



Economics Group

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Exports & Imports Cratered in April

International trade flows dried up in April with exports and imports plummeting. Since exports fell faster than imports, the U.S. trade deficit widened to -\$49.4B. As the global economy begins to rebound, so too should trade.

What Did we Expect?

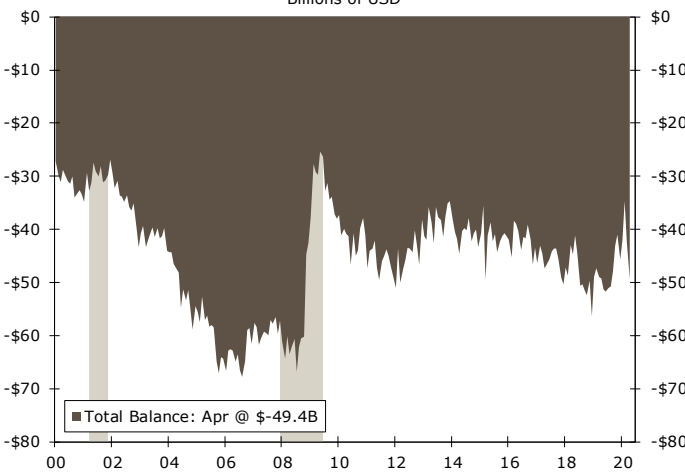
- The U.S. economy was in lockdown for the entire month of April, factories and businesses were closed or operating at limited capacity and consumers were confined to their homes. It is thus of little surprise that both exports and imports cratered during the month. In fact, April marked the largest monthly decline on record for overall exports and imports as well as for goods. Services still declined but the decline was less bad than in March.

What Should we Expect?

- Industrial supplies, capital goods, autos and consumer goods exports all saw the largest declines on record. The bottom line: the world stopped. But, as some major economies started to reopen by late-April, the question is how quickly factories come back online and to what extent businesses rethink global supply chains. It's too soon to speculate on the latter, but as countries continue to gradually re-open, trade flows should start to steadily pick-up.

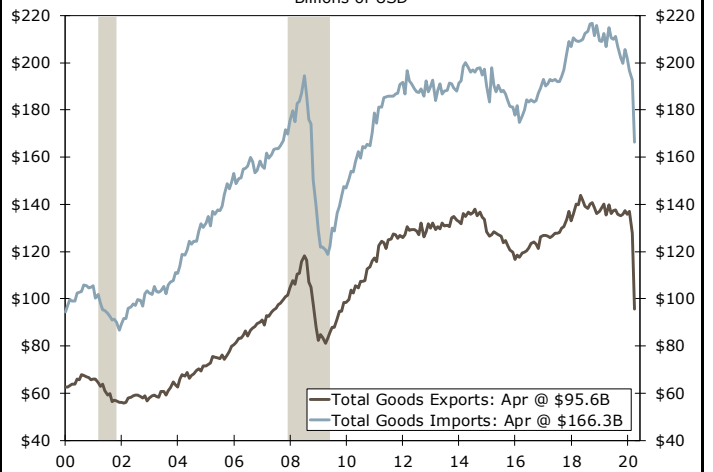
Trade Balance in Goods & Services

Billions of USD



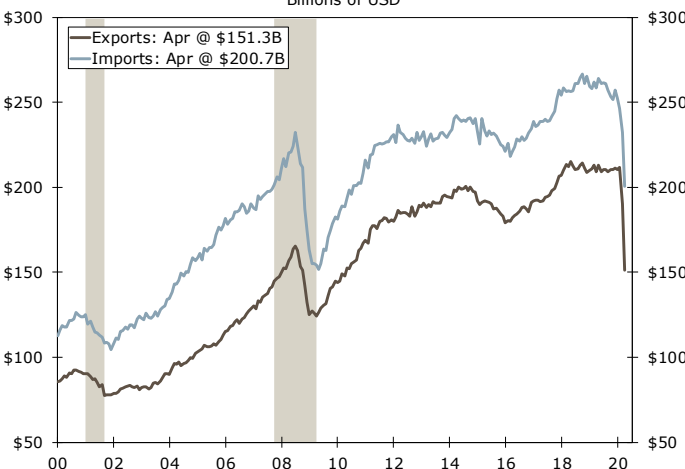
Total Exports & Imports of Goods

Billions of USD



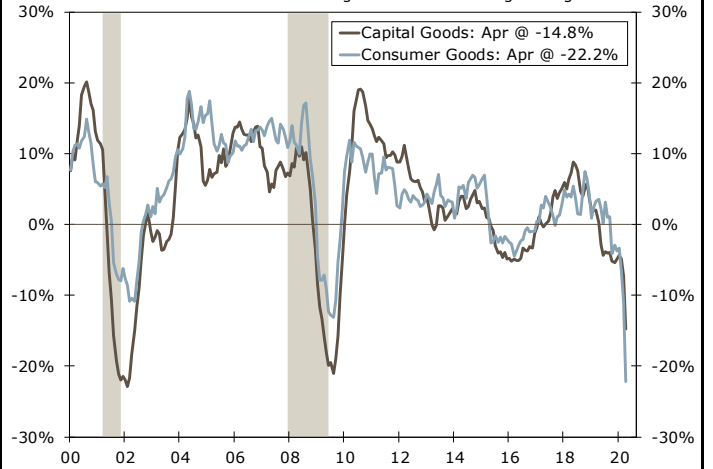
U.S. Exports & Imports

Billions of USD



U.S. Capital vs. Consumer Goods Exports

Year-over-Year Percent Change of 3-Month Moving Average



Source: U.S. Department of Commerce and Wells Fargo Securities

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