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OFFICE OF  
THE CHIEF  
ECONOMIST

# MONTHLY TRADE REPORT

## MAY 2021

# MAY

	<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>	\$49.5 billion (-1.6%) [+23.0%]	\$9.3 billion (-0.1%) [-6.5%]	\$58.8 billion (-1.4%) ▼ [+17.3%]
<b>Imports</b>	\$50.9 billion (+2.1%) [+13.7%]	\$9.7 billion (+0.7%) [-19.0%]	\$60.6 billion (+1.9%) ▲ [+6.9%]
<b>Balance</b>	-\$1.4 billion (-\$1.8 billion)	-\$0.4 billion (-\$0.1 billion)	-\$1.8 billion (-\$1.9 billion) ▼

## HIGHLIGHTS

In May 2021, goods exports declined 1.6% mainly due to lower exports of consumer goods and motor vehicles and parts. Over the same period, goods imports increased 2.1%, led by metal and non-metallic mineral products and consumer goods.

These changes are more pronounced when price effects are removed. In real (or volume) terms, goods imports rose by 2.5% in May, while goods exports fell 3.1%.

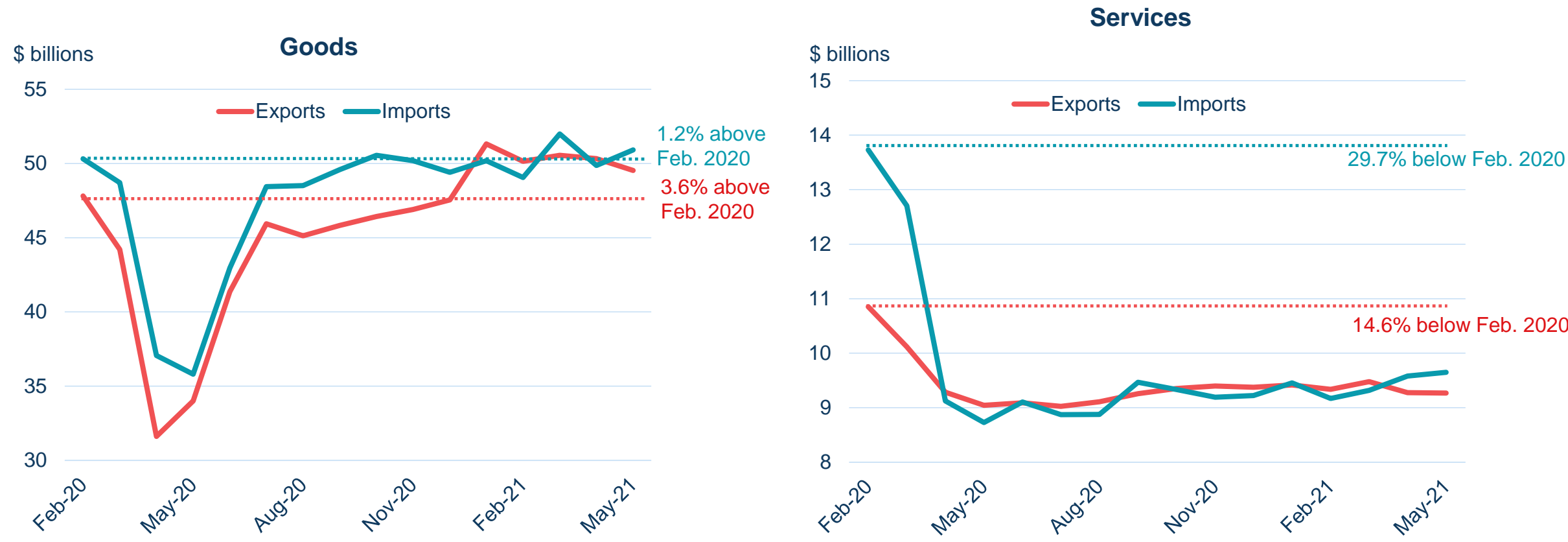
Services trade experienced little change in May, edging down 0.1% for exports and growing by 0.7% for imports; thus, services trade remains far below pre-pandemic levels.

With goods and services combined, exports fell 1.4% and imports increased 1.9%. As a result, Canada's trade balance with the world went from a surplus of \$159 million in April, to a deficit of \$1.8 billion in May.



# CANADA'S TRADE RELATIVE TO PRE-PANDEMIC LEVELS

(International trade in goods and services)



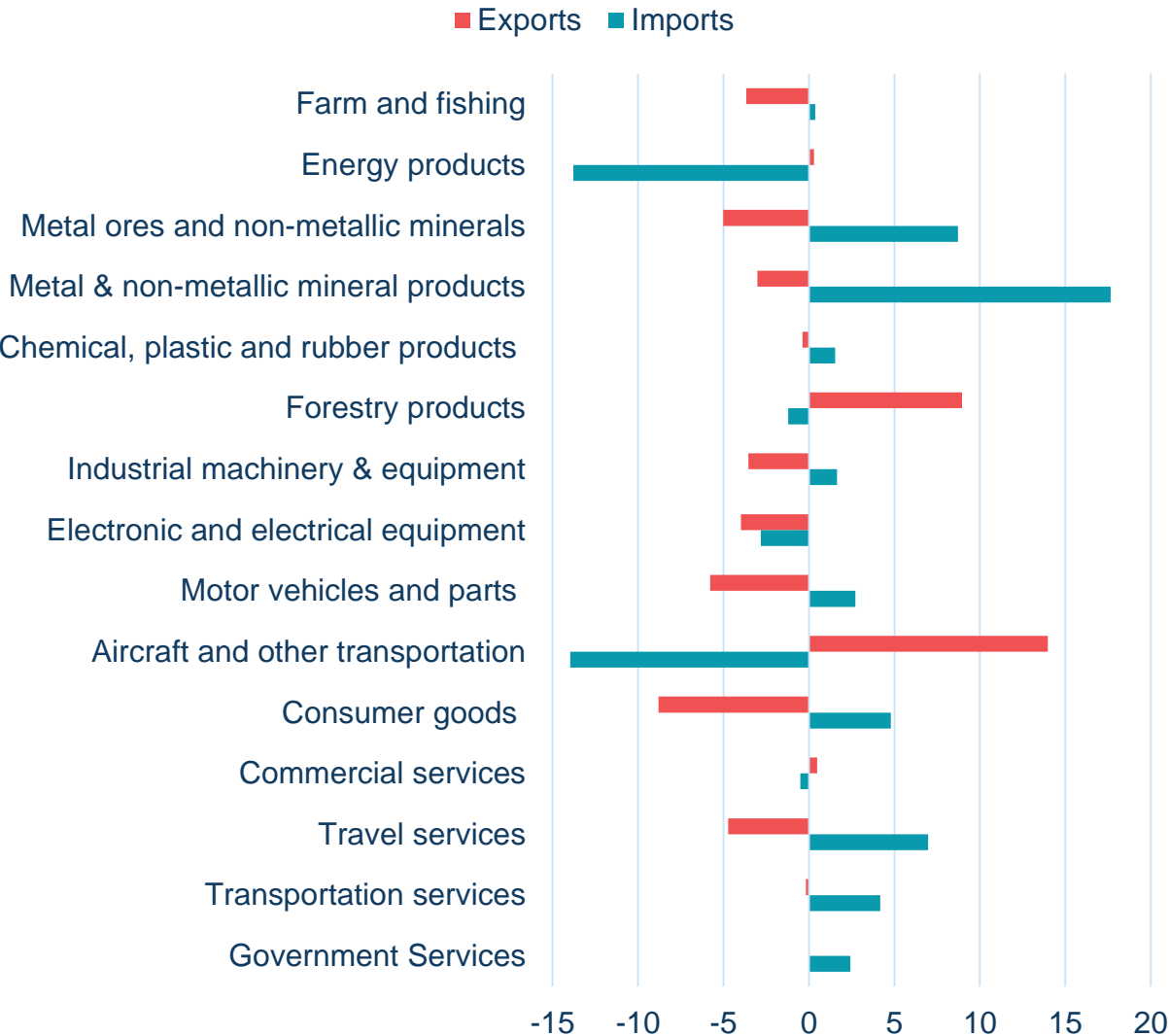
Sources: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01.  
Balance of payments basis, seasonally adjusted.

# INDUSTRY VIEW

Exports declined in 8 of the 11 product categories for goods and in 2 of 4 service categories. Consumer goods contributed the most to the decline in total exports, falling by 8.8% in May. This was mostly due to lower monthly exports of prepared and packaged seafood products as snow crab fishing season had shifted to earlier in the spring. May marked the seventh decline in exports of motor vehicles and parts during the last eight months (-5.8%). Although production shutdowns due to the shortage of semiconductor chips were less severe, this did not directly translate to an increase in exports. On the other hand, exports of forestry products and building and packaging materials rose 8.9% in May, led by increases in lumber exports, on the strength of higher prices. Lumber prices have risen sharply due to persistent strong demand for lumber in construction work and renovations combined with low supplies and inventories; however, several market price indicators point to a potential fall in lumber prices in the coming months.

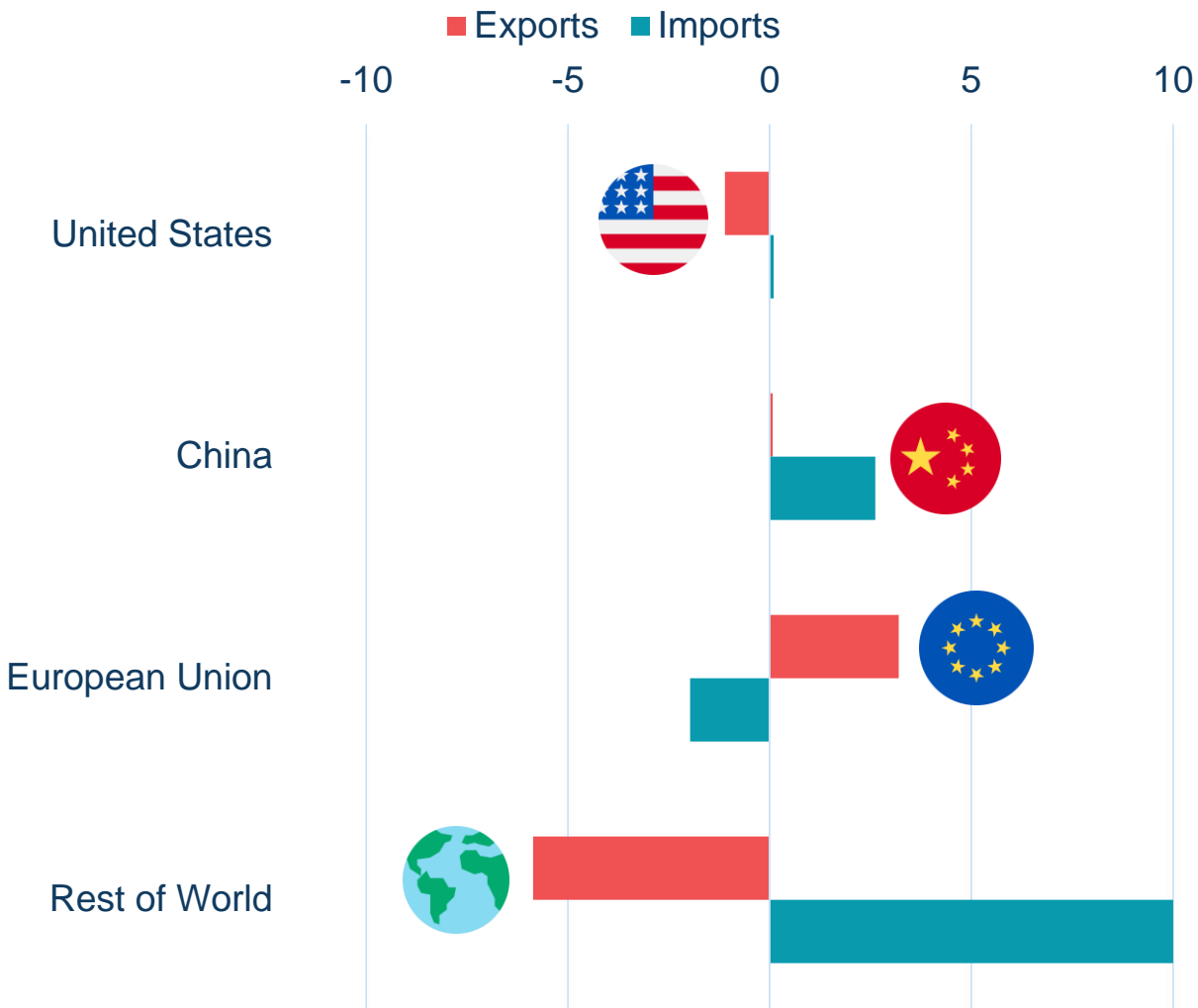
Import increases were widespread, growing in 7 of the 11 product categories and in 3 of the 4 services categories. Metal and non-metallic mineral products observed the fastest growth of 17.7%, reaching a record high of \$5.3 billion in May, mostly driven by unwrought gold, silver and platinum group metals and their alloys. Imports of consumer goods also rose 4.8% in May, supported by higher imports of articles of precious metals and pharmaceutical products. Although commercial services imports edged down 0.5%, imports of all other services categories rose in May but remain far from pre-pandemic levels.

## 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.

## GLOBAL MARKETS

The earlier snow crab fishing season this spring shifted a portion of seafood exports to April. This contributed to the 1.1% decline in overall goods exports to the United States in May. In contrast, goods imports from the U.S. edged up 0.1%. As a result, Canada's goods trade surplus with the U.S. narrowed from \$6.6 billion in April to \$6.1 billion in May.

Goods exports to the U.S. have largely recovered since the onset of the pandemic. Exports to the U.S. in the first five months of 2021 grew nearly 20% compared to the year prior when measured on a customs basis, mainly supported by energy and forestry products. When compared to the same period in 2019, exports were only down 1.3%.

Goods trade with countries other than the U.S. posted a record trade deficit in May. Canadian imports from countries other than the U.S. rose 5.3% in May, and were widespread including from Japan, Italy, Mexico, and China. Moreover, Canadian exports to non-U.S. countries contracted by 3.0%, mainly due to lower exports to the United Kingdom. Consequently, Canada's goods trade deficit with countries other than the U.S. widened from \$6.1 billion in April to a record \$7.5 billion in May.

# PRICES AND VOLUMES

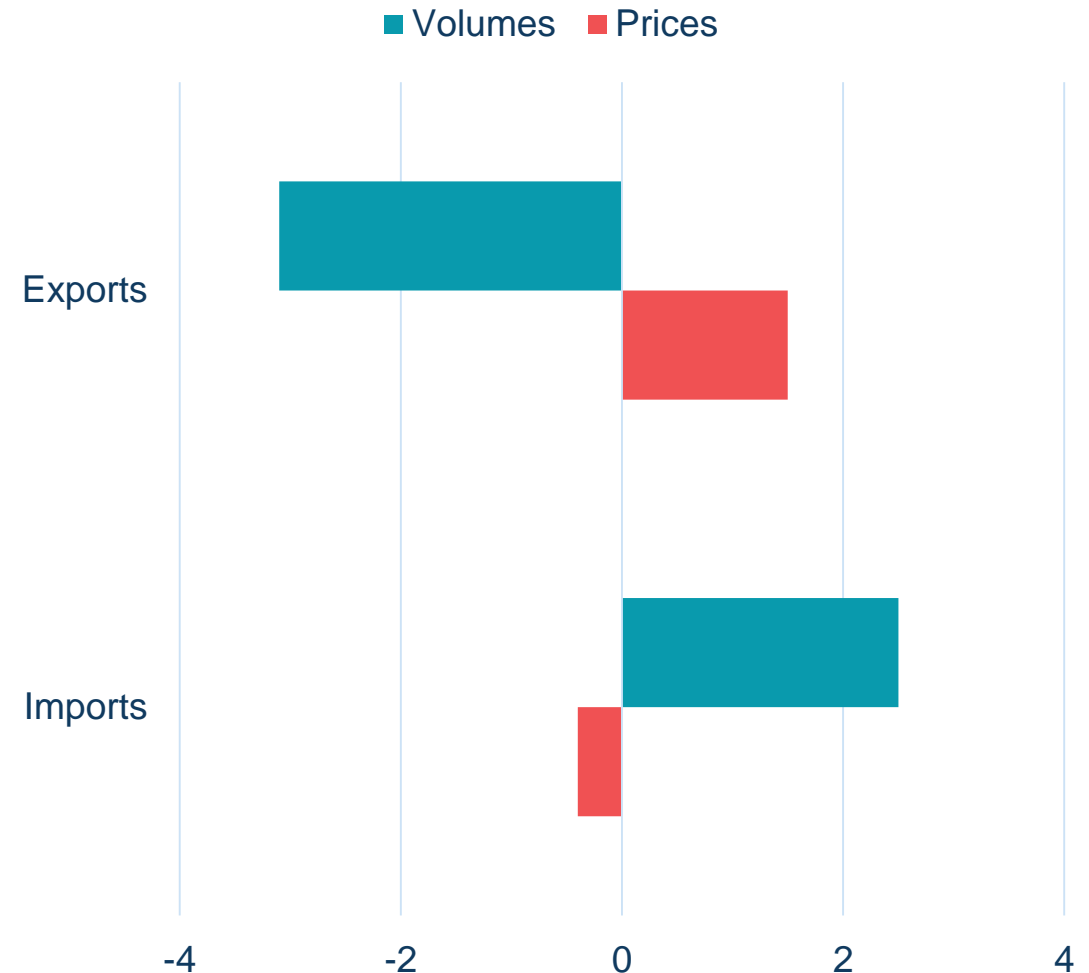
Changes in the price indices masked larger movements for goods export and import volumes. In May, the price of exports increased 1.5% while import prices decreased by 0.4%. Stripping out the effects from price changes, real goods exports (or export volumes) fell 3.1% in May, while goods import volumes rose by 2.5%.

In May, the average value of the Canadian dollar increased 2.4 cents US compared with the average value in April to 82.5 cents US. This was the largest monthly increase since July 2017.

If inflation in Canada and the U.S. continues the current trend being above the 3% upper bound of the inflation target, the price effects will continue to play a large role in the economy including in international trade.

## Goods Trade

(monthly % change in volume and price indices)







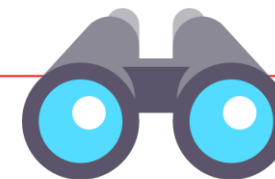
## WHAT TO WATCH

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- After 11 months of consecutive growth, Canada's real GDP contracted 0.3% in April as the gains in goods-producing industries were more than offset by contractions in services-producing industries. Preliminary information indicate a further decline in real GDP of approximately 0.3% in May, mainly in retail trade, construction, and real estate rental and leasing sectors—the official figure will be released at the end of July.
- Inflation in Canada remains elevated, reaching 3.6% in May 2021, up from a 3.4% gain in April. Prices rose in every major component on a year-over-year basis, led by shelter and passenger vehicles. The base-year inflation effects experienced in March and April only affected a few goods (e.g. gasoline) and services in May; however, inflation was broadly based across categories in May indicating that there is generally upward pressure on prices.
- The global semiconductor shortage continues to be a drag on international trade and contributed to the increase in the price of passenger vehicles in Canada.
- The U.S. labour market continues to recover, adding 850,000 jobs in June, above the market expectation of 674,000. Notable job gains occurred in leisure and hospitality, public and private education, professional and business services, retail trade, and other services.

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**Next Monthly Trade Release:** Thursday August 5th





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

	Exports			Imports		
	May-21	m/m %	YTD %	May-21	m/m %	YTD %
<b>Goods</b>	<b>49,530</b>	<b>-1.6</b>	<b>23.0</b>	<b>50,916</b>	<b>2.1</b>	<b>13.7</b>
Resource products	29,101	0.0	31.9	17,124	3.6	9.1
Energy products	9,259	0.3	63.5	2,095	-13.8	-1.0
Non-resource products	19,008	-4.2	13.6	31,598	1.3	15.1
Industrial machinery & equipment	2,907	-3.5	1.1	5,675	1.6	13.6
Electronic machinery & equipment	2,220	-4.0	2.8	5,919	-2.8	13.9
Motor vehicles and parts	5,247	-5.8	25.6	6,937	2.7	29.7
Aircraft & other transportation equipment	2,389	14.0	26.2	1,420	-14.0	-16.5
Consumer goods	6,245	-8.8	10.0	11,646	4.8	13.0
<b>Services</b>	<b>9,267</b>	<b>-0.1</b>	<b>-6.5</b>	<b>9,651</b>	<b>0.7</b>	<b>-19.0</b>
Commercial	7,132	0.5	2.2	7,208	-0.5	3.8
Travel	846	-4.7	-45.7	445	7.0	-82.7
Transportation	1,179	-0.2	-1.3	1,871	4.2	-15.3
Government	110	0.0	-16.6	127	2.4	-2.3
<b>Total Goods and Services</b>	<b>58,797</b>	<b>-1.4</b>	<b>17.3</b>	<b>60,567</b>	<b>1.9</b>	<b>6.9</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		
	May-21	m/m %	YTD %	May-21	m/m %	YTD %
United States	36,776	-1.1	28.1	30,653	0.1	14.0
Mexico	721	-3.5	42.3	1,625	9.8	28.4
European Union	2,643	3.2	8.5	4,621	-2.0	9.1
Germany	572	13.1	3.2	1,259	-1.0	10.6
France	291	1.0	-10.2	453	18.9	9.4
United Kingdom	1,078	-24.8	7.6	733	-1.1	-7.1
India	227	-11.3	-35.9	397	9.7	17.1
China	2,466	0.1	23.1	4,829	2.6	30.8
Japan	1,101	-5.5	2.5	1,173	40.5	15.3
South Korea	547	17.7	12.1	742	0.1	34.1
Rest of the world	3,971	-2.1	9.1	6,144	8.3	1.2
<b>Total Goods Trade</b>	<b>49,530</b>	<b>-1.6</b>	<b>23.0</b>	<b>50,916</b>	<b>2.1</b>	<b>13.7</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 Table 12-10-0011-01. Balance of payments basis, seasonally adjusted.