SCAPE Seminar: IMF October 2014 World Economic Outlook:

*Chapter 4: ARE GLOBAL IMBALANCES AT A TURNING POINT?*

**Speaker:** Gian Maria Milesi-Ferretti  
*Deputy Director, IMF Research Department*

**Date:** 18 Nov 2014 TUESDAY  
**Time:** 2:30pm-4:00pm  
**Venue:** Lim Tay Boh Seminar Room (AS2 03-12), National University of Singapore, 1 Arts Link, Singapore 117570  
**Chair:** Tilak Abeysinghe  
*Director, SCAPE*

**Outline of Presentation:**

- Global current account imbalances have narrowed by more than a third from their peak in 2006. Key imbalances—the large deficit of the United States and the large surpluses of China and Japan—have more than halved.
- The narrowing in imbalances has largely been driven by demand contraction (“expenditure reduction”) in deficit economies.
- Exchange rate adjustment has facilitated rebalancing in China and the United States, but in general the contribution of exchange rate changes (“expenditure
switching”) to current account adjustment has been relatively modest.

- The narrowing of imbalances is expected to be durable, as domestic demand in deficit economies is projected to remain well below pre-crisis trends.
- Since flow imbalances have narrowed but not reversed, net creditor and debtor positions have widened further. Weak growth has also contributed to still high ratios of net external liabilities to GDP in some debtor economies.
- Risks of a disruptive adjustment in global current account balances have decreased, but global demand rebalancing remains a policy priority. Stronger external demand will be instrumental for reducing their net external liabilities.

About the Speaker

Gian Maria Milesi-Ferretti is Deputy Director in the Research Department of the International Monetary Fund. He supervises the department work on multilateral surveillance, including the World Economic Outlook and the Spillover Report. He was previously a Deputy Director in the Western Hemisphere Department and IMF mission chief to the United States. He received his undergraduate degree in economics from Università di Roma La Sapienza in 1985 and his Ph.D. from Harvard in 1991. He joined the London School of Economics thereafter, and moved to the IMF in 1993.

He has published extensively in refereed journals in the areas of international capital flows, international financial integration, current account sustainability, capital controls, taxation and growth, and political economy. His paper “The External Wealth of Nations Mark II” (joint with Philip Lane) recently won the Bhagwati award as best paper published in the Journal of International Economics during 2007-2008. Since 1996 he is a Research Fellow of the London-based Center for Economic Policy Research (CEPR).

Admission is free and all are welcome.

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