

BANK FOR INTERNATIONAL SETTLEMENTS

Conference on Dollars, Debt, and Deficits – 60 Years after Bretton Woods

Global imbalances and
exchange rates

by Malcolm D Knight,
General Manager
Bank for International Settlements

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Global imbalances and exchange rates

Table 1

Changes in current account imbalances 1997-2003

Country/region	In billions of US dollars	As per cent of GDP
United States	-421	-3.4
Euro area	-42	-0.9
Japan	39	1.0
Emerging Asia	130	3.0
Latin America	71	3.5
Transition economies	37	3.2
Others	58	na
Total	-128	-0.4

Source: IMF.

Table 2

Changes in current account imbalances 1981-1987

Country/region	In billions of US dollars	As per cent of GDP
United States	-166	-3.6
EU	57	1.7
Japan	79	3.0

Source: IMF

Table 3

Changes in current account imbalances 1987-1991

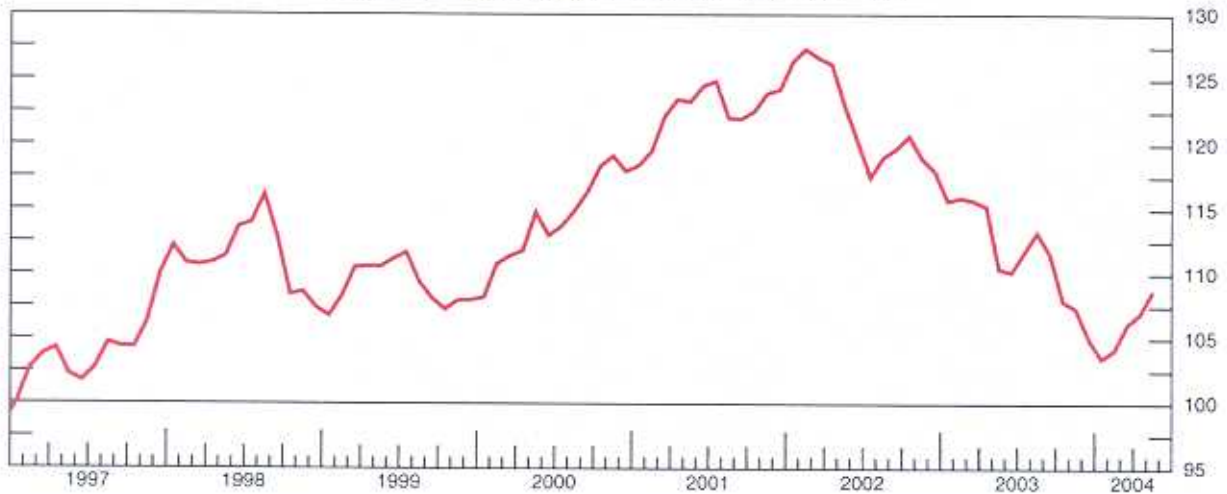
Country/region	In billions of US dollars	As per cent of GDP
United States	164	3.5
EU	-104	-1.7
Japan	-16	-1.5

Sources: IMF

Graph 1

US real effective exchange rate

In terms of relative consumer prices; January 1997 = 100

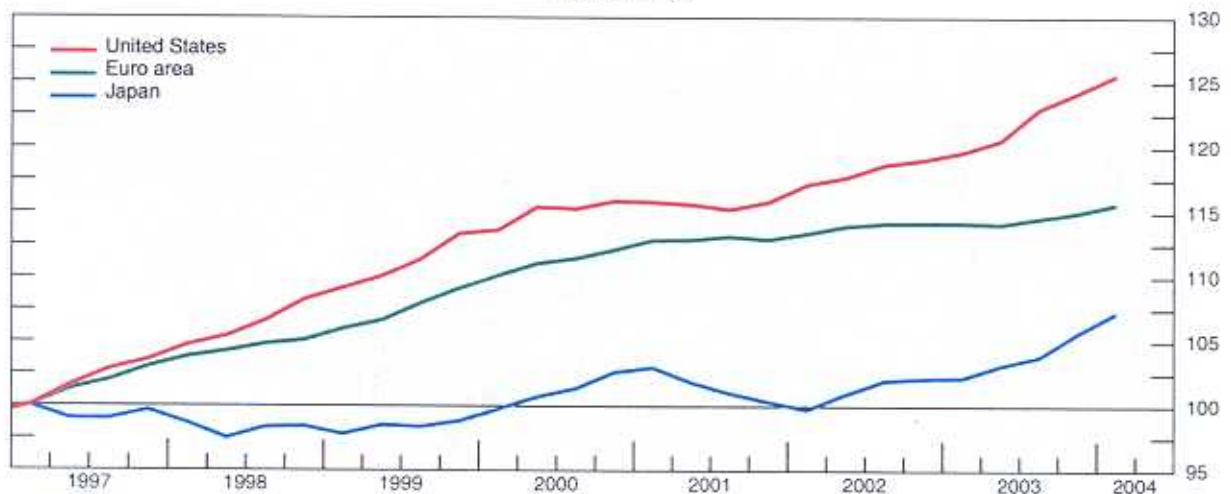


Source: BIS.

Graph 2

Real GDP growth

1997 Q1 = 100

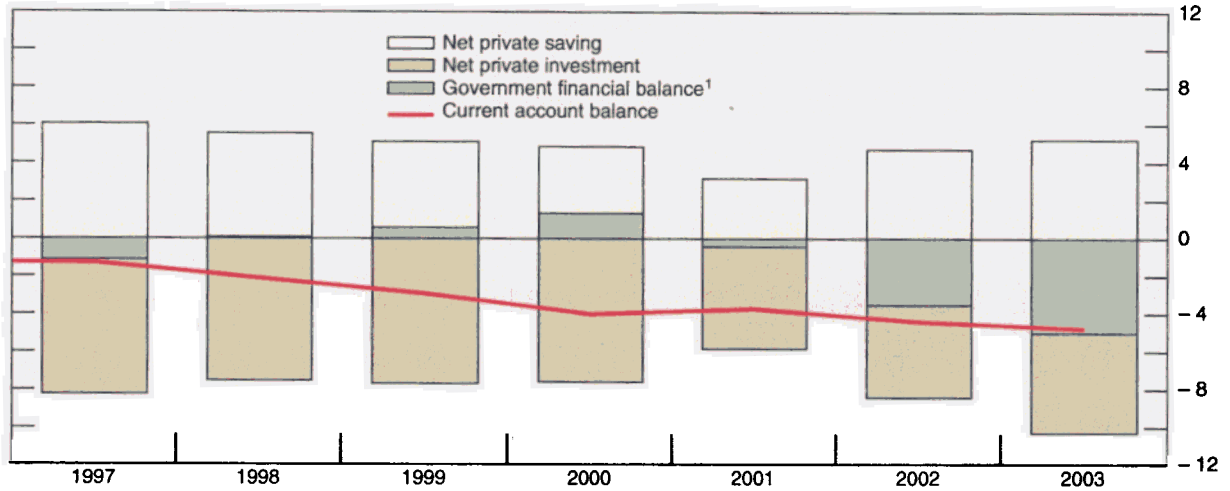


Source: National data.

Graph 3

Saving and investment in the United States

As a percentage of GDP



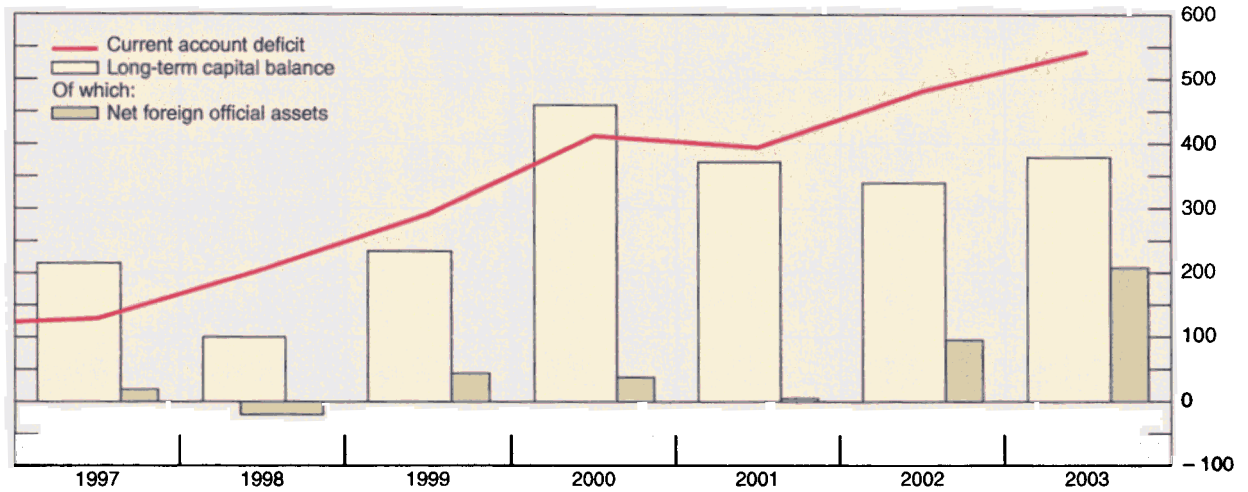
¹Defined as gross saving less gross investment.

Source: US Bureau of Economic Analysis (SCB table 5.1).

Graph 4

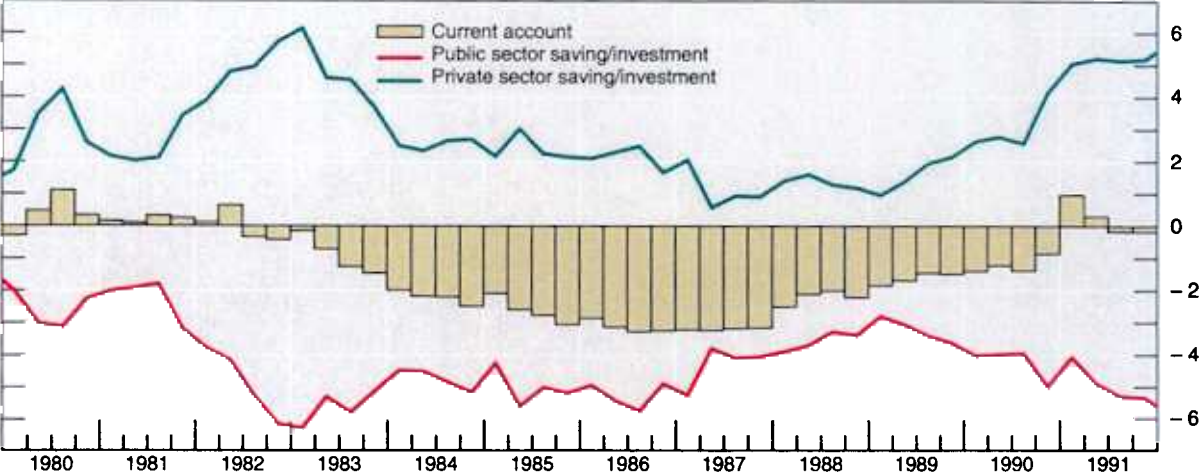
Current account and long-term capital in the United States

In billions of US dollars



Source: US Bureau of Economic Analysis.

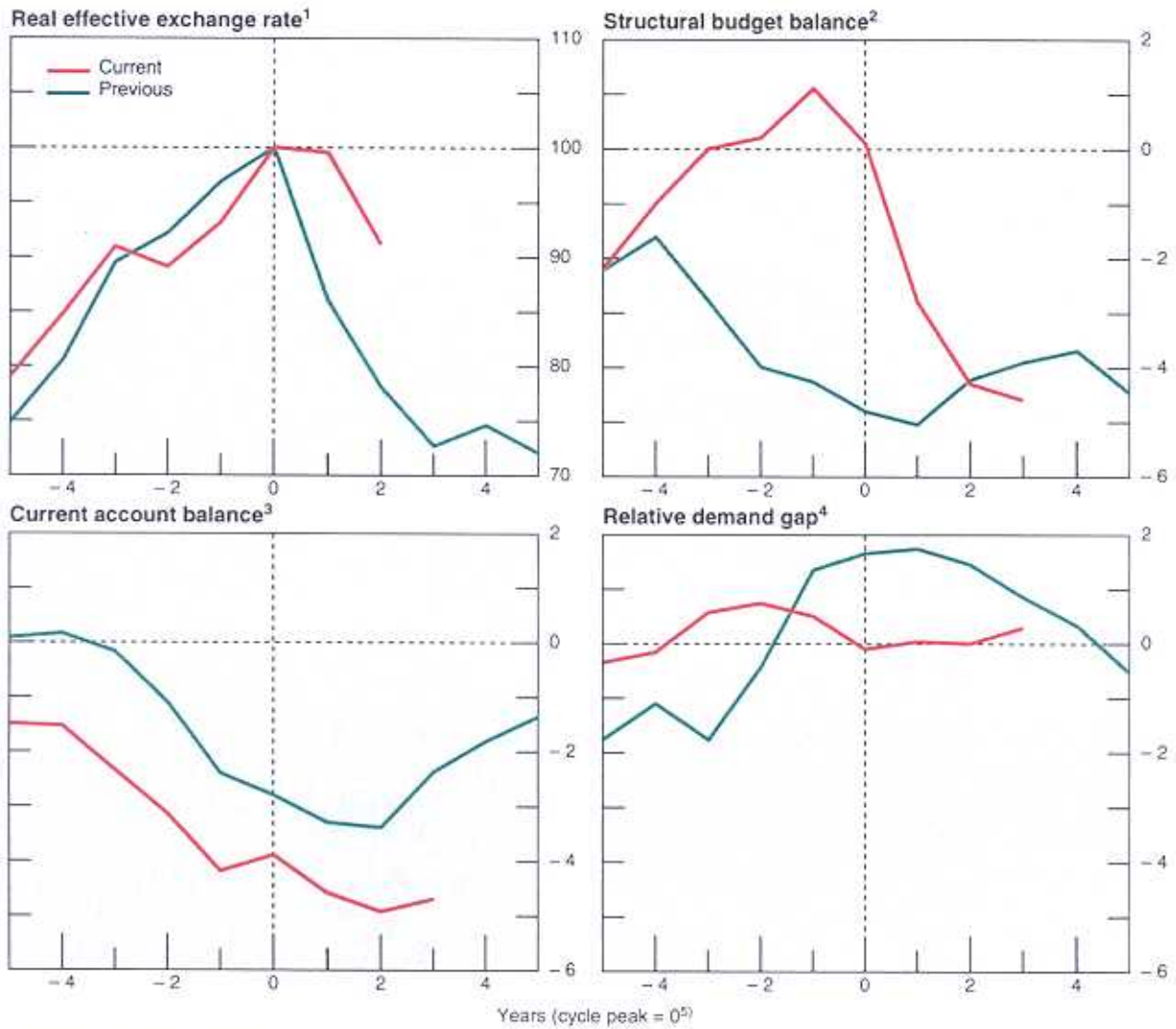
Graph 5 **US current account and domestic saving-investment balances**
As a percentage of GDP



Source: US Bureau of Economic Analysis.

Graph 6

Current and previous cycle in the United States



¹ In terms of relative consumer prices; peak year = 100. ² General government cyclically adjusted financial balance, as a percentage of potential GDP (OECD definition). ³ As a percentage of GDP. ⁴ US gap less rest-of-OECD gap; in real terms. ⁵ Defined by a peak in the real effective exchange rate; current and previous peak: 2001 and 1985 respectively.

Sources: National data; OECD; BIS.