## EXPORT PERFORMANCE MONITOR

Economic \& Political Intelligence Centre

## EXPORTS DECLINE IN APRIL DUE TO ONE-OFF FALL IN ENERGY, BUT Q1 REVISED WAY UP

Canadian exports declined by $1.8 \%$ in April due to a huge $10.7 \%$ fall in energy shipments. However, this is no more than a temporary blip , as a number of Canadian refineries were conducting maintenance in April causing natural gas exports to fall $34.1 \%$ and refined petroleum to decline $39.5 \%$. In fact, if not for the decline in energy, Canada's overall exports would have risen by a healthy $1.5 \%$. April's agriculture exports increased by a healthy $5.4 \%$ due to strength in live animals and canola. Forestry exports shot up by $14.6 \%$ as the booming US construction industry got back on track after weather-related delays in the beginning of the year. Industrial machinery rose $1.8 \%$ because of big gains in agricultural and metalworking equipment. Finally, Canada's exports of electronic equipment surged $8.9 \%$, the biggest gain in over a decade, as communications equipment rose $21.1 \%$.

## UNUSUALLY LARGE REVISIONS PUSH Q1 TO A BONANZA

Canadian exports for March were revised up from a $1.4 \%$ decline to a $0.9 \%$ gain. Even more exciting was February revised up from $3.6 \%$ growth to a whopping $5.8 \%$ gain. This means that in the first quarter of 2014 exports were up $5.4 \%$ overall (or nearly $22 \%$ annualized), a healthy start to the year.

## US EXPORTS BOOMING; EU SHIPMENTS RECOVERING; EMERGING MARKETS STRUGGLING

Canada's exports to the US were up $6.1 \%$ in Q1, and this despite a miserable quarter where US GDP contracted by $1 \%$. A large part of the gains were in energy where exports hit $\$ 34.6$ billion , the strongest quarter on record. However, agriculture and consumer goods also reached all-time highs of of $\$ 5.8$ billion and $\$ 13.9$ billion respectively. With healthy growth in April and strong leading indicators, US exports are set for impressive gains in 2014. US trade numbers show surprisingly strong imports due to a robust domestic economy. But the big story is the European Union. Afterthe EU emerged from recession Canada's exports surged to a $9.0 \%$ gain in Q4 of 2013 followed by $5.4 \%$ gain in Q1 of this year, a remarkably fast turn-around. Finally, Canada's sales to emerging markets have now declined for 3 quarters in a row and fell a further 1.7\% in April as many of these countries contend with depreciated currencies and decelerating GDP growth. However, faster potential growth rates in emerging markets will bring greater export opportunities in the years ahead.

| SECTOR PERFORMANCE |  |  |  |  |  |  |  |  | REGIONAL PERFORMANCE |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Sector | Growth Rate |  | Price Change |  | Rank |  | Provincial Contribution |  | Regions | Growth Rate |  | Rank |  |
|  | $\underset{\xi}{\xi}$ | $\stackrel{\stackrel{\rightharpoonup}{7}}{\square}$ | $\underset{\xi}{\xi}$ | $\stackrel{\stackrel{1}{7}}{\square}$ |  | $\stackrel{\circ}{7}$ |  |  |  | $\underline{E}$ | $\stackrel{0}{\square}$ |  | $\stackrel{\circ}{\square}$ |
| Forestry Products | 14.6\% | 7.6\% | -1.6\% | 4.3\% | 1 | 4 | BC | NB | Other OECD Countries | 7.2\% | 3.7\% | 1 | 3 |
| Agriculture and Fishing Products | 4.6\% | 2.8\% | -0.1\% | -0.5\% | 2 | 6 | AB | ON | Japan | 0.3\% | -4.4\% | 2 | 5 |
| Automotive products | 2.4\% | 3.2\% | -0.3\% | 6.7\% | 3 | 5 | QC | ON | United States | -0.2\% | 11.5\% | 3 | 2 |
| Machinery and Equipment | 1.8\% | 8.5\% | -0.1\% | 2.5\% | 4 | 3 | AB | ON | Emerging Markets | $-1.7 \%$ | 1.1\% | 4 | 4 |
| Other Consumer Goods | -1.0\% | 8.9\% | -0.4\% | 3.2\% | 5 | 2 | BC | ON | $\begin{gathered} \text { EU } \\ \text { (excluding } \\ \text { UK) } \end{gathered}$ | -2.4\% | 16.0\% | 5 | 1 |
| Industrial Products and Materials | -1.8\% | -1.0\% | -0.4\% | 1.2\% | 6 | 7 | BC | ON | United Kingdom | -51.1\% | -35.4\% | 6 | 6 |
| Energy Products | -10.7\% | 25.1\% | -9.4\% | 19.2\% | 7 | 1 | AB | NL |  |  |  |  |  |
| TOTAL EXPORTS | -1.8\% | 7.9\% | -2.2\% | 4.0\% |  |  | AB | ON | TOTAL EXPORTS | -1.8\% | 7.9\% |  |  |

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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 | Sector | Contribution |
| NL | -26.4\% | $34.1 \%$ | Other consumer goods | 0.1\% | Energy Products | -3.0\% |
| PE | 27.3\% | 33.7\% | Other consumer goods | 0.1\% | Agriculture and Fishing Products | -0.2\% |
| NS | -13.7\% | 59.2\% | Forestry Products | 0.1\% | Energy Products | -0.5\% |
| NB | -10.4\% | -15.0\% | Agriculture and Fishing Products | 0.0\% | Industrial Products and Materials | -0.8\% |
| QC | -6.6\% | 9.7\% | Agriculture and Fishing Products | 2.3\% | Machinery and equipment | -2.1\% |
| ON | -11.0\% | 1.5\% | Forestry Products | -0.1\% | Machinery and equipment | -5.7\% |
| MB | -3.3\% | 4.0\% | Other consumer goods | 0.4\% | Machinery and equipment | -1.6\% |
| SK | 3.0\% | -4.4\% | Forestry Products | 0.7\% | Industrial Products and Materials | -0.7\% |
| AB | 2.5\% | 20.0\% | Agriculture and Fishing Products | 2.4\% | Industrial Products and Materials | -0.1\% |
| BC | 5.5\% | 4.9\% | Forestry Products | 11.3\% | Energy Products | -1.0\% |

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