

Macro Roundup Article

Headline: [The New Geopolitics of Global Finance](#)

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Tweet: The run-up in energy prices has driven an increase in trade imbalances, with a ~ \$1 Trillion surplus largely ending up in the hands of autocratic countries: China, Russia, Saudi Arabia, and the Gulf. @Brad_Setser

Summary: There was an enormous swing in the trade surplus of the energy-exporting economies, and surprisingly, China's surplus also has continued to rise. Russia's surplus is set to top \$250 billion. Saudi Arabia's surplus should top \$200 billion. The other monarchies in the Gulf should have a surplus comparable to that of the Saudis—if anything, it will be a bit bigger. Summed up, these autocratic countries' surpluses should total about \$1 trillion in 2022. But there is an important difference between now and then: the big autocratic surplus countries are not adding to their formal foreign exchange reserves. By implication, private financial intermediaries somewhere around the world will need to absorb Treasury bonds. Just as financial intermediaries globally had to absorb U.S. "subprime" (household) risk prior to the global crisis, now they have to absorb U.S. interest rate risk.

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Primary Topic: Fiscal Deficits

Topics: Fiscal Deficits, Savings Glut/Trade Deficit

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