

# U.S. Data Review

- International trade in goods: respectable gain in exports; larger increase in imports

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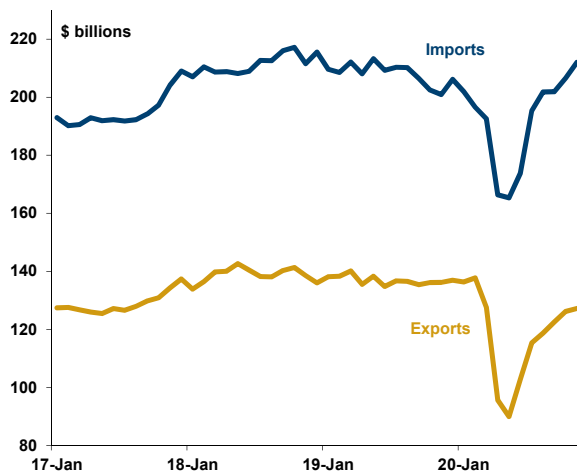
## International Trade in Goods

As in the prior five months, both exports and imports continued to advance in November after pandemic-related declines in the spring. The relative changes also were the same as in the prior five months: the gain in imports exceeded the increase in exports (2.6 percent versus 0.8 percent), which led to a wider trade deficit (chart, left). The shortfall of \$84.8 billion was noticeably wider than the expected reading of \$81.5.

On the export side, shipments of food were quite strong, while industrial supplies, consumer goods, and miscellaneous items rose moderately. Exports of capital goods and motor vehicles inched lower, but after gains in prior months the new levels were still favorable. Imports, as they have been in other recent months, were strong. Foreign purchases of consumer goods and capital goods stood out with gains of 6.7 percent and 2.0 percent. Imports of motor vehicles dipped, but the level remained elevated.

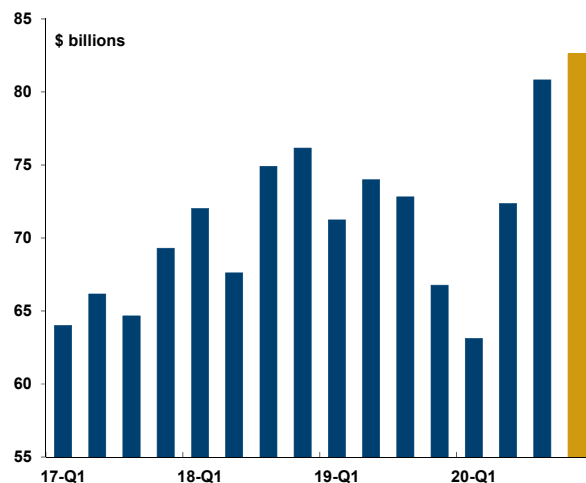
The nominal trade deficit so far in the fourth quarter (average of \$82.6 billion) exceeds the average shortfall of \$80.8 billion in Q3, raising the prospect of a negative contribution from net exports to GDP growth in Q4 (chart, right). The picture will be clearer when the full trade report is published on January 7, which will provide inflation-adjusted results on goods trade and information on trade in services. The figures in hand suggest a negative contribution of one-half to three-quarters of a percentage point. This represents a better showing than the drag of 3.2 percentage points in Q3, but international trade still represents a soft spot.

### Imports & Exports of Goods



Source: U.S. Census Bureau via Haver Analytics

### Nominal Goods Trade Deficit\*



\* Quarterly averages of monthly data. The reading for 2020-Q4 (gold bar) is the average of results for October and November.

Source: U.S. Census Bureau via Haver Analytics; Daiwa Capital Markets America

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