

U.S. Data Review

- Trade balance: nominal goods deficit narrows slightly; services surplus narrows
- Job opening: down in January, but signaling still-firm demand for labor

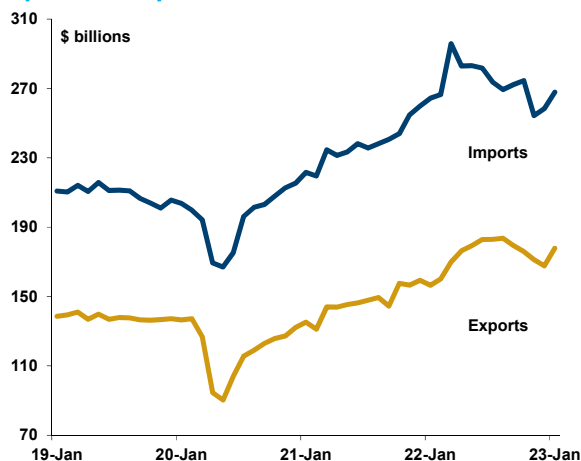
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U.S. International Trade

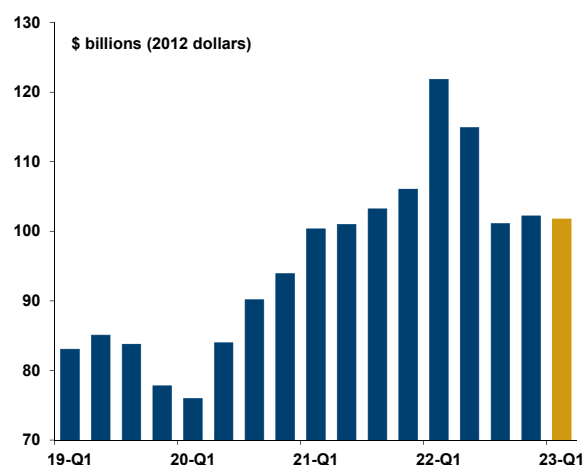
- Both imports and exports rose briskly in January (up 3.0 percent and 3.4 percent, respectively; chart, left). Although exports showed a larger percentage change, the dollar volume of imports exceeded that of exports and thus the trade deficit widened by \$1.1 billion to \$68.3 billion (versus the consensus expectation of \$68.7 billion). The deterioration was concentrated in the service sector, where the surplus narrowed. Goods trade improved on both on a nominal and real basis.
- The nominal service surplus narrowed by \$1.7 billion in January to \$21.8 billion after improvement in the prior three months that pushed the surplus to the top of the range of the current expansion – although still below pre-Covid results. In the latest month, exports of services fell 2.0 percent and imports rose 0.2 percent.
- In the goods sector, both nominal imports and exports rose (up 3.7 and 6.0 percent, respectively), with the jump in exports leading to a modest narrowing in the goods deficit (\$90.1 billion versus \$90.7 billion in December). The slight improvement stood in contrast to figures published last week showing notable slippage in goods trade. However, the so-called balance of payments adjustment included in this report (trade in goods that do not flow through the normal customs channels) tilted strongly in favor of exports, an unusual development. The improvement in goods trade held up after adjusting for inflation.
- The real goods deficit for January of \$101.8 billion was slightly narrower than the average deficit of \$102.2 billion in 2022-Q4, which would suggest a slight positive contribution from net exports to GDP growth (chart, right). However, the slippage in service trade provided an offset, suggesting an approximately neutral influence from international trade to GDP growth in early 2023.

Imports & Exports of Goods & Services



Source: Bureau of Economic Analysis via Haver Analytics

Real Goods Trade Deficit*



* Quarterly averages of monthly data. The reading for 2023-Q1 is the real goods deficit for January 2023.

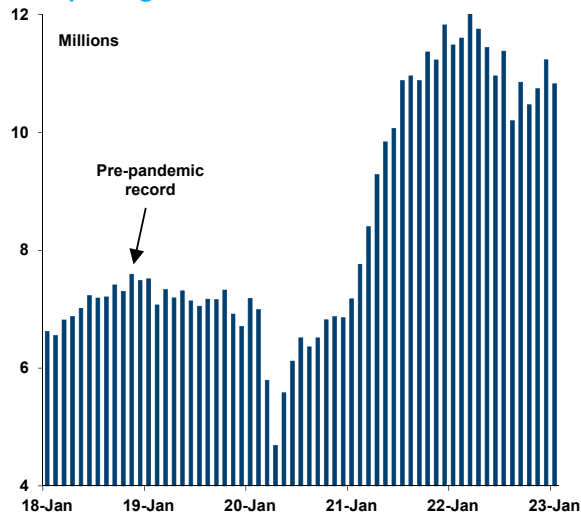
Sources: Bureau of Economic Analysis via Haver Analytics; Daiwa Capital Markets America

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JOLTS

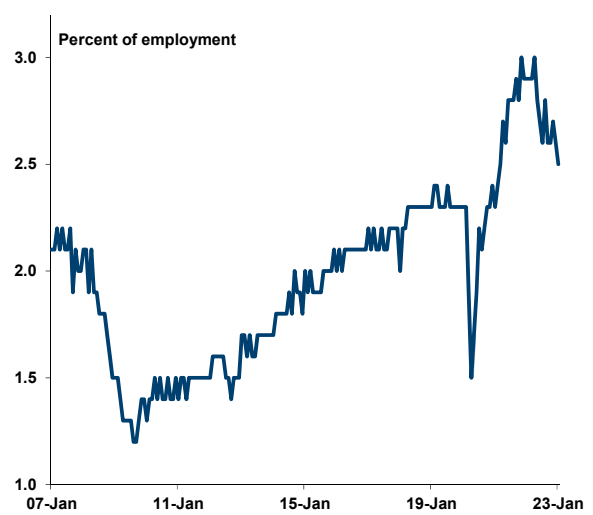
- The number of job openings in the U.S. eased 3.7 percent in January to 10.824 million, smaller than the expected decline of 4.2 percent. Results in the prior five years were revised, but the adjustments did little to alter the picture in the post-pandemic period: demand for labor remained strong, with openings far exceeding prior observations (recent peak of 12.027 million in March 2022 versus a pre-pandemic peak of 7.594 million in November 2018; chart, left). The number of openings per unemployed individual totaled 1.901 in January, shy of the record of 2.014 in March of last year, but elevated relative to historical norms.
- The number of quits totaled 3.884 million in January, 5.1 percent below the reading in December, suggesting that individuals' confidence in finding a new job has softened somewhat in recent months. The quit rate totaled 2.5 percent, down one tick from the reading in December and below the recent high of 3.0 percent in April. The pre-pandemic record was 2.4 percent (chart, right).

Job Openings



Source: Bureau of Labor Statistics via Haver Analytics

Quits Rate



Source: Bureau of Labor Statistics via Haver Analytics