Economic Indicator — March 12, 2026

Gold Overstates Narrowing in January International Trade Deficit

- The U.S. international trade data continue to be whipsawed by the flow of non-monetary gold and broader investment-related categories. These data won't translate directly to what is included in GDP accounting, and thus the $18.4 billion narrowing in the January trade deficit *overstates* the growth impact.
- Beyond investment-related metal flows, all the action continues to take place in high-tech related goods, with the export and import of items like computers and semiconductors rising sharply. The U.S. imports much more of these products than it exports, leading the trade deficit in high-tech related goods to widen sharply since the end of 2023.
- We continue to expect the overall U.S. international trade deficit to widen again over the course of the year as we suspect some pent-up demand for import growth is overdue and some near-term tariff clarity may lead importers to try and secure product.

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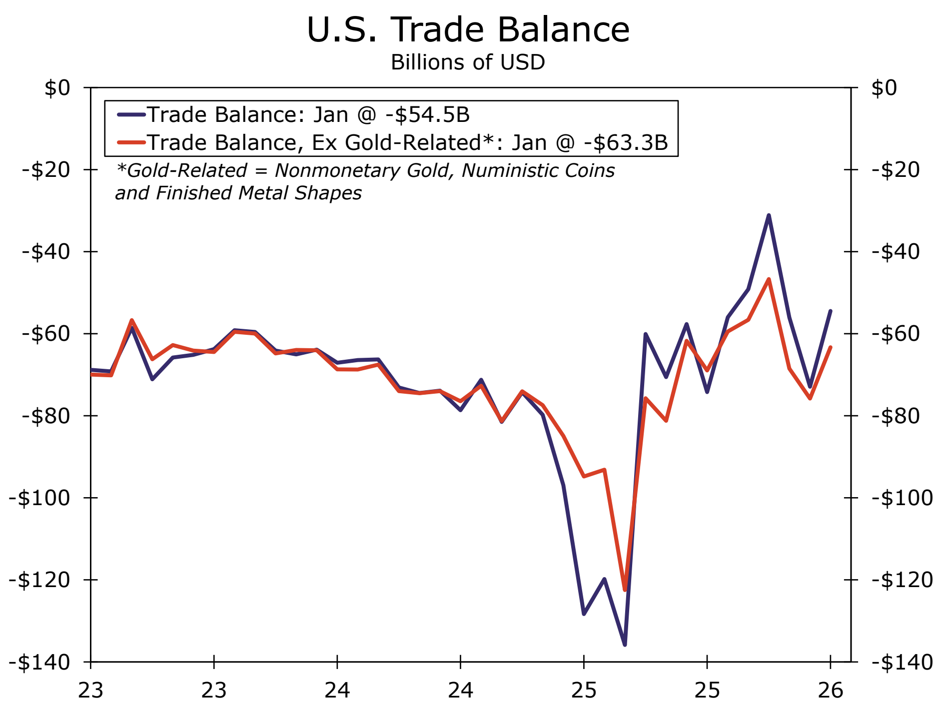
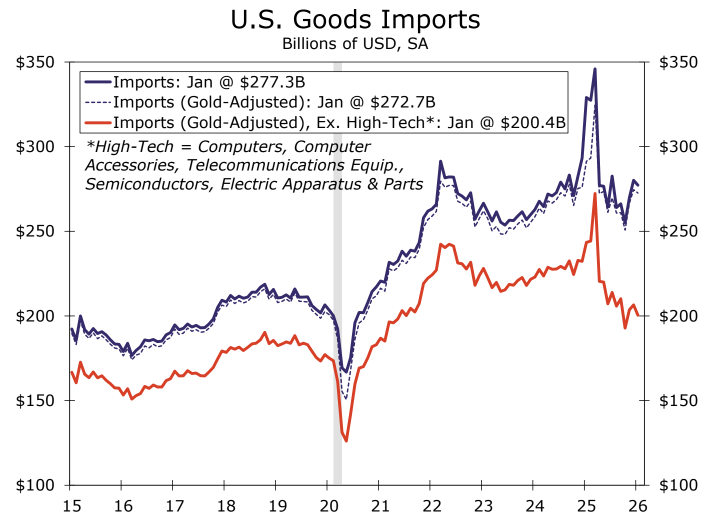


Source: U.S. Departmet of Commerce and Wells Fargo Economics

Trade Whiplash

Exports of *nonmonetary gold* continue to whipsaw the U.S. international trade deficit and suggest the recent moves are not as sharp as they appear at face value. As seen in the top chart, when you exclude the gold-related categories of trade, the international trade balance still narrowed in January, but not to the same degree as the headline data suggest. These categories are excluded and replaced by the BEA when calculating international trade flows in the GDP accounts because the way they are captured here in the monthly report more so reflects investment flows rather than growth in current production of gold or current usage of it in the production process.

In January, gold wasn't the sole thing driving exports $14.6 billion higher. *Other precious metals* rose a similar amount as gold, up just over $4 billion last month. Together these two components account for nearly 60% of the export gain. Outside metal flows, the trade story remains remarkably steady where nearly-all the growth sits in high-tech related goods. *Computers* (+$2.6B), and *computer accessories* ($1.6B), as well as *semiconductors* ($353M) posted impressive monthly gains.



Source: U.S. Department of Commerce and Wells Fargo Economics

Imports were much more bleak at the start of the year, dropping $2.8 billion. Here too, the story is very similar. *Non-monetary gold* was a factor, accounting for about 40% of the overall drop in imports, while the import of high-tech related products continued to outperform; *computers* (+$3.9B), *telecommunications equipment* ($1.3B), *semiconductors* ($293M). To be clear, the U.S. imports a lot more of these types of products than it exports, and the high-tech related trade balance has widened sharply since late 2023, currently sitting around -$43 billion, about two-and-a-half times as large as it was back then.

We still look for the overall U.S. international trade deficit to widen again over the course of the year as we suspect some pent-up demand. When you peal back import growth, it was incredibly weak last year, with underlying imports running near 2021 levels (chart). We suspect many companies were judicious when it came to onshoring product amid rapidly changing tariff policy, but as consumer demand has held up, and we've seen a steady drawdown in inventory since the initial Q1 build ahead of tariffs last year, we believe firms are in need of product.

Additionally, there's been some near-term clarity on tariffs and the recent Supreme Court ruling against IEEPA tariffs may act as a catalyst for firms to secure product. We've heard this anecdotally from clients. The combination of knowing where tariffs are the next couple of months and a potentially lower burden in the wake of the current 10% baseline rate leaves some firms importing more product today in case tariffs go up again later.

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