

## China Dumps Record Amount of U.S. Government Debt - Federal Deficit Overview

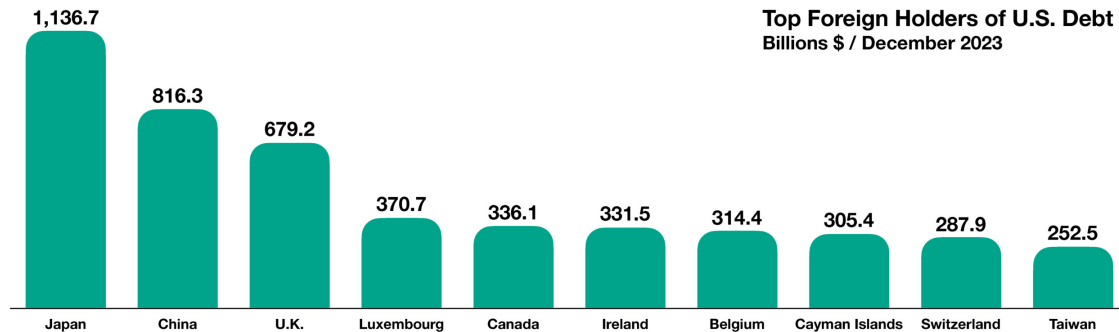
In the first quarter of 2024, China sold a record amount of \$53.3 billion worth of U.S. Treasury and agency bonds. The significant liquidations represent a notable shift in China's investment strategy and validates a continuation of its efforts to diversify away from U.S. dollar-denominated assets.

The \$53.3 billion sale is the largest quarterly divestment of U.S. securities by China on record, including the sale of both U.S. Treasury bonds and agency bonds. Because of the size of the liquidations, the sales suggest an acceleration of China's diversification efforts.

The sales are part of an ongoing trend where the Chinese government has been gradually shedding billions of dollars of U.S. government debt over the past few years. The sales are part of China's efforts to diversify its foreign reserves and reduce dependence on U.S. dollar assets.

Because of the enormous amount of exports to the United States, China has had to acquire and maintain billions in U.S. debt in order to help counter currency imbalances brought about by the massive imports into the U.S.

Sources: U.S. Treasury Department



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