

U.S. Data Review

- International trade: exports and imports improve in March; deficit slips

Michael Moran

Daiwa Capital Markets America
 212-612-6392
 michael.moran@us.daiwacm.com

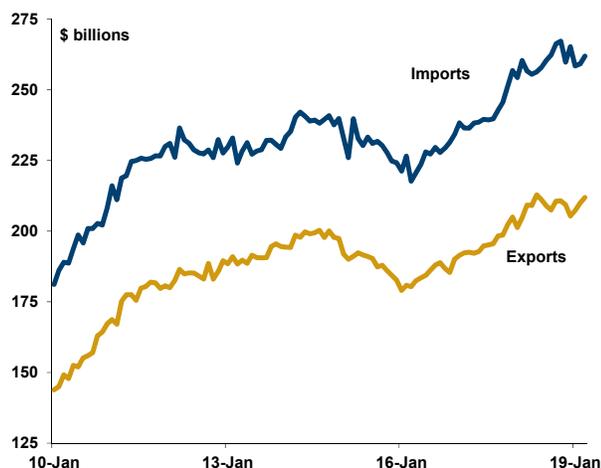
International Trade

Both exports and imports rose approximately 1.0 percent in March. With the level of imports larger than that of exports, the percent changes led to a larger shift in imports and slippage in the deficit on a month-to-month basis. The deficit had narrowed in January and February, and the latest slippage offset only a small portion of that improvement. The latest GDP report showed that the improvement in the deficit for the first quarter added a percentage point to published growth of 3.2 percent. The March results were close to the assumptions used in that GDP estimate, and revisions to the prior two months were modest. Thus, the trade figures are likely to have little influence on the revision to Q1 GDP growth.

The increase in exports marked the third consecutive gain and offset much of the downward drift seen last year. Exports are now showing a slight increase from the year-ago level. Imports have been jumping around in recent months, leaving a net decline since last fall. Imports are still above the year-ago total, but they have eased recently (chart, left).

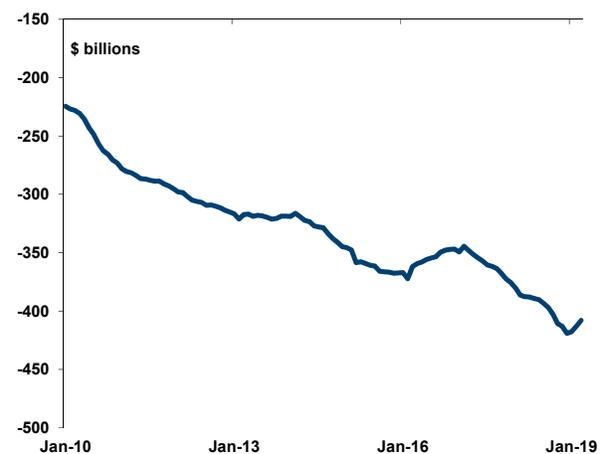
The trade war with China has constrained both sides of the trade ledger, with both exports and imports losing ground. Imports, in dollar terms, have declined more than exports have, and thus the deficit with China has narrowed, but the change has been modest thus far (chart, right). (Monthly statistics on trade by country are not seasonally adjusted; the chart shows 12-month running totals to smooth seasonal movements.)

Nominal Imports & Exports of Goods & Services



Source: Bureau of Economic Analysis via Haver Analytics

U.S. Trade Balance with China*



* 12-month moving total of not-seasonally-adjusted data.

Source: Bureau of Economic Analysis via Haver Analytics

This report is issued by Daiwa Securities Group Inc. through its relevant group companies. Daiwa Securities Group Inc. is the global brand name of Daiwa Securities Co. Ltd., Tokyo ("Daiwa Securities") and its subsidiaries worldwide that are authorized to do business within their respective jurisdictions. These include: Daiwa Capital Markets Hong Kong Ltd. (Hong Kong), regulated by the Hong Kong Securities and Futures Commission, Daiwa Capital Markets Europe Limited (London), regulated by the Financial Conduct Authority and a member of the London Stock Exchange, and Daiwa Capital Markets America Inc. (New York), a U.S. brokerdealer registered with the U.S. Securities and Exchange Commission, a futures commission merchant regulated by the U.S. Commodity Futures Trading Commission, and a primary dealer in U.S. government securities. The data contained in this report were taken from statistical services, reports in our possession, and from other sources believed to be reliable. The opinions and estimates expressed are our own, and we make no representation or guarantee either as to accuracy, completeness or as to the existence of other facts or interpretations that might be significant.