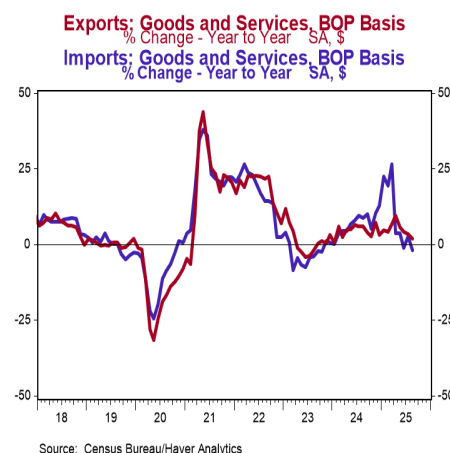
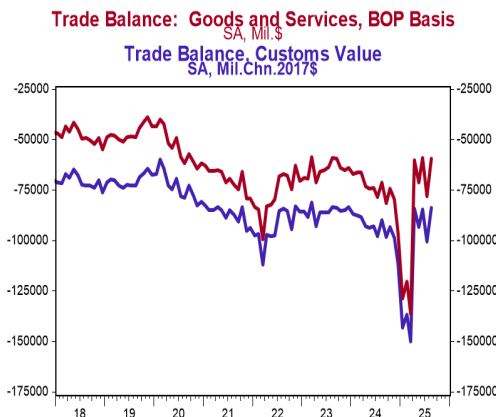


August International Trade

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- The trade deficit in goods and services came in at \$59.6 billion in August, slightly smaller than the consensus expected \$60.4 billion.
- Exports rose by \$0.2 billion, led by computers and crude oil. Imports declined by \$18.4 billion, led by nonmonetary gold, computer accessories, and copper.
- In the last year, exports are up 1.9% while imports are down 1.9%.
- Compared to a year ago, the monthly trade deficit is \$11.7 billion smaller; after adjusting for inflation, the “real” trade deficit in goods is \$6.3 billion smaller than a year ago. The “real” change is the trade indicator most important for measuring real GDP.

Implications: With the government finally reopened, economic data is beginning to flow again—and today brought August’s trade numbers. The U.S. trade deficit narrowed to \$59.6 billion, driven almost entirely by a sharp pullback in imports, which fell \$18.4 billion, while exports edged up a modest \$0.2 billion. The President may see this as a win. After all, the core aim of Trump’s trade agenda has been straightforward: fewer imports and more domestic production. But whether that’s what we’re actually seeing is far less certain. The decline in trade volumes could signal a real shift in global supply chains—reshoring, decoupling, and rising U.S. output. Or it could be pointing to something less encouraging: softer demand both at home and abroad. At this point, the data don’t offer a clean answer. Employment growth has slowed, particularly in goods-producing industries. For a drop in imports to translate into a lasting economic win, it needs to be accompanied by a clear rebound in U.S. manufacturing and investment—and so far, that resurgence remains tentative. Meanwhile, the GDP math has flipped. Imports subtract from GDP, and their surge in Q1 weighed heavily on overall growth. Net exports alone shaved roughly five percentage points off the growth rate, leaving real GDP contracting at a 0.7% annualized pace. But as those front-loaded imports peaked in March and receded in Q2, trade became a tailwind, helping lift growth in the second quarter. It now looks like it net exports will not have nearly as large an impact on GDP as it did in the first half of the year. At the same time, the landscape of global trade continues to evolve. China, once the dominant exporter to the U.S., has slipped to a distant third behind Mexico and Canada. And in today’s report, the dollar value of U.S. petroleum exports once again exceeded imports, marking the 42nd consecutive month of America being a net exporter of petroleum products. In other recent news, construction spending rose 0.2% in August, as a large increase in homebuilding fully offset a decline in manufacturing projects.



International Trade	Aug-25	Jul-25	Jun-25	3-Mo	6-Mo	Year-Ago
<i>All Data Seasonally Adjusted, \$billions</i>	Bil \$	Bil \$	Bil \$	Moving Avg.	Moving Avg.	Level
Trade Balance	-59.6	-78.2	-59.1	-65.6	-77.4	-71.2
Exports	280.8	280.6	279.7	280.4	282.8	275.7
Imports	340.4	358.8	338.7	346.0	360.2	346.9
Petroleum Imports	16.8	15.2	15.5	15.8	16.2	19.3
Real Goods Trade Balance	-83.7	-100.7	-84.6	-89.7	-99.4	-90.0

Source: U.S. Census Bureau