

04. Aug.2022.

International Trade: Shifting To A Positive

Bottom Line: The US trade deficit declined slightly for the third month in June as exports rose and imports fell slightly. The goods trade deficit improved sharply in the final months of the 2nd Quarter as consumer demand slowed and domestic inventories of consumer goods rose sharply (several major US retailers reported swelling inventories). Motor vehicle imports were also sharply lower. Overall, the medium-term trend, which was towards sharply wider deficits, has shifted towards modest improvement with supply chains operating much more efficiently and US consumer demand slowing. Expect net trade to be a modest positive for GDP in the coming quarters after dragging on growth for nearly two years.



Contingent Macro Advisors 2022 source: US Census Bureau BEA

The International Trade Deficit NARROWED by \$5.3 billion to \$79.6 billion in June, compared with market expectations for an increase to a \$80.0 billion deficit.

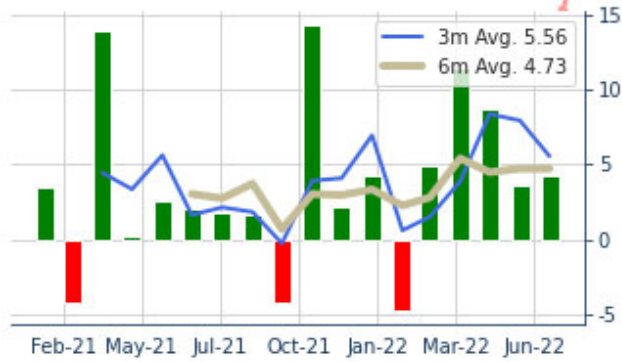
Exports ROSE by 1.7% to \$260.8 billion after an increase of 1.5% in the prior month. The declines in capital goods and motor vehicles and parts were more than offset by increases in industrial supplies and materials and food, feed, and beverages. Export growth is now 22.8% ABOVE their year ago level.

Imports FELL 0.298% to \$340.4 billion after an increase of 0.6% in the prior month. The declines in motor vehicles and parts and other goods were partially offset by increases in capital goods and industrial supplies and materials. Imports are now 20.0% ABOVE their year ago level.

US Trade - Total Exports



recent monthly changes



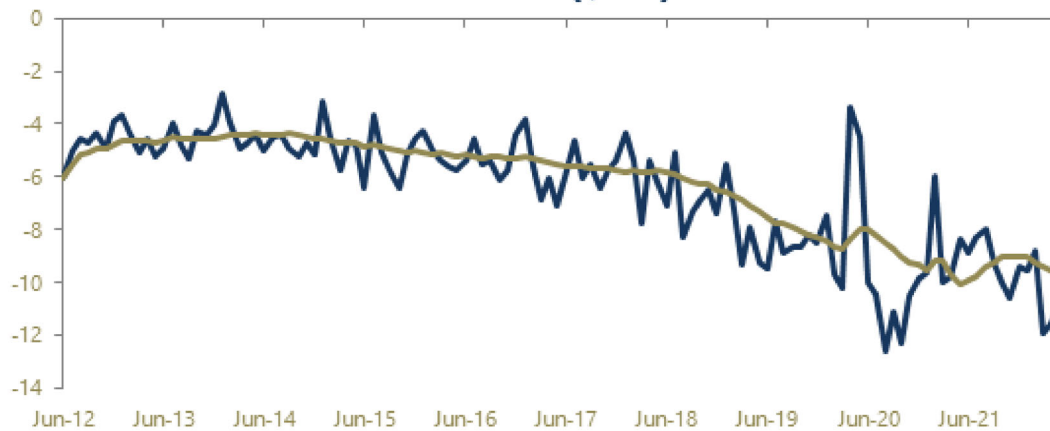
Contingent Macro Advisors 2022 source: US Census Bureau BEA

US Trade - Total Imports

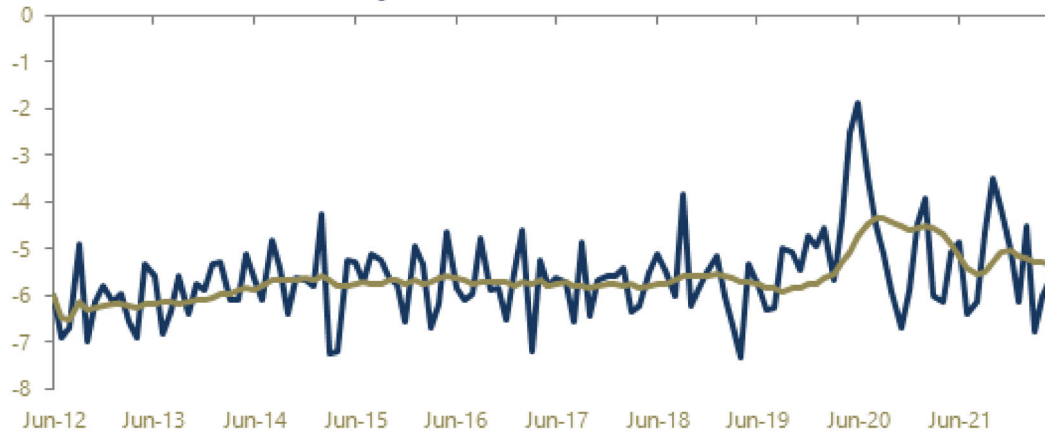


Contingent Macro Advisors 2022 source: US Census Bureau BEA

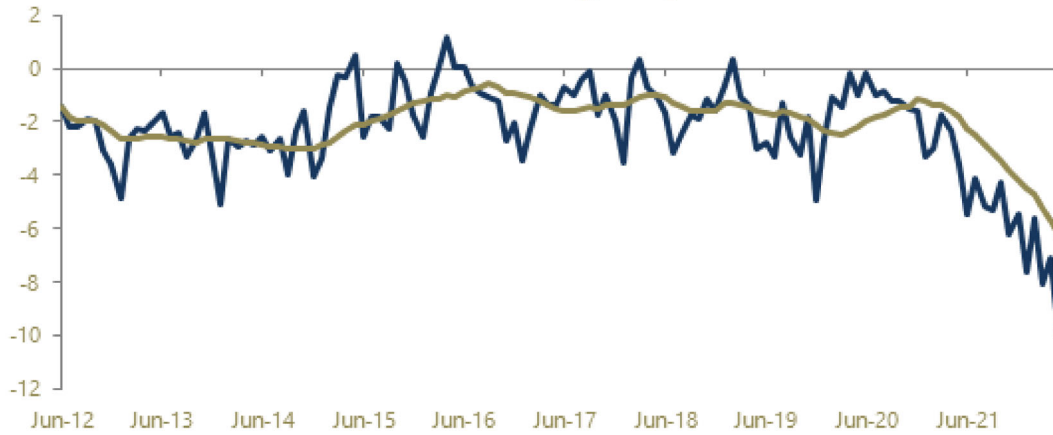
Trade Balance with Mexico NSA (\$ bn)



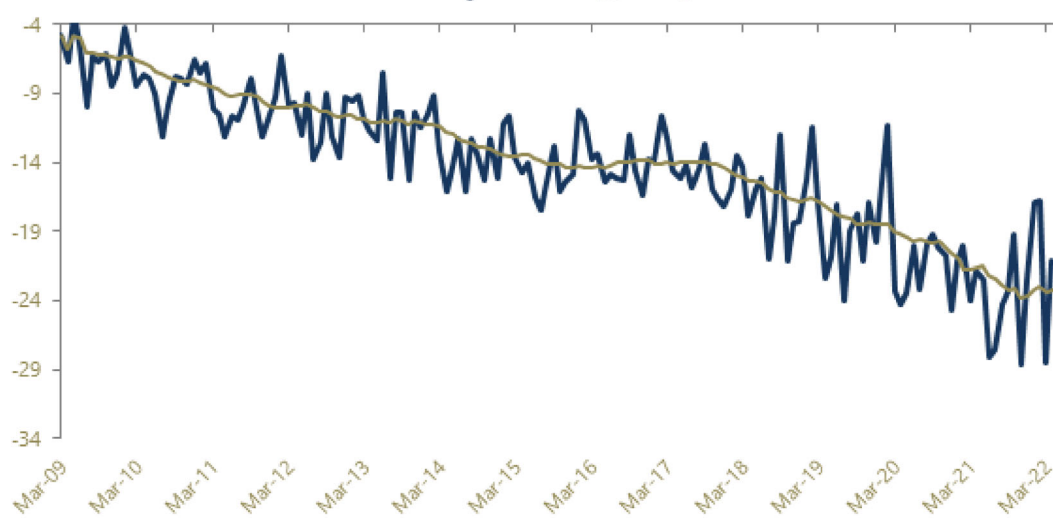
Trade Balance with Japan NSA (\$ bn)



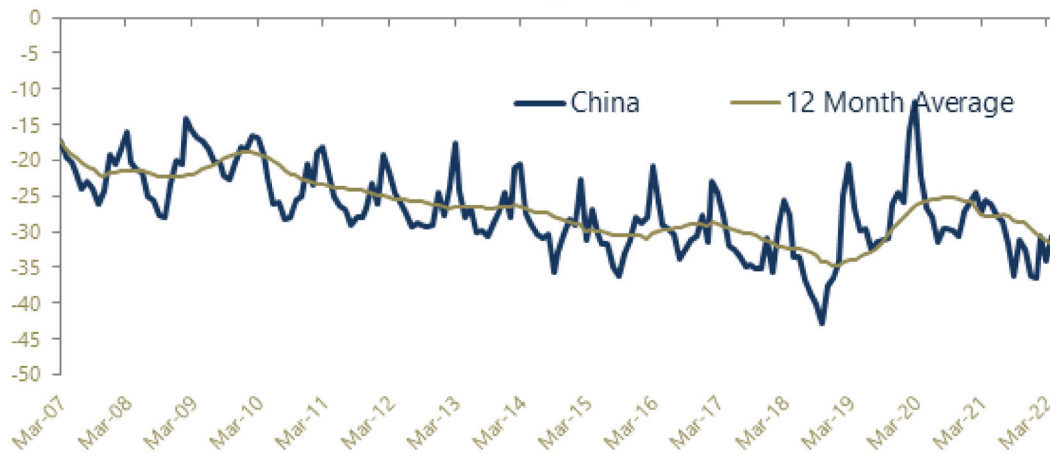
Trade Balance with Canada NSA (\$ bn)



US Trade Balance with Europe NSA (\$ bn)



US Trade Balance with China NSA (\$ bn)



US Trade Balance	Jun-22	May-22	3m. avg.	6m. avg.	12m. avg.	2021	5y
Total Trade Balance	-79.6	-84.9	-83.7	-89.2	-81.6	-70.4	-57.1
Total Exports	260.8	256.5	256.7	245.8	233.6	213.1	208.3
Total Imports	340.4	341.4	340.5	335.0	315.2	283.5	265.4
Goods Trade Bal	-99.5	-104.4	-103.9	-109.0	-101.0	-90.9	-79.9
Services Trade Bal	19.9	19.5	20.2	19.8	19.4	20.4	22.8
Goods Exports	183.0	179.5	179.5	171.0	161.8	146.8	139.0
Services Exports	77.8	77.0	77.2	74.8	71.8	66.3	69.2
Goods Imports	282.5	283.9	283.4	280.0	262.7	237.6	219.0
Services Imports	57.9	57.5	57.0	55.0	52.4	45.8	46.4

US Trade Balance in B USD