

Economics Group

Jay H. Bryson, Global Economist
jay.bryson@wachovia.com • 704-383-3518

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.

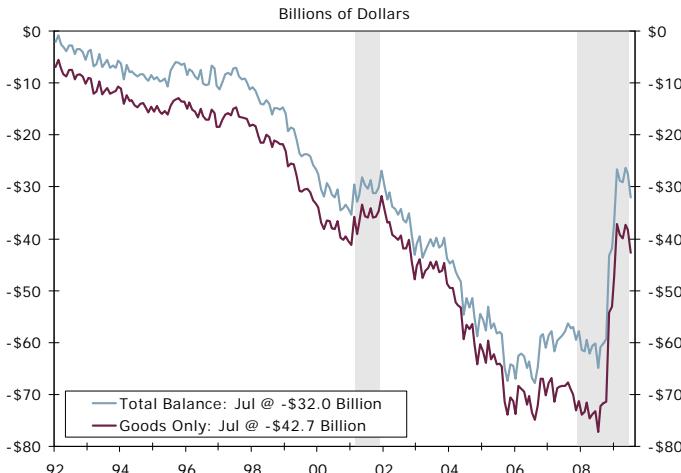
Wider Trade Deficit Reflects Jump in Imports

- 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.

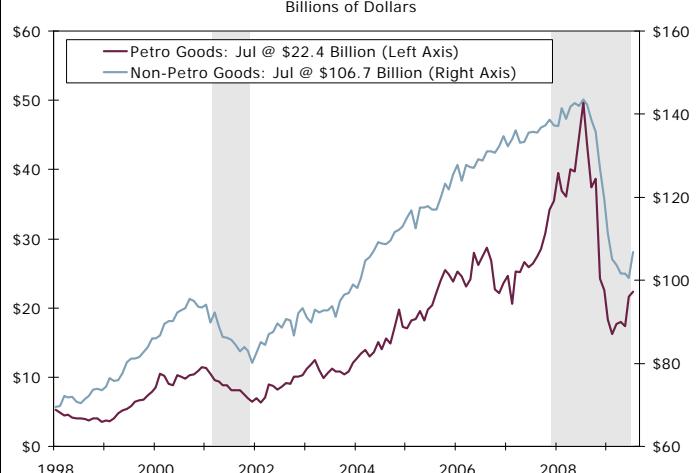
Both Oil and Non-oil Imports Posted Large Gains

- 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.

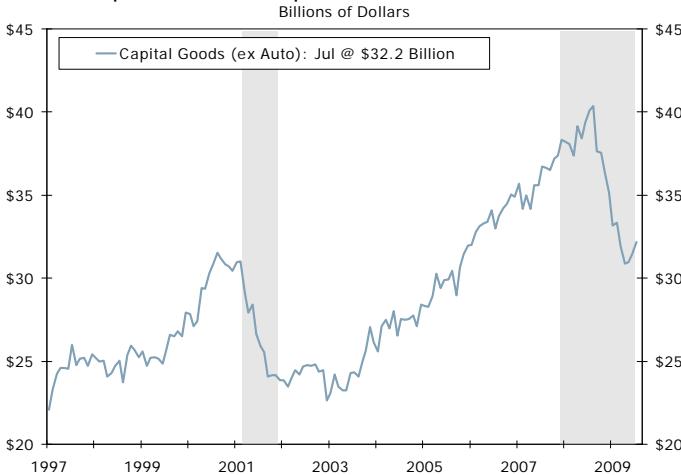
Trade Balance In Goods And Services



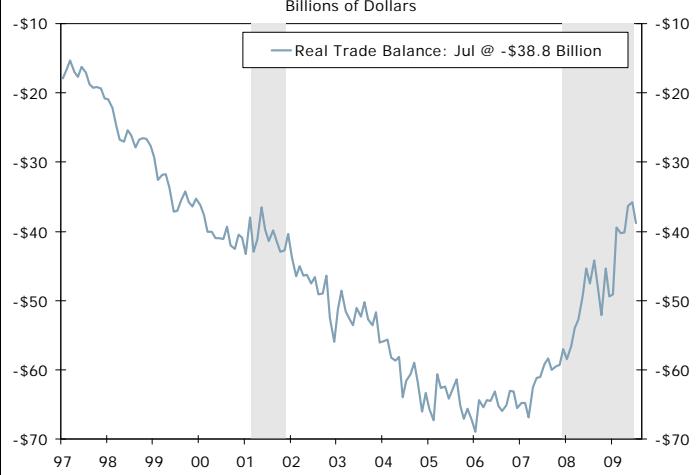
Imports of Petroleum and Non-Petroleum Goods



Capital Goods Exports, Ex. Motor Vehicles



Trade Balance In Goods, Constant Dollar



Wells Fargo Securities, LLC Economics Group

Diane Schumaker-Krieg	Global Head of Research & Economics	(704) 715-8437 (212) 214-5070	diane.schumaker@wachovia.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wachovia.com
Mark Vitner	Senior Economist	(704) 383-56355	mark.vitner@wachovia.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wachovia.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(612) 667- 0168	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Economist	(704) 383-7372	sam.bullard@wachovia.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wachovia.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wachovia.com
Adam G. York	Economist	(704) 715-9660	adam.york@wachovia.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economic Analyst	(704) 374-4407	tim.quinlan@wachovia.com
Kim Whelan	Economic Analyst	(704) 715-8457	kim.whelan@wachovia.com
Yasmine Kamaruddin	Economic Analyst	(704) 374-2992	yasmine.kamaruddin@wachovia.com

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wachovia Bank N.A., Wells Fargo Bank N.A, Wells Fargo Advisors, LLC, and Wells Fargo Securities International Limited. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2009 Wells Fargo Securities, LLC.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE



SECURITIES