

## Macro Roundup Article

**Headline:** [Setser On US Current Account Deficit](#)

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**Tweet:** Over the past four quarters, inflows from official investors covered half of the US's current account deficit. @Brad\_Setser

**Summary:** Rather quietly, inflows from official investors came close to generating about half of the net inflows needed to sustain the United States' current account deficit (over the last 4qs of data, q3 23 may be different). A lot of the inflow over the last 4qs (q3 22 to q2 23) has gone into equities and bank deposits so it doesn't get the attention of Treasury flows. But q2 23 Treasury inflows were substantial as well. Total foreign demand for LT US bonds (official and private, including private demand for corporate bonds) exceeded the US current account deficit in q1 2023. The fall in reported foreign holdings last year though got a lot more attention. The IMF's data for global reserves isn't available (yet) for q2, but central banks added to their dollar holdings in q1 (and likely q2). They are getting a lot of coupon payments on their existing stock-- and reinvesting I assume. Related: Setser On Chinese "De-Dollarizing" and Saudi Arabia's PIF and the New Petrodollar Recycling and Shadow Reserves — How China Hides Trillions of Dollars of Hard Currency

**Primary Topic:** Financial Markets

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

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