1. Record Nr. UNINA9910788342003321 Autore Milesi-Ferretti Gian Titolo Fundamentals at Odds? The U.S. Current Account Deficit and The Dollar // Gian Milesi-Ferretti Pubbl/distr/stampa Washington, D.C.:,: International Monetary Fund,, 2008 **ISBN** 1-4623-3661-2 1-4527-0669-7 1-4518-7118-X 9786612842115 1-282-84211-0 Descrizione fisica 1 online resource (31 p.) Collana **IMF** Working Papers IMF working paper; ; WP/08/260 Disciplina 332.450973 Soggetti Foreign exchange rates - United States Balance of payments - United States **Budget deficits - United States** Dollar, American **Exports and Imports** Foreign Exchange **Current Account Adjustment Short-term Capital Movements Empirical Studies of Trade** International Investment Long-term Capital Movements International economics Currency Foreign exchange Real effective exchange rates Current account deficits Trade balance Current account balance External position Balance of payments Balance of trade

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Nota di contenuto	Contents; I. Introduction; II. The Current Account Balance and The International Investment Position; III. Some stylized Facts on the dollar and the U.S. current account; A. Two Dollar Cycle Episodes; B. A Comparison Between 2 Adjustment Episodes; IV. Reconciling Prices and Quantities; A. Is the REER Mismeasured? The WARP Argument; B. Is The U.S. Current Account Deficit Overstated?; C. Adjustment Lags; D. The Terms of Trade and Oil Prices; E. External Adjustment and Shift in Relative Prices; V. Conclusions; Tables; 1. Historical Patterns of U.S. Dollar Real Depreciations (1973-2008) 2. Historical Patterns of U.S. Dollar Nominal Depreciations (1976-2008) 3. The U.S. Current Account Balance and Oil Prices during the Adjuntment Episodes; 4. Cumulative Financial Flows and Changes in the U.S. International Investment Position; Figures; 1. Real Effective Exchange Rate, January 1973-September 2008; 2. Current Account Balance and Non-Oil Balance on Goods and Services (ratio of GDP, 1970Q1-2008Q2); 3. Real Effective Exchange Rate and ""WARP"" Index; 4. Lagged ""WARP"" Index and Non-Oil Balance of Goods and Services 5. Non-Oil Trade Balance and Real Exchange Rate: Cross-Correlation (1978Q1-2008Q2)6. Terms of Trade and Oil Prices, 1973-2008; References
Sommario/riassunto	The real effective exchange rate of the dollar is close to its minimum level for the past 4decades (as of September 2008). At the same time, however, the U.S. trade and currentaccount deficits remain large and, absent a significant correction in coming years, wouldcontribute to a further accumulation of U.S. external liabilities. The paper discusses thetension between these two aspects of the dollar assessment, and what factors can helpreconcile them. It focuses in particular on the terms of trade, adjustment lags, andmeasurement issues related to both the real effective exchange rate and the current accountbalance.