

Macro Roundup Article

Headline: [Brad Sester On Trade Deficit](#)

Article Link: https://twitter.com/Brad_Setser/status/1623040511085842472

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Tweet: [. @Brad_Setser notes while measured imports have shifted towards other Asian trading partners, US trade with China is “basically unchanged \(in aggregate\) despite the pandemic and trade war.”](#)

Summary: The persistence of the pandemic distortions makes assessing broad structural shifts - notably with respect to China - difficult. There is no doubt that measured imports (on the US side) have shifted toward other Asian trade partners. There is no doubt that the increase in imports from Asia (setting China aside) is actually pretty broad based. Vietnam has outperformed but it is far from alone. On the other hand I don't think anyone would have forecast back in early 2019 that the intensification of Trump's tariffs and a global pandemic would leave US trade with China basically unchanged (in aggregate). So while there is no doubt that the post-pandemic surge in US goods demand (which is now fading) led to a large increase US demand for a host of imports, I at least am not convinced that there has (yet) been a significant shift away from the Chinese supply chain. And I do expect the traditional drivers of US trade -- including the (still) strong dollar -- to reassert themselves in 2023.

Primary Topic: Savings Glut/Trade Deficit

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

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