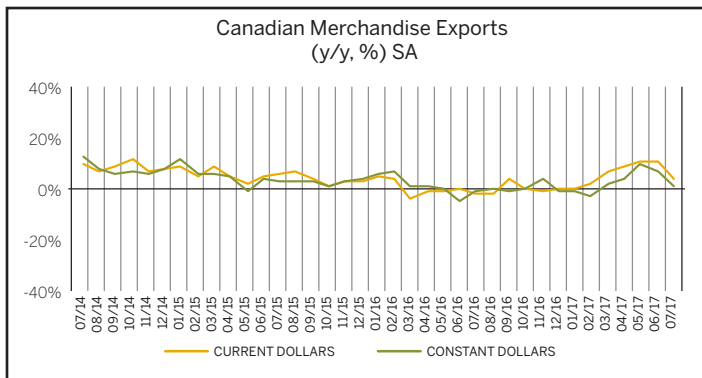


Exports tumbled 4.9% in July, following a near-identical 5% drop in June. Again, it was widespread: just like June, exports retreated in 9 of 11 industries. What was different this time was that imports also fell. After seven monthly increases, imports plunged by 6%. This helped to narrow the trade deficit somewhat: it moderated to \$3 billion in July after ballooning to \$3.8 billion last month.

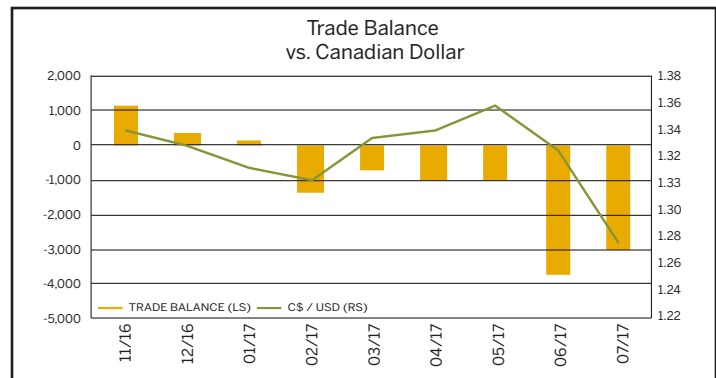
What's going on? Prices are a huge factor, accounting for about 80% of the drop in exports. However, volumes were also down, falling 1.1% in July. Auto sector exports dropped by a hefty 9.6% in the month, a result of seasonal downtime that was longer than usual. Aerospace and other transportation equipment, typically volatile, was off 18.3% in July. Price declines are largely due to fluctuating commodity prices, but also reflect a stronger Canadian dollar, up 3.6 US cents in the month. Year-to-date export growth is still up 9.4%, but the last two months have lowered that number significantly.

It wasn't just the US; exports stateside were down 3.2%, but from all other locations, exports tumbled by 10%. Big decliners were gold shipments to the UK, agri-food shipments to Japan and vehicles to Saudi Arabia. Year-to-date, exports to key locations are still up strongly. Imports tell an almost identical story: the bulk of the decline was due to price weakness. The main drivers were the same as for exports: imports of aerospace products and other transportation equipment fell 35.2%, and auto sector imports were off 4.4%. Again, this is dollar-influenced, but physical volume shipments were also down. Given strong Canadian domestic demand, the import numbers do not line up with general economic activity. Both US exports and imports were flat for July.

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
Industrial Products and Materials	0.2%	4.6%	-3.1%	4.9%	1	4	PE	ON	China	4.7%	17.9%	1	1
Other Consumer Goods	-1.7%	-2.2%	-1.7%	1.8%	2	7	AB	QC	Japan	4.3%	12.4%	2	4
Energy Products	-3.7%	53.8%	-3.3%	30.2%	3	1	NS	AB	United States	-3.2%	7.6%	3	6
Agriculture and Fishing Products	-4.3%	5.0%	-1.1%	0.4%	4	3	SK	ON	Germany	-14.4%	15.8%	4	2
Forestry Products	-5.6%	4.4%	-2.0%	5.8%	5	5	AB	ON	EU (excluding UK)	-16.5%	11.2%	5	5
Machinery and Equipment	-7.6%	7.3%	-1.8%	0.3%	6	2	AB	ON	United Kingdom	-17.3%	14.3%	6	3
Automotive products	-9.6%	-2.2%	-3.8%	0.5%	7	6	AB	ON					
TOTAL EXPORTS	-4.9%	9.4%	-2.8%	6.0%			MB	AB	TOTAL EXPORTS	-4.9%	9.4%		



Source: Statistics Canada



Source: Statistics Canada

PROVINCIAL PICTURE

Province	Growth Rate		Top Contributor		Weakest Contributor	
	m/m	YTD	Sector	Contribution	Sector	Contribution
NL	-11.2%	37.2%	Other consumer goods	0.1%	Energy Products	-0.6%
PE	0.2%	7.0%	Other consumer goods	0.1%	Agriculture and Fishing Products	-0.1%
NS	-4.4%	3.9%	Energy Products	0.1%	Industrial Products and Materials	-0.2%
NB	-12.6%	17.1%	Agriculture and Fishing Products	0.1%	Industrial Products and Materials	-1.8%
QC	-3.3%	9.5%	Machinery and equipment	0.7%	Other consumer goods	-2.3%
ON	-4.2%	-0.2%	Energy Products	-0.2%	Industrial Products and Materials	-3.7%
MB	0.4%	2.7%	Other consumer goods	0.3%	Agriculture and Fishing Products	-1.5%
SK	-15.3%	14.1%	Agriculture and Fishing Products	0.4%	Energy Products	-2.3%
AB	-8.4%	40.1%	Machinery and equipment	0.8%	Energy Products	-9.8%
BC	-4.6%	19.6%	Automotive products	0.0%	Energy Products	-2.5%

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