

Macro Roundup Article

Headline: [The IMF's Latest External Sector Report Misses the Mark](#)

Article Link: <https://www.cfr.org/blog/imfs-latest-external-sector-report-misses-mark>

Author(s)	Brad Setser
Publication	Council on Foreign Relations
Publication Date	August 27, 2024

Tweet: [.@Brad_Setser](#) argues that the IMF's latest report on international trade "misses the mark," by relying on misleading Chinese current account data and that the global goods imbalance is now larger in dollar terms than it was prior to the pandemic.

Summary: The global goods imbalance (using customs data from the world's major economies and the IMF's data for fuel-exporting economies) is now bigger than it was prior to the pandemic in dollar terms—and China's share of the imbalance has also gone up. China's exports have absolutely surged this year. Export volumes are up by something like 12% in the last twelve months of data while import volumes are only up 4%. [The IMF report is] a selective read of the impact of current policies and prices. China's decision to prioritize goods supply and "new productive forces" over household demand should widen, not reduce, the global current account imbalance. Moreover, the weakening of the yuan, yen, and won in 2023 as well as the strengthening of the dollar in 2022 and 2023 should naturally lead trade imbalances to widen, not shrink. The IMF also missed some key global trends, largely because it relied on China's misleading current account data. China changed its data methodology radically in 2022: it stopped using its customs data to calculate its balance of payments goods surplus.

Related Articles: [Why China Is Starting a New Trade War and China's Real Economic Crisis and Chinese Weakness Is the Real "China Shock"](#)

Primary Topic: China

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

Permalink: https://www.edwardconard.com/macro-roundup/brad_setser-argues-that-the-imfs-latest-report-on-international-trade-misses-the-mark-by-relying-on-misleading-chinese-current-account-data-and-that-the-global-goods-imba?view=detail

Featured Image Link: <https://www.edwardconard.com/wp-content/uploads/2024/08/22854-the-imfs-latest-external-sector-report-misses-the-mark-featured-thumbnail-image.png>