

Macro Roundup Article

Headline: "The International Role of the U.S. Dollar" Post-COVID Edition

Article Link: <https://www.federalreserve.gov/econres/notes/feds-notes/the-international-role-of-the-us-dollar-post-covid-edition-20230623.html>

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Tweet: The dollar's dominant international role has remained steady over the past two decades, as measured by share of official currency reserves, FX transaction volume, foreign currency debt, cross-border deposits, and cross-border loans. @federalreserve

Summary: A review of the use of the dollar globally over the last two decades suggests a dominant and relatively stable role. To illustrate this stability, we construct an aggregate index of international currency usage. This index is computed as the weighted average of five measures of currency usage for which time series data are available: Official currency reserves, FX transaction volume, foreign currency debt instruments outstanding, cross-border deposits, and cross-border loans. The dollar index level has remained stable at a value of about 70 since 2010, well ahead of all other currencies. The euro has the next-highest value at about 23, and its value has remained fairly stable as well. While international usage of the Chinese renminbi has increased over the past 20 years, it has only reached an index level of about 3, remaining even behind the Japanese yen and British pound, which are at about 7 and 6, respectively.

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, Government/NGO, Weekly

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