

## Twitter Thread by Brad Setser

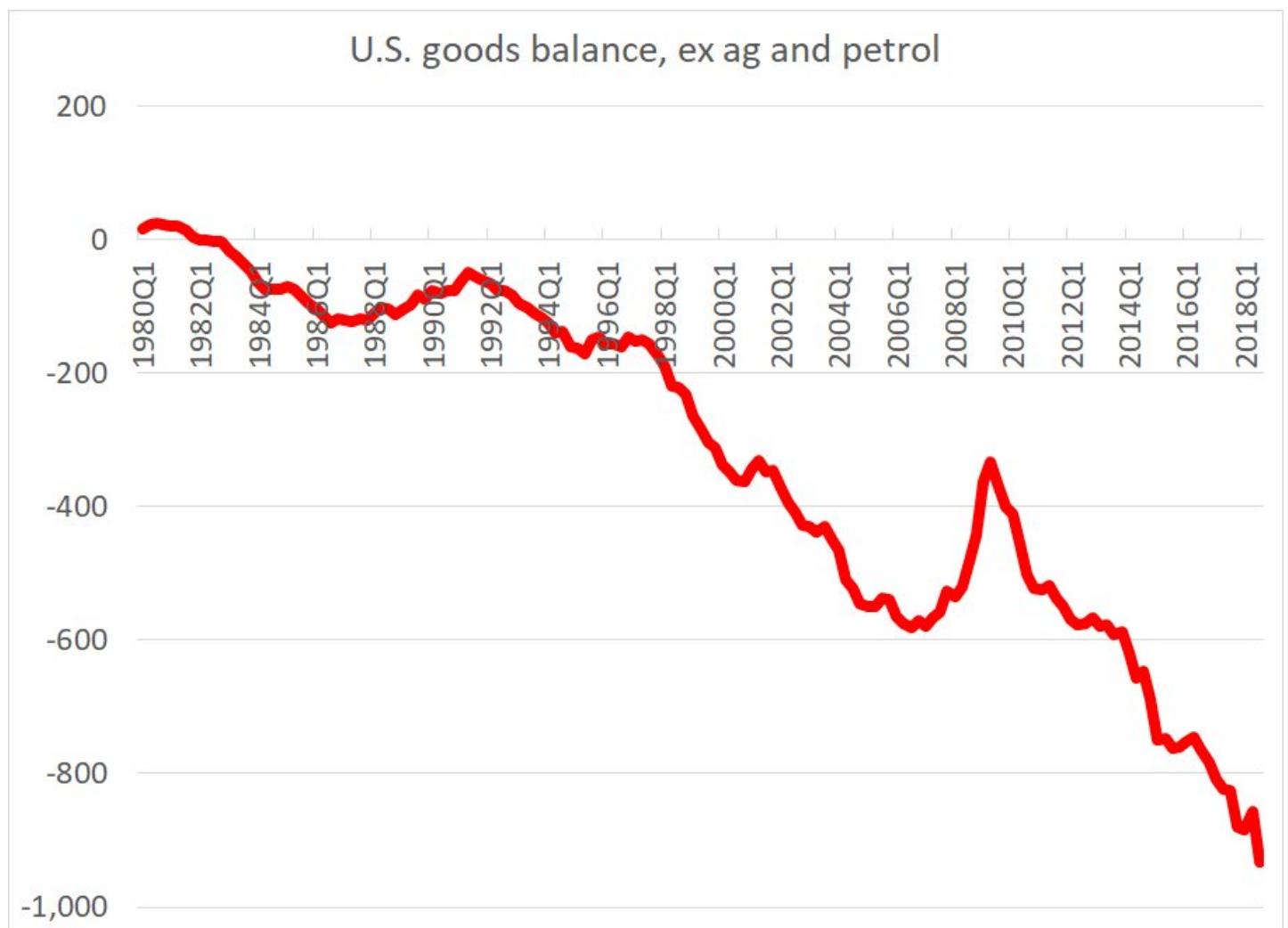


**Brad Setser**

@Brad\_Setser

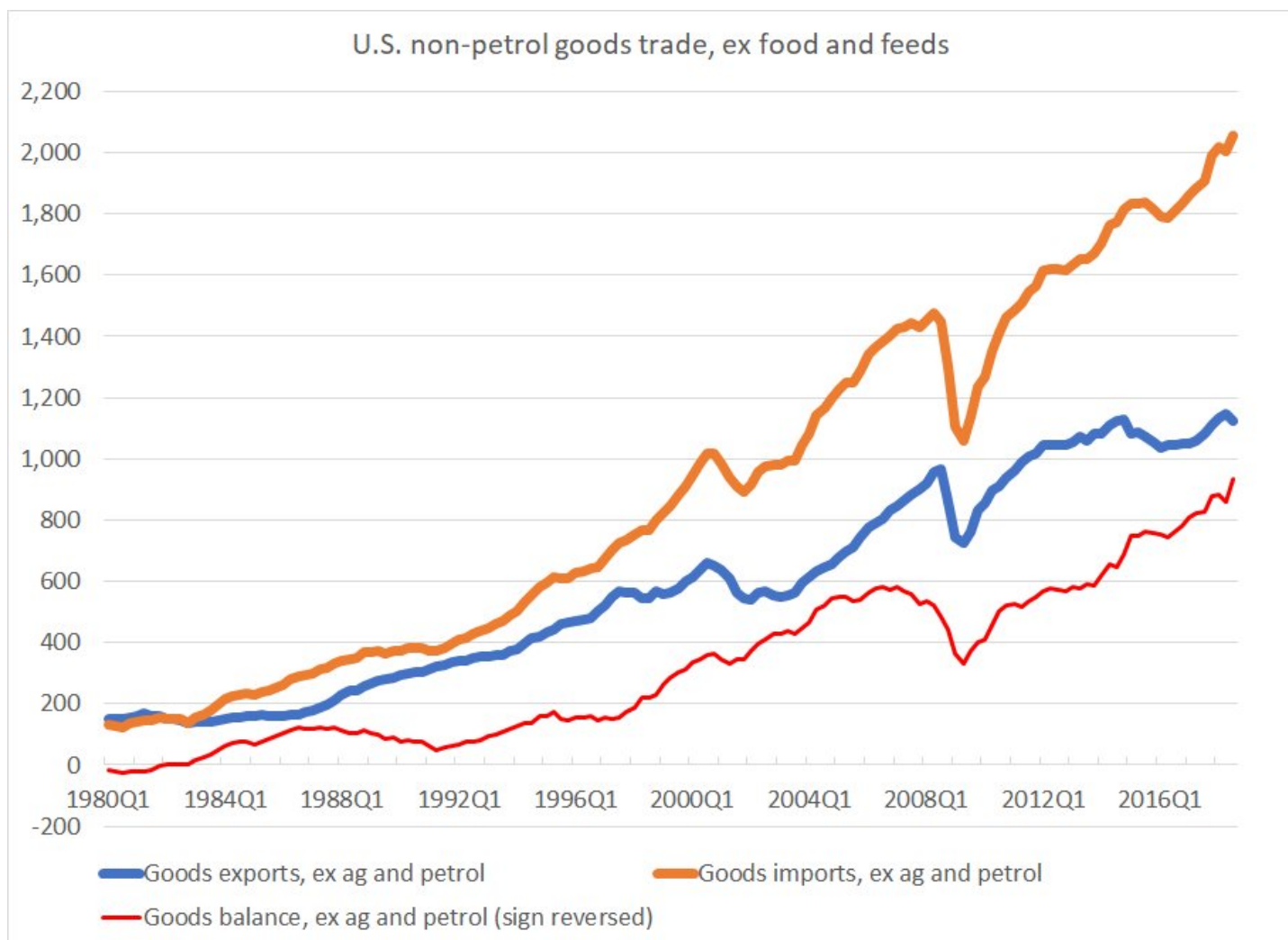


The manufacturing trade deficit is up significantly in the first two years of the Trump Presidency. Pretty clear that stimulus and a strong dollar has had a bigger effect than his trade protectionism.



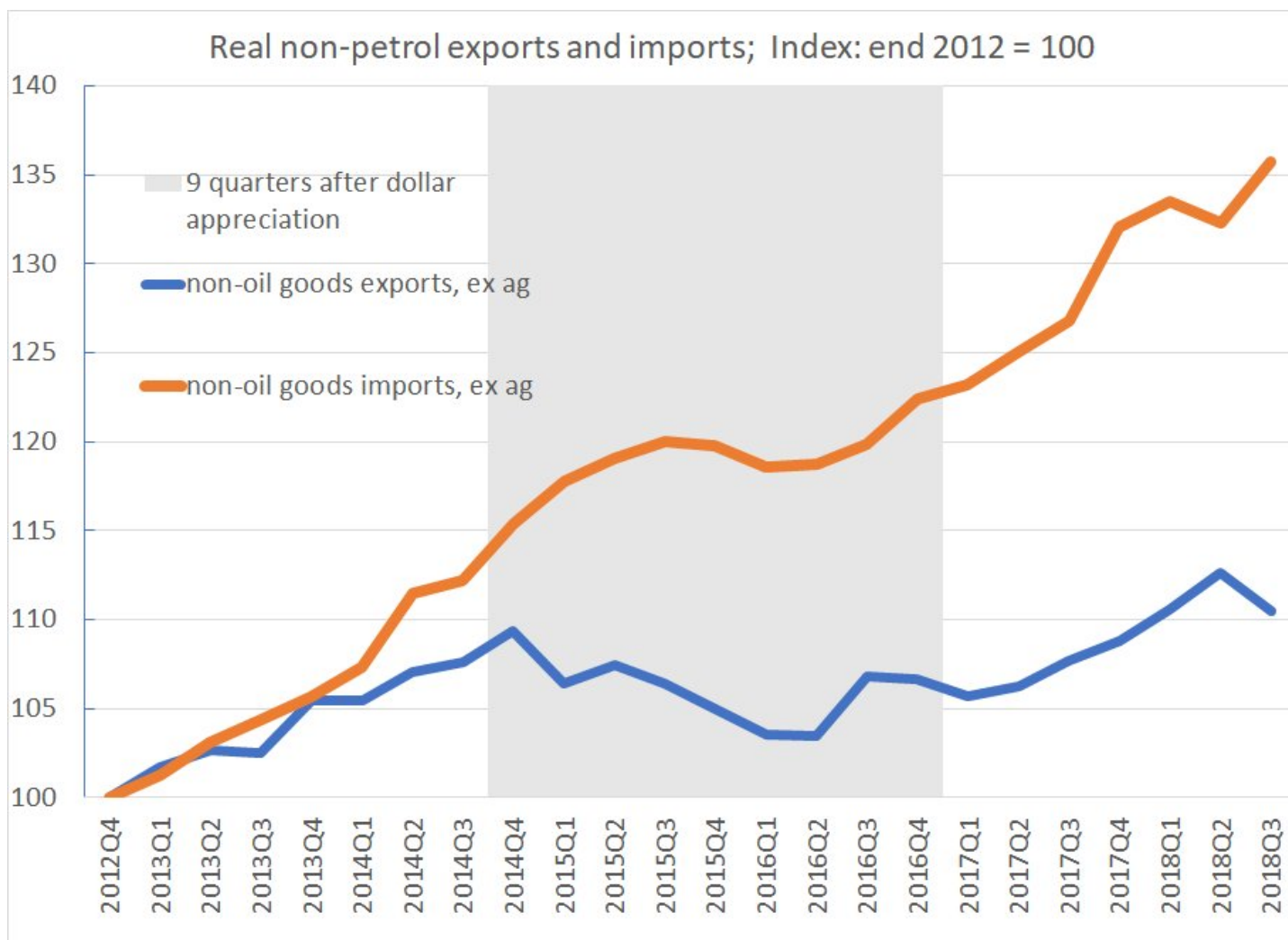
Stimulus has meant strong import growth. Strong dollar has meant weak export growth. Shows up clearly in the nominal data.

Deficit in goods trade ex ag and petrol is closing in on a trillion dollars (tis just under 5% of GDP)



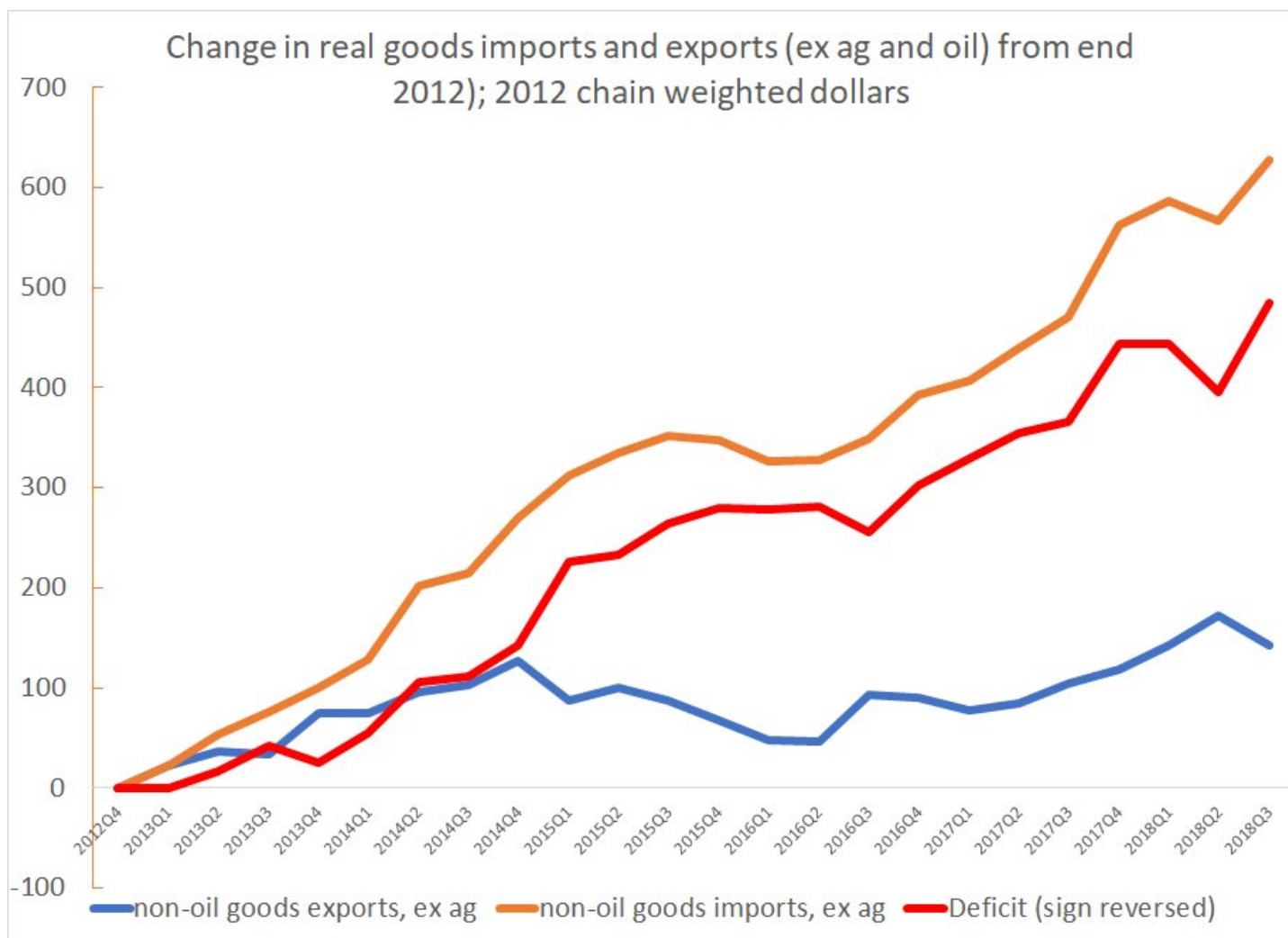
And since the strong dollar is holding down import prices, the "real" change is likely even bigger ...

Export growth hasn't kept up with import growth since the dollar appreciated in 2014. In fact exports of manufactures haven't grown at all in last 4 years



I know there are technical problems with this measure but it still gives some indication of scale; the "real" non-petrol goods deficit (ex ag) is up \$180b (e.g. just under a pp of GDP) in Trump's first 7 quarters.

& that follows on a big increase after the dollar's 14/15 move



p.s. adding services here wouldn't change much (and there isn't any true data for most services for q3, a lot of services trade is estimated in the monthly data)

adjustment that matters is taking out petrol --

real petrol deficit fell in 2017 (less so in 2018)

and huge swing in real and nominal over time

Petrol exports and imports, as a % of US GDP

