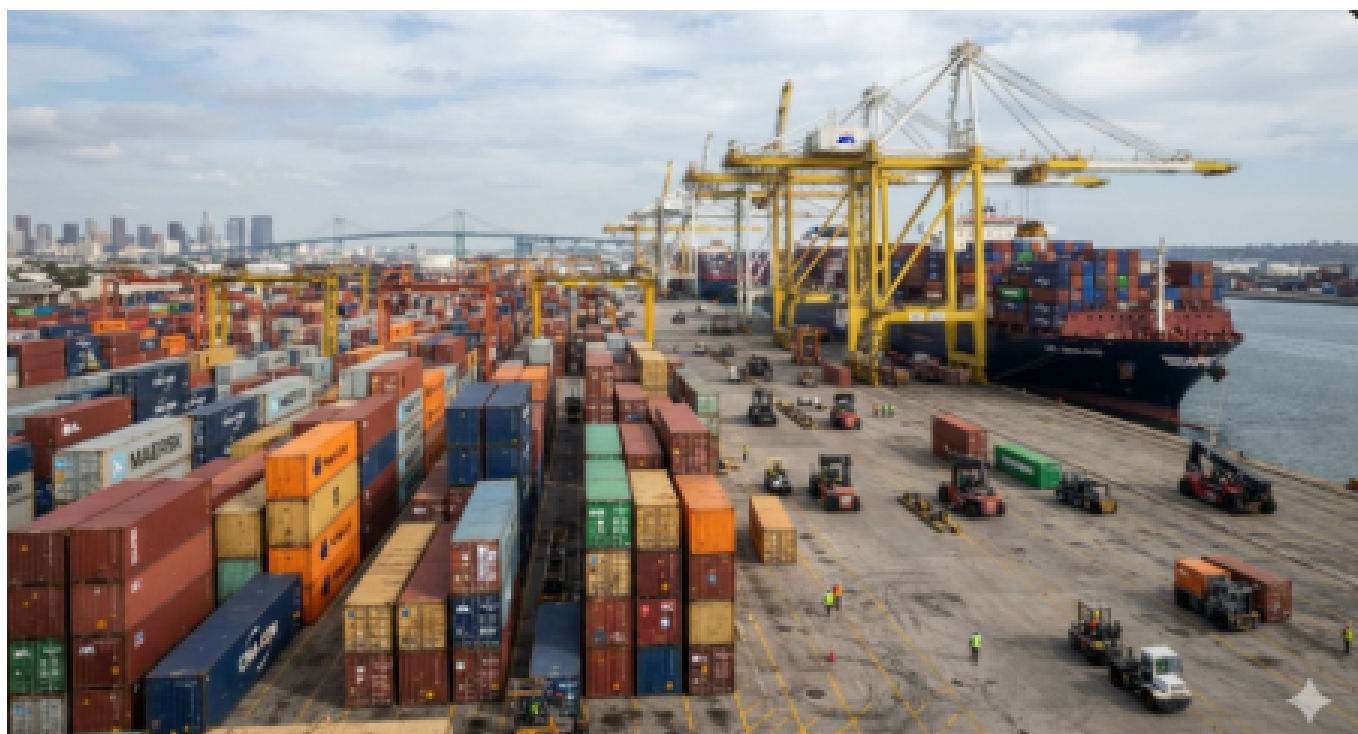


NEWS | GLOBAL TRADE

US Trade Deficit Widens to \$105.6 Billion as Imports Hit a Record, Tariffs Notwithstanding

The US trade deficit the largest since March 2025, as imports hit a record \$420.8bn despite sweeping tariffs.

By **Manasee Kurlekar** | October 7, 2026



Washington built a tariff wall. Imports climbed right over it.

The US trade deficit widened to \$105.6 billion in August 2026, up from a revised \$92.8 billion in July and above market expectations of \$102 billion. That's the largest gap since March 2025, when the deficit hit an all-time record of \$133 billion just before the tariffs kicked in.

Imports at an all-time high

The driver was a \$17.2 billion jump in imports, taking them to a record \$420.8 billion. Exports also grew, rising \$4.5 billion to \$315.2 billion, but nowhere near enough to keep pace.

The import surge was concentrated in two buckets:

Industrial supplies: up \$9.1 billion, led by crude oil and nonmonetary gold.

- **Capital goods:** up \$6.2 billion, on stronger purchases of semiconductors and industrial machinery.

On the export side, industrial supplies rose \$6.3 billion, again led by gold and crude, while capital goods including semiconductors and computers added \$1.3 billion. Pharmaceutical exports fell \$2.4 billion.

Why tariffs aren't biting

The pattern this year has been driven less by tariff rates and more by shocks. The conflict in the Middle East has lifted global demand for US petroleum products, while American firms have been stockpiling goods and materials to guard against supply-chain disruptions. Gold and oil flows, both volatile and price-sensitive, are inflating the headline numbers in both directions.

Then there's the AI build-out. Strong semiconductor and machinery imports reflect companies racing to equip data centres, a type of demand tariffs do little to deter when the alternative is falling behind.

The bigger trend

August reverses months of apparent progress. In the first half of 2026, the cumulative trade gap narrowed to \$371.2 billion, down from a record \$560.5 billion a year earlier, as flows normalised after the tariff announcements and the import front-loading before them. For 2025 as a whole, the US ran a trade deficit of nearly \$900 billion, broadly unchanged from the previous year.

Trade policy remains fluid. Washington recently extended the US-China trade truce to 10 January 2027, prolonging tariff relief and rare-earth flows.

The September figures are due on 4 November 2026. A wider gap typically subtracts from GDP, though the economy is holding up for now: the Atlanta Fed's GDPNow tracker puts third-quarter growth at 3.7%.

The WBW take

Tariffs can change *where* America buys from. They struggle to change *how much* it buys. Mainstream economists have long argued that trade deficits reflect a simple reality: Americans spend more than they produce, and imports fill the gap. August's record suggests that equation still holds, tariffs or not. When oil shocks, gold rallies and an AI chip rush all hit at once, a tax on imports looks less like a wall and more like a toll booth.

Read online: <https://worldbusinesswatch.com/news/36/223/us-trade-deficit-widens-to-105-6-billion-as-imports-hit-a-record-tariffs-notwithstanding.html>

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