
From: David Stern [REDACTED]
Sent: Tuesday, March 1, 2011 1:09 AM
To: Jeffrey Epstein
Subject: China's holdings of US Treasury: US\$ 1.16 trillion

China's holdings of long-term U. S. Treasury securities totaled 1.16 trillion U.S. dollars at the end of December 2010, according to an annual revision report released by the U.S. Treasury Department on Monday.

The figure was an increase of 268.5 billion dollars, or 30 percent from an estimate the government reported on Feb. 15.

The U.S. Treasury made the change to its monthly report based on more accurate information it obtains in an annual survey.

Foreign holdings of U.S. long-term securities reflect demand for U.S. Treasury obligations and other assets including stocks and government agency debt, a key to funding the massive U.S. balance of payments deficit with the rest of the world.

The report showed that China, the largest holder of U.S. Treasury securities, reduced its holdings by 4 billion dollars in December from 1.164 trillion dollars in November.

In the monthly report released two weeks ago, it said that China trimmed its holdings from 895.6 billion dollars in November to 891.6 billion dollars in December.

In the new report, Japan, the second largest foreign holder of U.S. government debt, raised its holdings to 882.3 billion dollars in December. That was 1.3 billion dollars less than the estimate in the monthly report.

Britain, the third largest owner of U.S. debt, boosted its holdings to 72.1 billion dollars in December from 242.5 billion dollars in November.

Britain's holdings were revised lower by 269.2 billion dollars from the monthly report.

Total foreign holdings of U.S. long-term securities in December 2010 reached 4.44 trillion dollars, up from 4.41 trillion dollars in November. The new figure in year end 2010 is 70 billion dollars more than the government's previous estimate in its monthly report.

The Treasury Department refused to comment on the revised figures.

The debt figures are closely watched at a time when more and more Americans believe that the U.S. soaring debt is unsustainable. The federal debt has surpassed 14 trillion at the end of 2010 and the federal government is at the edge of bankruptcy if the Congress does not increase the debt ceiling which is 14.3 trillion dollars before the deadline of March 4.

U.S. federal budget deficit reached 1.29 trillion dollars in the fiscal year 2010 ended Sept. 30. It recorded a historic high of 1.42 trillion dollars in fiscal year 2009 when the economy was hit hard by the financial crisis.

According to President Barack Obama's fiscal year 2012 budget which was sent to Congress earlier this month, the U.S. federal deficit in 2011 is expected to hit a new record of 1.65 trillion dollars.

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