

Economics Group

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Another Big Improvement in Trade Deficit in May

The sharp downturn in exports is showing some signs of abating, but the collapse in import volumes continue. Real net exports likely will make another large positive contribution to GDP growth in the second quarter.

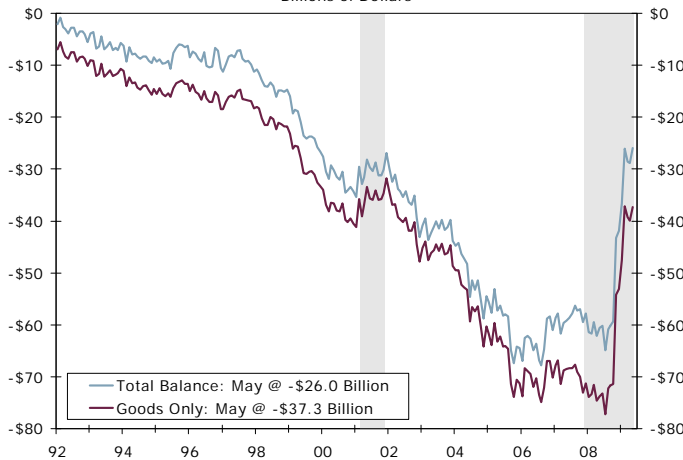
Strong Exports + Weak Imports = Smaller Deficit

- The \$2.2 billion rise in exports in May was driven primarily by industrial supplies and materials, which may not be sustainable given economic weakness in many of our trading partners.
- The value of imports slid about \$500 million in May as the volume of petroleum imports plunged 13 percent. Non-oil imports were essentially flat.

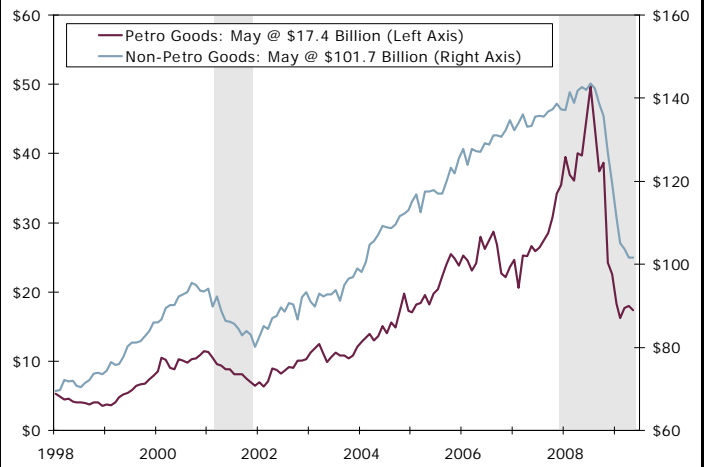
Net Exports to Provide Boost to GDP in Second Quarter

- Questions of sustainability aside, the rise in export volumes in May is bringing about some stability in real exports. In contrast, the plunge in real imports shows little signs of letting up.
- If the real trade deficit in June remains unchanged, real net exports would add about two percentage points to GDP growth in the second quarter, everything else equal.

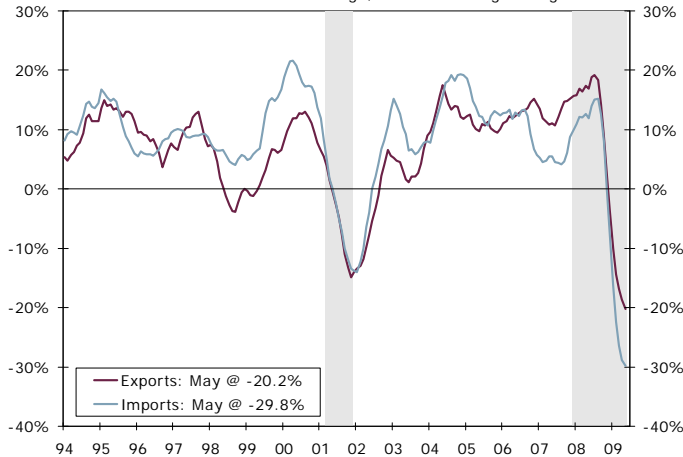
Trade Balance In Goods And Services
 Billions of Dollars



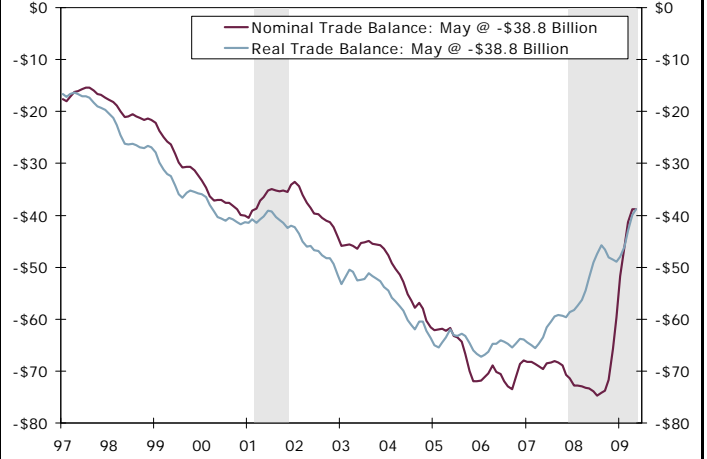
Imports of Petroleum and Non-Petroleum Goods
 Billions of Dollars



U.S. Exports and Imports
 Year-over-Year Percent Change, 3-Month Moving Average



Trade Balance in Goods
 3-Month Moving Average, Billions of Dollars



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