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# AS INVESTORS SEEK SAFETY AMID CRISIS GLOBAL DEMAND FOR U.S. ASSETS CLIMBS


In September, global demand for U.S. stocks, bonds and other financial assets rose the most in 10 months as the investors sought the safety of Treasury securities amid Europe's sovereign-debt crisis. The Treasury Department said in Washington today that the net buying of long-term equities, notes and bonds totaled $68.6 billion, the highest its been since November of 2010, compared with net buying of $58 billion in August. Including short-term securities, such as stock swaps and foreigners purchased a net $57.4 billion in the month of September, compared with the net buying of $89.3 billion in the previous month. In September, the Treasuries rose, extending their biggest quarterly advance since the depths of the financial crisis in 2008, on the concern Europe's sovereign-debt turmoil and a sluggish U.S. economy would undermine the global recovery. The rally repudiated Standard & Poor's Aug. 5 downgrade of the U.S. AAA credit rating and drove the yields to record lows. ''Despite problems we have here, problems elsewhere are worse,'' says Mike Englund, who is the chief economist at Action Economists LLC in Boulder, Colorado, after the report. ''People seem willing to take on American risk.'' In September, economists in a Bloomberg News survey that projected long-term financial assets would show net buying of $55 billion. The eight economists that participated, and their estimates ranged from net buying of $75 billion to net sales of $10 billion. China still remains the biggest foreign holder of U.S. Treasuries in September after its holdings rose by $11.3 billion to $1.15 trillion. Hong Kong, which is counted separately from China, increased its holdings by $1.1 billion to $109 billion. Japan, who is the second-largest holder, increased its holdings in the month of September by $20.2 billion to $956.8 billion. ''The U.S. is and will continue to be a safe haven since the sovereign debt situation is not going away just because there have been some changes in government,'' in Italy and Greece, says Joel Naroff, who is the president of Naroff Economic Advisors in Holland, Pennsylvania, before today's report. Bank of America Merrill Lynch indexes show that the Treasuries returned 6.36 percent in the period from July to September, which is the biggest quarterly gain including reinvested interest since the last three months of 2008. The indexes also show that the company bonds returned 2.26 percent and mortgage securities gained 2.32 percent. The Barclays U.S. Aggregate bond index gained 3.8 percent for the quarter through September 29. Federal Reserve Chairman Ben. S. Bernanke said that the Treasury securities remain a core holding for the investors. ''The downgrade didn't scare off any investors,'' and the action, along with the prospect of more downgrades, hasn't done any ''significant damage'' to the economy, said Bernanke on November 10 at a town-hall style event in El Paso, Texas.