## EXPORT PERFORMANCE MONITOR

## Economic \& Political Intelligence Centre

After strong start of the year, Canadian merchandise exports have taken a decided about-face. Total exports declined $0.7 \%$ in May and have remained relatively stable over the past three months compared to the volatility seen in the past year, albeit at the lowest level since January 2014. That said, real shipment volumes were also down. Canadian imports declined $0.8 \%$ as the depreciated Canadian dollar and challenging business investment trends weigh on demand from the rest of the world. As a result, Canada's trade deficit remained virtually unchanged from the record set in April, at $\$ 3.3$ billion.
Exports to the US were up by $3.6 \%$ driven by recovering import demand and supported by the competitive value of the Canadian dollar, although the trend remains weak. This is consistent with trade trends stateside, where imports increased $1.5 \%$ while exports declined by a mild $0.2 \%$. About one third of the total monthly decline in merchandise exports was accounted for by lower exports to the UK and China, although demand from most of the rest of the world was lower as well.
The weakness in exports for the month of May was broadly-based, with eight out of 11 main product categories registering declines. On the positive side, energy exports led the way and surprised higher likely as a decline in refinery activity freed up crude oil supplies for export, despite the anticipated impact of the Alberta wildfires. Forestry exports advanced as well given the continued support from a recovering US hosing market, while the volatile aircraft sector also gained for the month.

| SECTOR PERFORMANCE |  |  |  |  |  |  |  |  | REGIONAL PERFORMANCE |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Sector | Growth Rate |  | Price Change |  | Rank |  | Provincial Contribution |  | Regions | Growth Rate |  | Rank |  |
|  | $\underset{\xi}{\xi}$ | $\stackrel{\circ}{5}$ | $\underset{\xi}{\xi}$ | $\stackrel{\circ}{7}$ |  | $\stackrel{0}{5}$ |  | प ¢ 0 0 $\vdots$ |  | $E$ | $\stackrel{\circ}{7}$ |  | $\stackrel{\square}{5}$ |
| Energy Products | 7.1\% | -32.5\% | 5.2\% | -27.2\% | 1 | 7 | AB | BC | United States | 3.6\% | 0.0\% | 1 | 6 |
| Forestry Products | 2.1\% | 5.0\% | 1.1\% | 0.1\% | 2 | 3 | BC | NL | Japan | -0.5\% | 16.0\% | 2 | 1 |
| Automotive products | -1.0\% | 23.9\% | 1.4\% | 7.6\% | 3 | 1 | NS | ON | China | -9.2\% | 3.1\% | 3 | 4 |
| Other Consumer Goods | -1.2\% | 17.3\% | 0.8\% | 6.1\% | 4 | 2 | MB | SK | Germany | -10.0\% | 10.4\% | 4 | 2 |
| Industrial Products and Materials | -1.9\% | -4.0\% | 2.6\% | -3.1\% | 5 | 6 | NB | ON | $\begin{gathered} \text { EU } \\ \text { (excluding } \\ \text { UK) } \end{gathered}$ | -21.4\% | 1.8\% | 5 | 5 |
| Agriculture and Fishing Products | -4.2\% | 1.0\% | 3.3\% | 1.1\% | 6 | 5 | ON | SK | United Kingdom | -45.4\% | 3.6\% | 6 | 3 |
| Machinery and Equipment | -4.9\% | 2.4\% | 0.2\% | 3.2\% | 7 | 4 | ON | QC |  |  |  |  |  |
| TOTAL EXPORTS | -0.7\% | -0.6\% | 1.9\% | -0.3\% |  |  | QC | ON | TOTAL EXPORTS | -0.7\% | -0.6\% |  |  |

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Source: Statistics Canada


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## PROVINCIAL PICTURE

| Province | Growth Rate |  | Top Contributor |  | Weakest Contributor |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | m/m | YTD | Sector | Contribution | Sector | Contribution |
| NL | 6.3\% | -22.8\% | Energy Products | 0.8\% | Industrial Products and Materials | -1.1\% |
| PE | -2.6\% | 6.4\% | Other consumer goods | 0.1\% | Industrial Products and Materials | 0.0\% |
| NS | 5.0\% | 3.4\% | Agriculture and Fishing Products | 0.3\% | Industrial Products and Materials | -0.1\% |
| NB | 4.4\% | -18.0\% | Industrial Products and Materials | 0.7\% | Energy Products | -0.8\% |
| QC | 3.9\% | -0.9\% | Agriculture and Fishing Products | 0.9\% | Machinery and equipment | $-2.4 \%$ |
| ON | -3.2\% | 12.6\% | Agriculture and Fishing Products | 1.6\% | Automotive products | $-1.7 \%$ |
| MB | -4.4\% | 2.9\% | Other consumer goods | 0.7\% | Agriculture and Fishing Products | -1.5\% |
| SK | -9.4\% | -23.7\% | Energy Products | 0.1\% | Agriculture and Fishing Products | -4.2\% |
| AB | 1.7\% | -24.9\% | Energy Products | 5.7\% | Agriculture and Fishing Products | -3.2\% |
| BC | 0.0\% | 0.6\% | Forestry Products | 3.5\% | Energy Products | -1.0\% |

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