

# Economics Group

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## Record Increase in Non-oil Imports Pushed up Trade Deficit

*The record \$6.2 billion rise in non-oil imports in July reflects stabilization in U.S. domestic demand. Net exports may make less of a positive contribution to Q3 GDP growth than many analysts had expected.*

### Wider Trade Deficit Reflects Jump in Imports

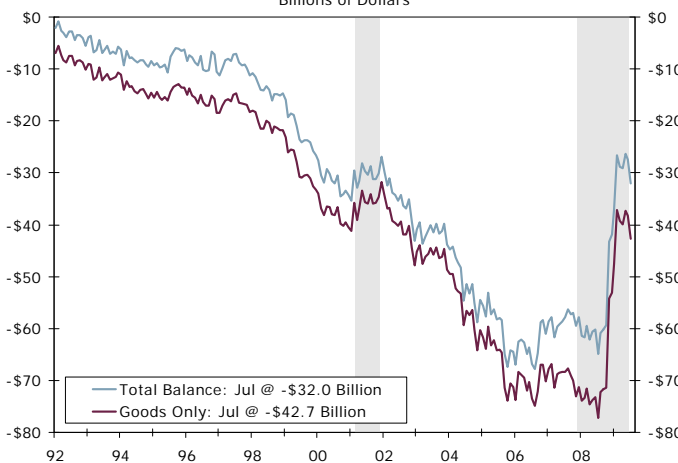
- Exports of goods and services rose \$2.7 billion in July, the third consecutive monthly increase. The rise in exports was broad based across major categories, and is consistent with recovery in the rest of the world.
- However, the increase in exports was swamped by the \$7.2 billion rise in total imports, the largest monthly increase since July 2008 when oil prices were at an all-time high.

### Both Oil and Non-oil Imports Posted Large Gains

- Rising oil prices over the past few months helped to push up the value of petroleum imports by roughly \$800 million.
- However, there is more to the import story than simply oil. Non-oil imports jumped \$6.2 billion, the largest monthly increase on record. Large jumps in imports of consumer goods (\$1.3 billion) and autos (\$2.4 billion) may signal that consumer spending is slowly starting to come back.

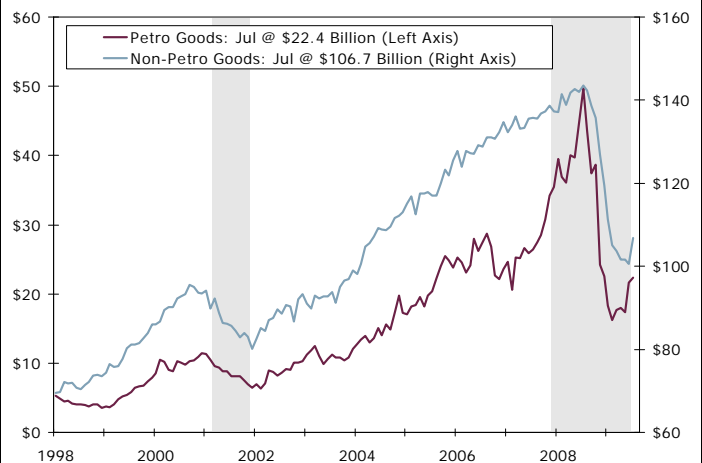
Trade Balance In Goods And Services

Billions of Dollars



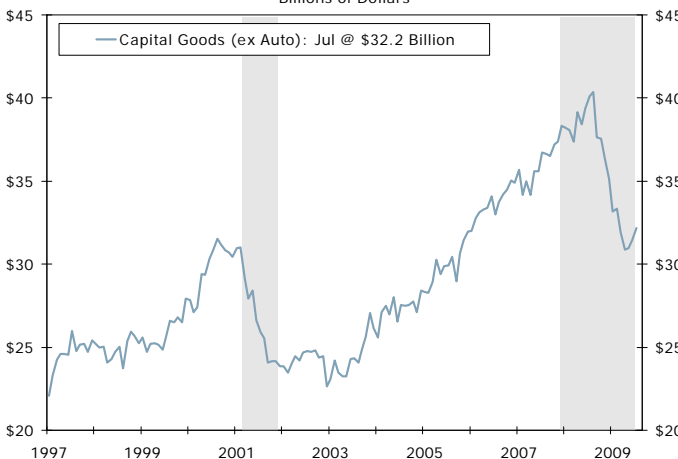
Imports of Petroleum and Non-Petroleum Goods

Billions of Dollars



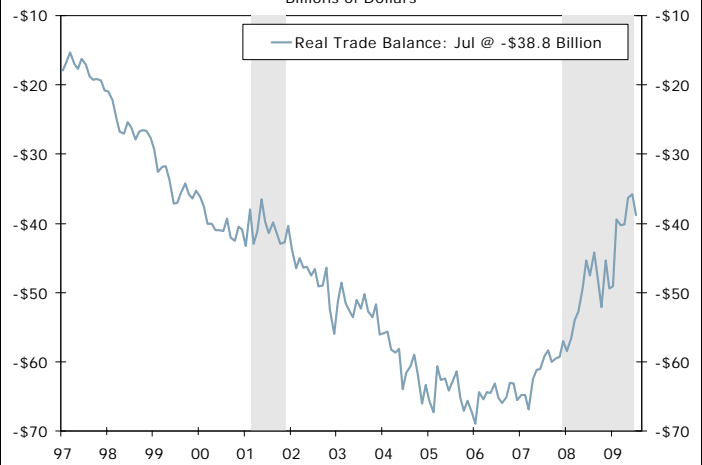
Capital Goods Exports, Ex. Motor Vehicles

Billions of Dollars



Trade Balance In Goods, Constant Dollar

Billions of Dollars



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