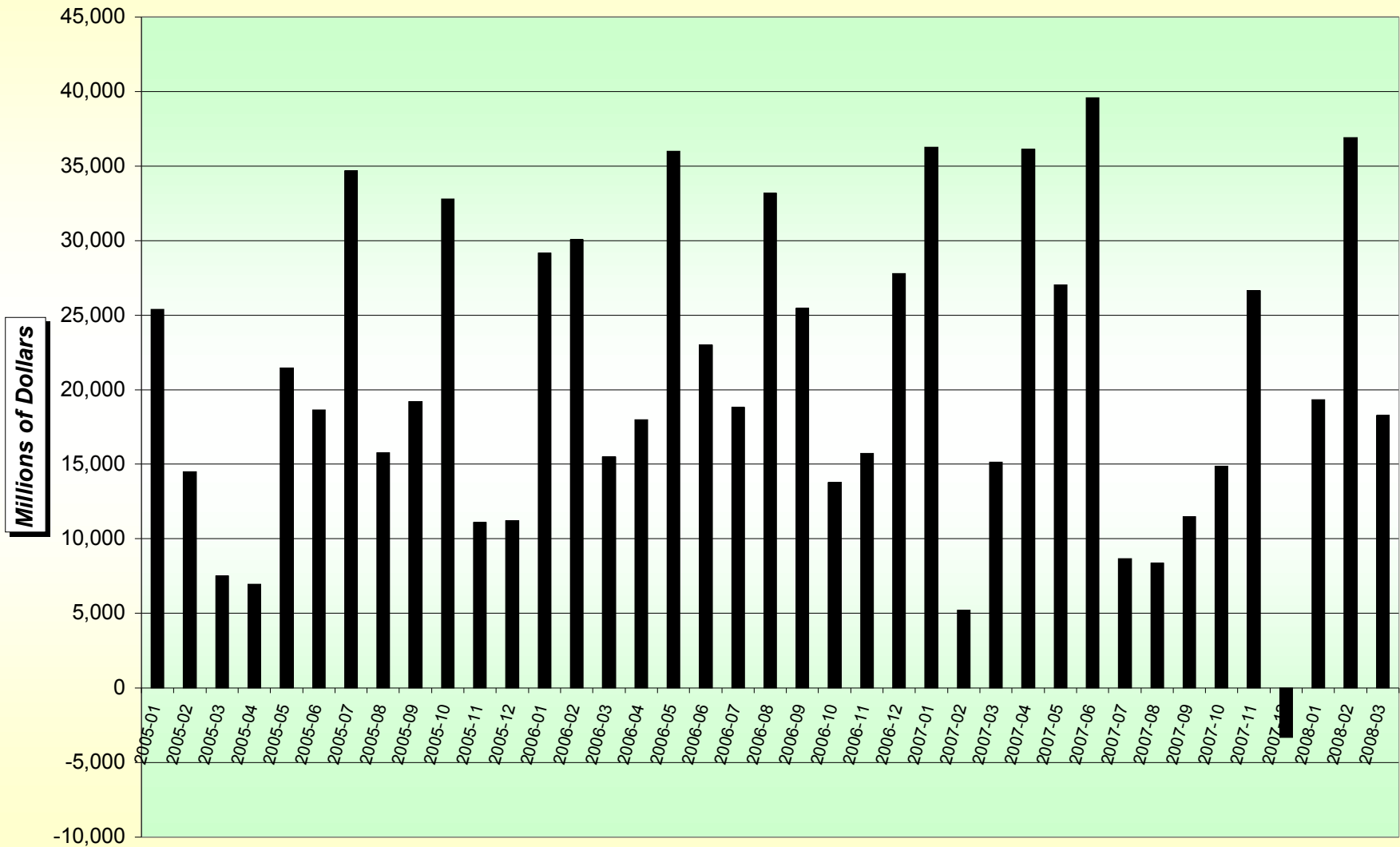
NOTE the mad rush into US Treasuries as the Bear Stearns fiasco became commonplace news. This is called panic buying



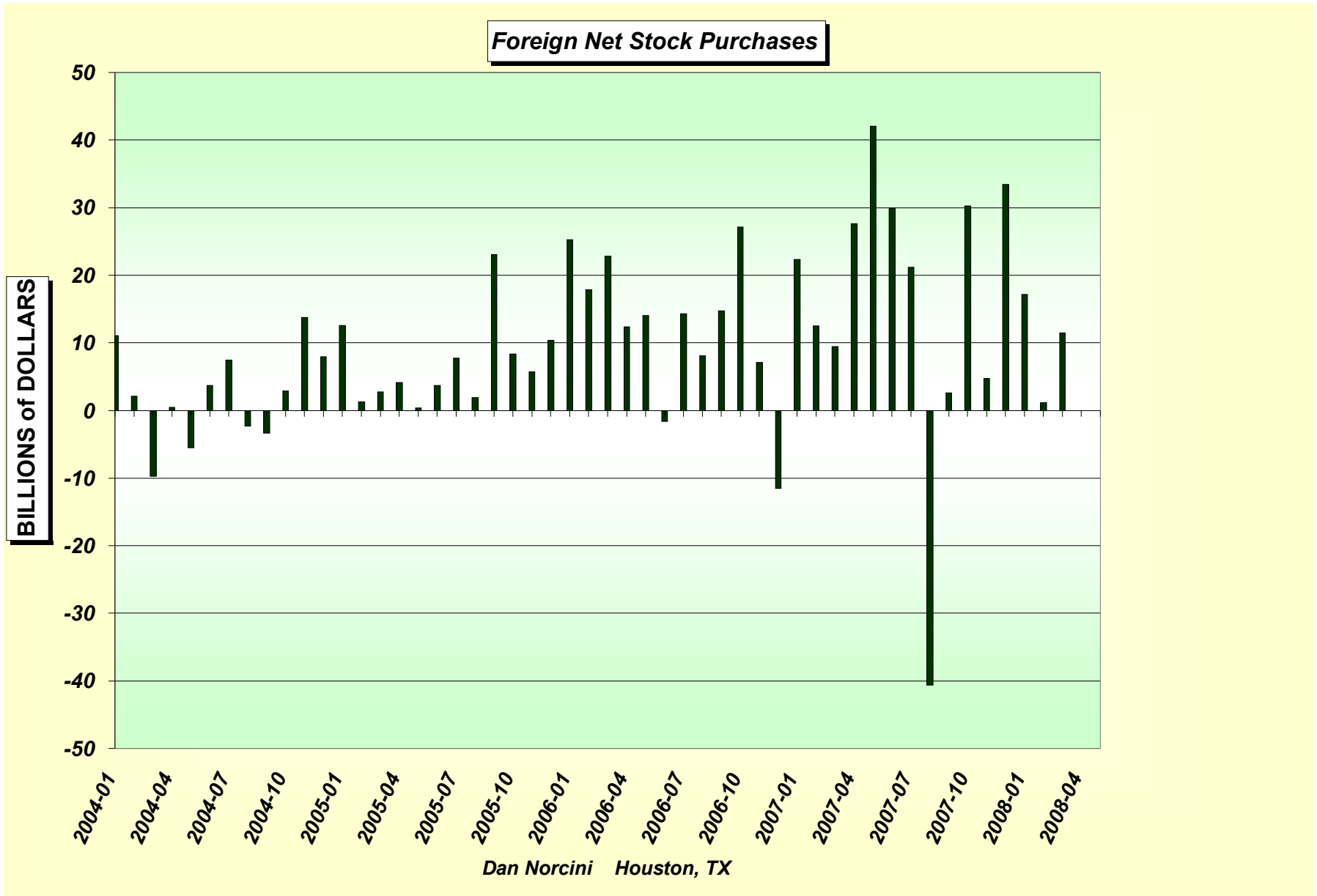
NOTE the huge exodus from corporate bonds as foreign investors decided that they did not want to stick around and wait to see what other kinds of cockroaches and other unpleasant surprises would be emerging from corporate America on the heels of the derivative debacle. We had a nearly \$24 billion swing from the previous month.



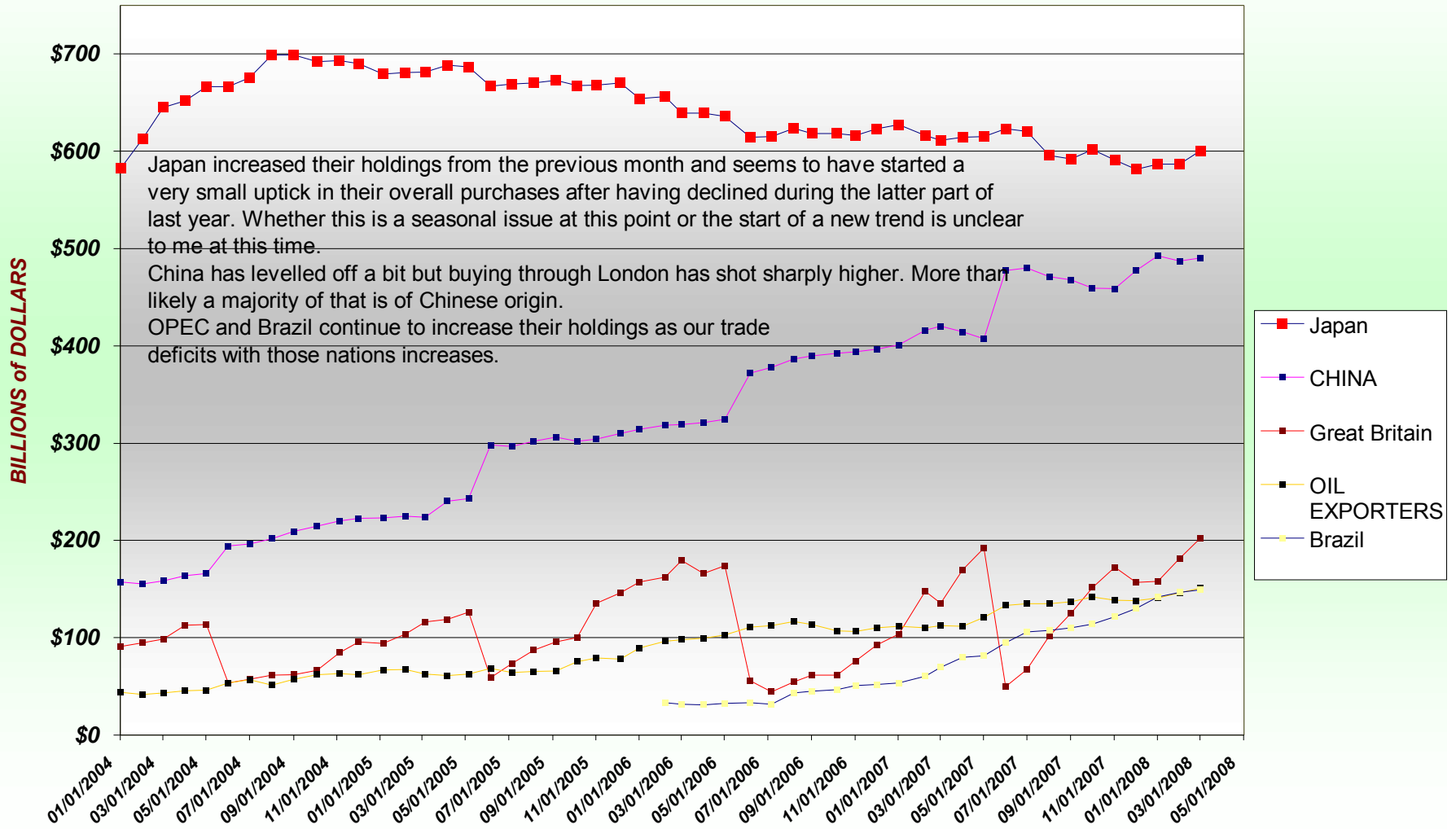
### Foreign Agency Debt Purchases



It is amazing that the same month that witnessed a wholesale exodus from corporate bonds by foreign investors saw those same investors apparently decide that US stocks were completely safe. This is why the Exchange Stabilization Fund refuses to allow the US stock markets to move lower into bear market territory. By painting the charts and buying every time the markets look set to collapse, they are attempting to influence sentiment and dupe investors into believing all is well in their La-La land



## Treasury Holdings 2004-2008 Japan, China, Great Britain, Oil Exporting Nations and Brazil



**U.S. Treasury Holdings of Japan, China, and Oil Exporting nations -  
Twelve Month Trailing Rate of Accumulation**

OPEC's rate of Treasury buying, while somewhat volatile, continues to trend up. This is probably related to the maintenance of some of the regional dollar pegs. China is trending lower but was nearly steady compared to previous year's levels while Japan has leveled out and might be turning higher again.

