

U.S. Data Review

- International trade: both exports and imports contract in February

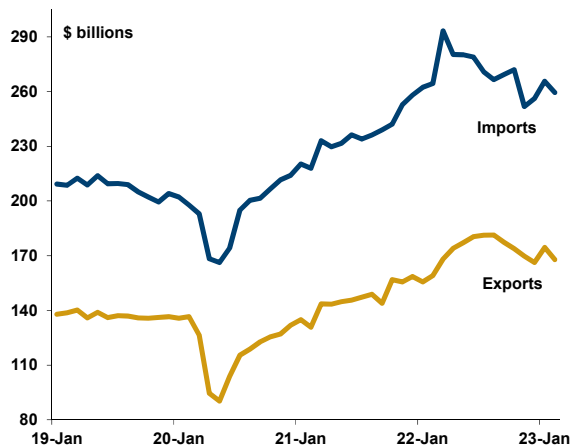
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International Trade in Goods

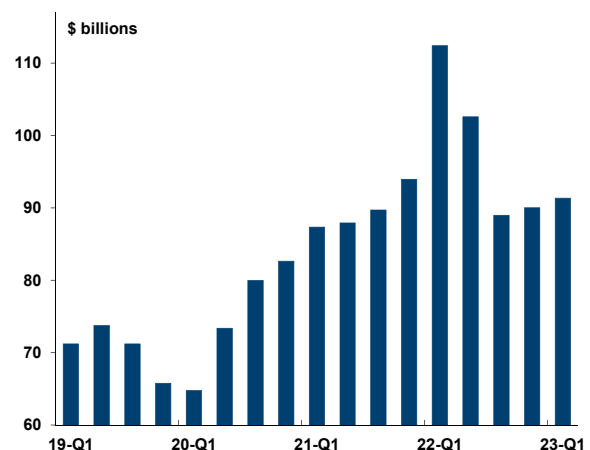
- The monthly trade deficit in goods widened by \$0.5 billion in February to \$91.6 billion, exceeding the expected shortfall of \$90.0 billion. Both exports and imports of goods contracted in the latest month (off 3.8 percent and 2.3 percent, respectively; chart, left), with the larger shift in exports (both in percentage change and dollar terms) leading to the widening in the monthly deficit. Although the month-to-month deficit deteriorated, it remained in the middle of the range in place since the summer of 2022. Recent deficits have narrowed noticeably from those in late 2021 and early 2022, but they are much wider than those prior to the onset of the pandemic.
- The decline in exports was broadly based, with five of six categories easing in the latest month. Exports of goods softened noticeably in the second half of last year after, but results in early 2023 suggest that the downtrend might be bottoming. Although the decline in exports in February was sharp, that drop followed a jump in January and left foreign shipments slightly ahead of the reading in December (chart, left).
- Imports also eased in the second half of last year as lower prices dragged down value of imported industrial supplies. Increases in December and January suggested revival, but the decline in February offset a good portion of those advances. Still, imports in February exceeded the total in November.
- Available price indexes suggest that the real goods deficit widened in February. However, the change was not pronounced, and results for the quarter thus far point to only modest slippage in real trade flows. The quarter-to-quarter change in real terms would be similar to that in the chart on the right, which shows the quarterly average nominal trade deficit.

Imports & Exports of Goods



Source: U.S. Census Bureau via Haver Analytics

U.S. Nominal Goods Trade Deficit



Source: U.S. Census Bureau via Haver Analytics

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