

## U.S. Trade Deficit Widens 8 Pct In September

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

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WASHINGTON (AP) — The U.S. trade deficit widened in September as imports increased to the highest level in 10 months while exports slipped.

The deficit increased to \$41.8 billion, up 8 percent from August, the Commerce Department said Thursday. It was the largest trade gap since May and marked the third straight month that the deficit has risen since hitting a four-year low in June.

Exports, which hit a record high in June, slipped for the third straight month, dipping 0.2 percent to \$188.9 billion, with sales of commercial aircraft and autos both down. Imports rose 1.2 percent to \$230.7 billion, the highest level since November.

The deficit with China hit an all-time high of \$30.5 billion.

So far this year, the deficit is running 11.7 percent below the pace of 2012. A smaller trade deficit acts as a boost to economic growth when it shows American companies are earning more in their foreign sales and losing fewer domestic sales to foreign competitors.

The overall economy grew at an annual rate of 2.8 percent in the July-September quarter and an improving trade deficit contributed 0.3 percentage point to growth during that period.

Many economists say that growth has slowed in the current October-December quarter to perhaps below a 2 percent growth rate. They expect a rebound next year as the impact of this year's tax hikes and government spending cuts lessen.

U.S. manufacturers are hoping that rising export sales will provide a boost to offset weakness in domestic demand. Through the first nine months this year, exports are up a modest 1 percent. U.S. companies have had to deal with weakness in Europe, which has cut into sales in that important market. Through September, exports to the European Union were down 2.7 percent from the same period in 2012.

Imports are down 0.6 percent through September compared to the same period in 2012. Much of that decline reflects an 11.5 percent drop in petroleum imports. The U.S. is being helped on the energy front by rising U.S. production which is lessening America's dependence on foreign oil. The price of imported crude oil is also lower this year, averaging \$97.52 per barrel through September, down from \$102.25 for the same period in 2012.

For September, U.S. exports of farm products showed a solid gain, led by stronger sales of soybeans, corn and wheat. But sales of manufactured goods such as aircraft, autos and computers were down. On the import side, imports of oil were up 2.7 percent and imports of foreign-made cars and auto parts rose were up 3.4

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percent. Imports of food were down.

America's deficit with China, the largest with any country, rose 1.9 percent to a record \$30.5 billion in September and is up 2.6 percent for the first nine months of this year, on track to set another annual record.

The Obama administration on Oct. 30 released its latest report on whether countries are manipulating their currencies to gain unfair trade advantages.

The report said that China's currency, the renminbi, remained significantly undervalued but it declined to label China as a currency manipulator. Such a designation triggers negotiations and could ultimately lead to U.S. trade sanctions. American manufacturers have long contended that the Chinese are keeping their currency artificially low to make Chinese goods cheaper for American goods and U.S. products more expensive in China.

The currency report, which the administration must submit to Congress every six months, also criticized Germany, saying its large trade surpluses were holding back growth in Europe. The twice-a-year report also said the administration planned to closely monitor the currency policies of Japan and South Korea.

**Source URL (retrieved on 09/23/2014 - 11:11pm):**

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