

International Trade (March)

- The trade gap narrowed to \$58.2 billion in March from \$61.7 billion in February (this was revised from an originally reported \$62.3 billion). Imports fell 2.9% and exports declined by 1.7%.
- The real trade gap narrowed to \$47.2 billion in March from \$50.9 billion in January. Real exports dropped 5.4%, while real imports declined by 4.4%.
- By region, export growth to most areas slowed sharply from the robust pace reported in February.

	<u>Mar</u>	<u>Feb</u>	<u>Jan</u>	<u>3-Month Change</u>	<u>12-Month Change</u>
Goods & Services Trade Balance	-\$58.2bn	-\$61.7bn	-\$59.0bn	-\$57.9bn*	-\$63.0bn*
Exports	\$148.5bn	\$151.1bn	\$148.4bn	\$145.9bn*	\$128.6bn*
	-1.7%	1.8%	1.7%	7.5%	15.5%
Imports	\$206.7bn	\$212.8bn	\$207.3bn	\$203.7bn*	\$191.6bn*
	-2.9%	2.6%	1.8%	6.0%	7.9%
Merch. Trade Balance (const. \$)	-\$47.2bn	-\$50.9bn	-\$49.8bn	-\$48.9bn*	-\$60.0bn*
Total exports	-4.4%	1.6%	0.5%	-9.2%	6.0%
Industrial Supplies	-4.5%	5.1%	1.0%	5.8%	10.2%
Capital Goods	-3.2%	-2.0%	-1.0%	-22.1%	6.8%
Autos	-9.2%	4.1%	-0.2%	-20.8%	-4.5%
Consumer Goods	-5.7%	-1.2%	3.6%	-13.0%	3.3%
Total imports	-5.4%	1.9%	0.9%	-10.6%	-5.7%
Industrial Supplies	-8.3%	-1.9%	5.0%	-20.5%	-10.7%
Capital Goods	-2.2%	2.1%	0.1%	-0.1%	3.0%
Autos	-9.4%	8.9%	0.5%	-3.5%	-10.3%
Consumer Goods	-3.2%	4.5%	-4.1%	-11.5%	-4.7%

* 3 and 12 months-ago figure

Exports to Regions y/y chg, %	<u>Mar</u>	<u>Feb</u>	<u>Jan</u>	<u>Dec</u>	<u>Nov</u>
Mexico	1.2%	21.5%	10.5%	1.7%	2.8%
European Union (EU-25)	4.4%	23.8%	8.6%	11.3%	12.2%
Germany	1.6%	24.1%	13.0%	11.5%	19.9%
Pacific Rim Countries	12.4%	20.7%	12.4%	12.4%	6.9%
China	16.0%	24.7%	34.2%	32.4%	20.9%
Japan	-2.3%	17.8%	3.4%	6.4%	2.5%
Asia NICs	14.5%	17.4%	7.4%	2.4%	2.4%
Canada	3.8%	15.6%	14.8%	10.1%	14.6%
South America	29.4%	38.7%	24.3%	32.6%	17.4%
Brazil	29.0%	44.2%	5.4%	33.1%	13.4%
Argentina	20.1%	52.8%	33.7%	35.0%	27.3%
OPEC Countries	9.7%	58.8%	52.6%	56.6%	53.7%

BOTTOM LINE: The trade gap narrowed in March by significantly more than the Commerce Department assumed in the advance release of first quarter GDP—our running revision based on construction spending, wholesale inventories, factory inventories, and trade, suggests that first-quarter GDP will be upwardly revised to 0.9% from the originally reported 0.6% increase. Later in the second quarter, we expect the trade deficit will widen since the tax rebate checks should cause a pick up in import growth to the extent that they boost consumer spending.

John Ryding, Chief U.S. Economist (212) 272-4221
jryding@bear.com

Conrad DeQuadros, Senior Economist (212) 272-4026
cdequadros@bear.com

Meghna Mittal, Associate Economist (212) 272-1961
mamittal@bear.com

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