



# The Daily

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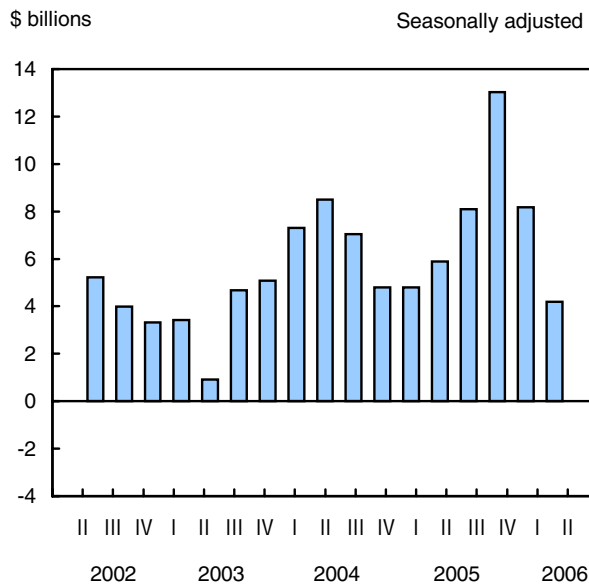
## Releases

### Canada's balance of international payments

Second quarter 2006

Canada's current account surplus with the rest of the world, on a seasonally adjusted basis, decreased \$4.0 billion in the second quarter to \$4.2 billion. This was the second consecutive important decrease in the surplus after it had reached a peak at the end of 2005. As in the previous quarter, most of the decline came from a lower surplus on trade in goods.

#### Current account balance



In the capital and financial account (not seasonally adjusted), Canada's international assets and liabilities grew strongly in roughly equal measures for a second consecutive quarter. The increase to Canada's foreign assets came, in part, from near record acquisitions by portfolio investors.

#### Note to readers

The **balance of payments** covers all economic transactions between Canadian residents and non-residents. It includes the current account and the capital and financial account.

The **current account** covers transactions on goods, services, investment income and current transfers. Transactions in exports and interest income are examples of receipts, while imports and interest expense are payments. The balance from these transactions determines if Canada's current account is in **surplus** or **deficit**.

The **capital and financial account** is mainly composed of transactions in financial instruments. Financial assets and liabilities with non-residents are presented under three functional classes: direct investment, portfolio investment and other investment. These investments belong either to Canadian residents (Canadian assets) or to foreign residents (Canadian liabilities). Transactions resulting in a capital inflow are presented as positive values while capital outflows from Canada are shown as negative values.

A current account surplus or deficit should correspond to an equivalent outflow or inflow in the capital and financial account. In other words, the two accounts should add to zero. In fact, as data are compiled from multiple sources, the two balance of payments accounts rarely equate. As a result, the **statistical discrepancy** is the net unobserved inflow or outflow needed to balance the accounts.

#### Current account

##### Goods surplus falls again

The surplus on trade in goods decreased \$3.8 billion to \$12.8 billion in the second quarter, following a similar reduction in the first quarter. While the first quarter saw imports and exports decline, second quarter exports continued to decline while imports rebounded.

Exports shrank \$2.0 billion to \$112.5 billion while imports rose \$1.8 billion to a record \$99.7 billion.

The value of energy product exports improved somewhat in the second quarter, following a drop of \$4.5 billion in the previous quarter. While prices of natural gas continued to diminish, prices of crude petroleum rose by more than 20% during the quarter, notably due to much higher prices for heavy crude petroleum, which accounted for roughly two-thirds of the total export volume.

Lower exports of cars during the second quarter resulted in a \$1.7 billion reduction in exports of automotive products. This was the lowest level of exports for this group of products since 1998.

Machinery and equipment exports fell \$0.8 billion during the quarter, the drop being spread among most of the components, while forestry products continued their downward trend which started two years ago. These decreases were partly offset by an improved performance for industrial goods, notably metal and alloys products.

Imports of energy products rose \$1.8 billion in the second quarter. Crude petroleum accounted for most of the rise as both prices and volumes went up while petroleum and coal products also registered a significant increase.

Receipts of interest on foreign bonds and money market instruments increased for the ninth consecutive quarter as Canadians continued to augment their holdings of such securities. Payments of interest on Canadian portfolio liabilities remained low, as lower payments on bonds were partly offset by higher transactions related to money market instruments.

### Services deficit up slightly again

The services deficit increased \$0.3 billion during the second quarter to \$4.5 billion, another record. Higher payments for transportation services were the main contributor to the increase with the travel deficit remaining high. Both commercial service exports and imports registered similar increases and the deficit stayed at \$0.8 billion.

Canadian travellers have again increased their international payments in the second quarter, notably in countries other than the United States. However, for the first quarter since the end of 2004, there was an increase in spending by US travellers in Canada.

While the total number of travellers from the United States coming to Canada decreased slightly in the second quarter, there were a larger number of people staying at least one night in the country. On average, this group of travellers stay three to four days in the country and spend eight times more than same-day travellers.

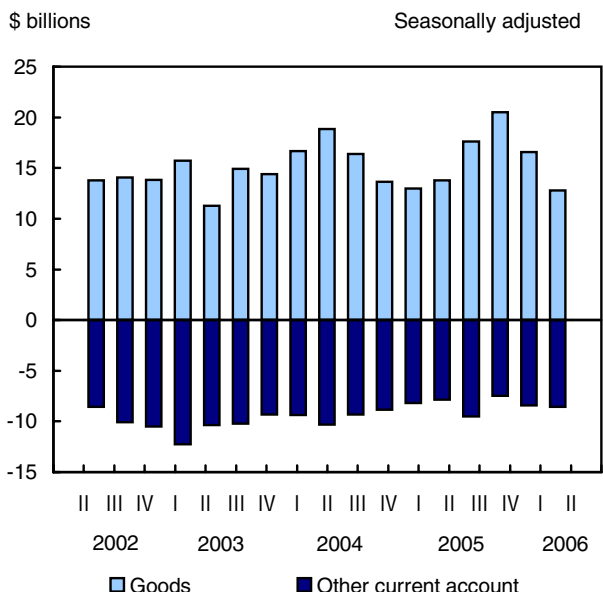
### Financial account

#### Near record investment in foreign securities

Canadians purchased \$18.8 billion of foreign securities in the second quarter, consisting of bonds and equities. Together with the record first quarter buying, Canadians have invested \$38.7 billion in foreign securities during the first six months of the year, already over 60% of the record total for 2000.

Two-thirds of the \$18.8 billion investment was in foreign bonds, a record high for a second straight quarter. The investment in foreign bonds was roughly split between US corporate bonds and overseas bonds. Canadian investment in US treasuries was little changed after 10 quarters of investment. Similar to the first quarter, some of the Canadian investment was channelled into "maple bonds". Foreign issuers have been marketing their debt in Canada for some time now. Typically, the bonds are denominated in Canadian dollars and sold to institutional investors.

### Goods and other current account balances



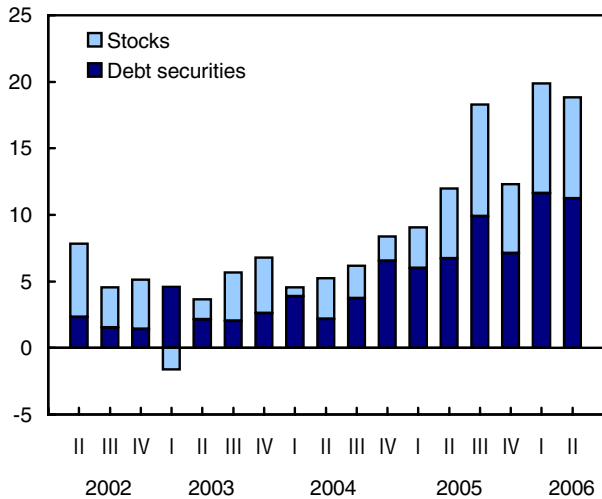
### Deficit on investment income widens

The deficit on investment income increased \$0.4 billion to \$4.4 billion. Despite a second consecutive increase, the deficit remained low on an historical basis.

Profits earned by non-residents on their direct investments in Canada remained relatively stable in the second quarter. However, the dividends paid declined to more normal levels after two consecutive quarters above the \$5 billion level. At the same time, the profits earned by Canadian direct investors went down \$0.8 billion.

**Canadian portfolio investment abroad<sup>1</sup>**

\$ billions



1. Reverse of balance of payments signs.

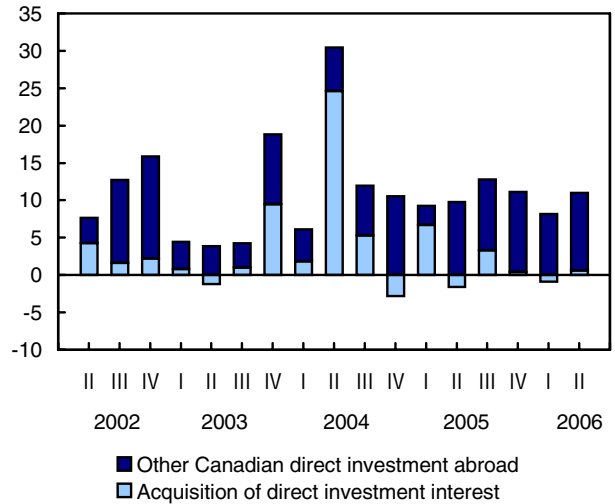
The second quarter saw Canadian investors again buy large amounts of foreign equities, totalling \$7.6 billion. Canadian pension funds have been particularly active in acquiring foreign shares. Just over half of the total was in US shares with the remainder in overseas equities. At the same time, Canadian investors sold back the \$1.1 billion worth of foreign money market paper they acquired in the first quarter. During the second quarter, investors bought \$1.6 billion of US paper but sold \$2.8 billion of overseas paper.

**Direct investment abroad up strongly after a low first quarter**

An \$11 billion injection into foreign economies by Canadian direct investors was a return to a more usual level of investment comparable to those observed over the last few years. The first quarter investment of \$7.3 billion was the lowest quarterly amount in two years. Most of the investments in the current quarter were injections of working capital into existing foreign affiliates. From an industry perspective, investment was concentrated in the finance and insurance sector. Direct investment abroad was well spread geographically, led by investment in Europe.

**Canadian direct investment abroad<sup>1</sup>**

\$ billions



1. Reverse of balance of payments signs.

**Foreign direct investment lower in Canada after three strong quarters**

In the second quarter, foreign direct investors injected \$8.4 billion into the Canadian economy, down from the average of \$14.4 billion of the past three quarters. The foreign investment was split between acquisitions, advances of working capital and strong reinvested earnings. While there have been a number of announcements of major foreign acquisitions during the second quarter, many of these have not formally closed. Much of the second quarter investment came from American investors and was widely spread by industry.

**Strongest foreign investment in Canadian securities in six quarters**

Foreign portfolio investment strengthened in the current quarter as investors bought equities and money market paper. They bought \$10.4 billion worth of Canadian securities in the quarter, which exceeded investment for all of 2005.

Foreign investors bought \$9.1 billion worth of equities during the quarter — despite a falling S&P/TSX composite index. The investment came largely from the United States, while investment from British investors was offset by sales of other European investors.

### **Biggest quarterly foreign investment in Canadian paper since 1997**

Foreign investors made a significant investment in Canadian money market paper for a third consecutive quarter. They bought \$4.6 billion worth of Canadian money market paper after buying a similar amount in the two previous quarters. Over half of the investment went to paper issued by federal enterprises with the remainder spread between corporate and government paper. Regionally, investors out of the United States and United Kingdom led the buying. Short-term rates continued upward in the United States and in Canada, with the differential favouring investment in the United States narrowing to just under one-half of a percentage point.

Non-residents continued to sell Canadian bonds for a fourth straight quarter. The foreign divestment of \$3.2 billion in the second quarter was the largest of the four quarters, which have totalled \$8.9 billion. In the second quarter, they sold federal government and corporate bonds but bought some bonds issued by federal enterprises. Regionally, the divestment came mainly from the United States and emerging economies, countered by some buying from European investors. On a currency basis, the foreign selling was largely in Canadian bonds denominated in US dollars. However, there were purchases of bonds denominated in other foreign currencies.

### **Transactions in deposits, loans and reserves**

The other investment account recorded a large net inflow of \$13.8 billion. The inflow was mostly related to higher deposit liabilities and secondly loan liabilities. Deposits and loans also increased strongly on the asset side, partly offsetting the increased liabilities. The Canadian dollar jumped four full cents during the quarter to close at 89.6 US cents against its American counterpart. The Canadian dollar declined somewhat against most other major foreign currencies except the yen.

**Available on CANSIM: tables 376-0001 to 376-0017 and 376-0035.**

**Definitions, data sources and methods: survey numbers, including related surveys, 1534, 1535, 1536 and 1537.**

The second quarter 2006 issue of *Canada's Balance of International Payments* (67-001-XIE, free) will be available soon.

The balance of international payments data for the third quarter will be released on November 29.

For general information, contact Client Services (613-951-1855; [infobalance@statcan.ca](mailto:infobalance@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Arthur Ridgeway (613-951-8907), Balance of Payments Division.

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**Balance of payments**

	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
	Not seasonally adjusted						
	\$ millions						
<b>Current account</b>							
Receipts							
Goods and services	130,461	131,581	135,153	128,368	132,351	492,984	518,028
Goods	114,276	112,599	120,045	113,539	115,963	429,121	453,060
Services	16,185	18,982	15,108	14,829	16,388	63,863	64,968
Investment income	12,805	11,307	13,559	13,381	12,989	37,532	48,199
Direct investment	7,120	5,467	7,686	7,265	6,804	20,677	25,994
Portfolio investment	3,069	3,208	3,455	3,506	3,691	10,182	12,644
Other investment	2,616	2,631	2,418	2,610	2,494	6,673	9,561
Current transfers	1,830	1,816	2,128	3,011	2,103	7,427	8,066
<b>Current account receipts</b>	<b>145,097</b>	<b>144,704</b>	<b>150,839</b>	<b>144,760</b>	<b>147,443</b>	<b>537,943</b>	<b>574,293</b>
Payments							
Goods and services	121,145	115,462	117,945	117,794	125,672	440,218	466,896
Goods	101,457	95,584	98,649	96,942	104,744	363,639	388,210
Services	19,688	19,878	19,296	20,852	20,928	76,580	78,686
Investment income	17,154	17,027	17,082	18,012	17,638	62,346	67,010
Direct investment	7,898	8,338	8,082	7,815	8,371	27,489	30,953
Portfolio investment	6,838	6,848	6,765	6,133	6,111	28,139	27,192
Other investment	2,418	1,842	2,234	4,063	3,156	6,717	8,865
Current transfers	1,651	1,817	1,985	3,512	1,687	7,746	8,585
<b>Current account payments</b>	<b>139,950</b>	<b>134,306</b>	<b>137,011</b>	<b>139,318</b>	<b>144,997</b>	<b>510,310</b>	<b>542,491</b>
Balances							
Goods and services	9,316	16,119	17,208	10,573	6,678	52,765	51,132
Goods	12,819	17,015	21,396	16,597	11,219	65,482	64,850
Services	-3,503	-896	-4,188	-6,024	-4,541	-12,717	-13,718
Investment income	-4,349	-5,720	-3,523	-4,631	-4,649	-24,814	-18,811
Direct investment	-778	-2,870	-397	-550	-1,567	-6,812	-4,960
Portfolio investment	-3,769	-3,640	-3,310	-2,628	-2,420	-17,957	-14,548
Other investment	198	790	184	-1,454	-662	-44	696
Current transfers	180	-1	143	-501	417	-319	-519
<b>Current account balance</b>	<b>5,147</b>	<b>10,398</b>	<b>13,828</b>	<b>5,442</b>	<b>2,446</b>	<b>27,633</b>	<b>31,802</b>
<b>Capital and financial account<sup>1, 2</sup></b>							
<b>Capital account</b>	<b>1,712</b>	<b>1,769</b>	<b>979</b>	<b>1,016</b>	<b>1,003</b>	<b>4,449</b>	<b>5,932</b>
<b>Financial account</b>	<b>-9,624</b>	<b>-7,236</b>	<b>-5,857</b>	<b>-10,842</b>	<b>2,787</b>	<b>-36,956</b>	<b>-35,109</b>
Canadian assets, net flows							
Canadian direct investment abroad	-8,180	-12,786	-11,105	-7,271	-10,990	-56,274	-41,300
Portfolio investment	-11,991	-18,291	-12,297	-19,888	-18,833	-24,369	-51,652
Foreign bonds	-5,601	-9,234	-6,496	-10,633	-12,339	-15,290	-27,615
Foreign stocks	-5,263	-8,407	-5,187	-8,250	-7,623	-8,092	-21,947
Foreign money market	-1,127	-651	-614	-1,005	1,129	-987	-2,089
Other investment	-2,775	-13,277	9,238	-20,575	-18,047	-7,396	-22,164
Loans	3,886	-251	5,229	-1,936	-4,323	3,505	8,529
Deposits	-4,448	-12,911	11,043	-11,990	-13,866	-10,666	-15,688
Official international reserves	585	1,092	108	-3,800	899	3,427	-1,653
Other assets	-2,798	-1,207	-7,141	-2,849	-757	-3,662	-13,352
<b>Total Canadian assets, net flows</b>	<b>-22,946</b>	<b>-44,355</b>	<b>-14,164</b>	<b>-47,734</b>	<b>-47,869</b>	<b>-88,039</b>	<b>-115,116</b>
Canadian liabilities, net flows							
Foreign direct investment in Canada	5,295	14,109	15,135	14,094	8,352	1,995	40,984
Portfolio investment	-807	3,836	81	8,546	10,415	54,267	8,472
Canadian bonds	896	-1,934	-2,212	-1,514	-3,244	18,955	-1,183
Canadian stocks	-2,679	7,389	-812	8,046	9,108	35,742	9,133
Canadian money market	976	-1,619	3,105	2,013	4,550	-429	522
Other investment	8,834	19,174	-6,910	14,252	31,889	-5,179	30,551
Loans	3,249	-5,423	-3,528	2,476	4,852	-2,345	2,007
Deposits	5,187	24,654	336	11,052	27,067	-531	28,942
Other liabilities	398	-58	-3,717	724	-30	-2,303	-398
<b>Total Canadian liabilities, net flows</b>	<b>13,322</b>	<b>37,118</b>	<b>8,307</b>	<b>36,892</b>	<b>50,656</b>	<b>51,083</b>	<b>80,008</b>
<b>Total capital and financial account, net flows</b>	<b>-7,912</b>	<b>-5,467</b>	<b>-4,878</b>	<b>-9,826</b>	<b>3,790</b>	<b>-32,507</b>	<b>-29,177</b>
Statistical discrepancy	2,765	-4,931	-8,951	4,384	-6,235	4,874	-2,625

1. A minus sign denotes an outflow of capital resulting from an increase in claims on non-residents or from a decrease in liabilities to non-residents.  
 2. Transactions are recorded on a net basis.

**Current account**

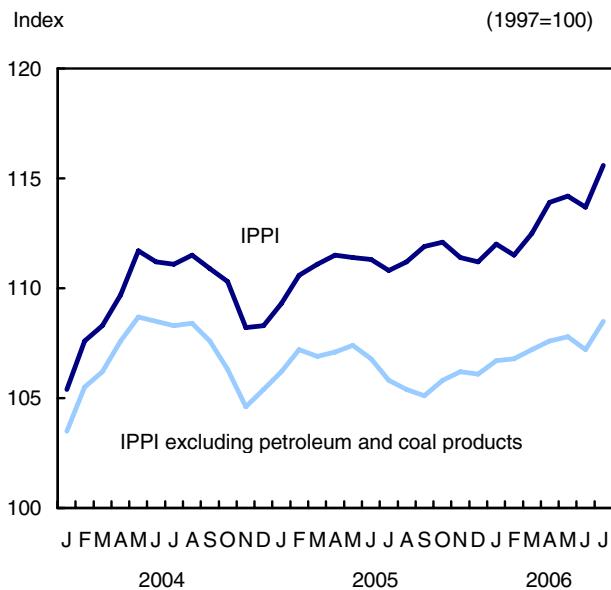
	Second quarter 2005	Third quarter 2005	Fourth quarter 2005	First quarter 2006	Second quarter 2006	2004	2005
	Seasonally adjusted						
	\$ millions						
<b>Receipts</b>							
Goods and services	126,139	131,319	136,386	130,613	128,861	492,984	518,028
Goods	109,942	115,095	120,060	114,528	112,506	429,121	453,060
Services	16,197	16,225	16,327	16,084	16,355	63,863	64,968
Travel	4,107	4,100	4,035	3,914	4,036	16,745	16,460
Transportation	2,842	2,919	2,989	3,019	2,990	11,024	11,632
Commercial services	8,808	8,742	8,865	8,714	8,918	34,511	35,115
Government services	441	463	438	438	410	1,582	1,761
Investment income	12,516	11,433	13,541	13,452	12,693	37,532	48,199
Direct investment	6,925	5,613	7,629	7,277	6,587	20,677	25,994
Interest	310	340	391	259	319	754	1,275
Profits	6,615	5,273	7,239	7,018	6,268	19,923	24,718
Portfolio investment	3,067	3,217	3,438	3,563	3,672	10,182	12,644
Interest	912	1,042	1,190	1,221	1,336	2,387	4,006
Dividends	2,155	2,175	2,248	2,342	2,335	7,795	8,638
Other investment	2,524	2,603	2,474	2,612	2,435	6,673	9,561
Current transfers	2,010	2,060	2,056	2,616	2,335	7,427	8,066
Private	623	661	614	714	693	2,785	2,587
Official	1,387	1,400	1,442	1,902	1,642	4,642	5,479
<b>Total receipts</b>	<b>140,665</b>	<b>144,812</b>	<b>151,983</b>	<b>146,681</b>	<b>143,888</b>	<b>537,943</b>	<b>574,293</b>
<b>Payments</b>							
Goods and services	115,910	117,075	119,637	118,227	120,565	440,218	466,896
Goods	96,183	97,493	99,565	97,933	99,734	363,639	388,210
Services	19,727	19,582	20,072	20,294	20,831	76,580	78,686
Travel	5,526	5,520	5,717	5,790	5,869	20,747	22,260
Transportation	4,391	4,413	4,503	4,719	4,940	16,001	17,528
Commercial services	9,571	9,413	9,615	9,545	9,758	38,885	37,946
Government services	238	237	237	240	264	946	952
Investment income	16,855	17,604	17,177	17,424	17,079	62,346	67,010
Direct investment	7,429	8,726	8,134	7,709	7,555	27,489	30,953
Interest	582	579	574	578	579	2,280	2,313
Profits	6,847	8,147	7,559	7,130	6,977	25,209	28,640
Portfolio investment	6,839	6,823	6,758	6,180	6,133	28,139	27,192
Interest	5,937	5,799	5,649	5,404	5,394	24,137	23,239
Dividends	903	1,024	1,109	776	739	4,003	3,953
Other investment	2,587	2,056	2,286	3,535	3,391	6,717	8,865
Current transfers	2,012	2,037	2,143	2,853	2,050	7,746	8,585
Private	1,202	1,202	1,228	1,940	1,266	4,657	4,812
Official	810	835	915	913	783	3,089	3,773
<b>Total payments</b>	<b>134,777</b>	<b>136,717</b>	<b>138,957</b>	<b>138,503</b>	<b>139,694</b>	<b>510,310</b>	<b>542,491</b>
<b>Balances</b>							
Goods and services	10,229	14,244	16,749	12,386	8,295	52,765	51,132
Goods	13,759	17,602	20,494	16,595	12,772	65,482	64,850
Services	-3,530	-3,358	-3,745	-4,209	-4,476	-12,717	-13,718
Travel	-1,420	-1,419	-1,682	-1,876	-1,833	-4,002	-5,800
Transportation	-1,550	-1,494	-1,515	-1,701	-1,950	-4,977	-5,897
Commercial services	-763	-671	-750	-831	-840	-4,374	-2,831
Government services	203	226	201	199	146	636	810
Investment income	-4,339	-6,172	-3,636	-3,972	-4,386	-24,814	-18,811
Direct investment	-504	-3,113	-505	-432	-969	-6,812	-4,960
Interest	-272	-239	-184	-320	-260	-1,527	-1,038
Profits	-232	-2,874	-321	-112	-709	-5,286	-3,922
Portfolio investment	-3,772	-3,606	-3,320	-2,618	-2,461	-17,957	-14,548
Interest	-5,024	-4,757	-4,459	-4,183	-4,057	-21,750	-19,234
Dividends	1,253	1,151	1,139	1,566	1,596	3,793	4,686
Other investment	-64	547	188	-923	-956	-44	696
Current transfers	-2	23	-87	-236	285	-319	-519
Private	-579	-542	-614	-1,225	-574	-1,872	-2,225
Official	577	564	528	989	859	1,554	1,706
<b>Current account</b>	<b>5,888</b>	<b>8,095</b>	<b>13,026</b>	<b>8,178</b>	<b>4,194</b>	<b>27,633</b>	<b>31,802</b>

## Industrial product and raw materials price indexes

July 2006

Prices for manufactured goods at the factory gate rose sharply in July as prices for primary metal and petroleum products increased. Raw materials prices also increased in July, the result of higher prices for crude oil and non-ferrous metals.

### Higher prices for manufactured goods



Prices charged by manufacturers, as measured by the Industrial Product Price Index (IPPI), were up 1.7% in July following a 0.4% decline in June. Higher prices for primary metal products and petroleum products were the major contributors to this monthly increase.

The 12-month change in the IPPI was up 4.3%, almost double the year-over-year increase of 2.2% in June. Upward pressure came mainly from higher prices for primary metal products and petroleum products.

The Raw Materials Price Index (RMPI) was up 5.2% from June to July following a 2.3% decrease in June. The increase was due primarily to higher prices for crude oil and non-ferrous metals.

Compared to July of last year, raw materials cost factories 19.0% more, up significantly from the year-over-year change of 14.8% in June.

The IPPI stood at 115.6 (1997=100) in July, up from 113.7 in June. The RMPI reached 175.1 (1997=100), up from a revised level of 166.4 in June.

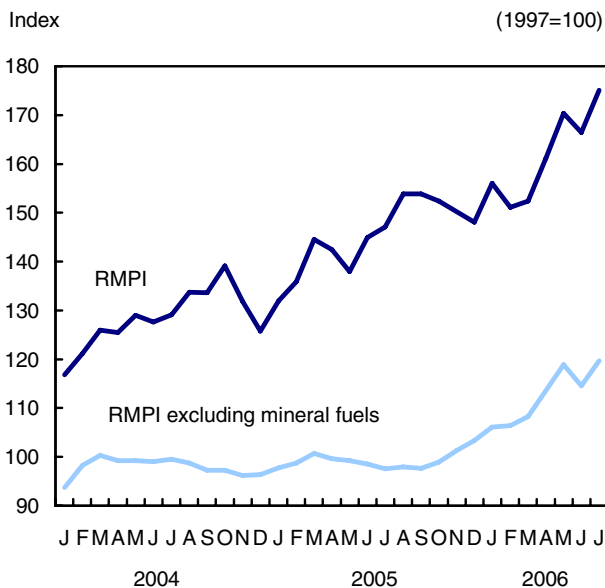
#### Note to readers

The **Industrial Product Price Index (IPPI)** reflects the prices that producers in Canada receive as the goods leave the plant gate. It does not reflect what the consumer pays. Unlike the Consumer Price Index, the IPPI excludes indirect taxes and all the costs that occur between the time a good leaves the plant and the time the final user takes possession of it, including the transportation, wholesale, and retail costs.

Canadian producers export many goods. They often quote their prices in foreign currencies, particularly for motor vehicles, pulp, paper, and wood products. Therefore, a rise or fall in the value of the Canadian dollar against its US counterpart affects the IPPI.

The **Raw Materials Price Index (RMPI)** reflects the prices paid by Canadian manufacturers for key raw materials. Many of these prices are set in a world market. Unlike the IPPI, the RMPI includes goods not produced in Canada.

### Raw materials prices rebound



### IPPI: Higher prices for primary metals and petroleum products

On a month-over-month basis, manufacturers' prices were up 1.7%, mainly due to higher prices for primary metal products as well as petroleum products. This was the largest monthly increase since May 2004.

Prices for primary metal products rose 7.2% compared to June, a sharp contrast to the 5.2% decrease the previous month. Prices for nickel products surged 40.8% due to strong global demand and lower inventories. Higher prices were also observed



for copper products (+13.2%), refined zinc products (+18.2%) as well as refined gold products (+11.8%).

Petroleum and coal products prices increased by 5.2%, considerably higher than the increases of 0.9% in May and 0.6% in June. If petroleum and coal product prices had been excluded, the IPPI would have increased 1.2% rather than 1.7%.

Motor vehicles and other transport equipment were up 0.9%, mainly due to the weaker Canadian dollar. Meat, fish and dairy products increased 1.3% as prices for fresh or frozen pork went up 9.0% in July.

Prices for pulp and paper products, lumber and other wood products, electrical and communication products as well as machinery and equipment also increased in July.

### **IPPI: Primary metal and petroleum products are the major contributors to the 12-month change**

The IPPI was up 4.3% in July compared with the same month a year earlier, a significant increase from the year-over-year change of 2.2% in June and the largest increase since October 2004.

Prices for primary metal products were up 29.6% compared to a year ago. Prices for copper products (+101.5%), nickel products (+69.2%), refined zinc products (+173.9%) and aluminum products (+18.5%) were all higher compared with one year earlier.

Prices for petroleum and coal products rose 21.1% from July 2005, up slightly from June's increase of 20.2%. If petroleum and coal product prices had been excluded, the IPPI would have increased 2.6% rather than 4.3% from a year ago.

Prices were also higher than one year ago for chemical products, rubber, leather and plastic fabricated products, meat, fish and dairy products, pulp and paper products, metal fabricated products and non-metallic mineral products.

However, motor vehicles and other transport equipment prices were down 5.2% from a year ago, due to the stronger Canadian dollar.

Lumber and other wood products declined 4.0% compared to July 2005, as year-over-year decreases were recorded for softwood lumber (-6.3%) and particleboard (-13.6%).

Prices for electrical and communication products as well as machinery and equipment were also down from a year ago.

### **RMPI: Crude oil and non-ferrous metals push up raw materials prices**

Raw materials prices rose 5.2% in July, following a decrease of 2.3% in June.

Mineral fuels increased 6.0% compared to June. Prices for crude oil were up 7.5%, mainly due to

concerns about supply disruptions. If mineral fuels had been excluded, the RMPI would have increased 4.5% instead of 5.2%.

Non-ferrous metals (+12.8%) rebounded in July, a significant change from the 10.9% decline in June. Higher demand and low inventories pushed up prices for zinc concentrates (+17.6%), copper concentrates (+17.2%), nickel concentrates (+38.9%), lead concentrates (+25.6%) and gold (+11.8%).

Prices for vegetable products and non-metallic minerals also contributed to the monthly increase but to a much lesser degree.

On the other hand, prices for animal and animal products, ferrous materials and wood products decreased from June to July.

On a 12-month basis, the price of raw materials rose 19.0% in July, up from the 14.8% year-over-year increase in June.

Mineral fuels were up 16.0% with crude oil prices rising 18.8%. If mineral fuels had been excluded, the RMPI would have increased 22.6% instead of rising 19.0%.

Prices for non-ferrous metals rose 82.3%, mainly because of higher prices for zinc, copper, radio-active concentrates, nickel, gold and lead.

Prices for ferrous materials, vegetable products, wood products, animal and animal products and non-metallic minerals were also up from a year ago.

### **Impact of the exchange rate**

The value of the Canadian dollar against the US dollar fell 1.4% between June and July. As a result, the total IPPI excluding the effect of the exchange would have risen 1.3% instead of its actual increase of 1.7%.

On a 12-month basis, the value of the Canadian dollar rose 8.3% against the US dollar. If the impact of the exchange rate had been excluded, producer prices would have risen 6.5% between July 2005 and July 2006, rather than their actual increase of 4.3%.

### **Higher prices for intermediate goods**

Prices for intermediate goods increased 2.0% from June. Higher prices for primary metal products, petroleum products, pulp and paper products, meat, fish and dairy products, motor vehicles as well as lumber products were the major contributors to this monthly rise.

Producers of intermediate goods received 7.2% more for their goods this July than in July 2005. Higher prices were registered for primary metal products, petroleum products, rubber, leather and plastic fabricated products, chemical products, pulp and paper products, metal fabricated products, non-metallic mineral products, and meat, fish and dairy products.

These increases were partly offset by lower prices for lumber products, motor vehicles, fruit, vegetable and feed products and tobacco products.

### **Finished goods prices increase**

Prices for finished goods were up 1.1% from June. Higher prices for petroleum products, motor vehicles, meat, fish and dairy products and electrical and communication products were the major contributors to the monthly increase.

Compared with July 2005, prices for finished goods inched up 0.2%. Higher prices were registered for petroleum products, tobacco products, meat, fish and dairy products, fruit, vegetable and feed products, chemical products, rubber, leather and plastic fabricated products as well as furniture and fixtures.

These increases were partly offset by lower prices for motor vehicles, electrical and communication products, machinery and equipment and lumber products.

**Available on CANSIM: tables 329-0038 to 329-0049 and 330-0006.**

**Definitions, data sources and methods: survey numbers, including related surveys, 2306 and 2318.**

The July 2006 issue of *Industry Price Indexes* (62-011-XIE, free, 62-011-XPE, \$24/\$233) will be available shortly.

The industrial product and raw material price indexes for August will be released on September 28.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the Client Services Unit (613-951-9606, fax: 613-951-1539, [prices-prix@statcan.ca](mailto:prices-prix@statcan.ca)) or Danielle Gouin (613-951-3375, [danielle.gouin@statcan.ca](mailto:danielle.gouin@statcan.ca)), Prices Division.

□

## Industrial product price indexes

	(1997=100)					
	Relative importance	July 2005	June 2006 <sup>r</sup>	July 2006 <sup>p</sup>	July 2005 to July 2006	June to July 2006
						% change
<b>Industrial product price index (IPPI)</b>	<b>100.00</b>	<b>110.8</b>	<b>113.7</b>	<b>115.6</b>	<b>4.3</b>	<b>1.7</b>
<b>IPPI excluding petroleum and coal products</b>	<b>94.32</b>	<b>105.8</b>	<b>107.2</b>	<b>108.5</b>	<b>2.6</b>	<b>1.2</b>
<b>Aggregation by commodities</b>						
Meat, fish and dairy products	5.78	105.8	106.8	108.2	2.3	1.3
Fruit, vegetables, feeds and other food products	5.99	103.8	104.0	104.1	0.3	0.1
Beverages	1.57	121.4	122.2	122.2	0.7	0.0
Tobacco and tobacco products	0.63	178.1	187.9	187.9	5.5	0.0
Rubber, leather and plastic fabricated products	3.30	113.1	118.0	118.1	4.4	0.1
Textile products	1.58	100.7	99.9	99.8	-0.9	-0.1
Knitted products and clothing	1.51	104.4	104.8	104.9	0.5	0.1
Lumber and other wood products	6.30	90.5	86.4	86.9	-4.0	0.6
Furniture and fixtures	1.59	115.4	118.3	118.3	2.5	0.0
Pulp and paper products	7.23	103.5	104.4	105.4	1.8	1.0
Printing and publishing	1.70	115.4	114.9	115.3	-0.1	0.3
Primary metal products	7.80	112.6	136.1	145.9	29.6	7.2
Metal fabricated products	4.11	121.0	123.8	123.8	2.3	0.0
Machinery and equipment	5.48	107.8	106.8	107.1	-0.6	0.3
Motor vehicles and other transport equipment	22.16	97.0	91.2	92.0	-5.2	0.9
Electrical and communications products	5.77	94.0	92.6	93.2	-0.9	0.6
Non-metallic mineral products	1.98	114.9	119.9	120.0	4.4	0.1
Petroleum and coal products <sup>1</sup>	5.68	203.5	234.3	246.4	21.1	5.2
Chemicals and chemical products	7.07	118.3	121.4	121.5	2.7	0.1
Miscellaneous manufactured products	2.40	110.1	112.0	113.6	3.2	1.4
Miscellaneous non-manufactured products	0.38	168.7	234.6	238.4	41.3	1.6
<b>Intermediate goods<sup>2</sup></b>	<b>60.14</b>	<b>111.8</b>	<b>117.4</b>	<b>119.8</b>	<b>7.2</b>	<b>2.0</b>
First-stage intermediate goods <sup>3</sup>	7.71	120.6	138.8	147.1	22.0	6.0
Second-stage intermediate goods <sup>4</sup>	52.43	110.5	114.1	115.7	4.7	1.4
<b>Finished goods<sup>5</sup></b>	<b>39.86</b>	<b>109.2</b>	<b>108.2</b>	<b>109.4</b>	<b>0.2</b>	<b>1.1</b>
Finished foods and feeds	8.50	111.7	113.1	113.6	1.7	0.4
Capital equipment	11.73	103.0	99.3	99.9	-3.0	0.6
All other finished goods	19.63	111.9	111.4	113.3	1.3	1.7

<sup>r</sup> revised

<sup>p</sup> preliminary

1. This index is estimated for the current month.
2. Intermediate goods are goods used principally to produce other goods.
3. First-stage intermediate goods are items used most frequently to produce other intermediate goods.
4. Second-stage intermediate goods are items most commonly used to produce final goods.
5. Finished goods are goods most commonly used for immediate consumption or for capital investment.

## Raw materials price indexes

	(1997=100)					
	Relative importance	July 2005	June 2006 <sup>r</sup>	July 2006 <sup>p</sup>	July 2005 to July 2006	June to July 2006
						% change
<b>Raw materials price index (RMPI)</b>	<b>100.00</b>	<b>147.1</b>	<b>166.4</b>	<b>175.1</b>	<b>19.0</b>	<b>5.2</b>
Mineral fuels	35.16	254.3	278.2	294.9	16.0	6.0
Vegetable products	10.28	83.0	84.0	86.1	3.7	2.5
Animals and animal products	20.30	103.3	105.3	104.6	1.3	-0.7
Wood	15.60	74.8	76.7	76.6	2.4	-0.1
Ferrous materials	3.36	115.5	133.2	132.7	14.9	-0.4
Non-ferrous metals	12.93	113.8	183.9	207.5	82.3	12.8
Non-metallic minerals	2.38	134.7	141.0	141.3	4.9	0.2
<b>RMPI excluding mineral fuels</b>	<b>64.84</b>	<b>97.6</b>	<b>114.6</b>	<b>119.7</b>	<b>22.6</b>	<b>4.5</b>

<sup>r</sup> revised

<sup>p</sup> preliminary

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## **Crude oil and natural gas: Supply and disposition**

June 2006 (preliminary)

The production of crude oil and equivalent hydrocarbons rose 1.2% in June from the same period last year. This increase was a result of recovered synthetic production levels after a fire at a major oil refinery last year. The production of crude oil and equivalent hydrocarbons declined 3.8% in June from the previous month. This was the result of declining Alberta synthetic crude production in June, and a major turnaround at an oil sands field in Alberta.

Crude oil exports, which accounted for 70.6% of total production, advanced 8.1% over the same month last year. Since the beginning of 2006, exports have grown 13.0% compared to the first six months last year. In June, exports of crude oil mostly went to the Chicago refining area.

Marketable natural gas production grew 3.7% in June over the same period last year. Domestic sales of natural gas edged up 0.3% compared to the same

period last year. A 9.7% decline in residential sales due to warmer temperatures was offset by higher sales to the industrial sector (+2.9%), according to the June Natural gas sales release in *The Daily* of August 24, 2006.

Exports of natural gas, which made up 62.2% of marketable natural gas, increased 8.9% over June 2005.

Preliminary data are available on CANSIM at the national level to June 2006 inclusive. At the national and provincial level, detailed information is available for crude oil (126-0001) up to April 2006 inclusive, and for natural gas (131-0001) up to January 2006 inclusive.

**Available on CANSIM: tables 126-0001 and 131-0001.**

**Definitions, data sources and methods: survey number 2198.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; [energ@statcan.ca](mailto:energ@statcan.ca)), Manufacturing, Construction and Energy Division. □

## Crude oil and natural gas

	June 2005	June 2006 <sup>P</sup>	June 2005 to June 2006
	thousands of cubic metres		% change
<b>Crude oil and equivalent hydrocarbons<sup>1</sup></b>			
Production	11 678.2	11 817.8	1.2
Exports	7 718.2	8 341.3	8.1
Imports <sup>2</sup>	4 176.0	4 737.3	13.4
Refinery receipts	8 682.1	8 905.8	2.6
	millions of cubic metres		% change
<b>Natural gas<sup>3</sup></b>			
Marketable production	12 792.4	13 260.4	3.7
Exports	7 576.1	8 248.2	8.9
Canadian domestic sales <sup>4</sup>	3 798.2	3 808.4	0.3
	January to June 2005	January to June 2006	January-June 2005 to January-June 2006
	thousands of cubic metres		% change
<b>Crude oil and equivalent hydrocarbons<sup>1</sup></b>			
Production	70 376.4	74 750.4	6.2
Exports	44 133.4	49 870.6	13.0
Imports <sup>2</sup>	26 266.9	23 328.7	-11.2
Refinery receipts	53 150.5	50 607.3	-4.8
	millions of cubic metres		% change
<b>Natural gas<sup>3</sup></b>			
Marketable production	84 226.2	86 267.0	2.4
Exports	52 738.6	49 919.2	-5.3
Canadian domestic sales <sup>4</sup>	39 905.5	37 296.8	-6.5

<sup>P</sup> preliminary

- Disposition may differ from production because of inventory change, industry own-use, etc.
- Crude oil received by Canadian refineries from foreign countries for processing. Data may differ from International Trade Division (ITD) estimates because of timing differences and the inclusion of crude oil landed in Canada for future re-export in the ITD data.
- Disposition may differ from production because of inventory change, usage as pipeline fuel, pipeline losses, line-pack fluctuations, etc.
- Includes direct sales.

## Poultry and eggs

Second quarter 2006 (preliminary)

Egg production totalled 293.0 million dozen during the first six months of the year, up 1.9% from the same period in 2005. Egg production edged down 0.3% in June compared to the same month last year.

Available on CANSIM: tables 003-0020, 003-0022 to 003-0024, 003-0038 and 003-0039.

**Definitions, data sources and methods: survey numbers, including related surveys, 3424, 3425 and 5039.**

The publication *Poultry and Egg Statistics*, Vol. 3, no. 2 (23-015-XIE, free) is now available online. From the *Publications* page, under *Free Internet publications*, choose *Agriculture*.

For more information or to enquire about the concepts, methods or data quality of this

release, contact Sandy Gielfeldt (613-951-2505; [sandy.gielfeldt@statcan.ca](mailto:sandy.gielfeldt@statcan.ca)) or Barbara Bowen (613-951-3716; [barbara.bowen@statcan.ca](mailto:barbara.bowen@statcan.ca)), or call the information line (toll-free 1-800-465-1991), Agriculture Division.

## Computer and peripherals price indexes

June 2006

The computer and peripherals price indexes are now available for June.

The index for commercial computers declined 0.8% from May to 36.9 (2001=100). The index for consumer computers fell 3.7% to 18.4.

In the case of computer peripherals, monitor prices increased 0.3% to 60.0 and printer prices remained unchanged from May at 51.3.

These indexes are available at the Canada level only.

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Available on CANSIM: tables 331-0001 and 331-0002.

**Definitions, data sources and methods: survey number 5032.**

For more information on these indexes, contact Client Services (toll-free 1-866-230-2248; 613-951-9606; [infounit@statcan.ca](mailto:infounit@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Neil Killips (613-951-5722; [neil.killips@statcan.ca](mailto:neil.killips@statcan.ca)), Prices Division. ■

### **Aircraft movement statistics: Major airports**

June 2006

The June 2006 monthly report, Vol. 1 (TP141, free) is available on Transport Canada's website at the following URL (<http://www.tc.gc.ca/pol/en/Report/tp141e/tp141.htm>).

**Note:** The TP141 monthly report is issued in two volumes. Volume 1 presents statistics for the major Canadian airports (i.e., those with NAV CANADA air traffic control towers or flight service stations). Volume 2 presents statistics for the smaller airports (i.e., those without air traffic control towers). Both volumes are available free upon release on Transport Canada's website.

Available on CANSIM: tables 401-0007 to 401-0020.

**Definitions, data sources and methods: survey number 2715.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kathie Davidson (613-951-0141; fax: 613-951-0010; [aviationstatistics@statcan.ca](mailto:aviationstatistics@statcan.ca)), Transportation Division. ■

### **Waste management industry: Business and government sectors**

2004 (preliminary)

Data on the waste management industry for 2004 are now available.

Tables are available upon request.

**Definitions, data sources and methods: survey numbers, including related surveys, 1736 and 2009.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact the Information Officer (613-951-5220; [environ@statcan.ca](mailto:environ@statcan.ca)), Environment Accounts and Statistics Division. ■

## New products

**Poultry and Egg Statistics**, April-June 2006, Vol. 3,  
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**Catalogue number 23-015-XIE**  
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- **Productivity, hourly compensation and unit labour cost, 1995** 4  
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- **Steel primary forms, value ending May 31, 1997** 13
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