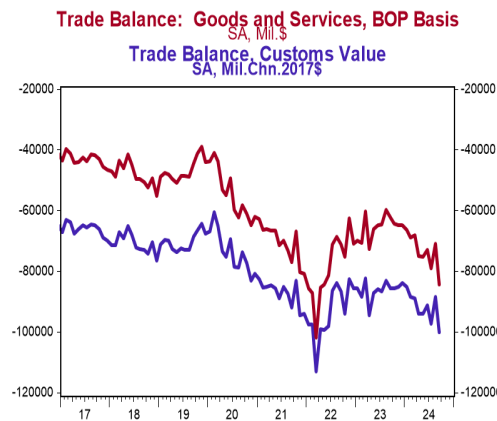


September International Trade

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- The trade deficit in goods and services came in at \$84.4 billion in September, slightly larger than the consensus expected \$84.0 billion.
- Exports fell by \$3.2 billion, led by drops in pharmaceuticals, civilian aircraft, and crude oil. Imports rose by \$10.3 billion, led by pharmaceuticals, autos, and computers.
- In the last year, exports are up 2.4% while imports are up 8.8%.
- Compared to a year ago, the monthly trade deficit is \$22.2 billion larger; after adjusting for inflation, the “real” trade deficit in goods is \$14.4 billion larger than a year ago. The “real” change is the trade indicator most important for measuring real GDP.

Implications: The trade deficit in goods and services ballooned to the highest in more than two years coming in at \$84.4 billion in September as exports declined while imports boomed. 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 September, rising by \$7.1 billion. Total trade volume is up 5.9% from a year ago, with exports up 2.4% and imports up 8.8%. Although the pickup in imports is good news, much of the growth in September was pulled forward from future months as companies made sure they had adequate supplies before the dockworkers’ strike by East and Gulf Coast workers, which started October 1. Although it only lasted days, companies had no idea how long it would last back in September. Expect slower imports in the months ahead. There also continues to be a major shift going on in the pattern of US trade. Year-to-date through September, imports from China were up only 2.0% versus the same period in 2023 and down 22.9% 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 September, with the index only 0.1 standard deviations above the index’s historical average. For some perspective, three years ago in the month of September the index sat 3.4 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 28th consecutive month of the US being a net exporter of petroleum products. In other recent news, cars and light trucks were sold at a 16.0 million annual rate in October, up 1.7% from September, and up 4.5% from a year ago.



Source: Census Bureau/Haver Analytics



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International Trade	Sep-24	Aug-24	Jul-24	3-Mo	6-Mo	Year-Ago
<i>All Data Seasonally Adjusted, \$billions</i>	Bil \$	Bil \$	Bil \$	Moving Avg.	Moving Avg.	Level
Trade Balance	-84.4	-70.8	-78.9	-78.0	-76.2	-62.2
Exports	267.9	271.2	266.5	268.5	265.7	261.6
Imports	352.3	342.0	345.4	346.6	341.9	323.9
Petroleum Imports	18.8	19.2	20.6	19.5	20.2	21.5
Real Goods Trade Balance	-100.1	-88.5	-97.3	-95.3	-94.2	-85.7

Source: Bureau of the Census