



January 6, 2016

## TD Economics

### Data Release: Trade deficit narrowed in November

- The U.S. international trade deficit shrank in November to \$42.4 billion from a \$44.6 billion deficit in October. However, the reasons for a smaller trade deficit weren't great, as both exports and imports declined, but imports saw a bigger drop.
- Exports of goods and services fell 0.9%, which reflected a decline in "other" goods, industrial supplies and materials, and consumer goods. Exports fell 1.1% in real terms, continuing a weakening trend through much of 2015. Exports in real terms are now 4% weaker on a year-on-year basis.
- Imports were down a larger 1.7% in November, as a result of decreases in consumer goods, and to a lesser extent capital goods. The drop in imports was a larger 2.3% in real terms, representing a bit of a giveback from a 6.4% jump in October.

### Key Implications

- U.S. exports deteriorated in 2015 due to slower global growth and a stronger U.S. dollar, and November's report is largely a continuation on that theme. Putting the report in a longer-term perspective, however, the U.S. trade deficit has still shrunk more than 25% since the shale revolution led to a revival in domestic oil and gas production.
- Modest global growth and a lofty currency are expected to remain challenges for U.S. exporters going forward. That means that overall economic growth, in GDP terms, is likely to continue to understate the strength of the domestic economy. With the Fed minutes out later today, and this report a continuation on a familiar theme, the November trade numbers are not likely to garner much attention.

**Leslie Preston, Senior Economist**  
**416-983-7053**

 [@TD\\_Economics](https://twitter.com/TD_Economics)

#### DISCLAIMER

This report is provided by TD Economics. It is for informational and educational purposes only as of the date of writing, and may not be appropriate for other purposes. The views and opinions expressed may change at any time based on market or other conditions and may not come to pass. This material is not intended to be relied upon as investment advice or recommendations, does not constitute a solicitation to buy or sell securities and should not be considered specific legal, investment or tax advice. The report does not provide material information about the business and affairs of TD Bank Group and the members of TD Economics are not spokespersons for TD Bank Group with respect to its business and affairs. The information contained in this report has been drawn from sources believed to be reliable, but is not guaranteed to be accurate or complete. This report contains economic analysis and views, including about future economic and financial markets performance. These are based on certain assumptions and other factors, and are subject to inherent risks and uncertainties. The actual outcome may be materially different. The Toronto-Dominion Bank and its affiliates and related entities that comprise the TD Bank Group are not liable for any errors or omissions in the information, analysis or views contained in this report, or for any loss or damage suffered.