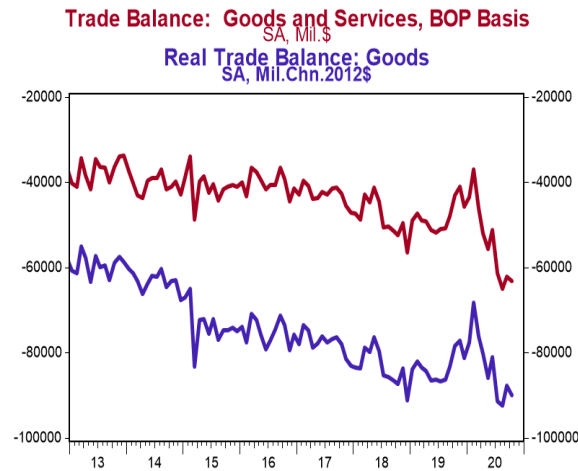


# October International Trade

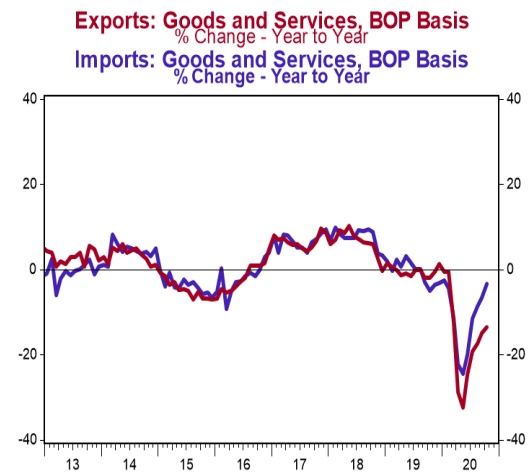
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- The trade deficit in goods and services came in at \$63.1 billion in October, smaller than the consensus expected \$64.8 billion.
- Exports increased \$4.0 billion, led by civilian aircraft engines, gem diamonds, and natural gas. Imports rose \$5.0 billion, led by cellphones & other household goods, toys, games & sporting goods, and computer accessories.
- In the last year, exports are down 13.5% while imports are down 3.3%.
- Compared to a year ago, the monthly trade deficit is \$20.1 billion larger; after adjusting for inflation, the “real” trade deficit in goods is \$11.5 billion larger than a year ago. The “real” change is the trade indicator most important for measuring real GDP.

**Implications:** International trade continues to improve after some very ugly reports earlier this year. The trade deficit in goods and services came in at \$63.1 billion in October as imports rose faster than exports. But what really matters is that both exports and imports increased, consistent with the economic recovery in the US and global economic activity slowly picking back up. The total volume of trade (imports plus exports), which signals how much businesses and consumers interact across the US border, grew 2.1% in October, but is still down 7.9% 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 only down 0.6% from the pre-pandemic February level. Some other good news in today’s report was that for the 10th 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 coming months as business across the US and the world continue to adapt to the current environment, and, with the holiday season here and economic activity picking back up, dwindling inventories will continue to be replenished as fast as possible.



Source: Census Bureau/Haver Analytics



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International Trade	Oct-20	Sep-20	Aug-20	3-Mo	6-Mo	Year-Ago
<i>All Data Seasonally Adjusted, \$billions</i>	<b>Bil \$</b>	<b>Bil \$</b>	<b>Bil \$</b>	<b>Moving Avg.</b>	<b>Moving Avg.</b>	<b>Level</b>
<b>Trade Balance</b>	<b>-63.1</b>	-62.1	-64.9	-63.4	-59.7	-43.0
<b>Exports</b>	<b>182.0</b>	178.0	173.9	178.0	167.6	210.4
<b>Imports</b>	<b>245.1</b>	240.1	238.8	241.4	227.3	253.4
<b>Petroleum Imports</b>	<b>9.5</b>	9.2	9.2	9.3	8.2	15.2
<b>Real Goods Trade Balance</b>	<b>-89.9</b>	-87.7	-92.4	-90.0	-88.0	-78.4

Source: Bureau of the Census