

# Tutorial #1

## International Monetary Economics

summer term 2020

### The Economist

#### The German problem

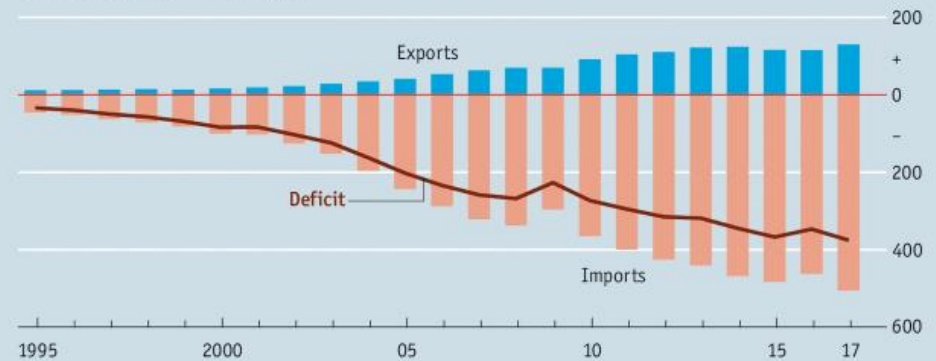
Why Germany's current-account surplus is bad for the world economy

*The country saves too much and spends too little*



### Fair trade is no robbery

United States, trade with China, \$bn



Economist.com

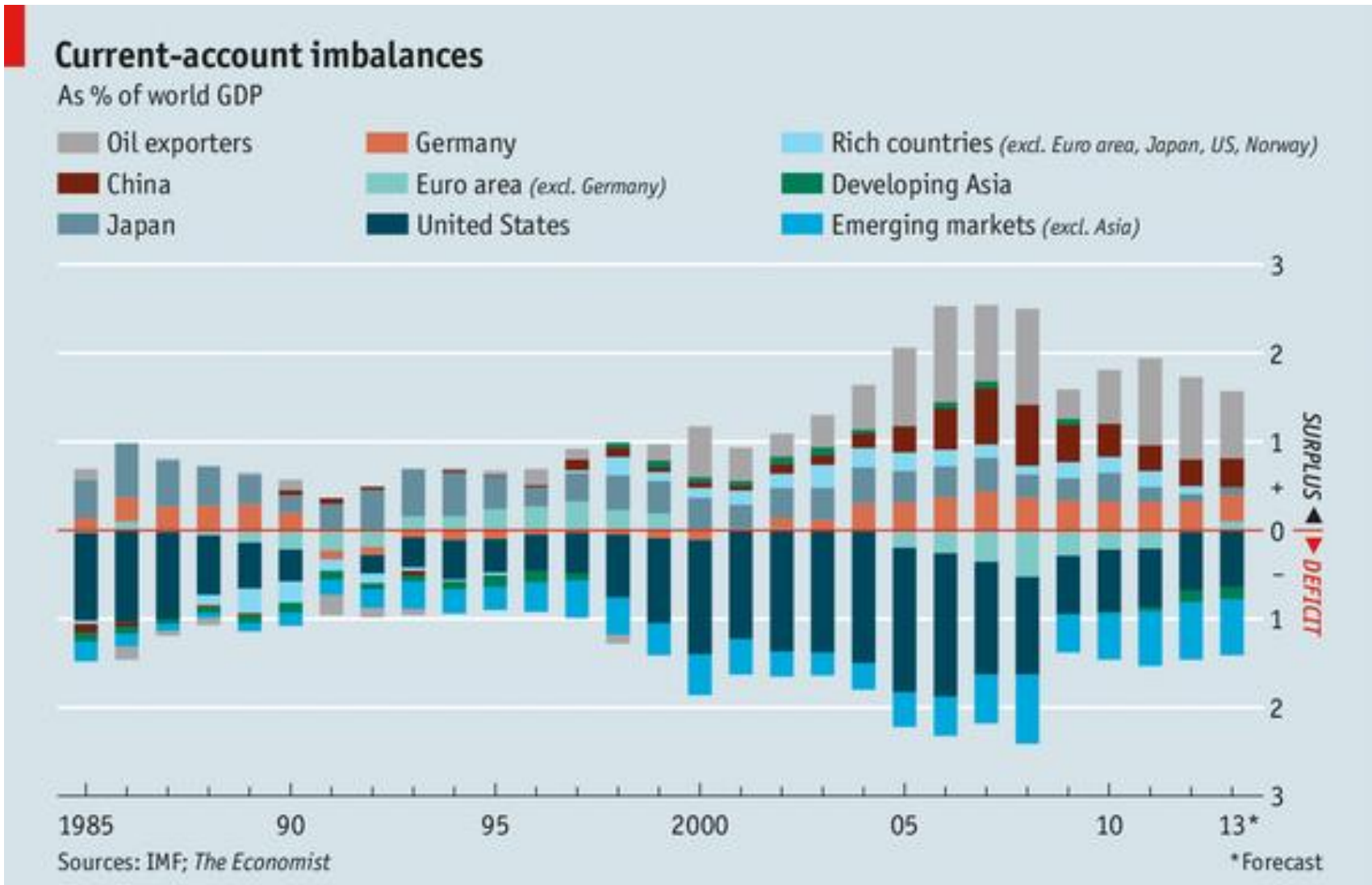


## ■ About me

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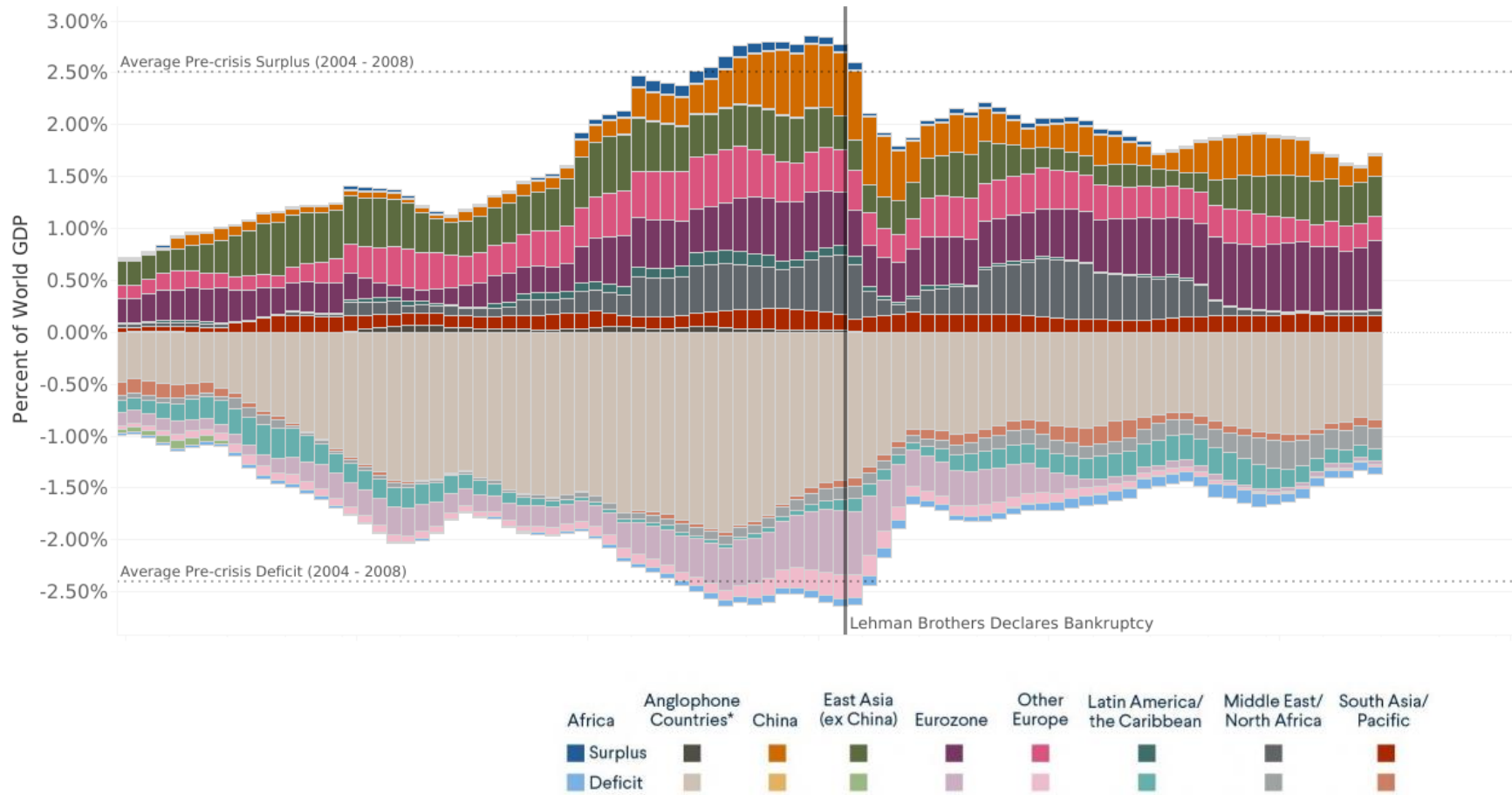
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- Weekly tutorials (maybe change time?)
  - No tutorial in the week June 8-12 (replacement?)

# Current account imbalances



# Current account imbalances

Global Imbalances Index

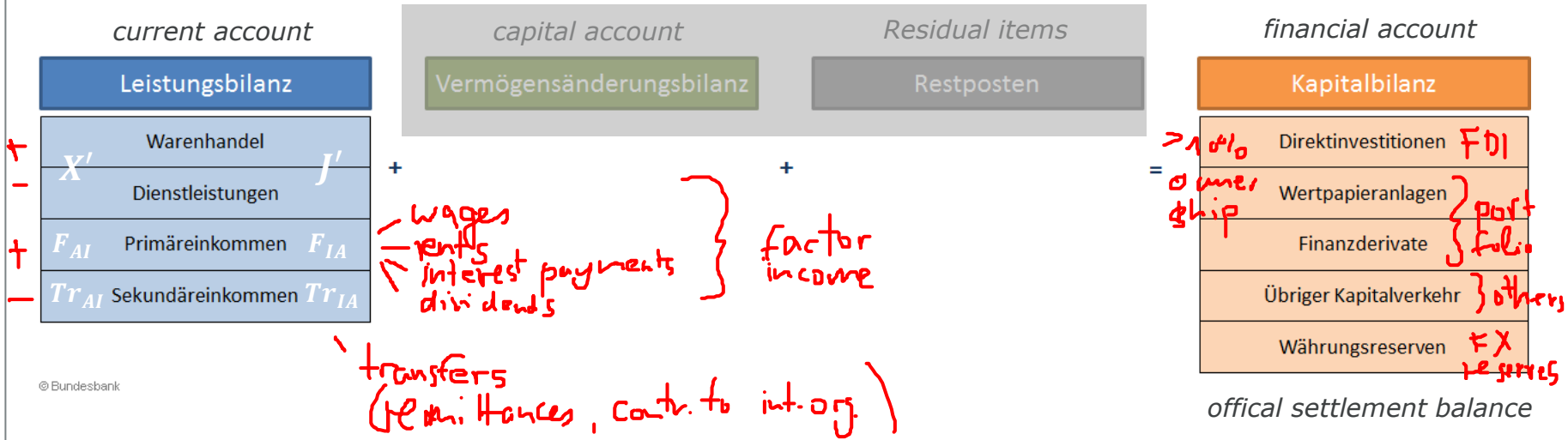


\* United States, Australia, Canada, New Zealand, United Kingdom

Quelle: <https://www.cfr.org/report/global-imbalances-tracker>

flows

# balance of payments



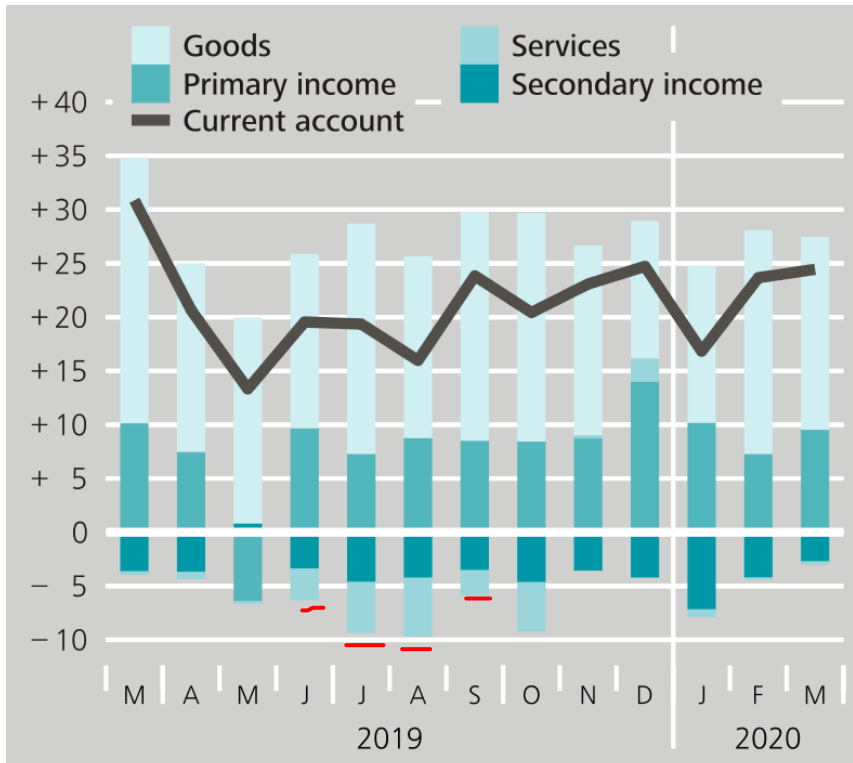
Business  
 balance sheet  
 profit/losses

Intern.  
 international investment pos.    Stock  
 balance of payments    flows +260

# Current account

## Components of the current account

€ billion, monthly balances

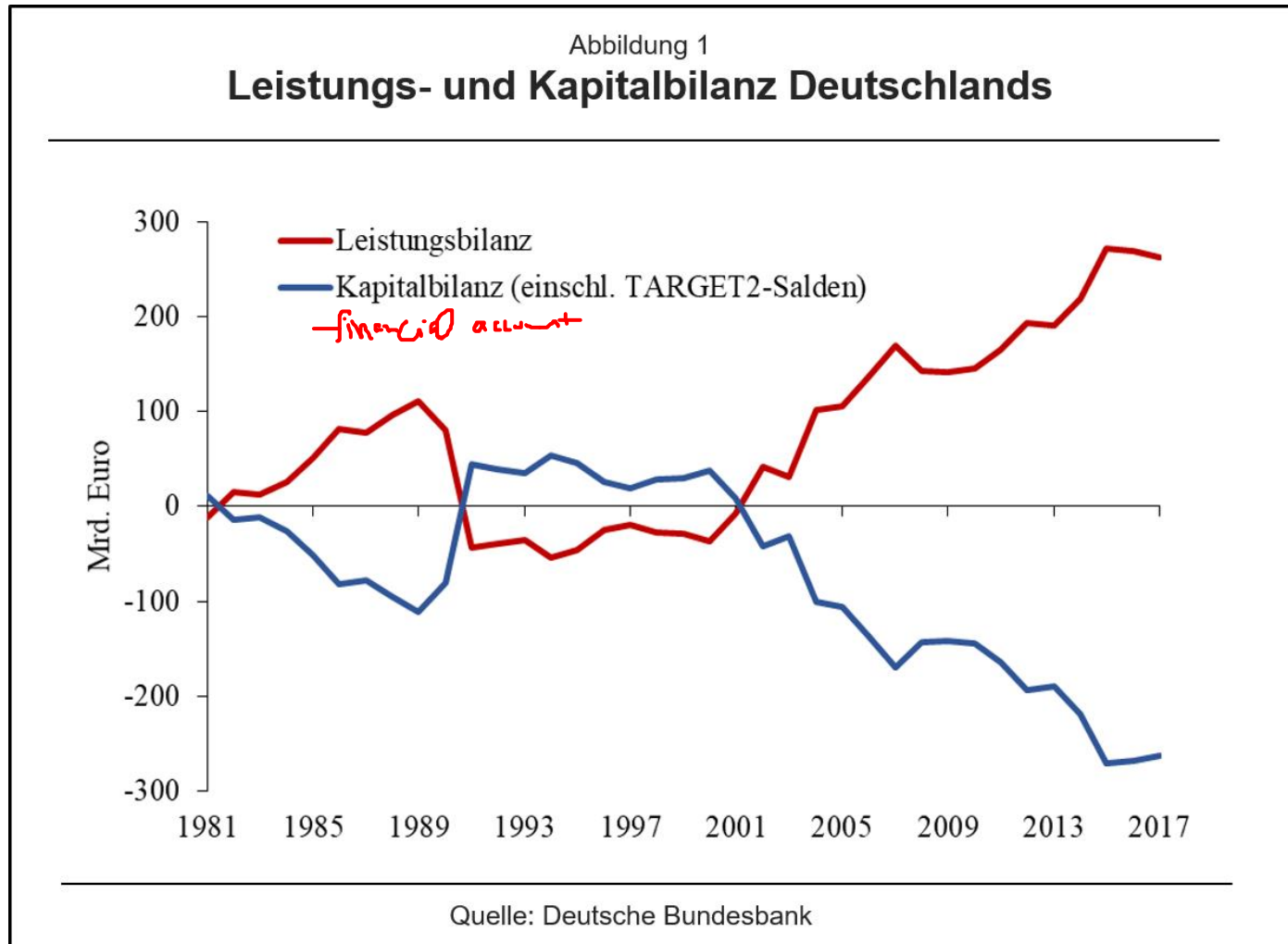


Deutsche Bundesbank

Mrd €

Position	2017 <sup>r)</sup>	2018 <sup>r)</sup>	2019 <sup>r)</sup>
I. Leistungsbilanz	+ 253,9	+ 247,4	+ 245,5
1. Warenhandel <sup>1)</sup>	+ 252,8	+ 226,2	+ 221,3
Ausfuhr (fob)	1 256,5	1 292,9	1 307,8
Einfuhr (fob)	1 003,7	1 066,8	1 086,5
nachrichtlich:			
Außenhandel <sup>2)</sup>	+ 247,9	+ 228,7	+ 223,5
Ausfuhr (fob)	1 279,0	1 317,4	1 327,8
Einfuhr (cif)	1 031,0	1 088,7	1 104,3
2. Dienstleistungen <sup>3)</sup>	- 24,4	- 19,7	- 20,5
darunter:			
Reiseverkehr	- 43,6	- 44,5	- 44,9
3. Primäreinkommen	+ 75,4	+ 89,5	+ 92,3
darunter:			
Vermögens-einkommen	+ 77,3	+ 91,4	+ 94,5
4. Sekundäreinkommen	- 50,0	- 48,6	- 47,6
II. Vermögensänderungsbilanz	- 3,0	+ 0,4	- 0,3

# ■ Balance of payments

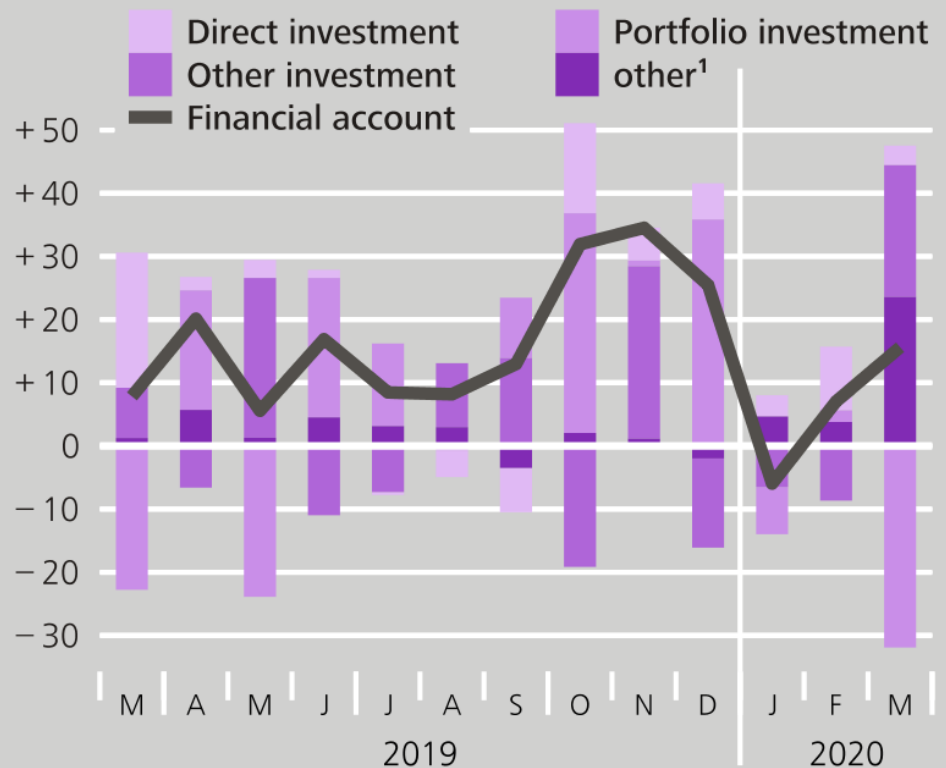


# Financial account

## Components of the financial account

€ billion, monthly balances

Mrd €			
Position	2017 <sup>1)</sup>	2018 <sup>1)</sup>	2019 <sup>1)</sup>
III. Saldo der Kapitalbilanz <sup>4)</sup>	+ 283,2	+ 236,9	+ 204,6
1. Direktinvestitionen	+ 38,7	+ 4,4	+ 55,7
2. Wertpapieranlagen	+ 205,3	+ 157,2	+ 95,2
3. Finanzderivate <sup>5)</sup>	+ 11,0	+ 23,1	+ 22,4
4. Übriger Kapitalverkehr <sup>6)</sup>	+ 29,5	+ 51,8	+ 31,9
5. Währungsreserven	- 1,3	+ 0,4	- 0,5
IV. Statistisch nicht aufgliederbare Transaktionen <sup>7)</sup>	+ 32,3	- 10,9	- 40,6



<sup>1</sup> Including financial derivatives and employee stock options as well as reserve assets.

Deutsche Bundesbank

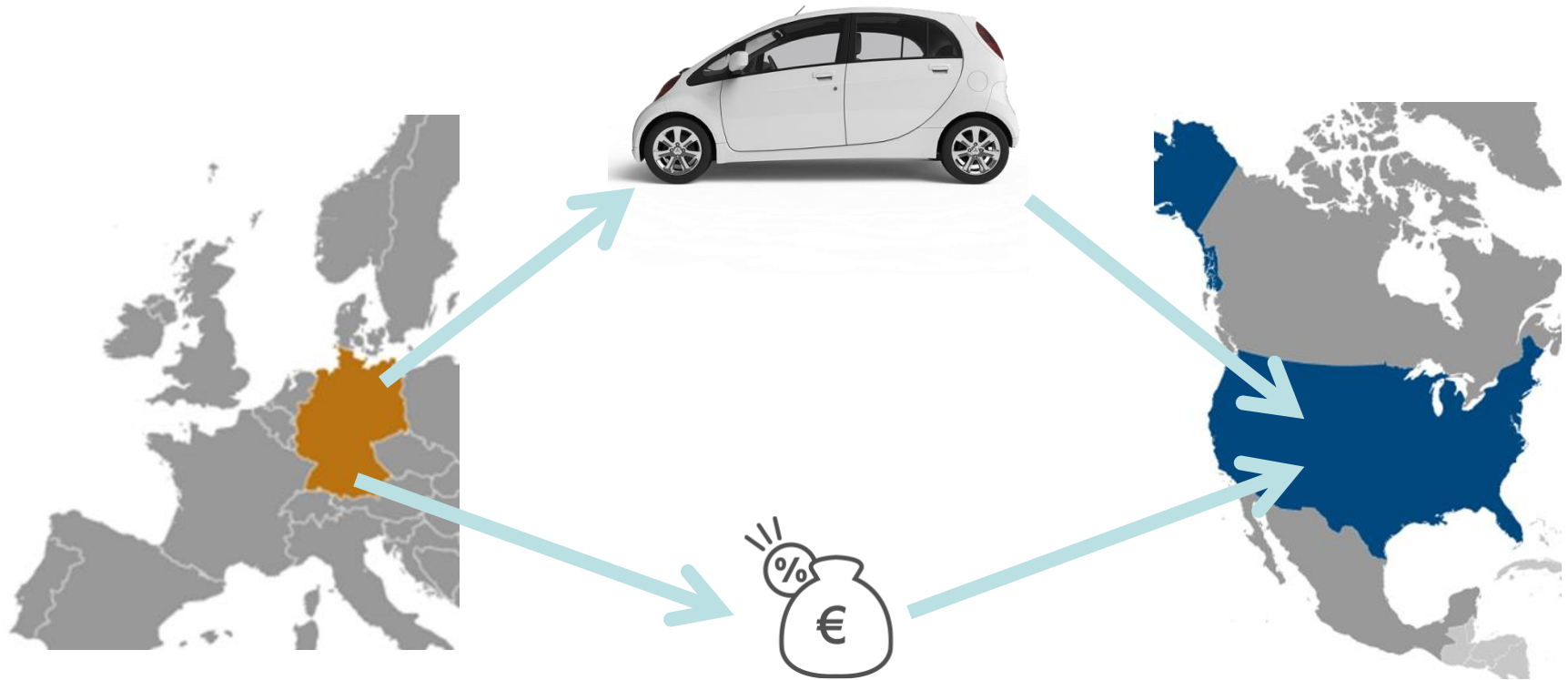


# Problem 1.1

Current account	Credit	Debit	Net = Credit - Debit
Trade account	a) +1 e) 5		+6
Service account		b) 2	-2
Primary income	c) 3		+3
Secondary income		d) 4 h) 2	-6
			} +1
Financial accounts	Capital imports**	Capital exports*	Net = KX - KI NKX(+)
Direct investments		g) 7	+7
Portfolio investments	g) 7	d) 5	-2
Other loans	f) 5 b) 2 d) 4 h) 2	a) 1 c) 3 e) 5	-4
FX reserves			

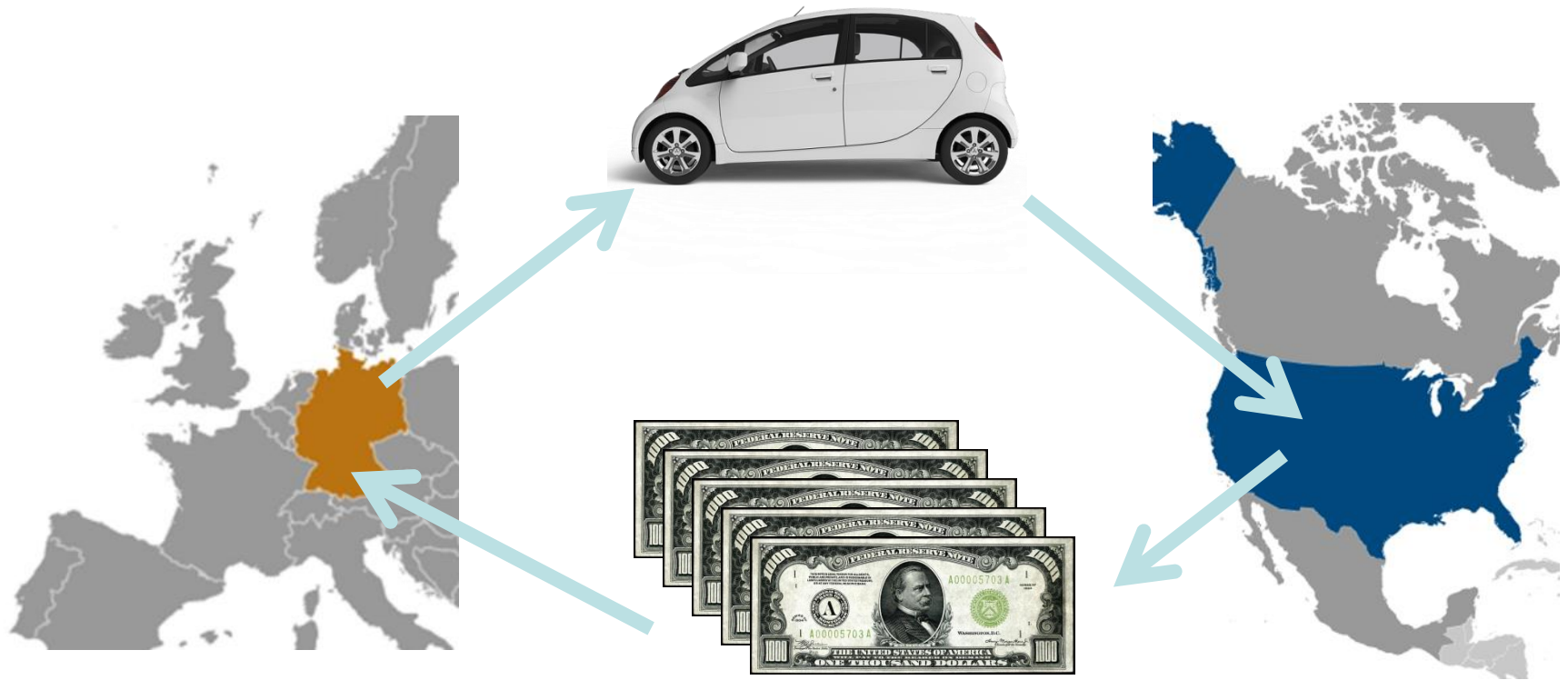
\* assets ↑  
 liability ↓  
 \*\* assets ↓  
 liability ↑

## ■ Export = capital export



Trade credit  
= assets towards US

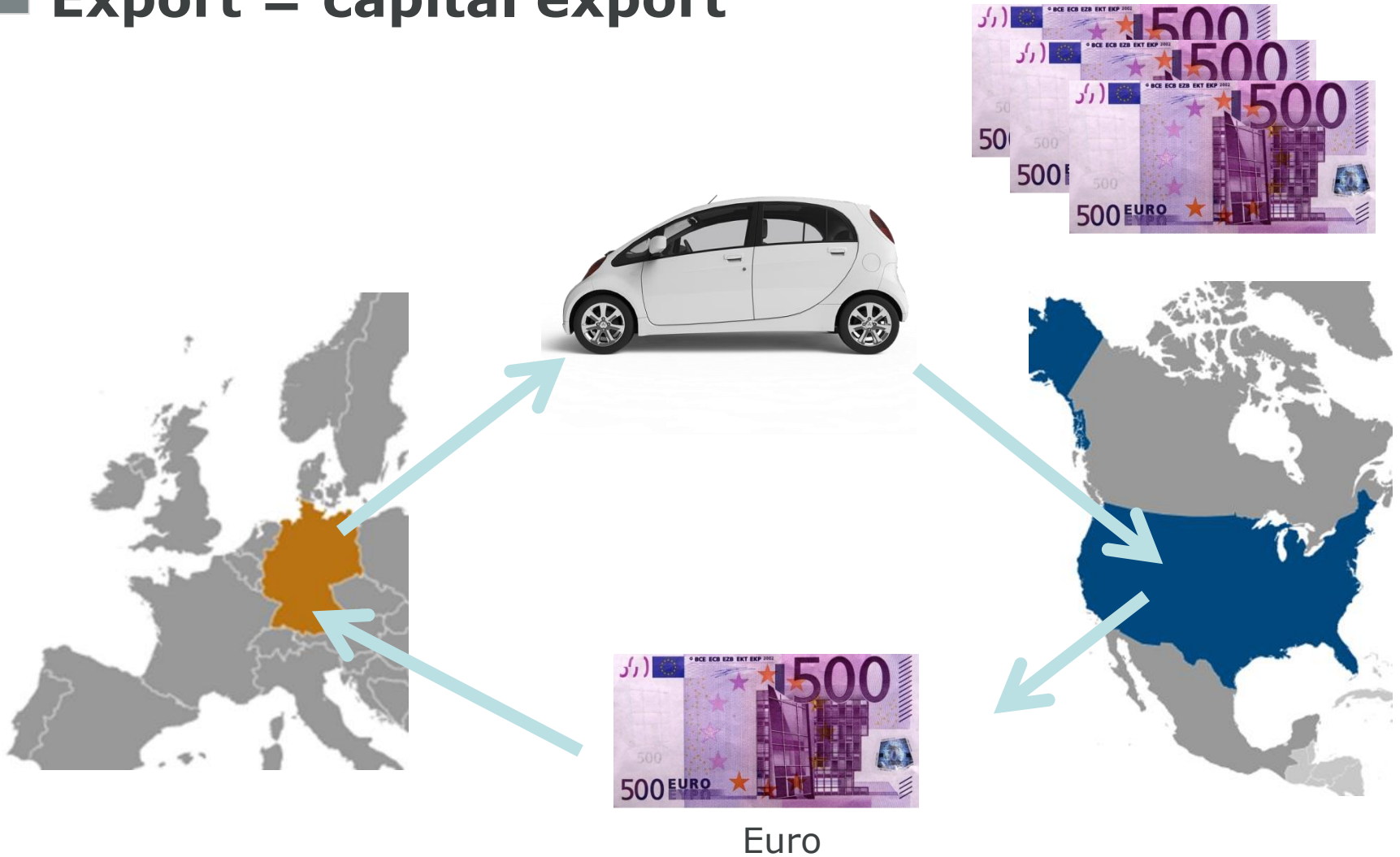
# ■ Export = capital export



Dollar

= assets towards US

# ■ Export = capital export



= Reduced liabilities towards US