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OFFICE OF  
THE CHIEF  
ECONOMIST

# MONTHLY TRADE REPORT

## MARCH 2021

# MARCH

	<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>	\$50.6 billion (+0.3%) [-10.6%]	\$9.3 billion (+1.2%) [-32.5%]	\$59.9 billion (+0.4%) ▲ [-14.9%] ▼
<b>Imports</b>	\$51.8 billion (+5.5%) [-18.8%]	\$9.1 billion (+0.4%) [-43.9%]	\$60.9 billion (+4.7%) ▲ [-24.0%] ▼
<b>Balance</b>	-\$1.1 billion (-\$2.6 billion)	\$0.1 billion (+\$68 million)	-\$1.0 billion (-\$2.5 billion) ▼

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 experiencing decreases in February, Canadian exports of goods and services experienced a small increase of 0.4% in March, mostly driven by prices, while imports increased 4.7%.

The increase in goods exports (0.3%) was mainly driven by motor vehicles and parts and metal ores and non-metallic minerals, but partially offset by lower exports of energy products. The increase in goods imports (5.5%) was felt broadly across all product categories, but was largely driven by energy products. Increases in services exports and imports were both driven by commercial services.

Goods exports grew 60.0% compared to their lowest point (April 2020), while imports rose 44.6% since their lowest (May 2020); both have now surpassed pre-pandemic levels. Meanwhile, services exports have only increased 2.0% and imports increased 4.4% since their lowest points in May 2020, still well below pre-pandemic levels.

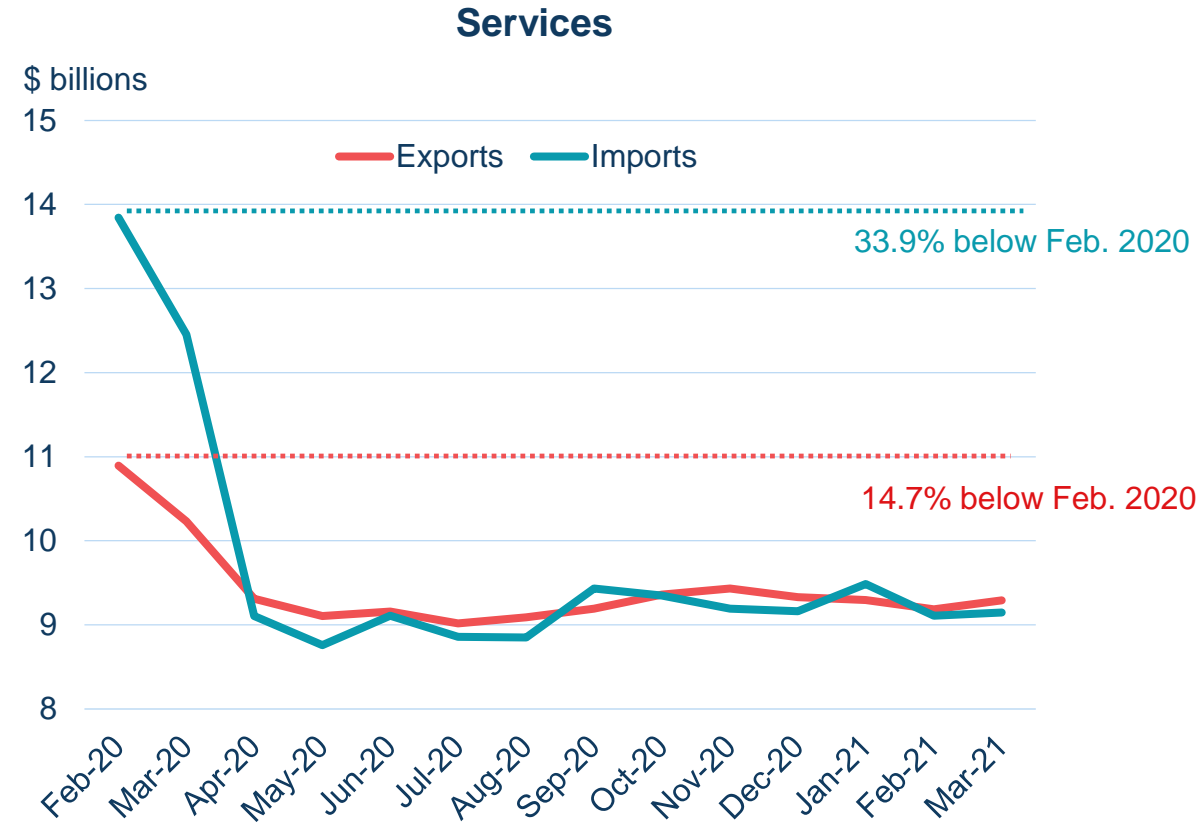
Stripping out price impacts, export volumes shrunk 0.3%, while import volumes were up 7.0%.

After posting a \$1.4 billion surplus in February, the trade balance for goods and services decreased \$2.5 billion, posting a deficit of \$1.0 billion in March.



# CANADA'S TRADE RELATIVE TO PRE-PANDEMIC LEVELS

(International trade in goods and services)



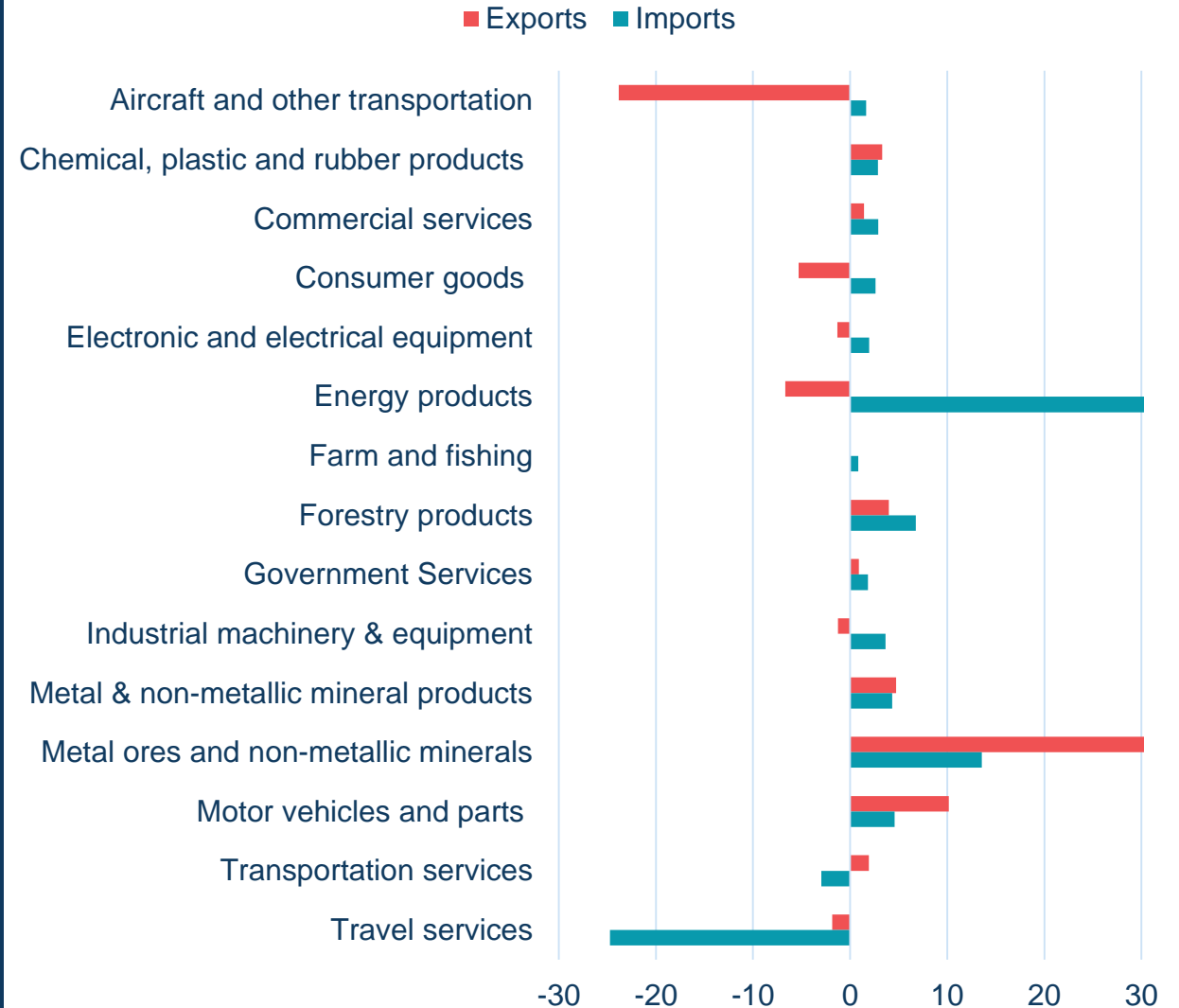
Sources: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01.  
Balance of payments basis, seasonally adjusted.

# INDUSTRY VIEW

Exports increased in 5 of the 11 product categories for goods and in 3 of 4 service sectors. Motor vehicles and parts rose 10.2% mostly on exports of passenger cars and light trucks as the shortage of semiconductor components worldwide had less of an impact in March compared to the previous month when exports of these products declined 11.5%. Metal ores and non-metallic minerals were up 33.0% in March, with iron ore rising 57.7% on strong global demand and higher prices. Energy products went down 6.7%, mostly on lower exports of natural gas (-46.7%); after natural gas prices peaked in February due to power outages in the U.S., they returned to more normal levels in March. Aircraft and other transportation equipment and parts (-23.8%) also declined, following two months of growth due to deliveries of used aircrafts to the U.S. Commercial services increased 1.4% led by higher financial services commissions.

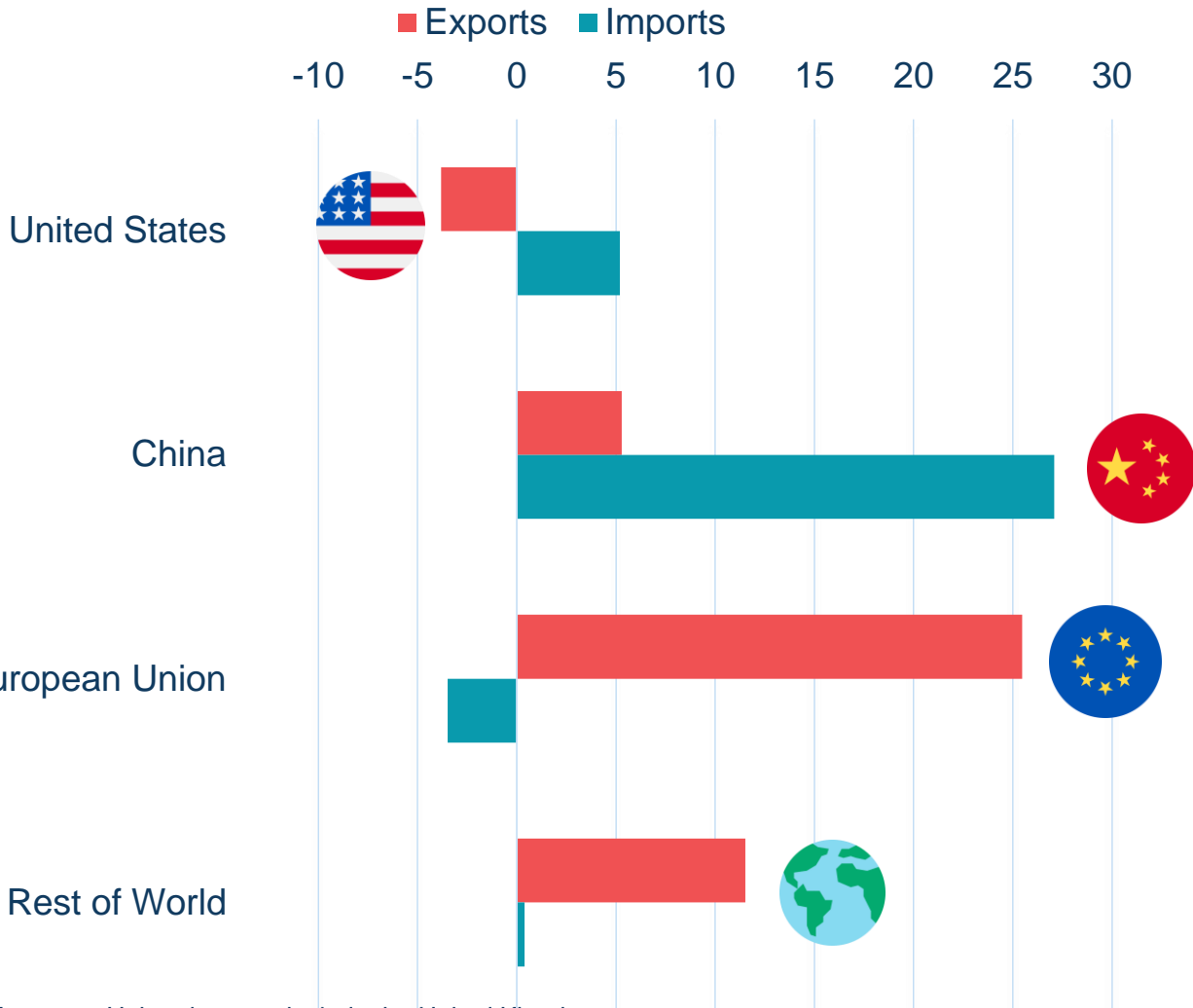
Import increases were widespread, growing in all 11 product categories and in 2 of the 4 services sectors. Energy products observed the largest growth (54.7%), the highest level since May 2020, mostly on motor gasoline and crude oil. After a decline in February, motor vehicles and parts were up 4.6% in spite of the continued global shortage of semiconductor chips. Travel services posted another monthly drop of 24.7%, as the number of Canadians returning from abroad continued to decline in face of more strict quarantine and testing requirements announced in February.

## 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)



\*European Union does not include the United Kingdom.

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

## TRADING PARTNERS

Exports to the United States fell in March on lower exports of aircraft and other transportation equipment and parts. Imports rose 5.2%, on larger imports of motor vehicles and parts, partially recovering the losses experienced in February 2021.

Exports to the European Union increased 25.5%, with especially large growth to Germany (21.9%). Imports decreased 3.5%, pulled down largely by a 10.7% decline in imports from France.

Exports to China increased 5.3%, and imports increased 27.1%, on higher demand for electronics, furniture and appliances, among other products.

Both exports and imports of goods with the rest of the world increased in March, reversing February's declines. There were higher exports to Hong Kong (refined gold) and South Korea (metal ores and refined gold), and increased imports from India (metal and non-metallic mineral products).

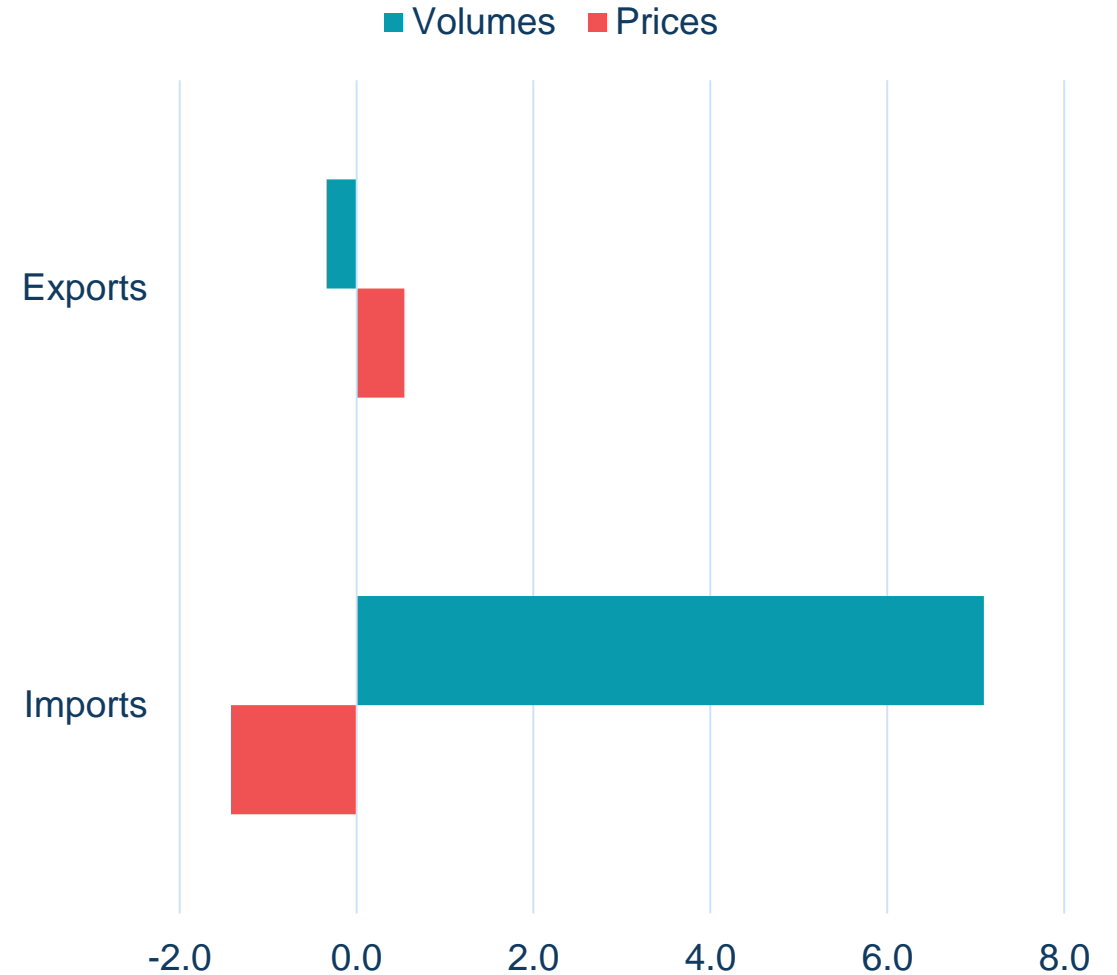
# PRICES AND VOLUMES

The small increase in the value of exports was due to a price effect driven by a high-valued loonie. Stripping out the price effect, real export volumes were down 0.3%. On the other hand, the volume of imports increased 7.0% in March when price effects are removed.

The oil price reached CAD \$78.30/barrel, rising 4.5% month-over-month, which is the slowest growth since November. After a large increase in February due to a surge in demand, the price of natural gas went back to December levels in March, reaching CAD\$3.30/mmBtu.

The Canadian dollar continued its upward trend, fuelled largely by growing global demand for Canadian goods and services. The value of the loonie increased 1% from February levels and closed March at \$0.80/USD.

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





## WHAT TO WATCH

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- Canada's GDP growth for 2021 has been revised up to 6.5% by Bank of Canada on improved economic conditions both domestically and internationally. Strong GDP growth in the U.S. (7.0% in 2021), and globally (6.8% in 2021) should support Canadian exports despite the recent currency appreciation. A downside risk on the horizon is an extended severe third wave of the pandemic including contagious variants, which may result in continued longer lockdowns in Canada and around the world and threatens vaccine effectiveness.
- The Canada-U.S. exchange rate surpassed pre-pandemic levels (\$0.75/USD in February 2020) in August 2020 and has remained very strong since then, averaging \$0.80/USD in April 2021. Strong consumption in the U.S. resulting from the substantial fiscal stimulus, as well as high commodity prices continue to support the currency level, but after these effects run through the system, there may be downward pressure on the loonie over the medium-term.
- The increase in exports in March placed Canada's export performance in the first quarter above the market average growth forecast. There are high expectations for growth in the coming months, driven largely by U.S. and global demand as many economies begin their recoveries.

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**Next Monthly Trade Release:** Tuesday June 8th



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

	Exports			Imports		
	March-21	m/m %	YTD %	March-21	m/m %	YTD %
<b>Goods</b>	<b>50,618</b>	<b>0.3</b>	<b>9.7</b>	<b>51,758</b>	<b>5.5</b>	<b>1.5</b>
Resource products	29,415	1.4	19.7	16,654	10.1	-0.1
Energy products	9,428	-6.7	27.7	2,521	54.7	-27.5
Non-resource products	19,726	-1.9	-1.0	32,879	3.1	1.1
Industrial machinery & equipment	3,002	-1.3	-7.6	5,534	3.7	1.9
Electronic machinery & equipment	2,160	-1.3	-4.1	6,060	2.0	9.7
Motor vehicles and parts	6,668	10.2	-6.9	8,487	4.6	-4.5
Aircraft & other transportation equipment	1,933	-23.8	17.7	1,512	1.6	-36.7
Consumer goods	5,964	-5.3	4.0	11,287	2.6	8.8
<b>Services</b>	<b>9,291</b>	<b>1.2</b>	<b>-12.7</b>	<b>9,148</b>	<b>0.4</b>	<b>-31.2</b>
Commercial	7,117	1.4	-0.9	7,023	2.9	2.6
Travel	898	-1.9	-54.1	338	-24.7	-88.9
Transportation	1,164	1.9	-13.3	1,675	-3.0	-28.7
Government	112	0.9	-19.9	111	1.8	-13.4
<b>Total Goods and Services</b>	<b>59,909</b>	<b>0.4</b>	<b>-14.9</b>	<b>60,906</b>	<b>4.7</b>	<b>-24.0</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		
	March-21	m/m %	YTD %	March-21	m/m %	YTD %
United States	36,535	-3.8	9.6	32,254	5.2	-1.4
Mexico	852	19.8	20.7	1,526	2.9	-2.4
European Union	2,568	25.5	-1.6	4,189	-3.5	-2.6
Germany	601	21.9	-11.0	1,186	1.8	-6.9
France	293	-11.0	-17.1	393	-10.7	4.6
United Kingdom	1,636	-3.0	6.6	615	-37.0	10.9
India	163	-12.6	-52.8	349	12.7	2.9
China	2,580	5.3	36.2	5,675	27.1	50.0
Japan	993	-20.6	4.4	913	-0.6	-9.3
South Korea	544	72.5	8.6	729	5.7	16.3
Rest of the world	4,746	22.9	11.5	5,508	5.4	-6.6
<b>Total Goods Trade</b>	<b>50,618</b>	<b>0.3</b>	<b>9.7</b>	<b>51,758</b>	<b>5.5</b>	<b>1.5</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.