

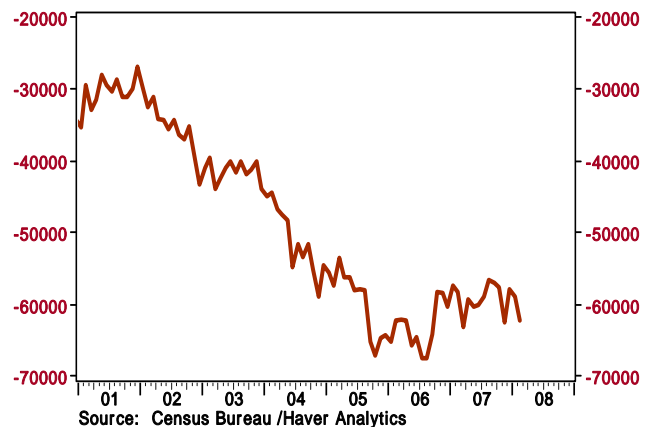
FEB INTERNATIONAL TRADE

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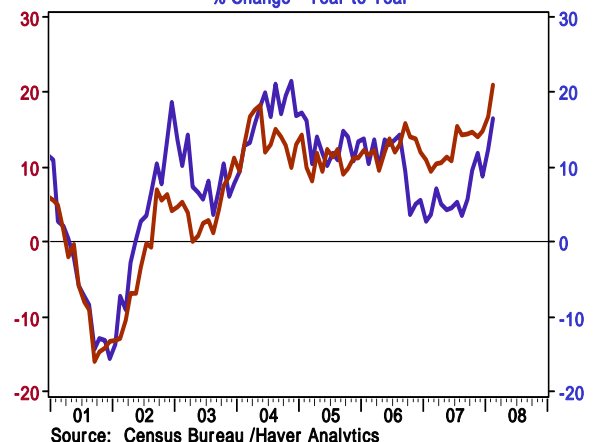
- The trade deficit in goods and services increased to \$62.3 billion in February from \$59.0 billion in January. The consensus expected a trade gap of \$57.5 billion.
- Exports increased \$3.0 billion in February and are up 20.8% versus last year. The increase in exports in February was led by industrial supplies, food and beverages, and services.
- Imports increased \$6.3 billion in February and are up 16.4% versus a year ago. The rise in imports in February was primarily due to consumer goods (pharmaceuticals), automobiles, and capital goods (industrial machines and computer accessories).
- Adjusted for inflation, the trade deficit in goods is \$6.0 billion smaller than last February. Without adjusting for inflation, the trade deficit is \$4.1 billion larger than last year.

Implications: The trade deficit expanded in February due to an increase in imports that is unlikely to continue given the depreciation of the US dollar. Despite the import surge in February, the boom in exports continues to accelerate, with exports up 20.8% versus last year, the largest gain in more than a decade. Note that import growth versus last year is mostly due to oil. Petroleum imports are up 78.8% versus a year ago while non-petroleum imports are up only 6.3%. In other news this morning, new claims for unemployment insurance dropped 53,000 last week to 357,000. The four-week moving average is about 378,000, still below recession levels. Continuing claims increased 3,000 to 2.94 million, the highest since 2004.

Trade Balance: Goods and Services
SA, Mil.\$



Exports: Goods and Services
% Change - Year to Year
Imports: Goods and Services
% Change - Year to Year



International Trade	Feb-08	Jan-08	Dec-07	3-Mo	6-Mo	Year-Ago
<i>All Data Seasonally Adjusted, \$billions</i>	Bil \$	Bil \$	Bil \$	Moving Avg.	Moving Avg.	Level
Trade Balance	-62.3	-59.0	-57.9	-59.7	-59.3	-58.2
Exports	151.4	148.4	145.9	148.5	145.5	125.3
Imports	213.7	207.3	203.7	208.2	204.9	183.5
Petroleum Imports	37.7	39.8	35.7	37.8	34.1	21.1
Real Goods Trade Balance	-51.5	-49.7	-49.0	-50.1	-51.1	-57.5

Source: Bureau of the Census

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