**HIGHLIGHTS**

- **In Canada**, merchandise exports dropped 0.2% in April, while imports rose 1.2%, causing the trade balance to erode over the month, from $0.0B to -$0.6B.
- **In the United States**, the balance of trade in goods and services deteriorated, going from -US$37.1B in March to -US$40.3B in April. Exports increased by 1.2%, while imports jumped 2.4%.

**COMMENTS**

In **Canada**, results for merchandise trade were fairly in line with expectations. Falling prices for some commodities during the month curbed growth by the value of exports in several activity sectors. Exports therefore fell 2.9% for agricultural and fisheries products, 1.7% for energy products and 13.8% for metal ores and non-metallic minerals. If we exclude the effects of price variations, real exports grew 0.7%, while imports went up 1.8%.

In the **United States**, the deterioration of the trade balance was widely expected. Movements by trade in April were the opposite of those in March, when the trade balance improved due to a sharper drop by imports than exports. In April, imports jumped higher than exports. However, it is surprising to see that these increases primarily stem from luxury consumer goods (jewellery, artwork and collectors’ items). In real terms, the upswing by trade in April is even greater, suggesting a positive contribution from net exports to real GDP growth in the second quarter.

**Implications:** In **Canada**, the real merchandise trade balance deteriorated by $398M in April. Despite this negative start, we can still expect further improvement by the trade balance for the second quarter as a whole, thanks to the beneficial effects of the major gain recorded in March on quarterly averages.

In the **United States**, increased exports and imports inflated the trade deficit, but it is still encouraging to see strong domestic and foreign demand.

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**Notation:**

- The letters **k**, **M** and **B** are used in texts and tables to refer to thousands, millions and billions respectively.
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