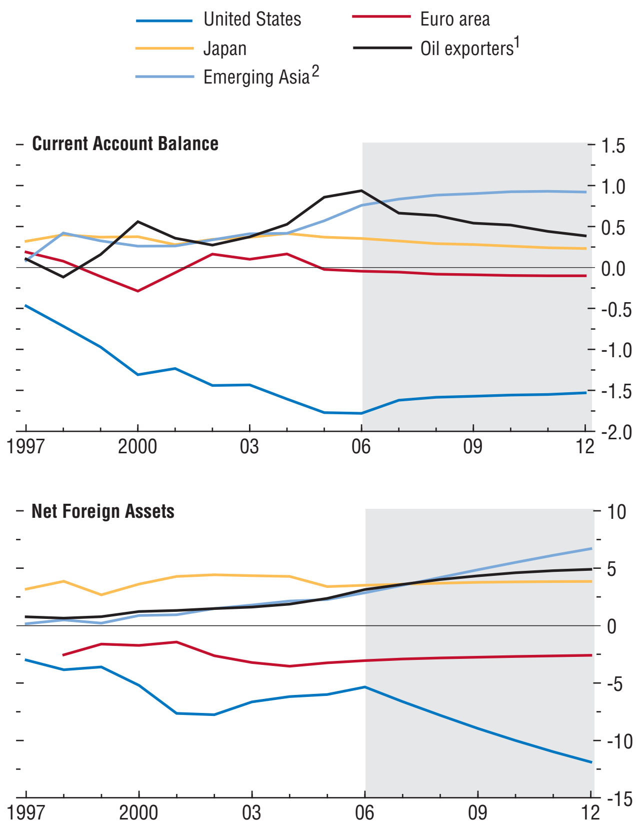
Figure 1.13. Current Account Balances and Net Foreign Assets
(Percent of world GDP)

Under the baseline forecast, which assumes unchanged real effective exchange rates, global current account imbalances remain sizable through the projection period, with the U.S. current account deficit staying above 1.5 percent of world GDP. As a result, the U.S. net foreign liability position would deteriorate further in the absence of the valuation gains that have reduced U.S. net foreign liabilities in recent years.



Sources: Lane and Milesi-Ferretti (2006); and IMF staff estimates.
[1]Algeria, Angola, Azerbaijan, Bahrain, Republic of Congo, Ecuador, Equatorial Guinea, Gabon, I.R. of Iran, Kuwait, Libya, Nigeria, Norway, Oman, Qatar, Russia, Saudi Arabia, Syrian Arab Republic, Turkmenistan, United Arab Emirates, Venezuela, and the Republic of Yemen.
[2]China, Hong Kong SAR, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan Province of China, and Thailand.