

## ECONOMIC NEWS

# United States: Trade Deficit Hits New Historic Low

### HIGHLIGHTS

- ▶ The U.S. balance of trade in goods and services worsened in February, dropping from -US\$67.8B in January to -US\$71.1B. It is the worst deficit these data have ever recorded.
- ▶ Exports were down for the first time since May 2020, falling 2.6%. Exports of goods (-3.5%) and services (-0.4%) were both lower. Imports fell 0.7% based on a 0.9% drop in goods and a 0.6% gain in imported services.
- ▶ In constant dollars, the balance of trade in goods went from -US\$96.1B in 2012 dollars in January to -US\$99.1B in 2012 dollars in February. This is the worst deficit since these data began to be published in 1994.

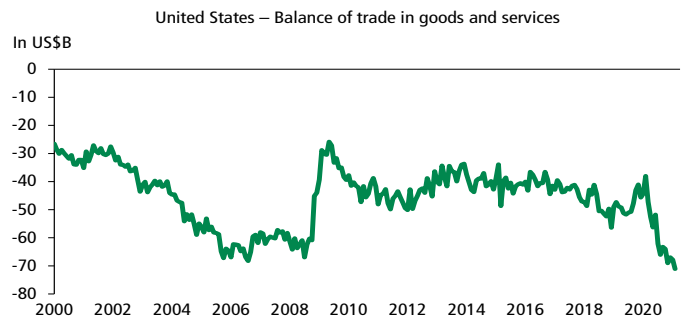
### COMMENTS

Like most of the other indicators, the U.S. balance of trade has been impacted by the pandemic. In early 2020, the effect was positive, as U.S. imports from China plunged. Still, the economic recovery in the United States has generated a significant demand for imported goods, pushing the trade deficit to a new low. This is in addition to the international problems in the services industry, where the United States is a net exporter. Other factors also had an impact on the U.S. balance of trade in recent months, including the shortage of electronic parts, which hit the automotive sector, and the inclement weather in February, which disrupted industrial activity in the United States.

The balance of trade was already worsening before the pandemic. President Trump's trade policy did not produce a long-lasting increase in net U.S. exports. Furthermore, it is worth noting that the downward trend continued despite the major improvement in the balance of oil products. Therefore, the United States' dependence on foreign goods has not budged.

### GRAPH 1

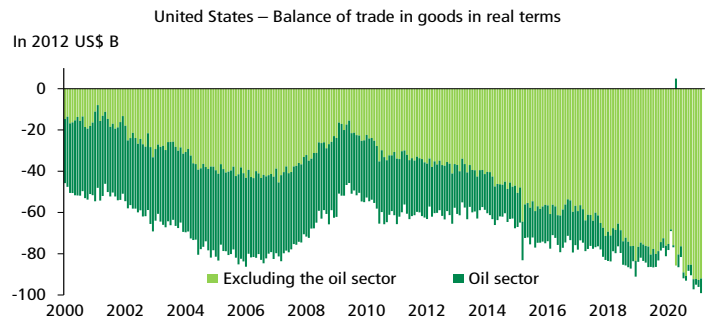
#### The U.S. trade deficit reaches a new historic low



Sources: Bureau of Economic Analysis and Desjardins, Economic Studies

### GRAPH 2

#### The trade balance worsened despite the drop in oil imports



Sources: Bureau of Labor Statistics and Desjardins, Economic Studies

### IMPLICATIONS

The U.S. trade deficit continues to deepen, and the deterioration is expected to continue, as federal aid is leading to higher growth and increased demand in the United States than elsewhere in the world.

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NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

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