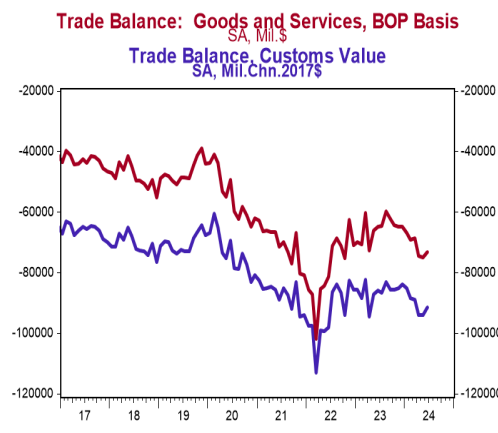


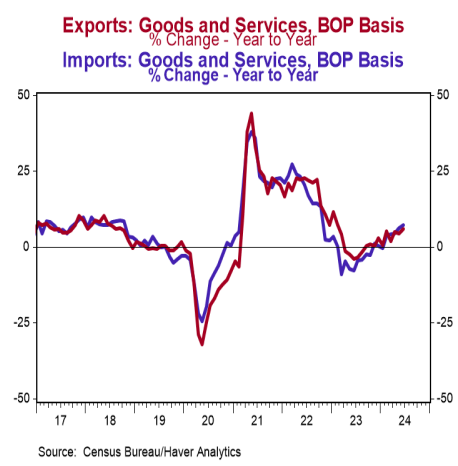
June International Trade

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- The trade deficit in goods and services came in at \$73.1 billion in June, larger than the consensus expected \$72.5 billion.
- Exports rose by \$3.9 billion, led by civilian aircraft, autos, and computers. Imports rose by \$2.0 billion, led by pharmaceuticals, semiconductors, and telecommunications equipment.
- In the last year, exports are up 5.9% while imports are up 7.3%.
- Compared to a year ago, the monthly trade deficit is \$8.3 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: The trade deficit in goods and services narrowed to \$73.1 billion in June as exports grew faster than imports. 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 June, rising by \$6.0 billion. Total trade volume is up 6.7% from a year ago, with exports up 5.9% and imports up 7.3%. Notably, there is a major shift going on in the pattern of US trade. Through the first half of the year, imports from China were down 2.2% versus the same period in 2023 and down 26.9% 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 three with Canada now in second place. 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 June, with the index -0.03 standard deviations below the index’s historical average. For some perspective, two years ago in the month of June the index sat 2.65 standard deviations above the index’s historical average. Expect some temporary volatility though as Yemen’s Houthi rebels continue to deter container ships from transiting the Red Sea and Bab-el-Mandeb Strait along with the Suez Canal, adding volatility to shipping costs. Also in today’s report, the dollar value of US petroleum exports exceeded imports once again. This marks the 25th consecutive month of the US being a net exporter of petroleum products.



International Trade	Jun-24	May-24	Apr-24	3-Mo	6-Mo	Year-Ago
<i>All Data Seasonally Adjusted, \$billions</i>	Bil \$	Bil \$	Bil \$	Moving Avg.	Moving Avg.	Level
Trade Balance	-73.1	-75.0	-74.5	-74.2	-71.2	-64.8
Exports	265.9	262.0	263.4	263.8	263.1	251.1
Imports	339.0	337.0	337.9	338.0	334.3	315.9
Petroleum Imports	20.3	21.6	20.7	20.9	20.2	17.8
Real Goods Trade Balance	-91.4	-93.9	-93.9	-93.1	-90.3	-85.8

Source: Bureau of the Census