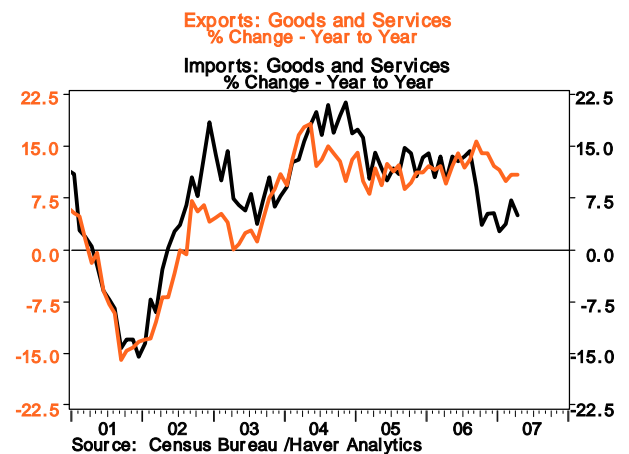


APR INTERNATIONAL TRADE

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- The trade deficit in goods and services shrunk to \$58.5 billion in April from a revised \$62.4 billion in March. The consensus had expected \$63.5 billion.
- Exports increased \$0.3 billion in April and were revised up by \$3 billion for March. Exports are up 10.9% versus last year.
- Imports declined \$3.6 billion in April after an \$8.1 increase in March. Imports are up 5.0% versus last year. Pharmaceutical imports declined \$1.2 billion in April, auto imports fell \$1.0 billion and capital goods imports went down \$0.6 billion (primarily due to lower imports of telecommunications equipment and computer accessories).
- The merchandise trade deficit with Mexico contracted by \$1.5 billion while the deficit with China increased by \$2.1 billion. However, as opposed to the overall trade figures, the country-by-country numbers are not seasonally adjusted.

Implications: Trade subtracted one percentage point from the real GDP growth rate in the first quarter but is now poised to add almost 0.5 percentage points to the second quarter. This suggests the risk to our forecast of 3.5% annualized growth in the second quarter is to the upside. Exports are growing faster than imports due to the lagged influence of a weaker dollar and relatively strong growth abroad, in both emerging markets and industrialized countries.



International Trade <i>All Data Seasonally Adjusted, \$billions</i>	Apr-07 Bil \$	Mar-07 Bil \$	Feb-07 Bil \$	3-Mo Moving Avg.	6-Mo Moving Avg.	Year-Ago Level
Trade Balance	-58.5	-62.4	-57.6	-59.5	-59.0	-62.3
Exports	129.5	129.2	125.9	128.2	127.6	116.7
Imports	188.0	191.6	183.5	187.7	186.6	179.1
Petroleum Imports	24.9	25.0	21.1	23.7	23.6	23.9

Source: Bureau of the Census