

How Mechanisms of Quantitative Easing Impact Capital Flow, Inflation, and Perception of the Economy

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Pandemic Time Periods

Defining Time Periods

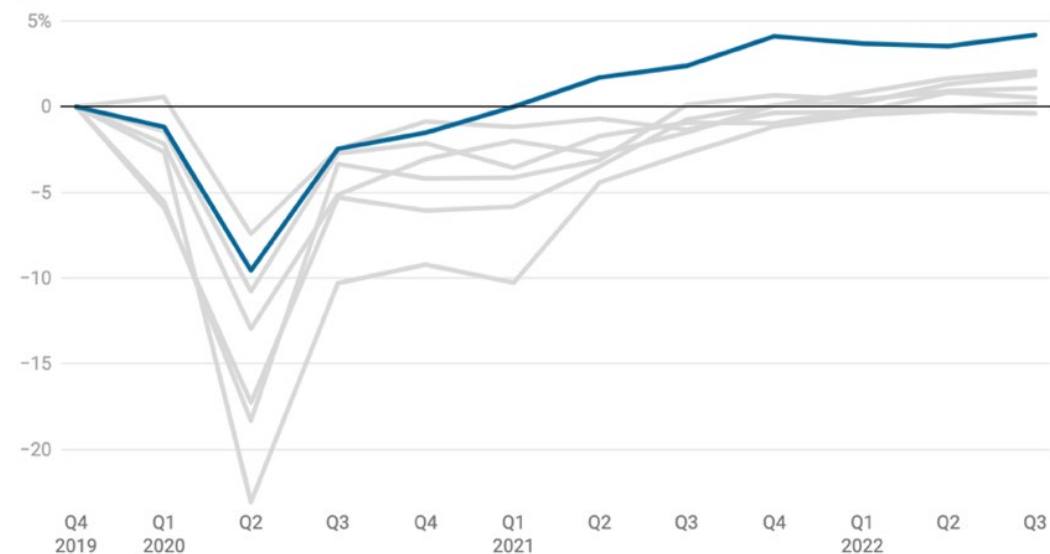
- Pre-Pandemic: Through 2019 Q4
- Pandemic: 2020 Q2 – 2022 Q2 (or 2020-2022)
- Post-Pandemic: 2022 Q4 Onward (or 2023 onward)

America's Economy Rebounds Stronger and Quicker

Gross domestic product (GDP) of Group of Seven (G-7) nations, fourth quarter of 2019–fourth quarter of 2022

Percentage change in GDP

United States



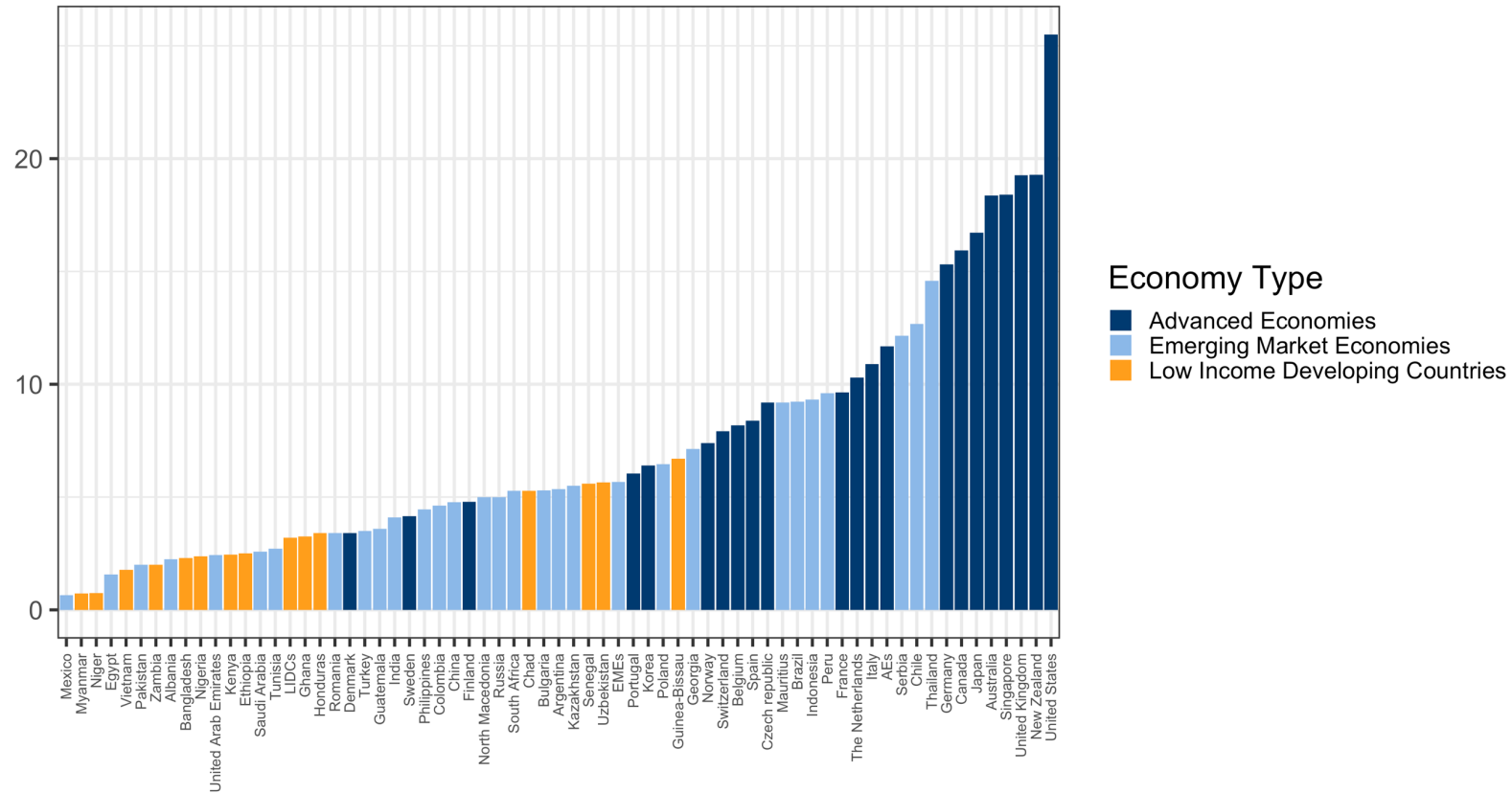
Hover or click to isolate and see values.

Note: The values are displayed in monthly percentage change indexed to the fourth quarter of 2019. The percentages were calculated using chained monetary units separate to each country.

Chart: Center for American Progress • Source: Organization for Economic Cooperation and Development, "Quarterly National Accounts," available at <https://stats.oecd.org/Index.aspx?DataSetCode=QNA> (last accessed November 2022).

US Provides Most Fiscal Stimulus

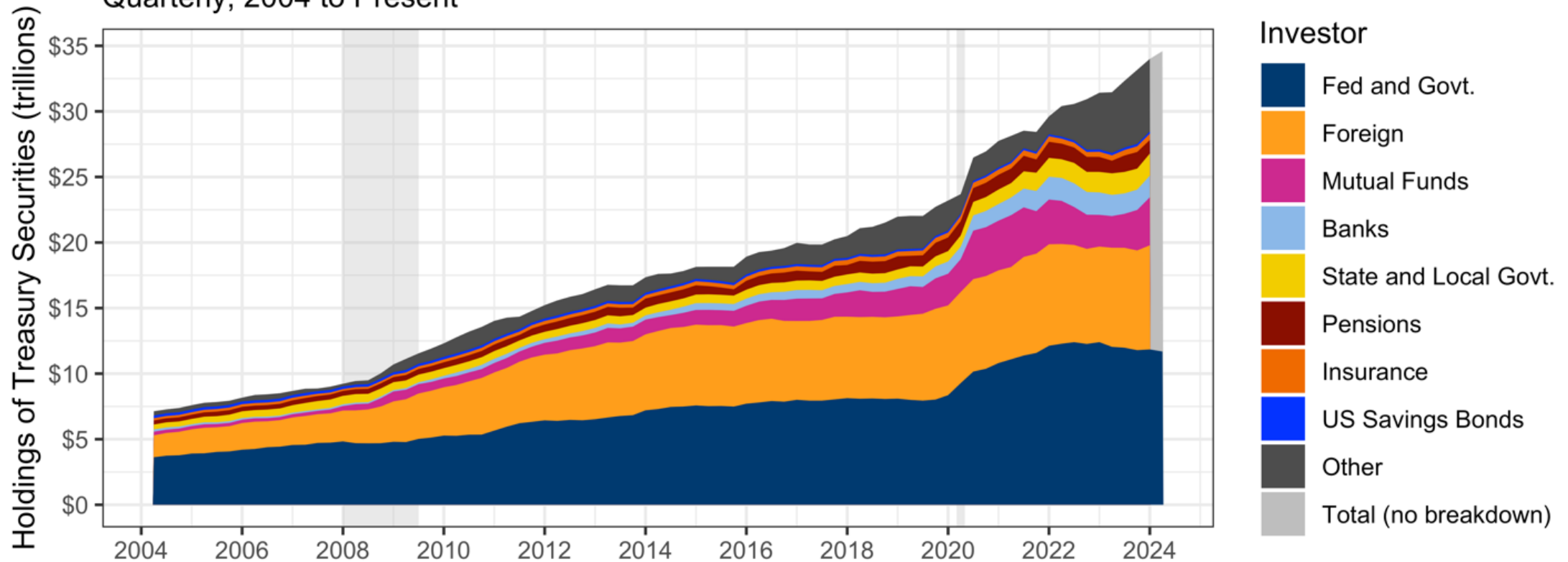
Global Response to Covid
Additional Spending and Forgone Revenue (Percent of 2020 GDP)



Data Source: Database of Country Fiscal Measures in Response to the COVID-19 Pandemic; and IMF staff estimates.

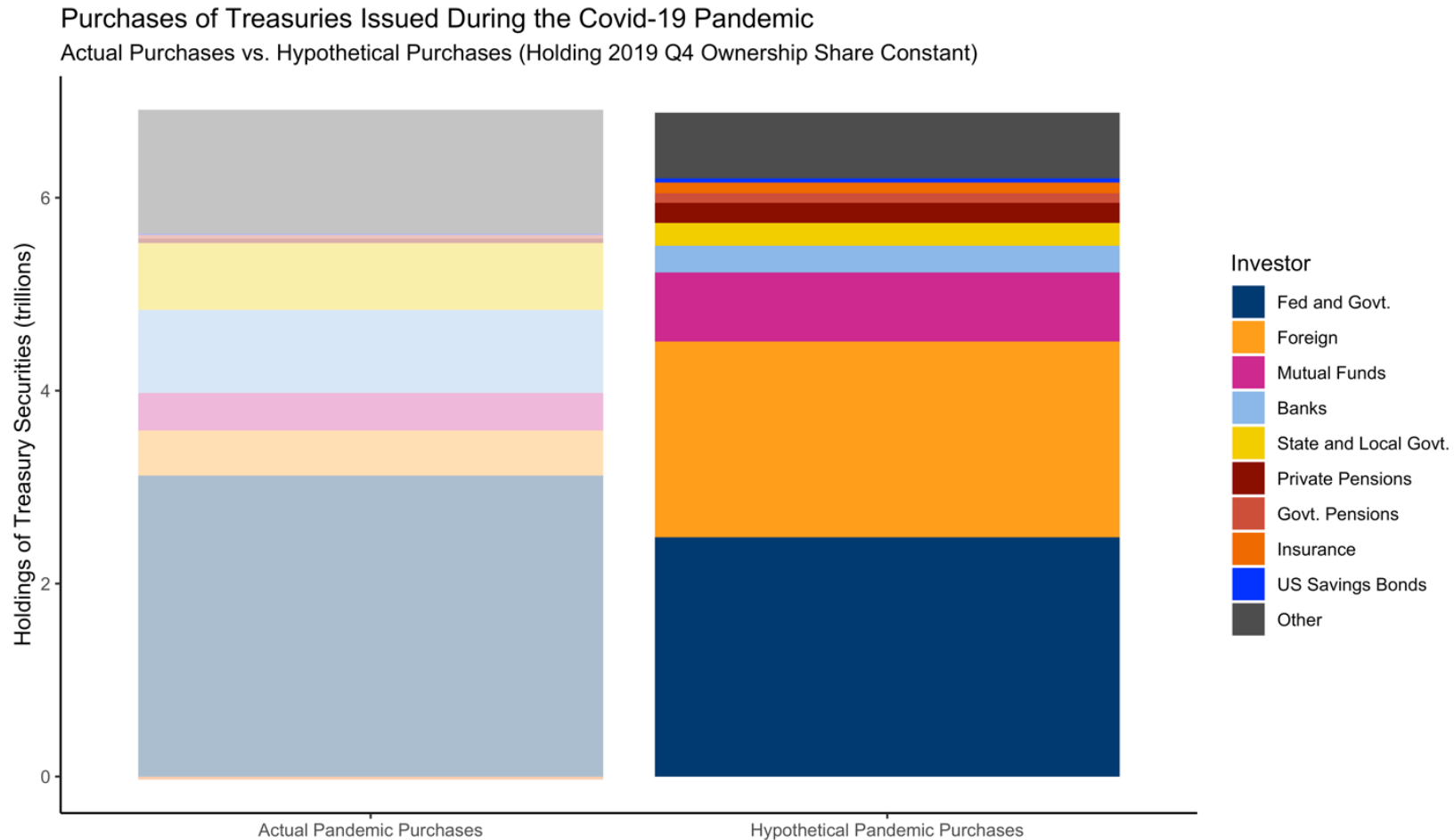
Treasury Debt Market Grows through Domestic Purchases

Ownership United States Treasury Securities
Quarterly, 2004 to Present



Data Source: US Treasury, September 2024 Treasury Bulletin

Visualizing the Pandemic Foreign Purchase Gap of Treasury Debt



Data Source: US Treasury, September 2024 Treasury Bulletin

China Retrenches in holding US Treasuries, Allies Step In

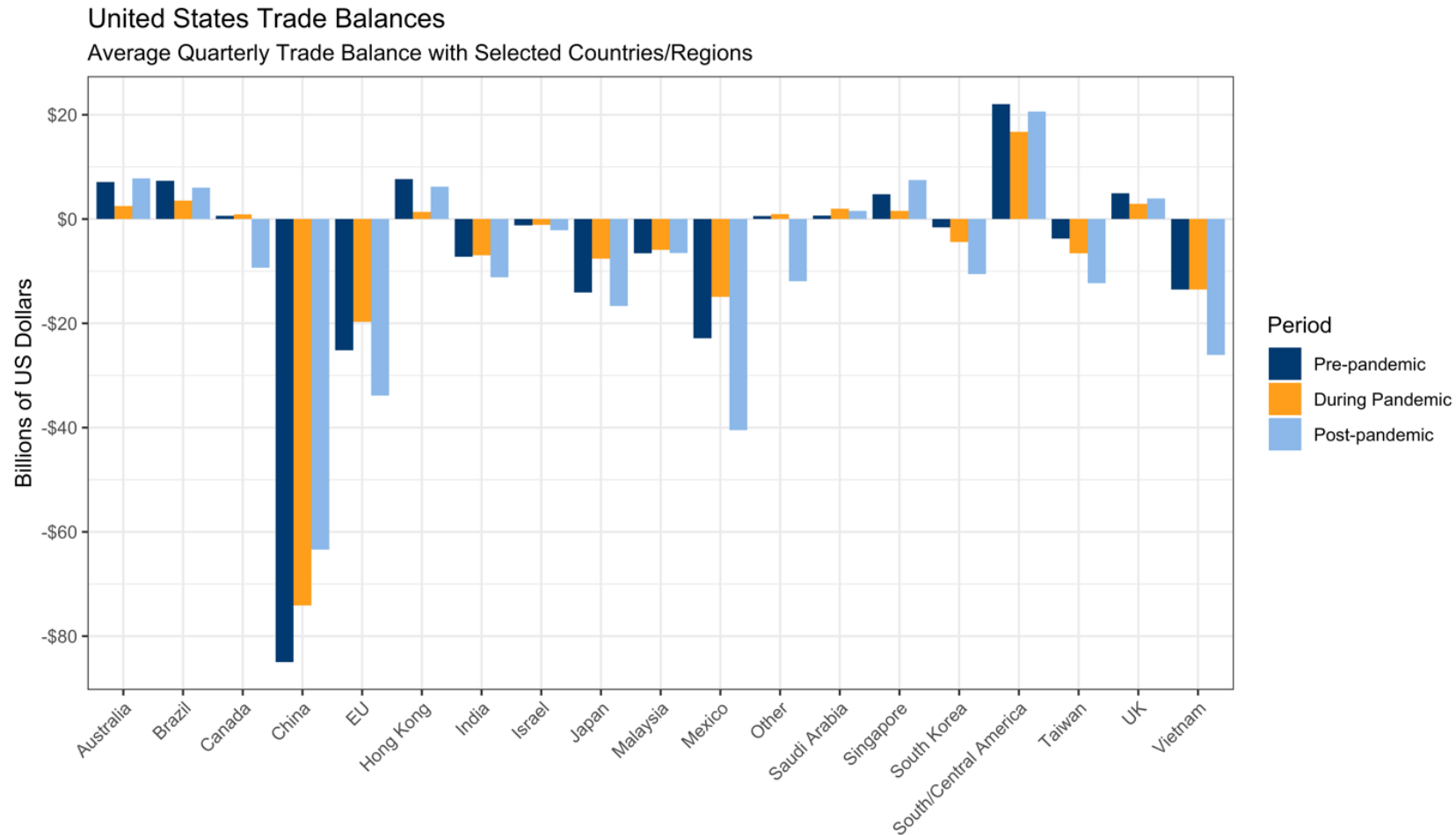
Table 2. Top 10 Foreign Holders of Federal Debt, by Country

December 2023			December 2019		
Country	Amount Held (\$ billions)	Percentage of All Foreign Holdings in Federal Debt	Country	Amount Held (\$ billions)	Percentage of All Foreign Holdings in Federal Debt
Japan	\$1,136.7	14.30%	Japan	\$1,155.2	16.88%
Mainland China	\$816.3	10.27%	Mainland China	\$1,069.9	15.63%
United Kingdom	\$679.2	8.55%	United Kingdom	\$392.1	5.73%
Luxembourg	\$370.7	4.66%	Ireland	\$281.9	4.12%
Canada	\$336.1	4.23%	Brazil	\$281.8	4.12%
Ireland	\$331.5	4.17%	Luxembourg	\$254.6	3.72%
Belgium	\$314.4	3.96%	Hong Kong	\$249.7	3.65%
Cayman Islands	\$305.4	3.84%	Cayman Islands	\$238.2	3.48%
Switzerland	\$287.9	3.62%	Switzerland	\$237.5	3.47%
Taiwan	\$252.5	3.18%	Belgium	\$207.4	3.03%
Total top 10 countries of foreign investors in federal debt	\$4,830.7	60.8%	Total top 10 countries of foreign investors in federal debt	\$4,368.3	63.8%
Total all foreign investment in federal debt	\$7,946.5	100%	Total all foreign investment in federal debt	\$6,844.2	100%

Source: Treasury Department International Capital System (TIC), <https://www.treasury.gov/resource-center/data-chart-center/tic/Documents/mfhhis01.txt>.

Notes: Data, including estimated foreign holders of federal debt historically by month, in these Treasury Department tables are periodically adjusted. Aggregate data totals in **Table 1** vary slightly from aggregate data totals in **Table 2** because of minor technical differences between the two sources. Percentage approximations calculated by CRS. Percentages may not sum to 100% due to rounding. Data current as of June 10, 2024.

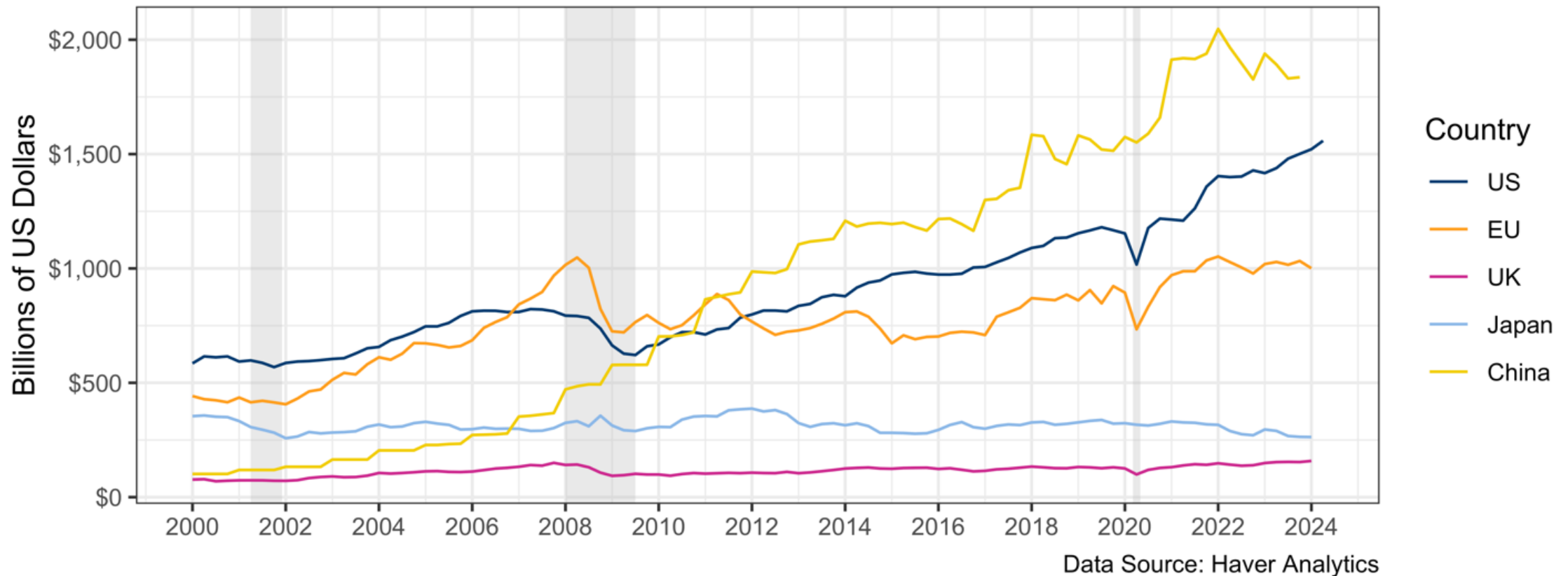
Changes in Trade Balance Mirror Treasury Debt Holdings



Data Source: Haver Analytics

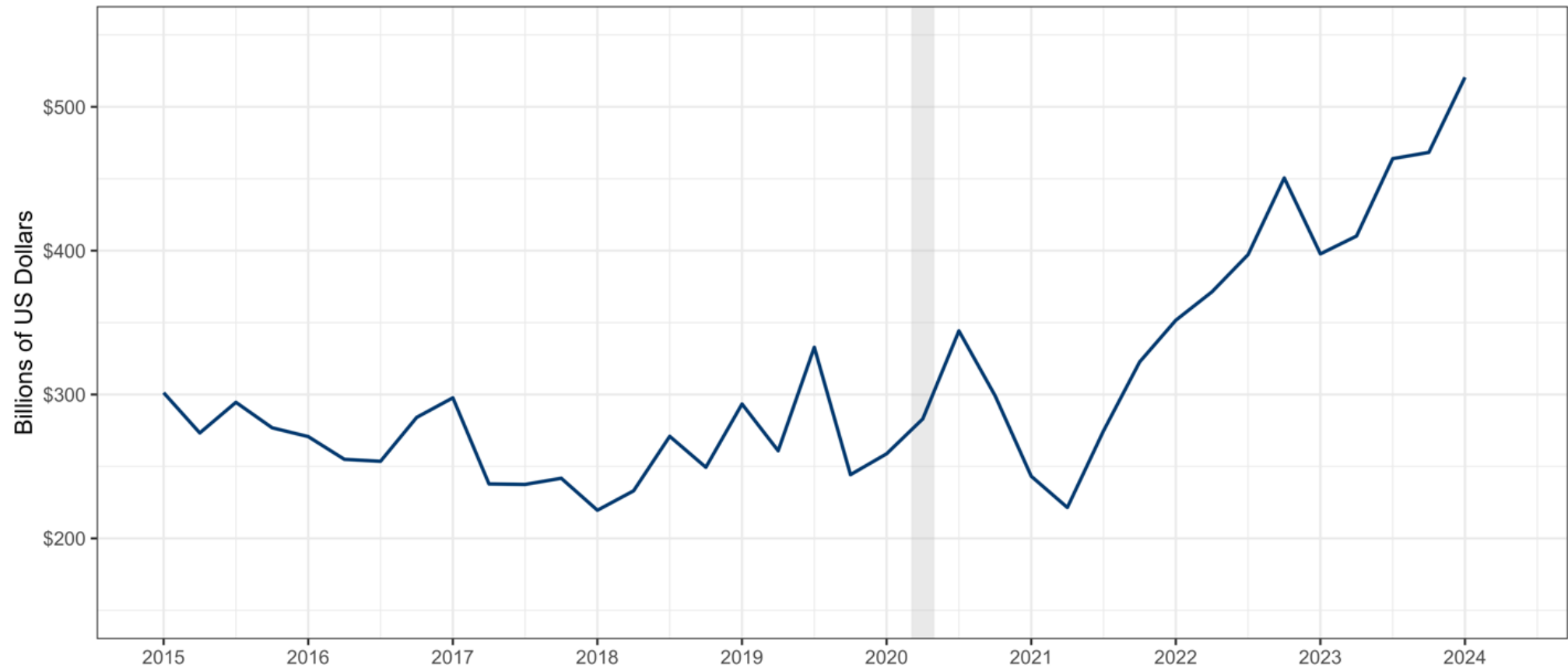
America's Post Pandemic Capital Boom

Global Gross Investment and Capital Formation
Quarterly, 2000 to Present



US – EU Capital Gap Widens

Gap in Gross Investment and Capital Formation between the United States and European Union
Quarterly, 2000 to Present

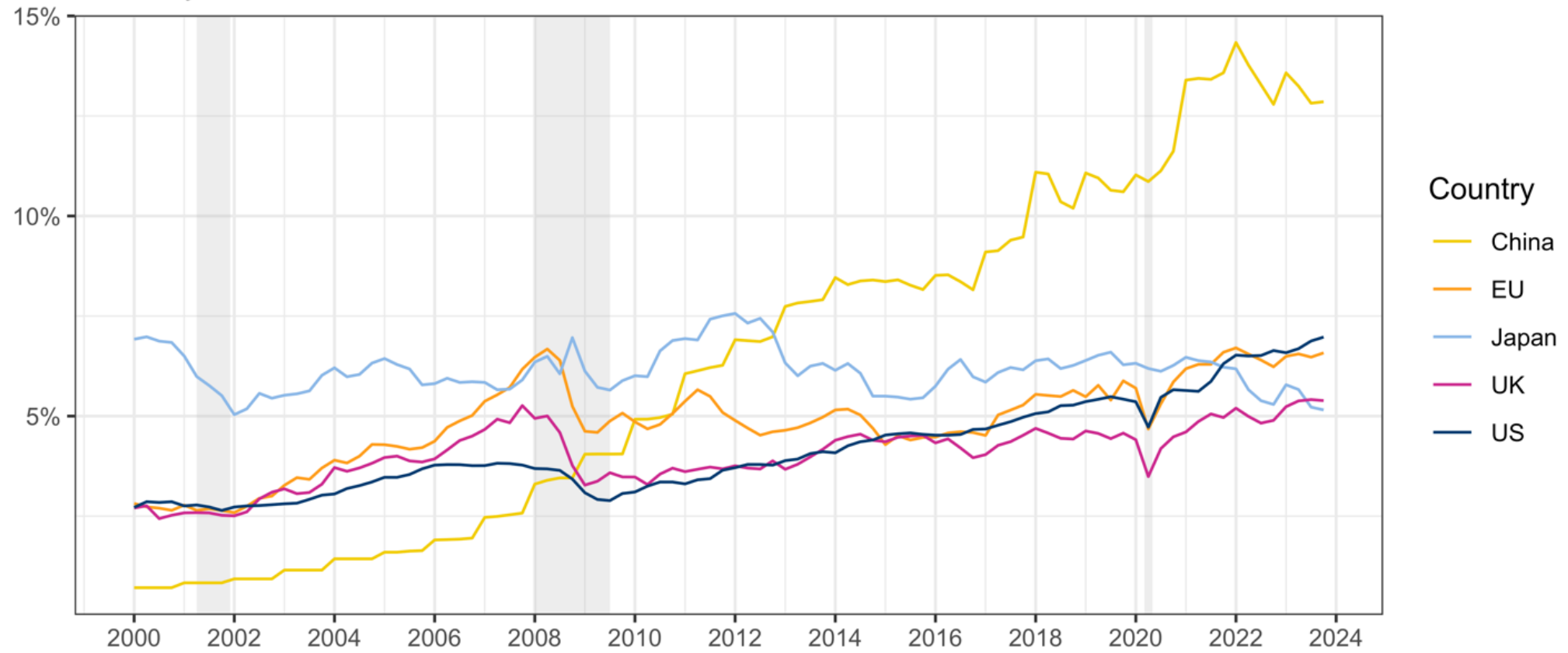


Data Source: Haver Analytics

Widening of Capital Gap Driven by Overall Economic Gap

Global Gross Investment and Capital Formation (Percent of 2019 GDP)

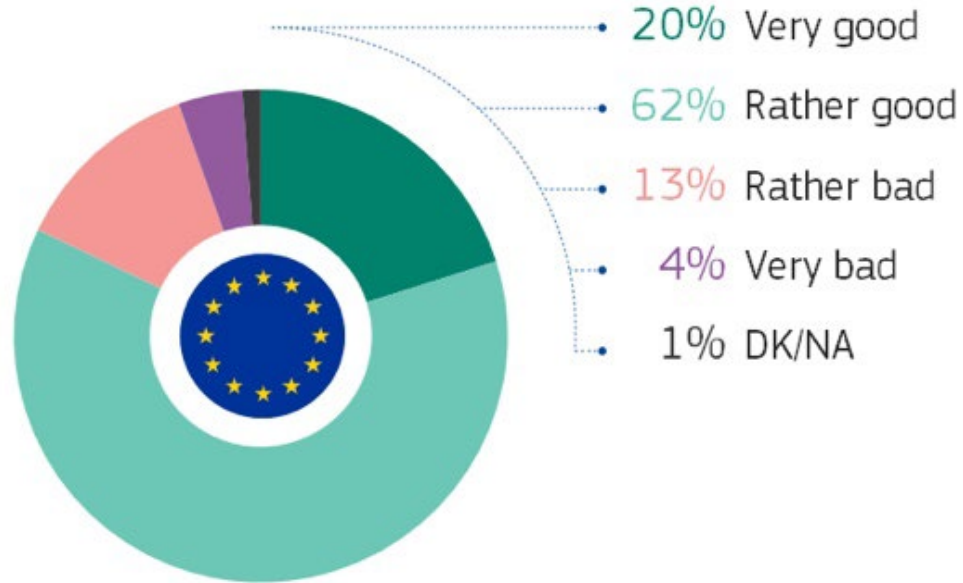
Quarterly, 2000 to Present



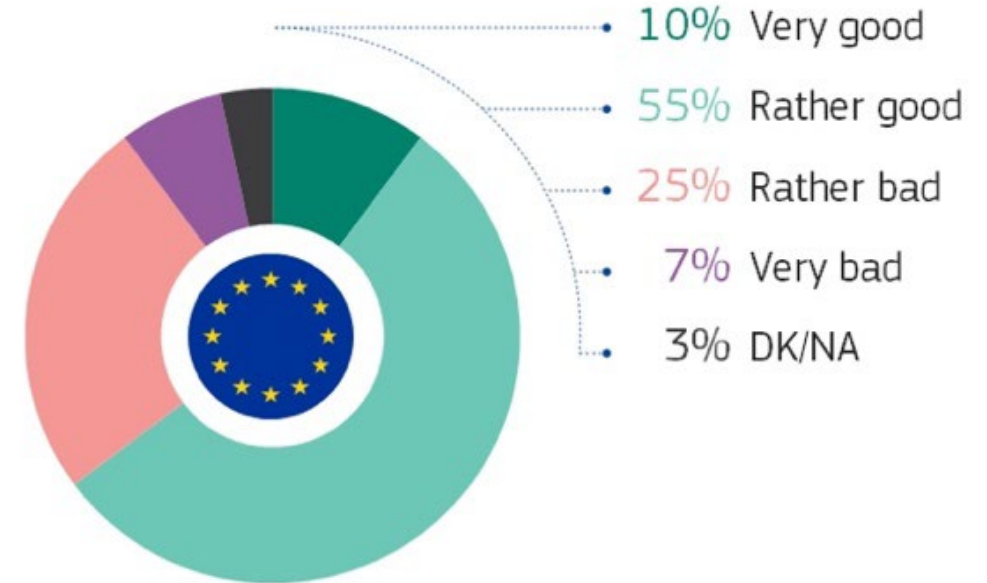
Data Source: Haver Analytics

Europeans Pretty, Pretty, Pretty Satisfied

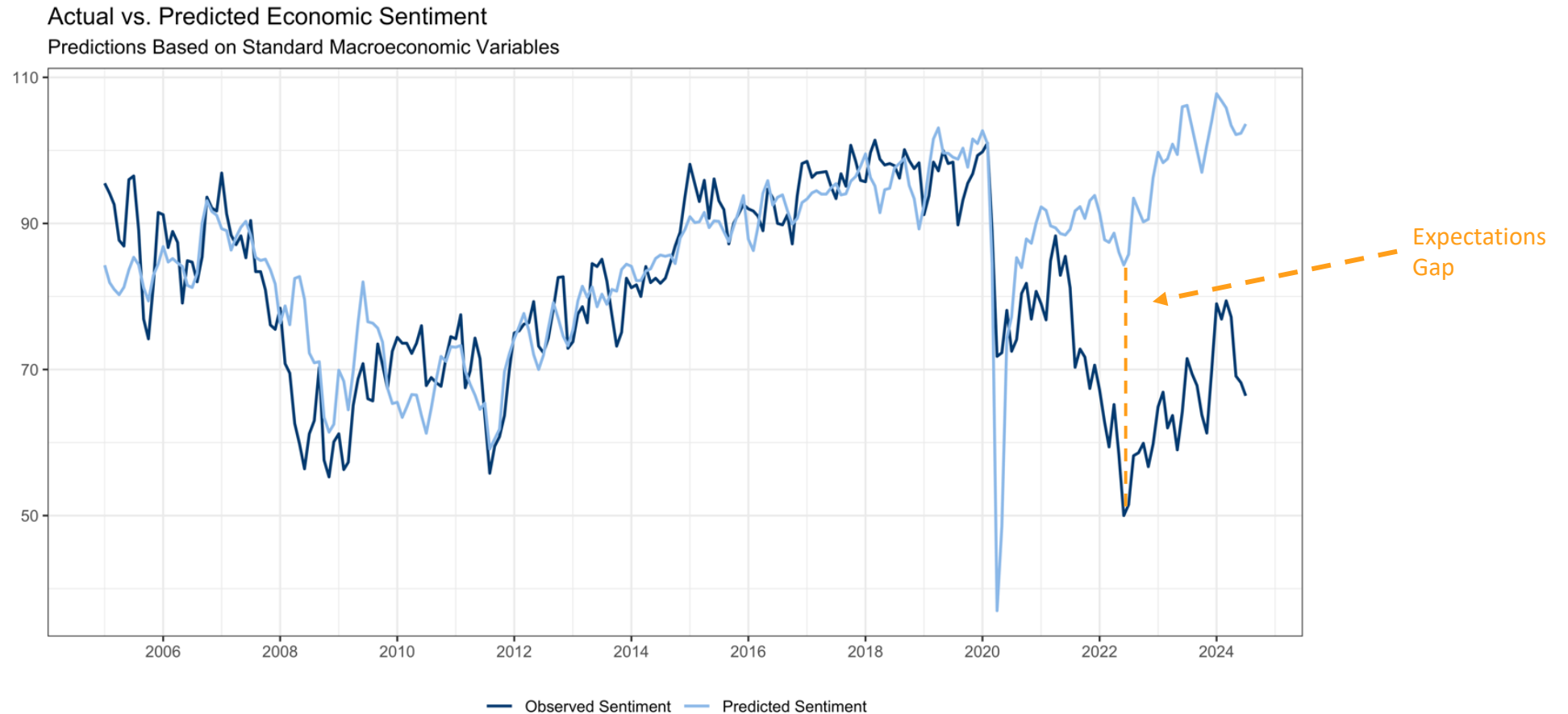
Quality of Life



Economic Situation



Americans Should be Happier.

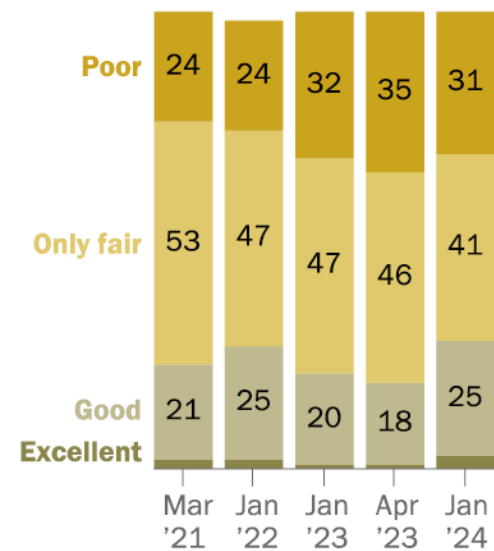


Data Source: Ryan Cummings, Ben Harris, and Neale Mahoney, The Paradox Between the Macroeconomy and Household Sentiment (Brookings Institution, October 18, 2023)

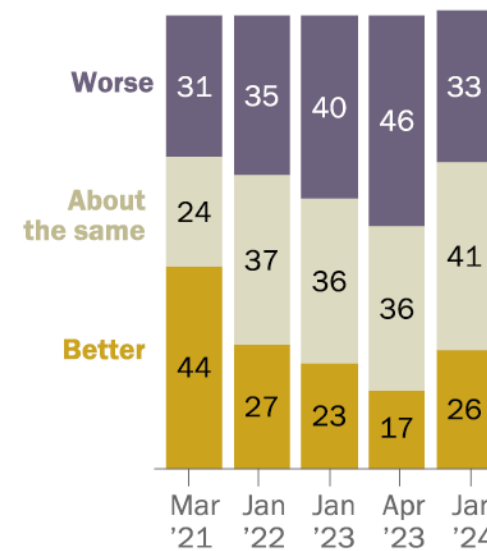
Why So Glum America?

Modest improvement in national economic outlook

% who say that economic conditions in this country today are ___



% who say they expect that economic conditions in the country will be ___ a year from now

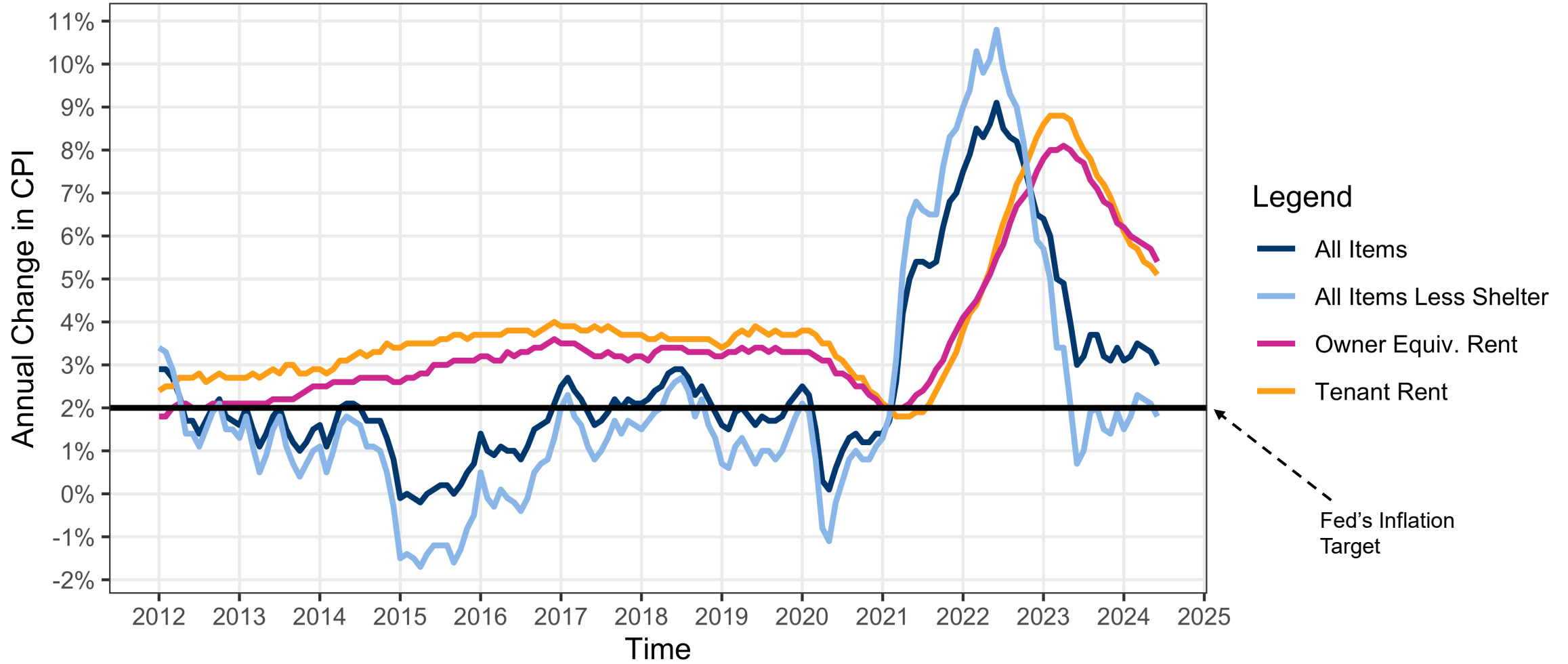


Note: No answer responses are not shown. Refer to the topline for full trend.

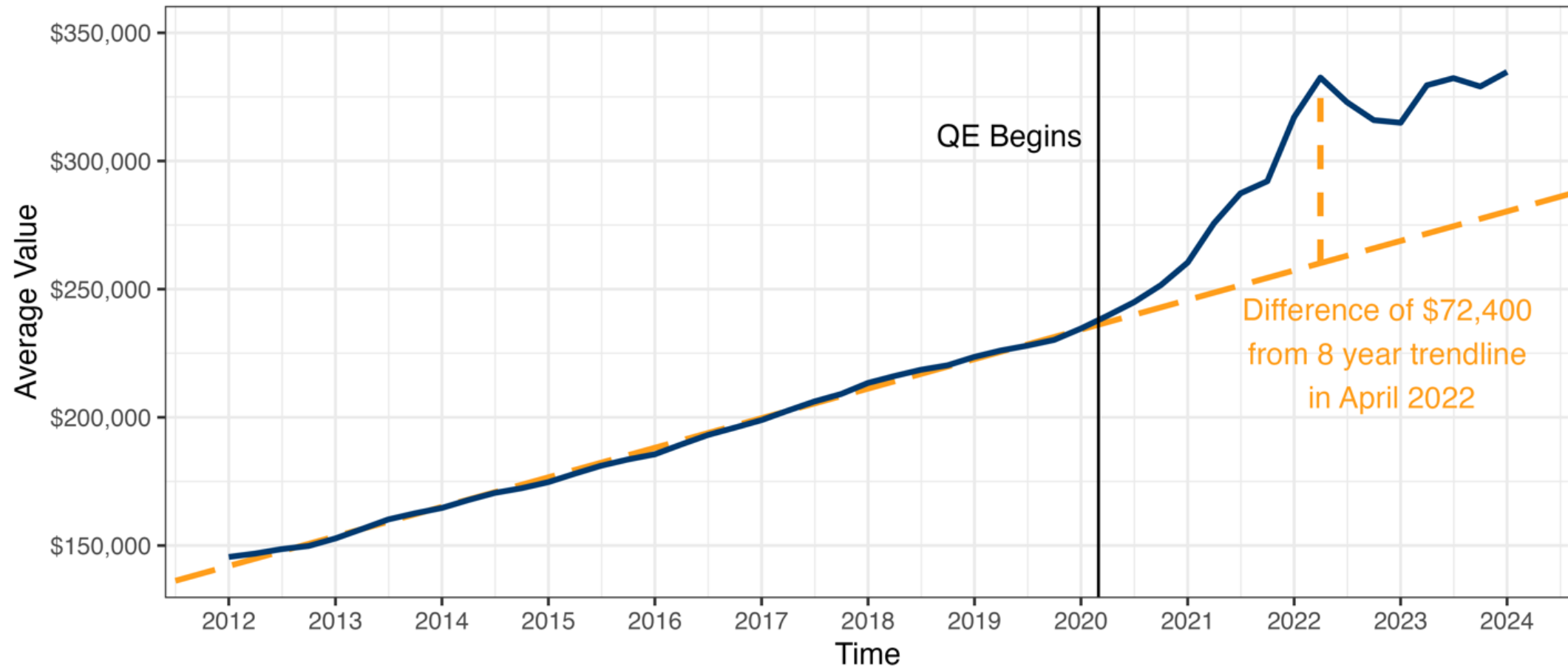
Source: Survey of U.S. adults conducted Jan. 16-21, 2024.

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America's Inflation: A Housing Story

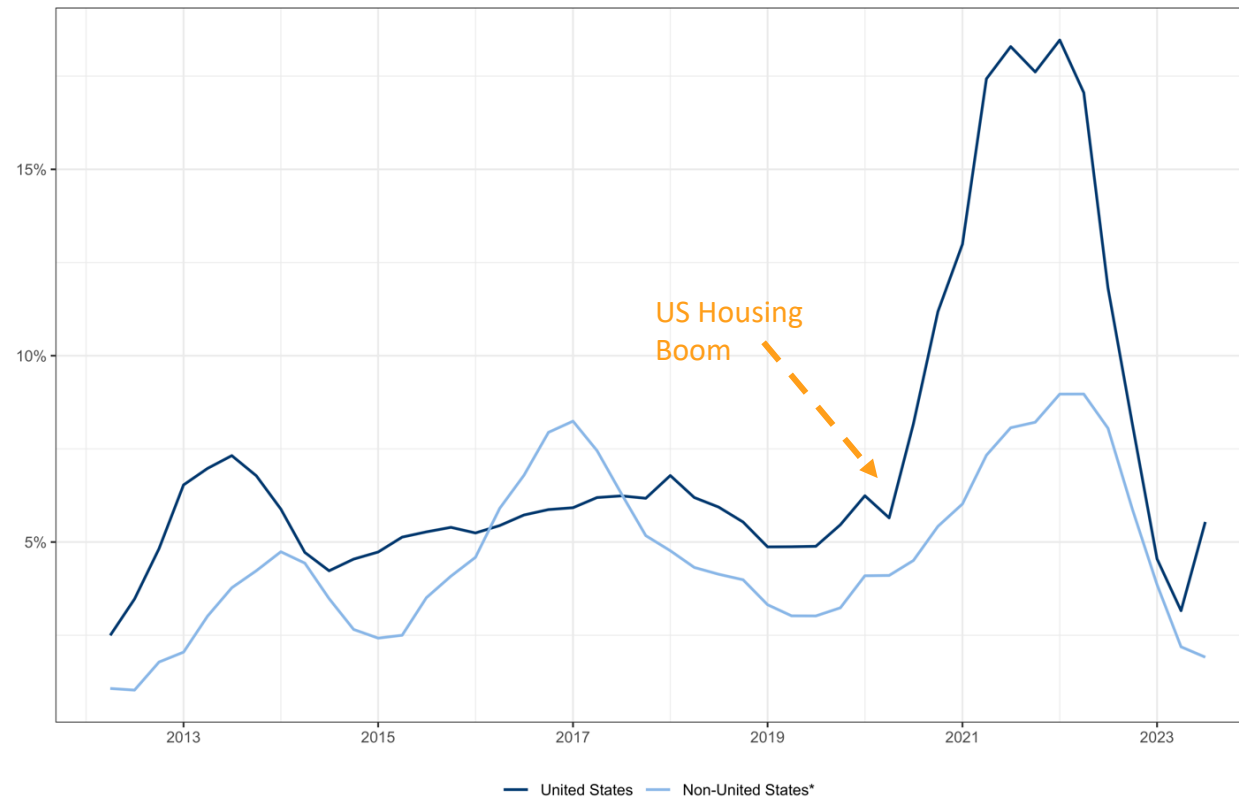


American Home Price Boom (Bubble) Driven by Fed's QE



Unlike Inflation, Housing Boom is made in America

House Price Appreciation: United States vs. Non-United States*
 Year-over-Year Change in Nominal House Price Index



Data Source: OECD

*Non-United States refers to the average (weighted by 2019 GDP) nominal house price index of 46 countries: Australia, Austria, Belgium, Canada, Chile, Colombia, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, United Kingdom, Brazil, Bulgaria, China, Croatia, India, Indonesia, Romania, Russia, Saudi Arabia, South Africa.

Republicans are unhappy with the economy

Political Polarization Driving Unhappiness, Asymmetrically