Economic Update

April 29, 2025

US Trade Deficit Hit Another Record High in March; Imports Jumped Ahead of Tariffs

- **The advance international trade goods deficit reached a record high in March.**
- **Imports easily passed their levels from last year, regardless of categories.**
- **Goods exports also increased, but less than imports.**
- **A solid US labor market should support foreign buying, but uncertainty remains.**

The U.S. trade deficit in goods jumped 10% to $162 billion in March from $147.8 billion in February after seasonal adjustment, according to U.S. Census Bureau. The goods trade deficit surged in the past three months as importers try to beat tariff increases from the new Trump administration. This was the largest advance goods trade deficit on record, easily surpassing a $125 billion deficit in early 2022 as the US economy recovered from the pandemic. The three-month moving average of the goods trade deficit rose to $154.8 billion through March 2025, remaining a record from last month.

US tariffs specifically targeting China, along with a broad-based 10% tariff rate, drove imports even higher in March. Imports jumped 5% on the month, led by a 28% jump in consumer goods. Imports of consumer goods also rose more than half from a year ago, up 56%. Imports of industrial supplies fell 14% on the month, but jumped 38% from last year. Imports easily passed their levels from last year, regardless of categories.

Exports rose 1% on the month and 7% from a year ago. Autos exports jumped 8% on the month, followed by foods, feeds, and beverages (up 7%) and industrial supplies (up 3%). Exports of capital goods fell 3%, and exports of consumer goods dropped 1%. On a year-over-year basis, all categories' exports rose in March, with the most in capital goods (up 14%).

The record-high trade deficit likely remained a drag on Q1 economic growth. The labor market remains solid and should provide a support for continued consumer spending. However, a build-up in precautionary savings in the current environment could drag on consumer spending and imports. The dollar has retreated against major currencies in April after the Liberation Day. This will likely benefit exports rather than imports over the near term, supporting foreign purchases of US goods. PNC is expecting noticeably slower economic growth through the rest of 2025, but not a recession, as higher tariffs weigh on consumers and businesses. But risks to the downside have increased.

PNC Economics
Ershang Liang, Economist
economics@pnc.com

Visit pnc.com/economicreports for more information from PNC Economics.