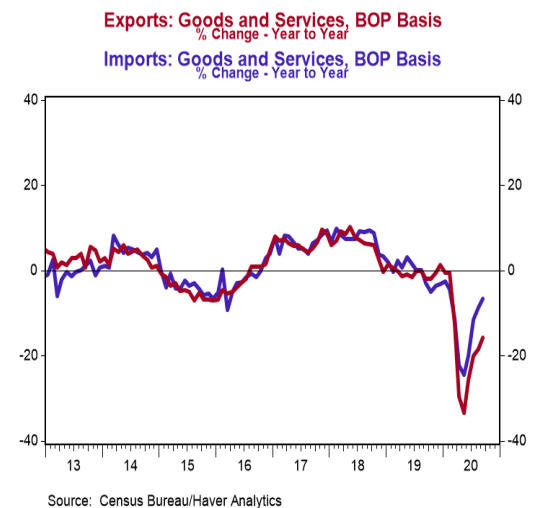
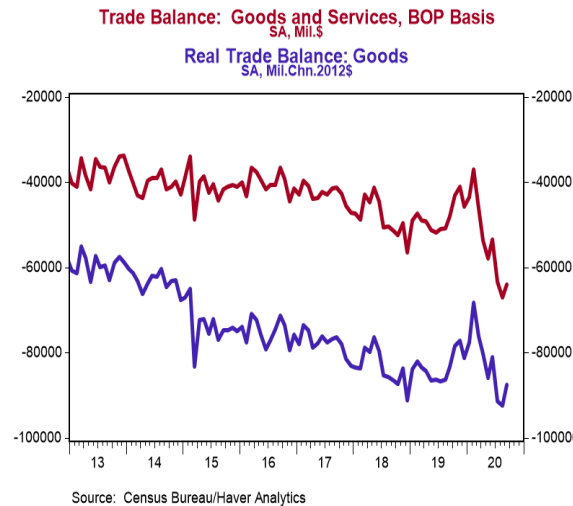


September International Trade

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- The trade deficit in goods and services came in at \$63.9 billion in September, matching consensus expectations.
- Exports increased \$4.4 billion, led by soybeans and petroleum products. Imports rose \$1.2 billion, led by autos, computers, and telecommunications equipment.
- In the last year, exports are down 15.7% while imports are down 6.5%.
- Compared to a year ago, the monthly trade deficit is \$16.1 billion larger; after adjusting for inflation, the “real” trade deficit in goods \$4.3 billion larger than a year ago. The “real” change is the trade indicator most important for measuring real GDP.

Implications: International trade continues to improve after some very ugly reports earlier this year. The trade deficit in goods and services came in at \$63.9 billion in September as exports rose faster than imports. The gain in exports was led by soybeans, which hit a two-year high, while autos drove much of the gain in imports. But what really matters is that both exports and imports increased, consistent with the economic recovery in the US and global economic activity slowly picking back up. The total volume of trade (imports plus exports), which signals how much businesses and consumers interact across the US border, grew 1.4% in September, but is still down 10.7% versus a year ago. There has been dramatic improvement, but still a way to go to get back to pre-COVID 19 levels. Some other good news in today’s report was that for the ninth month in a row, the dollar value of US petroleum exports exceeded US petroleum imports. Horizontal drilling and fracking have transformed the global energy market and the US is no longer hostage to foreign oil. Expect trade to continue expanding in coming months as the shutdowns of business across the US and the world slowly dissipate, and, with the holiday season approaching and economic activity picking back up, dwindling inventories will continue to be replenished. In other news today, on the employment front, the ADP employment report showed 365,000 private-sector jobs gained in September. The consensus was expecting a larger gain of 643,000. Plugging this into our models suggests a nonfarm payroll gain of about 500,000 with the unemployment rate down to 7.6%. In other recent news, cars and light trucks were sold at a 16.21 million annual rate in October. Sales were down 0.5% from September and down 3.3% from a year ago, but dramatically improved versus earlier this year during the COVID-19 pandemic. Expect sales to remain solid over the next few months as the economy continues to reopen and heal.



International Trade	Sep-20	Aug-20	Jul-20	3-Mo	6-Mo	Year-Ago
<i>All Data Seasonally Adjusted, \$billions</i>	Bil \$	Bil \$	Bil \$	Moving Avg.	Moving Avg.	Level
Trade Balance	-63.9	-67.0	-63.4	-64.8	-59.9	-47.8
Exports	176.4	172.0	168.3	172.2	160.2	209.2
Imports	240.2	239.0	231.7	237.0	220.1	257.0
Petroleum Imports	9.2	9.2	8.1	8.9	7.6	15.1
Real Goods Trade Balance	-87.6	-92.4	-91.3	-90.4	-86.4	-83.3

Source: Bureau of the Census