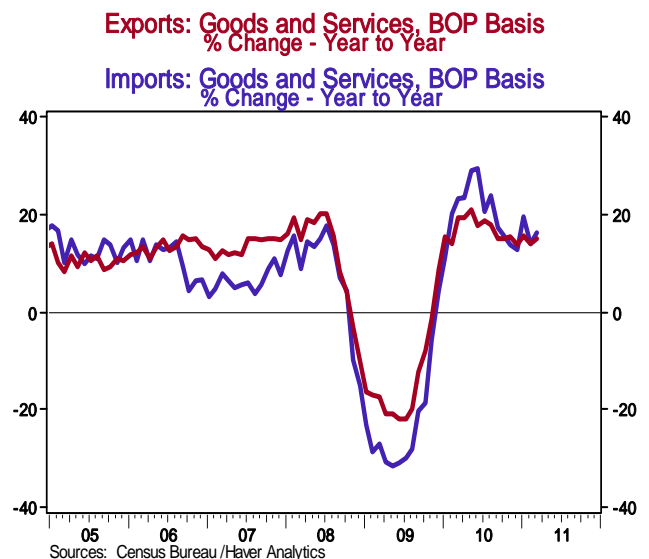
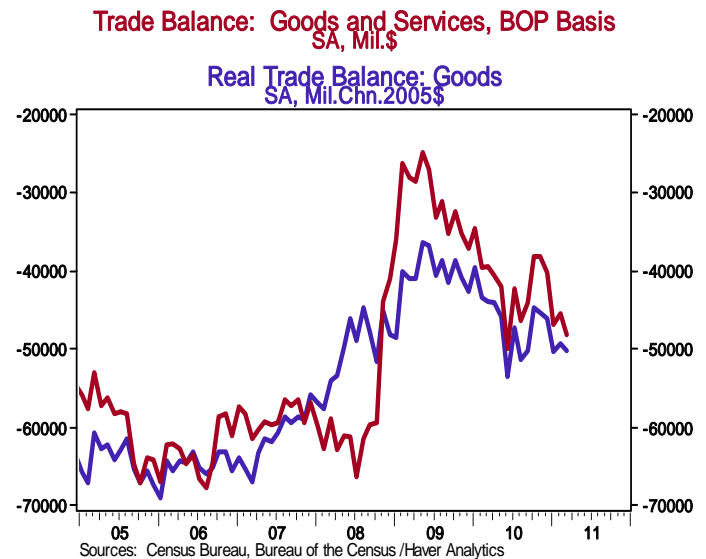


MARCH INTERNATIONAL TRADE

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- The trade deficit in goods and services expanded by \$2.7 billion to \$48.2 billion in March. The consensus expected a trade deficit of \$47.0 billion.
- Exports increased \$7.7 billion in March, led by widespread gains in industrial supplies and autos/parts. Imports rose \$10.4 billion, led by oil, autos/parts, and computers. The rise in oil imports was due to both higher volume and higher prices.
- In the last year, exports are up 14.9% while imports are up 16.4%.
- The monthly trade deficit is \$8.7 billion larger than last year. Adjusted for inflation, the trade deficit in goods is \$6.1 billion larger than last year. This is the trade measure that is most important for calculating real GDP.

Implications: Trade volumes soared in March, both imports and exports. The total volume of trade (exports + imports) increased to \$394 billion in March, just 1.1% off the all-time monthly high reached in July 2008. Exports have been expanding rapidly since mid-2009 and are at a record high, both on a cash basis and adjusted for inflation. This is a clear sign that the U.S. and world economies are continuing to expand. That said imports grew faster than exports in March, resulting in a rebound in the trade deficit, much of which was due to higher oil prices. In other recent news on the trade sector, import prices increased 2.2% in April and are up 11.1% in the past year. This is not all due to oil: excluding petroleum, import prices were up 0.6% in March and are up 4.3% in the past year. Export prices climbed 1.1% in April and are up 9.6% versus a year ago. Most of the increase in export prices is outside the farm sector. Excluding agriculture, export prices were up 1% in April and are up 6.9% in the past year. Chairman Bernanke may claim higher prices are not his fault, because the Fed can't create more oil. But the Fed can create more dollars, and that's why we have higher inflation.



International Trade <i>All Data Seasonally Adjusted, \$billions</i>	Mar-11 Bil \$	Feb-11 Bil \$	Jan-11 Bil \$	3-Mo Moving Avg.	6-Mo Moving Avg.	Year-Ago Level
Trade Balance	-48.2	-45.4	-47.0	-46.9	-42.9	-39.5
Exports	172.7	165.0	167.5	168.4	164.6	150.3
Imports	220.8	210.4	214.5	215.3	207.5	189.8
Petroleum Imports	39.3	33.3	35.2	35.9	32.1	30.2
Real Goods Trade Balance	-50.1	-49.3	-50.3	-49.9	-47.6	-44.0

Source: Bureau of the Census