

Macro Roundup Article

Headline: [The Threat from China's Capital Flight](#)

Article Link: <https://theovershoot.co/p/the-threat-from-chinas-capital-flight>

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Tweet: [.@M_C_Klein estimates that Chinese capital flight is at least \\$500b annually; he suspects that the official Chinese current account surplus is understated by a similar amount.](#)

Summary: There are enough oddities within China's official balance of payments statistics to suggest that the country's actual current account surplus may be nearly 3x the official figure. If so, that would make China's current account surplus not just the largest that it has ever been in absolute terms, but about as large as it has ever been relative to the rest of the world's economy. Perhaps surprisingly, the emergence of this massive surplus has coincided with downward pressure on the Chinese yuan, with the People's Bank of China (PBOC) selling \$43 billion in foreign exchange reserves in 2023 Q3. The likeliest explanation is that the Chinese are now pulling about \$500 billion/year out of the country. In other words, capital flight pressures have intensified over the past few years, perhaps in response to the Chinese government's increasingly arbitrary exercises of power against its subjects. Related: Net Outflow of Funds from China Hits 7-Year High in September and The Rise & Fall of Foreign Direct Investment in China and China's Age Of Malaise

Primary Topic: Financial Markets

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

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