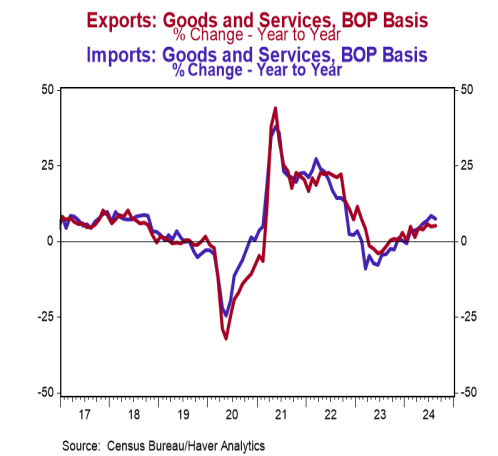
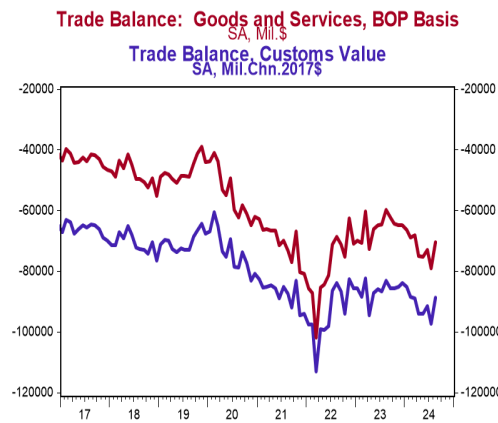


August International Trade

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- The trade deficit in goods and services came in at \$70.4 billion in August, slightly smaller than the consensus expected \$70.5 billion.
- Exports rose by \$5.3 billion, led by nonmonetary gold and pharmaceuticals. Imports fell by \$3.2 billion, led by drops in autos, computer accessories, nonmonetary gold, and finished metal shapes.
- In the last year, exports are up 5.1% while imports are up 7.6%.
- Compared to a year ago, the monthly trade deficit is \$10.8 billion larger; after adjusting for inflation, the “real” trade deficit in goods is \$5.6 billion larger than a year ago. The “real” change is the trade indicator most important for measuring real GDP.

Implications: After ballooning to a two-year high in July, the trade deficit in goods and services shrank in August to \$70.4 billion, as exports grew while imports declined. However, we prefer to focus on the total volume of trade, imports *plus* exports, as it shows the extent of business and consumer interaction across the US border. This measure increased in August, rising by \$2.1 billion. Total trade volume is up 6.5% from a year ago, with exports up 5.1% and imports up 7.6%. Although the pickup in imports is good news, part of this is being pulled forward as companies made sure they had adequate supplies before the dockworkers’ strike by East and Gulf Coast workers, which happened and ended in October. There also continues to be a major shift going on in the pattern of US trade. Year- to-date through August, imports from China were up only 1.3% versus the same period in 2023 and down 24.3% versus the same period in 2022. China used to be the top exporter to the US. Now the top spot is held by Mexico; China has fallen to number two with Canada nipping at her heels. Meanwhile, global supply chain pressures have eased substantially over the past few years. This was confirmed by the New York Fed’s Global Supply Chain Pressure Index in August, with the index 0.2 standard deviations above the index’s historical average. For some perspective, two years ago in the month of August the index sat 1.51 standard deviations above the index’s historical average. Also in today’s report, the dollar value of US petroleum exports exceeded imports once again. This marks the 27th consecutive month of the US being a net exporter of petroleum products.



International Trade	Aug-24	Jul-24	Jun-24	3-Mo	6-Mo	Year-Ago
<i>All Data Seasonally Adjusted, \$billions</i>	Bil \$	Bil \$	Bil \$	Moving Avg.	Moving Avg.	Level
Trade Balance	-70.4	-78.9	-73.0	-74.1	-73.4	-59.6
Exports	271.8	266.5	265.3	267.8	264.5	258.5
Imports	342.2	345.4	338.3	342.0	338.0	318.1
Petroleum Imports	19.2	20.6	20.3	20.0	20.3	20.3
Real Goods Trade Balance	-88.6	-97.3	-91.4	-92.4	-92.3	-83.0

Source: Bureau of the Census