

U.S. Data Review

- International trade in goods: import surge outweighs firm exports
- New home sales: surge in December suggests revival

Michael Moran

Daiwa Capital Markets America
 212-612-6392
 michael.moran@us.daiwacm.com

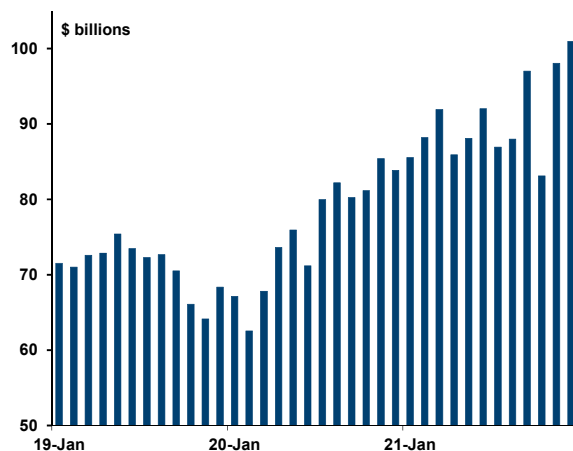
Goods Trade

Exports of goods performed well in December, advancing 1.4 percent, but imports posted firmer results with a jump of 2.0 percent. The latest changes led to further slippage in the trade deficit, continuing the widening trend that has been evident since the onset of the pandemic (chart, left). The December shifts followed the pattern that has been evident throughout the past two years: both exports and imports have moved along firm upward trends after initial tumbles at the onset of Covid, but imports have dominated (chart, right).

Total exports in December remained a bit shy of the recent high in October, but that strong reading reflected some catch-up from surprisingly weak results in September. In general, exports are trending higher. The December advance was led by a jump in consumer goods, but capital goods, motor vehicles, and industrial supplies also contributed. The increase in imports was led by consumer goods, capital goods, and motor vehicles.

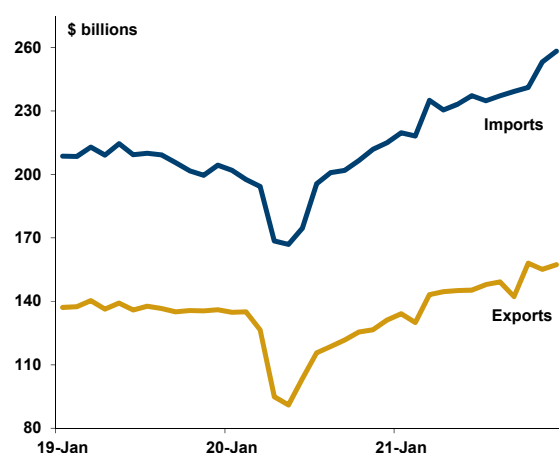
The December statistics left the average trade deficit in goods noticeably wider than that in Q3, implying a negative contribution from net exports to GDP growth. These results alone point to a negative contribution of slightly more than one-half percentage point. A pickup in service trade through November (trade in services is not included in today's report) suggests a partial offset to the slippage in goods trade, leaving a likely negative contribution of one-quarter to one half percentage point.

Nominal Trade Deficit in Goods



Source: U.S. Census Bureau via Haver Analytics

Imports & Exports of Goods



Source: U.S. Census Bureau via Haver Analytics

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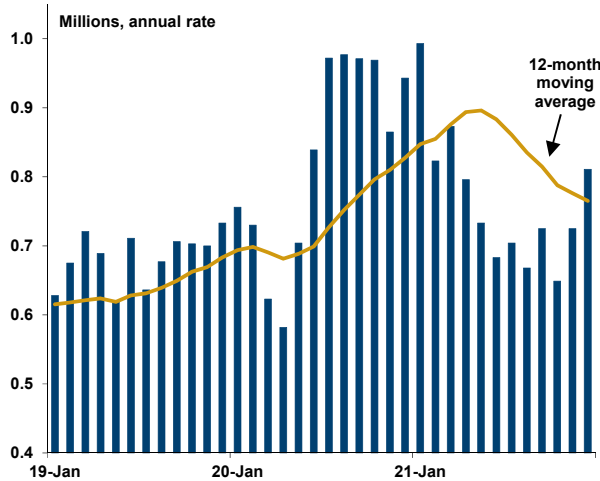
New Home Sales

Sales of new homes jumped 11.9 percent in December, easily beating the expected increase of 2.2 percent. Results in the prior three months showed a net downward revision, but the combined reduction of 1.4 percent did little to dim the favorable results in December. Although the increase in December was impressive, activity had slid a good bit much of last year, and as a result, sales were still shy of readings in the latter part of 2020 and early 2021 (chart). Nevertheless, the results were encouraging, as they suggested that activity is beginning to revive after the slippage last year.

Sales in December varied widely by geographic region, but three of the four major areas have seen improvement in the past month or two. The Northeast is still lagging, but this is the smallest market for new homes in the nation (the region is already largely developed, and thus new housing activity is limited).

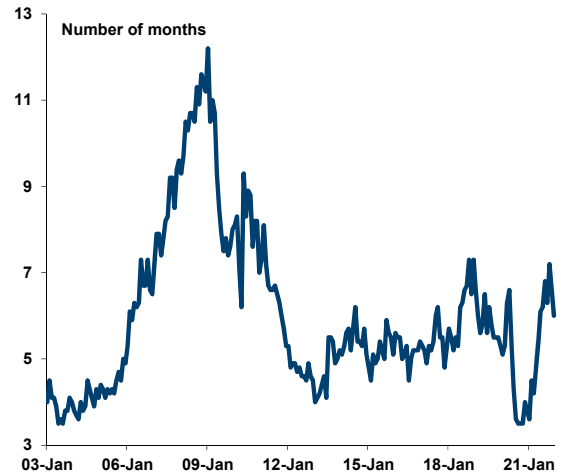
The number of new homes for sale rose 1.5 percent in December, but with sales strong, the months' supply of homes fell from 6.6 months in November to 6.0 in December. The month-to-month change was notable, but the level of the months' supply is still comfortable by historical standards. Inventories are tight in the market for existing homes, but tight supplies are not an issue in the new home market.

New Home Sales



Source: U.S. Census Bureau via Haver Analytics

Months' Supply of Unsold New Homes



Source: U.S. Census Bureau via Haver Analytics