

## Economics Group

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### Strong Exports Lead to Lower Trade Deficit in October

*The trade deficit in October was lower than most analysts had expected. Strength in exports, which reflects recoveries occurring in foreign economies, should keep the deficit from widening significantly.*

#### Strength in Exports Leads to Lower Deficit

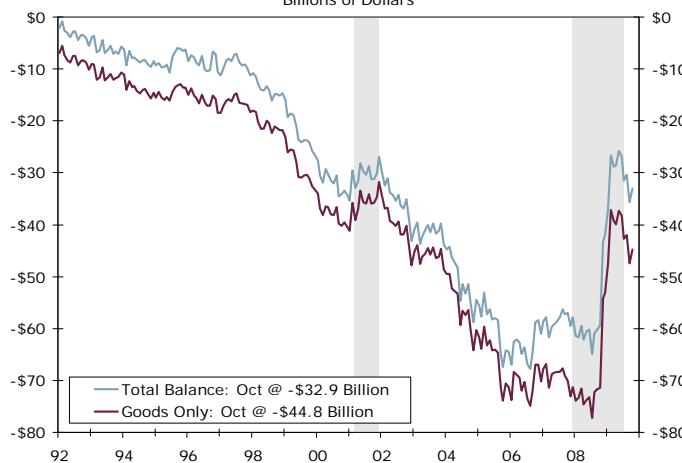
- The trade deficit narrowed from \$35.7 billion in September to \$32.9 billion in October as exports rose \$3.5 billion during the month. Relative to the nadir in April, the value of the country's exports is up 12 percent.
- All major categories of exports posted gains during the month. This broad-based strength in exports reflects the economic recoveries occurring in the rest of the world.

#### Non-oil Imports Continue to Increase

- Petroleum imports were down \$2.6 billion in October, but non-oil imports continued to climb from the low posted in June. This rise in non-oil imports is consistent with recent improvement in U.S. domestic demand.
- The real trade deficit narrowed by \$3.5 billion. Net exports likely will exert little to no drag on overall U.S. GDP growth in the fourth quarter.

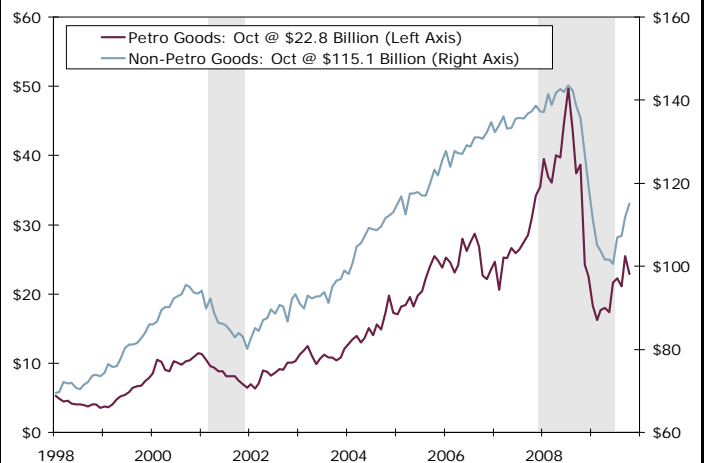
Trade Balance In Goods And Services

Billions of Dollars



Imports of Petroleum and Non-Petroleum Goods

Billions of Dollars



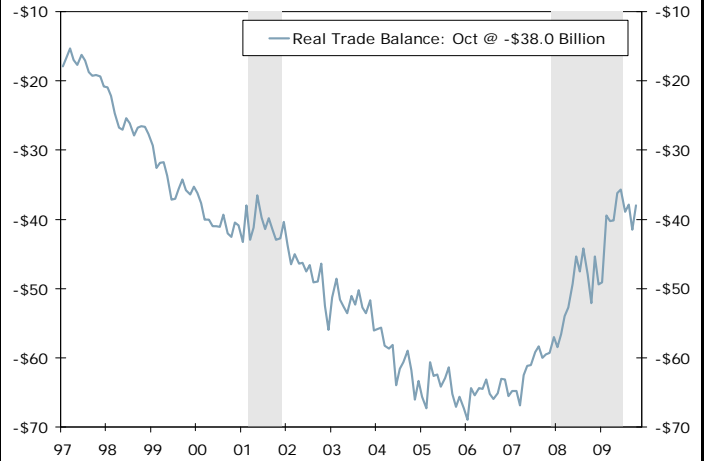
Capital Goods Exports, Ex. Motor Vehicles

Billions of Dollars



Trade Balance In Goods, Constant Dollar

Billions of Dollars



Source: U.S. Department of Commerce and Wells Fargo Securities, LLC

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