

Russia Just Dumped \$80 Billion in US Debt

The US Treasury published a report naming those countries that are the largest holders of US bonds. The list includes 33 countries, and for the first time Russia is no longer in it.

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Russia has stopped "[inching towards de-dollarization](#)" as I wrote about on July 3rd, and has now energetically walked out of the list of largest holders of US government bonds, hence this update. For the two months ending in May 2018, Moscow has offloaded more than \$80 billion in US Government debt obligations.

The \$30 billion "minimum" listing Rubicon has been crossed by Russia.

As of the end of May, Russia had bonds worth only \$ 14.9 billion. For comparison: in April, Russia was on the Treasury list with bonds totaling \$48.7 billion. Even then it was offloading US\$ debt securities as Russia owned in March over \$96 billion. At the end of 2017, Russia had US treasury securities worth \$102.2 billion. It is anyone's guess what Russia will own when the June and July figures are released in August and September – probably less than today.

This simply serves as a confirmation that Russia is steadfastly following a conservative policy of risk diversification in several areas such as financial, economic, and geopolitical. The US public debt and spend is increasingly viewed as a heightened risk area, deserving sober assessment.

So where have all the dollars gone? The total reserves of the Russian Central Bank have not changed and remain at approximately the equivalent of \$ 457 billion, so what we are seeing is a shift of assets to other central banks, other asset classes, just not US\$ government bonds.

During the same time (April-May) as this US\$ shift happened, the Russian Central Bank bought more than 1 million troy ounces of gold in 60 days, and continues.

For comparison sake, the maximum Russia investment in US public debt was in October 2010 totaling \$176.3 billion. Today it is \$14.9 billion.

The largest holders of US government bonds as of May are China (\$ 1,183.1 billion), Japan (\$ 1,048.8 billion), Ireland (\$ 301 billion), Brazil (\$ 299.2 billion), Great Britain (\$ 265 billion).

Using the similar conservative metrics that the Russian Central Bank has been rather successfully applying through this geopolitically and economically challenging period with

the US and the US Dollar, it may not stretch the imagination too much that other countries such as China may eventually follow suit. Who will finance the debt/spend then?

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