

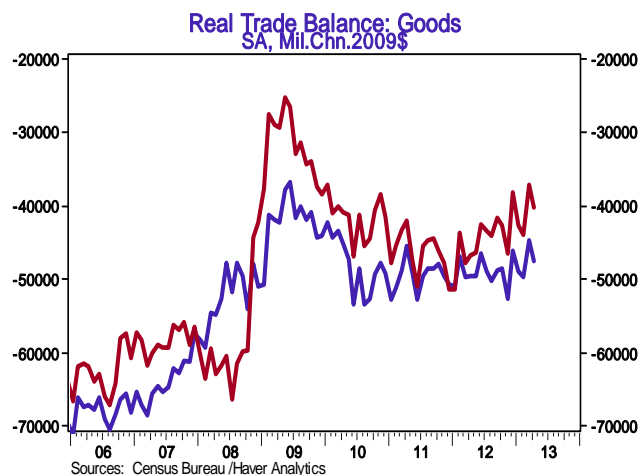
April International Trade

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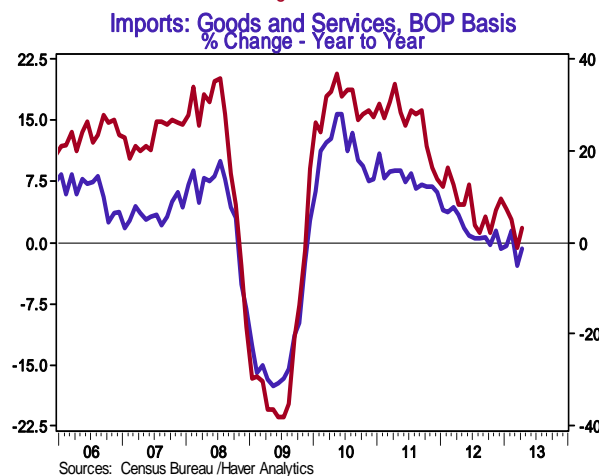
- The trade deficit in goods and services came in at \$40.3 billion in April, smaller than the consensus expected \$41.1 billion.
- Exports rose \$2.2 billion in April, led by jewelry, capital goods and autos. Imports increased \$5.4 billion, led by consumer goods (such as cell phones) and autos.
- In the last year, exports are up 1.7% while imports are down 1.4%. All of the drop in imports versus a year ago is due to petroleum.
- The monthly trade deficit is \$6.3 billion smaller than a year ago. Adjusted for inflation, the trade deficit in goods is \$2.1 billion smaller than a year ago. This is the trade measure that is most important for measuring real GDP.

Implications: The trade deficit widened in April but came in smaller than the consensus expected. The widening of the trade deficit was a result of imports rebounding faster than exports. The resilience of overall imports even as petroleum imports continued to drop (down 21% in the past year) shows continued growth in purchasing power in the US. Despite the boom in US energy production over the past few years, petroleum exports have been essentially unchanged for the past 18 months or so, the result of more domestic use as the economy recovers as well as economic weakness in Europe. As the European economy turns the corner, expect a new upward trend in US petroleum exports led by a combination of fracking and horizontal drilling. The total volume of US trade with the rest of the world – imports plus exports – is unchanged from a year ago. This primarily reflects weaker imports from OPEC as well as slower exports to the Pacific Rim, South/Central America and the European Union. Overall we expect the sector will be a small negative for real GDP growth in 2013, as the trade deficit starts expanding again like it normally does when the US economy is growing. In other recent news, cars and light trucks were sold at a 15.3 million annual rate in May, up 2.6% from April and coming in better than the 15.2 million pace the consensus expected. Auto sales are up 9.7% from a year ago and we expect some further modest gains in the year ahead.

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



Exports: Goods and Services, BOP Basis
 % Change - Year to Year



International Trade	Apr-13	Mar-13	Feb-13	3-Mo	6-Mo	Year-Ago
<i>All Data Seasonally Adjusted, \$billions</i>	Bil \$	Bil \$	Bil \$	Moving Avg.	Moving Avg.	Level
Trade Balance	-40.3	-37.1	-43.8	-40.4	-41.4	-46.6
Exports	187.4	185.2	187.1	186.6	186.7	184.3
Imports	227.7	222.3	231.0	227.0	228.2	230.9
Petroleum Imports	29.6	30.1	32.2	30.6	31.7	37.4
Real Goods Trade Balance	-47.6	-44.6	-49.7	-47.3	-48.3	-49.6

Source: Bureau of the Census