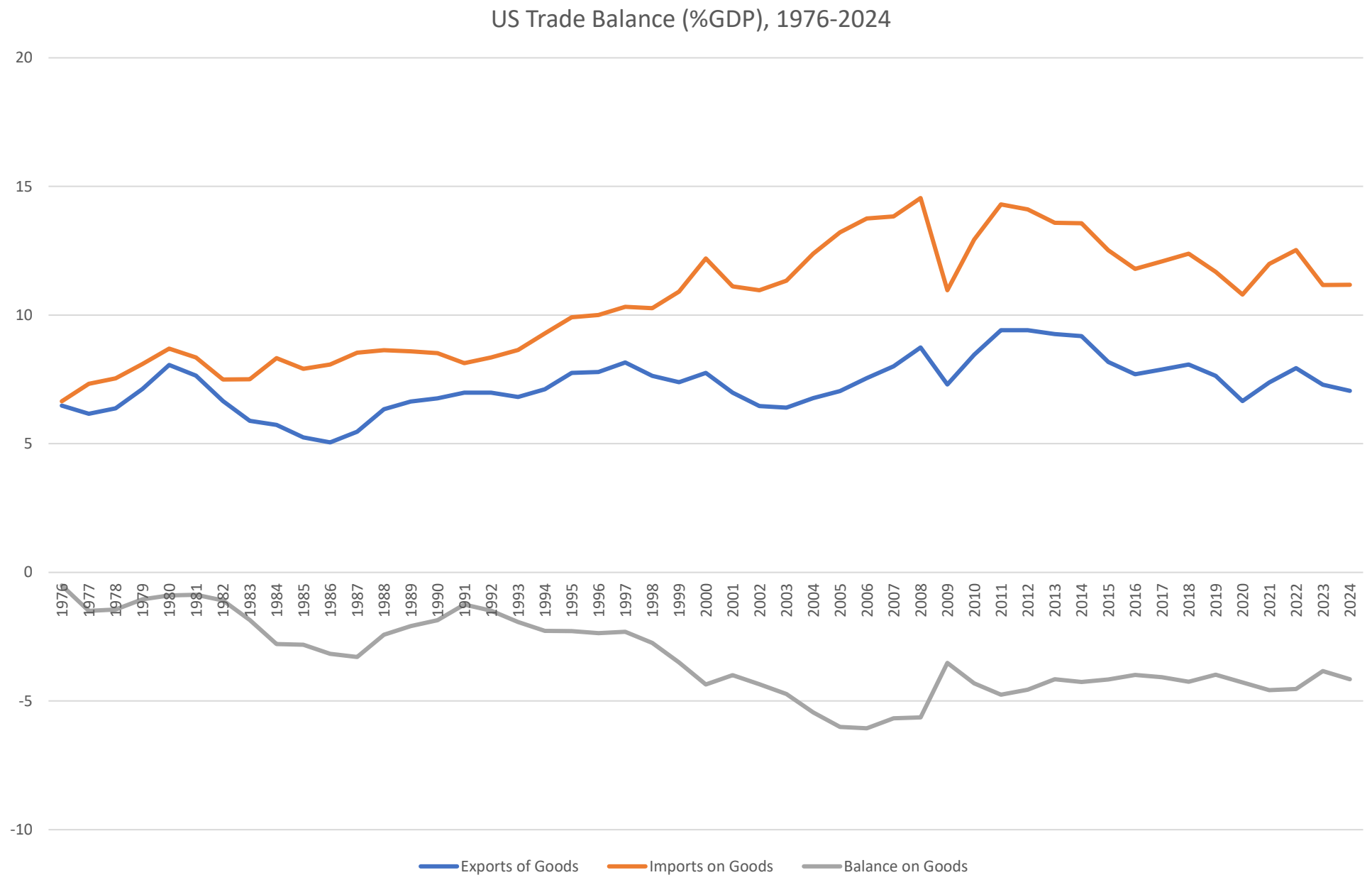
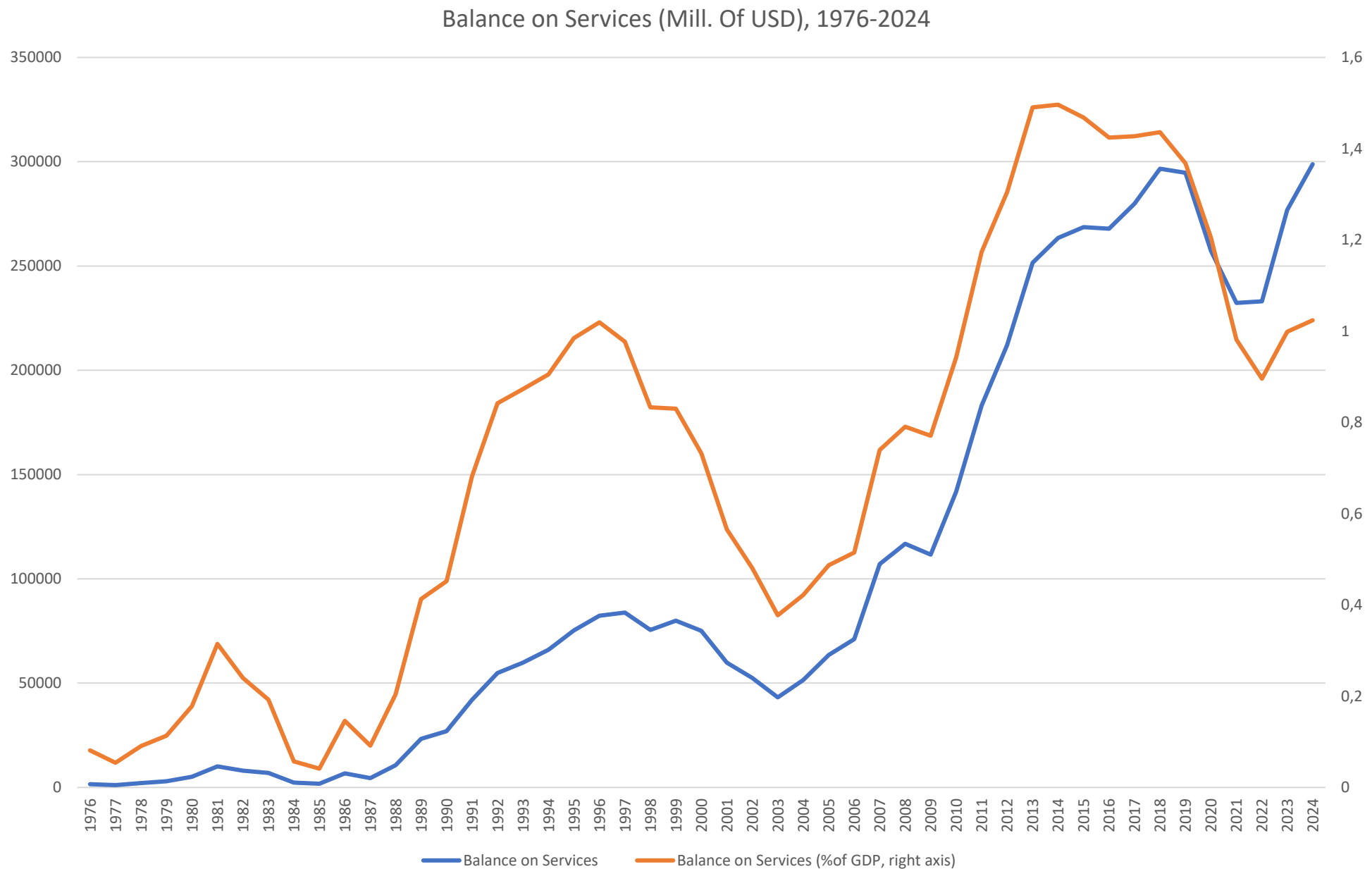


The trade balance is the difference between the value of exports and the value of imports in USD. It has been consistently negative since the early 1980s, although both exports and imports increased.

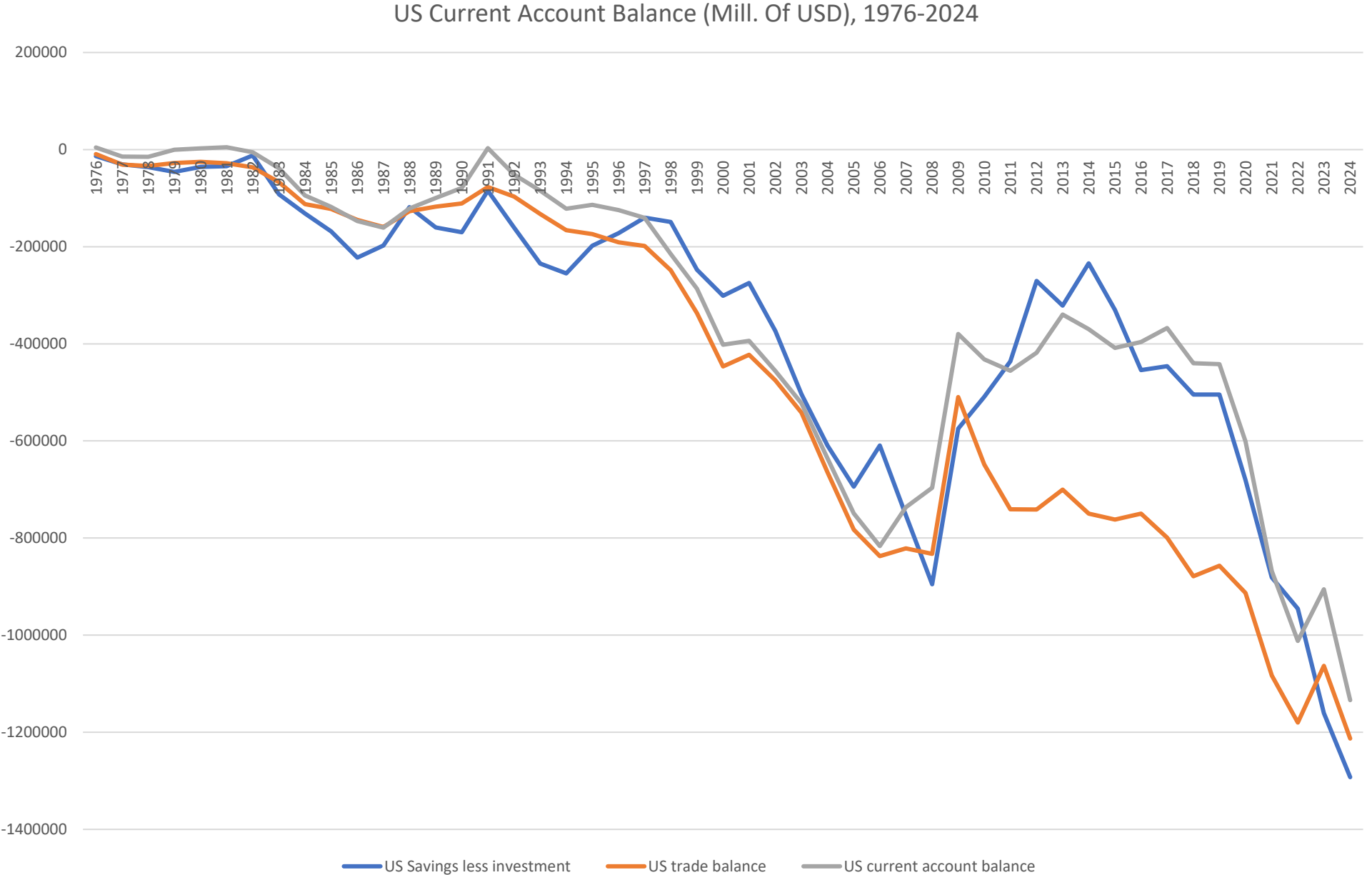


Relative to GDP, the biggest decline of the trade balance was between 1991 and 2007 – the high time of financial globalization. After 2011, exports and imports fell relative to GDP and the trade deficit remained flat.

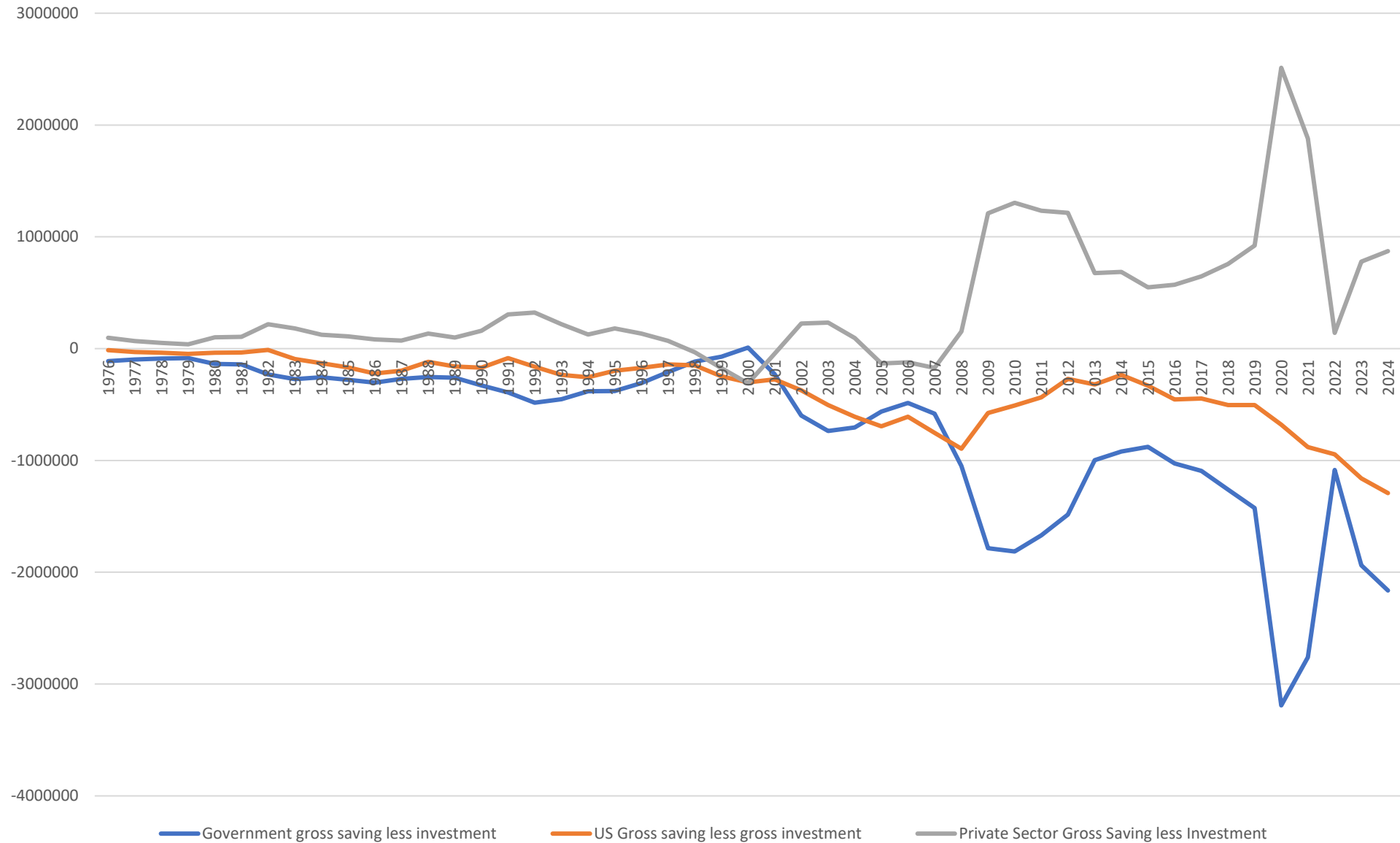


The balance on services is the difference between the value of exports and imports of services. It is persistently positive and has been growing both in dollar terms and relative to GDP.

The current account balance is the difference between total exports (goods, services, and wages and interest income) and total imports. Accounting-wise it is equal to the savings-investment gap of the economy as a whole. In most years the current account and the trade balance are roughly equal. A current account deficit means the country is borrowing from abroad.

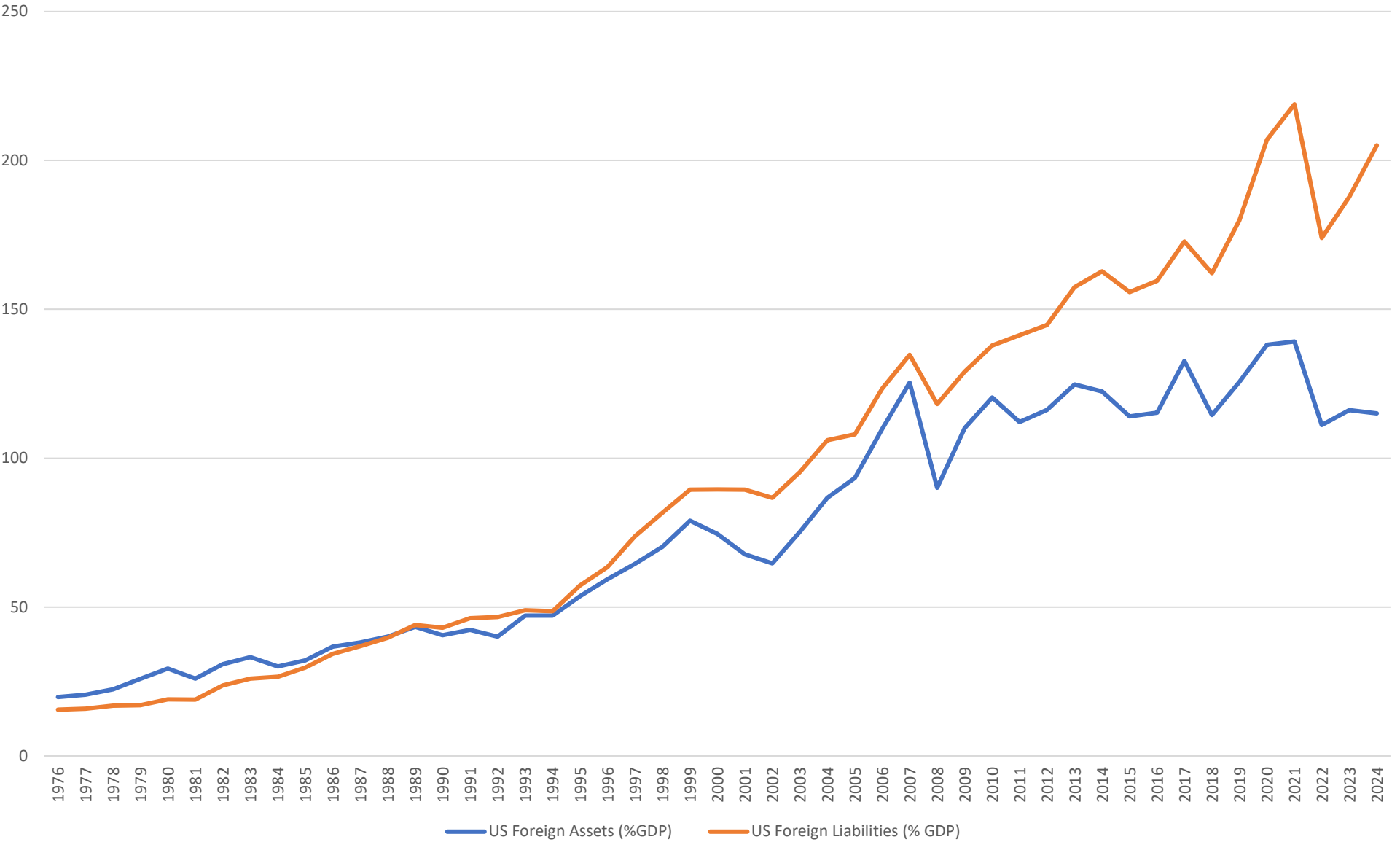


Gross Saving Less Investment: Private Sector and Government, (Mill. of Dollars), 1976-2024



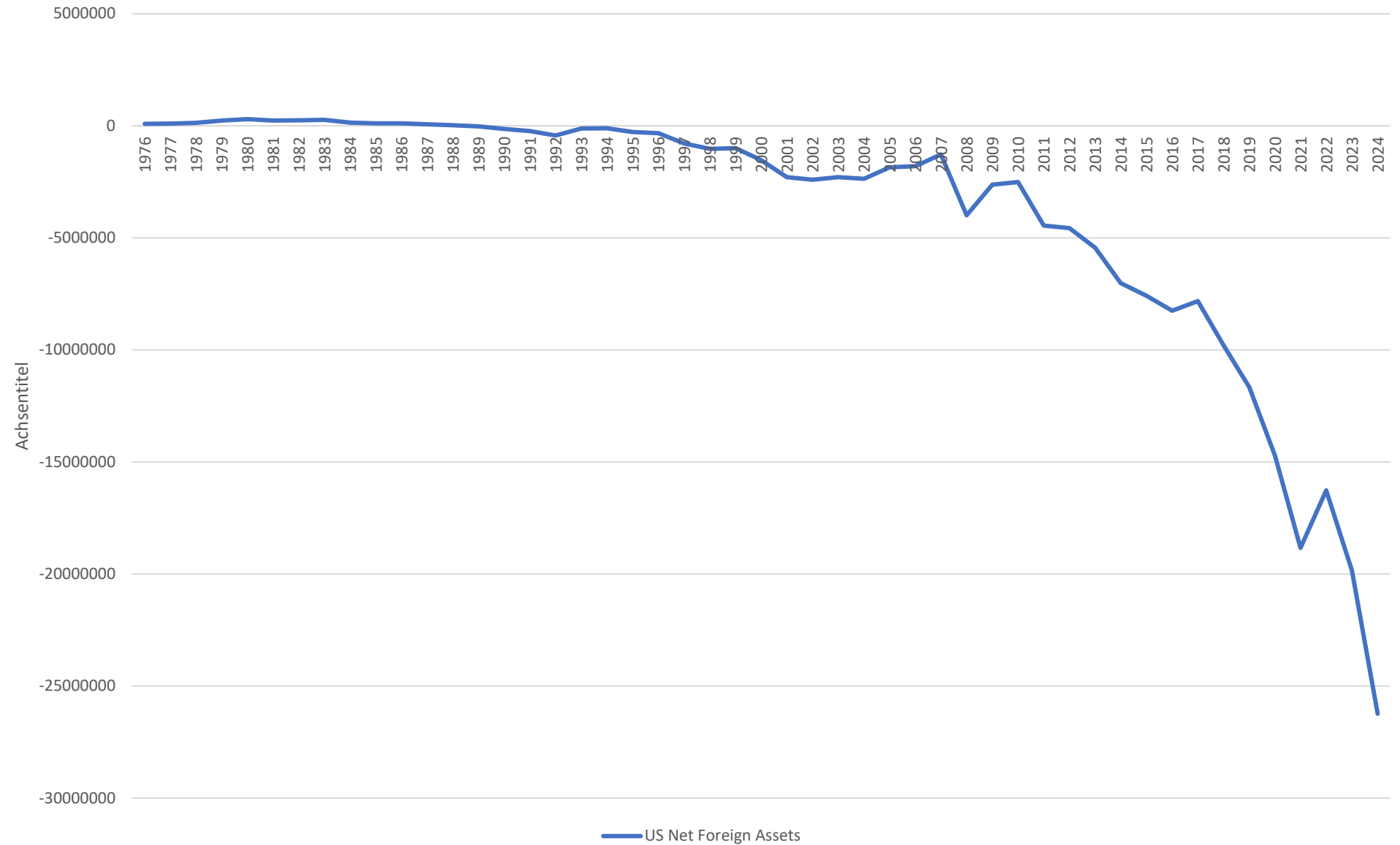
The US savings-investment gap is the sum of the private sector's and the government's savings-investment gap. The private gap has been mostly positive. Current account and trade deficits since 1976 have been a consequence of excess government spending. The Trump administration 2016-2020 caused the largest deficits.

US Foreign Assets & Liabilities (% of GDP), 1976-2024

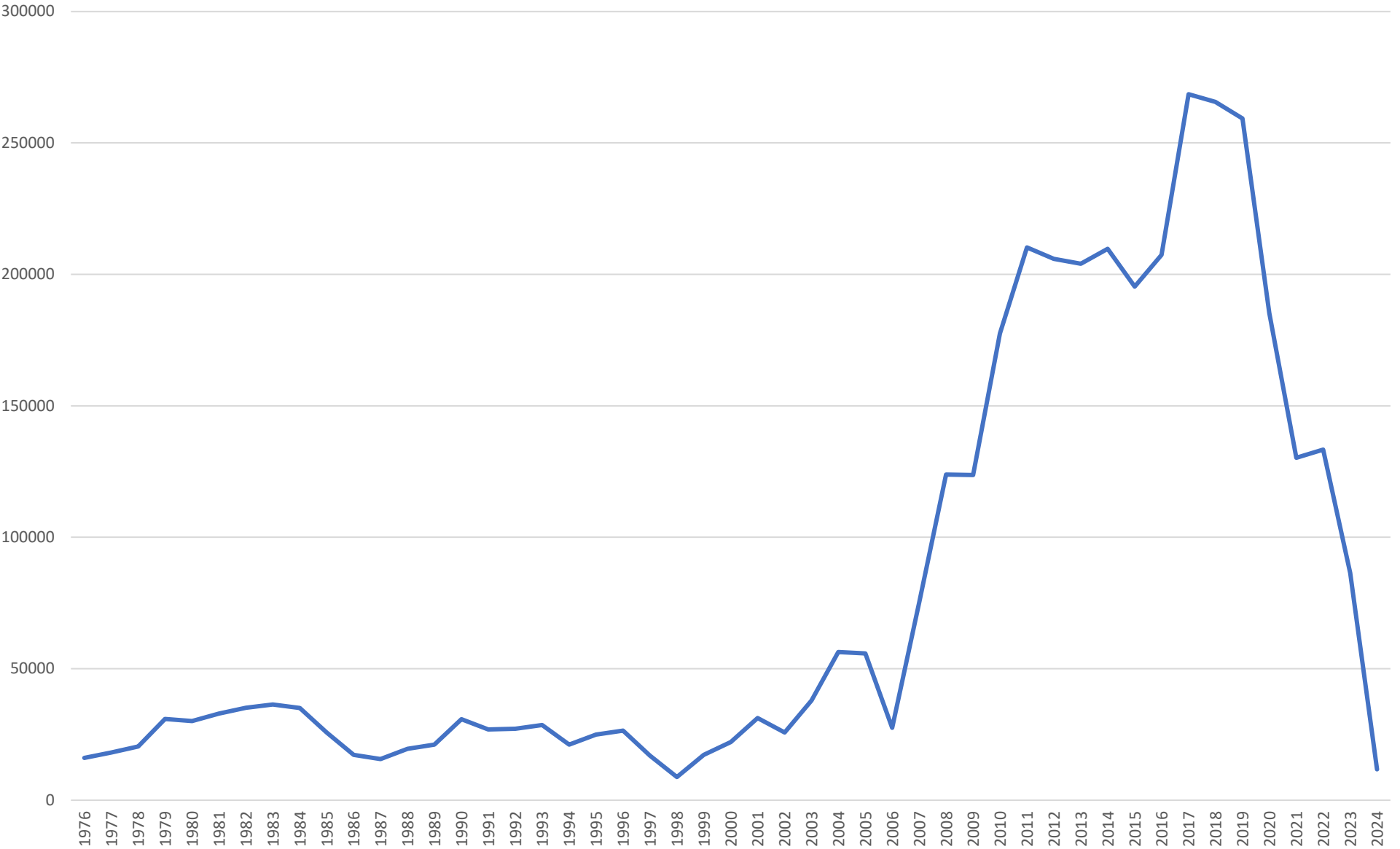


US foreign assets have grown faster than US GDP and are now 115% of GDP. Due to persistent current-account deficits (negative savings-investment gaps) US foreign liabilities grew faster.

US Net Foreign Assets (Mill. Of USD), 1976-2024



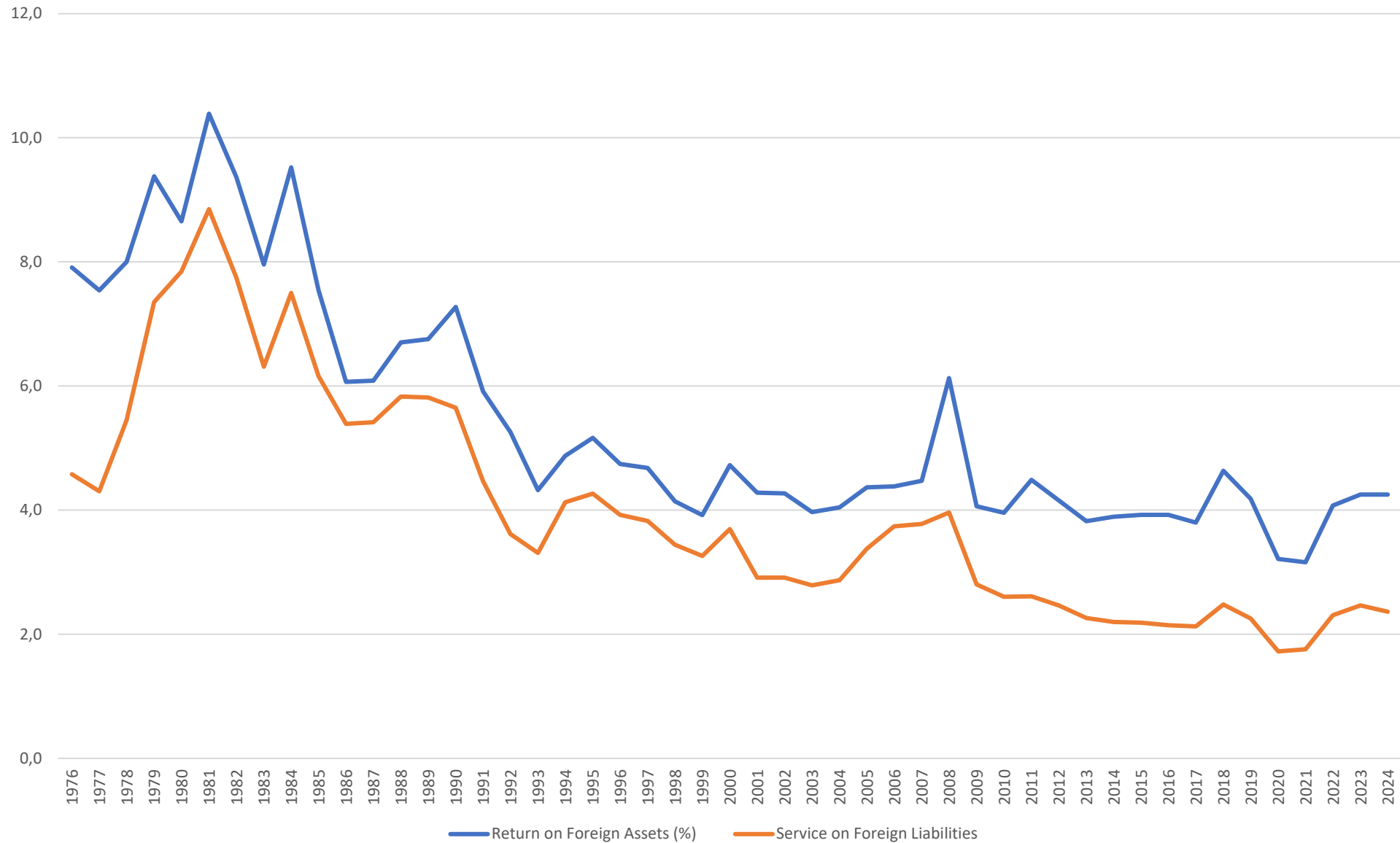
Net international investment income (Mill. Of USD), 1976-2024



The dollar privilege: Although the US is a net borrower from foreign countries, US net international investment income has consistently been positive.

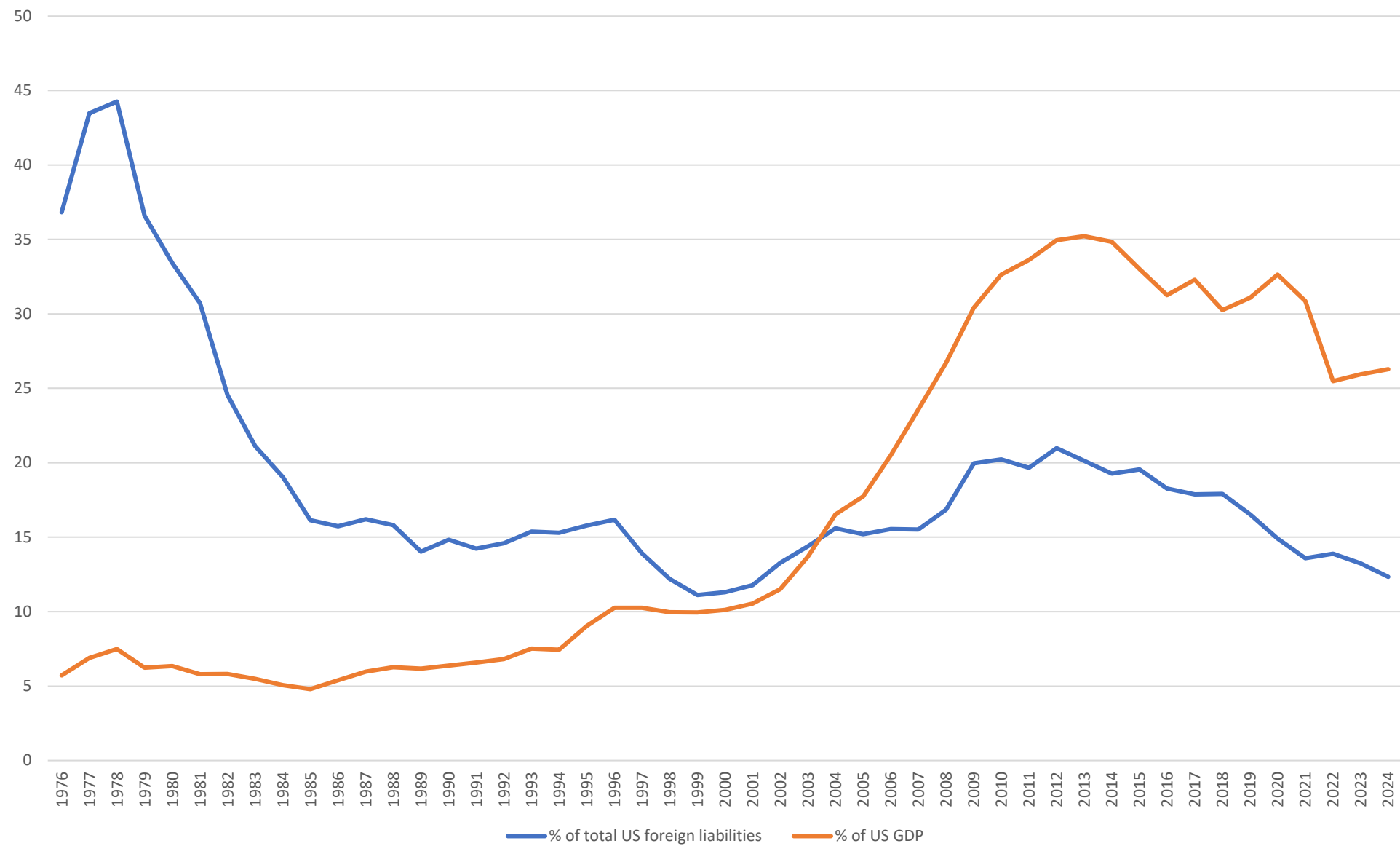


Rates of Return and Service, 1976-2024

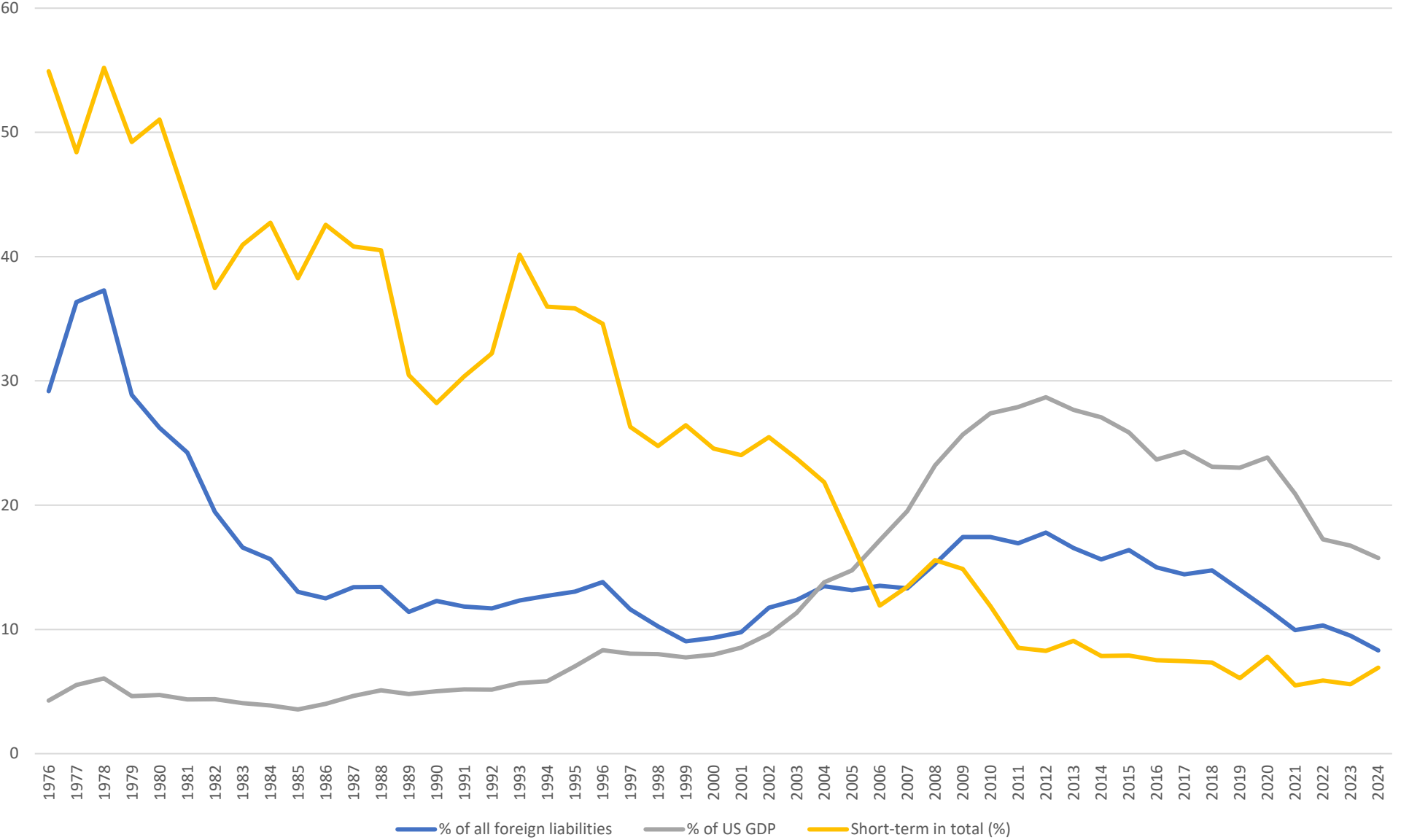


The reason for the dollar privilege is that foreigners investing in the US seek safety and buy bonds, while US investors invest in risky assets abroad. Rates are approximated by dividing asset incomes received and paid by stocks of assets.

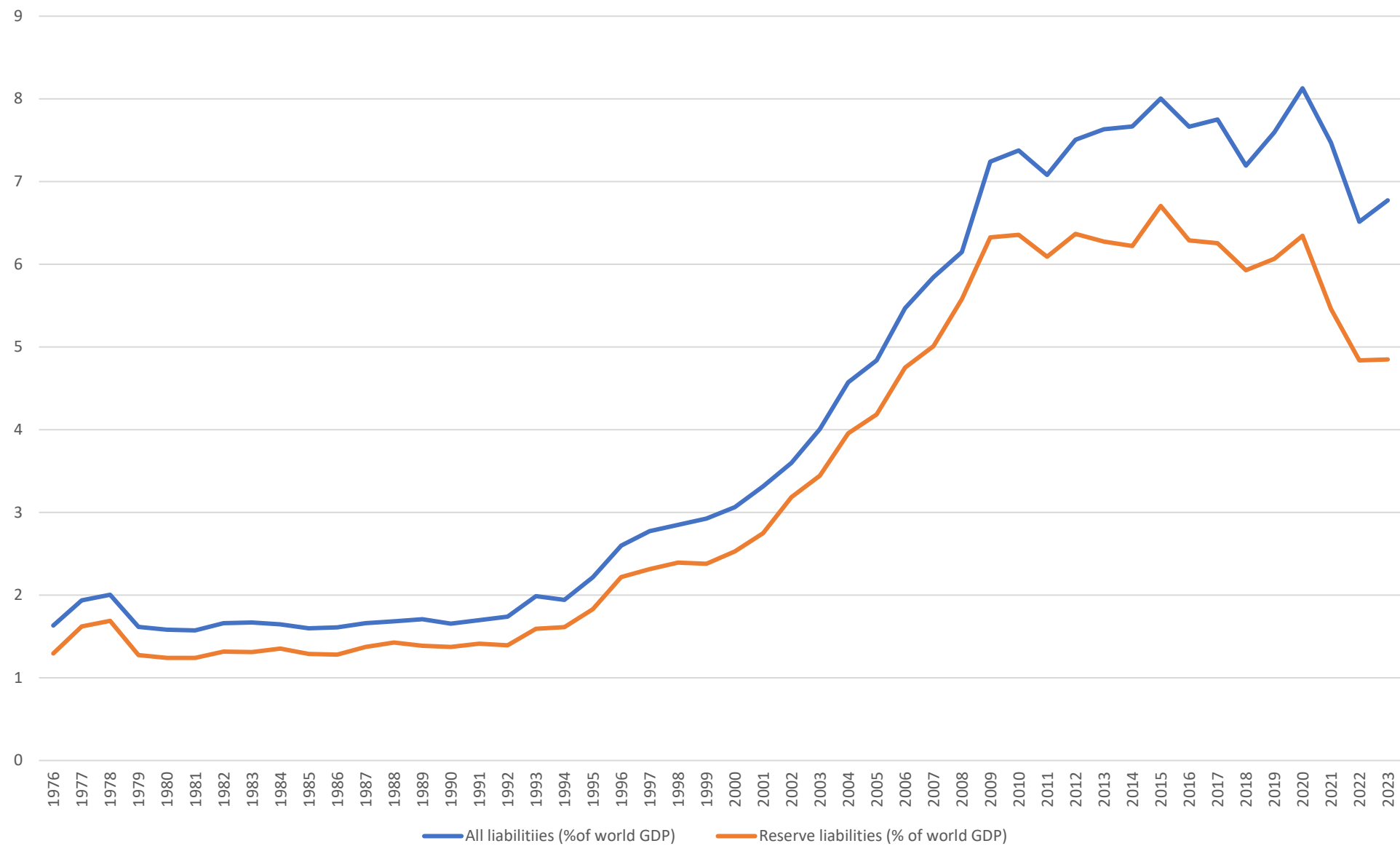
## US Liabilities to Foreign Official Agencies



Foreign Reserve Liabilities



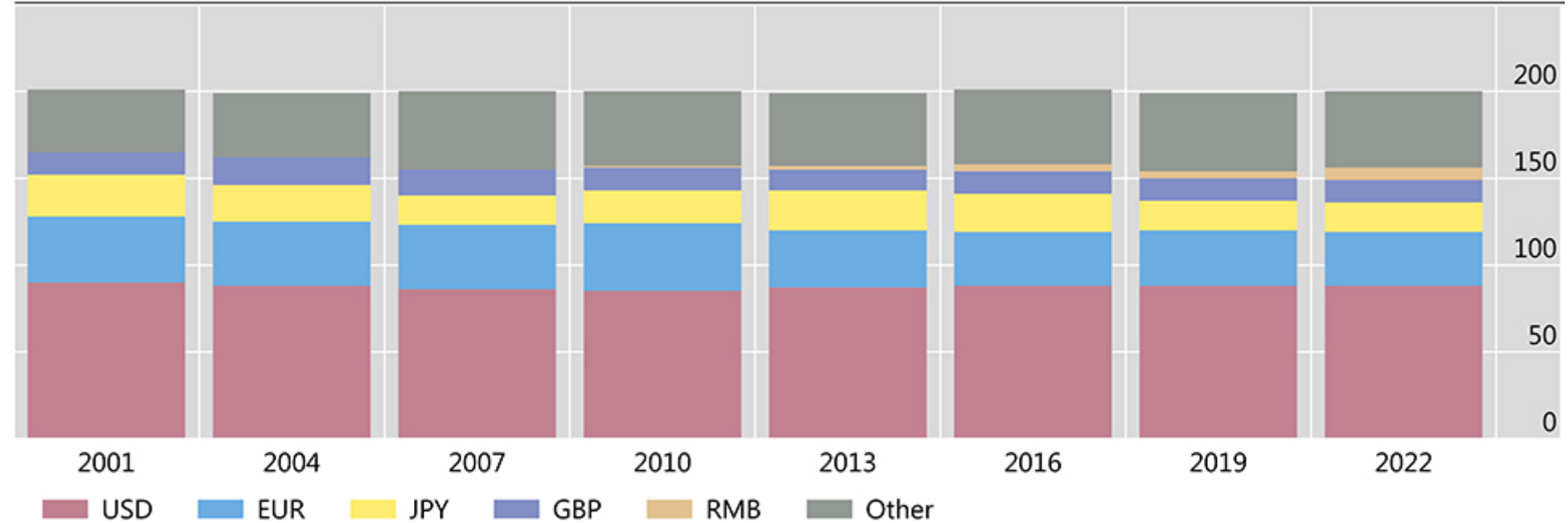
US Liabilities to Foreign Official Agencies



## Foreign exchange turnover by currency<sup>1</sup>

In per cent

Graph A1



<sup>1</sup> As two currencies are involved in each transaction, the sum of shares in individual currencies will total 200%. Adjusted for local and cross-border inter-dealer double-counting, ie "net-net" basis; daily averages in April.

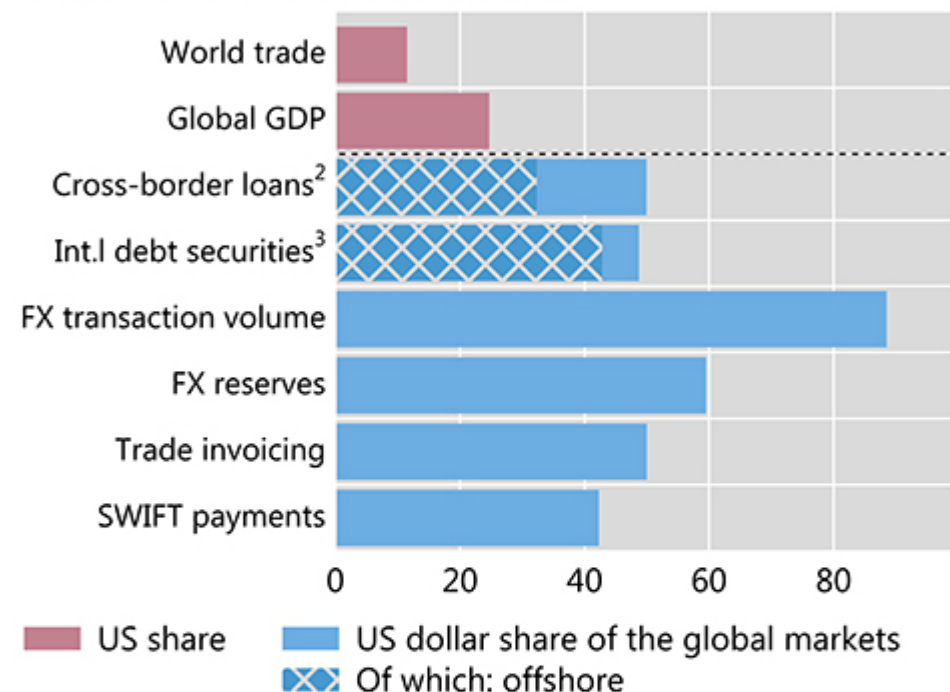
Source: BIS Triennial Central Bank Survey.

# The international role of the US dollar

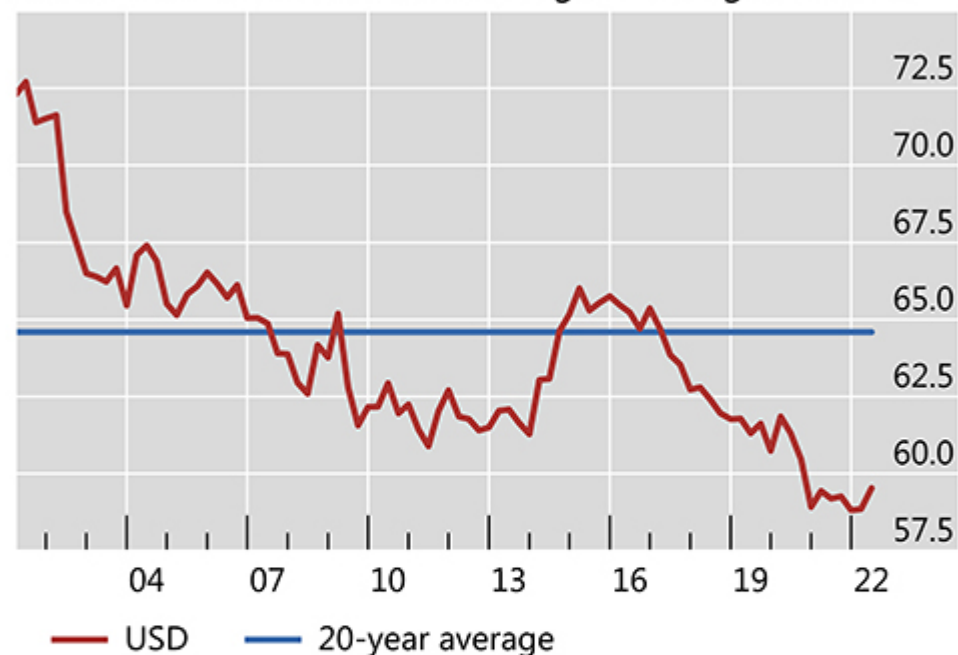
In per cent

Graph A2

A. International role of the US dollar<sup>1</sup>



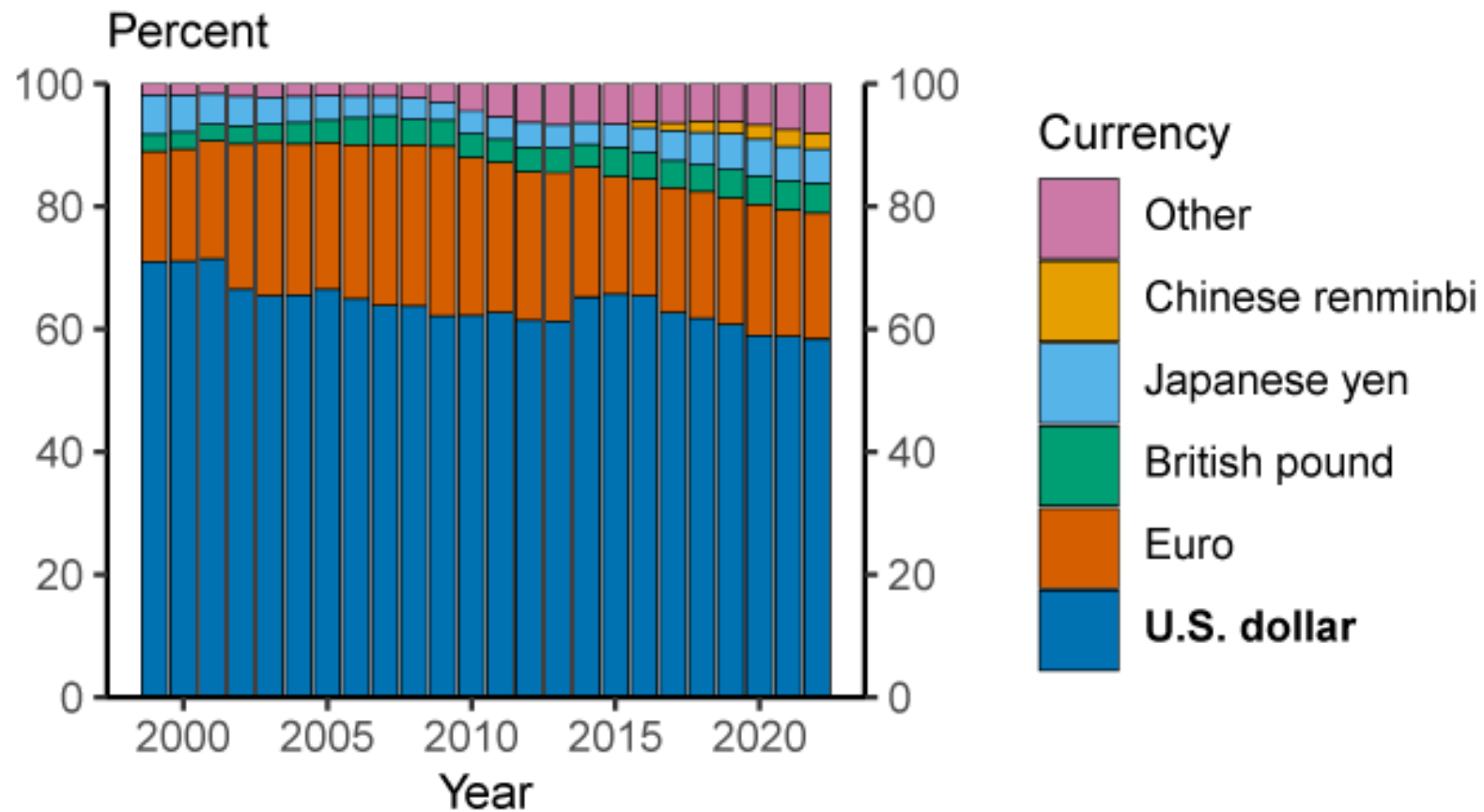
B. US dollar share of official foreign exchange reserves



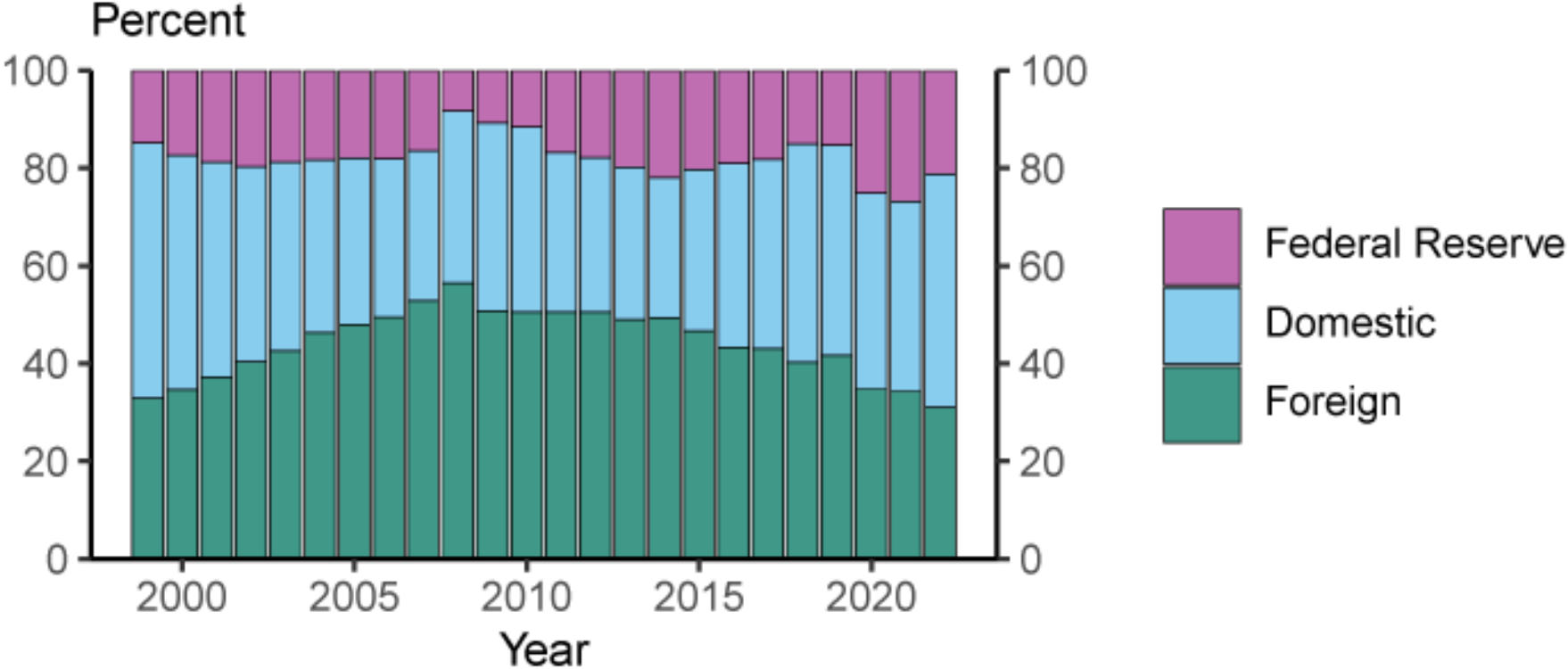
<sup>1</sup> Data refer to latest available value. <sup>2</sup> USD-denominated cross-border loans by banks to counterparties in all countries (excluding inter-office claims but including interbank claims on account of loans and deposits). Offshore refers to cross-border loans excluding loans from United States and on United States. <sup>3</sup> USD-denominated international debt securities by all issuers; these securities are issued outside the local market of the country where the borrower resides (eg eurobonds or foreign bonds). Offshore refers to USD-denominated loans/debt issued outside United States.

Sources: G Gopinath, "The international price system", *NBER Working Papers*, no 2164, 2015; IMF; Bloomberg; CPB World Trade Monitor; SWIFT; BIS debt securities statistics; BIS locational banking statistics; BIS Triennial Central Bank Survey.

## Share of Global Official Foreign Exchange Reserves, 2022 (Board of Governors of the Federal Reserve System)

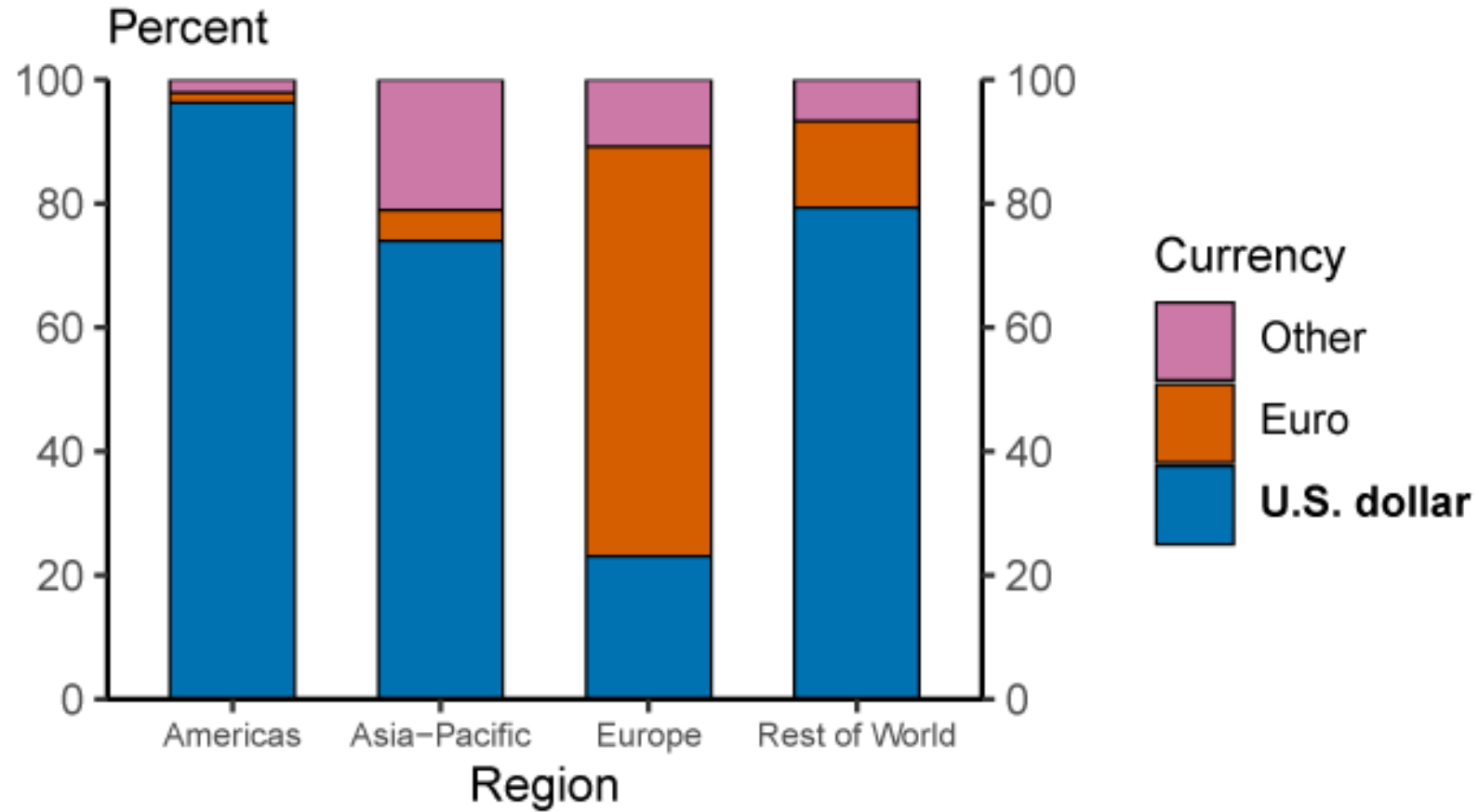


Holdings of Marketable US Treasuries, 2022  
(Board of Governors of the Federal Reserve System)





**Currency Shares of Export Invoicing (2023)**  
**(Board of Governors of the Federal Reserve System)**

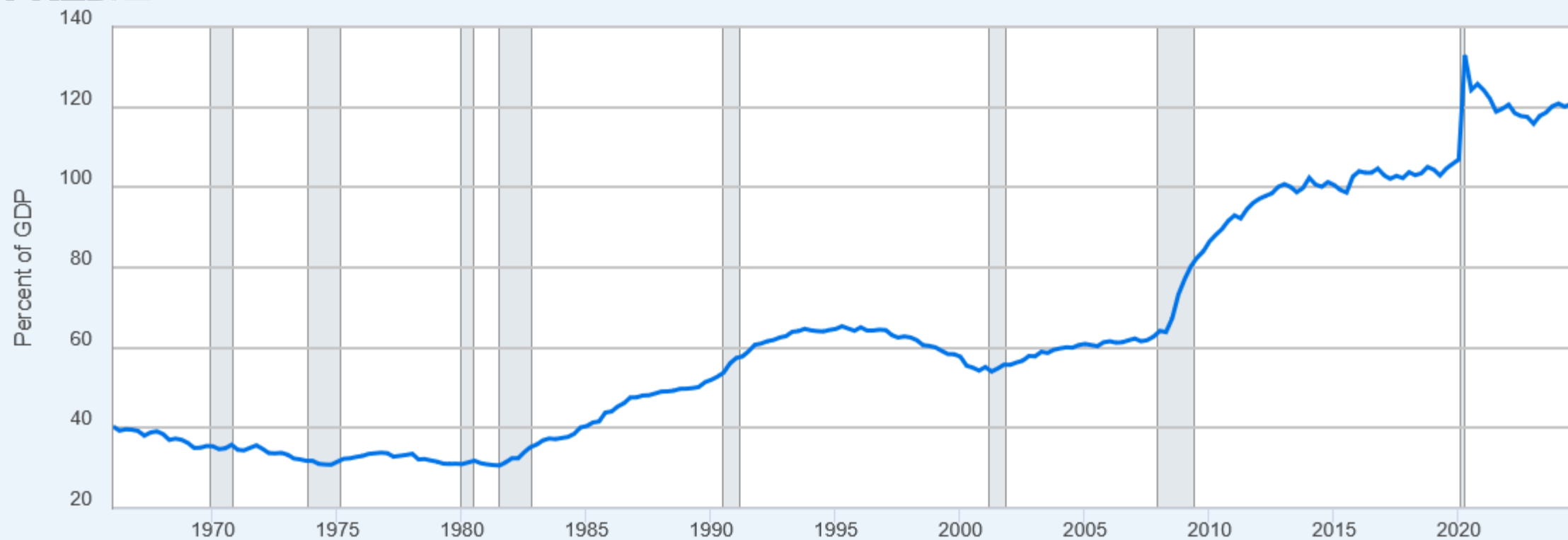


# What Makes a Reserve Currency?

- Absence of Foreign Exchange Controls
  - Absence of Capital Controls
  - Large and Highly Liquid Financial Markets
  - Economic and Political Stability
  - Network Externalities
- 
- Reserve Currency Status allows a country to run persistent current account deficits, but it does not have to.



**Federal Debt: Total Public Debt as Percent of Gross Domestic Product**

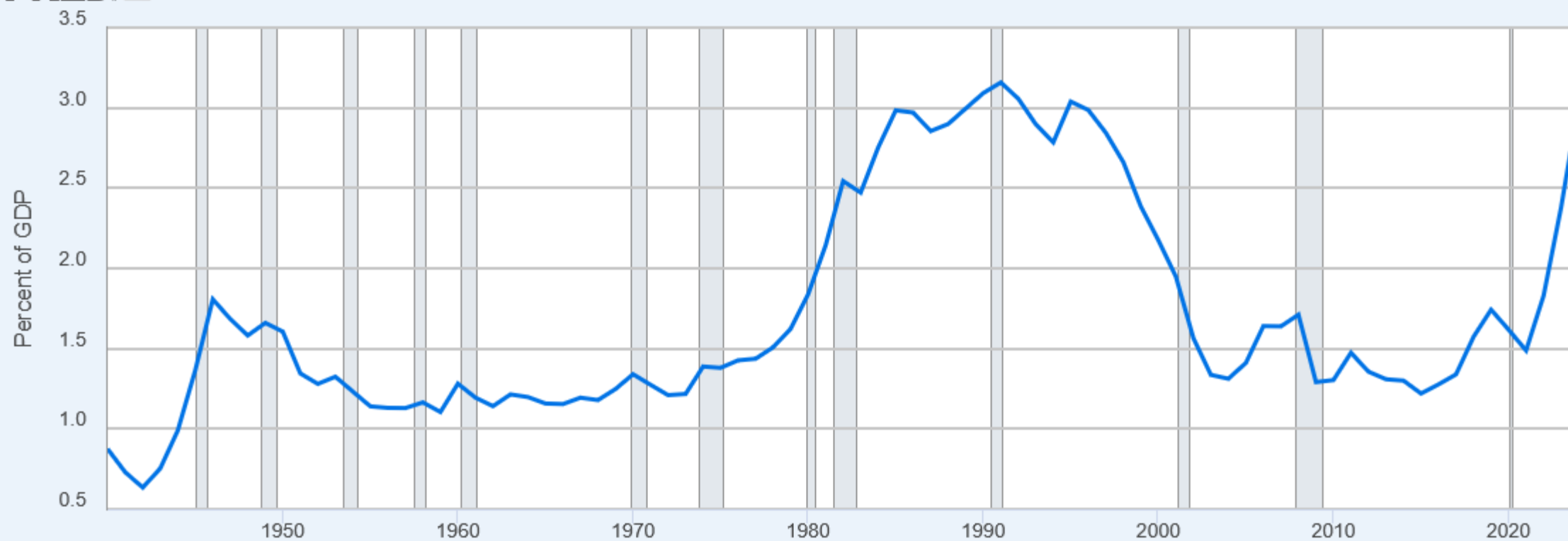


Sources: Federal Reserve Bank of St. Louis; U.S. Office of Management and Budget via FRED®  
Shaded areas indicate U.S. recessions.

[fred.stlouisfed.org](https://fred.stlouisfed.org)



— Federal Outlays: Interest as Percent of Gross Domestic Product



Sources: Federal Reserve Bank of St. Louis; U.S. Office of Management and Budget via FRED®  
Shaded areas indicate U.S. recessions.

[fred.stlouisfed.org](https://fred.stlouisfed.org)

Interest on US public debt as % of US total government revenues

