REPORT TO CONGRESS

Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States

U.S. DEPARTMENT OF THE TREASURY • OFFICE OF INTERNATIONAL AFFAIRS

June 2025

Contents

This Report reviews developments in international economic and exchange rate policies and is submitted pursuant to the Omnibus Trade and Competitiveness Act of 1988, 22 U.S.C. § 5305, and Section 701 of the Trade Facilitation and Trade Enforcement Act of 2015, 19 U.S.C. § 4421.[1]

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[1] The Treasury Department has consulted with the Board of Governors of the Federal Reserve System and International Monetary Fund management and staff in preparing this Report.

Executive Summary

This Report assesses developments in international economic and exchange rate policies over the four quarters through December 2024. The analysis in this Report is guided by Sections 3001-3006 of the Omnibus Trade and Competitiveness Act of 1988 (1988 Act) (codified at 22 U.S.C. §§ 5301-5306) and Sections 701 and 702 of the Trade Facilitation and Trade Enforcement Act of 2015 (2015 Act) (codified at 19 U.S.C. §§ 4421-4422), as discussed in Section 1 of this Report. Treasury reviews developments in the 20 largest trading partners of the United States over the period of review. These economies accounted for about 78% of U.S. trade in goods and services over the four quarters through December 2024.

President Trump is committed to pursuing economic and trade policies that will spur an American revitalization marked by strong economic growth, the elimination of destructive trade deficits, and countering unfair trade practices. This includes combatting unfair currency practices that facilitate competitive advantage, such as unwarranted intervention in currency markets. In this Administration, the Secretary of the Treasury will be vigilant in identifying and taking action against currency manipulation. Treasury will also examine other macroeconomic and financial policies implemented by our trading partners that propagate imbalances or result in an unfair competitive advantage in trade.

For decades, unfair currency practices abroad have contributed to the U.S. trade deficit and hollowed out U.S. manufacturing employment. When a trading partner engages excessively in foreign exchange market interventions or other actions to artificially lower the value or suppress appreciation of its currency, this distorts market-based competition, promoting domestic production and exports, and suppressing imports, in ways that do not reflect the productivity of economies or competitiveness of traded goods. There has been a decline in the scale and persistence of foreign exchange intervention among most major U.S. trading partners in recent years, but the damage done is long lasting, including through the reallocation of supply chains and their associated quality jobs, as well as the loss of the homeland's ability to manufacture critical defense and industrial equipment. The economic and national security implications are self-evident. In very recent years the dollar has generally been strong relative to historical averages, and there have been less persistent appreciation pressures across other currencies. Treasury is closely monitoring whether our trading partners may act through foreign exchange intervention, or non-market policies and practices, to manipulate their currencies for unfair competitive advantage in trade and prevent the swift recovery of American economic strength. In this context, Treasury will continue to monitor closely the extent to which intervention by our trading partners is two-way, and whether economies that choose to smooth exchange rate movements resist depreciation pressure in the same manner as appreciation pressure.

Global current account imbalances started in 2024 to widen again. Among major U.S. trading partners, the very large surpluses of China, Germany, Japan, Korea, Ireland, the Netherlands, Switzerland, Taiwan, Singapore, and Vietnam have each remained significant as a share of GDP over the four quarters through December 2024. Meanwhile, the U.S. current account deficit widened to 3.9% of GDP in the four quarters through December

2024 from 3.3% of GDP in the four quarters through December 2023. The nominal trade-weighted dollar strengthened 9.0% over the four quarters through December 2024, appreciating against advanced economy currencies by 7.7% and emerging market economy currencies by 10.3%.

The post-pandemic period has been one of broad dollar strength, and one in which many of the United States' major trading partners were intervening in markets to support their currencies, rather than to weaken them.

- The 1988 Act requires Treasury to consider whether any economy manipulates the rate of exchange between its currency and the U.S. dollar for purposes of preventing effective balance of payments adjustments or gaining unfair competitive advantage in international trade. **In this Report, Treasury concludes that no major trading partner of the United States engaged in conduct of the kind described in Section 3004 of the 1988 Act during the relevant period.**

- Under the 2015 Act, Treasury is required to assess the macroeconomic and exchange rate policies of major trading partners of the United States for three specific criteria: (1) a significant bilateral trade surplus with the United States; (2) a material current account surplus; and (3) persistent, one-sided intervention in the foreign exchange market (see Section 1 for an elaboration of these criteria). **In this Report, Treasury finds that no major trading partner met all three criteria under the 2015 Act during the four quarters ending December 2024, such that no major trading partner requires enhanced analysis**.

Treasury maintains a Monitoring List of major trading partners, whose currency practices and macroeconomic policies merit close attention. When a major trading partner meets two of the three criteria in the 2015 Act, that trading partner is placed on the Monitoring List. Once on the Monitoring List, an economy will remain there for at least two consecutive Reports to help ensure that any improvement in its performance, such that it no longer meets two of the three criteria for enhanced analysis, is durable, rather than being due to temporary factors. **In this Report, the Monitoring List comprises China, Japan, Korea, Taiwan, Singapore, Vietnam, Germany, Ireland, and Switzerland. All except Ireland and Switzerland were on the Monitoring List in the November 2024 Report.** Section 3 provides Treasury's intensified evaluation of these economies.

While Treasury has not designated China as a currency manipulator in this Report amid RMB depreciation pressure, China stands out among our major trading partners in its lack of transparency around its exchange rate policies and practices. This lack of transparency will not preclude Treasury from designating China if available evidence suggests that it is intervening through formal or informal channels to resist RMB appreciation in the future.

Exchange rates and currency movements can reflect a wide range of global and domestic factors. These can contribute to currency misalignments over the short term or, in some cases, compound over the long term. Misalignments due to these factors can materialize in other parts of the economy as well, resulting in domestic as well as external imbalances.

Treasury will monitor vigilantly where policies contribute to significant exchange rate misalignments. Treasury also will consider working with other countries to develop comprehensive measures to address these policies and imbalances in support of a level playing field for American families, workers, and businesses and strong, sustainable, and balanced growth across the global economy.

In future Reports, in support of the America First Trade Policy, Treasury will strengthen its analysis of trading partners' currency policies and practices. Such analysis may include more intensive analysis of market dynamics in circumstances where a central bank is ostensibly intervening to mitigate disorderly market conditions or excess volatility when the domestic currency is under appreciation pressure. It will also include greater vigilance about other potential means, beyond foreign exchange intervention, that may be employed by U.S. major trading partners to influence exchange rates. These means could include the inappropriate use of capital flow measures or macroprudential measures to target the exchange rate for competitive purposes, or inappropriate activity by government investment vehicles apart from the central bank (such as pension funds or sovereign wealth funds) to target the exchange rate for competitive purposes. Treasury will also use all available tools to implement strong countermeasures that will level the playing field against unfair currency practices. These may include recommending the use of existing tariff authorities that Congress has delegated to the President and the United States Trade Representative following a manipulation determination by Treasury in its Report to Congress on the Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States.

Section 1: Treasury's Analysis under the 1988 and 2015 Legislation

This Report reviews developments in international economic and exchange rate policies and is submitted pursuant to the Omnibus Trade and Competitiveness Act of 1988, 22 U.S.C. § 5305, and Section 701 of the Trade Facilitation and Trade Enforcement Act of 2015, 19 U.S.C. § 4421. Because the standards in the 1988 Act and the 2015 Act are distinct, a trading partner could be found to meet the standards identified in one of the statutes without necessarily being found to meet the standards identified in the other.

Under the 1988 Act, the Secretary of the Treasury must provide semiannual reports to Congress on international economic and exchange rate policy. Under Section 3004 of the 1988 Act, the Secretary must:

> *"consider whether countries manipulate the rate of exchange between their currency and the United States dollar for purposes of preventing effective balance of payments adjustments or gaining unfair competitive advantage in international trade."*

This determination may encompass analysis of a broad range of factors, including not only trade and current account imbalances and foreign exchange intervention (the criteria evaluated under the 2015 Act), but also currency developments, the design of exchange rate regimes and exchange rate practices, foreign exchange reserve coverage, capital controls, monetary policy, and trade policy actions, as well as foreign exchange activities by quasi-official entities that may be undertaken on behalf of official entities, among other factors.

Under the 2015 Act, Treasury is required to assess the macroeconomic and exchange rate policies of major trading partners of the United States that have: (1) a significant bilateral trade surplus with the United States, (2) a material current account surplus, and (3) engaged in persistent one-sided intervention in the foreign exchange market. Treasury sets the benchmark and threshold for determining which countries are major trading partners, as well as the thresholds for the three specific criteria in the 2015 Act.

Key Criteria under the 2015 Act

As noted above and illustrated in Table 1 below, Treasury has reviewed the 20 largest U.S. trading partners[2] against the thresholds Treasury has established for the three criteria in the 2015 Act for the four quarters through December 2024:

Criterion (1) – Significant bilateral trade surplus with the United States:

Treasury assesses that economies with a bilateral goods and services surplus of at least $15 billion have a "significant" surplus. Highlighted in red in column 3 of Table 1 are the 15 major trading partners that have a bilateral surplus that met this threshold for the four quarters through December 2024. Table 2 provides additional contextual information on total and bilateral trade, including individual goods and services trade balances, with these trading partners.

Criterion (2) – Material current account surplus:

Treasury assesses current account surpluses of at least 3% of GDP are "material." Highlighted in red in column 2a of Table 1 are the nine economies that met this threshold over the four quarters through December 2024. Column 2b shows the change in the current account surplus as a share of GDP over the last three years, although this is not a criterion for enhanced analysis.

Criterion (3) – Persistent, one-sided intervention:

Treasury assesses net purchases of foreign currency, conducted repeatedly, in at least 8 out of 12 months, totaling at least 2% of an economy's GDP, to be persistent, one-sided intervention.[3] Columns 1a and 1c in Table 1 provide Treasury's assessment of this

[2] Based on total bilateral trade in goods and services (i.e., imports plus exports). The countries listed in Table 1 are ordered from largest to smallest trading partner based on total bilateral trade.
[3] Notably, this quantitative threshold is sufficient to meet the criterion. Other patterns of intervention, with lesser amounts or less frequent interventions, might also meet the criterion depending on the circumstances of the intervention.

criterion.[4] In economies where foreign exchange interventions are not published, Treasury uses estimates of net purchases of foreign currency as a proxy for intervention.

Table 1. Major Foreign Trading Partners Evaluation Criteria

	FX Intervention			Current Account			Bilateral Trade
	Net Purchases (% of GDP, Trailing 4Q) (1a)	Net Purchases (USD Bil., Trailing 4Q) (1b)	Net Purchases 8 of 12 Months† (1c)	Balance (% of GDP, Trailing 4Q) (2a)	3 Year Change in Balance (% of GDP) (2b)	Balance (USD Bil., Trailing 4Q) (2c)	Goods and Services Surplus with United States (USD Bil., Trailing 4Q) (3)
Mexico	0.0	1	No	-0.3	0.0	-6	**169**
Canada	0.0	0	No	-0.5	-0.5	-11	**28**
China	0 — -0.9 *	-7 — -165	No	2.3 **	0.3	424	**264**
United Kingdom	0.0	0	No	-2.6	-2.2	-97	-15
Germany	0.0	0	No	**5.7**	-1.3	264	**89**
Japan	-2.5	-99	No	**4.8**	0.9	192	**64**
Korea	-0.6	-11	No	**5.3**	0.9	99	**55**
Ireland	0.0	0	No	**17.2**	4.9	99	**25**
India	-2.2	-84	No	-0.8	0.2	-32	**46**
Taiwan	-2.1	-16	No	**14.2**	-1.1	113	**74**
Switzerland	0.1	1	Yes	**5.0**	-2.0	47	**17**
Netherlands	0.0	0	No	**9.9**	-0.1	122	-73
France	0.0	0	No	0.4	0.1	14	**21**
Vietnam	-1.8 ***	-8	No	**6.1**	8.3	28	**122**
Singapore	**5.3**	29	**Yes**	**17.5**	-2.3	96	-30
Italy	0.0	0	No	1.2	-1.0	27	**48**
Brazil	-1.8	-39	No	-2.8	-0.4	-61	-29
Australia	-0.1	-2	No	-1.9	-4.3	-35	-34
Thailand	0.5 ***	3	No	2.1	4.2	11	**45**
Malaysia	-2.1 ***	-9	No	1.4	-2.4	6	**23**
Memo: Euro Area	0.0	0	No	2.8	0.1	460	**134**

Note: Current account balance measured using BOP data, recorded in U.S. dollars, from national authorities.

Sources: Haver Analytics; National Authorities; U.S. Census Bureau; Bureau of Economic Analysis; and U.S. Department of the Treasury Staff Estimates.

† In assessing the persistence of intervention, Treasury will consider an economy that is judged to have purchased foreign exchange on net for 8 of the 12 months to have met the threshold. Other patterns of intervention, such as less frequent interventions, might also meet the criterion depending on the circumstances of the intervention.

* China does not publish FX intervention, forcing Treasury staff to estimate intervention activity from monthly changes in the PBOC's foreign exchange assets and monthly data on net foreign exchange settlements, adjusted for changes in outstanding forwards. Based on either the PBOC's foreign exchange assets data or net foreign exchange settlements data, intervention was not persistent.

** Treasury is aware of statistical anomalies that may suggest that China's current account surplus is higher than what is reported in the official balance of payments data. See "Box 1: Anomalies in China's Current Account Data" in the June 2024 Report for more details. For consistency with other data in the Report, official balance of payments data are reported here. Using customs data, China's current account surplus would be 2.7% of GDP.

*** Authorities do not publish FX intervention. Authorities have conveyed bilaterally to Treasury the size of net FX purchases during the four quarters ending December 2024.

[4] Treasury uses publicly available data for intervention on foreign asset purchases by authorities, or estimated intervention based on valuation-adjusted foreign exchange reserves. This methodology requires assumptions about both the currency and asset composition of reserves in order to isolate returns on assets held in reserves and currency valuation moves from actual purchases and sales, including estimations of transactions in foreign exchange derivatives markets. Treasury also uses alternative data series when they provide a more accurate picture of foreign exchange balances, such as Taiwan's reporting of net foreign assets at its central bank. To the extent the assumptions made do not reflect the true composition of reserves, estimates may overstate or understate intervention. Treasury strongly encourages those economies in this Report that do not currently release data on foreign exchange intervention to do so.

Table 2. Major Foreign Trading Partners - Expanded Trade Data

	USD Bil., Trailing 4Q						% of GDP, Trailing 4Q					
	Total Trade with United States			Trade Surplus with United States			Total Trade with United States			Trade Surplus with United States		
	Goods and Services (1a)	Goods (1b)	Services (1c)	Goods and Services (2a)	Goods (2b)	Services (2c)	Goods and Services (3a)	Goods (3b)	Services (3c)	Goods and Services (4a)	Goods (4b)	Services (4c)
Mexico	935	840	95	169	172	-3	50.3	45.2	5.1	9.1	9.2	-0.1
Canada	908	762	146	28	63	-35	40.5	34.0	6.5	1.3	2.8	-1.6
China	660	582	77	264	295	-32	3.5	3.1	0.4	1.4	1.6	-0.2
United Kingdom	332	148	184	-15	-12	-4	9.1	4.1	5.0	-0.4	-0.3	-0.1
Germany	326	236	90	89	85	4	7.0	5.1	1.9	1.9	1.8	0.1
Japan	315	228	87	64	68	-4	7.8	5.7	2.2	1.6	1.7	-0.1
Korea	240	197	42	55	66	-11	12.8	10.5	2.3	3.0	3.5	-0.6
Ireland	237	120	117	25	87	-62	41.1	20.8	20.3	4.3	15.0	-10.7
India	210	129	81	46	46	0	5.5	3.4	2.1	1.2	1.2	0.0
Taiwan	185	159	27	74	74	0	23.3	19.9	3.3	9.3	9.3	0.0
Switzerland	179	88	91	17	38	-21	19.1	9.4	9.7	1.8	4.1	-2.3
Netherlands	174	124	50	-73	-56	-18	14.2	10.1	4.1	-6.0	-4.5	-1.5
France	160	103	57	21	16	4	5.1	3.3	1.8	0.7	0.5	0.1
Vietnam	155	150	5	122	123	-1	33.6	32.5	1.1	26.5	26.8	-0.3
Singapore	144	89	55	-30	-3	-27	26.3	16.3	10.0	-5.5	-0.5	-5.0
Italy	137	109	28	48	44	4	5.8	4.6	1.2	2.0	1.9	0.2
Brazil	129	92	37	-29	-7	-22	5.9	4.2	1.7	-1.3	-0.3	-1.0
Australia	88	51	37	-34	-18	-16	4.9	2.9	2.0	-1.9	-1.0	-0.9
Thailand	88	81	7	45	46	0	16.6	15.4	1.2	8.6	8.6	0.0
Malaysia	86	80	6	23	25	-2	20.4	19.0	1.5	5.5	5.9	-0.4
Belgium	75	62	13	-6	-6	0	11.2	9.3	1.9	-1.0	-1.0	0.0
Memo: Euro Area	1297	873	424	134	203	-69	7.9	5.3	2.6	0.8	1.2	-0.4

Source: U.S. Census Bureau, and Bureau of Economic Analysis.

Summary of Findings

The four quarters through December 2024 has been a period of broad dollar strength, and one in which many of the United States' major trading partners were intervening in markets to support their currencies, rather than to weaken them.

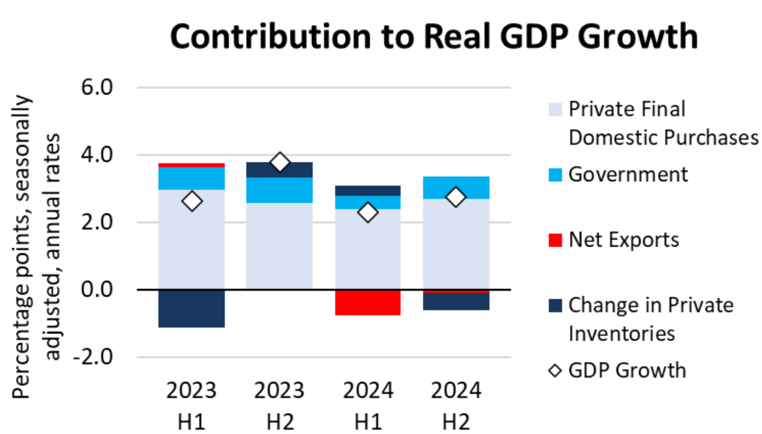
Pursuant to the 2015 Act, Treasury finds that no trading partner met all three criteria for enhanced analysis in the current review period of the four quarters through December 2024, based on the most recent available data. Treasury maintains a Monitoring List of major trading partners, whose currency practices and macroeconomic policies merit close attention. In this Report, the Monitoring List comprises China, Japan, Korea, Taiwan, Singapore, Vietnam, Germany, Ireland, and Switzerland. Treasury's intensified analysis of these economies can be found in Section 3 of this Report.

Treasury has also concluded that no major trading partner of the United States engaged in conduct of the kind described in Section 3004 of the 1988 Act during the relevant period. This determination has taken account of a broad range of factors, including not only trade and current account imbalances and foreign exchange intervention (the criteria in the 2015 Act), but also currency developments, exchange rate practices, foreign exchange reserve coverage, capital controls, and monetary policy.

As dynamics in currency markets change, Treasury will remain vigilant in assessing whether major trading partners are undertaking policies that result in currency manipulation.

Section 2: Global Economic and External Developments

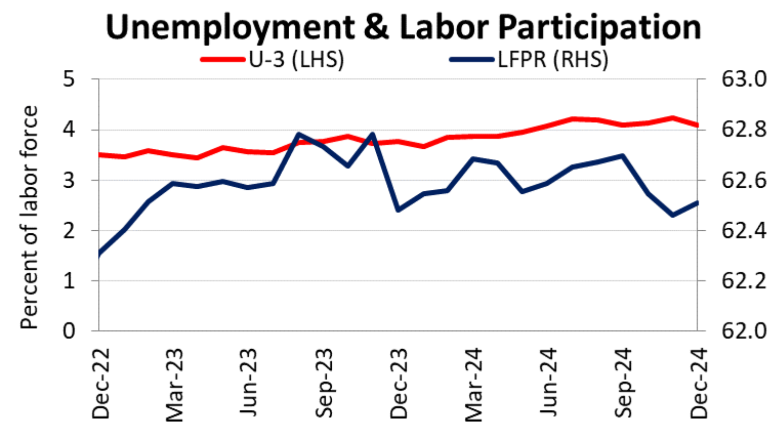
U.S. Economic Trends



Source: Bureau of Economic Analysis.

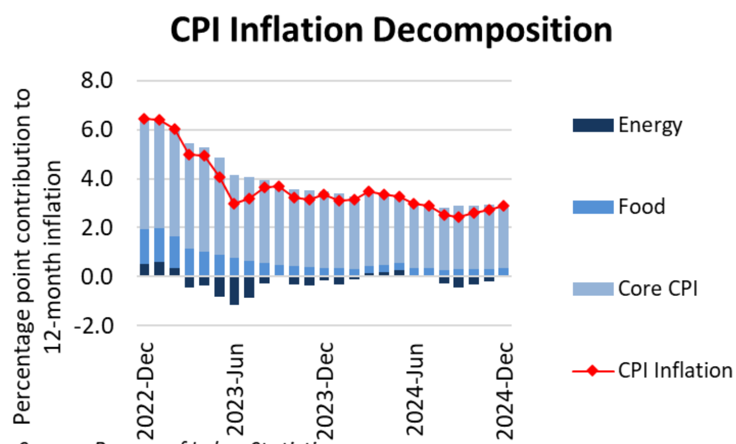
After growing at a solid pace of 2.3% at an annual rate during the first half of 2024, real GDP growth accelerated to 2.8% during the latter half of the year, driven by larger contributions from private domestic final purchases and, to a lesser extent, government spending. Private domestic final purchases (PDFP)—which includes personal consumption expenditures, business fixed investment, and residential investment—added 2.7 percentage points to GDP growth, while total government consumption and investment accounted for 0.7 percentage points of growth as federal spending increased. The United States' unacceptably high trade deficit continued to be a drag on growth; net exports widened by another $17.0 billion in the second half of last year.

Labor market conditions remained healthy, on balance, during the second half of 2024, with somewhat faster job creation, relatively stable participation, and unemployment rates near historic lows. The economy created an average of 171,000 jobs per month during the second half of 2024, while the unemployment rate (U-3) held steady around 4.1%. The overall labor force participation rate (LFPR) ticked down to 62.5% by the end of 2024, partly reflecting a decrease in the prime-age (ages 25-54) LFPR to 83.4%.



Source: Bureau of Labor Statistics.

The downward trend in inflation during the first half of 2024 leveled off in the second half of the year. At the end of June 2024, 12-month CPI inflation was 3.0% and it had only eased by another 0.1 percentage points by December. Despite slower energy price inflation, yearly food price inflation accelerated to 2.5% by the end last year, from a rate of 2.2% through June 2024. Twelve-month core CPI (which excludes food and energy) rose 3.2% over the year ending in December 2024. Meanwhile, the Federal Reserve's preferred measure, PCE inflation, picked up from a 12-month rate of 2.4% in June 2024 to 2.6% by December, largely reflecting stronger core price growth. Core PCE, which had slowed to a 12-month rate of 2.6% as of June 2024, returned to 2.9% by the end of the year. Getting inflation durably lower is essential to ease the burden on American households.



Source: Bureau of Labor Statistics.

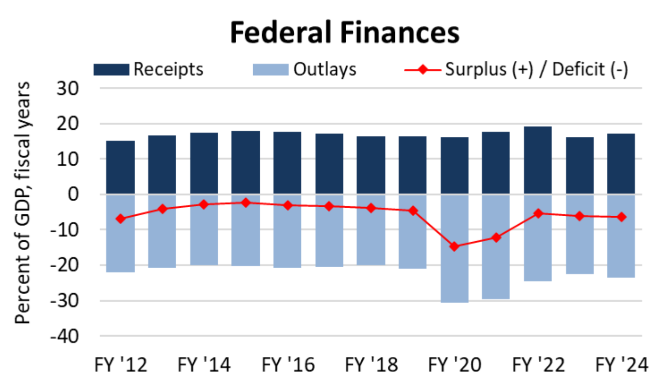
Economic Developments Since December 2024

Real GDP declined slightly during early 2025, accompanied by a still-solid rate of job creation, while annual inflation continued to cool. In the first quarter of the year, real GDP slipped 0.2% at an annual rate, mainly reflecting an historic surge in imports and a decline in real federal spending even as consumer spending and investment growth remained solid. The anticipation of sharply higher tariffs encouraged consumers and firms to shift forward purchases of foreign goods, resulting in a record net export deficit that subtracted 4.8 percentage points from real GDP growth. Roughly half of the drag from trade was offset by private inventory buildup. Meanwhile, growth of PDFP was 2.5% during the first quarter, slowing from the 3.2% pace during the second half of last year.

Labor markets remained healthy in the first four months of 2025. Since December 2024, private-sector employers have added an average of 131,000 jobs per month, roughly in line with the 135,000 average in the second half of 2024 and remaining at a healthy pace. Meanwhile, the unemployment rate ticked up to 4.2% as of April 2025, remaining within the 4.0% to 4.2% range observed since May 2024. Labor supply has improved in recent months: the overall LFPR ticked up 0.1 percentage point and the prime-age LFPR was up 0.2 percentage points since December.

Annual inflation has moderated since December 2024. Over the twelve months ending in April 2025, year-over-year CPI inflation was 2.3%, or 0.6 percentage points lower than the comparable pace through December. Energy deflation has contributed to slower headline inflation, although inflation for food has trended higher. Core CPI was 2.8% over the year through April, 0.4 percentage points below December's 12-month rate and the slowest pace since March 2021. Since December, year-over-year rent of housing inflation has continued to gradually moderate, while core non-housing services inflation has declined 1.4 percentage points and is at the lowest level since March 2021. On a 12-month basis, the headline PCE price index accelerated early in 2025, but in April cooled to 2.1%, or 0.5 percentage points below the rate at the end of 2024.

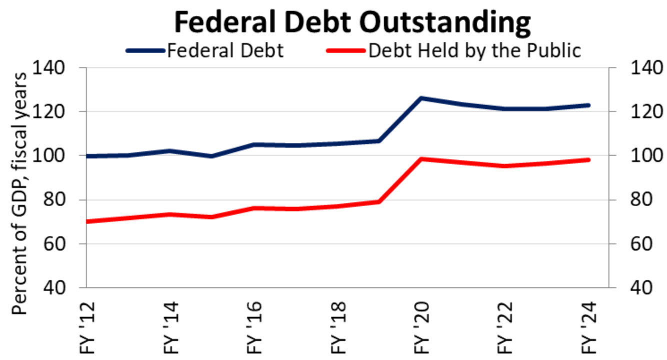
Federal Finances



Sources: U.S. Treasury; Bureau of Economic Analysis.

The deficit as a share of GDP during the previous Administration was the largest in history outside of a war or recession. In FY 2024, which ended last September, the deficit widened by $138 billion to $1.83 trillion, equal to 6.4% of GDP, as an increase in outlays more than offset rising receipts. Outlays rose by $617 billion to $6.75 trillion (23.4% of GDP) in FY 2024, partly reflecting increased net interest payments on the federal debt, a sharp drop in proprietary receipts by the Department of Education, and higher spending on Social Security and Medicare due to demographic aging. Meanwhile, total federal receipts jumped by $479 billion to $4.92 trillion (17.1% of GDP) in FY 2024. The rise in receipts was partly due to strong labor markets (which pushed up individual income tax withholdings and social insurance receipts), capital gains realizations, and the payment of some delayed taxes from FY 2023 (such as from households impacted by natural disasters). Between October 2024 and April 2025, the deficit was $1.0 trillion, or $194 billion higher than the comparable period in FY 2024. Federal receipts were 4.9% higher, while federal outlays were 8.9% higher than in the first seven months of FY 2024.

The Treasury's borrowing limit was reinstated on January 1, 2025. At the end of FY 2024, gross federal debt stood at $35.5 trillion, while debt held by the public was $28.3 trillion. As of end of April 2025, gross federal debt stood at $36.2 trillion, while debt held by the public was $28.9 trillion.

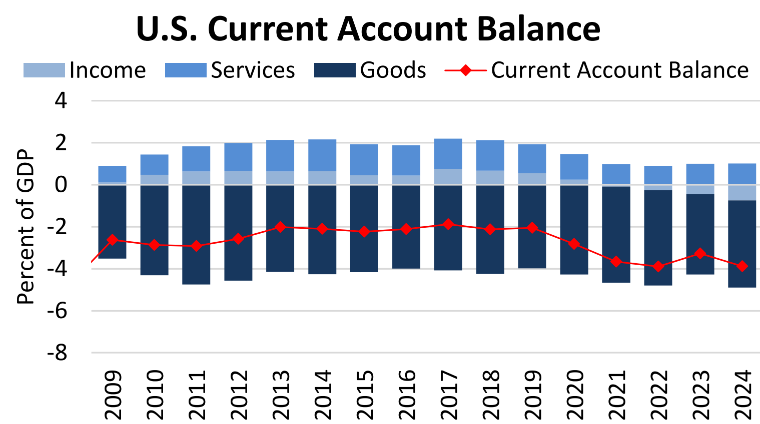


Sources: U.S. Treasury; Bureau of Economic Analysis.

The fiscal path this Administration inherited is unsustainable, and it is working tirelessly to cut spending, grow the economy, and bring America back to a healthy fiscal path. The Administration seeks Congress's collaboration to cut wasteful government spending to bring down the federal deficit and to pass tax reform that promotes supply-side friendly macroeconomic environments through which the benefits of economic growth are broadly shared.

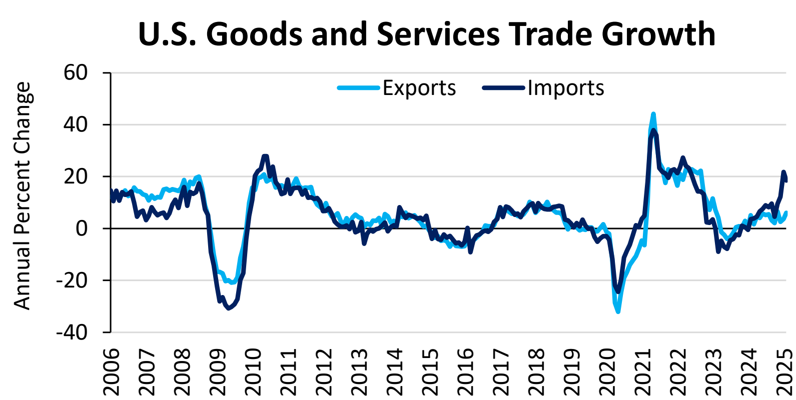
U.S. Current Account and Trade Balances

The U.S. current account deficit widened by $228.2 billion to $1.1 trillion in the four quarters through December 2024, a 25.2% increase. The deficit was 3.9% of GDP over the same period, up from 3.3% in the four quarters though December 2023. This is unacceptably high, and almost double the $601.2 billion current account deficit over the four quarters through December 2020.



Sources: Bureau of Economic Analysis, Haver

The widening of the current account deficit in 2024 mostly reflected an expanded deficit in goods. Overall, the goods deficit increased by around $149.7 billion in the four quarters through December 2024 while the services surplus increased by $16.8 billion. Total U.S. exports grew just 3.9% in



Source: U.S. Census Bureau

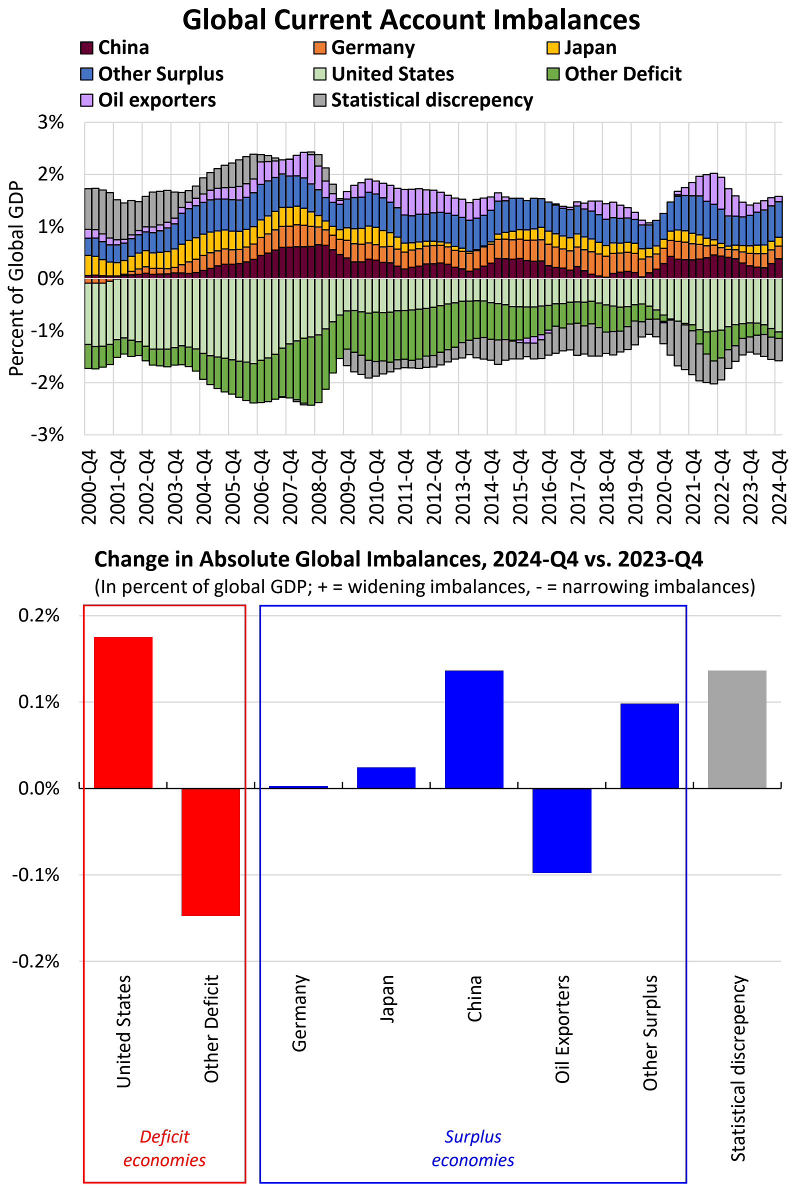
2024 while imports grew 6.5%. Taken together, the total U.S. trade deficit increased by $133 billion in the four quarters through December 2024, compared to the four quarters through December 2023. Past administrations held out false hope that our trading partners would implement policies that would drive a balanced global economy. Today's large and persistent U.S. current account and trade deficits are reflective of policies that fail to support a level playing field.

International Economic Trends

Global economic growth at 3.3% in 2024 marked the second successive decline as growth continues to be held down by persistent imbalances, high debt, and low productivity growth. Some countries' policies encourage excess saving, which holds back private sector-led growth. Others keep wages artificially depressed, which suppresses domestic demand. These practices contribute to global dependence on U.S. demand to spur growth. They also lead to a global economy that is weaker and more vulnerable than it should be.

The International Monetary Fund (IMF) projects global growth to moderate further in 2025 to 2.8% before only a modest pick-up in 2026 and settling around 3.2% over the medium term, below the pre-pandemic trend of 3.7%. The relatively weak growth outlook underscores the urgency of undertaking policy reforms that support strong, sustainable growth, and fair-trading relationships. For its part, the Trump Administration remains focused on driving economic growth in the United States, and by extension the global economy, supported by private-sector demand, bringing down inflation, controlling federal spending, and restoring fairness in U.S. trade relationships.

Global External Imbalances, Capital Flows to Emerging Market Economies, and Foreign Exchange Developments[5]

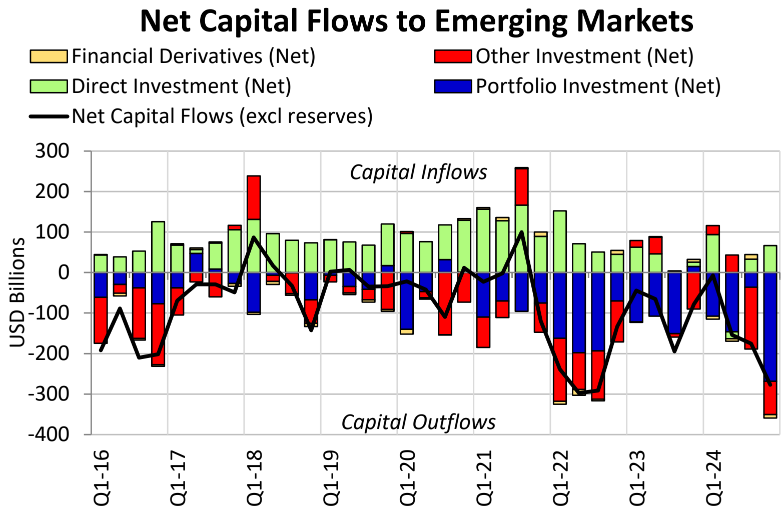


Sources: IMF WEO, Haver

Global current account imbalances[6] have been persistent for decades. A combination of tariff and non-tariff barriers, policies that incentivize excessive domestic savings, weak labor productivity and excessive regulations that hold back private sector led growth, and unfair currency practices have hollowed out the U.S. manufacturing sector and left the United States as the consumer of last resort. Aggregate external imbalances started to widen again in 2024, following a brief period of contraction in 2023, largely due to increases in the U.S. current account deficit and the reported Chinese current account surplus. Europe has taken some steps recently to create a new source of global demand, but more can be done. China's economy, discussed in more detail later in this Report, is built on an unsustainable model that is not only harming China but also the entire world.

[5] Unless otherwise noted, this Report quotes exchange rate movements using end-of-period data. Bilateral movements against the dollar and the nominal effective dollar index are calculated using daily frequency or end-of-period monthly data from the Federal Reserve Board. Movements in the real effective exchange rate for the dollar are calculated using monthly frequency data from the Federal Reserve Board, and the real effective exchange rate for all other currencies in this Report is calculated using monthly frequency data from the Bank for International Settlements (BIS) or JP Morgan if BIS data are unavailable.
[6] Measured as the sum of the absolute values of current account deficits and surpluses.

Net capital flows to emerging market economies remained under pressure in 2024, largely reflecting sustained capital outflow pressures on China. Since end-2023, net outflows of FDI, portfolio investment, and other investment from emerging market economies have totaled $552 billion. The dramatic pullback primarily reflects large scale net outflows from China, particularly the record level of net portfolio outflows in the fourth quarter, combined with continued net outflows of FDI and other investment. Excluding China, outflows of capital have remained more muted, totaling $61 billion over this period.

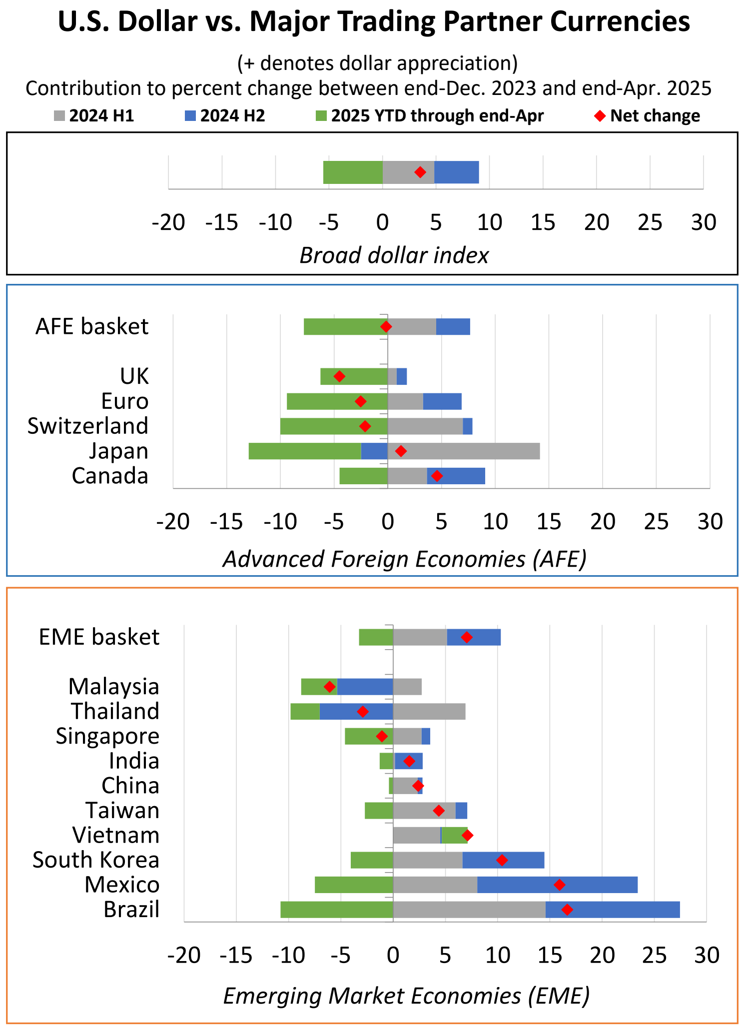


Note: Financial account (excluding reserves) adjusted for errors and ommissions. 2024 reflects data through the end-December where available.
Source: National Authorities, U.S. Department of the Treasury Staff Calculations

Outflows over this period also reflected sustained outflows of resident investment that have outweighed relatively stable inflows from nonresidents compared to the previous year. Total net FDI inflows remained weak resulting from collapsed net FDI flows into China. Meanwhile, portfolio investment and other investment net outflows totaled $728 billion over the year, having accelerated and reaching their highest nominal quarterly amount on record in the fourth quarter.

The nominal trade-weighted dollar strengthened 9.0% over the four quarters through December 2024, appreciating against advanced economy currencies by 7.7% and emerging market economy currencies by 10.3%.

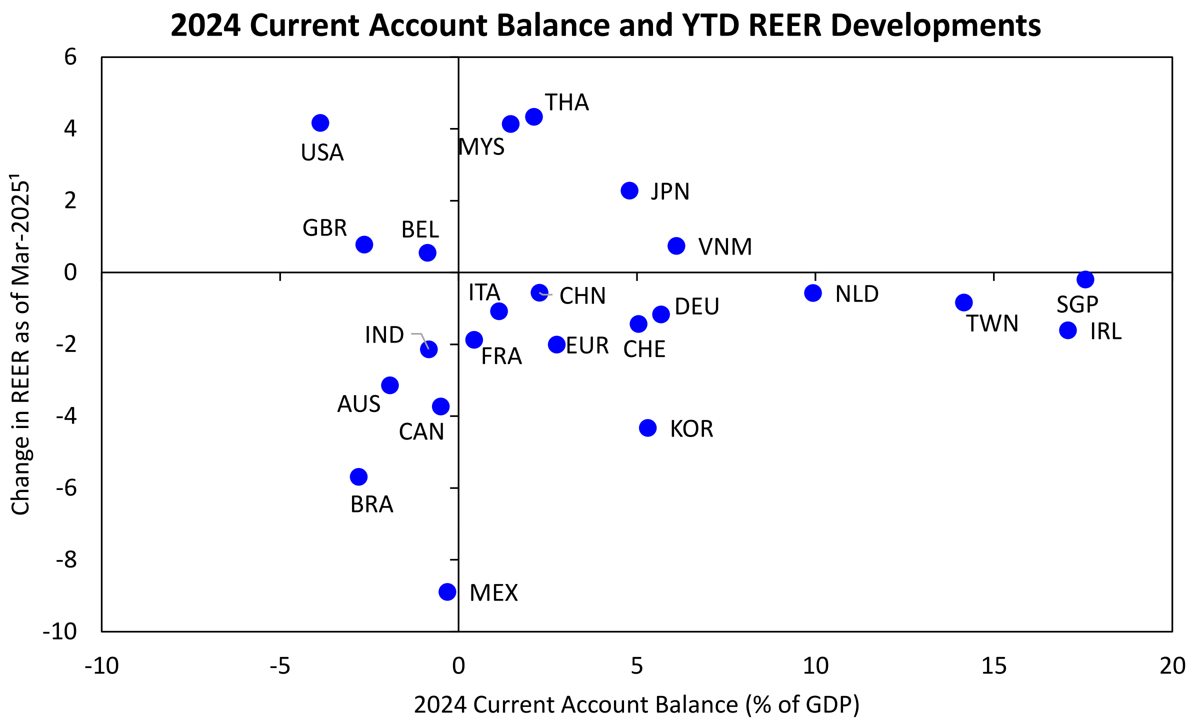
The dollar has weakened 5.1% between end-2024 and end-April 2025, by 7.3% against advanced economy currencies and by 2.9% against emerging market currencies. During the first four months of 2025, the dollar depreciated significantly against the euro, Japanese yen, and Swiss franc, weakening by 8.8%, 9.4%, and 9.3%, respectively. Among other trading partners, the dollar also weakened against several large emerging market currencies such as the Brazilian real and Mexican peso, weakening by 8.5% and 6.1%, respectively. Meanwhile, the dollar appreciated against the Vietnamese dong by 2.4% over this period.



Sources: FRB, Haver

On a real effective basis, the dollar appreciated 6.5% in 2024 and has since weakened by 2.5% through end-April, leaving it 17.2% above its 20-year average. Adjustments for relative inflation continue to contribute minimally to year-over-year monthly real effective exchange rate movements thus far in 2025, so nominal effective exchange rate movements primarily explain real dollar developments. In its most recent assessment from July 2024, the IMF continued to judge the dollar to be overvalued by 5.8% on a real effective exchange rate basis in 2023, consistent with its assessment that the U.S. external position was broadly in line with the level implied by medium-term fundamentals and desirable policies during this period.

As of March 2025, real effective exchange rates across some other economies have moved in the direction of easing imbalances. However, among economies with surpluses exceeding 3% of GDP in 2024, only Japan has seen moderate real exchange rate appreciation thus far in 2025. Real exchange rates among several major trading partners with sizable current account surpluses (such as Taiwan, Korea, and Ireland) have depreciated mildly over the course of 2025, shifting relative prices in a direction making it likely they will run even larger surpluses. Some countries that had current account deficits in 2024 have seen continued real appreciation in 2025 (the United States and the United Kingdom), while others have seen mild real depreciation over this period. Notably, Mexico has experienced sizable real depreciations.



Sources: National authorities; BIS REER Indices, JP Morgan, FRB
1/Change between 2024 average REER and YTD average REER through end-March 2025.

Foreign Exchange Reserves

Global foreign currency reserves reached $12.4 trillion by December 2024, rising by just $22 billion since end-2023. Treasury estimates that foreign exchange purchases during this period were modest at $149 billion and that most major U.S. trading partners either did not intervene in foreign exchange markets or sold foreign exchange reserves to resist depreciation pressures. Treasury estimates that losses due to valuation effects mostly offset these estimated purchases ($127 billion), with estimated interest income totaling $188 billion and exchange rate-related losses totaling $315 billion. The losses from changes in exchange rates largely reflect depreciations in the euro and, to a lesser extent, the yen over this period, both of which were particularly pronounced in the fourth quarter of 2024. Treasury assesses that the economies covered in this Report continue to maintain broadly ample—or more than ample—foreign exchange reserves based on standard adequacy benchmarks.

Table 3: Foreign Exchange Reserves

	FX Reserves (USD Bns)	1Y Δ FX Reserves (USD Bns)	FX Reserves (% of GDP)	FX Reserves (% of ST debt)	FX Reserves (% of IMF ARA Metric)*
China	3,202.4	-35.6	17%	..	110%
Japan	1,092.3	-78.1	27%	35%	..
Switzerland	808.0	28.1	86%	72%	..
India	547.5	-3.8	14%	..	114%
Taiwan	578.0	7.4	73%	288%	..
Korea	391.9	-3.8	21%	267%	..
Singapore	358.0	21.2	65%	26%	..
Brazil	296.7	-26.4	14%	352%	127%
Thailand	210.8	9.2	40%	304%	201%
Mexico	203.3	16.4	11%	332%	130%
UK	102.7	-6.1	3%	1%	..
Malaysia	106.1	2.4	25%	82%	108%
Vietnam	81.2	-9.1	18%	318%	..
Canada	97.8	7.9	4%	8%	..
France	29.6	0.0	1%	1%	..
Italy	49.9	1.0	2%	5%	..
Australia	39.6	-1.3	2%	9%	..
Germany	35.3	-1.6	1%	1%	..
Belgium	5.1	-3.2	1%	1%	..
Netherlands	6.0	-0.1	0%	1%	..
Ireland	5.1	-0.1	1%	0%	..
United States	34.9	-2.5	0%	0%	..
World	12,357.4	22.0	n.a.	n.a.	..

Foreign exchange reserves as of end-December 2024.
GDP caluclated as sum of rolling 4Q GDP through Q4-2024.
Short-term debt consists of gross external debt with original maturity of one year or less, as of the end of Q4-2024; Vietnam as of Q1-2024.
** IMF Assessing Reserve Adequacy Metric, a composite measure of reserve adequacy, as of end-2024. China's reserves are compared to the IMF's capital controls-adjusted metric. The IMF assesses reserves between 100-150% of the ARA metric to be adequate. While the IMF usually reports gross international reserves as a share of the ARA metric, foreign currency reserves as a share of the ARA metric are presented here for comparability purposes.*
Sources: National Authorities, World Bank, IMF, BIS.

Section 3: Intensified Analysis of Major Trading Partners

Treasury maintains a Monitoring List of major trading partners, whose currency practices and macroeconomic policies merit close attention. When a major trading partner meets two of the three criteria in the 2015 Act, that trading partner is placed on the Monitoring List. Once on the Monitoring List, an economy will remain there for at least two consecutive Reports to help ensure that any improvement in its performance, such that it no longer meets two of the three criteria for enhanced analysis, is durable, rather than being due to temporary factors. As a further measure, Treasury will add and retain on the Monitoring List any major U.S. trading partner that accounts for a large and disproportionate share of the overall U.S. trade deficit, even if that economy has not met two of the three criteria from the 2015 Act. **In this Report, the Monitoring List comprises China, Japan, Korea, Taiwan, Singapore, Vietnam, Germany, Ireland, and Switzerland. All except Ireland and Switzerland were on the Monitoring List in the November 2024 Report.** This section provides Treasury's intensified evaluation of these economies.

In this Report, Japan, Korea, Taiwan, Vietnam, Germany, Ireland, and Switzerland all meet the criteria for having a significant bilateral surplus and a material current account surplus, and Singapore meets the criteria for engaging in persistent, one-sided foreign exchange intervention and having a material current account surplus.

China's failure to publish foreign exchange (FX) intervention and broader lack of transparency around key features of its exchange rate mechanism continues to make it an outlier among major economies and warrants Treasury's close monitoring. It remains on the Monitoring List for this reason as well as due to its outsized trade imbalance with the United States.

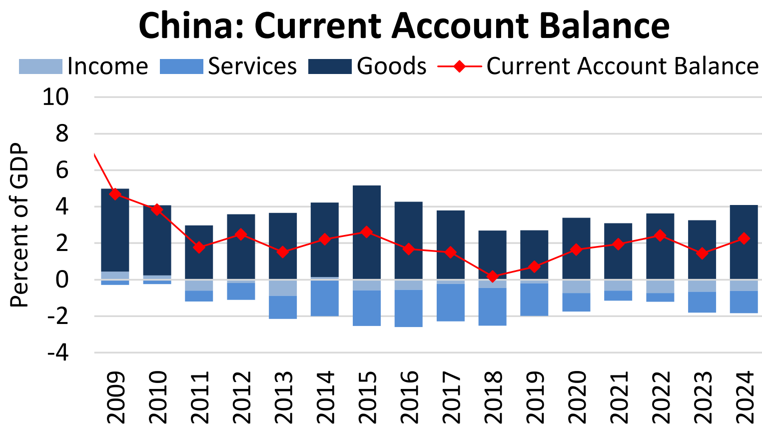
China

Source: IMF

China remains one of the most imbalanced economies in the world, with a large and growing trade surplus, persistently high savings, and correspondingly low household consumption. As China's economy has slowed considerably in recent years, China is increasingly reliant on its manufacturing sector and net exports to drive growth. In 2024, China's goods trade surplus with the rest of the world reached a record of nearly $1 trillion on a customs basis and accounted for over 60% of global goods trade surpluses.[7] Net exports' contributions to growth for the most recent three quarters were among the highest on record, while domestic consumption's share, which includes both household and government consumption, fell to less than half of its pre-pandemic average in the second half of 2024.

[7] There are methodological differences between customs and balance of payments trade data that can naturally result in divergences. However, over the past three years, there has been a substantial divergence in China's goods trade balance with the United States reported in customs and the balance of payments data that is challenging to fully reconcile. See Box 1 in Treasury's June 2024 FX Report for more details.

According to China's balance of payments data, China's current account surplus widened to 2.3% of GDP in 2024 from 1.4% in 2023. Balance of payments data report a surge in the goods trade surplus to 4.1% of GDP last year from 3.3% the prior year, owing to strong export performance.[8] In contrast, China's customs data show a much larger goods trade surplus that rose to 5.3% of GDP in 2024 from 4.5% in 2023. Using the customs data, China's current account surplus would be 3.5% of GDP. In real terms, the trade surplus meaningfully expanded — export volumes increased by over 17% while import volumes increased by just 4% — amid a decline in China's export prices. Over the reporting period, China's services trade deficit expanded modestly to 1.2% of GDP from 1.1% in 2023, reflecting a continued recovery of outbound tourism. China's income deficit narrowed marginally to 0.6% of GDP in 2024 from 0.7% of GDP in 2023, driven by an uptick in residents' reported investment income in the second half of the year.



Sources: SAFE, Haver

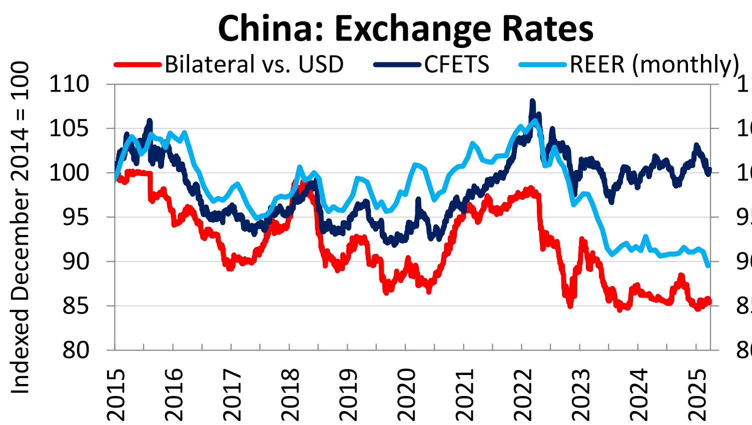
China's bilateral trade surplus with the United States remains by far the largest of any U.S. trading partner. China's bilateral goods and services trade surplus with the United States increased by $11 billion to $264 billion in 2024. The bilateral goods surplus widened by $16 billion to $295 billion in 2024, reflecting both an increase in Chinese exports to the United States and a decrease in Chinese imports from the United States. China ran a bilateral services trade deficit with the United States of $32 billion in 2024, widening from a deficit of $27 billion in 2023.

China's financial account deficit more than doubled to $496 billion in 2024, reflecting substantial outflows in both portfolio investment and other investments. China's portfolio investment deficit ballooned to $188 billion in 2024 as residents purchased foreign equities and securities at a record high amount and nonresidents became net sellers of Chinese equities. Meanwhile, China's other investments deficit surged to $150 billion during the reporting period from near zero in 2023, driven by a substantial reduction in residents' loans to nonresidents. Partially offsetting these trends, China's direct investment deficit narrowed to $154 billion in 2024 despite nonresident FDI inflows reaching a record low, reflecting a sharper reduction in residents' outward investment. Net errors and omissions swung into a surplus for the first time since 2008, in sharp contrast with the large undocumented outflows China recorded over the last decade. It is unclear whether

[8] Treasury's use of trade data from the State Administration of Foreign Exchange (SAFE) in this Report is not meant to imply that these data are more accurate but is instead motivated by these data's consistency with other components of the balance of payments.

this change in China's net errors and omissions is due to a slowdown in undocumented capital outflows or a change in authorities' methodological approach.

China uses its exchange rate policy tools in an opaque manner and provides very limited transparency regarding its exchange rate mechanism. The People's Bank of China's (PBOC) tools include its control over the central parity rate (the "daily fix") around which the RMB is permitted to trade within a band of ±2%. Chinese authorities also directly intervene in foreign exchange markets and influence the foreign exchange activity of China's state-owned banks, offshore RMB interest rates, and the conversion of foreign exchange proceeds by state-owned firms. In recent years, China appears to have relied more on state-owned banks rather than its central bank to manage the exchange rate. This opacity makes it more difficult to monitor the scale of China's foreign exchange intervention and raises serious concerns about China's commitment to transparency at a time where China's rising external imbalances are creating significant spillovers to the rest of the world. While Treasury has not designated China as a currency manipulator in this Report amid RMB depreciation pressure, China stands out among our major trading partners in its lack of transparency around its exchange rate policies and practices. This lack of transparency will not preclude Treasury from designating China if available evidence suggests that it is intervening through formal or informal channels to resist RMB appreciation in the future.



Sources: CFETS, FRB, BIS

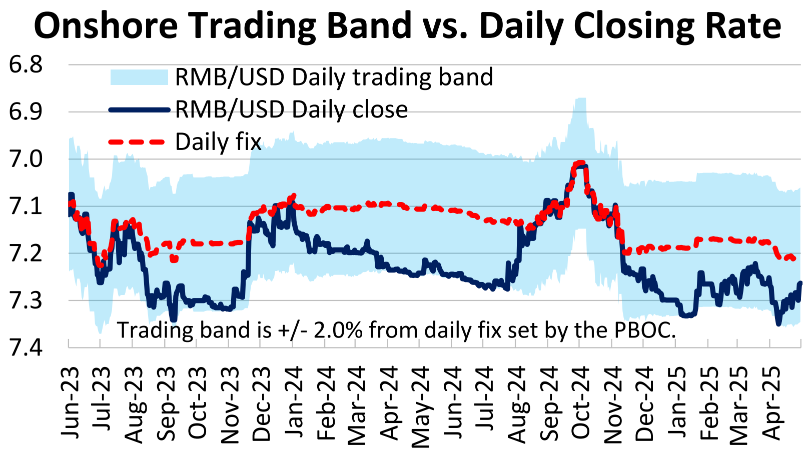
The RMB weakened by 2.7% against the dollar last year amid sustained RMB depreciation pressures for most of 2024. In part due to the authorities' actions to prevent sharp bilateral depreciation (discussed below), the RMB's depreciation against the dollar was less than that experienced by the currencies of many of China's major trading partners. As a result, the RMB appreciated 4.2% against the PBOC's China Foreign Exchange Trade System (CFETS) nominal basket in 2024.[9] Despite the appreciation of China's CFETS nominal basket, China's real effective exchange rate (REER) weakened by 0.7% last year, reflecting anemic inflation in China relative to its major trading partners.

In 2025, the RMB faced bouts of volatility, following escalating trade tensions, leading the RMB to weaken to a low of 7.35 per dollar in early April before stabilizing to around 7.26 per dollar, or a roughly 0.5% appreciation against the dollar, as of the end of April. In contrast, the RMB has depreciated more than 5% against the CFETS nominal basket

[9] The CFETS RMB index is a trade-weighted basket of 24 currencies published by the PBOC.

through April amid a broadly weaker dollar environment and as the authorities maintain a focus on RMB stability against the dollar.

Over the reporting period, the PBOC appears to have continued using the daily fix to overtly manage the exchange rate during periods of elevated depreciation pressures. For much of 2024, the PBOC set the daily fix at a level substantially stronger than market forecasts of the next day's fix.[10] This gap reached a record high in April 2024 and widened again to near record highs in January 2025 amid a resurgence of strong depreciation pressures. The PBOC has not offered an official explanation for this practice, which market participants have interpreted as signaling the PBOC's intent to resist RMB weakness. While the PBOC has maintained a relatively stable fix over the reporting period and through the first three months of 2025, starting in April 2025 the PBOC began setting the daily fix at progressively weaker levels (but still stronger than market expectations) amid renewed depreciation pressures. On April 8, the PBOC allowed the fix to go above the 7.20 per dollar threshold, its weakest level since September 2023. The PBOC has since kept the fix at the 7.20 per dollar threshold.



Source: CFETS

Despite the modest weakening of the daily fix, the PBOC appears to remain committed to FX stability by employing its FX toolkit to resist sharp RMB depreciation against the dollar. Press reports citing market sources continue to identify state-owned Chinese banks acting to resist RMB weakness, with some reports directly tying this behavior to instructions from Chinese authorities.[11] These actions include increasing dollar sales for RMB in the onshore and offshore markets, reducing dollar purchases, and cutting interest rates on dollar-denominated deposits. Moreover, press reports indicate that these banks have funded their dollar sales at least in part through foreign-exchange swaps, a practice that makes this activity more difficult to monitor. The Chinese authorities also have taken various actions to tighten offshore liquidity and adjust macroprudential regulations to support the RMB.[12]

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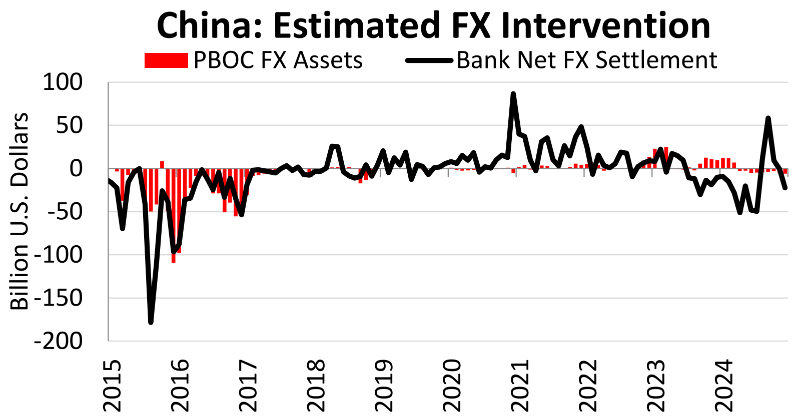
[10] Market forecasts generally rely on the PBOC's official guidance to forecast the next day's fix. According to this guidance, the daily fix is based on a trimmed weighted average of quotes received from market-making banks, which are supposed to base their quotes on the previous day's closing rate plus an adjustment factor to offset overnight changes in the RMB's value against a currency basket. Between 2017 and 2020, the PBOC instructed banks to also consider an undefined "counter-cyclical adjustment factor" (CCAF) when submitting quotes to counter ostensibly procyclical market behavior. The PBOC officially retired the CCAF in 2020.

[11] *See, for example*, "China's central bank asks state lenders to reduce dollar purchases, sources say," *Reuters*, April 9, 2025.

[12] *See, for example*, "Yuan Short Sellers Squeezed by Soaring Hong Kong Funding Costs," *Bloomberg*, January 7, 2025; "China Boosts Yuan Support with Warning, Capital Control Tweaks," *Bloomberg*, January 12, 2025.

China's headline foreign exchange reserves decreased by $36 billion in 2024, ending the year at $3.2 trillion. China is an outlier among the economies covered in this Report in not disclosing its foreign exchange market intervention, which forces Treasury staff to estimate China's intervention in the foreign exchange market through two proxy measures. The PBOC's foreign exchange assets booked at historical cost, the first proxy measure, decreased by $7 billion in 2024. Meanwhile, net foreign exchange settlement data—another proxy measure that includes the activities of China's state-owned banks—recorded net foreign exchange sales, adjusted for changes in outstanding forwards, of $165 billion last year, with $120 billion in net sales in the second quarter alone when the RMB faced sustained depreciation pressures. These represent the most significant foreign exchange sales by China's banking sector since the 2015–16 capital outflows crisis. As noted in previous Reports, the divergence between these two proxy measures could be an indication that monthly changes in the PBOC's foreign exchange assets are not adequately capturing the full range of China's intervention methods. This highlights the need for China to improve transparency regarding its foreign exchange intervention activities, which would also be in China's own interest by reducing the risk of policy miscommunication and associated market volatility.



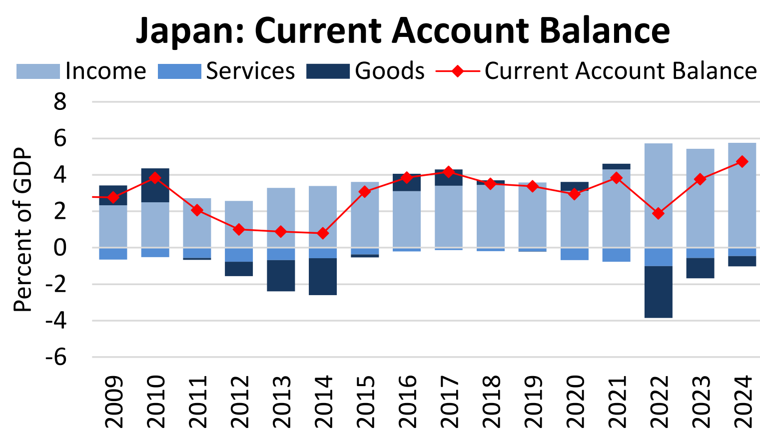
Sources: PBOC, SAFE, U.S. Treasury Estimates

China's economy continues to be characterized by historically large and persistent macroeconomic imbalances, with a share of global manufacturing trade surplus that has surpassed those of Germany and Japan at their peaks. Since September 2024, the authorities have introduced several policies to boost growth and stabilize risks linked to the property sector and equity markets, and have increased rhetorical support for household consumption, though policies implemented to date are piecemeal and not sufficient to address China's imbalances. Given the unsustainable rise of China's trade surplus, it is increasingly urgent that China recommit to macroeconomic rebalancing to boost household consumption and reduce the negative spillovers of China's policies on its trading partners. China must also address its non-market policies and practices, such as large-scale industrial subsidies, which exacerbate economic imbalances and have triggered overcapacity in certain sectors.

Japan

Japan's real GDP grew by only 0.2% in 2024, declining from 1.4% in 2023, as the economy coped with weaker net exports and supply chain disruptions in the automotive sector in the first half of the year, which also weighed on private consumption. Despite a second straight year of robust nominal wage growth, the yen's continued weakness against the dollar was also a drag on household spending, even as the influence of prior yen weakness on domestic inflation has dissipated somewhat. Growth in 2024 was supported by the continued strength in services activity and firm, albeit uneven, private investment. The IMF expects the prospect of weaker global activity to bring Japan's growth to 0.6% in both 2025 and 2026.

The Bank of Japan (BoJ) raised its policy rate twice in 2024 and began a gradual quantitative tightening (QT) amid expectations that inflation will sustainably meet the Bank's target over the medium term. Japan's core inflation metric (consumer price index less fresh food) has stayed above the BoJ's 2% target since March 2022. Price momentum has been supported by a second consecutive year of strong nominal wage increases during the annual *shunto*[13] negotiations, structural tightness in labor supply, and companies' growing willingness to pass on price increases. In March 2024, the BoJ formally exited its Negative Interest Rate Policy, discontinued Yield Curve Control, and scaled back its purchases of assets, including ending its purchases of Exchange-Traded Funds and Japanese Real Estate Investment Trusts. The BoJ further adjusted its stance in July by raising the policy rate to 0.25% and announcing a quarterly plan for reducing its monthly purchases of Japanese Government Bonds (JGBs) through March 2026, such that the BoJ's overall assets—valued at 123% of GDP in December 2024—would begin to gradually decline. The BoJ has stated that its tapering of JGB purchases may shrink its balance sheet by about 8% by March 2026 based on the expected maturities of existing holdings and will announce an interim review of its QT policy at its June policy meeting.

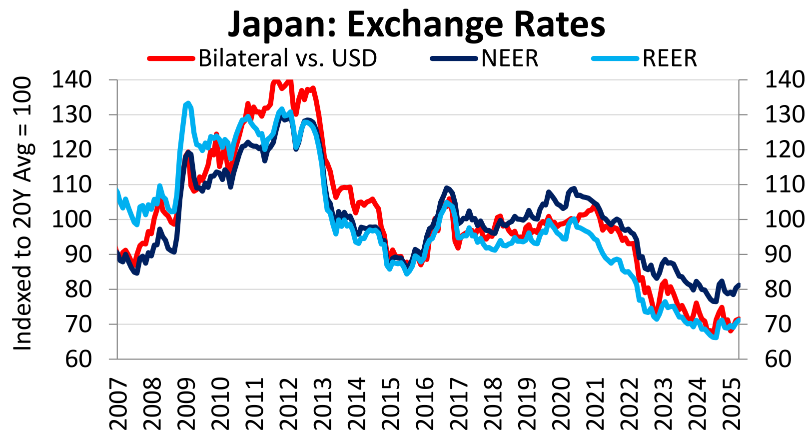


Sources: Bank of Japan, Ministry of Finance, Cabinet Office

Japan's current account surplus widened to 4.8% of GDP in 2024 from 3.8% in 2023. The substantial primary income balance, reflecting decades of foreign asset accumulation, expanded to 6.6% percent of GDP. The goods trade deficit narrowed to 0.6% of GDP in 2024 from a 1.1% deficit in the previous year, as the value of exports outpaced imports on account of the weaker yen and subdued commodity prices. The services deficit, meanwhile, remained near the 10-year average at 0.4% of GDP. Japan's goods and services trade surplus with the United States was $64 billion in 2024, down $2 billion, compared to 2023. The top U.S. goods imports from Japan are passenger vehicles, parts for public and goods transit

[13] *Shunto*, or "spring wage offensive," refers to annual negotiations between larger Japanese companies and labor unions to determine the oncoming fiscal year's wage increases. Though the *shunto* result covers a minority of Japanese workers, it provides a benchmark for wage growth that smaller companies may follow and a signal for inflation expectations in Japan.

vehicles, and heavy construction machinery.



Sources: FRB, Bank for International Settlements

The yen depreciated roughly 10% against the U.S. dollar in 2024. On a real effective basis, the yen depreciated 2.1% in 2024, adding to its 15.3% real depreciation over the course of 2022 and 2023, and currently sits at a 50-year low. Yen-dollar price dynamics in 2024 largely reflected interest rate differentials and monetary policy expectations. The yen's nominal depreciation throughout most of 2024, including its decline to a 34-year low in July 2024, coincided with wide interest rate differentials between the United States and Japan. The yen appreciated sharply from July through September 2024, unwinding its losses against the dollar for the year, in moves that reflected an abrupt shift in market expectations for U.S.-Japan interest rate differentials and an unwinding of yen-funded carry trades. Monetary policy expectations for both economies shifted again in the fourth quarter of 2024, leading to a resurfacing of depreciation pressure against the yen. However, the yen has appreciated by about 10.3% against the dollar over the first four months of 2025, reflecting in part broad dollar weakening over this period.

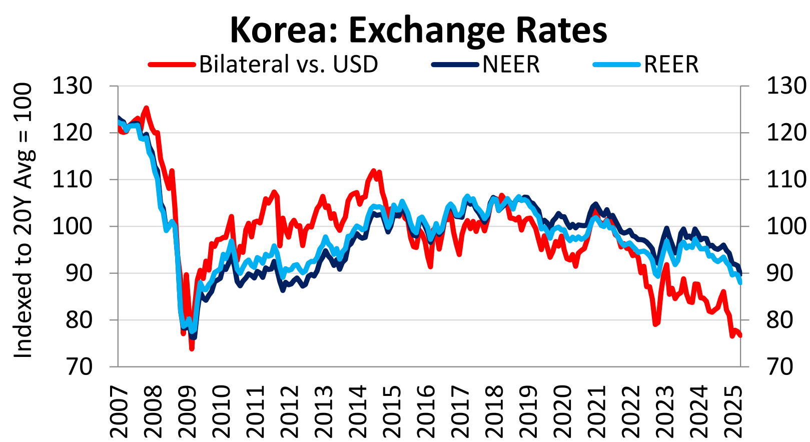
The Ministry of Finance (MoF) intervened over three episodes since April 2024 to strengthen the yen, its first such actions since three interventions in September and October 2022 also to shore up the value of the yen. MoF disclosed that it had sold dollars equating to ¥9.8 trillion ($62 billion) in two separate interventions on April 29 and May 1. MoF intervened once again in July selling another ¥5.5 trillion ($35 billion) on July 11 and 12. Japan is transparent with respect to foreign exchange operations, regularly publishing its foreign exchange interventions each month. In large, freely traded exchange markets, foreign exchange intervention should be reserved only for very exceptional circumstances with appropriate prior consultations.

BoJ policy tightening should continue to proceed in response to domestic economic fundamentals including growth and inflation, supporting a normalization of the yen's weakness against the dollar and a much-needed structural rebalancing of bilateral trade. Treasury also stresses that government investment vehicles, such as large public pension funds, should invest abroad for risk-adjusted return and diversification purposes, and not to target the exchange rate for competitive purposes.

Korea

Korea's economy slowed in 2024, with real GDP growing 2.0%. In the first quarter of 2025, Korea's real GDP contracted 0.1% on a Q1 over Q1 basis due to domestic political volatility weighing on business and consumer sentiment and elevated uncertainty in the global trade environment. As a result of these domestic and global developments, the IMF downgraded Korea's 2025 growth forecast from 2.0% in January 2025 to 1.0% in April 2025. The central bank has recently implemented two 25 basis point policy rate cuts, one at its November 2024 meeting as the growth outlook weakened and another in February 2025, bringing the policy rate to 2.75%. Headline inflation moderated throughout the course of 2024, slowing from 3.2% in December 2023 to 1.9% in December 2024.

As growth faltered, Korea's current account surplus increased considerably during the Report period, reaching 5.3% in 2024, up from 1.8% a year prior. This rise was driven almost entirely by the goods trade as income and services were largely unchanged. Korea's goods and services trade balance with the United States increased by $14 billion to $55 billion over the course of 2024.



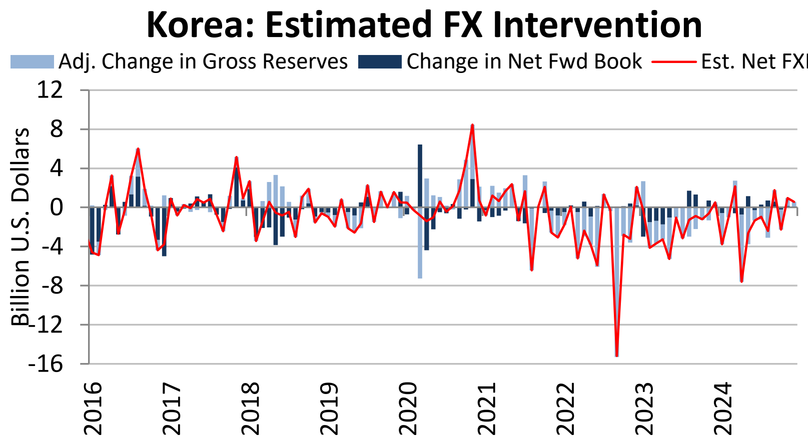
Sources: FRB, Bank for International Settlements

The Korean won depreciated 12.6% against the U.S. dollar and 6.7% on a real effective basis in 2024. Depreciation pressures on the won were most acute in April 2024 due to broad dollar strength and in the fourth quarter of 2024 as the central bank reduced its policy rate in November and amid the onset of domestic political instability. During this latter period, the won depreciated to its post-global financial crisis low at 1480 per dollar. Following tariff-related announcements and the partial stabilization of the domestic political outlook, the won was 3.7% stronger year-to-date as of end-April 2025.

The Korean authorities' foreign exchange intervention appears to be two-sided over time, with a recent focus on excess volatility amid depreciation pressure on the won, such as in April 2024 and December 2024. Korean authorities reported net sales of $11.2 billion for all of 2024, approximately 0.6% of GDP and concentrated in the second quarter of the year.[14] In 2024, the authorities implemented FX market reform measures; these include expanded trading hours, allowing the direct participation of foreign financial institutions in

[14] Korea reports its interventions on a quarterly basis with a one quarter lag. Treasury estimates are monthly and are based on interest-adjusted changes in foreign currency reserves from monthly balance of payments statistics as well as changes in the central bank's forward position. Treasury estimated $16 billion in net foreign exchange sales through the four quarters ending in December 2024.

the onshore interbank FX market, and developing FX market infrastructure. Korea should continue to limit currency intervention to exceptional circumstances of disorderly foreign exchange market conditions.

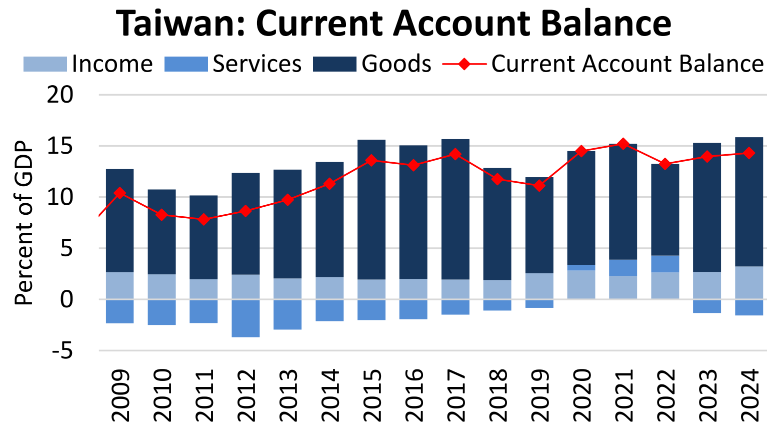


Sources: Bank of Korea, U.S. Treasury estimates

Total foreign assets held by Korea's National Pension Service (NPS) increased by around $46 billion over the four quarters through December 2024 from $413 billion to $470 billion, likely driven by robust returns on the global equity portfolio and, to a lesser extent, steadily increasing allocation to global equity and alternative assets. The NPS tripled its advance FX purchase limit to $3 billion from $1 billion per month in September 2024 and expanded its swap arrangement with the Bank of Korea (BOK) from $50 billion to $65 billion in December 2024. Under the NPS-BOK swap arrangement, the NPS can borrow from the BOK's foreign exchange reserves for overseas investment.

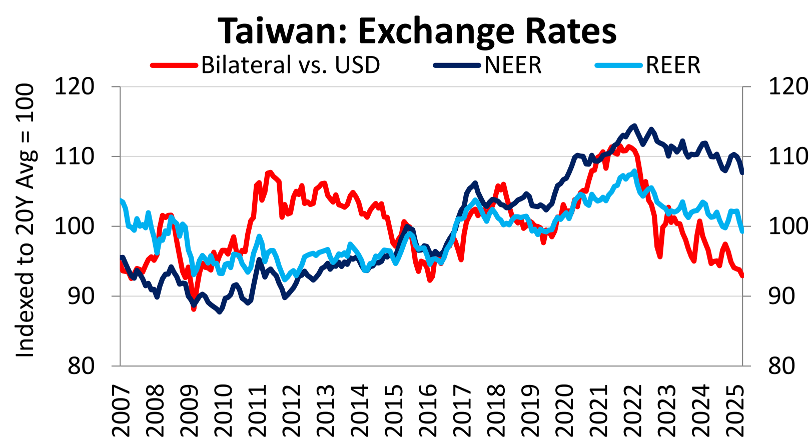
Taiwan

Taiwan's real GDP grew by 2.9% over the four quarters through December 2024, down from 4.7% for the same period in 2023, and rose through Q1 2025 to 5.4% on a year-over-year basis. Growth over the reporting period was driven primarily by sustained investment growth and smaller but consistent contributions from private and public consumption. Net exports weighed on growth in 2024 amid strong import growth but reaccelerated in 2025 amid robust global demand for technology-related products and an apparent front-loading of demand. The Central Bank of China (CBC) has maintained its policy rate at 2.0% since March 2024, as inflation expectations continue to moderate and the authorities look past wage increases and the implementation of carbon fees this year. Headline inflation moderated through December 2024 to 2.1% on a year-over-year basis, down from 2.7% in December 2023. The CBC's preferred measure of core inflation similarly fell to 1.7% in December 2024, down from 2.4% in December 2023.



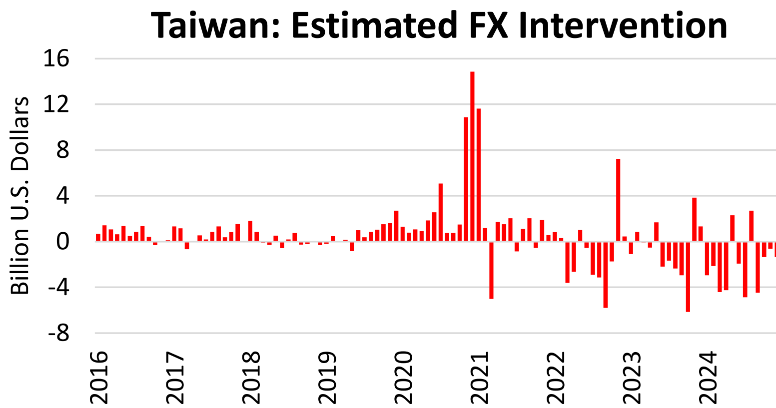
Sources: Taiwan central bank, Haver

Taiwan's extremely high current account surplus increased by $8 billion to $114 billion (14.3% of GDP) in 2024. The increase in the current account surplus was driven by a $5 billion increase in Taiwan's goods trade surplus to $101 billion (12.7% of GDP) and a $4 billion increase in the primary income surplus to $11.5 billion (3.8% of GDP) for the four quarters ending in December 2024. Taiwan's services deficit increased slightly, from $10 billion in 2023 (1.3% of GDP) to $12.4 billion in 2024 (1.6% of GDP), and has returned to pre-pandemic levels. The outsized goods balance reflects a continued reliance on goods exports, in particular semiconductors and electronics. Taiwan's bilateral goods and services trade deficit with the United States grew by $26 billion to a record $74 billion in 2024. Taiwan recorded a negligible services deficit of $220 million in 2024, reversing the small surplus of $200 million in 2023.



Sources: FRB, Bank for International Settlements

The New Taiwan Dollar (TWD) weakened over the four quarters through December 2024, depreciating 6.6% against the U.S. dollar and 0.7% on a real effective basis. In early May, the TWD experienced a bout of volatility when it appreciated about 7% against the dollar during the May 2 and May 5 trading sessions, marking its largest two-day appreciation since the 1980s. The rapid appreciation appeared to be exacerbated by thin liquidity during local holidays, alongside reported repatriation of funds by Taiwanese exporters and increased portfolio inflows by foreign institutional investors.



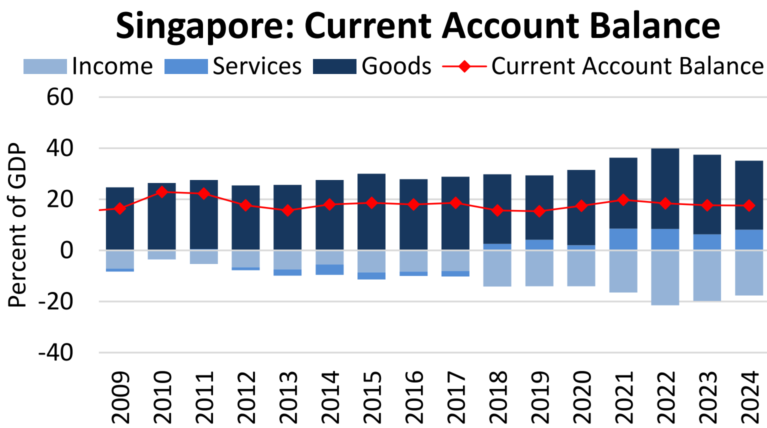
Sources: Taiwan central bank, U.S. Treasury estimates

The stated policy of the central bank is to maintain a "managed float" exchange rate, in principle determined by market forces but with flexibility "to maintain an orderly foreign exchange market." The central bank publicly disclosed $16.4 billion (2.1% of GDP) in net foreign exchange sales over the four quarters through December 2024, with $9.1 billion in sales in the first half of 2024 and $7.1 billion in sales occurring in the second half of 2024. The intervention appears to have been aimed at resisting depreciation pressures on the TWD during this period. The central bank's headline reserves increased from $571 billion in December 2023 to $577 billion in December 2024, despite net sales. Although global interest rates fell for much of 2024, they continued to support investment returns compared to 2023, contributing to the rise in headline reserves over the course of the year. Taiwan publishes its data on foreign exchange intervention on a semi-annual basis, with a three-month lag. The authorities should closely monitor non-bank financial sector risks, including foreign exchange risks. Foreign exchange intervention should be limited and allow currency movements in line with economic fundamentals.

Singapore

Singapore's real GDP growth accelerated from 1.8% in 2023 to 4.4% in 2024. Easing domestic financial conditions supported private sector lending and domestic demand more broadly, while higher U.S. consumption and strong global demand drove expansion in the external sector. In April 2025, the Monetary Authority of Singapore (MAS), which uses an exchange-rate based regime for monetary policy (discussed in detail below), eased monetary policy for the second time this year by reducing the rate of appreciation of the Singapore dollar nominal effective exchange rate (S$NEER) band. Headline inflation has been on a relatively steady decline since mid-2022, falling from a near twenty-year high of 7.5% in September 2022 to 0.9% in March 2025. The deceleration in inflation can be attributed to a rebasing of the consumer price index, softer consumer spending and recent increases to government subsidies for essential services such as public healthcare, pre-school education, and public transport.

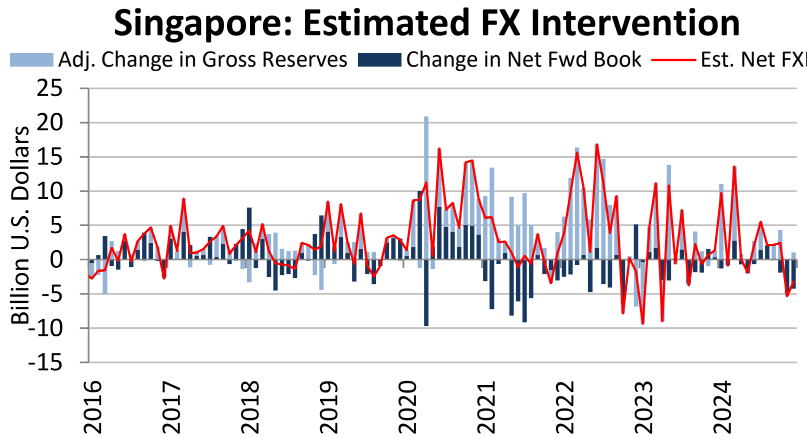
Singapore again registered an extremely large current account surplus last year. In 2024, the surplus was 17.5% of GDP, essentially unchanged from the prior year's reading. The external surpluses are primarily a reflection of Singapore's goods surpluses, though its growing services surpluses have become an important factor as well. The goods surplus narrowed modestly to 27.1% of GDP in 2024 from 31.1% of GDP in 2023 as imports rose more than exports. The services surplus rose to 8.1% of GDP from 6.3% of GDP in 2023, mainly driven by a rise in net receipts for transport services, financial services, and other business services. These goods and services surpluses were partially offset by an income deficit of 17.6% of GDP, reflecting high outbound payments given Singapore's large stock of FDI inflows. In the 2024 External Sector Report, based on 2023 data, the IMF once again assessed Singapore's external position to be substantially stronger than warranted by medium-term economic fundamentals and desirable policies, as it has done since 2013. Singapore's persistent current account surpluses have led to the accumulation of an outsized net international investment position, which stood at around 147% of GDP as of end-December 2024, among the highest in the world.



Sources: Monetary Authority of Singapore, Department of Statistics

Singapore has historically run bilateral trade deficits with the United States in both goods and services trade, which for the four quarters ending in December 2024 totaled $30 billion. Key Singaporean services imports from the United States include research and development, intellectual property, and professional and management services. The Singapore goods deficit with the United States reflects, in part, Singapore's role as a regional transshipment hub, with some of Singapore's imports from the United States ultimately intended for other destinations in the region.

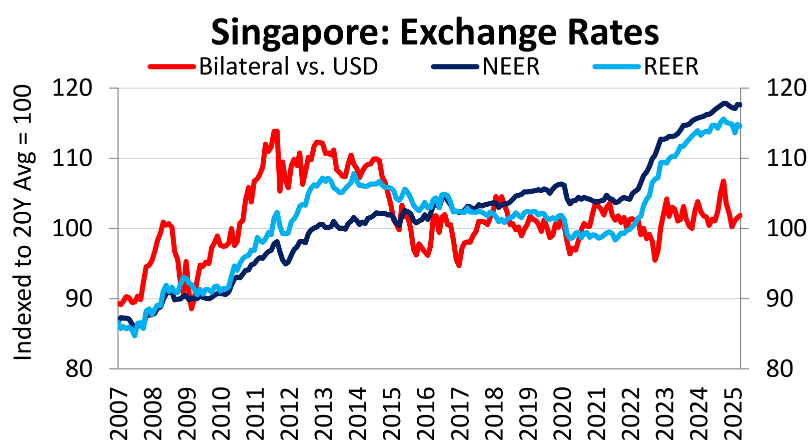
MAS' monetary policy targets the S$NEER against a trade-weighted basket of currencies. MAS maintains that this targeting is appropriate because Singapore's inflation rate is more heavily influenced by the exchange rate than by the interest rate, given its status as a small, open economy with large gross trade flows. The primary mode of intervention is the purchase or sale of U.S. dollars against the Singapore dollar, since this is the most liquid currency pair in the basket. Over the four quarters through December 2024, net purchases of foreign currency totaled $29 billion, equivalent to 5.3% of GDP. According to Treasury estimates, net purchases were concentrated in the first quarter.



Sources: Monetary Authority of Singapore, U.S. Treasury estimates

Official foreign currency reserves totaled $358 billion (65% of GDP) at end-December 2024. In addition to the reserves held by MAS, Singapore's government also has access to substantial official foreign assets managed by GIC and another sovereign wealth fund, Temasek.

As MAS has targeted S$NEER appreciation, the Singapore dollar appreciated by 1.3% and 0.8% on a nominal effective and real effective basis, respectively, over the four quarters through December 2024. Over the same period, the Singapore dollar depreciated by 3.4% against the U.S. dollar.

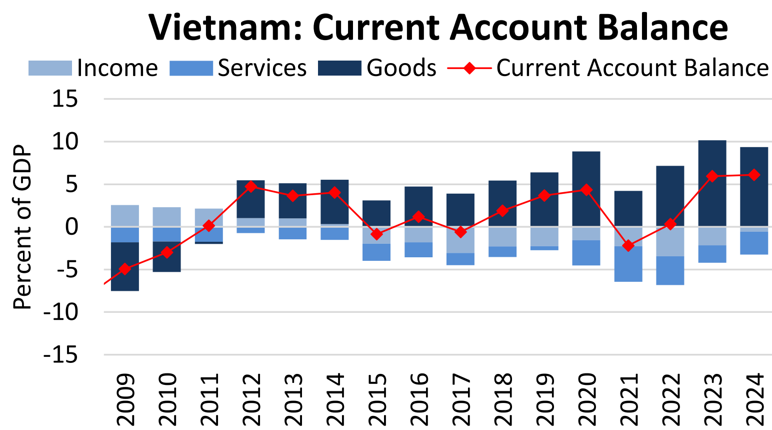


Sources: FRB, Bank for International Settlements

Singapore's conservative fiscal posture and relatively modest social spending contribute to excess domestic savings and to Singapore's chronic external imbalances. The sizable intervention, while part of a monetary policy framework, also has resulted in less rapid appreciation of the Singapore dollar and contributed to the outsized current account surplus.

Vietnam

Economic growth in Vietnam rose to 7.1% year-over-year in 2024, up from 5.1% in 2023. Activity accelerated on increased demand for Vietnamese exports among key trading partners, which boosted industrial production and investment. Foreign direct investment and trade—particularly demand for technology exports—remain Vietnam's key growth drivers. The IMF forecasts a deceleration to 5.2% annual growth in 2025, while the government of Vietnam has set an ambitious growth target of 8%. Headline inflation reached a high of 4.4% in mid-2024 but gradually came down to near 3%, driven mostly by falling transport, education, and communication services costs, and remains below the 4.5% upper-end of the target approved by the National Assembly. Core inflation has steadily declined from a record high of 5.2% year-over-year in January 2023 to near 3%.

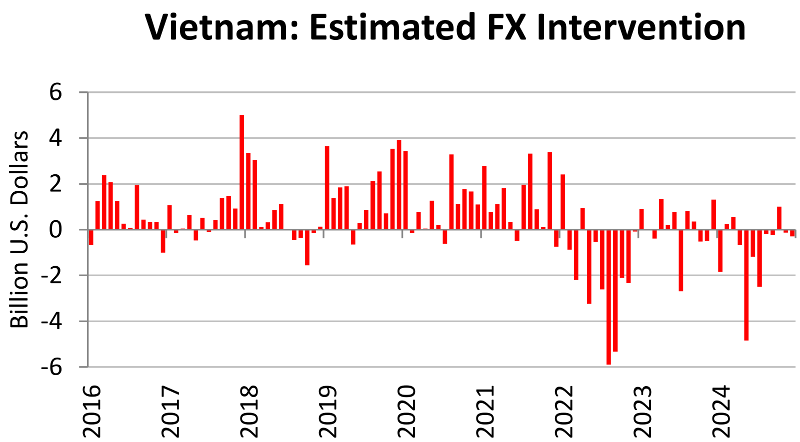


Sources: IMF BOP statistics, State Bank of Vietnam

Vietnam's current account balance stood at 6.1% of GDP over the four quarters through December 2024. Vietnam recorded a sizable current account surplus in 2023 and 2024 after experiencing COVID-related trade disruptions in 2021 and 2022. A consistently large goods trade surplus has been the main determinant of the current account surplus, which has also been supported by reduced corporate profit repatriation. On net, the services deficit grew year-over-year reflecting rising transportation and travel service payments.

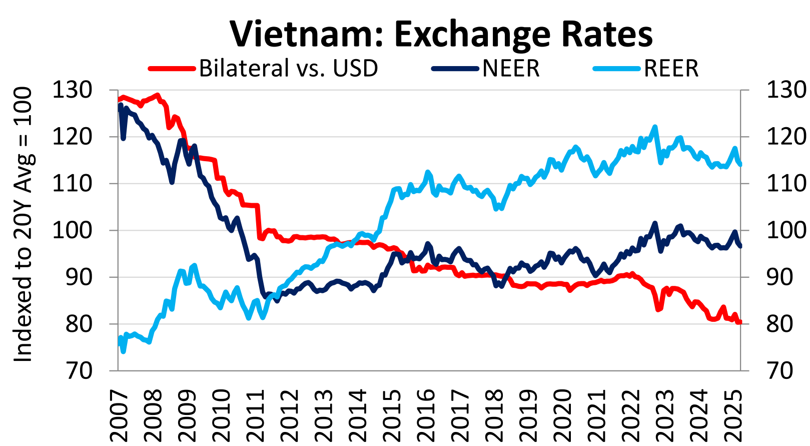
Vietnam's bilateral trade surplus with the United States, its top export market, has expanded dramatically over the past six years, primarily driven by growth in goods trade, led by electronics and machinery. The bilateral goods and services surplus was $122 billion over the four quarters through December 2024. Over the same period, the bilateral goods trade surplus was $123 billion, an 18.1% increase from the previous year. Vietnam's main exports to the United States include machinery equipment, electronics, textiles, and footwear. Vietnam continues to have the third-largest bilateral goods trade surplus with the United States. Illegitimate transshipment through Vietnam, and misrepresentation of product origin pose bilateral goods trade concerns, however, as such practices can be used to circumvent tariffs. Vietnam has modest bilateral services trade with the United States and has long run a small bilateral services trade deficit.

Vietnam does not publish data on its foreign exchange intervention. The authorities have conveyed credibly to Treasury that net sales of foreign exchange in the four quarters through December 2024 were 1.9% of GDP. That figure is equivalent to about \$9 billion. Vietnam's net sales of foreign exchange in 2024 came amid depreciation pressure on the dong that reflected U.S. and global macroeconomic developments and the State Bank of Vietnam's (SBV's) accommodative monetary policy stance. In a reversal of Vietnam's posture of one-sided currency purchases that prevailed from 2016–2021, Vietnam's currency intervention since 2022 has generally been in the direction of supporting the dong.



Sources: State Bank of Vietnam, U.S. Treasury estimates

In 2024, the dong depreciated 4.5% against the dollar, while strengthening by 0.8% on a nominal effective basis and by 0.6% on a real effective basis. More recently, the dong depreciated by 2.4% against the dollar through the first four months of 2025.



Sources: Vietcombank, JP Morgan, Citi

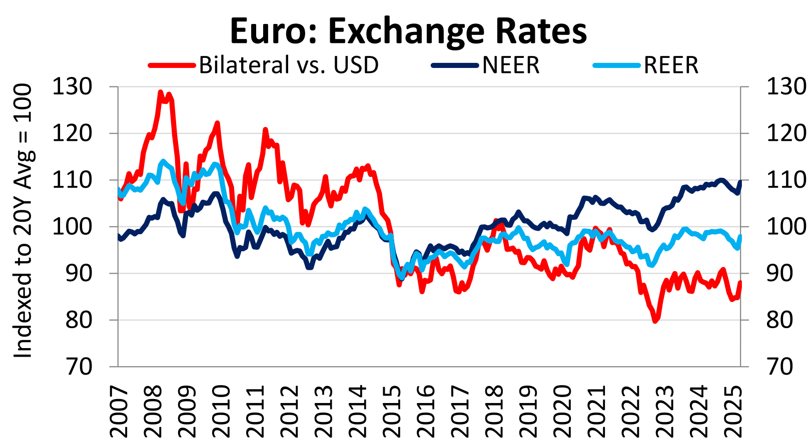
Going forward, the SBV should continue to modernize its monetary policy framework and further develop its domestic banking sector to move toward an interest rate-based inflation targeting regime and further exchange rate flexibility, which would significantly reduce the need for foreign exchange intervention. The Vietnamese authorities should also institute policies that will reduce Vietnam's external imbalances by raising household consumption and addressing longstanding challenges around budget execution and public investment.

The Euro Area

Economic activity in the euro area rebounded toward the end of 2024, resulting in real GDP growth of 0.9% in 2024, but ongoing uncertainty weighs on future growth projections. The IMF expects real GDP in the euro area to expand by 0.8% in 2025 on an annual basis. With services activity expected to remain more resilient than manufacturing, the IMF projects services-oriented economies like Spain will continue to outperform the euro area average and drive growth in the bloc, while it projects the German economy to only slowly recover.

Disinflation progress remains on track. Headline inflation has been below 3% year-over-year since October 2023 and held steady at 2.2% in April 2025, converging toward the European Central Bank's (ECB) inflation target of 2%. The ECB has cut rates at a steady pace since June 2024, with the most recent cut on April 17 bringing the deposit rate down to 2.25%. Despite the support from declining interest rates, the ECB's most recent bank lending survey, released on April 15, shows firms' net demand for loans moved back into slightly negative territory. This is largely driven by sustained weakness in manufacturing activity, reflected in a fall in inventory and working capital needs and fixed investment.

The euro area current account surplus rose to 2.8% of GDP in 2024 from 1.7% in 2023, reflecting a continued reversal of the energy price-driven deficit of 0.6% of GDP in 2022. The IMF expects the current account surplus to stabilize at a more typical 2.4% of GDP in 2025, broadly in line with pre-pandemic, post-global financial crisis averages.



Sources: FRB, Bank for International Settlements

The euro has largely recovered from the two-decade low against the dollar reached in September 2022. Following a weakening against the dollar in 2024, which retraced gains made in 2023, the euro has rebounded in 2025, strengthening against the dollar by 9.6% through April. In real effective terms the euro depreciated 1.4% over the four quarters through December 2024. The ECB publishes its foreign exchange intervention and has not intervened in foreign exchange markets since 2011.

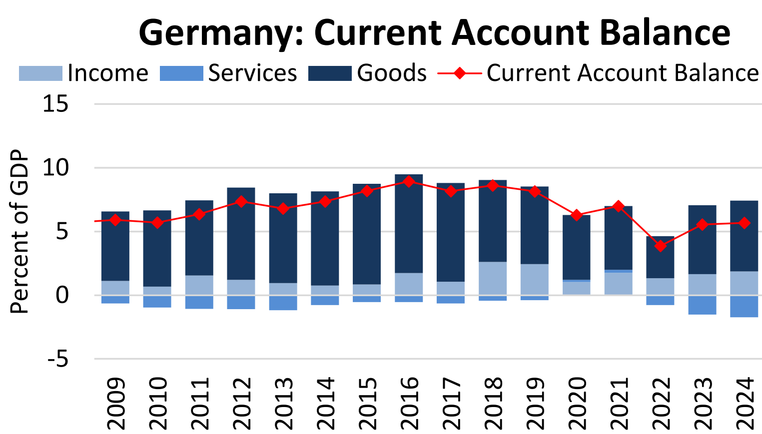
Across the euro area, to support growth and external rebalancing, additional policy tools should be deployed to further encourage domestic consumption and investment.

Germany

In 2024, the German economy contracted for the second consecutive year, with real GDP declining by 0.2% compared to the eurozone's 0.9% expansion over the same period. The IMF expects Germany to experience a gradual recovery with real GDP growing 0.9% in 2026. Germany's medium-term growth prospects face several structural headwinds, including labor supply shortages and high public investment needs.

Germany recently approved a major reform of its fiscal framework in order to boost spending on defense and infrastructure. The constitutional debt brake acted as the country's primary fiscal anchor since its introduction in 2009, restricting the central government structural net borrowing to 0.35% of GDP in a given fiscal year. However, legislative changes approved by the outgoing parliament included: (i) the establishment of a new twelve-year, €500 billion off-budget fund for the purposes of infrastructure investment; (ii) the exemption of defense spending over and above 1% of GDP from the debt brake; and (iii) the lifting of state governments' structural borrowing ceilings from zero so they are aligned with the limits currently imposed on the central government (i.e., 0.35% of GDP). Increased fiscal flexibility should help Germany to address underinvestment in infrastructure, prioritize defense spending, and reduce external imbalances.

Germany's bilateral goods and services trade surplus with the United States has more than tripled since the creation of the euro, surpassing $89 billion in 2024. Top exports to the United States include vehicles, machinery and instruments, pharmaceuticals, and certain chemicals. In 2024, Germany's global auto exports totaled $177 billion, or 4% of GDP, with auto exports to the United States totaling approximately $27 billion, or 0.6% of GDP. Germany is also the sixth largest source of U.S. steel imports (6% of total U.S. imports) and the tenth largest source of U.S. aluminum imports (2% of total U.S. imports).



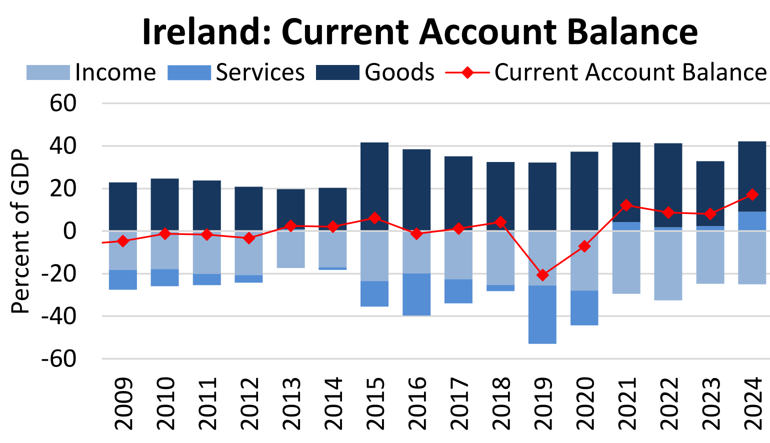
Source: Deutsche Bundesbank

Germany has run a large current account surplus for well over a decade as production levels are consistently above domestic absorption. In 2022, the country experienced the largest contraction in its current account surplus since reunification, falling by more than three percentage points to 4% of GDP. German industry was significantly impacted by elevated energy prices following Russia's full-scale invasion of Ukraine. While the current account surplus increased to 5.7% of GDP in 2024, this was mostly driven by a continued fall in imports rather than a resurgence in external demand for German exports. In 2024, the value of exported goods decreased by 1.2% on a year-over-year basis, while the value of imports decreased by 2.6% over the same period.

Germany's persistent and significant current account surplus and large bilateral trade imbalance with the United States results from persistently weak domestic demand and excess savings. The recent fiscal reform package should help to address these issues. The €500 billion fund for infrastructure investment could allow Germany to undertake an additional €42 billion in investment spending per year, or approximately 1% of GDP, assuming an equal distribution of funds across the twelve-year authorization. The new defense spending exemption effectively permits open-ended borrowing for defense purposes, allowing the government to meet (or even exceed) the baseline NATO spending target of 2% of GDP. As the gradual recovery in economic activity continues, the German government will also need to address rising spending needs as well as structural challenges related to productivity and labor market dynamics. In order to support growth and external rebalancing, additional policy tools should be deployed to further encourage domestic consumption and investment while reducing excess saving.

Ireland

The Irish economy grew by a modest 1.2% in 2024, after contracting by 5.5% in 2023. A rebound in Irish exports, driven by growth in pharmaceutical trade and continued strength in service exports—particularly of intellectual property, underpinned the recovery in output.



Source: Central Statistics Office Ireland

Ireland's share of world exports has been increasing, driven by exports of pharmaceutical products, business and financial services, and computer services. Last year, Irish goods exports accounted for 0.8% of world exports compared to 0.7% fifteen years ago. Ireland reported a current account surplus of 17.2% of GDP in 2024, higher than the surplus of 8.1% in 2023 and 8.8% in 2022. The activities of large export-oriented multinational enterprises (MNEs) affect almost all components of Ireland's current account. Repatriation of earnings and other investment-related decisions keep the income balance persistently large and negative, while fluctuations in both goods and services trade from year to year, 33.1% of GDP and 9.1% of GDP in 2024, respectively, contribute to the volatility of Ireland's current account balance. Accordingly, Ireland also uses a modified measure of the current account (CA*), which excludes certain multinational-related transactions.[15] In 2023, CA* was 1.9% of GDP.

The United States is Ireland's largest trading partner. Ireland has a bilateral goods surplus with the United States driven by U.S. imports of pharmaceutical products, chemicals, and

[15] This measure specifically excludes depreciation of foreign-owned domestic capital (i.e., IP, R&D services, and aircraft leasing), which are usually borne by foreign investors, as well as earnings of firms that are predominantly owned by foreign investors. As a result, CA* focuses on measuring domestic activity, smoothing out some of the volatility of multinational activity and factoring out costs that are not borne by the Irish economy.

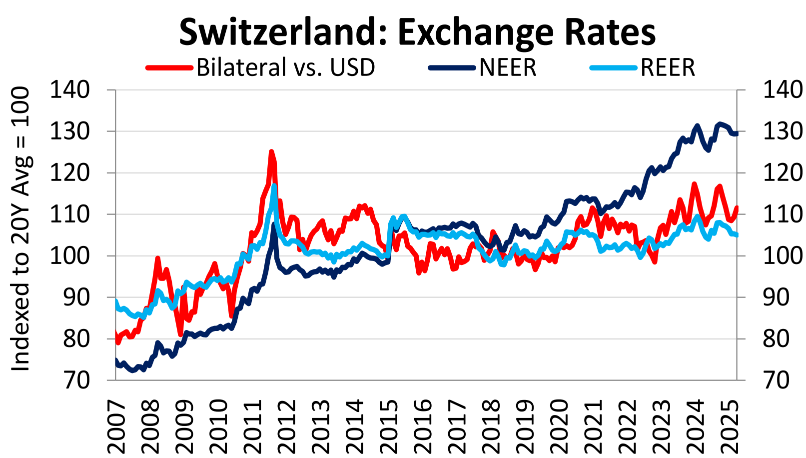
other medical instruments. The goods surplus has grown significantly over the last decade, widening from $30 billion in 2015 to $87 billion in 2024. Ireland has a bilateral services deficit with the United States driven by Irish imports of royalties and licensing fees and consulting services.

Policies to support the expansion and productivity of the domestic economy may help Ireland address its overreliance on export-oriented MNEs. The manufacturing sector—in which most MNEs operate—employs roughly 8% of the workforce, while domestically-oriented sectors of the economy are lagging in competitiveness and productivity. The IMF has previously recommended greater adoption of digital technologies among smaller domestic firms and increasing linkages between them and MNEs to strengthen their competitiveness. Addressing bottlenecks in the real property sector and improving infrastructure could also help to support the expansion of the domestic economy. Supportive policies to address these structural challenges and to boost the productivity of domestically oriented industries could help to grow more labor-intensive sectors, enhance domestic value-add, and consequently, help to build a more resilient Irish economy less dependent on large MNEs.

Switzerland

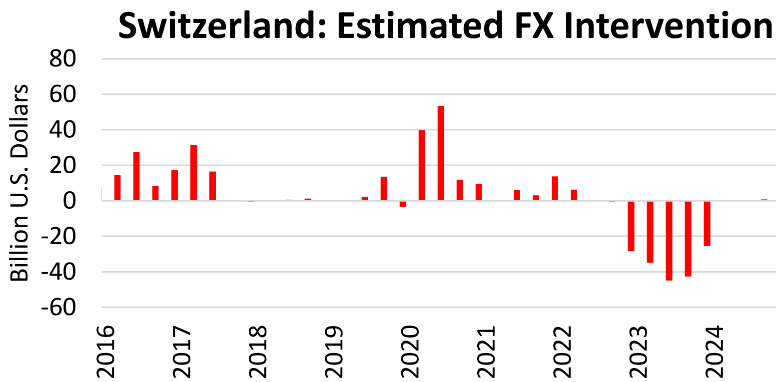
Low growth in its European partners weighed on economic activity in Switzerland with real GDP growth of 1.3% in 2024. Private consumption was the main driver of real GDP growth last year, while net exports were a slight drag due to import growth and weaker export performance. Switzerland's export industries including manufacturing, chemicals, and pharmaceuticals have been resilient to global headwinds over recent years and are important drivers of GDP growth.

In 2024, the Swiss franc depreciated by 7.3% against the dollar and strengthened by 0.6% on a nominal effective basis. On a real effective basis, the Swiss franc depreciated by 1.6% over this period. Between end-2021 and March 2025, the Swiss franc has appreciated on a nominal effective basis by 12.2% but has appreciated by just 2% on a real effective basis.



Sources: FRB, Bank for International Settlements

The Swiss franc is a safe haven currency. In times of heightened risk, safe haven inflows can put considerable appreciation pressure on the franc, and sustained appreciation can have a major impact on domestic inflation. In 2024, foreign exchange intervention was minimal; cumulative FX purchases by the Swiss National Bank (SNB) over that year amounted to $1 billion (0.1 percent of GDP).

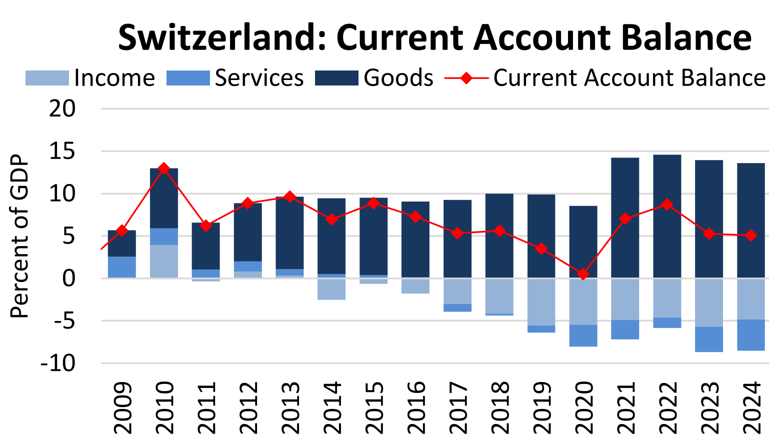


Sources: Swiss National Bank, U.S. Treasury estimates
Note: Chart shows Treasury estimates prior to 2020 and published data from SNB thereafter.

In its most recent monetary policy meeting in March 2025, the SNB reduced the policy rate to 0.25% from 0.5%. The SNB has cut its policy rate by 25 basis points for five consecutive meetings since March 2024. As of April 2025, headline inflation (0%) and core inflation (0.6%) have been within the 0% to 2% range set by the SNB for more than a year.

Switzerland's goods and services trade surplus with the United States increased to $17 billion over the four quarters through December 2024 from $5.4 billion in 2023. The increase in Switzerland's trade surplus is driven by the gold trade balance between the United States and Switzerland, which shifted to a quarterly surplus for the first time since the first quarter of 2022, and to a lesser extent an increase in U.S. imports of pharmaceutical products. Switzerland's trade surplus with the United States increases during risk-off events like the COVID-19 pandemic and Russia's full-scale invasion of Ukraine because demand for physical gold delivery in the United States increases. The United States is a net exporter of services to Switzerland, with a service surplus of $21 billion in 2024.

Switzerland had a current account surplus of 5.0% of GDP in 2024, slightly lower than the surplus of 5.2% of GDP in 2023. The current account surplus has decreased from its peak of 8.7% of GDP in 2022 as commodity prices have normalized and Switzerland's merchanting (trading of commodities that never enter or leave Switzerland) surplus has decreased.



Sources: Swiss National Bank, Haver

The Swiss authorities have a history of restrained macroeconomic management, particularly a fiscal policy that has prioritized low government debt levels. Switzerland's fully funded pension system and demographic profile have also resulted in significant aggregate savings. In addition to consistent government saving, other structural factors play a role in Switzerland's historically large current account surpluses, including high per capita income; a large share of prime-aged savers and an aging population; and a large positive net international investment position, for which returns further raise the income balance. Over the medium-term, government expenditures would reduce Switzerland's elevated current account surplus and address structural challenges such as energy security, an aging population, and a growing need for defense expenditure.

Glossary of Key Terms in the Report

Exchange Rate – The price at which one currency can be exchanged for another. Also referred to as the bilateral exchange rate.

Exchange Rate Regime – The manner or rules under which an economy manages the exchange rate of its currency, particularly the extent to which it intervenes in the foreign exchange market. Exchange rate regimes range from floating to pegged.

Floating (Flexible) Exchange Rate – An exchange rate regime under which the foreign exchange rate of a currency is fully determined by the market with intervention from the government or central bank used sparingly.

Foreign Exchange Reserves – Foreign assets held by the central bank that can be used to finance the balance of payments and for intervention in the exchange market. Foreign assets consist of gold, Special Drawing Rights (SDRs), and foreign currency (most of which is held in short-term government securities). The latter are used for intervention in the foreign exchange markets.

Intervention – The purchase or sale of an economy's currency in the foreign exchange market by a government entity (typically a central bank) in order to influence its exchange rate. Purchases involve the exchange of an economy's own currency for a foreign currency, increasing its foreign currency reserves. Sales involve the exchange of an economy's foreign currency reserves for its own currency, reducing foreign currency reserves. Interventions may be sterilized or unsterilized.

Nominal Effective Exchange Rate (NEER) – A measure of the overall value of an economy's currency relative to a set of other currencies. The effective exchange rate is an index calculated as a weighted average of bilateral exchange rates. The weight given to each economy's currency in the index typically reflects the amount of trade with that economy.

Pegged (Fixed) Exchange Rate – An exchange rate regime under which an economy maintains a set rate of exchange between its currency and another currency or a basket of currencies. Often the exchange rate is allowed to move within a narrow predetermined (although not always announced) band. Pegs are maintained through a variety of measures, including capital controls and intervention.

Real Effective Exchange Rate (REER) – A weighted average of bilateral exchange rates, expressed in price-adjusted terms. Unlike the nominal effective exchange rate, it is further adjusted for the effects of inflation in the countries concerned.

Trade Weighted Exchange Rate – See Nominal Effective Exchange Rate.