

U.S. Exports Reach Two-Decade High Despite Deficit

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WASHINGTON (AP) — U.S. companies in March sold the most goods and services overseas in nearly two decades. But a big jump in oil prices pushed the nation's trade deficit higher.

The trade deficit rose 6 percent to \$48.2 billion, the Commerce Department said Wednesday. That's the highest level since June 2010.

Exports increased to \$172.7 billion, the most on records dating back to 1992. A weaker dollar has made U.S. goods cheaper overseas. Exports have also risen because of rapid growth in developing countries. U.S. companies exported more autos, chemicals, and agricultural goods in March.

The U.S. reported its trade deficit one day after Beijing announced a big \$11.4 billion trade surplus for April. The disparity will likely escalate pressure on Beijing to let its currency rise to help narrow the trade gap.

Many U.S. manufacturers accuse China of keeping its currency low to gain a trade advantage. A cheaper currency makes its exports less expensive in the United States, and boosts the cost of U.S. goods in China.

Still, U.S. exports will likely boost economic growth in the January-March quarter. That's because the government didn't expect quite the surge when it issued its 1.8 percent growth estimate last month. Economists say the government will probably revise growth higher — to 1.9 percent — when it issues its second estimate later this month.

"The details in the report are encouraging for economic momentum," said Joseph LaVorgna, an economist at Deutsche Bank, in a note to clients. "Strong external demand fueled by a near-record low ... dollar is lifting exports, while the rise in imports is evidence of burgeoning domestic demand."

The biggest factor affecting the trade deficit was the price of oil. Oil imports soared to \$39.3 billion, an 18 percent rise from the previous month. It was the highest level since August 2008 and reflected steep price increases, as well as greater demand. Excluding oil imports, the deficit narrowed.

The average price for a barrel of imported crude oil was \$93.76 in March, up nearly 7.6 percent from February. Oil prices have risen even further since then, despite declines in recent days.

Economic growth generally slows when imports outpace exports because more jobs

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go to foreign workers.

Still, economists expect the fast rise in exports will boost growth in the April-June quarter, even with high oil prices. That's because the government adjusts for inflation when calculating the nation's gross domestic product.

The trade deficit with China, meanwhile, decreased to \$18.1 billion. That's down slightly from February. But it is still the largest deficit the United States has with any country and it is expected to rise in the coming months.

On Tuesday, China reported that its imports rose at a slower pace in April than the previous month while exports jumped 30 percent. Its surplus with the United States jumped to \$15.1 billion, 52 percent higher than a year ago.

The trade gap between the two countries was a top issue at high-level meetings between U.S. and Chinese officials earlier this week. But U.S. manufacturers were disappointed in the outcome of the talks, arguing that they wouldn't do much to reduce the nation's deficit with China.

The devastating earthquake and tsunami in Japan on March 11 didn't impact U.S. trade figures. Imports from Japan rose by \$1.3 billion and U.S. exports to that country also increased. But disruptions to Japan's auto production are likely to reduce U.S. imports in coming months, economists say. That could narrow the trade gap.

U.S. companies sold more autos, industrial materials, and food and consumer goods in March. Auto and auto part exports rose to \$11.6 billion from just below \$10 billion in February.

In addition to oil, imports of computers, autos and auto parts, and aircraft rose in March.

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