Sharp Narrowing in November Trade Deficit

The trade deficit narrowed to -$43.1 billion in November. This morning’s release confirmed what we knew from the advance data: net exports are going to provide a larger boost to Q4 growth than we initially expected.

Net Exports to Boost Q4 Growth
- Imports declined 1% in November and were down for the third straight month, after surging earlier this year. Consumer goods imports declined 1.9% and are similarly down since September.
- Net exports should boost Q4 GDP, but if, as we expect, the recent decline in imports is due to importers pulling forward demand to get ahead of consumer-focused tariffs, it may be set to reverse and be a drag on GDP in coming quarters.

U.S. is a Net Exporter of Crude Oil
- Total exports rose 0.7%, and November marked the third consecutive month that U.S. petroleum exports exceeded imports—a significant shift. American production of crude oil has mushroomed over the past decade, and a sustained gain in prices, stemming from rising tensions in the Middle East, could stimulate further investment. Higher oil prices therefore are unlikely to have a crippling effect on the U.S. economy today.

Source: U.S. Department of Commerce, Energy Information Administration and Wells Fargo Securities
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