

# United Kingdom

## Trade deficit narrows as exports jump 6.1% in third quarter

- **Trade deficit narrows to £11.0 billion in Q3 from £12.7 in Q2**
- **Exports rise 6.1%, boosted by surge in overseas goods trade**
- **PMI survey points to exports improving again in October**

Rising exports played a role in delivering solid UK economic growth in the third quarter, according to the latest official data, and look set to also make a positive contribution in the fourth quarter.

Exports of goods and services rose 6.1% in the three months to September, according to the Office for National Statistics, buoyed by a 6.1% rise in exports of goods. Exports of services fell 0.1%.

The improvement helped the overall trade deficit narrow by £1.6 billion to £11.0 billion, with the goods deficit down by £1.5 billion to £33.2 billion.

Non-oil exports were up 5.3% compared to Q2 in the three months to September, and up 13.7% on a year ago.

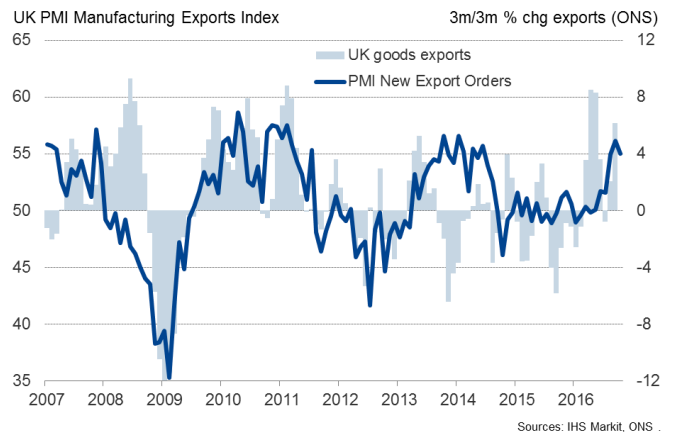
A sour note is introduced as the ONS data showed the goods trade deficit widening in September alone, linked to a record deficit with EU countries. However, the one-month data should be treated with caution as the numbers can be extremely volatile.

The better trend in the trade data corroborates survey evidence indicating that export performance has improved in recent months, with strong growth continuing into October. The IHS Markit/CIPS [Manufacturing PMI](#) survey has indicated a strong upturn in export orders since August, corresponding with the weakened exchange rate.

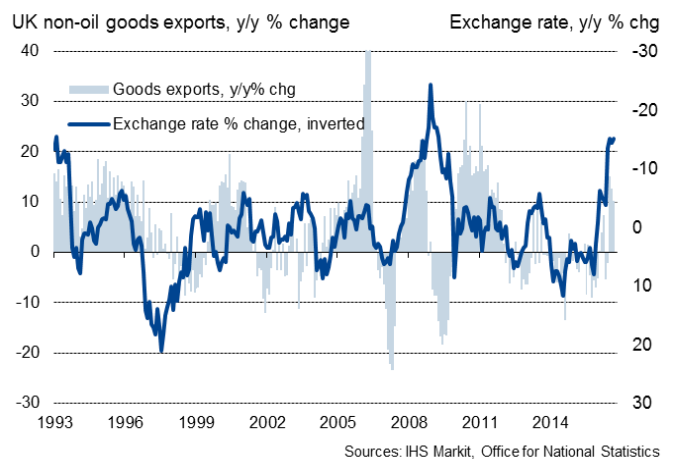
The three months to October has been the best period for exporters for five-and-a-half years in terms of winning new overseas orders according to the purchasing managers' survey, with many firms reporting that the gains have been the result of the more competitive exchange rate. These export order wins should feed through to the trade data in the fourth

quarter, helping trade make a further positive contribution to economic growth.

### UK Goods Exports



### Non-oil exports and the trade-weighted exchange rate



### Chris Williamson

**Chief Business Economist**

**IHS Markit**

Tel: +44 207 260 2329

Email: [chris.williamson@ihsmarkit.com](mailto:chris.williamson@ihsmarkit.com)

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