

## EXPORTS SURGE IN FEBRUARY AS US SALES BOOM

Canadian exports rose 3.6% in February, the biggest gain in 2 years, as almost every sector shared in a boom of exports to the USA. Imports rose by 2%, as Canada's trade deficit turned into a surplus of \$290 million. Export volumes gained 2.2%, but prices also helped with a 1.4% gain for the month.

## AUTOMOTIVE EXPORTS IN OVERDRIVE, ALONGSIDE MACHINERY AND METALS

The top performer was Canada's automotive sector which rose by 9.7%, because of a massive 24% rise in exports of auto parts. Metals also had a strong February rising 6% mainly because of rising copper shipments. Industrial machinery and equipment gained 4.2%, because of strong sales of agriculture and metalworking machines, driven by strong business investment south of the border. Overall, the gains were broadly shared with nine of the eleven major export categories recording growth on the month. Only agriculture disappointed, declining by 7.7% as extreme cold aggravated Canada's transportation problems. Canada's wheat, canola and other crops were all down sharply in spite of record inventories as rail companies that were already struggling with capacity, had to reduce the number of cars due to frigid temperatures.

## US ECONOMY DRIVING GROWTH

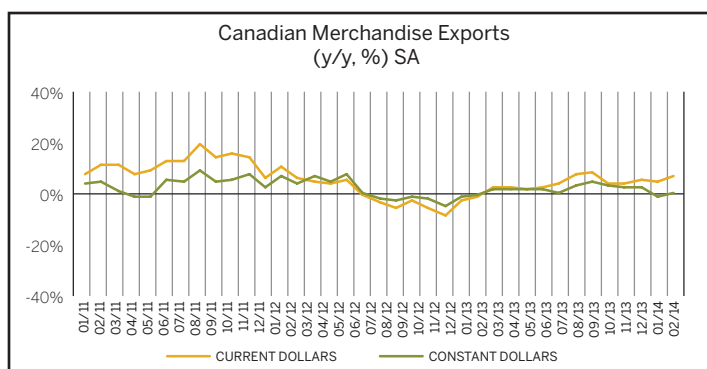
Canada's strong export performance this month was driven mainly by a 4.4% increase in sales to the US, and this is unusual for two reasons. Firstly, America's overall imports rose just 0.4% in February, making Canada's 4% gain disproportionately large relative to the rest of the world. Secondly, Canada's exports had healthy gains in spite of extreme weather in the US which has been depressing economic activity. Many construction and homebuilding projects were put on hold in February because of frigid temperatures which also kept many consumers away from auto dealers. With weather improving, we are looking for big gains in the months ahead as the US economy is gaining speed and construction picks up in a strong investment environment. Canada's agriculture sector is set for major gains as the rail companies catch up with the backlog in grain shipments. All this combined with rising GDP growth in Europe and Japan, is pointing to a much stronger 2014 for Canadian exporters.

SECTOR PERFORMANCE									REGIONAL PERFORMANCE				
Sector	Growth Rate		Price Change		Rank		Provincial Contribution		Regions	Growth Rate		Rank	
	m/m	YTD	m/m	YTD	Current Month	YTD	Strongest	Weakest		m/m	YTD	Current Month	YTD
Automotive products	9.7%	2.2%	0.9%	5.5%	1	5	ON	AB	United Kingdom	31.3%	-46.1%	1	6
Energy Products	4.3%	21.8%	3.2%	16.3%	2	1	BC	AB	Japan	11.9%	-1.9%	2	5
Machinery and Equipment	4.2%	3.6%	0.3%	2.3%	3	4	ON	QC	United States	4.4%	10.1%	3	2
Other Consumer Goods	1.9%	9.2%	0.5%	2.3%	4	3	QC	SK	Other OECD Countries	0.8%	5.3%	4	3
Industrial Products and Materials	1.5%	-0.3%	0.3%	-0.4%	5	7	NB	AB	Emerging Markets	-3.8%	3.0%	5	4
Forestry Products	-1.5%	10.6%	0.2%	5.0%	6	2	QC	BC	EU (excluding UK)	-4.5%	10.7%	6	1
Agriculture and Fishing Products	-6.8%	0.0%	-0.9%	-0.7%	7	6	NS	SK					
TOTAL EXPORTS	3.6%	6.2%	1.0%	3.1%			ON	AB	TOTAL EXPORTS	3.6%	6.2%		

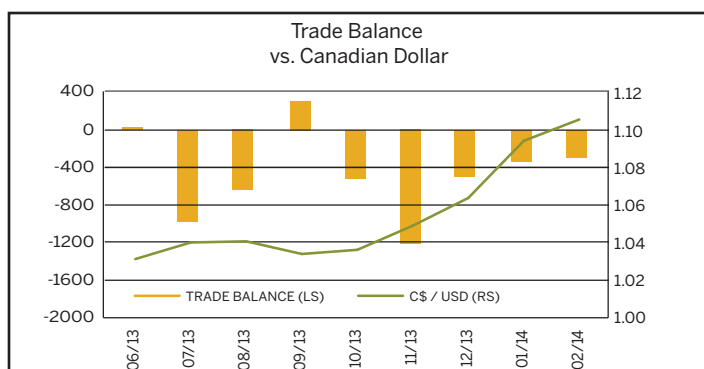
# EXPORT PERFORMANCE MONITOR

Economic & Political Intelligence Centre

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Source: Statistics Canada



Sources: Statistics Canada, Bank of Canada, Haver

## PROVINCIAL PICTURE

Province	Growth Rate		Top Contributor		Weakest Contributor	
	m/m	YTD	Sector	Contribution	Current Month	Contribution
NL	-1.1%	34.6%	Energy Products	0.4%	Agriculture and Fishing Products	0.0%
PE	-13.1%	36.5%	Forestry Products	0.0%	Other consumer goods	-0.2%
NS	39.5%	29.5%	Energy Products	0.9%	Industrial Products and Materials	-0.1%
NB	-8.3%	-5.0%	Industrial Products and Materials	1.1%	Energy Products	-1.3%
QC	2.1%	8.3%	Other consumer goods	1.5%	Machinery and equipment	-1.0%
ON	4.3%	-0.2%	Automotive products	14.3%	Industrial Products and Materials	-1.2%
MB	-6.2%	2.3%	Machinery and equipment	0.4%	Agriculture and Fishing Products	-2.1%
SK	-11.6%	-5.7%	Industrial Products and Materials	0.7%	Agriculture and Fishing Products	-2.3%
AB	-12.1%	9.9%	Machinery and equipment	0.6%	Energy Products	-10.3%
BC	7.7%	10.5%	Energy Products	1.3%	Forestry Products	-0.9%

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