

## US Trade Deficit Widened the Most on Record in December; Trade Will Be a Drag to Q4 GDP Growth

- **The advance international trade goods deficit jumped to a record high in December 2024.**
- **Exports retreated on the month and over the past year.**
- **Imports jumped ahead of President Trump's international trade policies.**
- **PNC expects protective trade measures will be downside risks to global trade flows in 2025.**

The U.S. trade deficit in goods jumped 18% to a record high of \$122.1 billion in December from \$103.5 billion in November after seasonal adjustment. The goods trade deficit has been on an upward trend over the past year. The jump in the goods trade deficit came from narrower exports and an increase in imports on the month. Goods imports jumped 4% to \$289.6 billion on the month, and goods exports fell 4.5% to \$167.5 billion. Over the past year the trade deficit in goods has risen 39%.

There was a broad-based retreat in goods exports in December, led by consumer goods (down 8.5%) and autos (down 6.7%). Weak industrial activity overseas also weighed on US exports of industrial supplies, falling 4.8% on the month and 5.6% from last year. On a year-ago basis, total exports dropped 1.6%. Exports of capital goods and foods, feeds, and beverages were up, however, increasing 2.4% and 3.5% year-over-year, respectively.

Goods imports increased on the month led by industrial supplies, which jumped 19% ahead of President Trump's foreign trade policies. Consumer goods also increased, supported by a strong US labor market at the end of 2024. On a year-ago basis, goods imports climbed over 12% in December, with strong growth in all categories of goods except for autos which were down 5.8%.

PNC expects the current strong US dollar and robust US labor market will continue to support imports of consumer goods over the near term. December was the strongest month for US job growth since March 2024. A solid domestic labor market and sluggish economic growth in the eurozone, the UK, Canada, and China will likely continue to support US imports rather than exports over the near term. PNC expects positive trade flows from last year with improvements in overseas economic growth in 2025, but incoming Trump tariffs and retaliations on protective trade measures will be downside risks to global trade flows this year.

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