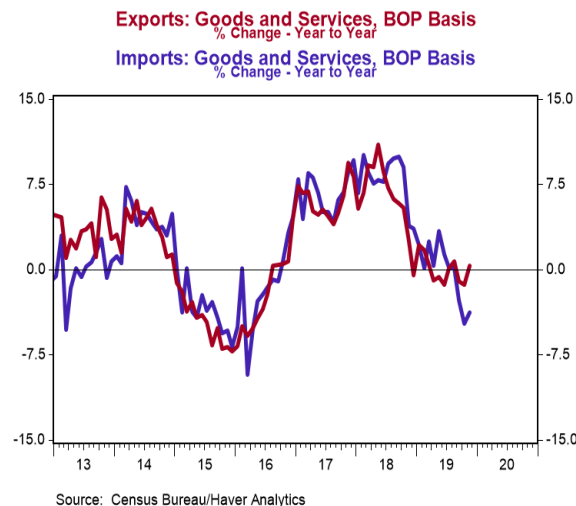
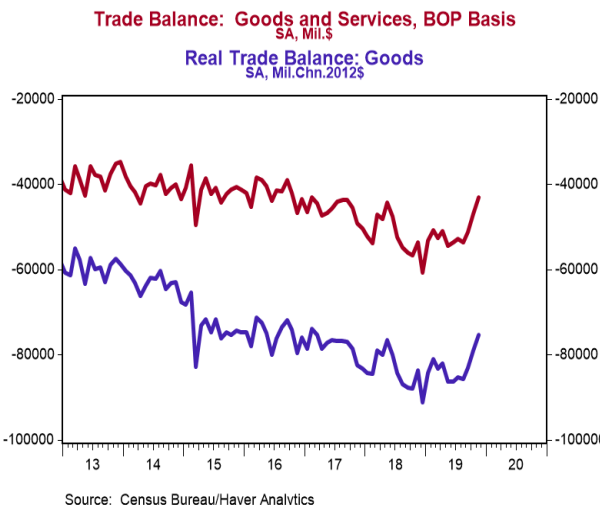


# November International Trade

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- The trade deficit in goods and services came in at \$43.1 billion in November, smaller than the consensus expected \$43.6 billion.
- Exports rose \$1.4 billion, led by gains in jewelry, drilling & oilfield equipment, and gem diamonds. Imports fell \$2.5 billion, led by declines in civilian aircraft, computers, and cellphones & other household goods.
- In the last year, exports are up 0.3% while imports are down 3.8%.
- Compared to a year ago, the monthly trade deficit is \$10.5 billion smaller; after adjusting for inflation, the “real” trade deficit in goods is \$8.4 billion smaller than a year ago. The “real” change is the trade indicator most important for measuring real GDP.

**Implications:** The trade deficit fell in November to \$43.1 billion, the smallest since 2016. This supports our projection that real GDP grew at a 3.0% annual rate in the fourth quarter, although there’s plenty of data coming out next week that might adjust that forecast either up or down. Notably, for the third month in a row, the dollar value of US petroleum exports exceeded the dollar value of US petroleum imports. Yes, you read that right: the US was again a net petroleum exporter in November. Horizontal drilling and fracking have transformed the global energy market and the US is no longer hostage to foreign oil. This pattern may temporarily reverse in the Winter due to the seasonal pattern of US oil imports, but should re-assert itself by Spring. However, not all the news in today’s report is worth celebrating. Although exports grew by \$1.4 billion, imports declined by \$2.5 billion. So, total trade between the US and the rest of the world fell \$1.1 billion in November. Overall, in the past year exports are up 0.3%, while imports are down 3.8%. In general, we’d like to see more trade between the US and the rest of the world, not less. Hopefully we will soon see a “Phase One” deal with China as well as near-term passage of USMCA, the trade agreement with Canada and Mexico. Note that the merchandise trade deficit with China shrunk to \$25.6 billion in November, the smallest since 2013, which likely put pressure on China to make a deal. In other recent news, Americans bought cars and light trucks at a 16.7 million annual rate in December, down 2.3% from November, and down 3.9% from a year ago. For all of 2019, 16.9 million cars and light trucks were sold. The trend over the next few years should be gradually downward as consumers shift their spending toward other sectors.



International Trade	Nov-19	Oct-19	Sep-19	3-Mo	6-Mo	Year-Ago
<i>All Data Seasonally Adjusted, \$billions</i>	<b>Bil \$</b>	<b>Bil \$</b>	<b>Bil \$</b>	<b>Moving Avg.</b>	<b>Moving Avg.</b>	<b>Level</b>
<b>Trade Balance</b>	<b>-43.1</b>	-46.9	-51.1	-47.0	-50.2	-53.6
<b>Exports</b>	<b>208.6</b>	207.3	207.6	207.8	208.3	208.0
<b>Imports</b>	<b>251.7</b>	254.2	258.7	254.9	258.5	261.6
<b>Petroleum Imports</b>	<b>14.2</b>	14.7	14.7	14.6	15.4	16.8
<b>Real Goods Trade Balance</b>	<b>-75.3</b>	-79.0	-83.0	-79.1	-82.4	-83.7

Source: Bureau of the Census