

Macro Roundup Article

Headline: [Will China's Economic Slump Be Contagious?](#)

Article

Link: <https://nymag.com/intelligencer/2023/09/will-chinas-economic-slump-hit-the-u-s.html>

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Tweet: .@Brad_Setser notes the Yuan is at an ~ 15-year low relative to the \$ and worries that China may pursue a global beggar-thy-neighbour policy by devaluing the Yuan.

Summary: The big way I think China could negatively impact the U.S. economy is that if China decides to export its way out, the U.S. is still the biggest market for consumer goods and the biggest market for imported goods globally. If China really wanted to export its way out, let its currency go, there would be a big further depreciation in the Yuan. And the Yuan's already a 15-year low, more or less. If the Yuan goes back to the levels where it was when China joined the WTO, without an enormous ratcheting up of trade restrictions, there would be pressure on certain parts of the U.S. economy that I think would be meaningful. There's no doubt that China has the biggest manufacturing base in the world. And those parts of the U.S. economy that compete with it may face difficulty if China can't find a way to recover other than exports.

Related Articles: Setser On China's Trade Surplus and Brad Setser On Deglobalization and Is the Chinese Government Pushing Down the Yuan?

Primary Topic: China

Topics: China, Financial Markets, GDP, News article, Savings Glut/Trade Deficit

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