

## The Ebury Monthly Goods Trade Monitor

### UK sinks into record-breaking goods trade deficit with the US

- UK posts two consecutive quarterly deficit in the trade of goods with the US for first time since 1998 – driven by strong USD and surging fuel imports
- Weakening UK trade performance and devalued Pound sterling cause for concern amid economic storm facing UK
- Businesses in the UK trading internationally urged to hedge currency risk to ‘control the controllables’

**London, 16 August 2022:** Analysis of the latest trade in goods data from **global financial services firm Ebury** demonstrates the weakening trade performance of the UK with the United States – the nation’s largest single-country export partner.


In Q1 and Q2 2022, the UK imported £15.0 billion – a quarterly record – and £13.8 billion worth of goods from the United States as imports bounced back from a pandemic-induced dip in 2020 and 2021, and fuel imports shot up.

In contrast, exports are yet to return to their pre-pandemic levels and reached just £11.9 billion and £13.1 billion through the same quarters.

It marks a trade deficit of £3.1 billion for Q1 – the largest negative goods gap with the US ever recorded – and £0.7 billion in Q2 which marks the first time the UK has recorded a negative balance since Q2 2011, and the first time the UK has recorded two consecutive quarters of deficits since 1998.



Rising imports of fuels were a key driver of the goods deficit with figures recording imports of £6.0 billion and £4.6 billion in Q1 and Q2 2022 respectively compared to £1.0 billion and £1.4 billion in the comparative quarters a year earlier.



**Jack Sirett, Head of Dealing at Ebury**, said a strengthening US dollar against the sterling was likely to increase the cost of importing from the US and ramping up inflationary pressures in the UK.

“The goods trade deficit figures with the United States this year are unprecedented. The opening quarter to the year represented the largest ever deficit, and two consecutive quarters of trading goods in deficit has not been recorded since the start of the Millennium.

“Evidently, the devalued pound against the dollar this year has bumped up the value of imports from the US. We have also seen more businesses eyeing up the North American market with the EU representing a less attractive market in the wake of Brexit, while supply chain issues and shipping costs have seen imports from China dip too.

“As inflationary pressures continue to build in the UK ahead of the October energy price cap hike, the combination of growing imports from the States and a strengthening USD will add further to that volatile cocktail.

“Our message to businesses in the UK that trade internationally is clear: control what you can control. For the most part this means hedging currency risk to achieve stability and certainty over pricing for the near-term and mitigate any volatility in the market as Central Banks continue to be a central driver.”

– ENDS –

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**Footnotes**

**1 – ONS**, UK trade: June 2022:

<https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/june2022>

**About Ebury**

Ebury is a fintech company offering financial solutions aimed mainly at SMEs and midcaps. It specialises in international payments and collections, offers foreign exchange activity in over 130 currencies for both major and emerging markets, as well as cash management strategies, trade finance, and foreign exchange risk management.

Founded in London in 2009 by Spanish entrepreneurs Juan Lobato and Salvador García, the company has grown its global market presence to a network of 32 offices in 20 countries and more than 1,300 employees. The volume of transactions executed by Ebury amounts to \$21 billion annually.



Throughout its history, the company has received more than 25 international awards, including the Financial Times 1000 Europe's fastest-growing companies 2020 and The Sunday Times Tech Track 100. All these recognitions place Ebury as one of the leading European fintech companies.