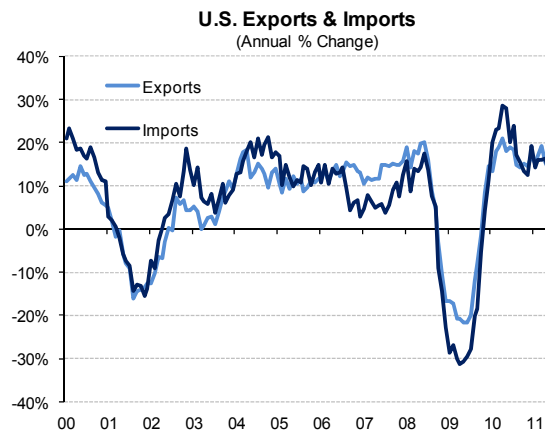




U.S.: Trade balance better than expected for July as exports rebound

- The BEA reported a trade balance of **-\$44.8bn** for July, beating consensus expectations of **-\$51.9bn**
- Exports increased **3.6%** while imports declined **0.2% MoM**, and trade gaps narrowed for both petroleum and nonpetroleum products

The US international trade balance narrowed more than expected to **-\$44.8bn** in July from a revised **-\$51.6bn** in June. Despite concerns that global slowdowns would impact external demand, exports of goods and services jumped 3.6% MoM after falling 2.2% in the previous month. The boost in exports was mostly driven by increases in industrial supplies, capital goods, and autos. Furthermore, service exports grew for the fifth consecutive month, up 1.0% mostly due to a jump in passenger fares. A 0.2% MoM decline in imports also contributed to the smaller trade gap for July, led by declines in industrial supplies and food, feeds, and beverages. Much of the improvement was due to narrowing in the petroleum and nonpetroleum gaps, which fell 12.9% and 6.8%, respectively. Overall, July's trade balance could be good news for 3Q11 GDP growth amidst series of otherwise weak economic data.



Source: U.S. Census Bureau

Best Regards,

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