

Calamos Global Investment Team: Chart of the Week

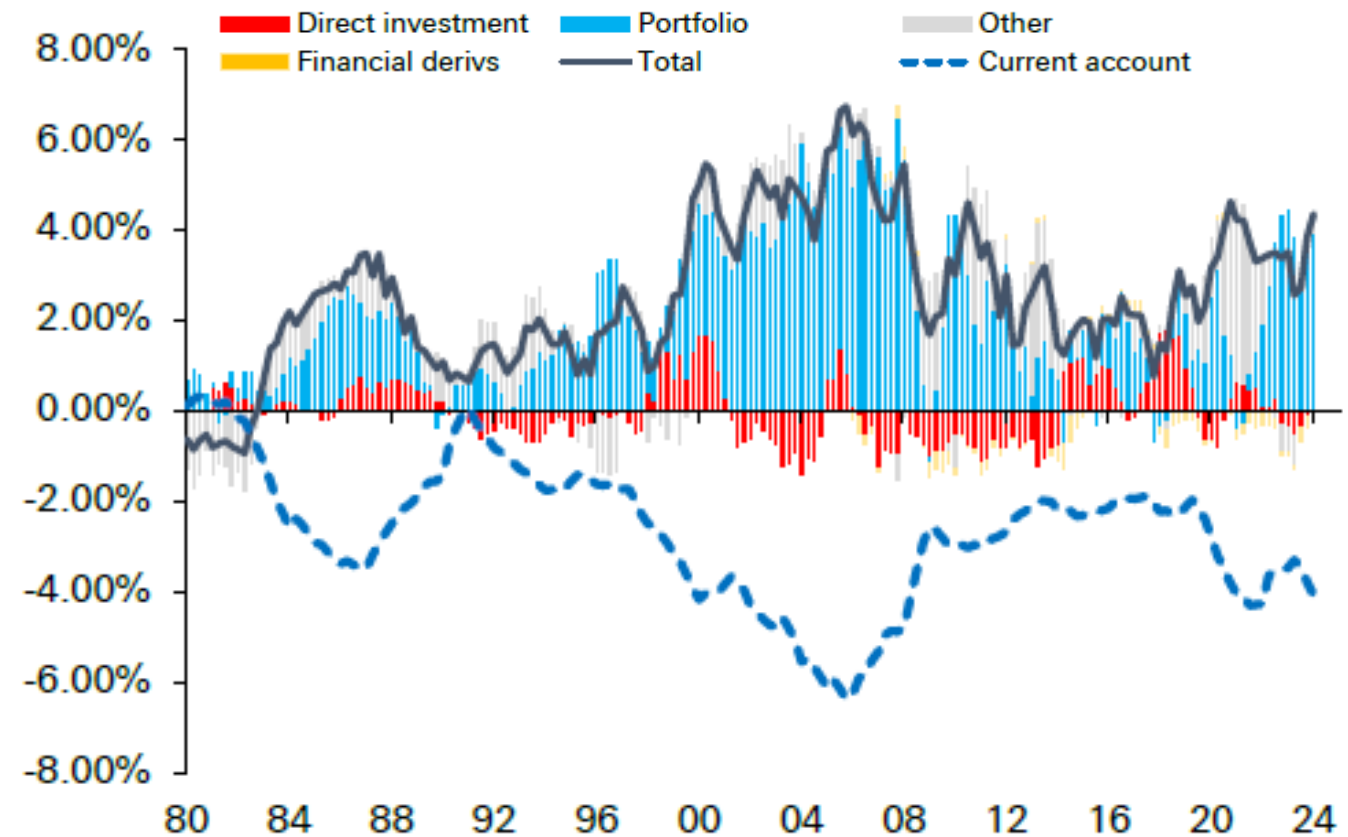
May 16, 2025

- As the US spent more dollars on imports, the current account deficit widened over time, as this chart from Deutsche Bank Research shows.
- The recycling of dollars by foreign entities into the US (via financial flows) may be driving the continued rise of the foreign investment position in US assets.
- If US imports decline due to tariffs and reshoring, we may see fewer dollars recycled back into the US via these flows.
- This decrease would exacerbate the incremental flow away from US assets that is already underway. (For more, see our post, [“The \\$26 Trillion Question.”](#))
- This dynamic adds to our conviction that a “Great Global Rebalancing” is underway, creating a strong case for many investors to increase overseas allocations.

Opinions, estimates, forecasts, and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. The views and strategies described may not be suitable for all investors. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations.

As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to potential for greater economic and political instability in less developed countries.

Financial inflows into the US mirrored the growth in the current account deficit
US balance of payments, net, % GDP



Past performance is no guarantee of future results. Source: Deutsche Bank Research Institute, “The shift in US leadership: building the euro for a new age,” May 1, 2025, using Deutsche Bank, Haver Analytics. **Current account:** represents the value of exports minus imports. A deficit means imports are exceeding exports.