U.S. Trade Balance and Current Account in 2009

14.02 Lecture Notes

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The U.S. trade balance and current account in 2009

\[ \text{TB} = X - IM = - 374 \text{ US } \text{ bl} \]

\[ + r^*A^* = + 350 \text{ US } \text{ bl}, \text{ revenue from foreign assets owned by US residents, } A^* \]

\[- rA = - 230 \text{ US } \text{ bl}, \text{ revenue paid to US residents on the US assets they own, } A \]

- grants and aid to foreign countries = - 124 US $ bl

\text{current account} = \text{TB} + r^*A^* - rA - \text{grants} = - 378 \text{ U.S.}$bl

with \( A^* = 19,200 \text{ US$ bl, } A = 22,800 \text{ US$bl, this implies } r=1\%, \ r^*=1,8\%. \)

US privilege: \( r < r^* : \text{ the return the US pays on its international debt is smaller than the return it receives from its international investments} \)
Financing the U.S. current account in 2009

- increase in foreign assets owned by US residents ($\Delta A^*$): $+1,222$ US $\text{bl}$
- increase in US assets owned by foreign residents ($\Delta A$): $-1,600$ US $\text{bl}$
- change in net external US assets ($\Delta A^* - \Delta A = CA$): $-378$ US $\text{bl}$
US Net Foreign Assets

Net International Investment Position of the
United States at Yearend, 1989 - 2009

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