August Goods Trade Deficit Rose to the Largest Gap Outside the Early-2025 Trade Surge

Headlines

Ershang Liang
ershang.liang@pnc.com

PNC Economics
economics@pnc.com

- **The international trade goods deficit widened 12% in August as goods imports increased more than exports.**
- **Goods imports increased broadly in August, led by a 17% surge in industrial supplies. Higher crude oil prices and continued strength in business investment contributed to the gain.**
- **Both imports and exports of consumer goods dropped, with exports falling a sharp 11%.**
- **Total goods exports rose 2% in August, ending a three-month streak of declines.**
- **Ongoing AI-related investment and data center construction are expected to sustain strong demand for imported capital goods while consumers stay cautious.**

Details

The U.S. goods trade deficit widened 12% to $132.6 billion in August, seasonally adjusted, from $118.9 billion in July (revised slightly from $118.8). **This was the largest goods trade deficit outside the tariff-driven surge in early 2025.** The August deficit was substantially larger than expected. The goods trade gap climbed to a record $158.7 billion in March 2025 as importers accelerated purchases ahead of tariff increases from the Trump administration but then narrowed in the following months. The renewed widening in August reflected a 6% increase in imports that outpaced a 2% rise in exports.

On a year-over-year basis, goods exports increased 15% in August, while goods imports rose an even stronger 28%. **As a result, the August goods trade deficit was 56% larger than a year earlier.**

On a monthly basis, goods imports increased broadly in August, led by a 17% surge in industrial supplies. **Consumer goods were the only major category to decline, falling 2% from July.** Notably, imports of industrial supplies and capital goods were substantially higher than a year earlier, rising nearly 27% and 57%, respectively. The gains were supported by a 4% increase in average crude oil prices during August and continued strength in business investment, particularly in technology and data center equipment.

Imports of foods, feeds, and beverages rose 6% in August, contrasting with a 6% decline in exports. **Elevated energy costs appear to have weighed on consumers, contributing to declines in both imports**

and exports of consumer goods. Consumer goods exports fell more sharply, down 11%.

Despite higher tariffs on automobiles, auto imports increased 0.9% on the month and were 3% higher than a year earlier. Consistent with Bureau of Economic Analysis data showing motor vehicle sales near 17.0 million units in August, **auto imports have rebounded from their lows earlier in 2026, although they remained below the levels in early 2025.** In contrast, auto exports fell sharply, declining 7% on the month and 2% from a year earlier.

Total goods exports rose 2% in August, ending a three-month streak of declines. An 8% increase in industrial supplies exports and a 2% gain in capital goods exports led growth. Exports in most other categories fell, including an 11% drop in consumer goods exports. Despite recent volatility, annual export growth has remained solid, supported in part by higher commodity prices. Industrial supplies exports increased more than 30% from a year earlier, making the largest contribution to overall export growth. **By comparison, consumer goods and auto exports declined 4% and 2%, respectively, on a year-over-year basis, pointing to relatively softer foreign consumer demand.**

Recent volatility in commodity prices, particularly for metals, agricultural products, and crude oil, has contributed to significant fluctuations in the nominal goods trade deficit. **At the same time, U.S. industrial activity has strengthened considerably in 2026, contrasting with the more gradual recoveries underway in the eurozone and China, as reflected in purchasing managers' surveys.** Looking ahead, continued swings in commodity prices are likely to drive further volatility in the trade balance. Softer consumer spending growth should temper demand for imported consumer goods relative to last year, while ongoing AI-related investment and data center construction are expected to sustain strong demand for imported capital goods through the remainder of 2026, providing continued support for overall U.S. goods imports.

Figure 1: U.S. goods trade balance ($bn, SA)

Sources: Census, PNC

Figure 2: U.S. goods imports and goods exports ($bn, SA)

Sources: Census, PNC

Disclosures

The material presented and the views expressed herein are of a general nature and do not constitute the provision of investment or economic advice to any person, or a recommendation of any particular securities, financial instruments, strategies or banking services. Opinions and forecasts expressed herein are subject to change without notice. Relevant information was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy. You should seek the advice of an investment professional to tailor a financial plan to your needs.

Forward-looking statements are necessarily subject to numerous assumptions, risks and uncertainties, which change over time. Future events or circumstances may change our outlook and may also affect the nature of the assumptions, risks and uncertainties to which our forward-looking statements are subject. Forward-looking statements speak only as of the date made. We do not assume any duty and do not undertake any obligation to update forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance. As a result, we caution against placing undue reliance on any forward-looking statements.

"PNC" is a registered mark of The PNC Financial Services Group, Inc.

© 2026 The PNC Financial Services Group, Inc. All rights reserved.