

THE WALL STREET JOURNAL.

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<https://www.wsj.com/articles/u-s-trade-deficit-narrowed-in-2019-for-first-time-in-six-years-11580909498>

ECONOMIC DATA

U.S. Trade Deficit Narrowed in 2019 for First Time in Six Years

Gap in goods with China decreased 17.6% to its lowest level since 2014



Shipping containers stacked at the Port of Los Angeles in December. The U.S. deficit in goods and services shrank 1.7% last year.
PHOTO: RINGO CHIU/ZUMA PRESS

By *Harriet Torry and Eric Morath*

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WASHINGTON—The U.S. trade deficit narrowed in 2019 for the first time in six years, as exports ticked down and Americans imported less from overseas amid trade tariffs and slower growth at home and abroad.

The deficit in goods and services shrank 1.7% last year to \$616.8 billion, the first decline since 2013, according to Commerce Department data released Wednesday. The deficit in goods shrank 2.4% last year to \$886.0 billion.

The U.S. deficit in goods with China decreased 17.6% in 2019, falling to \$345.62 billion, its lowest level since 2014. Goods exports to China fell 11.3%, while goods imports from China decreased 16.2%. The 2019 deficits with Mexico and the European Union were the highest on record, according to the Commerce Department.

Trade has been volatile in recent months, partly due to companies trying to get ahead of anticipated tariff increases by stockpiling imports. Other factors such as the United Auto

Workers strike at General Motors Co. and last year's grounding of Boeing Co. 's 737 MAX jetliner have muddied U.S. export data.

Wednesday's report predates recent key developments in U.S. trade policy. The U.S. and China in January signed an agreement that amounts to a cease-fire in their two-year trade war, though it leaves in place about \$370 billion in tariffs on Chinese goods. The report also predates the coronavirus outbreak that threatens to disrupt travel and global supply chains in the months ahead.

Exports of civilian aircraft declined by 22.2% last year, while exports of industrial supplies dropped 2%. Imports of both capital goods and industrial supplies also posted year-over-year declines, while imports of consumer goods rose.

In the final month of last year, the foreign-trade gap in goods and services expanded 11.9% from the prior month to a seasonally adjusted \$48.88 billion in December.

Economists surveyed by The Wall Street Journal had expected a trade deficit of \$48.3 billion.

Imports increased 2.7% in December. Exports, meanwhile, rose 0.8% to \$209.64 billion from November's \$208.06 billion.

Chip maker Xilinx Inc. last week said it plans to cut about 7% of its workforce, blaming a "perfect storm" of a slowdown in fifth-generation technology investments and the impact of trade restrictions blocking business with China's Huawei Technologies Co.

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How do you think the Trump administration has been handling trade relations? Join the conversation below.

The company is "faced with persistent trade-related impacts to our business" and "the unprecedented change in U.S.-China relations and trade clearly has an impact," Chief Executive Victor Peng said in a conference call last Tuesday.

As a percentage of gross domestic product, the goods and services deficit was 2.9% in 2019, down from 3% in 2018.

In 2019, the economy grew 2.3%, the Commerce Department said last week in an initial look at GDP—the value of all goods and services produced across the economy. That was slower than the 2.9% growth in 2018.

Trade gave U.S. economic growth a boost during the fourth quarter. Net exports added 1.48 percentage points to the overall 2.1% growth rate in gross domestic product.

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