

# U.S. Data Review

- International trade: revival in services

**Michael Moran**

 Daiwa Capital Markets America  
 212-612-6392  
[michael.moran@us.daiwacm.com](mailto:michael.moran@us.daiwacm.com)

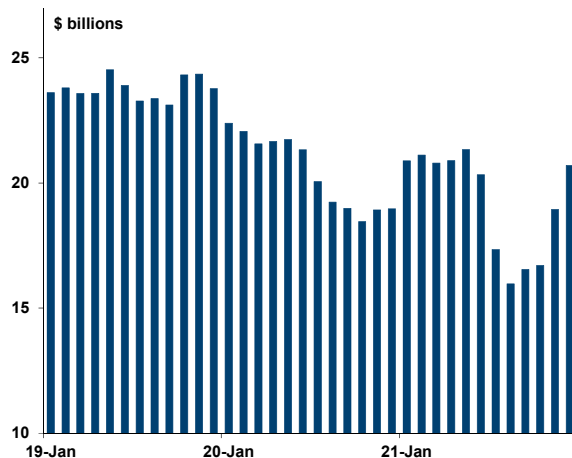
## Exports and Imports

The U.S. trade deficit totaled \$80.7 billion in December, wider than the shortfall of \$79.3 billion in November, but better than the consensus estimate of \$83.0 billion. Part of the surprise was the result of revisions to prior months that showed more exports and fewer imports, with the changes leaving the deficit in November \$0.8 billion narrower than previously believed. Improvement in service trade also contributed to the better-than-expected performance in December. The new trade figures were better than the assumptions built into the initial estimate of Q4 GDP, which could add approximately one-quarter percentage point to GDP growth (all else equal).

Estimates of the monthly deficit built in slippage in goods trade, as preliminary figures published on January 26 showed the shortfall widening by \$2.9 billion. Revised data showed even more deterioration in goods trade (off \$3.2 billion). The service sector, however, provided a partial offset, as the surplus in service trade improved by \$1.8 billion. This welcome shift followed even firmer results in November, when the service surplus jumped by \$2.2 billion (chart, left). Both exports and imports of services have increased in the past two months, but exports have dominated. A key factor behind the revival in service trade has been a pickup in international travel. Trade in financial services also has surged. The surplus in service trade is still shy of levels in late 2019, before the pandemic took hold, but the pickup nevertheless is encouraging.

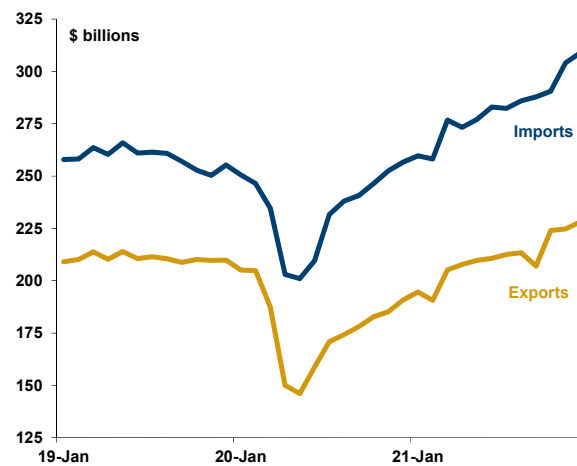
The trade balance in goods widened in December (and November), but the recent deterioration had a bright side. Both exports and imports have increased considerably in recent months, suggesting a pickup in global economic activity and an easing in port congestion. As the backups in ports recede, it is not surprising to see the deficit widen, as U.S. imports are notably larger than exports (chart, right).

### Surplus in Service Trade



Source: Bureau of Economic Analysis via Haver Analytics

### Imports & Exports of Goods & Services



Source: Bureau of Economic Analysis via Haver Analytics

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