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The World's Biggest Pain Trade Gets Even More Painful

The slow drain from the US

By [Tracy Alloway](#) and [Joe Weisenthal](#)

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The result of all these years of US outperformance is that the world is now overweight US stocks. I mean *really* overweight. American equities (Big Tech especially) have come to dominate benchmark indices and global markets more than ever.

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If you're a global investor buying MSCI, AWS or whatever, you are automatically going to be buying a lot of America! As [George Saravelos](#) over at [Deutsche Bank](#) has pointed out, the result is that foreign investors now own some \$18.4 trillion worth of US equities. A lot of that number is simply the result of US stocks going up in value over time (rather than an active shift in allocation towards America), but the result is still pretty remarkable! US stocks now account for about 35% of European investors' total equity portfolios, up from about 10% as recently as 2011.