Imports, exports both drop

WILFREDO LEE / The Associated Press

A container is unloaded from the Seaboard Sun in the Port of Miami. U.S. companies sold fewer products overseas in February but the trade deficit still narrowed.

February trade deficit narrows

By Martin Crutsinger
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WASHINGTON — U.S. companies sold fewer products overseas in February, but the trade deficit narrowed because of a big decline in oil imports.

The trade deficit fell 2.6 percent to $45.8 billion in February, the Commerce Department reported Tuesday.

Exports, which had hit an all-time high in January, edged down 1.4 percent to $165.1 billion. Sales of U.S. autos, industrial machinery and food products all dropped.

Imports fell 1.7 percent to $210.9 billion. A big reason for the decline was that demand for crude oil fell to a 12-year low, which offset higher prices. The United States also imported fewer cars and computers.

Analysts expect oil imports to rise in the months ahead. The price of oil rose further in March and is now trading at around $110 per barrel. That would likely lead to an increase in the deficit and slow economic growth.

Before the jump, economists expected trade to have a minimal impact on U.S. economic growth this year. But now analysts say the gains in exports could be blunted by higher oil prices. Growth slows when imports outpace exports.

For the first two months of this year, the trade deficit is running at an annual rate of $556.4 billion. Last year's imbalance totaled $495.7 billion, a 32.8 percent increase from 2009.

For February, the deficit with China declined 19 percent to $18.8 billion. That still was the largest trade gap the United States has with any country.