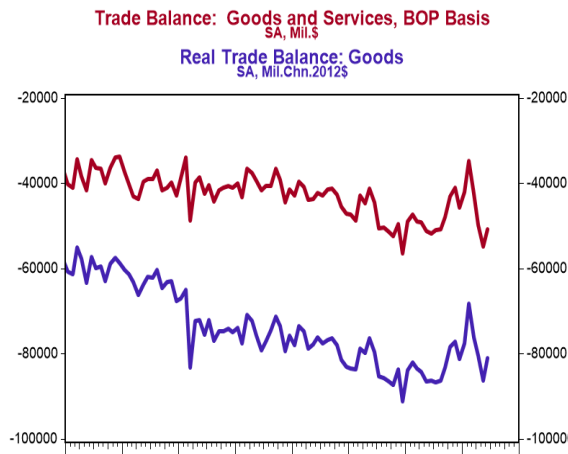


June International Trade

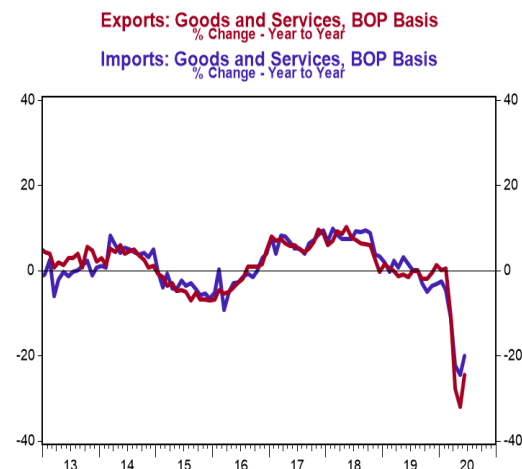
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- The trade deficit in goods and services came in at \$50.7 billion in June, slightly larger than the consensus expected \$50.2 billion.
- Exports increased \$13.6 billion, led by gains in autos, fuel oil, and civilian aircraft. Imports rose \$9.4 billion, led by gains in autos, cell phones & other household goods, and computers.
- In the last year, exports are down 24.4% while imports are down 19.9%.
- Compared to a year ago, the monthly trade deficit is \$1.0 billion smaller; after adjusting for inflation, the “real” trade deficit in goods \$5.4 billion smaller than a year ago. The “real” change is the trade indicator most important for measuring real GDP.

Implications: It’s still early, but international trade looks to be on the mend after some very ugly reports over the past few months. The trade deficit in goods and services came in at \$50.7 billion in June. The good news is that both exports and imports rose for the first time since December 2019, consistent with the economy in recovery now in the US and global economic activity slowly picking back up. Exports rose faster than imports, which is why the trade deficit shrank. The total volume of trade (imports plus exports), which signals how much businesses and consumers interact across the US border, rose 6.7% in June, by far the largest monthly gain recorded going back to at least 1992, but is still down a massive 21.9% versus a year ago. Expect trade to continue expanding in coming months as the shutdowns of business across the US and the world slowly dissipate, and new trade deals with key trading partners take effect. Some other good news in today’s report was that for the sixth month in a row, the dollar value of US petroleum exports exceeded or met US petroleum imports. Horizontal drilling and fracking have transformed the global energy market and the US is no longer hostage to foreign oil. Also this morning, data out from the ADP employment report showed 167,000 jobs gained in July. The consensus was expecting a much larger gain of 1.2 million. While it may change with unemployment claims data out tomorrow, we currently expect the employment report for July, which is due out this Friday, will show about two million nonfarm jobs gained in the month. In other news yesterday, cars and light trucks were sold at a 14.5 million annual rate in July. Sales were up 11.1% from June but still down 14.4% from a year ago. Expect sales to continue to pick up over the next few months as the economy continues to reopen and heal.



Source: Census Bureau/Haver Analytics



Source: Census Bureau/Haver Analytics

International Trade	Jun-20	May-20	Apr-20	3-Mo	6-Mo	Year-Ago
<i>All Data Seasonally Adjusted, \$billions</i>	Bil \$	Bil \$	Bil \$	Moving Avg.	Moving Avg.	Level
Trade Balance	-50.7	-54.8	-49.8	-51.8	-45.7	-51.7
Exports	158.3	144.7	151.1	151.4	177.7	209.3
Imports	208.9	199.5	200.9	203.1	223.5	261.0
Petroleum Imports	7.0	6.0	6.1	6.3	10.3	16.3
Real Goods Trade Balance	-81.0	-86.2	-80.3	-82.5	-78.3	-86.4

Source: Bureau of the Census