



Global Affairs  
Canada

Affaires mondiales  
Canada

Canada



OFFICE OF  
THE CHIEF  
ECONOMIST

# MONTHLY TRADE REPORT

## FEBRUARY 2021

# FEBRUARY

	<b>Goods</b> (m/m change) [YTD change]	<b>Services</b> (m/m change) [YTD change]	<b>Total</b> (m/m change) [YTD change]
<b>Exports</b>	\$49.9 billion (-2.7%) [+6.5%]	\$9.1 billion (-1.6%) [-14.6%]	\$59.0 billion (-2.5%) ▼ [+2.6%]
<b>Imports</b>	\$48.8 billion (-2.4%) [-1.2%]	\$9.1 billion (-4.9%) [-33.4%]	\$57.9 billion (-2.8%) ▼ [-8.3%]
<b>Balance</b>	\$1.0 billion (-\$167 million)	\$0.1 billion (+ \$315 million)	\$1.1 billion (+ \$148 million) ▲

Note: "m/m" is the change from the previous month; "YTD" is the year-to-date (January to recent month) cumulative change compared to the same period in the previous year.

Source: Statistics Canada. Balance of payments basis, seasonally adjusted.

# HIGHLIGHTS

After strong growth in January, Canada's trade stalled in February, with both exports and imports experiencing declines. While the goods trade surplus narrowed, February marked the first time since 2016 that Canada had observed two consecutive months of trade surpluses.

Goods exports declined 2.7% and imports fell 2.4% in February. While metal and non-metallic mineral products were the main drivers of the decline in exports, the global shortage in semiconductors pulled down both exports and imports of motor vehicles and parts. The increase in exports of energy products partially offset the decline in non-energy products exports.

Despite the declines, goods exports remained 4.1% above February 2020 levels. Imports however, were 2.8% below values experienced a year prior. Meanwhile, services trade had not yet begun to recover and stood well below February 2020 levels.

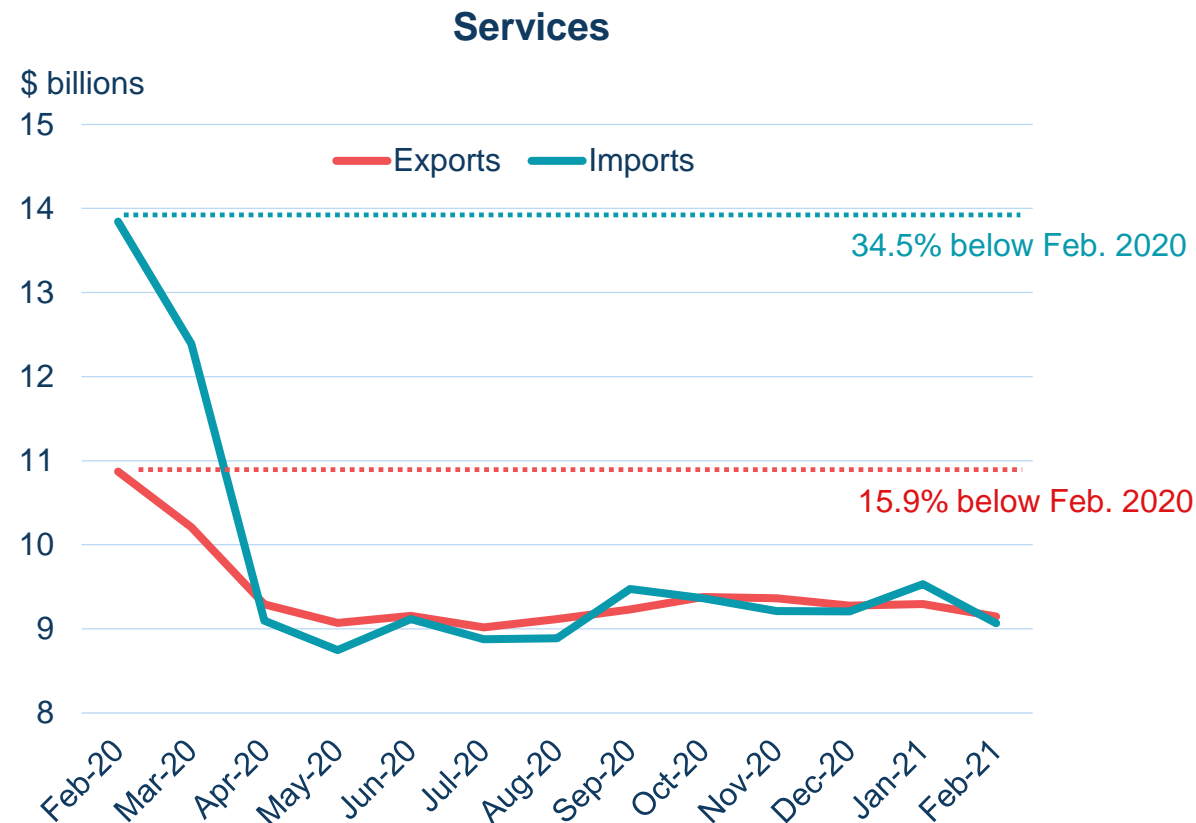
Stripping out price impacts, goods export volumes declined 3.8%, while import volumes were down 3.5%.

Canada's goods and services trade surplus with the world narrowed from \$ 1.2 billion in January to \$1.1 billion in February.



# CANADA'S TRADE RELATIVE TO PRE-PANDEMIC LEVELS

(International trade in goods and services)



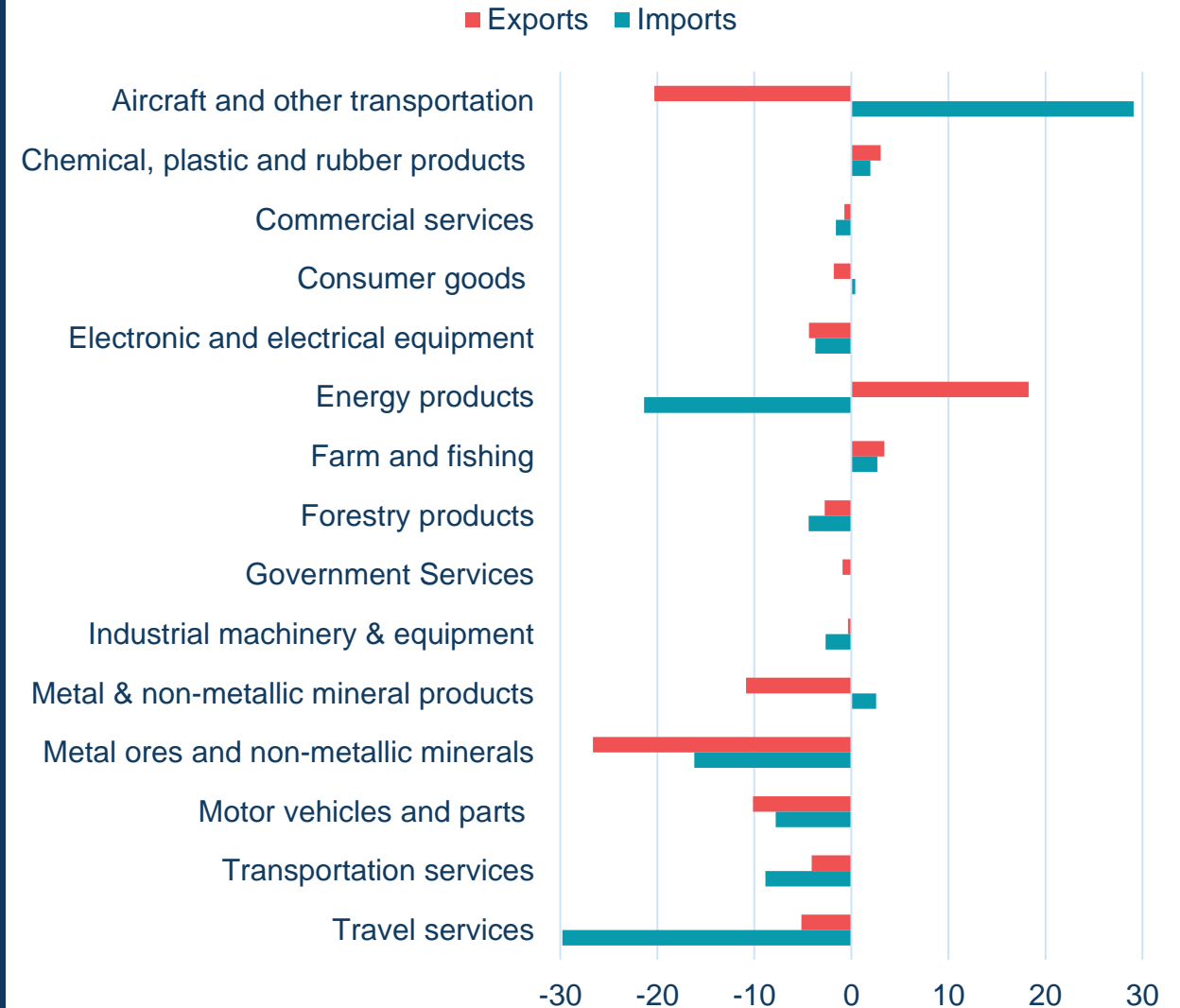
Sources: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01.  
Balance of payments basis, seasonally adjusted.

# INDUSTRY VIEW

Export decreases were observed in 8 of the 11 product categories for goods and in all 4 service sectors. **Metal and non-metallic mineral products** (-10.9%) contributed the most to the decline in goods exports in February, reflecting fewer asset transfers within the banking sector and lower sales of refined gold. **Motor vehicles and parts** exports decreased by 10.2% due to a shortage of semiconductor components worldwide while **Aircraft and other transportation equipment** decreased 20.3%, following a surge in shipments in January. Exports of **energy products**, up 18.3%, due to higher prices of both natural gas and crude oil, partially offset falls elsewhere. More stringent COVID-19 testing and quarantine regulations for travellers entering Canada came into effect in February, leading to a 5.1% decline in **travel services** exports.

Import decreases were observed in 6 of the 11 product categories and in 3 of the 4 categories of services. **Motor vehicles and parts** fell 7.8%, the largest decrease among product categories due to a shortage of semiconductor chips. **Energy products** decreased by 21.4%, following a strong increase in January. The purchase of four commercial airliners drove the 29.1% growth in transportation equipment and parts category, partially offsetting the overall decline in imports. **Travel services** fell 29.8%, with the number of Canadians returning from abroad declining in February, coinciding with increased quarantine and testing requirements.

## Trade by Industry and Sector (monthly % change)



Sources: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01.  
Balance of payments basis, seasonally adjusted.

## Goods Trade, by Major Trading Partner (monthly % change)

■ Exports ■ Imports

-20 -15 -10 -5 0 5

United States



China



European Union



Rest of World



## TRADING PARTNERS

After a strong 10.5% rise in January, goods exports to the United States increased by only 0.8% in February. Strong exports of natural gas and crude oil were able to compensate for large declines in motor vehicles and parts. The 1.7% decrease in imports was driven by motor vehicles and parts, which increased the trade surplus between the two countries to \$6.8 billion in February, the largest since September 2008.

Goods exports to the European Union decreased 18.0% in February, partially driven by a 54.1% decline in exports of iron ores and oilseeds to the Netherlands. Imports were down 7.3% due largely to declines in Germany (-14.9%) and Italy (-19.4%).

Trade with China also dipped in February, with declines of 8.0% in exports (farm, fishing and food products and metal ores and non-metallic minerals) and 1.7% in imports (electronic and electrical equipment and parts).

February posted decreases in both exports and imports with the rest of the world. There were lower exports to the United Kingdom (gold), and Saudi Arabia (other transportation equipment). Imports from Mexico (various products) and Switzerland (metal products and pharmaceutical products) had the largest declines.

\*European Union does not include the United Kingdom.

Source: Statistics Canada Table 12-10-0011-01. Balance of payments basis, seasonally adjusted.

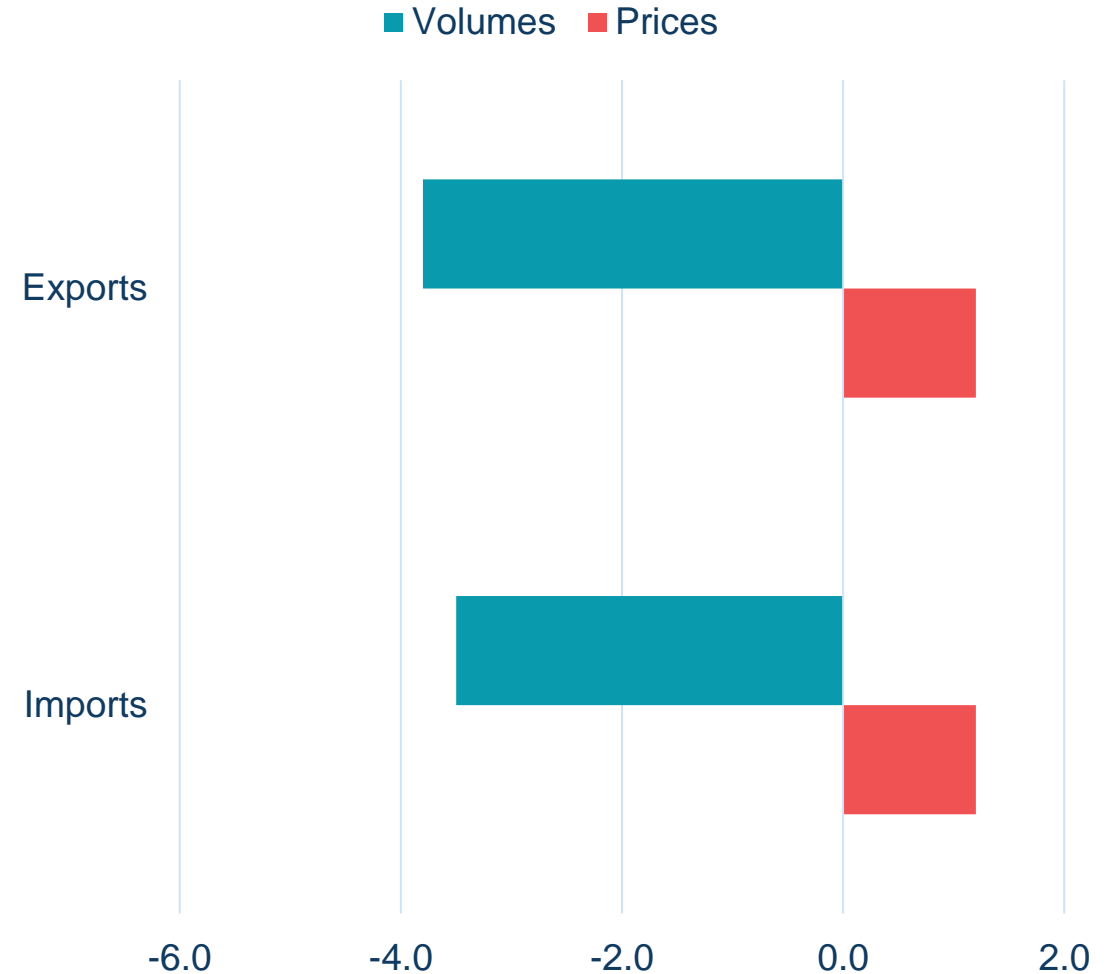
# PRICES AND VOLUMES

The increase in prices helped to mitigate the 3.8% decline in export volumes. This was similar for imports, which saw volumes down 3.5% when the price effect is stripped out.

The oil price rose 14.0% month-over-month, to CAD\$75.4/barrel in February. Increasing demand and lower supply supported 4 months of consecutive growth. The natural gas price increased 90% in February, reaching CAD\$6.4/mmBtu. These price increases drove the growth in exports of energy products in February.

The Canadian dollar had a small 0.2 cents increase relative to the U.S. dollar, closing February at \$0.79/USD.

## Goods Trade Volumes and Prices (monthly % change in volume and price indices)





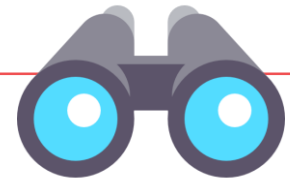
# WHAT TO WATCH

---

- Canada showed surprising resilience to January's strict lockdown measures. Statistics Canada's flash estimate for January indicates a 0.5% monthly increase in Canada's GDP. Ongoing fiscal stimulus, vaccination rollout and strong economic growth in the U.S. forced an upward revision to GDP forecasts for 2021 (IMF now forecasts 4.4% growth), though the current surge in COVID-19 cases poses a downside risk going forward. Recent shortages in supply of semiconductor chips worldwide, and the blockage of the Suez Canal, although now cleared, may affect Canada's trade in the coming releases.
- U.S. GDP growth for 2021 is expected to reach 7.0%, supported by an accelerated vaccination rollout and the US\$1.9 trillion American Rescue Plan signed into law earlier in March. The recently announced American Jobs Plan, a US\$2 trillion investment (1% of U.S. GDP) over eight years, could provide additional economic boost.
- Economic activity in Europe remains weak due to extended restrictions in some countries, and slow vaccine rollout. Nonetheless, a recovery is still expected in the second half of the year, supported by improved health conditions.
- In China, robust economic growth is expected to resume in the next quarters after temporary weakness in Q1. After an abrupt drop in consumption due to travel restrictions during the Chinese New Year holiday, economic activity is picking up, supported by strong demand for exports and industrial production.
- The decline in export growth observed in February is below market expectations and puts Canada below the path for meeting average export growth forecasts for the first quarter of the year.

---

**Next Monthly Trade Release:** Tuesday May 4th



**Table 1: Trade by Industry Sector**  
(\$ millions)

	Exports			Imports		
	February-21	m/m %	YTD %	February-21	m/m %	YTD %
<b>Goods</b>	<b>49,856</b>	<b>-2.7</b>	<b>6.5</b>	<b>48,817</b>	<b>-2.4</b>	<b>-1.2</b>
Resource products	28,293	1.0	13.9	15,064	-3.6	-3.3
Energy products	9,453	18.3	6.2	1,627	-21.4	-39.6
Non-resource products	20,198	-7.2	-1.5	31,651	-2.1	-1.3
Industrial machinery & equipment	3,044	-0.4	-8.6	5,338	-2.7	0.2
Electronic machinery & equipment	2,195	-4.4	-3.5	5,904	-3.7	7.3
Motor vehicles and parts	6,110	-10.2	-12.2	8,042	-7.8	-8.7
Aircraft & other transportation equipment	2,559	-20.3	23.4	1,408	29.1	-42.2
Consumer goods	6,290	-1.8	6.8	10,958	0.4	8.5
<b>Services</b>	<b>9,145</b>	<b>-1.6</b>	<b>-14.6</b>	<b>9,066</b>	<b>-4.9</b>	<b>-33.4</b>
Transportation	1,152	-4.1	-16.2	1,709	-8.9	-30.5
Travel	905	-5.1	-57.7	441	-29.8	-88.3
Commercial	6,978	-0.7	-0.7	6,807	-1.6	2.8
Government	110	-0.9	-22.2	109	0.0	-14.8
<b>Total Goods and Services</b>	<b>59,001</b>	<b>-2.5</b>	<b>2.6</b>	<b>57,883</b>	<b>-2.8</b>	<b>-8.3</b>

Note: "m/m %" is the change from the previous month; "YTD %" is the year-to-date (January to recent month) cumulative change compared to the same period in the previous year.  
Source: Statistics Canada Tables 12-10-0121-01 and 12-10-0144-01. Balance of payments basis, seasonally adjusted.



**Table 2: Goods Trade by Trading Partner**  
(\$ millions)

	Exports			Imports		
	February-21	m/m %	YTD %	February-21	m/m %	YTD %
United States	37,356	0.8	5.7	30,600	-1.7	-4.7
Mexico	709	-11.0	11.6	1,416	-16.1	-5.1
European Union	2,050	-18.0	-4.1	4,252	-7.3	-1.0
Germany	496	-7.7	0.3	1,107	-14.9	-9.6
France	332	25.0	-21.0	438	7.2	12.3
United Kingdom	1,685	-17.8	6.1	969	59.1	22.2
India	180	-8.9	-51.9	309	-21.0	5.4
China	2,421	-8.0	32.0	4,452	-1.7	33.9
Japan	1,258	14.0	11.0	921	-3.8	-10.2
South Korea	312	-23.1	-8.3	689	-12.4	17.6
Rest of the world	3,884	-13.1	13.5	5,210	-2.6	-4.6
<b>Total Goods Trade</b>	<b>49,856</b>	<b>-2.7</b>	<b>6.5</b>	<b>48,817</b>	<b>-2.4</b>	<b>-1.2</b>

Note: "m/m %" is the change from the previous month; "YTD %" is the year-to-date (January to recent month) cumulative change compared to the same period in the previous year.

\*European Union does not include the United Kingdom

Source: Statistics Canada Table 12-10-0011-01. Balance of payments basis, seasonally adjusted.