September Goods Trade Deficit Reached Its Largest Level Outside the Early-2025 Trade Surge

Headlines

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- **The international goods trade deficit widened 2.1% in September as imports increased more than exports on a dollar basis.**
- **Total goods exports rose 2.6% in September, led by foods, feeds and beverages; capital goods; and consumer goods.**
- **AI-related investment remains the key driver of year-over-year import growth, while consumer goods were the only major category to decline year-on-year.**
- **Higher energy prices and tariffs are weighing on consumer spending and imports of consumer goods, and exports of U.S. consumer goods dropped nearly 11% year-over-year.**
- **Annual export growth has remained solid, with support from higher commodity prices.**
- **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 for a third consecutive month in September, increasing 2.1% to a seasonally adjusted $134.9 billion from $132.1 billion in August (revised from $132.6 billion). The September reading was larger than expected and marked the widest goods trade deficit outside the tariff-driven import surge of early 2025. The goods trade gap surged to a record $158.7 billion in March 2025 as importers accelerated purchases ahead of tariff increases imposed by the Trump administration in April 2025. Although the deficit narrowed in subsequent months, it resumed widening in late 2025. Although exports rose slightly faster in percentage terms than imports in September—2.6% compared to 2.4%—the larger dollar increase in imports ($8.1 billion, versus $5.3 billion for exports) resulted in a larger goods deficit.

On a year-over-year basis, the total goods trade deficit widened by a large 63%, as goods exports increased 13% while goods imports rose an even stronger 28%.

On a monthly basis, total goods imports rose 2.4% in September. Imports of capital goods and consumer goods increased, while imports of foods, feeds, and beverages; industrial supplies; and automotive products declined. **Notably, capital goods imports remained exceptionally strong, rising more than 77% from a year earlier.** Continued growth in business investment, particularly in technology-related equipment and data center infrastructure, is driving increased imports. According to the August trade report, AI-related investment remained a key driver of import growth, with semiconductor imports up 84% year-to-date compared with the same period in 2025. **Momentum in AI-related capital spending likely extended into September. By contrast, consumer goods were the only major import category to decline on a year-over-year basis, falling 12% despite the monthly increase and a stronger U.S. dollar compared with a year earlier.**

Higher energy prices and tariffs weighed on demand for imported consumer goods. **This trend is not unique to the United States, as U.S. exports of consumer goods also fell nearly 11% year-over-year.** Moreover, U.S. auto exports declined 5.6% month-over-month and 7% from a year earlier, even as domestic auto sales posted a modest 2% year-over-year increase despite tariffs on imported vehicles. According to data from the Bureau of Economic Analysis, sales of imported vehicles in the United States have rebounded from a year ago, while domestic vehicle sales have been more volatile and fell below their year-ago level in September. Nevertheless, sales of both imported and domestically produced vehicles have recovered from the lows earlier in 2026.

Total goods exports rose 2.6% in September, with gains in foods, feeds, and beverages; capital goods; and consumer goods. **Annual export growth remained solid thanks in part to higher commodity prices**. For example, soybean prices were up more than 12% year-over-year, helping to drive a nearly 16% increase in both exports and imports of foods, feeds, and beverages. Meanwhile, exports of industrial supplies rose more than 14% from a year earlier, supported by a more than 50% year-over-year increase in WTI crude oil prices in September.

Recent volatility in commodity markets, particularly for metals, agricultural products, and crude oil, has contributed to sizable swings 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 fluctuations in commodity prices are likely to generate further volatility in the trade balance.

Slower growth in consumer spending should moderate demand for imported consumer goods compared to last year. However, ongoing AI-related investment and data center construction are expected to sustain robust demand for imported capital goods through the remainder of 2026, providing continued support for overall U.S. goods imports and limiting any significant narrowing in the goods trade deficit.

Figure 1: U.S. goods trade balance

Sources: Census, PNC

Figure 2: U.S. goods imports and goods exports

Sources: Census, PNC

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