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Comment on "China's Current Account: External Rebalancing or Capital Exodus?

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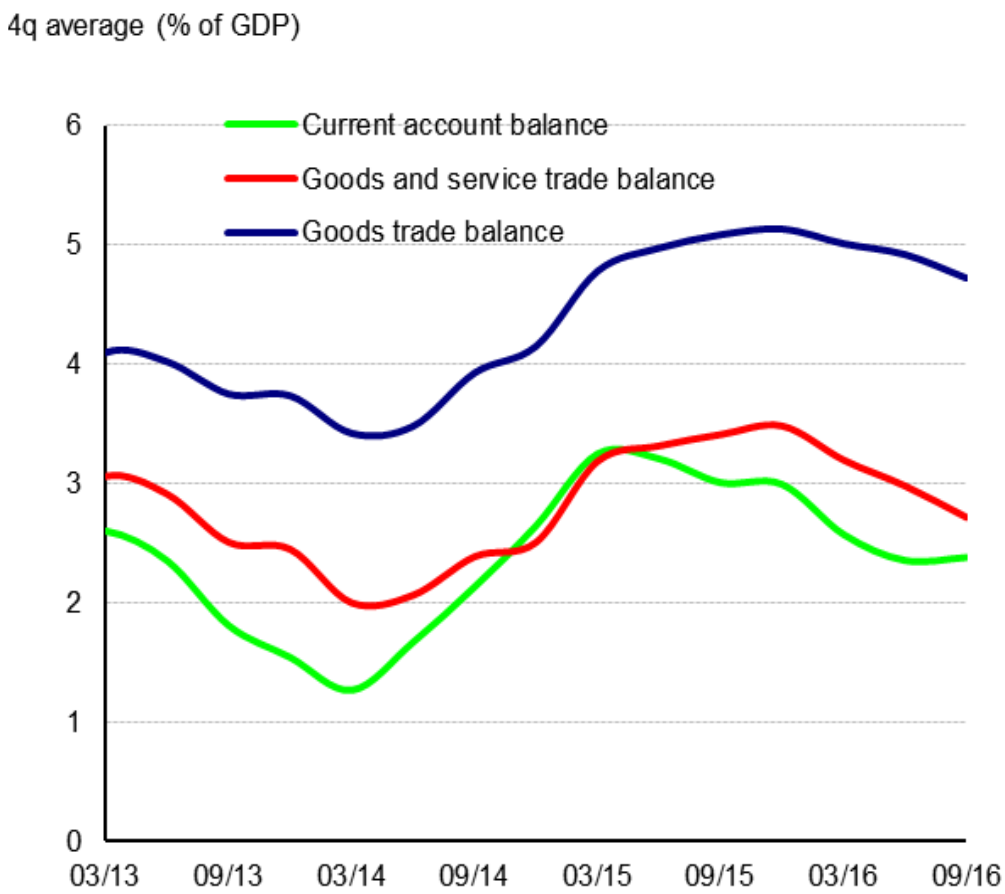
Key points

- Additional factors were important for current account swings: income balance, terms of trade, domestic cycles
- Partner country data: Chinese do spend more than others. Disguised capital outflows not nearly as much
- Why has tourism spending risen so much?

Swing in China's current account balance 2013-2016



Source: CEIC, UBS estimates

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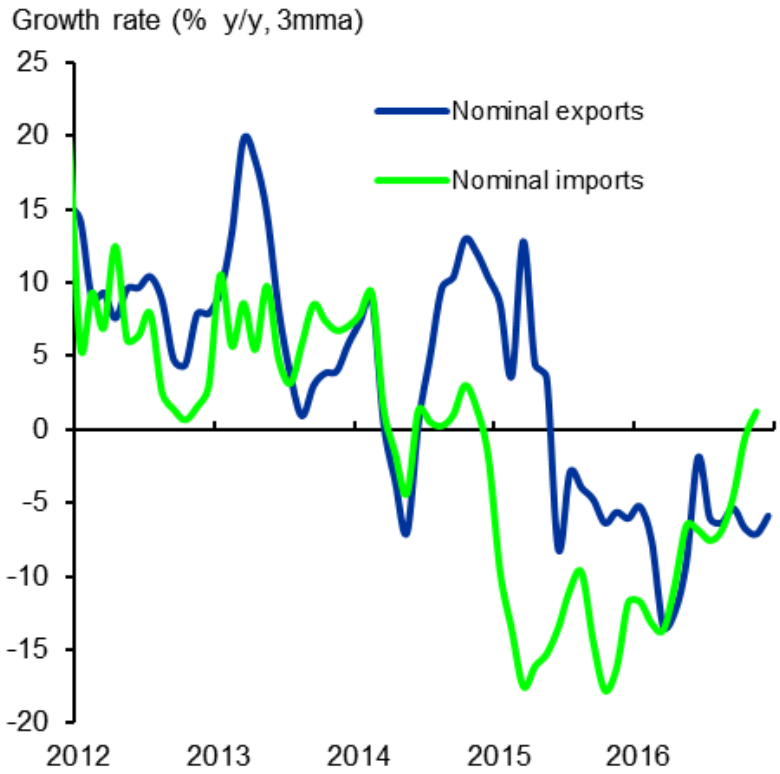
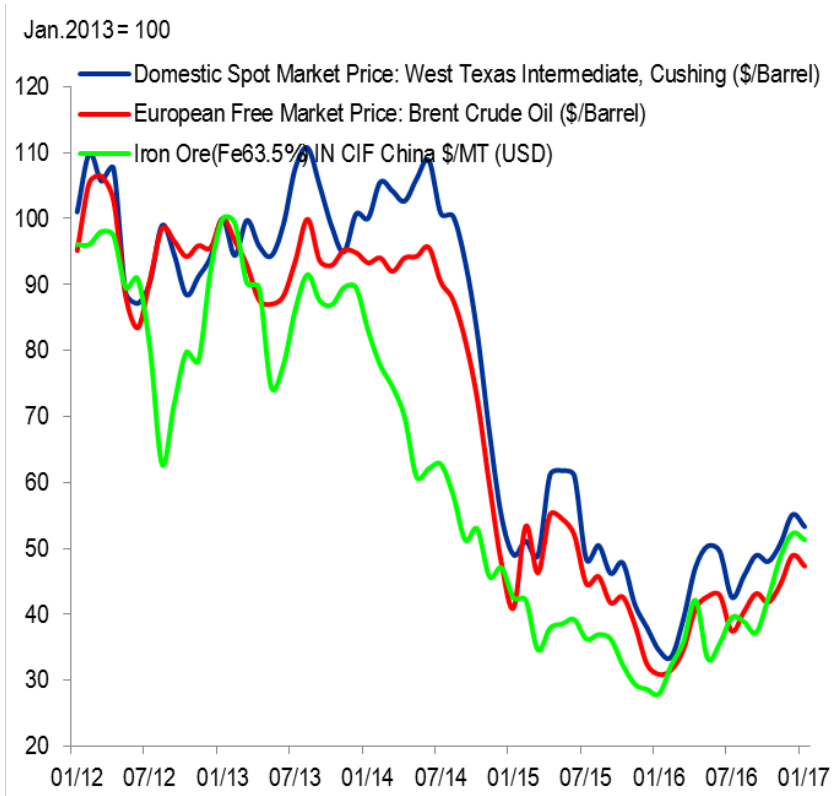
Trade was affected by economic cycles and terms of trade





Source: CEIC, Datastream, UBS estimates

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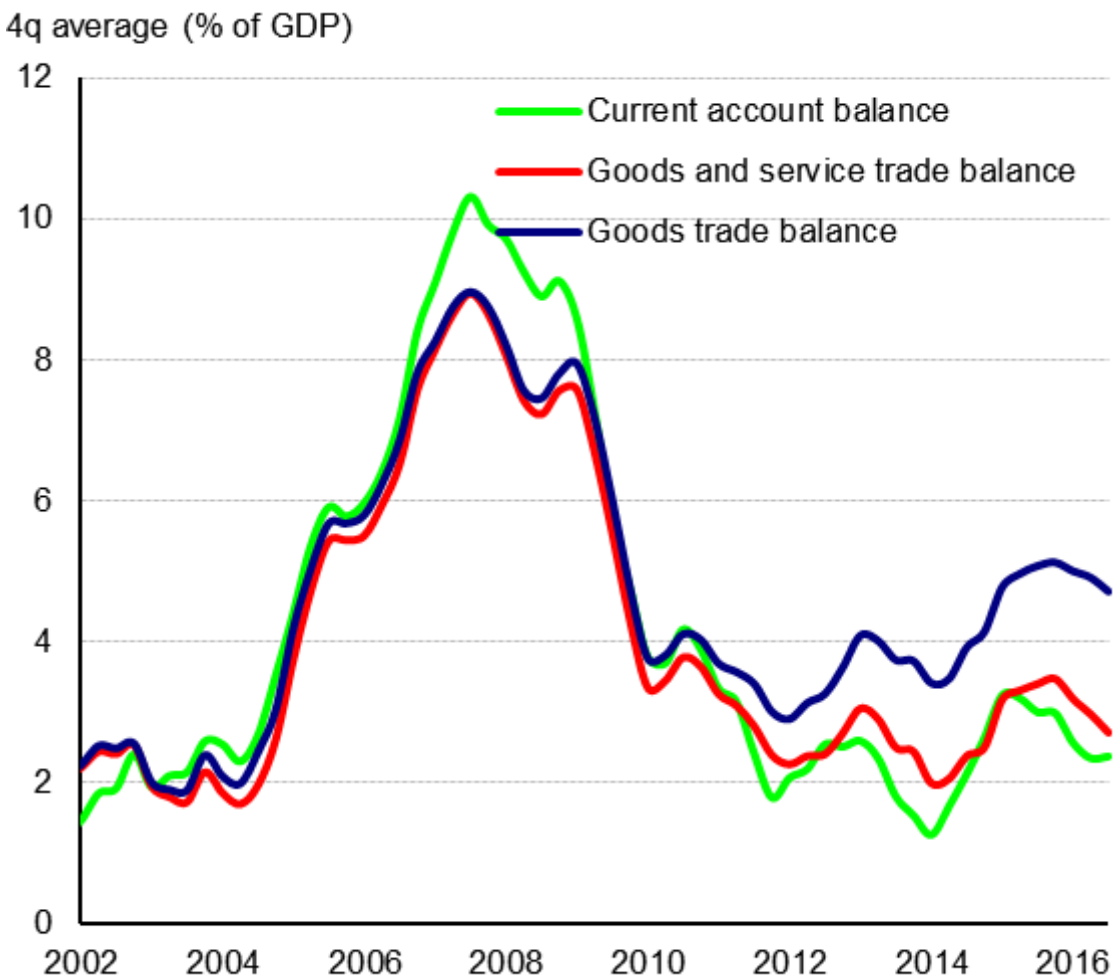
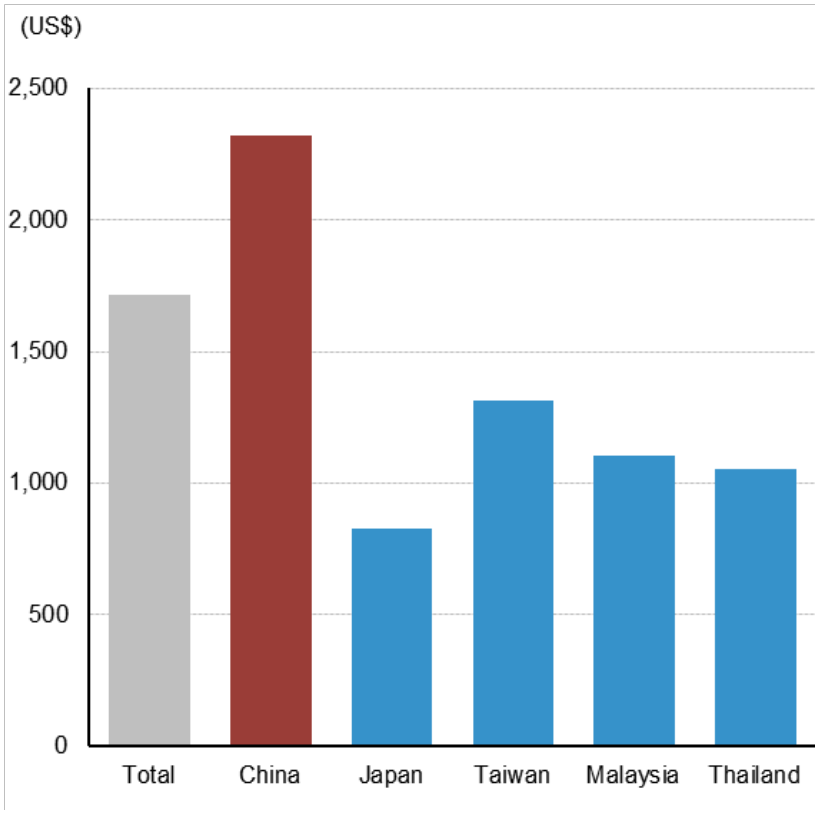
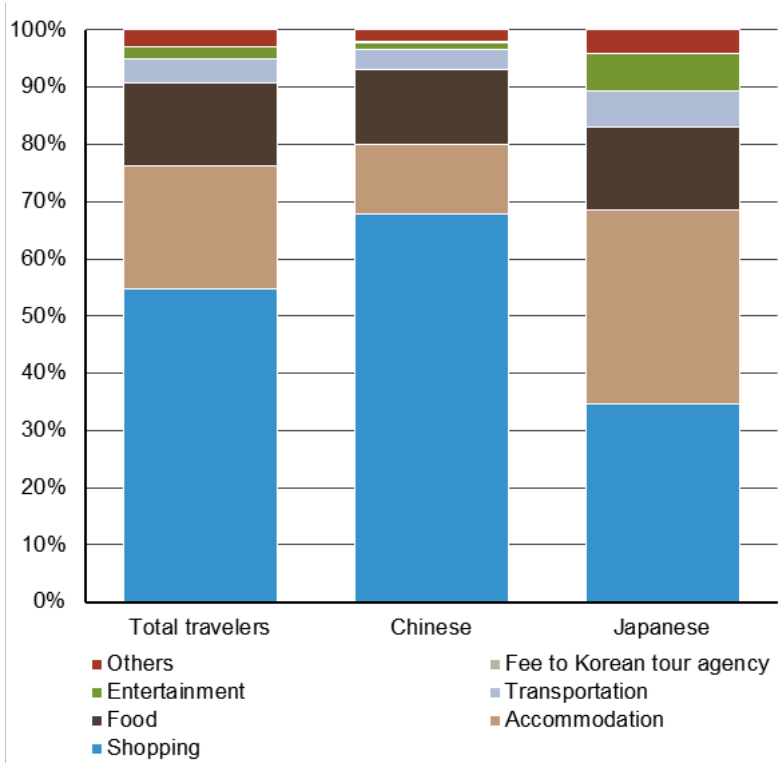
Progress in external rebalancing



Source: CEIC, UBS estimates

Per capita tourist spending in Korea





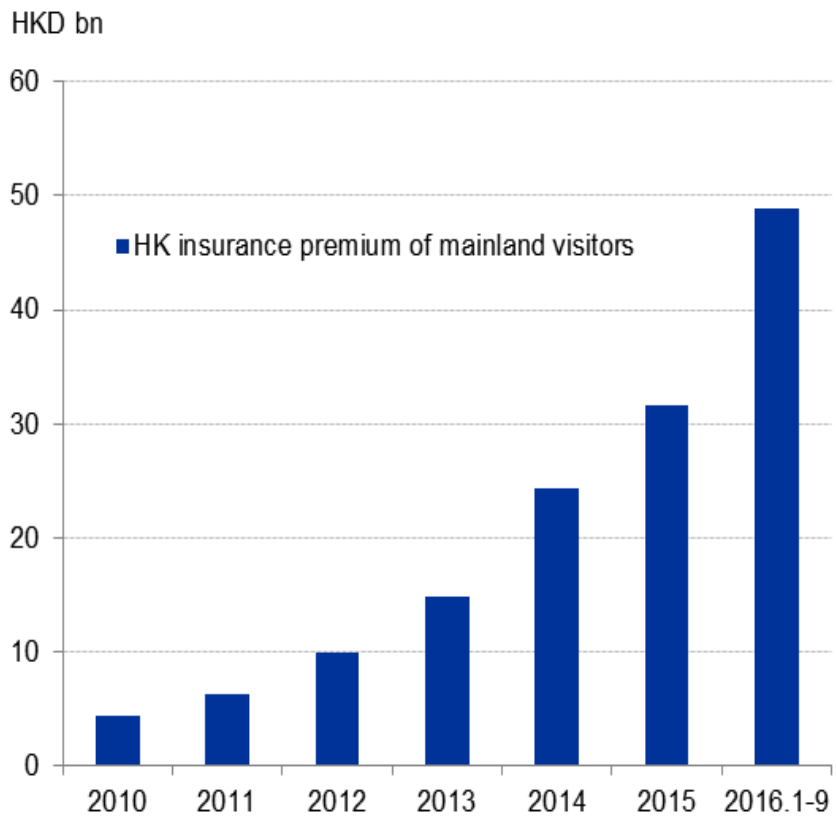
Source: Korea Tourism Organization, UBS estimates

UK tourism spending by country

Country of residence	Visits (000s)	Visits Rank	Spend (£m)	Spend per person (£m)
France	4,171	1	£1,493	£358
USA	3,266	2	£3,010	£922
Germany	3,249	3	£1,378	£424
Irish Republic	2,632	4	£934	£355
Spain	2,197	5	£999	£455
Netherlands	1,897	6	£676	£357
Italy	1,794	7	£890	£496
Poland	1,707	8	£438	£257
Belgium	1,175	9	£371	£315
Australia	1,043	10	£1,113	£1,068
China	270	25	£586	£2,174
Top 50 countries	34,901		20,501	£587

Source: Office for National Statistics (UK), Office of the Commissioner of Insurance (HK), UBS estimates

HK insurance purchase by mainland visitors



Source: Office for National Statistics (UK), Office of the Commissioner of Insurance (HK), UBS estimates

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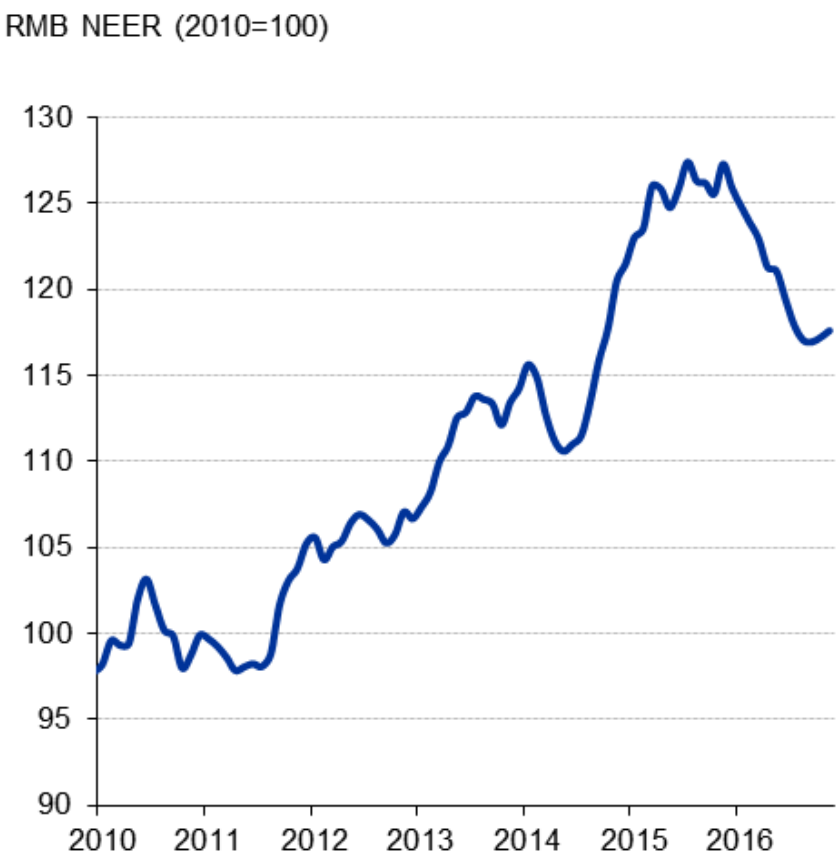
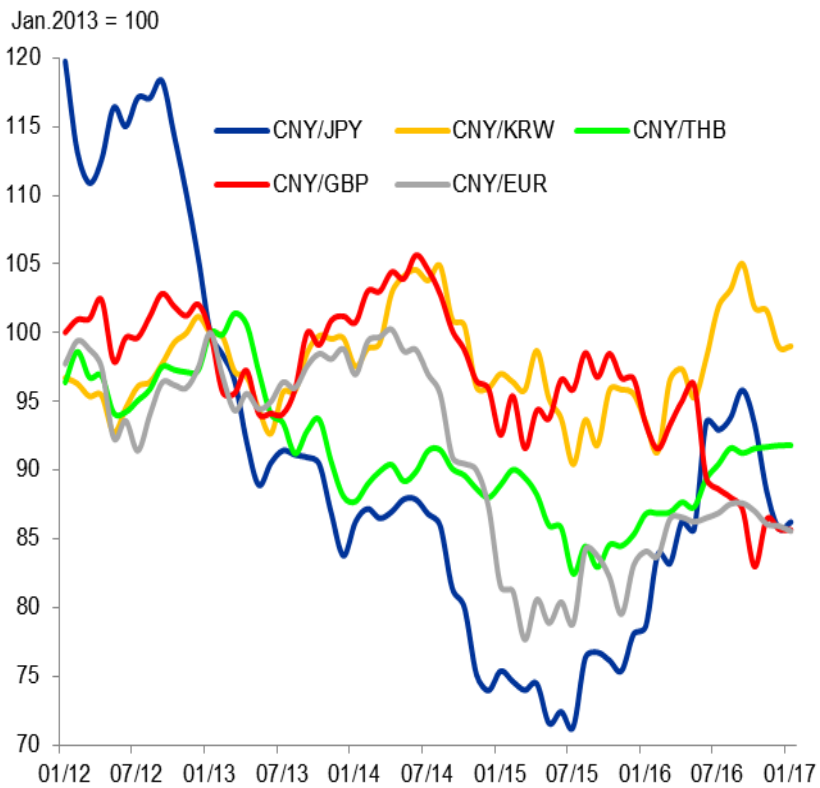
Exchange rate moves matter for tourism spending





Source: CEIC, Bloomberg, UBS estimates

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