

FIXED INCOME DIVISION

Presentation at NABE: Are Investors Allocating Away from Dollar Denominated Investments?

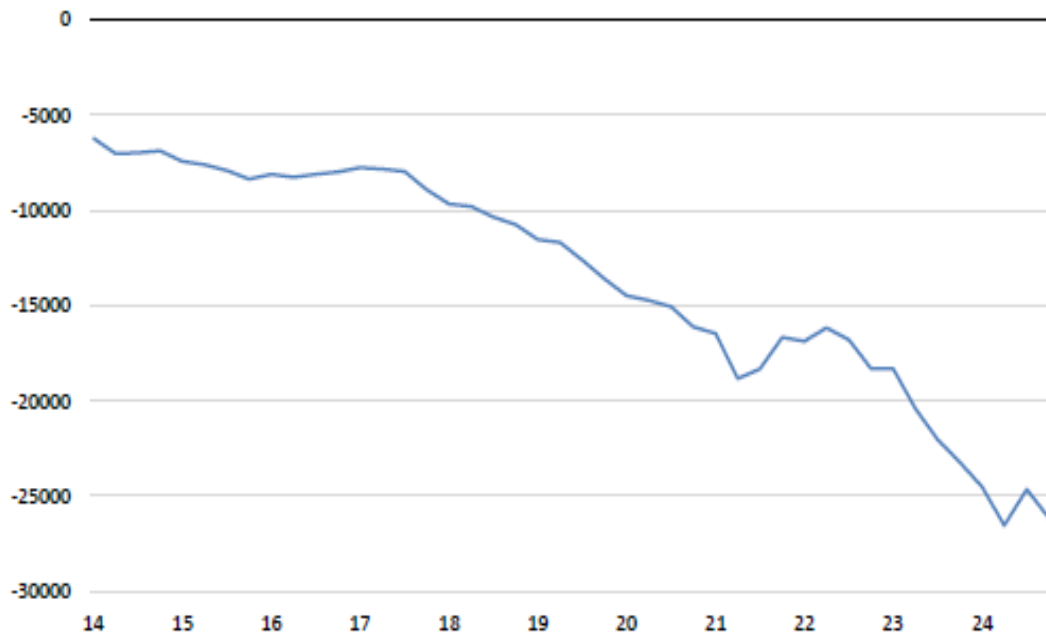
October 13, 2025



Kana Norimoto
Senior Macro Strategist

Early days, but Trump policies have not changed the trajectory of flows

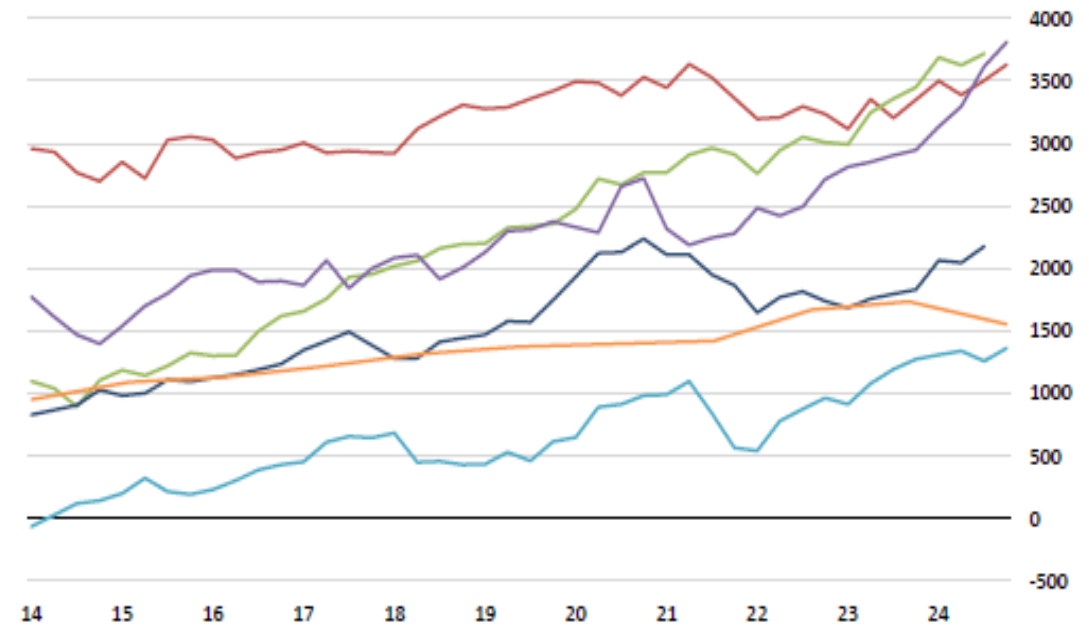
US Net International Investment Position, \$bn



Data as of Q2 2025
Source: IMF, FMR

— US Net International Position \$bn

Global Net International Investment Positions, \$bn

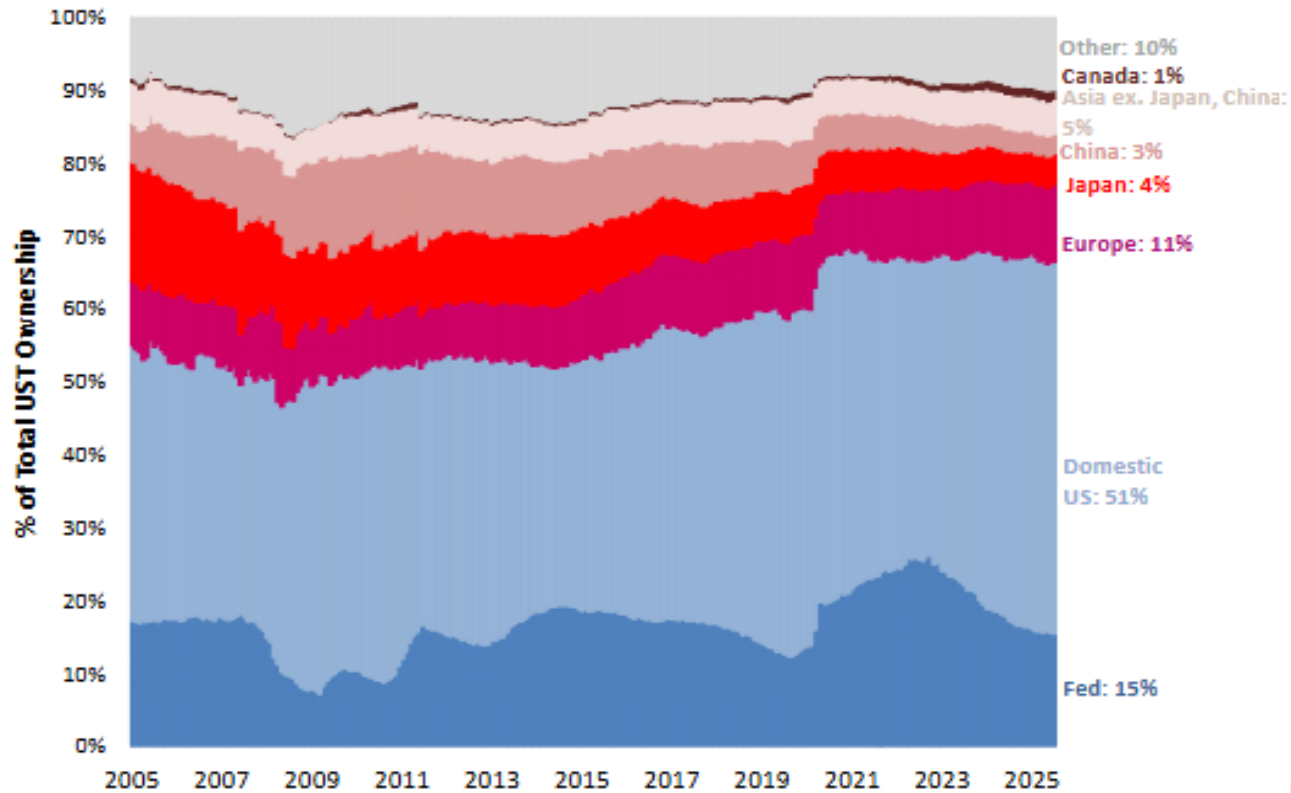


Data as of Q2 2025
Source: IMF, FMR

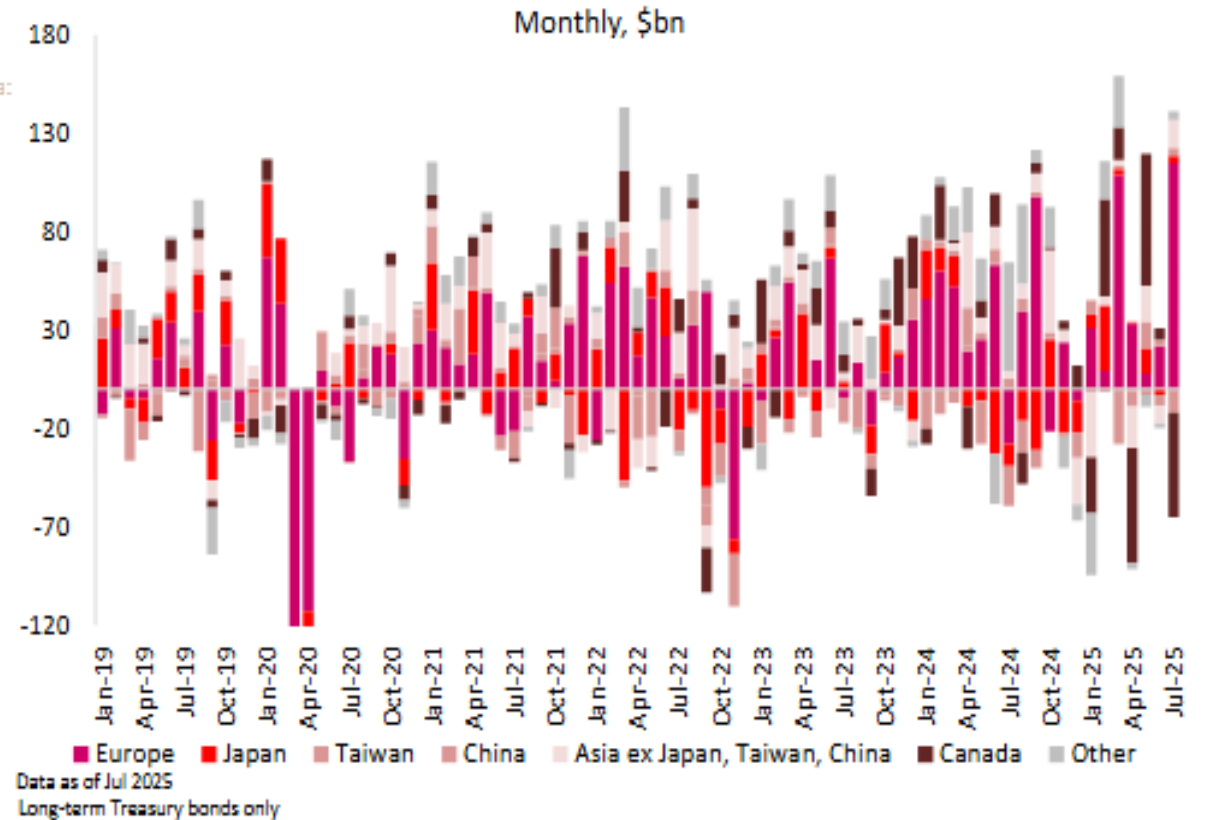
- Japan Net International Investment Position, \$bn
- Germany
- China
- Canada
- Hong Kong
- Taiwan

July was a strong month for European interest in Treasuries

UST Ownership by Geography

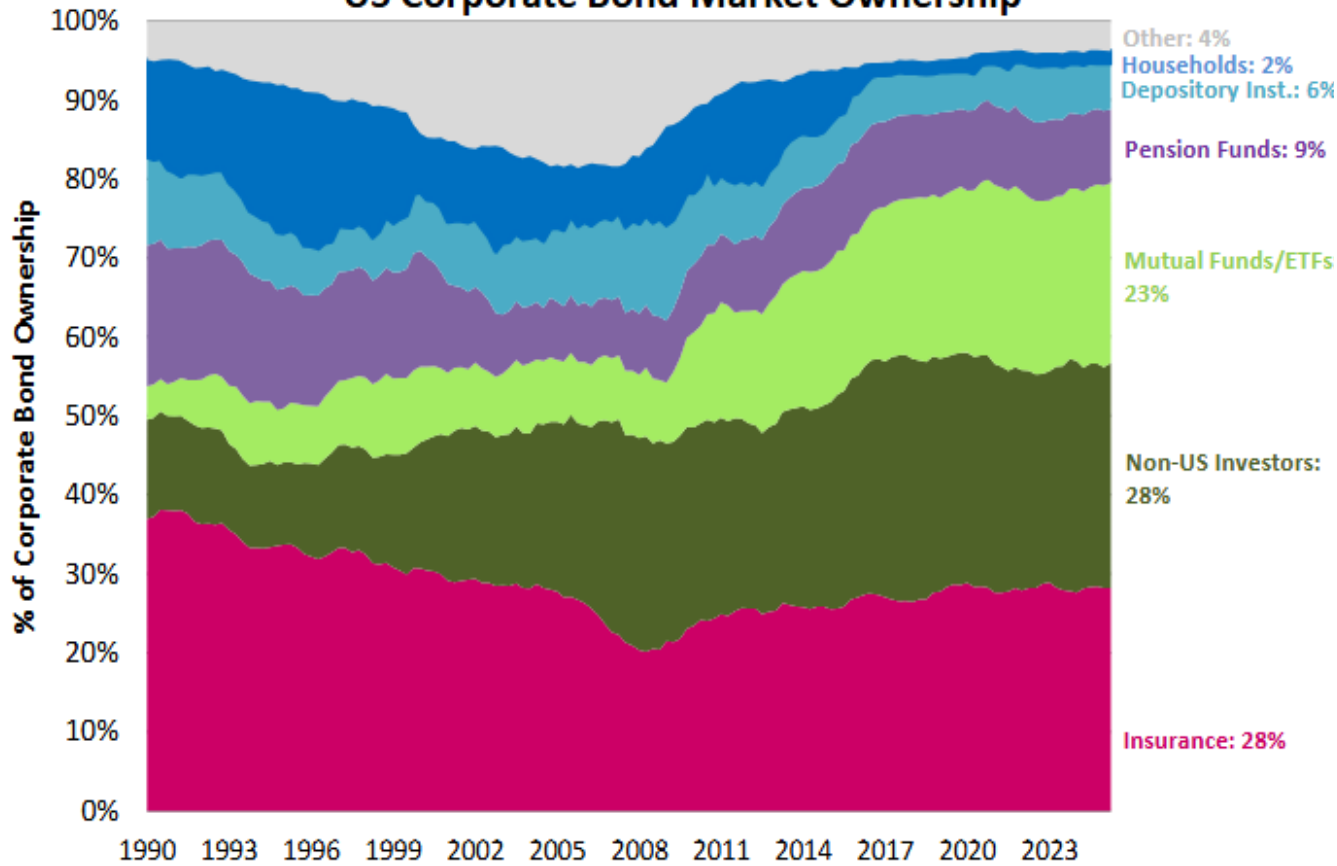


Changes in US Treasury Ownership by Country

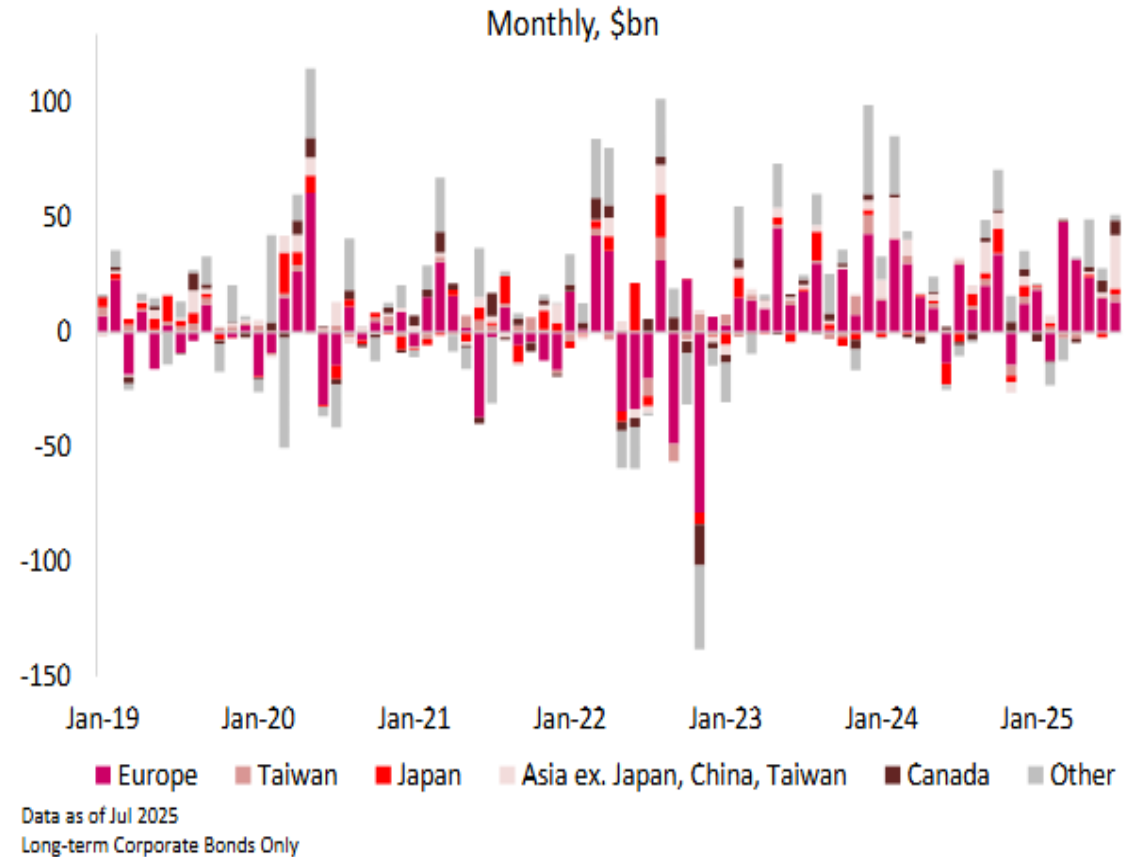


Non-US investors (notably ex-Japan Asia) have picked up in corporate bonds

US Corporate Bond Market Ownership



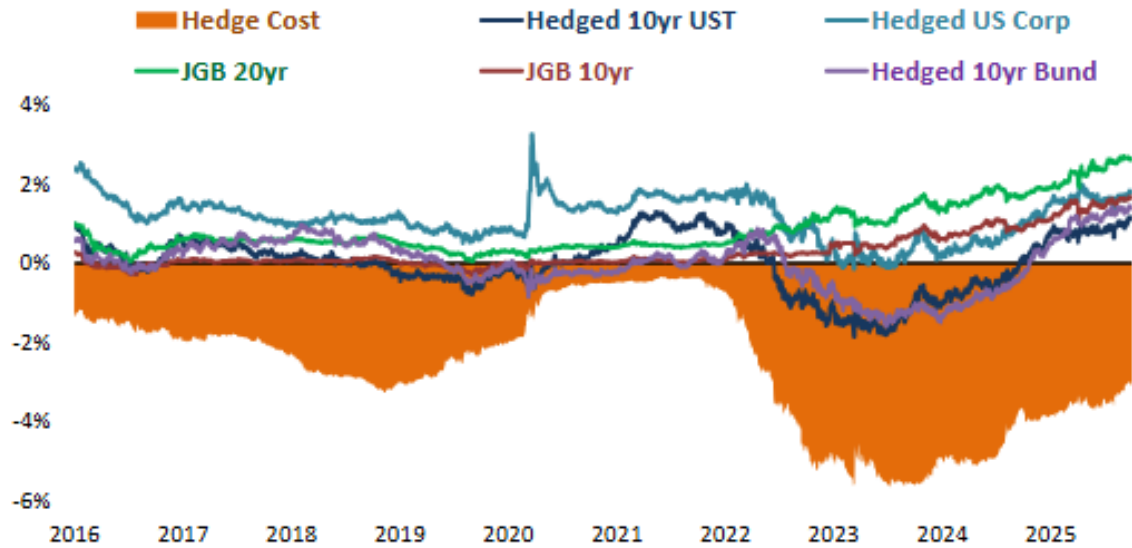
Changes in Foreign Corp Bond Ownership by Country



Japanese returns abroad will be sized against rising JGBs

Japan Hedged Yield on US Assets

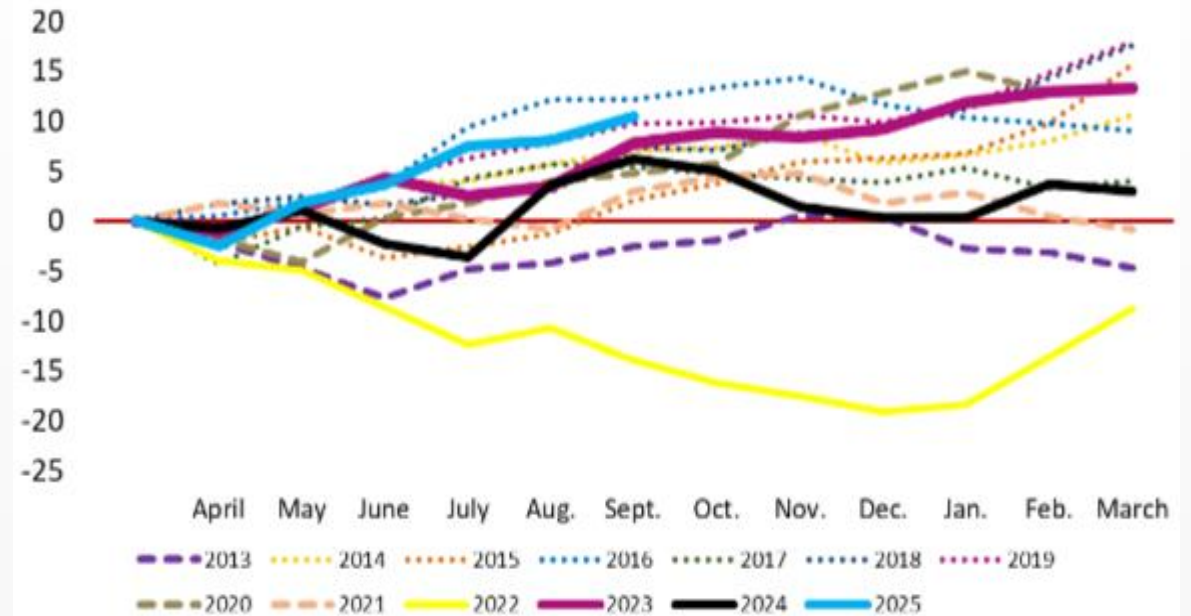
12m hedge, hedge cost = Bloomberg USDJPY 12M hedging cost



Data as of 03 Oct 2025
Sources: BBG, FMR

Japanese Foreign Bond Flows by Year

Cumulative net purchases during the Japanese fiscal year (April 1 to March 31), JPY Tr



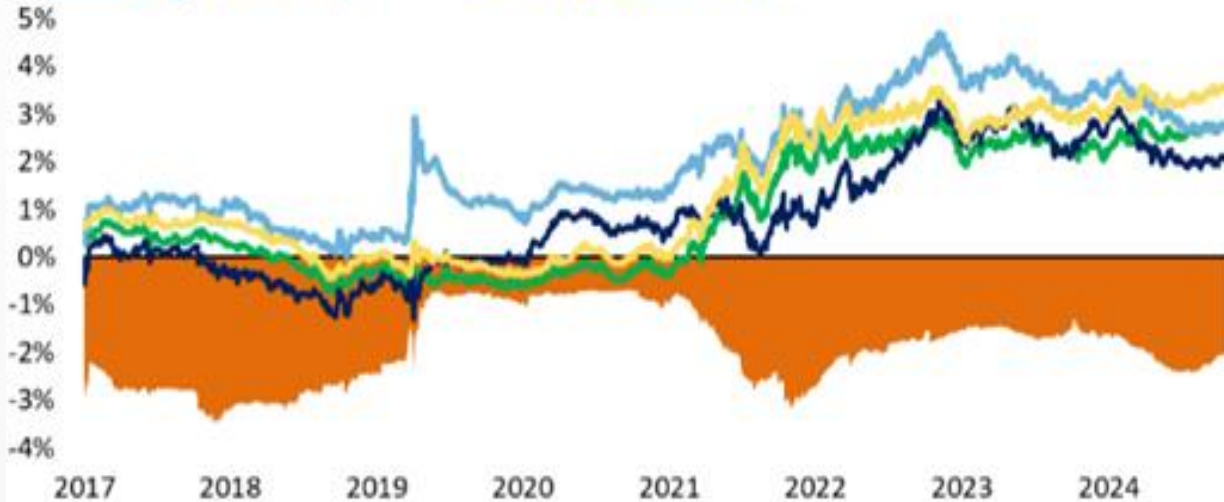
Data as of Sep 2025
Source: MoF, BBG, FMR

Similar story for Europe with Bunds and OATs becoming yieldier

Europe Hedged Yield

3m hedge, Bloomberg USDEUR 3M hedging cost

Legend:
Hedge Cost (Orange)
Hedged US Corp (Light Blue)
10yr Bund (Green)
10yr French OAT (Yellow)
Hedged 10yr UST (Dark Blue)

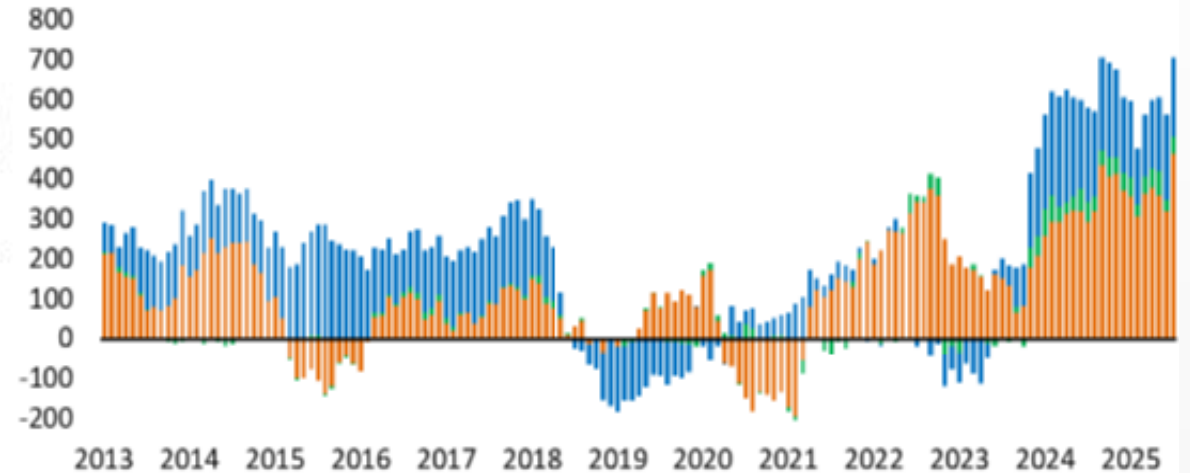


Data as of 07 Oct 2025
Sources: BBG, FMR

European Net Purchases of US Bonds

12M Moving Sum, USD Bn
Bertaut-Judson Capital Flows

Legend:
Treasuries (Orange)
Agencies (Green)
Corporate Bonds (Blue)



Data as of Jul 2025
Source: Federal Reserve, Haver, FMR

China and greater China (Taiwan, Singapore, HK) flows will be driven by geopolitics

