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Howard Murad: (202) 523-0668
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BEA 89-20

Merchandise Trade: First Quarter of 1989

--Balance of Payments Basis--

The U.S. merchandise trade balance was in deficit by \$27.6 billion in the first quarter of 1989, compared with a deficit of \$32.0 billion (revised) in the fourth quarter of 1988, according to preliminary estimates of the Commerce Department's Bureau of Economic Analysis. The first-quarter deficit was the lowest since the first quarter of 1985. These estimates are seasonally adjusted and are on a balance of payments basis, which excludes military trade of U.S. defense agencies and reflects adjustments for timing, coverage, and valuation to the trade data reported by the Census Bureau on the f.a.s.-Customs valuation basis.

Both exports and imports reached record levels. Exports increased \$4.8 billion, or 6 percent, to \$88.5 billion. Both nonagricultural and agricultural exports increased. Imports increased \$0.4 billion, or less than 1 percent, to \$116.1 billion. Nonpetroleum imports decreased and petroleum imports increased.

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First-quarter exports

Nonagricultural exports increased \$3.7 billion, or 5 percent, to a record \$77.6 billion in the first quarter. The largest increases were in nonagricultural industrial supplies and materials, \$1.4 billion; consumer goods, \$1.0 billion; and capital goods, \$0.9 billion. Within industrial supplies and materials, fuels and lubricants increased \$0.7 billion, mostly to Japan, Western Europe, South Korea, and Taiwan. Within consumer goods, manufactured consumer durables increased \$0.9 billion, mostly to Western Europe, Japan, and Canada. Within capital goods, nonelectric machinery except computers, peripherals, and parts increased \$1.2 billion, mostly to Canada and Western Europe; and civilian aircraft, engines, and parts increased \$0.4 billion.

Agricultural exports increased \$1.1 billion, or 11 percent, to \$10.9 billion, the highest level since the second quarter of 1981. Wheat increased \$0.5 billion, and corn increased \$0.2 billion, both reflecting strong exports to the Soviet Union. Prices of all major commodities decreased, except wheat. The average price of rice decreased 6 percent; corn, 2 percent; and cotton and soybeans, 1 percent each. The average price of wheat increased 2 percent.

First-quarter imports

Nonpetroleum imports decreased \$1.2 billion, or 1 percent, to \$105.3 billion in the first quarter. The largest decreases were in consumer goods, \$0.8 billion, and automotive products, \$0.5 billion. Within consumer goods, manufactured consumer nondurables, mostly textile apparel and household goods from Hong Kong, South Korea, and Taiwan, decreased \$0.7 billion. Within automotive products, passenger cars from areas other than Canada decreased \$0.7 billion, and automotive parts and accessories, \$0.6 billion. The number of passenger cars from Japan decreased 23 percent, and West Germany, 21 percent; passenger cars from South Korea increased 2 percent.

Petroleum imports increased \$1.6 billion, or 18 percent, to \$10.8 billion. The increase was more than accounted for by higher prices. The average price per barrel increased to \$15.53 from \$12.85. The average number of barrels imported daily decreased to 7.65 million from 7.84 million. Inventories, consumption, and domestic production decreased.

First-quarter exports and imports: constant dollars

In constant (1982) dollars, the merchandise trade deficit decreased \$4.3 billion, to \$28.2 billion, in the first quarter. Exports increased \$3.1 billion, or 4 percent, to \$91.0 billion. Nonagricultural exports increased \$2.1 billion, or 3 percent, to \$81.0 billion. The largest increases were in industrial supplies and materials, \$1.3 billion; capital goods excluding completed civilian aircraft and computers, peripherals, and parts, \$1.1 billion; and consumer goods, \$0.8 billion. Agricultural exports increased \$0.9 billion, or 10 percent, to \$10.0 billion.

Imports decreased \$1.2 billion, or 1 percent, to \$119.2 billion. Nonpetroleum imports decreased \$0.6 billion, or 1 percent, to \$97.2 billion. The largest decreases were in consumer goods, \$0.7 billion, and automotive products, \$0.4 billion. Capital goods increased \$0.9 billion, mostly due to computers, peripherals, and parts. Petroleum imports decreased \$0.6 billion, or 3 percent, to \$22.0 billion.

Revisions

Estimates for merchandise trade for 1987 and 1988 have been revised. In both years, they have been revised to reflect the inclusion of new estimates for the commodity distribution of undocumented exports to Canada; the retabulation of Census data to reflect the actual month of transaction; the inclusion of fish exports not included in Census documents; the deduction of machinery and equipment exports that were previously imported and then sent abroad for repair; and the deduction of machinery and equipment imports that were previously exported and then returned to the United States for repair. For the last two items, the value of repair work is being included in services to conform more closely to international balance of payments accounting principles. The seasonally adjusted quarterly estimates also reflect the introduction of new seasonal factors. Differences in the revised and the previous series are shown below:

	1987	1988
	(Millions of dollars)	
Exports		
Revised series	250,265	319,290
Previous series	249,571	319,906
Imports		
Revised series	409,766	446,467
Previous series	409,850	446,430
Balance		
Revised series	-159,501	-127,177
Previous series	-160,279	-126,524

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Future release dates for 1989:

Second quarter 1989.....August 28 (Monday)
Third quarter 1989.....November 28 (Tuesday)

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Four telephone lines carry short recorded messages providing BEA estimates immediately upon their release:

- (202) 898-2450 Leading indicators
 - 2451 Gross national product
 - 2452 Personal income and outlays
 - 2453 The most recently released of the following series:
 - Merchandise trade, balance of payments basis, or
 - Summary of U.S. international transactions

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Table 1.--Merchandise Trade--Balance of Payments Basis
(Millions of dollars, seasonally adjusted)

	Annual			Quarterly 1987				Quarterly 1988				Quarterly 1989	Change: IV 88 I 89
	1987/r/	1988/r/	Change: 1987 - 1988	I/r/	II/r/	III/r/	IV/r/	I/r/	II/r/	III/r/	IV/r/	I/p/	
EXPORTS													
Merchandise exports, Census basis, including reexports, and military grant shipments/1/	253,934	322,471	68,537	58,050	61,266	64,945	69,673	77,145	79,127	81,478	84,721	89,040	4,319
Adjustments:													
Gold exports, nonmonetary	718	592	-126	152	147	363	56	14	296	126	156	133	-23
Inland freight to Canada	1,609	1,845	236	376	400	412	421	457	447	475	466	445	-21
Exports transferred under U.S. military agency sales contracts identified in Census documents	-5,686	-5,221	465	-1,221	-1,685	-1,396	-1,384	-1,076	-1,305	-1,472	-1,368	-1,036	332
Other adjustments to Census exports	-309	-436	-127	-102	-113	-27	-67	-93	-94	-3	-246	-86	160
Equals: Merchandise exports, adjusted to balance of payments basis, excluding "military"	250,266	319,251	68,985	57,255	60,015	64,297	68,699	76,447	78,471	80,604	83,729	88,496	4,767
IMPORTS													
Merchandise imports, Census basis (general imports)/1/	406,283	441,351	35,068	95,360	99,402	103,858	107,663	107,957	108,101	110,356	114,937	115,649	712
Adjustments:													
Gold imports, nonmonetary	2,133	3,576	1,443	264	170	560	1,139	1,573	1,460	224	319	443	124
Inland freight in Canada	1,830	2,254	424	447	469	453	461	665	554	501	534	535	1
Imports of U.S. military agencies identified in Census documents	-1,330	-1,686	-356	-285	-330	-370	-345	-409	-387	-445	-445	-360	85
Other adjustments to Census imports	850	971	121	130	123	402	195	107	154	307	403	-137	-540
Equals: Merchandise imports, adjusted to balance of payments basis, excluding "military"	409,766	446,466	36,700	95,916	99,834	104,903	109,113	109,893	109,882	110,943	115,748	116,130	382
Balance (excess of exports +)	-159,500	-127,215	32,285	-38,661	-39,819	-40,606	-40,414	-33,446	-31,411	-30,339	-32,019	-27,634	4,385

r Revised.
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1. Unadjusted Census basis data (f.a.s.--Customs values) are derived by BEA from Census Bureau information on actual movements of merchandise. These data are seasonally adjusted by BEA.

NOTE:--The balance of payments basis trade estimates presented in this release differ from those in the NIPA estimates because of the treatment of nonmonetary gold and the geographical treatment of Puerto Rico and the Virgin Islands.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Balance of Payments Division.

Table 2.--Merchandise Trade by End-use Category--Balance of Payments Basis
(Millions of dollars, seasonally adjusted)

	Annual			Quarterly 1987				Quarterly 1988				Quarterly 1989	
	1987/r/	1988/r/	Change: 1987 - 1988	I/r/	II/r/	III/r/	IV/r/	I/r/	II/r/	III/r/	IV/r/	I/p/	Change: IV 88 I 89
Merchandise trade, balance of payments basis:													
Exports	250,266	319,251	68,985	57,255	60,015	64,297	68,699	76,447	78,471	80,604	83,729	88,496	4,767
Agricultural products	29,547	38,142	8,595	6,546	7,089	8,047	7,865	9,021	9,405	9,927	9,789	10,884	1,095
Nonagricultural products	220,719	281,109	60,390	50,709	52,926	56,250	60,834	67,426	69,066	70,677	73,940	77,612	3,672
Foods, feeds, and beverages.....	24,757	32,944	8,187	5,425	5,889	6,833	6,610	7,545	8,053	8,708	8,638	9,733	1,095
Industrial supplies and materials.....	68,952	88,824	19,872	15,684	16,788	17,672	18,808	21,866	22,406	22,206	22,346	23,819	1,473
Nonmonetary gold.....	2,666	5,872	3,206	498	496	716	956	2,236	1,978	916	742	586	-156
Other.....	66,286	82,952	16,666	15,186	16,292	16,956	17,852	19,630	20,428	21,290	21,604	23,233	1,629
Capital goods, except automotive.....	87,736	112,352	24,616	19,881	20,627	22,924	24,304	26,882	27,319	28,216	29,935	30,857	922
Computers, peripherals, and parts.....	17,735	22,374	4,639	3,906	4,219	4,570	5,040	5,480	5,405	5,603	5,886	5,342	-544
Completed civilian aircraft.....	7,528	10,282	2,754	1,848	1,314	2,346	2,020	2,398	2,864	2,354	2,666	2,801	135
Other.....	62,473	79,696	17,223	14,127	15,094	16,008	17,244	19,004	19,050	20,259	21,383	22,714	1,331
Automotive products.....	27,546	32,514	4,968	6,662	6,683	6,460	7,741	8,190	7,770	7,981	8,573	8,833	260
Consumer goods.....	18,290	24,180	5,890	4,171	4,448	4,719	4,952	5,517	5,791	6,226	6,646	7,680	1,034
Consumer durable goods.....	7,696	10,967	3,271	1,758	1,826	1,964	2,148	2,466	2,581	2,869	3,051	3,939	888
Consumer nondurable goods.....	10,594	13,213	2,619	2,413	2,622	2,755	2,804	3,051	3,210	3,357	3,595	3,741	146
Other exports.....	22,985	28,437	5,452	5,432	5,580	5,689	6,284	6,447	7,132	7,267	7,591	7,574	-17
Imports	409,766	446,466	36,700	95,916	99,834	104,903	109,113	109,893	109,882	110,943	115,748	116,130	382
Petroleum and products	42,944	39,309	-3,635	8,866	10,090	12,753	11,235	10,068	10,248	9,775	9,218	10,834	1,616
Nonpetroleum products	366,822	407,157	40,335	87,050	89,744	92,150	97,878	99,825	99,634	101,168	106,530	105,296	-1,234
Foods, feeds, and beverages.....	24,809	24,909	100	5,967	6,177	6,325	6,340	6,503	5,939	6,198	6,269	6,290	21
Industrial supplies and materials.....	113,746	122,350	8,604	25,641	26,533	30,408	31,164	30,979	31,057	29,936	30,378	32,325	1,947
Petroleum and products	42,944	39,309	-3,635	8,866	10,090	12,753	11,235	10,068	10,248	9,775	9,218	10,834	1,616
Nonmonetary gold.....	3,784	4,860	1,076	754	472	904	1,654	1,870	1,764	559	667	805	138
Other.....	67,018	78,181	11,163	16,021	15,971	16,751	18,275	19,041	19,045	19,602	20,493	20,686	193
Capital goods, except automotive.....	85,129	101,757	16,628	19,133	20,678	21,892	23,426	24,054	25,254	25,670	26,779	26,930	151
Computers, peripherals, and parts.....	14,839	18,331	3,492	3,276	3,490	3,832	4,241	4,418	4,544	4,704	4,665	4,806	141
Other.....	70,290	83,426	13,136	15,857	17,188	18,060	19,185	19,636	20,710	20,966	22,114	22,124	10
Automotive products.....	85,174	87,941	2,767	20,818	21,256	21,074	22,026	21,618	21,319	21,754	23,250	22,775	-475
Consumer goods.....	88,824	96,379	7,555	21,337	22,271	22,196	23,020	23,550	23,261	24,124	25,444	24,647	-797
Consumer durable goods.....	48,982	52,793	3,811	11,900	12,184	12,273	12,625	12,836	12,680	13,242	14,035	13,979	-56
Consumer nondurable goods.....	39,842	43,586	3,744	9,437	10,087	9,923	10,395	10,714	10,581	10,882	11,409	10,668	-741
Other imports.....	12,084	13,130	1,046	3,020	2,919	3,008	3,137	3,189	3,052	3,261	3,628	3,163	-465
Balance (excess of exports +)	-159,500	-127,215	32,285	-38,661	-39,819	-40,606	-40,414	-33,446	-31,411	-30,339	-32,019	-27,634	4,385

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SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Balance of Payments Division.

Table 3.--Merchandise Trade by End-use Category--Balance of Payments Basis
(Millions of 1982 dollars, seasonally adjusted)

	Annual			Quarterly 1987				Quarterly 1988				Quarterly 1989	
	1987/r/	1988/r/	Change: 1987 - 1988	I/r/	II/r/	III/r/	IV/r/	I/r/	II/r/	III/r/	IV/r/	I/p/	Change: IV 88 I 89
Merchandise trade in constant (1982) dollars, balance of payments basis:													
Exports	275,765	339,928	64,163	62,742	66,077	71,005	75,941	83,240	84,070	84,703	87,915	91,011	3,096
Agricultural products	34,920	37,649	2,729	7,793	8,429	9,626	9,072	9,838	9,706	9,049	9,056	10,004	948
Nonagricultural products	240,845	302,279	61,434	54,949	57,648	61,379	66,869	73,402	74,364	75,654	78,859	81,007	2,148
Imports	435,803	466,776	30,973	103,575	105,656	111,782	114,790	115,398	114,596	116,446	120,336	119,162	-1,174
Petroleum and products	78,259	86,238	7,979	17,661	18,180	22,102	20,316	20,802	21,217	21,626	22,593	21,976	-617
Nonpetroleum products	357,544	380,538	22,994	85,914	87,476	89,680	94,474	94,596	93,379	94,820	97,743	97,186	-557
Balance (excess of exports +)	-160,038	-126,848	33,190	-40,833	-39,579	-40,777	-38,849	-32,158	-30,526	-31,743	-32,421	-28,151	4,270

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SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis, Balance of Payments Division.