The U.S. trade deficit widened in July for the first time in four months as the global economic slowdown reduced demand for American-made goods.

A stagnant Europe and weaker economies in emerging markets such as China may be starting to sap demand for U.S. products, a source of strength for the expansion in the second quarter. At the same time, a rebound in crude oil prices may lead to a higher American import bill.

"Export growth over the next few months, at least, should be relatively weak," said Jay Bryson, senior global economist at Wells Fargo Securities LLC in Charlotte, North Carolina. "It's starting to reflect some weakness in the rest of the world," and trade will "probably be somewhat of a net drag on growth" in the third quarter, he said.

Deficit estimates of the 74 economists in the Bloomberg survey ranged from $39.7 billion to $47.1 billion. The Commerce Department revised the trade shortfall for June from an initially reported $42.9 billion.

Stock-index futures climbed after Germany's highest court said it won't delay its ruling on the euro area's permanent bailout fund. The contract on the Standard & Poor's 500 Index expiring this month rose 0.3 percent to 1,431.00 at 9:00 a.m. in New York.

Price-Adjusted

Adjusting for changes in prices, the figure used in the calculation of gross domestic product, the trade deficit widened to $46.5 billion from $44 billion a month earlier.

Reflecting the global slowdown, today's figures showed the U.S. posted a record $29.4 billion trade shortfall with China. The deficit with the European Union surged 42 percent to $12 billion, the widest since October 2007. American exports to Germany were the weakest since February 2010.

Overall U.S. imports declined 0.8 percent to $225.3 billion from $227.1 billion in the prior month, reflecting a drop in the value of inbound deliveries of crude oil to $25.8 billion from $26.4 billion. The cost of a barrel of crude decreased to $93.83 in July from $100.13.

Capital goods imports dropped by $553 million in July due to declines in shipments of computers, industrial machines and aircraft.

U.S. Exports

Exports decreased 1 percent in July to $183.3 billion as American companies shipped fewer automobiles, metals and consumer goods abroad.

Before July, U.S. exports were holding up, rising to a record $185.2 billion in June. A narrower trade deficit contributed 0.32 percentage point to the 1.7 percent pace of economic growth in the second quarter, according to Commerce Department figures.

European countries, struggling with a sovereign debt crisis, and a cooling of the expansion in China remain obstacles to U.S. export growth.
In Europe, the U.K. economy shrank 0.5 percent in the second quarter, the weakest performance since the first three months of 2009, the government reported Aug. 24. Italy’s economy contracted for a fourth straight quarter in the three months through June, the government said Aug. 7, as manufacturing slumped and the euro-area debt crisis intensified.

**Chinese Economy**

The Chinese economy has decelerated for six straight quarters. Manufacturing slowed further in August, surveys of purchasing managers showed earlier this month, with one gauge at its lowest level since March 2009.

“There’s still a lot of uncertainty regarding the European economy, the pace of a general industrial recovery in China as well as the potential for a fiscal cliff in the United States,” James Shaw, chief financial officer of Minneapolis-based Donaldson Company Inc. said on an Aug. 27 earnings call.

“So we’ll continue to manage our operating expense levels cautiously in the near term,” said Shaw, whose company makes filtration systems.

On the other side of the trade ledger, oil prices may start to boost the value of imports. The cost of imported petroleum products decreased 1.6 percent in July from the prior month, the Labor Department said Aug. 10.

Oil prices have since settled near a four-month high. Brent crude on the ICE Futures Europe exchange in London climbed from an intraday low of $88.49 a barrel on June 22 to a high in August of $117.03.

**Consumer Goods**

In a sign U.S. household demand held up in July, imports of automobiles climbed to the highest on record. Inbound shipments of other consumer goods such as mobile phones, toys and apparel also increased.

A rise in the U.S. import bill may be tempered by slower demand from American consumers and companies. Employers added a fewer-than-forecast 96,000 jobs in August, Labor Department figures showed Sept. 7. Average hourly earnings climbed 1.7 percent from August 2011, matching the smallest gain since record-keeping began in 2007.

“The stagnation of the labor market in particular is a grave concern,” Federal Reserve Chairman Ben S. Bernanke said in an Aug. 31 speech in Jackson Hole, Wyoming. Persistently high unemployment “will wreak structural damage on our economy that could last for many years.”

**Fed Meeting**

Fed officials at their July 31-Aug. 1 meeting were moving toward additional monetary policy action, according to minutes of the gathering. Many members of the panel said more stimulus will be needed “fairly soon” unless the recovery shows signs of a “substantial and sustainable strengthening.”

Barclays Plc forecasts the Federal Open Market Committee this week will announce monthly asset purchases of $50 billion to cut the jobless rate while holding inflation at 2 percent. Economists at Goldman Sachs Group Inc. and BNP Paribas, responding to last week’s report of slowing job growth, also say they expect an announcement of an open-ended plan on Sept. 13 after a two-day FOMC meeting.

To contact the reporter on this story: Michelle Jamrisko in Washington at mjamrisko@bloomberg.net

To contact the editor responsible for this story: Christopher Wellisz at ewellisz@bloomberg.net