

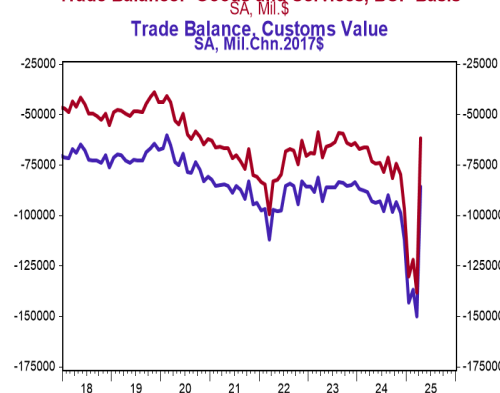
April International Trade

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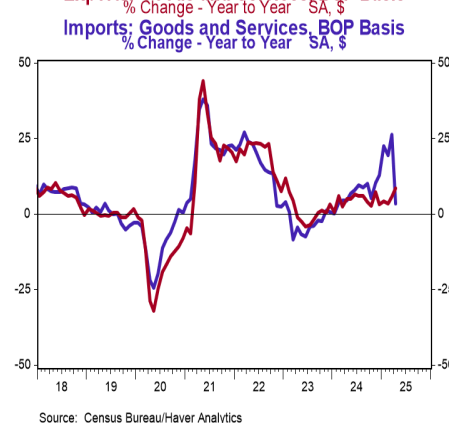
- The trade deficit in goods and services came in at \$61.6 billion in April, smaller than the consensus expected \$66.0 billion.
- Exports rose by \$8.3 billion, led by finished metal shapes and nonmonetary gold. Imports declined by \$68.4 billion, led by pharmaceuticals, finished metal shapes, and autos.
- In the last year, exports are up 8.6% while imports are up 3.4%.
- Compared to a year ago, the monthly trade deficit is \$11.5 billion smaller; after adjusting for inflation, the “real” trade deficit in goods is \$7.2 billion smaller than a year ago. The “real” change is the trade indicator most important for measuring real GDP.

Implications: The U.S. trade deficit shrunk by a record \$76.7 billion to \$61.6 billion in April, as exports rose by \$8.3 billion while imports plummeted by a record \$68.4 billion. Imports jumped at an unprecedented rate in the first quarter as businesses were front-running President Trump’s new tariffs. Now all that is reversing. Pharmaceutical imports led the way higher in Q1, and led the way lower in April dropping by \$26.0 billion alone for the month. Because imports subtract from GDP in national accounting, the surge in Q1 became a major drag on growth; net exports alone shaved roughly five percentage points off Q1’s growth rate, pulling real GDP down at a 0.2% annualized pace. But now, with tariff front-running peaking in March, imports should continue to be unusually soft for the next few months and so trade should add substantially to the GDP calculations for the current quarter. However, erratic trade policy out of Washington adds a great deal of uncertainty in translating recent trade reports into GDP projections. Vizion, a global container tracking firm, reported that twenty-foot equivalent unit (TEU) bookings from China to the U.S. were down massively in April. But once the President decided to drop tariffs on most goods from China to 30% from a peak of 145% a large pick up in bookings commenced in May. Overall, U.S. trade volume (exports + imports) is up 5.7% from a year ago—exports are up 8.6%, while imports have climbed 3.4%. Meanwhile, the landscape of global trade continues to shift. China, once the top exporter to the U.S., has fallen to third place behind Mexico and Canada. Also in today’s report, the dollar value of US petroleum exports exceeded imports once again. This marks the 38th consecutive month of the US being a net exporter of petroleum products. In other news this morning, initial jobless claims rose 7,000 last week to 247,000, while continuing claims fell 3,000 to 1.904 million. These figures are consistent with our forecast of a 109,000 increase in nonfarm payrolls in May, to be reported tomorrow morning.

Trade Balance: Goods and Services, BOP Basis



Exports: Goods and Services, BOP Basis



International Trade	Apr-25	Mar-25	Feb-25	3-Mo	6-Mo	Year-Ago
<i>All Data Seasonally Adjusted, \$billions</i>	Bil \$	Bil \$	Bil \$	Moving Avg.	Moving Avg.	Level
Trade Balance	-61.6	-138.3	-122.0	-107.3	-104.8	-73.1
Exports	289.4	281.1	278.7	283.0	277.9	266.4
Imports	351.0	419.4	400.7	390.4	382.8	339.5
Petroleum Imports	15.8	17.8	18.6	17.4	18.1	20.7
Real Goods Trade Balance	-85.6	-150.1	-136.9	-124.2	-121.1	-92.8

Source: Bureau of the Census