

U.S. Data Review

- International trade in goods: exports and imports surge in March; deficit widens

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Goods Trade

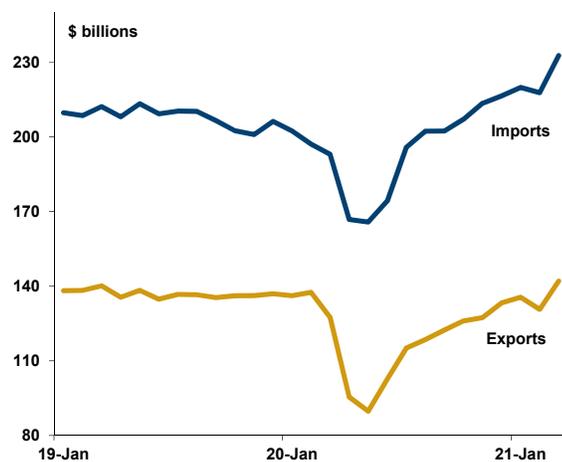
After dipping in February, both exports and imports surged in March. The jump in exports was larger in percentage change terms (8.7 percent versus 6.8 percent for imports), but with imports much larger in magnitude, the dollar volume of foreign purchases exceeded that for foreign shipments (an increase of \$14.9 billion in imports versus \$11.4 billion for exports; chart, left). These shifts left the deficit in March at \$90.6 billion, up from \$87.1 billion in February.

Several factors probably led to the strength in March. Adverse weather probably slowed activity in February, which made for a natural catch-up in March. Similarly, port congestion has become an issue, and traffic may have been cleared in the latest month. Finally, underlying trends in the past several months have been firm as businesses have been adapting to the coronavirus and recovering from the swoon in trade last spring. The underlying improvement probably continued into March.

Imports have consistently been firmer than exports during the recovery period, and the trade deficit has widened as a result (chart, right). The shortfall in the first quarter was noticeably wider than that in Q4, which suggests that net exports made a negative contribution to GDP growth. We will see the official tally with the GDP report tomorrow, but the figures in hand suggest a drag of more than a percentage point.

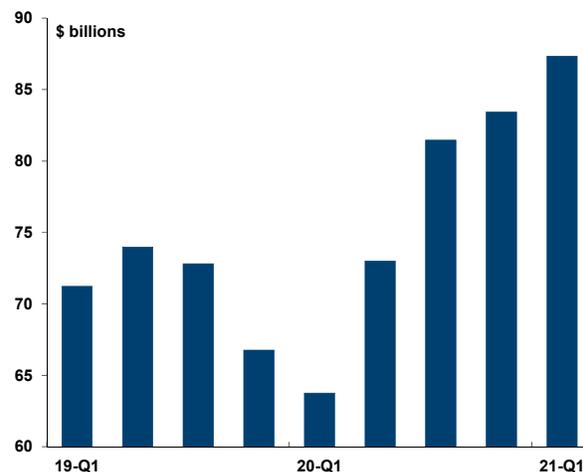
Today's report does not include information on trade by country, nor does it have information on trade in services. Also, the report contains only nominal figures; no adjustments for inflation.

Nominal Imports & Exports of Goods



Source: U.S. Census Bureau via Haver Analytics

U.S. Nominal Goods Trade Deficit*



* Quarterly averages of monthly data.

Source: U.S. Census Bureau via Haver Analytics

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