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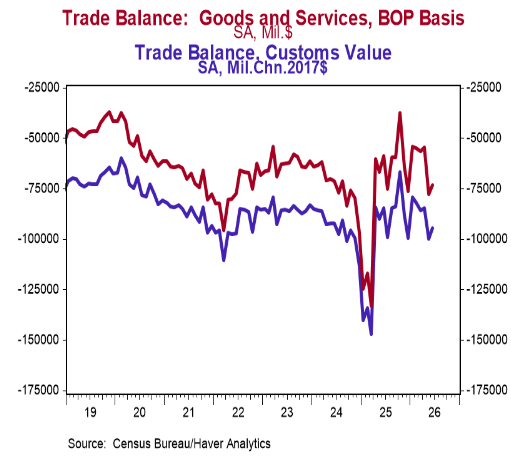
June International Trade

Braden Spiech – Economic Analyst
Brian S. Wesbury – Chief Economist
Robert Stein, CFA – Dep. Chief Economist

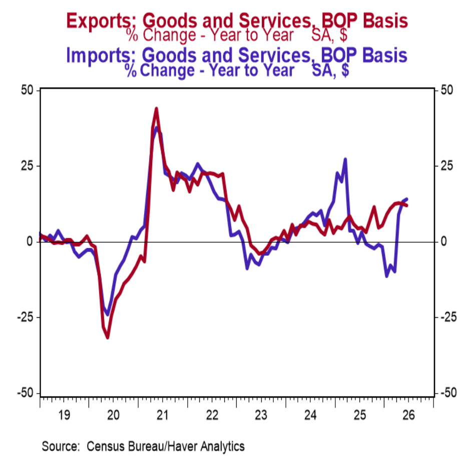


- The trade deficit in goods and services came in at $73.3 billion in June, slightly larger than the consensus expected $73.0 billion.

- Exports declined by $2.9 billion, led by crude oil, fuel oil, and computers. Imports fell by $7.3 billion, led by crude oil, computers, and commercial aircraft.

- In the last year, exports are up 12.0% while imports are up 14.2%.

- Compared to the average level over the past year, the monthly trade deficit is $11.3 billion larger; after adjusting for inflation, the "real" trade deficit in goods is $7.2 billion larger than the average level over the past year. The "real" change is the trade indicator most important for measuring real GDP.



Implications: The trade deficit contracted slightly to $73.3 billion in June in a break from the volatility that has underscored international trade over the past year. Despite the small change, there was plenty of activity behind the scenes: imports fell $7.3 billion, led by crude oil, reflecting cheaper crude price in June. Exports were also affected by the fall in crude prices, as crude oil and fuel oil led a $2.9 billion decline in exports. We like to focus on total volume of trade, exports *plus* imports, as it shows the extent of business and consumer interaction across the border. That measure fell by $10.2 billion in June but is up 13.2% from a year ago. Over the past year, exports have risen 12.0% while imports are up 14.2%. Meanwhile, the landscape of global trade continues to evolve. China, once the dominant exporter to the U.S., has slipped to fourth place behind Mexico, Canada, and now Taiwan, with exports to the U.S. down 22.8% in the first half of 2026 compared to the same period last year. Accelerated demand for high tech equipment to fuel the massive AI investment stands out in the data with imports from Taiwan up 66.7% over the same period moving them 3 places higher from 6th to 3rd. However, imports from Taiwan took a big step back in June itself, falling $4.4 billion, and are down $6.3 billion from the recent peak in February. On top of that, slower trade in computers contributed to the decline in both imports and exports in June, a break from trend in the past year, where computers and other AI-related products have largely increased trade volume. Also in today's report, the dollar value of U.S. petroleum exports once again exceeded imports, marking the 52nd consecutive month of America being a net exporter of petroleum products. Keep in mind petroleum products include refined products like gasoline, diesel, and propane – all of which the U.S. exports in large volumes. When looking at crude oil alone however, the U.S. remains a net importer (although not as much as in prior decades), largely due to domestic refinement capabilities. In other recent news, cars and light trucks were sold at a 16.3 million annual rate in July, declining 1.2% from June and 0.5% lower than a year ago.

International Trade *All Data Seasonally Adjusted, $billions*	Jun-26 Bil $	May-26 Bil $	Apr-26 Bil $	3-Mo Moving Avg.	6-Mo Moving Avg.	Year-Ago Level
Trade Balance	**-73.3**	-77.6	-54.6	-68.5	-61.9	-58.7
Exports	**314.7**	317.6	328.2	320.2	315.2	281.0
Imports	**388.0**	395.3	382.8	388.7	377.0	339.7
Petroleum Imports	**19.1**	20.9	18.9	19.6	18.1	15.5
Real Goods Trade Balance	**-94.5**	-99.8	-84.4	-92.9	-87.6	-84.6

Source: U.S. Census Bureau