

# United States

## Further signs of economic upturn as exports jump 2.1% in December

- **Surge in exports helps narrow trade deficit in December**
- **Data suggest fourth quarter GDP data could be revised higher**
- **Increase in US exports adds to improved global trade picture**

Trade data for December paint a reassuring and encouraging picture of the US economy at the end of last year, suggesting the economy did not fare as badly as the initial GDP estimate suggested in the fourth quarter. The data also add to an increasingly bright picture of the global economy at the turn of the year.

The US trade deficit shrank to its smallest for almost three years in December, dropping from \$48.6bn in November to \$38.5bn, its lowest since January 2010, on the back of rising exports and falling imports.

Exports jumped 2.1%, building on a 1.0% rise seen in November, while imports fell 2.7%. The month saw a record surplus in trade in services, which rose to \$17.4bn, while the deficit on trade in goods narrowed to \$56.2bn, its smallest since December 2010.

The initial estimate of GDP for the fourth quarter was calculated before these trade data were available, and the better-than-expected numbers (analysts were anticipating a deficit of \$46bn) suggest that there is a real possibility that the 0.1% annualised fall in GDP will be revised to show modest growth. The data certainly indicate that the underlying health of the US economy is far better than the disappointing GDP number suggested, something which is also indicated by recent business surveys. The one worry is that the slide in imports could represent a weakening of domestic demand.

The data follow official data out of [China](#) which showed annual growth of exports surging over the past two months, up from a worryingly weak 2.9% in November to a strong 25.0% in January.

Elsewhere, official data have indicated a pick up in trade in Europe, with goods exports rising 3.0% in the [UK](#) in December and up 0.3% in Germany, contrasting with falling exports in prior months.

The official data are therefore starting to confirm the message from the worldwide business surveys that global economic growth is reviving at the start of 2013, assisted by rising trade flows, with the US acting as an important driver of the revival.

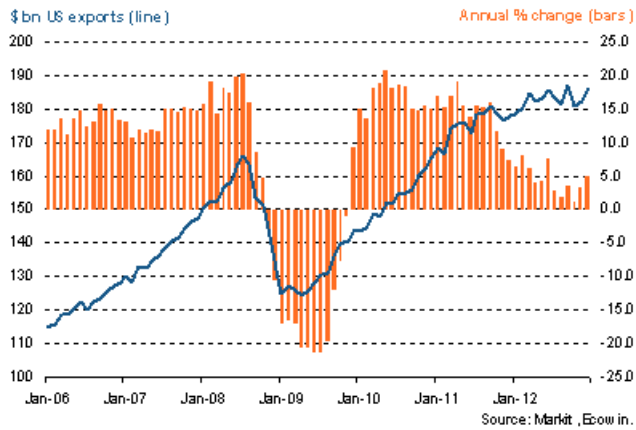
### Further upturn in US exports signalled by the PMI



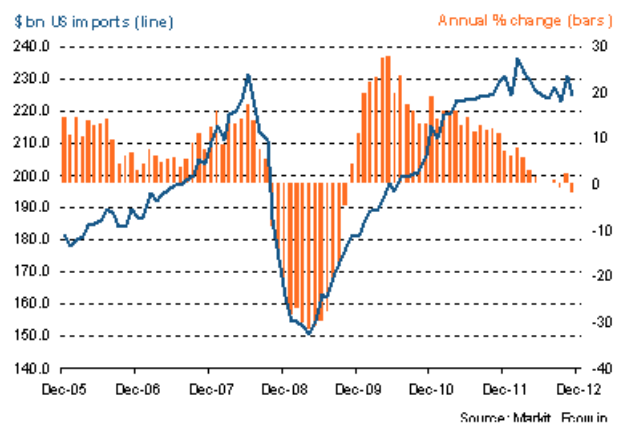
### US trade deficit



### Exports



### Imports



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