

# U.S. Data Review

- International trade in goods: slippage in December, but still marked improvement in Q4

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## Goods Trade

The U.S. trade deficit in goods trade widened by \$5.3 billion in December, with the shortfall totaling \$68.3 billion. Analysts expected the deficit to worsen in the latest month, but shift exceed the expected widening of \$2.0 billion.

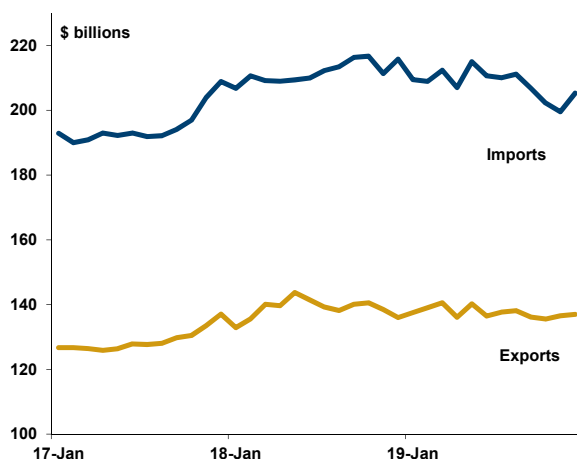
The slippage (and the surprise widening) occurred on the import side, with foreign purchases increasing 2.9 percent. Imports had declined sharply in the prior three months, and thus some rebound was to be expected, but the advance was larger than the 1.2 percent we projected. Although imports rose noticeably in December, the jump offset only a portion of the slide in the prior three months, and the trend in the past year or so remained downward (chart, left).

Exports rose 0.3 percent in December after a gain of 0.8 percent in the prior month. These advances, however, followed sharper declines in the prior two months, and thus (chart, left).

Although the trade deficit widened in December, the average shortfall in Q4 was less than that in the prior quarter (chart, right), suggesting a positive contribution to GDP growth. The data today do not allow a precise estimate of the contribution because the December figures are not price adjusted and they do not include trade in services, but our estimates suggest that net exports could add as much as 1.5 percentage points to GDP growth. (Q4 GDP will be published tomorrow). The contribution to GDP growth, while positive, will have a weak tone, as it is likely to be driven by a plunge in imports that exceeds soft results for exports.

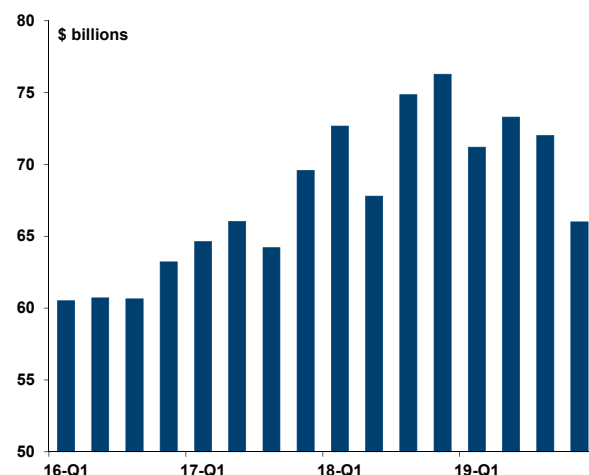
Today's report did not include trade by country, thus an update on activity with China is not possible. Figures on trade by country will be published with the full trade report on February 5.

### Nominal Imports & Exports of Goods



Source: U.S. Census Bureau via Haver Analytics

### Nominal Goods Trade Deficit\*



\* Quarterly averages of monthly data.

Source: U.S. Census Bureau via Haver Analytics

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