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US Trade Deficit Hits $71.5 Billion as Tariffs Disrupt Commerce

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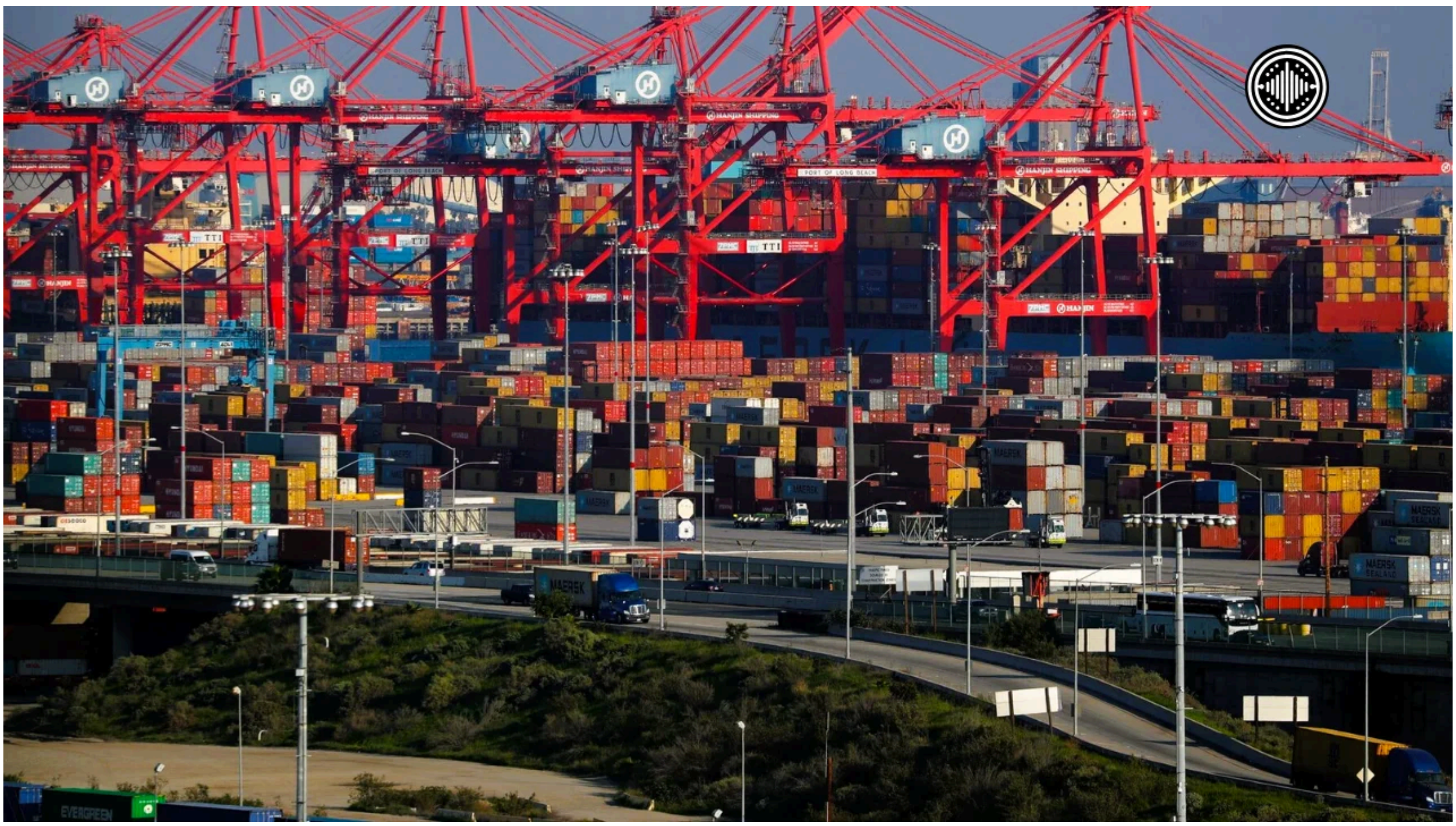

The United States trade deficit expanded sharply in May, underscoring how tariffs imposed by President Donald Trump are reshaping the country's trade flows and fueling economic uncertainty.

According to the Commerce Department's data released on Thursday, the trade gap climbed to $71.5 billion in May from $60.3 billion in April. This wider deficit came as both imports and exports fell, highlighting the strain businesses face in navigating rapidly changing trade policies.

Imports dipped slightly by 0.1 percent to $350.5 billion. While automotive imports and parts edged higher, incoming shipments of consumer goods dropped by $4 billion, with clothing and toys seeing some of the steepest declines. Many companies have scaled back or delayed purchases, waiting to see whether tariffs would ease or intensify.

On the export side, American shipments fell 4 percent to $279 billion. Exports of industrial supplies and materials took the biggest hit, reflecting how global supply chains have been disrupted by tit-for-tat trade actions.

Since the start of the year, the Trump administration has levied sweeping tariffs, including a 10 percent duty on many key trading partners. In April, tensions spiked further when the president imposed more aggressive tariffs on a broad range of goods from China. That escalation prompted both countries to raise tariffs to punishing levels, which discouraged trade and led firms to either stockpile goods in advance or freeze shipments altogether.

While some tensions eased in mid-May after Washington and Beijing agreed to pause further tariff hikes, the future remains unclear. A key deadline looms on July 9, when the temporary suspension of higher duties on dozens of economies, including the European Union, Japan, and South Korea, could expire.

Bernard Yaros, lead United States economist at Oxford Economics, warned that trade is likely to remain volatile. “A worst-case tariff outcome this month would apply further downward pressure on imports,” he said. He noted that while some deals, such as an agreement with Vietnam announced this week, have helped avoid the harshest penalties, the broader uncertainty has made it difficult for businesses to plan.

Despite the larger trade gap, some analysts believe the Federal Reserve will look beyond these monthly swings in trade data. Carl Weinberg, chief economist at High Frequency Economics, said the report doesn’t significantly alter the central bank’s view that the overall economy remains resilient. Still, he cautioned that weakness in consumer and business spending could be a more telling sign of where the economy is headed.

As companies and policymakers brace for the July tariff deadline, many will be watching closely to see whether trade tensions ease or escalate once again.