

Macro Roundup Article

Headline: [China's Current Account Surplus Is Likely Much Bigger Than Reported](#)

Article

Link: <https://www.cfr.org/blog/chinas-current-account-surplus-likely-much-bigger-reported>

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Summary: [In the official reports] both the goods surplus, which is much smaller in the balance of payments than in the customs data, and balance on investment income, which remains in deficit even with the rise in U.S. interest rates, are suspicious. With reasonable adjustments, China's “true” current account surplus might be \$300 billion larger than China officially reports. That's real money, even for China. The model implies China's overall income balance should now be back in a surplus of around \$70 billion thanks to the rise in U.S. short-term interest rates. So without the unexplained deficit in investment income and the discrepancy between customs goods and balance of payments goods, and China's current account surplus would now be around \$800 billion, over 4 percent of its GDP. Related: [Managing Economic and Financial Entanglements With China](#) and [Can China Reduce Its Internal Balances Without Renewed External Imbalances?](#)

Primary Topic: China

Topics: China, Database, GDP, Op-Ed/Blog Post, Savings Glut/Trade Deficit, Weekly

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