

The Daily

Statistics Canada

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<p>By most conventional measures, the 2008-2009 recession was less severe than the previous two recessions in Canada. However, both output and employment in the early stages of the downturn contracted at the fastest rate of any post-war recession. Overall, the decline in output in the 2008-2009 recession in Canada was also less than in the other major industrialized countries, and the subsequent recovery quicker and more complete. As a result, Canada is the only G7 nation where real output and employment have returned to pre-recession levels.</p>	
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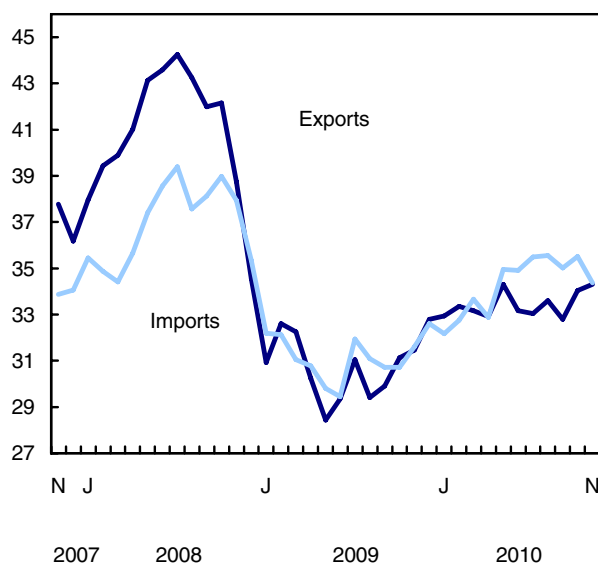
Canadian international merchandise trade

November 2010

Canada's merchandise imports declined 3.2% to \$34.4 billion in November, led by a 15.1% drop in volumes of energy products. Overall, import volumes fell 2.4% and prices, down 0.8%, decreased for a fourth consecutive month.

Exports and imports

\$ billions seasonally adjusted



Energy products and machinery and equipment were the main factors behind the decrease in the value of imports. Conversely, imports of industrial goods and materials rose, as a result of solid gains in imports of precious metals.

Exports increased 0.8% to \$34.3 billion, as prices, up 2.8%, rose in most sectors. Prices of industrial goods and materials increased 3.9% and led the growth in overall exports.

Export volumes fell 2.0%, with volumes of automotive products declining 10.0% as some plants closed temporarily in November.

Note to readers

Merchandise trade is one component of Canada's international balance of payments, which also includes trade in services, investment income, current transfers as well as capital and financial flows.

International merchandise trade data by country are available on both a balance of payments and a customs basis for the United States, Japan and the United Kingdom. Trade data for all other individual countries are available on a customs basis only. Balance of payments data are derived from customs data by making adjustments for characteristics such as valuation, coverage, timing and residency. These adjustments are made to conform to the concepts and definitions of the Canadian System of National Accounts.

Data in this release are on a balance of payments basis, seasonally adjusted in current dollars. Constant dollars are calculated using the Laspeyres volume formula.

Revisions

In general, merchandise trade data are revised on an ongoing basis for each month of the current year. Current year revisions are reflected in both the customs and balance of payments based data. Revisions to customs based data for the previous year are released on a quarterly basis. Revisions to balance of payments based data for the three previous years are released annually in June.

Factors influencing revisions include late receipt of import and export documentation, incorrect information on customs forms, replacement of estimates with actual figures, changes in classification of merchandise based on more current information, and changes to seasonal adjustment factors.

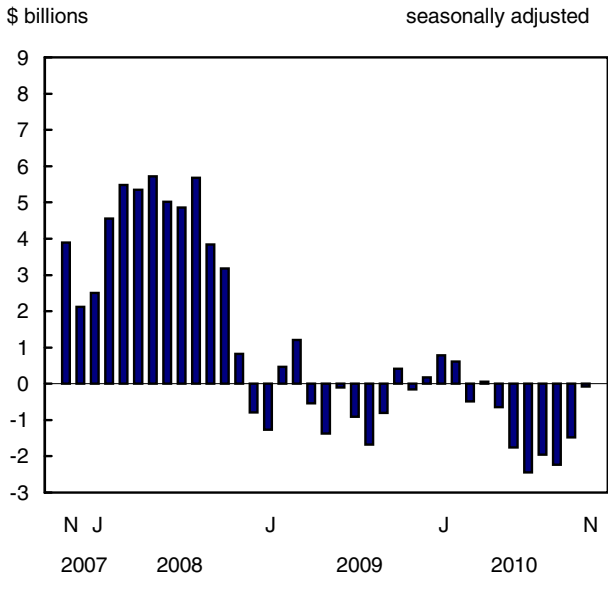
Revised data are available in the appropriate CANSIM tables.

As a result, Canada's trade deficit with the world narrowed to \$81 million in November from \$1.5 billion in October.

Exports to the United States increased 0.6% while imports fell 5.1%, reflecting a drop in imports of automotive products. Consequently, Canada's trade surplus with the United States rose to \$3.0 billion in November from \$1.7 billion in October.

Exports to countries other than the United States grew 1.1%, a fifth consecutive month of increases, while imports remained virtually unchanged. As a result, Canada's trade deficit with countries other than the United States declined from \$3.2 billion in October to \$3.1 billion in November.

Trade balance



Widespread declines in imports

Following a solid gain in October, imports of energy products fell 15.2% to \$3.1 billion in November. Lower imports of petroleum and coal products, such as motor gasoline, were the main factor behind the decrease. Imports of crude petroleum, down 11.7%, were at their lowest level since May 2009.

After nine consecutive months of growth, imports of machinery and equipment declined 5.1% to \$9.6 billion, with volumes falling 3.3%. Other transportation equipment decreased in November, reflecting lower imports of ships and boats. This followed a strong gain in October, as new tariff relief measures on ships and boats came into effect. Imports of engines, turbines and motors, more specifically wind turbines, fell 26.0%.

Automotive products imports decreased 4.4% to \$5.3 billion, mainly a result of lower volumes. Imports of trucks and other motor vehicles fell 11.5%, as a result of declining imports of full size pick-up trucks. Imports of motor vehicle parts declined 6.3%, as a result of some plant shutdowns in preparation for 2011 model changeovers.

Imports of industrial goods and materials increased 2.3% to \$7.6 billion, as prices rose 3.3%. Imports of precious metals, namely silver, rose 24.3% to \$1.3 billion, a record high. Other chemicals and related products, which include inorganic chemicals and fertilizers, also contributed to the gain in the sector. Imports of metals in ores fell during the month.

Precious metals lead the gain in exports

Exports of industrial goods and materials rose 6.6% to \$9.5 billion, as prices and volumes increased. Metals and alloys increased 21.7% to \$4.2 billion, led by exports of precious metals. In contrast, metal ores declined 17.7% to \$1.3 billion. Record high exports of iron ores were not sufficient to overcome the large declines in exports of nickel ores and copper ores.

Energy products exports increased 3.2% to \$6.9 billion, as prices were up 3.6%. Exports of crude petroleum rose 12.5%, largely accounting for the increase in the sector. Exports of natural gas, down 17.1%, decreased for a fourth consecutive month.

Other consumer goods exports increased 11.5% to \$1.3 billion, largely on the strength of medicinal and pharmaceutical products.

Exports of automotive products, trending downward since May 2010, fell 10.4% to \$4.4 billion. The decrease was the result of a 10.0% decline in volumes. Passenger autos, down 13.0%, accounted for over three-quarters of the drop in the sector. Exports of motor vehicle parts, as well as trucks and other motor vehicles, decreased in November.

Exports of machinery and equipment decreased 2.4% to \$6.4 billion, as volumes fell. Widespread declines in the sector were led by lower exports of industrial machinery. A gain in exports of aircrafts, engines and parts moderated the overall decrease.

Available on CANSIM: tables 228-0001 to 228-0003, 228-0033, 228-0034, 228-0041 to 228-0043 and 228-0047 to 228-0057.

The merchandise imports and exports data in the following tables are presented in dollar values.

Tables 228-0001 to 228-0003: Customs and balance of payments basis, by major groups and principal trading areas for all countries; monthly, quarterly, and annual.

Table 228-0033: Imports, customs-based, by province of clearance, monthly.

Table 228-0034: Domestic exports, customs-based, by province of origin, monthly.

Tables 228-0041 to 228-0043: Customs and balance of payments basis, by sector and sub-sector, for all countries; monthly, quarterly, and annual.

The merchandise imports and exports data in the following tables are indexes (2002 = 100).

Tables 228-0047 to 228-0049: Balance of payments and customs-based price and volume indexes for all countries; monthly, quarterly, and annual.

Tables 228-0050 to 228-0052: Customs-based price indexes, Canada and United States trade, and Standard

International Trade Classification (SITC revision 3) price indexes for all countries and United States; monthly, quarterly, and annual.

Tables 228-0053 to 228-0055: Price and volume indexes customs and balance of payments basis, by sector and sub-sector, for all countries; monthly, quarterly, and annual.

Tables 228-0056 to 228-0057: Balance of payments basis, by sector, seasonally adjusted, Fisher formula, chained 2002 dollars, for all countries; monthly and quarterly.

Definitions, data sources and methods: survey numbers, including related surveys, 2201, 2202 and 2203.

These data are available in the Canadian international merchandise trade database.

The November 2010 issue of *Canadian International Merchandise Trade*, Vol. 64, no. 11 (65-001-X, free),

is now available from the *Key resource* module of our website under *Publications*.

Current account data (which incorporate merchandise trade statistics, service transactions, investment income and transfers) are available quarterly in *Canada's Balance of International Payments* (67-001-X, free).

Data on Canadian International Merchandise Trade for December will be released on February 11.

For further information regarding Canada's international merchandise trade data, contact Statistics Canada's National Contact Centre (613-951-8116; toll-free: 1-800-263-1136; fax: 613-951-0581; toll-free: 1-877-287-4369; TTY: 1-800-363-7629 infostats@statcan.gc.ca).

Our agents are available Monday to Friday (except holidays) from 8:30 a.m. to 4:30 p.m.

To enquire about the concepts, methods or data quality of this release, contact Mychèle Gagnon (613-951-0994), International Trade Division.

Merchandise trade: Principal trading areas

	November 2009	October 2010 ^r	November 2010	October to November 2010	November 2009 to November 2010
Seasonally adjusted, \$ current					
	\$ millions			% change	
Principal trading areas					
Exports					
United States	23,126	23,854	23,999	0.6	3.8
Japan	688	909	855	-5.9	24.3
European Union ¹	2,987	3,559	4,031	13.3	35.0
Other OECD countries ²	1,430	1,688	1,300	-23.0	-9.1
All other countries	3,232	4,028	4,115	2.2	27.3
Total	31,462	34,038	34,299	0.8	9.0
Imports					
United States	19,836	22,141	21,003	-5.1	5.9
Japan	781	850	807	-5.1	3.3
European Union ¹	3,418	3,412	3,584	5.0	4.9
Other OECD countries ²	2,216	2,596	2,425	-6.6	9.4
All other countries	5,365	6,514	6,561	0.7	22.3
Total	31,616	35,513	34,380	-3.2	8.7
Balance					
United States	3,290	1,713	2,996	...	...
Japan	-93	59	48	...	...
European Union ¹	-431	147	447	...	...
Other OECD countries ²	-786	-908	-1,125	...	...
All other countries	-2,133	-2,486	-2,446	...	...
Total	-154	-1,475	-81	...	...

^r revised

... not applicable

1. The European Union includes Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.

2. Other countries in the Organisation for Economic Co-operation and Development (OECD) include Australia, Canada, Iceland, Mexico, New Zealand, Norway, South Korea, Switzerland and Turkey.

Note: Totals may not equal the sum of their components.

Merchandise trade: Principal commodity groupings

	November 2009	October 2010 ^r	November 2010	October to November 2010	November 2009 to November 2010
Seasonally adjusted, \$ current					
	\$ millions			% change	
Exports					
Agricultural and fishing products	2,900	3,199	3,189	-0.3	10.0
Energy products	7,495	6,699	6,914	3.2	-7.8
Forestry products	1,603	1,837	1,813	-1.3	13.1
Industrial goods and materials	6,981	8,954	9,543	6.6	36.7
Machinery and equipment	5,941	6,535	6,378	-2.4	7.4
Automotive products	4,193	4,880	4,373	-10.4	4.3
Other consumer goods	1,455	1,201	1,339	11.5	-8.0
Special transactions trade ¹	485	295	303	2.7	-37.5
Other balance of payments adjustments	410	440	447	1.6	9.0
Total	31,462	34,038	34,299	0.8	9.0
Imports					
Agricultural and fishing products	2,415	2,484	2,476	-0.3	2.5
Energy products	3,009	3,622	3,073	-15.2	2.1
Forestry products	200	215	208	-3.3	4.0
Industrial goods and materials	6,208	7,399	7,572	2.3	22.0
Machinery and equipment	8,675	10,080	9,569	-5.1	10.3
Automotive products	5,376	5,548	5,302	-4.4	-1.4
Other consumer goods	4,682	4,975	4,979	0.1	6.3
Special transactions trade ¹	378	456	504	10.5	33.3
Other balance of payments adjustments	672	733	698	-4.8	3.9
Total	31,616	35,513	34,380	-3.2	8.7

^r revised

1. These are mainly low valued transactions, value of repairs to equipment, and goods returned to country of origin.

Note: Totals may not equal the sum of their components.



Study: Comparing the 2008-2010 recession and recovery with previous cycles

By most conventional measures (real gross domestic product, employment or hours worked) the 2008-2009 recession in Canada was less severe than those in 1981-1982 and 1990-1992.

However, this outcome does not capture the significant impacts stemming from the global financial crisis. Indeed, both output and employment in the early stages of the downturn contracted at the fastest rate of any post-war recession.

Mostly, this reflected the unprecedented decline in global trade flows and the resulting quick and severe drop in corporate incomes and spending.

The economy began to stabilize in mid-2009 in response to policy measures in Canada and abroad.

As a result, the decline in output in Canada, although significant, was less pronounced than in other major industrialized countries, and the subsequent recovery quicker and more complete, with Canada the only G7 nation where real output, private domestic demand, and employment have returned to pre-recession levels.

Output and employment

In terms of output, the contraction that occurred during 1981-1982 had the largest peak-to-trough decline. But it was uneven, with several months of growth interspersed in a steep downward trend, followed in 1983 by the sharpest recovery of the three cycles.

The 2008-2009 downturn was not as deep overall as the 1981-1982 recession. Nevertheless, it set a post-war record for the most months (eight) of uninterrupted decline, a testament to the severity of the onset of the global economic and financial crisis.

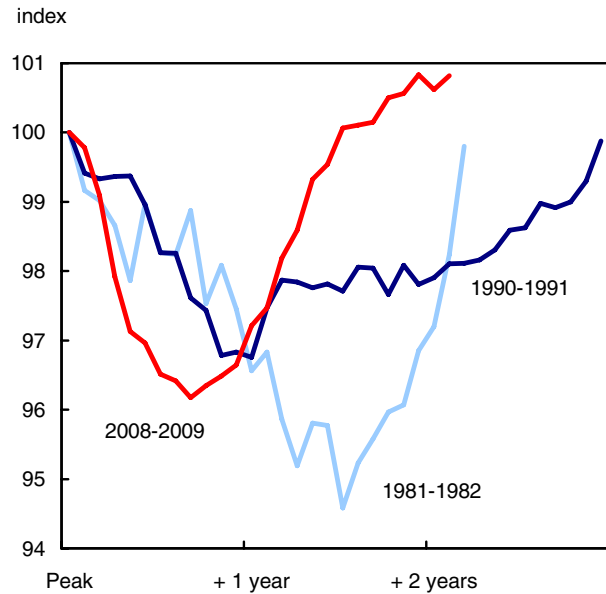
The different speeds of recovery show why it is difficult to state categorically that one recession is more severe than another. While the peak-to-trough declines in real gross domestic product were larger in 1981-1982 and in 2008-2009, the lingering nature of the weakness in 1990-1992 implies that more output was lost relative to zero or potential growth during that recession.

By any measure, the 2008-2009 recession was less severe for employment. The job loss was smaller and the economy recouped its losses more quickly than during the other two cycles. The recovery in 2009-2010 was almost over in the same amount of time as it took for the recession to hit bottom in 1982 and well before the trough in 1992.

Note to readers

This release is based on a feature article in the January 2011 edition of Canadian Economic Observer that compares the 2008-2009 recession and recovery with those in 1981-1982 and 1990-1992. The article also points out some basics of how Statistics Canada determines whether an economy is in recession.

Gross domestic product cycles



Sectoral demand: Exports, investment, household spending

The most striking feature of the 2008-2009 recession was the speed and severity of the contraction in exports. Export earnings plunged 30% in less than six months, and ultimately fell nearly 40% before export growth resumed. This compares with a drop of about 10% for exports during the recessions that started in 1981 and 1990.

Lower business investment in plant and equipment is one of the hallmarks of severe recessions. Business investment fell by about 20% in volume in the 2008-2009 recession. This matched the total decline in business investment recorded during the recessions starting in 1981 and 1990.

However, the 20% reduction starting in 1990 occurred over three years, while for 1981-1982 it was spread out over two years. Firms matched these total cuts in just three quarters in late 2008 and in early 2009.

In 2010, business investment accelerated and led growth in the second and third quarters of the year. However, investment remains well below its pre-recession level, recovering only half its losses during the downturn.

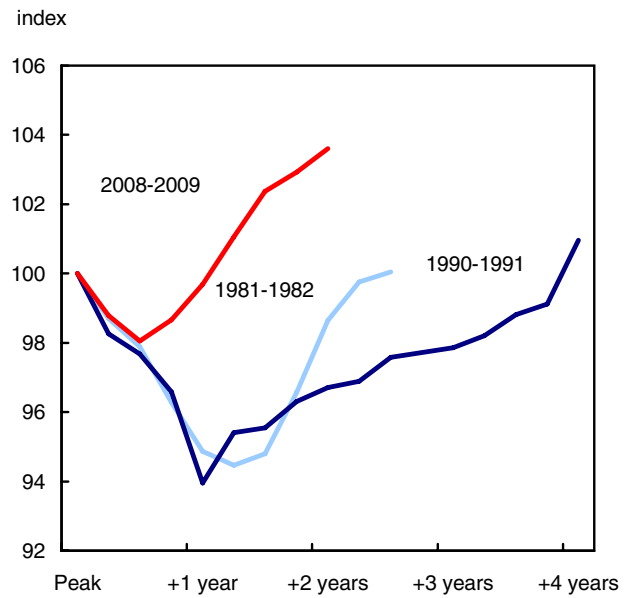
Despite exports and business investment recovering less than half their declines, overall demand has recouped its recession losses. This was largely a result of the strong recovery of household spending (defined as the sum of personal expenditure and residential construction).

In both the recessions starting in 1981 and 1990, household spending contracted by nearly 6%, bottoming out about one year after each recession began.

In 1981-1982, it took household demand two and a half years to regain its pre-recession level. After the 1990-1991 recession, it took households four full years to return to their pre-recession level of spending.

In contrast, household demand fell by only 2% over two quarters during the last recession. With a recovery starting in the second half of 2009, this loss was essentially recouped by the first anniversary of the onset of the crisis.

Household demand in recent recessions



Definitions, data sources and methods: survey numbers, including related surveys, 1901, 2202 and 3701.

The study, "How did the 2008-2010 recession and recovery compare with previous cycles?" is included in the January 2011 Internet edition of the *Canadian Economic Observer*, Vol. 24, no. 1 (11-010-X, free), now available from the *Key resource* module of our website under *Publications*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Philip Cross (613-951-9162; ceo@statcan.gc.ca), Current Economic Analysis Group. ■

Commercial Rents Services Price Index

Third quarter 2010

The Commercial Rents Services Price Index rose 0.3% in the third quarter, following a 0.4% increase in the second quarter.

On a year-over-year basis, the index advanced 1.4% in the third quarter compared with the same quarter in 2009.

Note: All data in this release are seasonally unadjusted and are subject to revision. With the release of the final fourth quarter data for any given year, finalized data for all quarters of that year are released at the same time.

The Commercial Rents Services Price Index is part of the Services Producer Price Index program. This is a monthly index which is disseminated on a quarterly basis. Prices collected are average rents measured in price per square foot for a sample of commercial buildings. Data are used to estimate a price index for the non-residential commercial rents services sector. The index can be joined with other business service indexes to provide better estimates of real output and productivity, and to monitor inflation in the services sector. Indexes are available at the Canada level only.

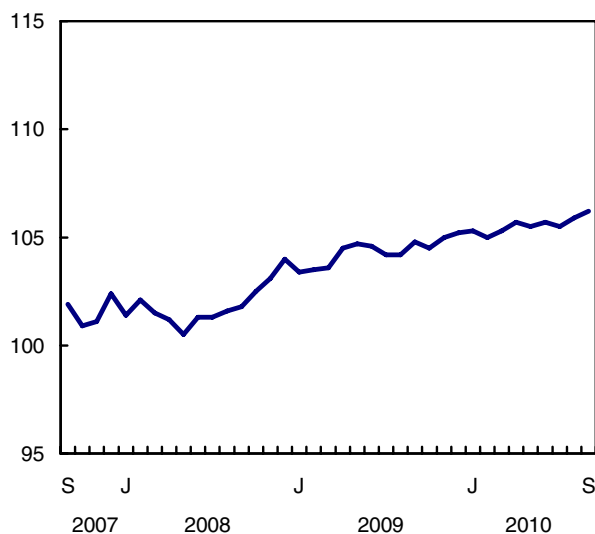
Available on CANSIM: table 332-0001.

Definitions, data sources and methods: survey number 5123.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-888-951-4550; 613-951-4550; fax: 613-951-3117; ppd-info-dpp@statcan.gc.ca), Producer Prices Division.

Services Producer Price Index: Commercial rents

Index (2006=100)



Services Producer Price Index: Commercial rents

	Relative importance ¹	Third quarter 2009	Second quarter 2010 ^r	Third quarter 2010 ^p	Second quarter to third quarter 2010	Third quarter 2009 to third quarter 2010
	%	(2006=100)		% change		
Services Producer Price Index: Commercial rents	100.00	104.4	105.6	105.9	0.3	1.4

^r revised

^p preliminary

1. The Commercial Rents Services Price Index is released at the national level with no industry break down and therefore carries a relative importance of 100.

Export and import price indexes

November 2010

Current- and fixed-weighted export and import price indexes (2002=100) on a customs or balance of payments basis are now available. Price indexes are listed from January 2002 to November 2010 for the five commodity sections and the major commodity groups (62 exports and 61 imports).

Current- and fixed-weighted US price indexes (2002=100) are also available on a customs basis. Price indexes are listed from January 2002 to November 2010. Included with the US commodity indexes are the 10 all-countries and US-only Standard International Trade Classification section indexes.

Available on CANSIM: tables 228-0047 to 228-0055.

Merchandise imports and exports data in the following tables are indexes (2002=100).

Tables 228-0047 to 228-0049: Balance of payments and customs-based price and volume indexes for all countries, monthly, quarterly and annual.

Tables 228-0050 to 228-0052: Customs-based price indexes, Canada and the United States trade, and Standard International Trade Classification (SITC revision 3) price indexes for all countries and the United States, monthly, quarterly and annual.

Tables 228-0053 to 228-0055: Price and volume indexes, customs and balance of payments basis, by sector and sub-sector, for all countries, monthly, quarterly and annual.

Definitions, data sources and methods: survey numbers, including related surveys, 2201, 2202 and 2203.

The November 2010 issue of *Canadian International Merchandise Trade*, Vol. 64, no. 11 (65-001-X, free), is now available from the *Key resource* module of our website under *Publications*.

Data on Canadian international merchandise trade for December will be released on February 11.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-800-294-5583), International Trade Division. ■

Chain Fisher real export and import values

November 2010

The monthly chain Fisher real dollar values (reference year 2002) for Canadian international merchandise trade are now available for November.

Available on CANSIM: tables 228-0056 and 228-0057.

Tables 228-0056 and 228-0057: Balance of payments basis, by sector, seasonally adjusted, Fisher formula, chained 2002 dollars, for all countries, monthly and quarterly.

Definitions, data sources and methods: survey numbers, including related surveys, 2201, 2202 and 2203.

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For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-800-294-5583), International Trade Division. ■

Asphalt roofing

November 2010

Data on asphalt roofing are now available for November.

Available on CANSIM: table 303-0052.

Definitions, data sources and methods: survey number 2123.

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; manufact@statcan.gc.ca), Manufacturing and Energy Division. ■

New products and studies

Canadian Economic Observer, January 2011, Vol. 24,
no. 1
Catalogue number 11-010-X (HTML, free)

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November 2010, Vol. 64, no. 11
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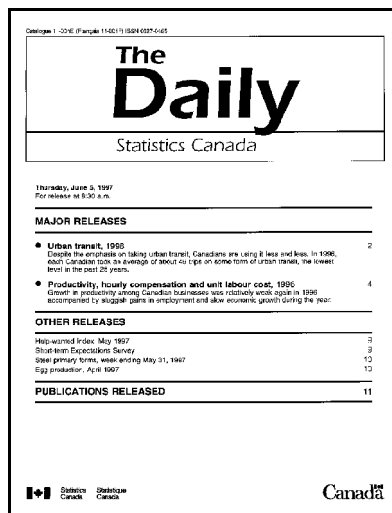
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