

## EXPORTS DECLINE IN MARCH ON LOWER PRICES

Canadian exports fell 1.4% in March, as a 0.7% rise in volumes was overshadowed by a 2% fall in prices. Imports rose by 0.4%, lowering Canada's trade surplus to just \$79 million.

## ENERGY EXPORTS TUMBLE, BUT MACHINERY AND METALS SHOW HEALTHY GAINS

The decline in March was mainly caused by energy exports, which fell by 7.9%, due to a 7.3% fall in crude oil sales and a 16.4% decrease in natural gas. However, this was a result of falling energy prices as volumes edged down only slightly. Canada's forestry exports shrank by 8.0% as a 19% gain in logs and wood sales could not compensate for a 8.5% drop in pulp and paper alongside an 8.6% decline in building and packaging materials. Thankfully, the star performer in March was the metals sector where exports rose 8.0% due to a 20.2% gain in precious metals, a 25.1% gain in nickel sales and a 9.5% rise in aluminum. Sales of industrial machinery received a solid 4.1% gain that was broadly spread across the subcategories as commercial and service industry machinery rose 18.3%, construction and mining equipment rose 2% and other machinery gained 7.9%. Finally Canada's agriculture exports gained 6.2% as the beleaguered rail industry benefited from improving weather to boost shipments. Canada's canola exports rose 40.8% in March, climbing to their third strongest month ever on record. Overall, six of the eleven major categories increased during the month.

## US AND EUROPEAN ECONOMIES POINTING TO STRENGTH AHEAD

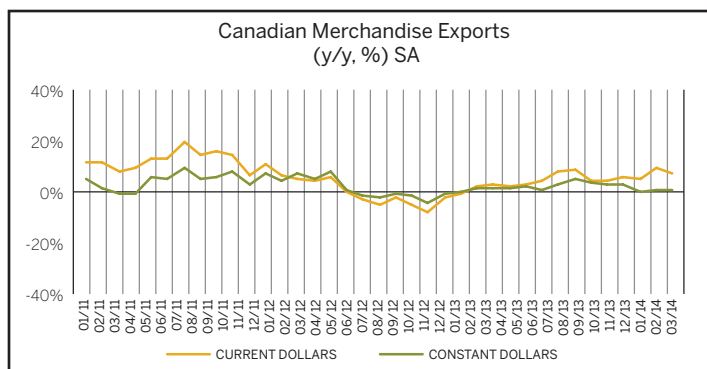
The strongest export gains in March went to Europe which saw increases across a wide variety of categories as confidence continues to rise and the economy returns to growth. Sales to the UK were particularly strong, but were driven by precious metal sales which can be highly volatile. Canada's exports to the US fell by 2.5%, but this was caused by lower energy sales, of which 96% of exports are destined for the US. The success of the US hydraulic fracturing technology has brought spectacular increases in US oil & gas production and has put downward pressure on North American prices. However, the strengthening US economy, with rising investment demand and strong consumer spending will benefit a wide variety of export sectors in the months and years ahead. A resurgent US and a healthier Europe will lead to much stronger sales for Canadian exporters in 2014.

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
Agriculture and Fishing Products	4.8%	0.7%	1.1%	-0.7%	1	6	AB	SK	United Kingdom	16.3%	-31.2%	1	6
Machinery and Equipment	4.1%	5.8%	0.0%	2.5%	2	4	AB	QC	EU (excluding UK)	3.4%	14.8%	2	1
Automotive products	1.1%	2.2%	0.5%	6.1%	3	5	ON	NL	Japan	0.5%	-6.7%	3	5
Other Consumer Goods	0.0%	9.4%	1.0%	2.7%	4	2	QC	SK	Emerging Markets	0.2%	3.5%	4	3
Industrial Products and Materials	-2.0%	-0.4%	-0.2%	0.3%	5	7	AB	ON	Other OECD Countries	-1.6%	0.0%	5	4
Forestry Products	-7.6%	6.2%	0.0%	4.8%	6	3	QC	BC	United States	-2.5%	10.7%	6	2
Energy Products	-7.9%	24.6%	-7.3%	19.6%	7	1	AB	SK					
TOTAL EXPORTS	-1.4%	7.4%	-1.3%	3.9%			AB	SK	TOTAL EXPORTS	-1.4%	7.4%		

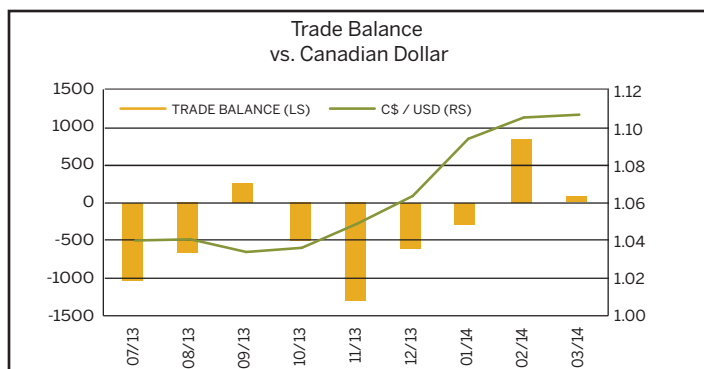
# EXPORT PERFORMANCE MONITOR

## Economic & Political Intelligence Centre

MAY 2014



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%	45.2%	Energy Products	0.3%	Agriculture and Fishing Products	0.0%
PE	-13.1%	25.9%	Forestry Products	0.0%	Other consumer goods	-0.2%
NS	39.5%	75.2%	Energy Products	0.8%	Industrial Products and Materials	-0.1%
NB	-8.3%	-8.5%	Industrial Products and Materials	1.1%	Energy Products	-1.1%
QC	2.1%	9.4%	Other consumer goods	1.5%	Agriculture and Fishing Products	-1.0%
ON	4.3%	2.5%	Automotive products	13.0%	Industrial Products and Materials	-1.2%
MB	-6.2%	7.5%	Machinery and equipment	0.4%	Agriculture and Fishing Products	-2.2%
SK	-11.6%	-8.9%	Industrial Products and Materials	0.7%	Agriculture and Fishing Products	-2.5%
AB	17.7%	16.0%	Energy Products	9.9%	Automotive products	0.1%
BC	0.3%	3.6%	Industrial Products and Materials	0.6%	Forestry Products	-3.6%

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