

# U.S. Data Review

- International Trade in April: softer exports and imports; narrower deficit

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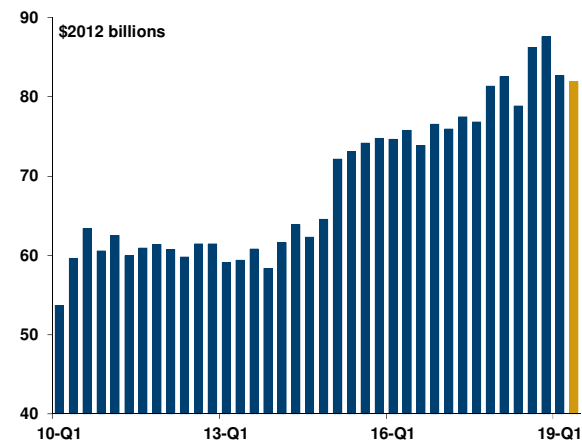
## International Trade

We could give either a positive or a negative spin to the trade report for April. On the favorable side, the trade deficit narrowed slightly from the results in the prior month and from the average in the first quarter. The improvement was evident in both the nominal deficit in total trade (goods and services) as well as the real deficit in goods (chart, right). If the results in the next two months were to match those for April, international trade in Q2 would add approximately one-quarter percentage point to GDP growth, all else equal.

On the negative side, the improvement in the trade deficit reflected shrinkage in both exports and imports, with the drop in imports the larger of the two. Softness was broadly based, with both goods and services contracting on both sides of the trade ledger, and most categories in the goods sector showing soft results. A slower pace of economic growth, both in the U.S. and abroad, is probably having some influence on the results. Also, the latest shifts, which were large, might have contained an element of random volatility -- a view supported by the fact that the declines followed firmer readings in prior months. Trade disputes are probably having an influence as well -- a view supported by the fact that previous upward trends in real goods exports and imports have flattened (charts, below). The import trend looks as though it will soon turn downward.

The softening in exports and imports has been especially pronounced with China. The 12-month total of exports (to remove seasonal swings in this not-seasonally-adjusted series) fell 2.3 percent in April and is off 17.5 percent from its peak in July of last year. Imports from China fell 0.6 percent in April and are off 3.8 percent from the recent peak in January of this year.

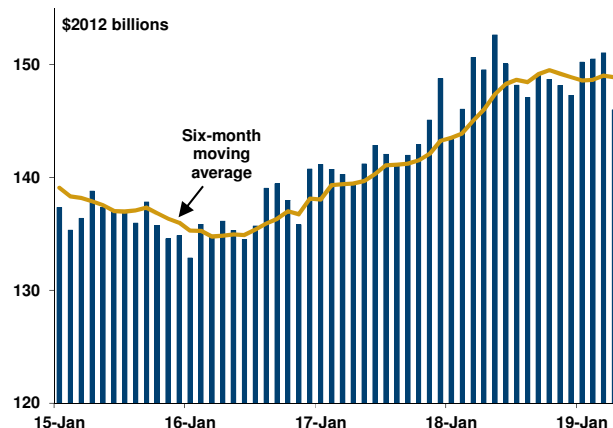
## Real Goods Trade Deficit



\* Quarterly averages of monthly data. The reading for 2019-Q2 (gold bar) is the deficit for April 2019.

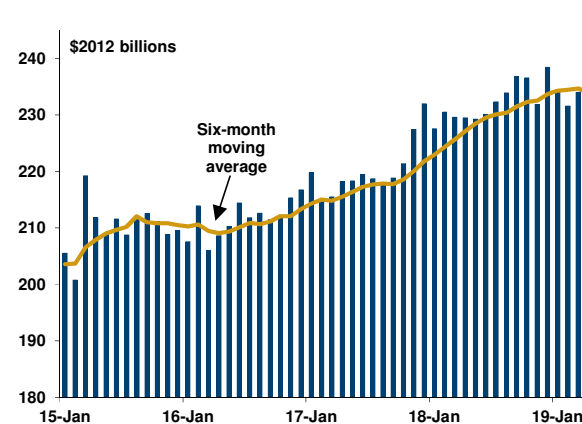
Source: Bureau of Economic Analysis via Haver Analytics; Daiwa Capital Markets America

## Real Exports of Goods



Source: Bureau of Economic Analysis via Haver Analytics

## Real Imports of Goods



Source: Bureau of Economic Analysis via Haver Analytics

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