

U.S. EXPORTS IN THE GLOBAL MARKETPLACE



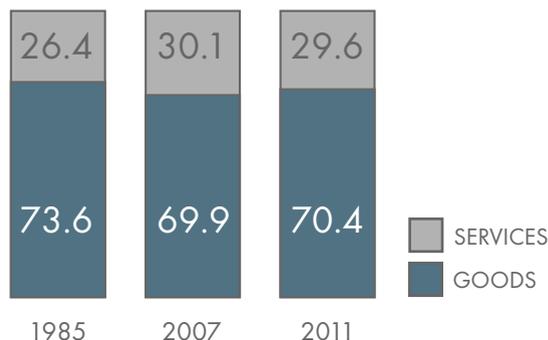
19.0%

13.4%

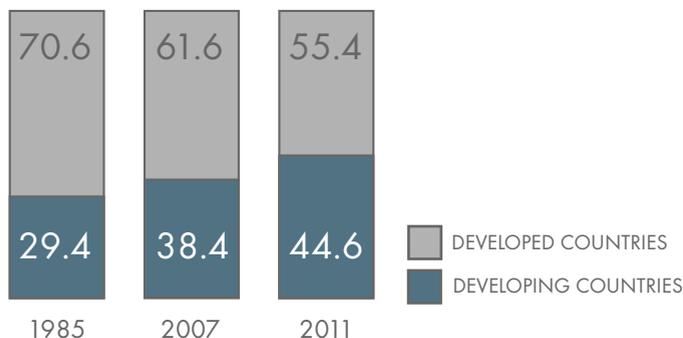
Export growth is an important source of aggregate growth in the U.S. economy. Indeed the importance of exports in contributing to U.S. economic growth has increased steadily over the past three decades, with exports nearly doubling as a share of gross domestic product.

Export growth has been championed as a key driver for the country's ongoing economic recovery. Generally speaking, exports of goods and services produced in the United States depend crucially on foreign demand. When foreign economic growth is low, foreign demand tends to be weak as people have less income to purchase U.S. goods and services. In this way, lower foreign growth may lead to less growth in U.S. exports. Kansas City Fed Economist Jun Nie and Research Associate Lisa Taylor's analysis, however, found that this relationship between U.S. export growth and foreign economic growth varies from region to region.

The United States exports both goods and services to countries throughout the world, with goods accounting for the majority of total U.S. exports.



The bulk of U.S. export goods historically has been destined for developed countries, but the share of goods exported to developing countries has increased since the 1980s.



T

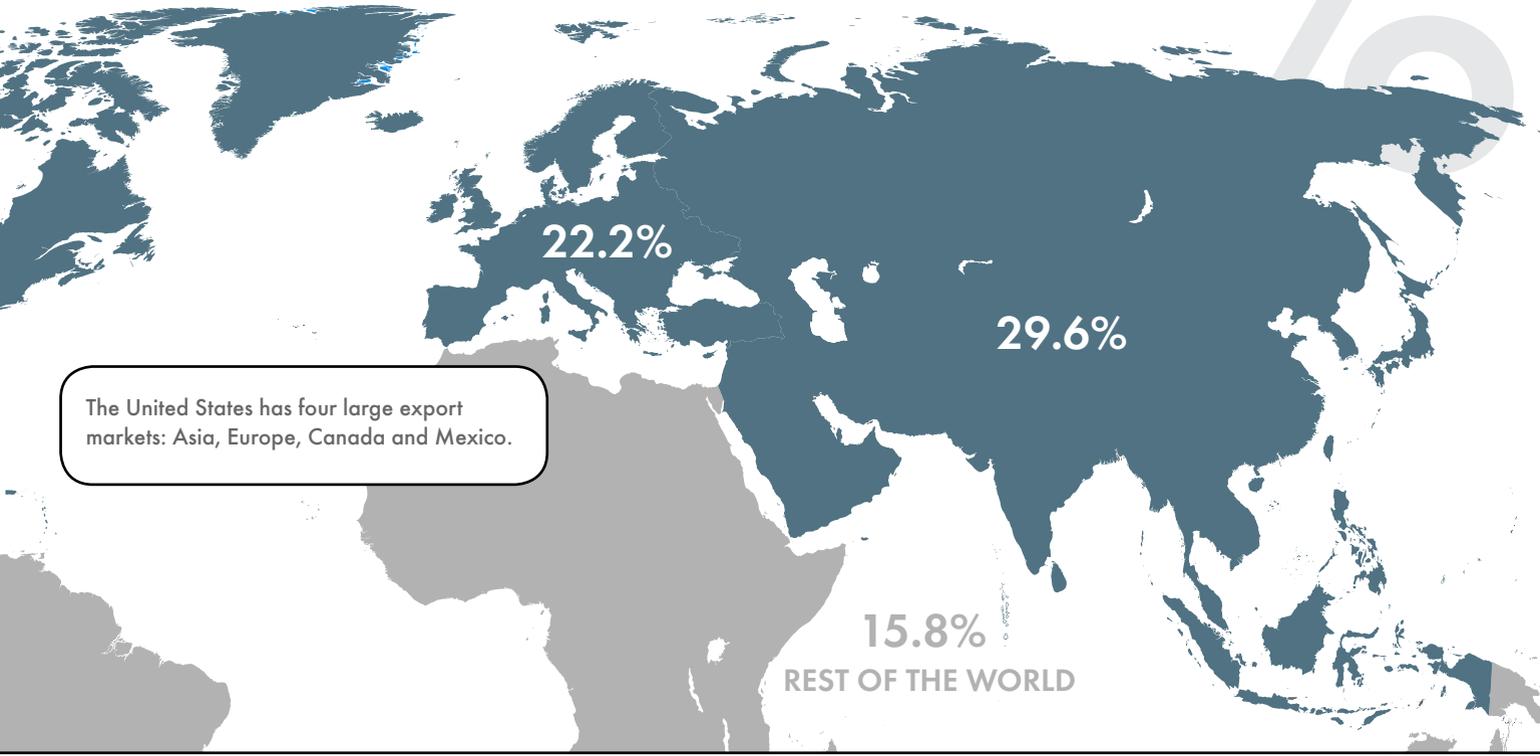
FURTHER READING

"Economic Growth in Foreign Regions and U.S. Export Growth"

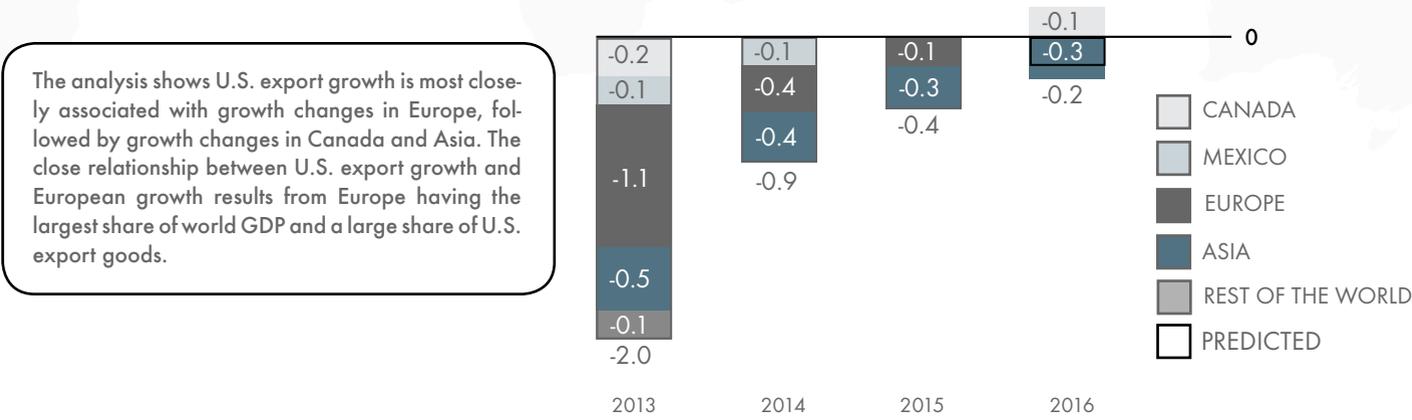
Jun Nie and Lisa Taylor
www.bit.ly/jun-taylor

SOURCES: Badan Pusat Statistik, Banco Central de Reserva del Perú, Bureau of Economic Analysis, Census Bureau, Central Statistics Office (India), European Commission, Federal Reserve Board, Haver Analytics, Instituto Brasileiro de Geografia e Estatística, IMF, National Bureau of Statistics of China, Russian Federation Federal State Statistics Service, Singapore Department of Statistics, Statistical Office of the European Communities, and authors' calculations.

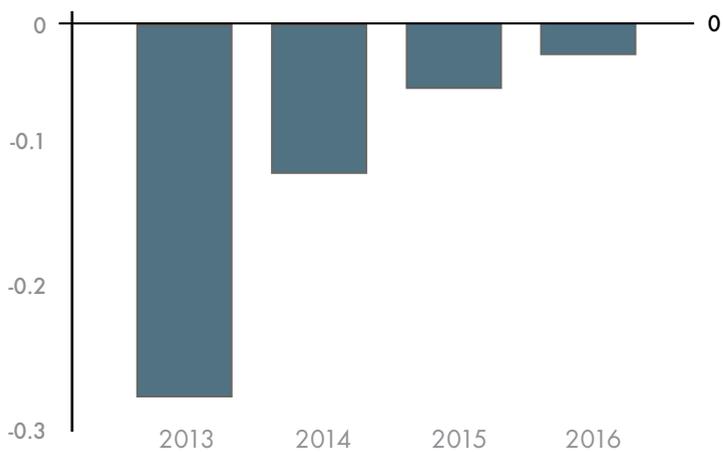
SHARE OF U.S. EXPORT GOODS BY REGION IN 2011



DECOMPOSITION OF THE CHANGE IN PREDICTED U.S. EXPORT GROWTH



IMPLIED CHANGES IN U.S. REAL GDP GROWTH



The analysis also can be applied to forecast future U.S. export growth. From September 2011 to October 2012, the IMF revised downward its estimates for growth prospects across different regions. Based on these projections of slower economic growth in foreign regions, particularly in Europe and Asia, U.S. export growth is expected to be 2.0 percentage points lower in 2013 and 0.9 percentage point lower in 2014 than previously estimated. Consequently, the contribution of annual U.S. real export growth to U.S. real GDP growth is projected to be reduced by 0.4 percentage point in the 2013-14 period.