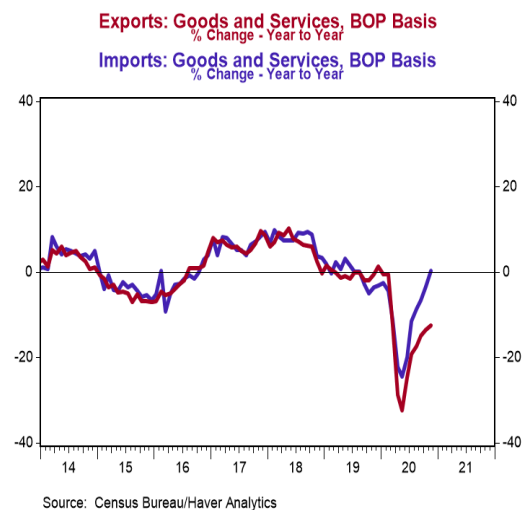
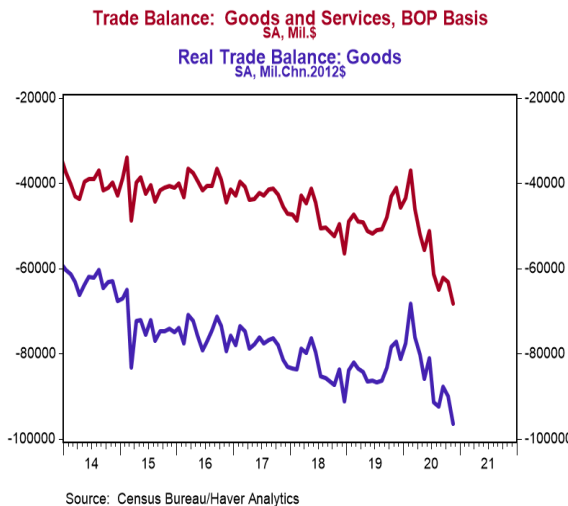


# November International Trade

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- The trade deficit in goods and services came in at \$68.1 billion in November, slightly larger than the consensus expected \$67.3 billion.
- Exports increased \$2.2 billion, led by natural gas, artwork, antiques, and stamps. Imports rose \$7.2 billion, led by cellphones & other household goods, other goods, and civilian aircraft.
- In the last year, exports are down 12.5% while imports are up 0.3%.
- Compared to a year ago, the monthly trade deficit is \$27.0 billion larger; after adjusting for inflation, the “real” trade deficit in goods is \$19.3 billion larger than a year ago. The “real” change is the trade indicator most important for measuring real GDP.

**Implications:** Another very solid report on international trade as things continue to improve from the massive recession of 2020. Some may be alarmed that the trade deficit in goods and services widened to \$68.1 billion in November, the second largest on record. But the widening trade gap was due to imports rising faster than exports. What really matters is that both exports and imports increased, consistent with the economic recovery in the US and global economic activity picking back up. The total volume of trade (imports plus exports), which signals how much businesses and consumers interact across the US border, grew 2.2% in November, but is still down 5.6% versus a year ago. There has been dramatic improvement, but still a way to go to get back to pre-COVID-19 levels. In fact, imports are now up 2.3% from the pre-pandemic February level and up 0.3% from a year ago. The gain in imports was led by cellphones & other household goods. It looks like it may have been another iPhone Christmas! Some other good news in today’s report was that for the 11th 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 the coming months as business across the US and the world continue to adapt to the current environment, and, with the holiday season having just passed and economic activity picking back up, dwindling inventories will continue to be replenished as fast as possible. In other news this morning, initial jobless claims fell 3,000 last week to 787,000. Meanwhile, continuing claims for regular benefits fell 126,000 to 5.072 million. Also, yesterday the ADP employment report showed 123,000 private-sector jobs lost in December, falling short of a consensus expected gain of 75,000. Plugging this into our models suggests a nonfarm payroll gain of about 32,000 with the unemployment rate remaining at 6.7%. In other recent news, cars and light trucks were sold at a 16.27 million annual rate in December. Sales were up 4.1% from November but down 3.2% from a year ago. Expect sales to remain solid over the next few months as the economy moves back toward reopening and the federal government passes out “stimulus” checks.



International Trade <i>All Data Seasonally Adjusted, \$billions</i>	Nov-20 Bil \$	Oct-20 Bil \$	Sep-20 Bil \$	3-Mo Moving Avg.	6-Mo Moving Avg.	Year-Ago Level
<b>Trade Balance</b>	<b>-68.1</b>	-63.1	-62.1	-64.4	-61.8	-41.1
<b>Exports</b>	<b>184.2</b>	182.0	178.0	181.4	174.3	210.6
<b>Imports</b>	<b>252.3</b>	245.1	240.1	245.9	236.1	251.6
<b>Petroleum Imports</b>	<b>9.7</b>	9.5	9.2	9.5	8.8	14.7
<b>Real Goods Trade Balance</b>	<b>-96.5</b>	-89.9	-87.7	-91.4	-89.8	-77.2

Source: Bureau of the Census