

# Economics Group

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## Record Surge in Exports Caused Narrowing in Trade Deficit

*Exports rose faster than imports causing the U.S. trade deficit to narrow to -\$50.7B in June. Exports, however, remain further off their pre-virus level, and re-accelerating COVID-19 cases present downside risk to imports.*

### Exports Surged, but Imports Less Off February Peak

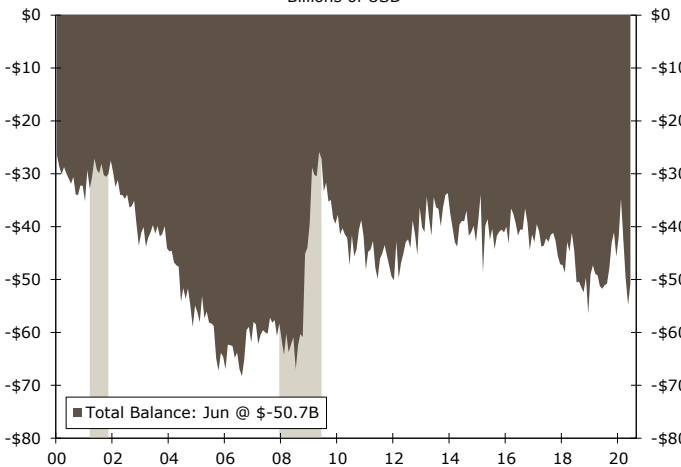
- U.S. exports surged a record 9.4% in June, while imports rose a more modest 4.7%. Although exports rebounded more, causing the overall trade deficit to narrow, imports are just 15.2% off their pre-virus February level compared to over 25% for exports.
- Every major category of goods exports rose in June, except foods. Autos & parts saw the largest increase, surging 144.3% as domestic manufacturing facilities re-opened.

### Re-accelerating Case Counts Are Downside for Imports

- Goods imports similarly saw broad-based gains, though industrial supplies fell 19% in June. Though in part due to falling gold imports, this is consistent with still-tight global supply chains.
- This report signals activity began to recover in June, but as COVID cases have re-accelerated domestically and abroad the question remains to what extent the rebound progresses. Barring renewed lockdowns, we expect a continued albeit modest recovery in Q3.

Trade Balance in Goods & Services

Billions of USD



Imports of Industrial Supplies & Materials

Billions of USD



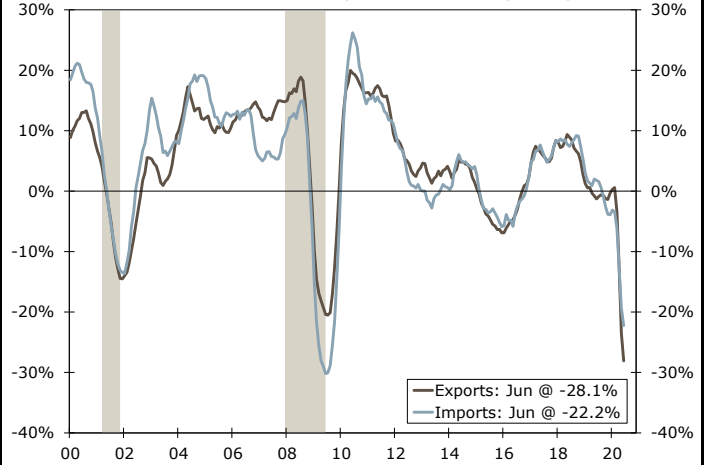
Exports of Autos, Parts & Engines

Billions of USD



U.S. Exports and Imports

Year-over-Year Percent Change of 3-Month Moving Average



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