

Macro Roundup Article

Headline: [As Long As The US Is Outlet For China's Surplus Rumors Of Decoupling Are Overstated](#)

Article Link: https://twitter.com/Brad_Setser/status/1723841731395793359

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Tweet: [@Brad_Setser](#) argues “the right measure of Sino-American decoupling is when the United States is no longer the outlet for China's surplus.” Cumulatively, global surpluses and deficits have to match, and the US is supplying the majority of global deficits.

Summary: Now that Europe's current account is back in balance, and Japan is back in surplus, the question of who balances China's current account surplus begs to be answered. There is a risk here, namely that the global economy -- albeit with frictions -- remains relatively integrated. Global politics is far more fractured. There isn't an easy way to solve this dilemma so long as China and others need outlets for their surpluses and equally the US external deficit far exceeds what now can be financed by G-7 countries. Politics and economics diverge, even if the mechanics of measuring bilateral trade and financial flows don't quite capture it. Related: Hidden Exposure: Measuring U.S. Supply Chain Reliance and How America Is Failing To Break Up With China and The Global Constraints To Chinese Growth

Primary Topic: Savings Glut/Trade Deficit

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

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