

ECONOMIC DATA ANALYSIS

International trade (August)

- The trade deficit narrowed to \$59.1 billion in August from \$61.3 billion in July. Imports fell 2.4% in August, while exports declined by 2.0%.
- The real trade gap narrowed to \$39.0 billion in August from \$40.9 billion in July. Real exports slipped 0.2%, while real imports declined 1.5%.
- By region, August saw slowing in export growth to China, Europe, Canada and Mexico. Export growth to Brazil, Japan and OPEC countries picked up in August.

	<u>Aug</u>	<u>Jul</u>	<u>Jun</u>	<u>3-Month Change</u>	<u>12-Month Change</u>
Goods & Services Trade Balance	-\$59.1bn	-\$61.3bn	-\$58.8bn	-\$60.2bn*	-\$55.3bn*
Exports	\$164.7bn	\$168.1bn	\$162.8bn	\$156.9bn*	\$142.1bn*
Imports	\$223.9bn	\$229.4bn	\$221.6bn	\$217.1bn*	\$197.4bn*
	-2.0%	3.3%	3.7%	21.4%	15.9%
	-2.4%	3.5%	2.1%	12.9%	13.4%
Merch. Trade Balance (const. \$)	-\$39.0bn	-\$40.9bn	-\$40.1bn	-\$43.5bn*	-\$52.0bn*
Total exports	-0.2%	2.0%	3.6%	23.6%	10.9%
Industrial Supplies	1.0%	0.5%	4.0%	24.8%	16.9%
Capital Goods	1.8%	1.8%	3.0%	30.1%	9.8%
Autos	-13.9%	12.4%	5.8%	9.8%	0.6%
Consumer Goods	-6.1%	5.1%	5.2%	16.0%	9.7%
Total imports	-1.5%	1.9%	-0.1%	1.1%	-2.6%
Industrial Supplies	-4.0%	4.5%	2.5%	12.2%	-6.8%
Capital Goods	-1.9%	1.2%	-3.2%	-14.7%	1.1%
Autos	-6.0%	-0.6%	0.2%	-23.1%	-14.7%
Consumer Goods	5.6%	-0.8%	-1.2%	14.8%	7.3%

* 3 and 12 months-ago figure

Exports to Regions y/y chg, %	<u>Aug</u>	<u>Jul</u>	<u>Jun</u>	<u>May</u>	<u>Apr</u>
Mexico	11.6%	23.0%	14.8%	2.7%	15.1%
European Union (EU-25)	16.6%	26.3%	21.0%	14.2%	19.3%
Germany	9.2%	24.5%	17.1%	20.1%	18.1%
Pacific Rim Countries	12.2%	23.3%	12.4%	19.9%	12.8%
China	10.6%	34.3%	8.5%	26.3%	19.4%
Japan	25.4%	16.2%	10.3%	16.9%	3.3%
Asia NICs	2.4%	15.3%	11.2%	19.5%	13.6%
Canada	3.8%	19.0%	9.1%	12.3%	15.8%
South America	49.6%	40.5%	48.5%	36.9%	36.3%
Brazil	76.5%	43.0%	49.7%	42.1%	36.4%
Argentina	45.3%	19.0%	112.1%	50.4%	30.5%
OPEC Countries	53.3%	39.6%	26.6%	32.4%	41.7%

BOTTOM LINE: The narrowing of the trade gap in the third quarter in real terms is a product of robust export growth and puts trade on a track to add 1%–1½% points to real GDP growth in the third quarter. Trade and inventories may offset much of the weakness of consumer spending in the third quarter. However, given the global slowdown, export growth is likely to slow sharply and companies are likely to want to shed inventory in the fourth quarter. Growth is likely to be very weak in the fourth quarter.

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