

US Trade balance in August

United States



**Credit
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The trade balance recorded its largest deficit since March 2025. Mexico and Taiwan's share of total U.S. imports continues to rise due to AI

In August, the United States trade deficit reached US\$105.6 billion (bn), the largest since March 2025 (US\$132.9bn). This behavior was mainly driven by a 10.2% monthly increase (m/m) in the non-oil goods deficit, which has been rising in part due to growing imports tied to capital goods related to Data Centers investments. This upward trend has also shifted the market share of the U.S.'s main trading partners. Mexico's participation¹ in total imports from the US rose from 17.2% in August 2025 to 18.0% in the identical month this year, while Taiwan's share grew from 6.7% to 7.3% over the same period. HR Ratings anticipates that this structural shift will endure as long as Artificial Intelligence (AI) related investment levels remain strong and that the current regulatory treatment of these components, particularly those originating from Mexico, is not subject to significant modifications.

As shown in Figure 1, the U.S. trade deficit expanded 13.7% m/m. While the services surplus remained steady at around US\$31bn, the most significant changes occurred in the goods balance, where the deficit grew 10.3% m/m. Within this category, the oil goods balance showed a surplus hovering around US\$9.4bn, a slight reduction of -0.8% m/m. This decline was smaller than those observed in June and July (-33.0% m/m and -20.0% m/m, respectively), months in which the balance was impacted by higher nominal import values caused by the conflict in the Middle East. On the other hand, the non-oil goods deficit rose 10.2% m/m to US\$141.5bn. This was partly driven by the monthly increase of imports in capital goods, except automotive (+US\$6.1bn), which has accelerated in recent months due to heavy U.S. investment in Data Centers.

Figure 1. Evolution of the U.S. trade balance

	Figures in billions of dollars						Monthly change			
	Aug-24	Aug-25	May-26	Jun-26	Jul-26	Aug-26	May-26	Jun-26	Jul-26	Aug-26
Total	-71.2	-59.6	-75.8	-71.2	-92.8	-105.6	19.8%	-6.0%	30.4%	13.7%
Goods	-97.9	-88.2	-106.3	-102.0	-123.8	-136.6	18.1%	-4.0%	21.4%	10.3%
Oil goods	4.3	3.5	17.7	11.8	9.5	9.4	289%	-33%	-20%	-0.8%
Non-oil goods	-100.4	-88.7	-123.0	-112.9	-128.4	-141.5	28.8%	-8.2%	13.7%	10.2%
Net adjustments	-1.1	-3.0	-0.9	-0.9	-5.0	-4.5	n.a.	n.a.	n.a.	n.a.
Services	26.7	28.6	30.5	30.8	31.0	31.0	14.0%	0.9%	0.6%	0.1%

Source: HR Ratings based on US Census Bureau and FRED data. Seasonally adjusted nominal figures. Due to seasonal adjustments and rounding, the sum of the accounts may vary from the totals.

¹ In the last twelve months, Mexico's participation in total US imports reached 17.1% vs. 15.2% in August 2025.



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On an annual basis (y/y), the trade deficit surged 77.0%, marking the fifth consecutive month of an upward trajectory. Total exports grew 10.7% y/y, primarily led by a 47.0% y/y spike in oil exports. This boost was partly due to international buyers from Europe and Asia massively redirecting their demand toward U.S. crude oil following the closure of the Strait of Hormuz. Meanwhile, import growth stood at 22.2% y/y driven by goods imports which jumped 28.4% y/y. In contrast, services imports expanded by just 0.9% y/y.

As noted at the beginning, Mexico's share in monthly U.S. goods imports has continued to climb, as illustrated in Figure 2. Over the last five years, its participation has grown from 14.2% in August 2022 to 18.0% in August 2026, making it the largest among all trading partners. Taiwan has also seen a notable evolution tied to U.S. capital goods imports (semiconductors). Since August 2022, its market share has increased from 3.0% to 7.3%, thereby achieving the fourth position in importance. In fact, driven by the tech boom, Taiwan's share has even surpassed China's in certain months.

Figure 2. Monthly imports of goods from the U.S. by exporting country

	Aug-24	Aug-25	Aug-26	Annual change*	Aug-22	Participation				Change in bp.*
						Aug-23	Aug-24	Aug-25	Aug-26	
Mexico	43,748	45,146	60,637	34.3%	14.2%	15.7%	15.8%	17.2%	18.0%	86
Canada	33,036	29,404	35,980	22.4%	13.7%	13.6%	11.9%	11.2%	10.7%	-48
China	39,851	25,133	27,134	8.0%	17.8%	13.8%	14.4%	9.6%	8.1%	-149
Taiwan	11,766	17,734	24,654	39.0%	3.0%	3.1%	4.2%	6.7%	7.3%	59
South Korea	10,420	10,162	15,202	49.6%	3.4%	3.7%	3.8%	3.9%	4.5%	66
Japan	13,466	11,146	13,052	17.1%	4.3%	5.2%	4.9%	4.2%	3.9%	-36
Germany	11,660	11,994	11,993	0.0%	4.4%	4.6%	4.2%	4.6%	3.6%	-100
Others	113,692	112,130	147,519	31.6%	39.4%	40.3%	40.9%	42.7%	43.9%	122
Total USA	277,641	262,849	336,170	27.89%	100.0%	100.0%	100.0%	100.0%	100.0%	n.a.

Source: HR Ratings based on US Census Bureau data. Not seasonally adjusted data, millions of USD.

*Changes compared to the previous year.

For its part, the sharpest decline has been observed in China, whose total share fell from a peak of 24.2% in September 2015 to 8.1% in August 2026. This drop was primarily triggered by the Trade War between the U.S. and the Asian economy, which began when the Trump administration launched a tariff campaign targeting billions of dollars worth of Chinese goods. Recently, we have also noticed a decline in Canada's share, which fell from 11.2% in August 2025 to 10.7% this August. This figure could continue to decrease if recent trade tensions between the two countries keep escalating, which could also impact on USMCA final negotiations. Other key partners like Japan and Germany have maintained stable market shares in recent years, while South Korea reached 4.5% in August 2026, becoming the fifth most important partner also due to imports related to AI development.

As previously mentioned, massive investments in AI have widened the U.S. trade deficit while boosting the market share of Mexico, Taiwan, and South Korea. In the foreseeable future, Capital expenditure (Capex) related to this technology is expected to rise as the competition between the United States and China to become the AI "winner" intensifies.

The external sector has emerged as a significant source of strength for the Mexican economy, particularly in regard to the current weak domestic environment, as a result of the extraordinary increase in exports of servers and computer equipment, particularly to the United States. However, a significant risk arises from the possibility that the Trump administration may seek to implement rules of origin for these exports similar to those in the automotive sector. This move could potentially reverse the strength that has been observed over the last couple of years, impacting on growth expectations going forward, especially given the risks currently facing economic activity.



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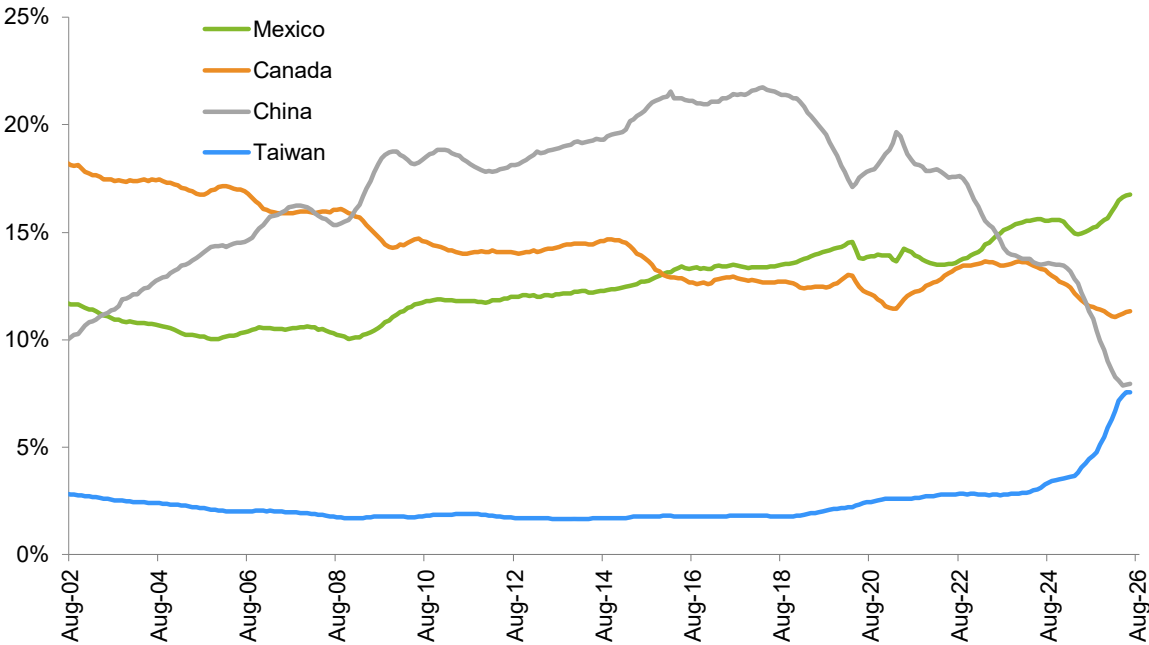


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Figure 3. Last Twelve Months Participation of major trading partners in US imports



Source: HR Ratings with data from the United States Census Bureau. LTM basis, seasonally unadjusted data.



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