

# U.S. Data Review

- International trade in goods: moderate exports, strong imports; more slippage

**Michael Moran**

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

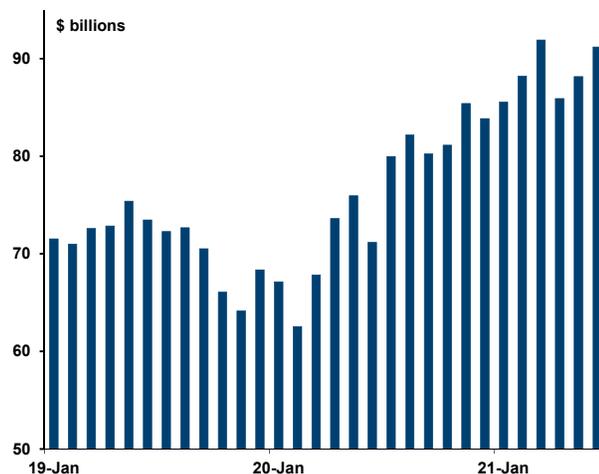
## International Trade in Goods

After deteriorating noticeably in the early portion of the recovery, the U.S. merchandise trade deficit showed hints of stabilizing in recent months. However, the previous pattern of a widening trade deficit reemerged in June, as the shortfall widened by \$3.0 billion to \$91.2 billion (chart, left). The consensus estimate called for little change with a deficit of \$88.0 billion.

The latest slippage, like that in the early portion of the recovery, involved increases in both exports and imports, with imports showing the larger change (chart, right). In June, exports rose 0.3 percent, reflecting firm performances in several areas that were partially offset by notable cooling in foreign shipments of food. Imports jumped 1.5 percent, reflecting firm performances in the food and industrial-supply categories. The surge of 8.5 percent in industrial supplies was probably influenced by higher prices. Trade in motor vehicles has been influenced by the shortage of semiconductors. Imports of cars and trucks slipped 2.5 percent in June, continuing the downward drift that started early in the year. Exports of vehicles rose in June, but this gain offset only a small portion of previous declines, leaving a downward trend.

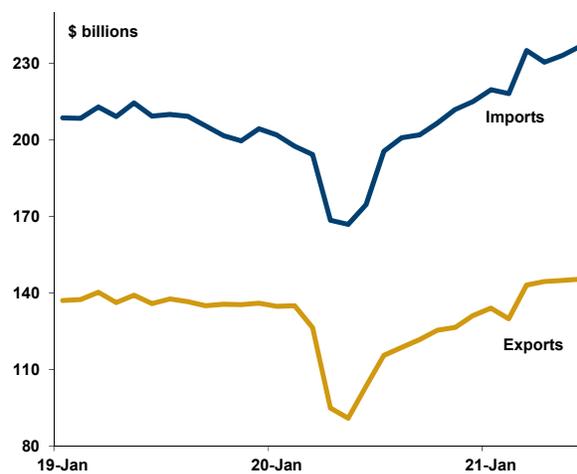
Although the trade balance slipped in June, the results do not have pronounced negative implications for GDP growth in the second quarter. The nominal trade deficit for Q2 was about equal to that in Q1, and we expect only modest slippage after adjusting for inflation. The service surplus probably shrank, but only modestly. Thus, we look for a modest negative contribution, which would represent a marked improvement from an average negative contribution to GDP growth of 2.1 percentage points in the prior three quarters.

### U.S. International Trade Deficit in Goods



Source: U.S. Census Bureau via Haver Analytics

### Imports & Exports of Goods



Source: U.S. Census Bureau via Haver Analytics

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