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OFFICE OF
THE CHIEF
ECONOMIST

MONTHLY TRADE REPORT

SEPTEMBER 2021

SEPTEMBER

	Goods (m/m change) [YTD change]	Services (m/m change) [YTD change]	Total (m/m change) [YTD change]
Exports	\$53.0 billion (-2.3%) [22.0%]	\$11.2 billion (+2.7%) [+0.5%]	\$64.2 billion (-1.5%) ▼ [17.7%]
Imports	\$51.1 billion (-3.0%) [12.0%]	\$11.8 billion (+5.6%) [-5.9%]	\$62.9 billion (-1.5%) ▼ [8.5%]
Balance	\$1.9 billion (\$0.3 billion)	-\$0.6 billion (-\$0.3 billion)	\$1.2 billion (\$0.0 billion) ■

HIGHLIGHTS

- Total exports of goods and services were down 1.5% in September to \$64.2 billion, and total imports were also 1.5% lower, at \$62.9 billion.
- Following three months of consecutive growth, goods exports declined 2.3% in September, and goods imports declined 3.0%. These drops were mainly due to the effects of ongoing semiconductor shortages affecting the production of motor vehicles, the effects of which intensified in September.
- On the other hand, services trade continued to grow in September. Services' exports growth (2.7 %) was mostly driven by increased travel, while imports (5.6%) benefited from higher commercial services as well as travel services. This improvement pushed exports to be just 4.8% below February 2020 levels (and imports, 19.0% lower).
- Goods trade with the U.S. declined 2.9% in September, due to motor vehicles but also lower imports of energy products. Goods trade with the rest of the world also declined as a whole, with notable declines with South Korea, the Netherlands and the United Kingdom.
- Stripping out price impacts, export volumes declined 3.0% while import volumes were down 4.9%.

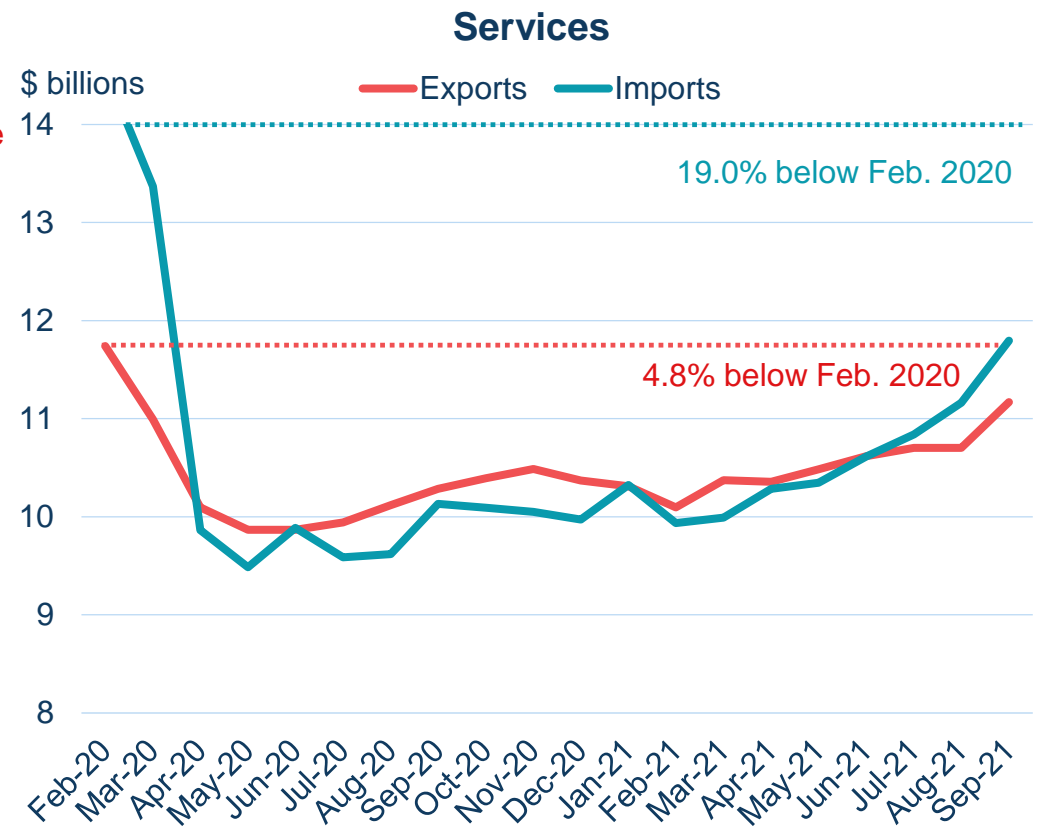
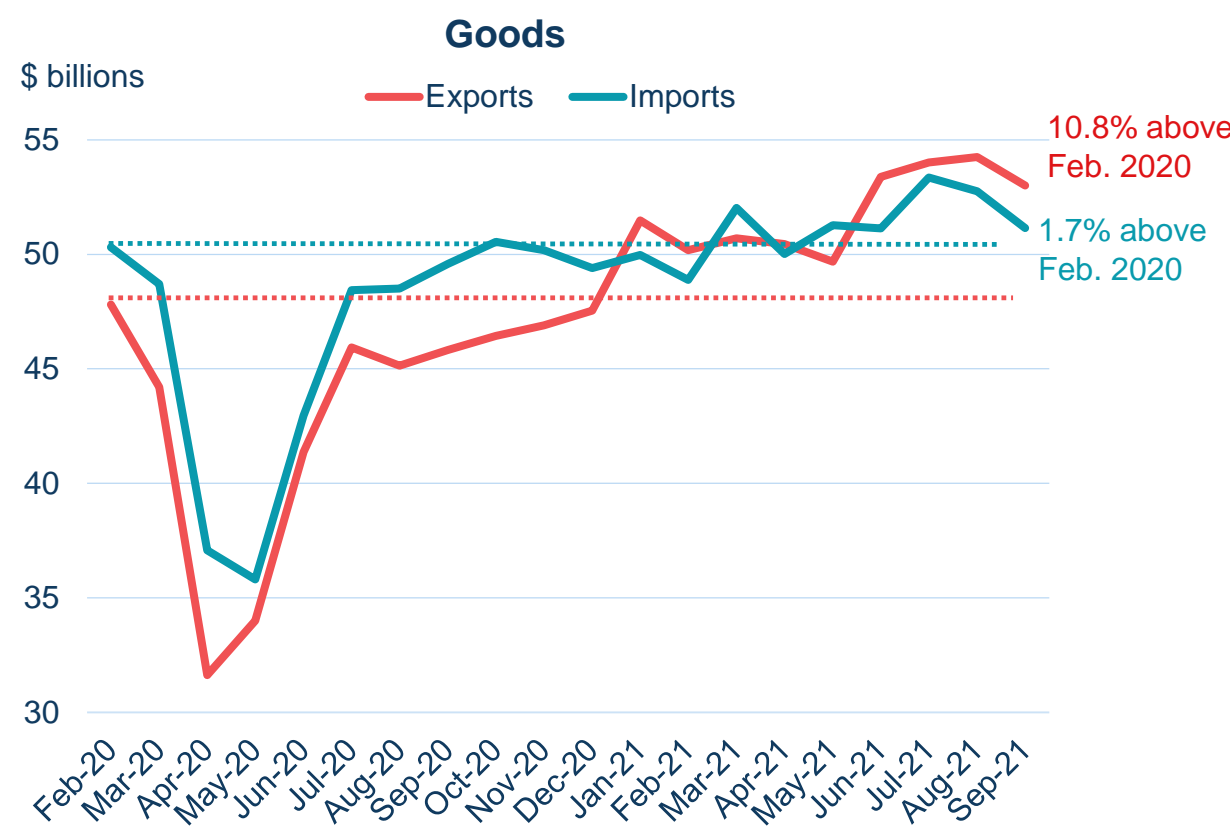
Note: "m/m" is the change from the previous month; "YTD" is the year-to-date (January to recent month) cumulative change compared to the same period in the previous year.

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



CANADA'S TRADE RELATIVE TO PRE-PANDEMIC LEVELS

(International trade in goods and services)



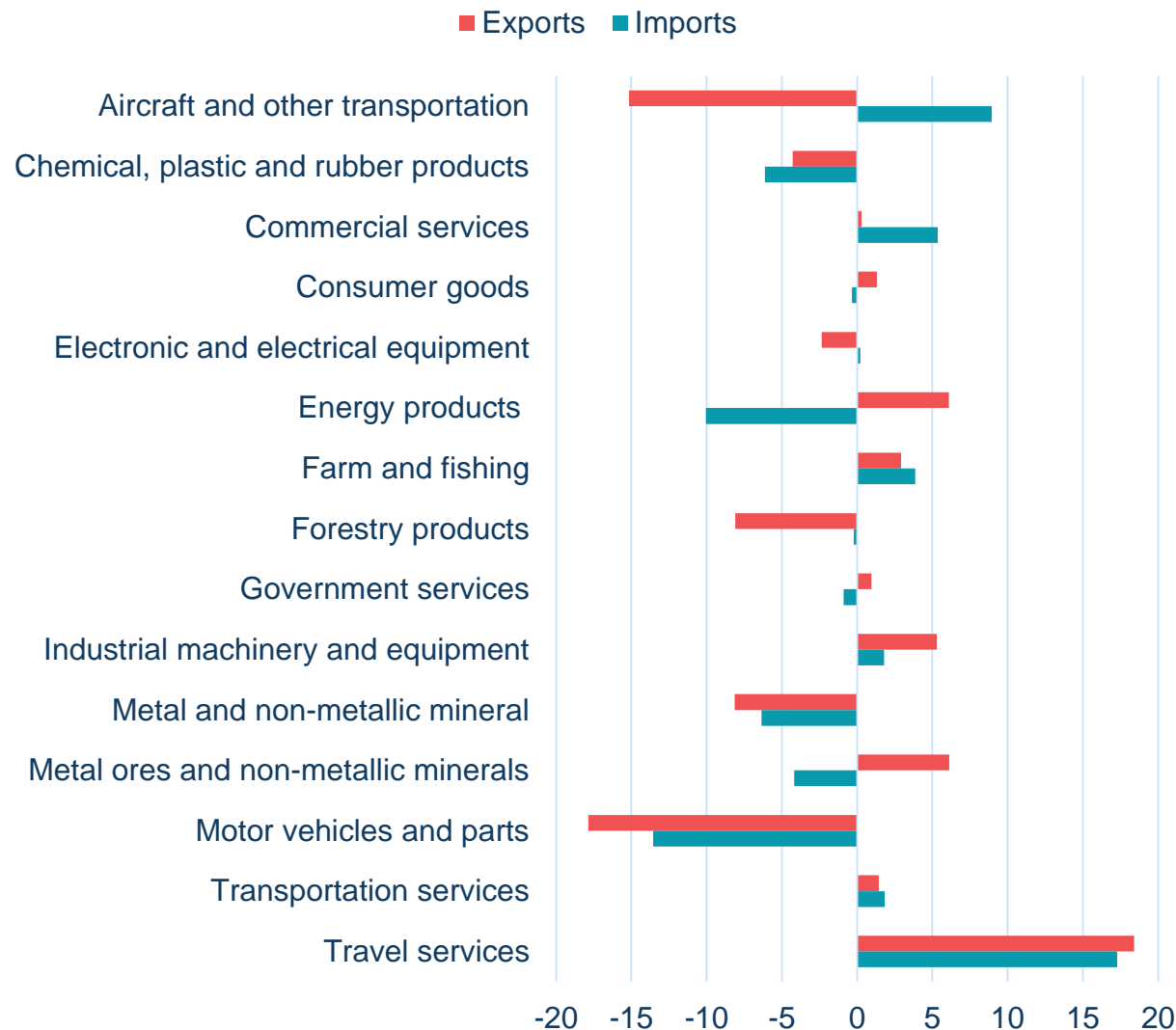
Sources: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01.
Balance of payments basis, seasonally adjusted.

INDUSTRY VIEW

Export declines were observed in 6 of the 11 product categories for goods, and in 3 of the 4 service sectors. Ongoing global shortages of semiconductors intensified in September and exports of passenger cars and light trucks experienced a 25.8% decline due to production stoppages. Exports of motor vehicles and parts as a whole fell 17.9% in September, which put it 40.2% lower than September of last year. Metal and non-metallic mineral products had a 8.1% decline in exports due to lower gold asset transfers to Hong Kong and the U.S. On the other hand, exports of energy products climbed 6.1%, reaching a record of \$12.6 billion in September, mostly on higher prices of crude oil. As Canada continued to ease its foreign travel restrictions, exports of travel services grew 18.4% in September.

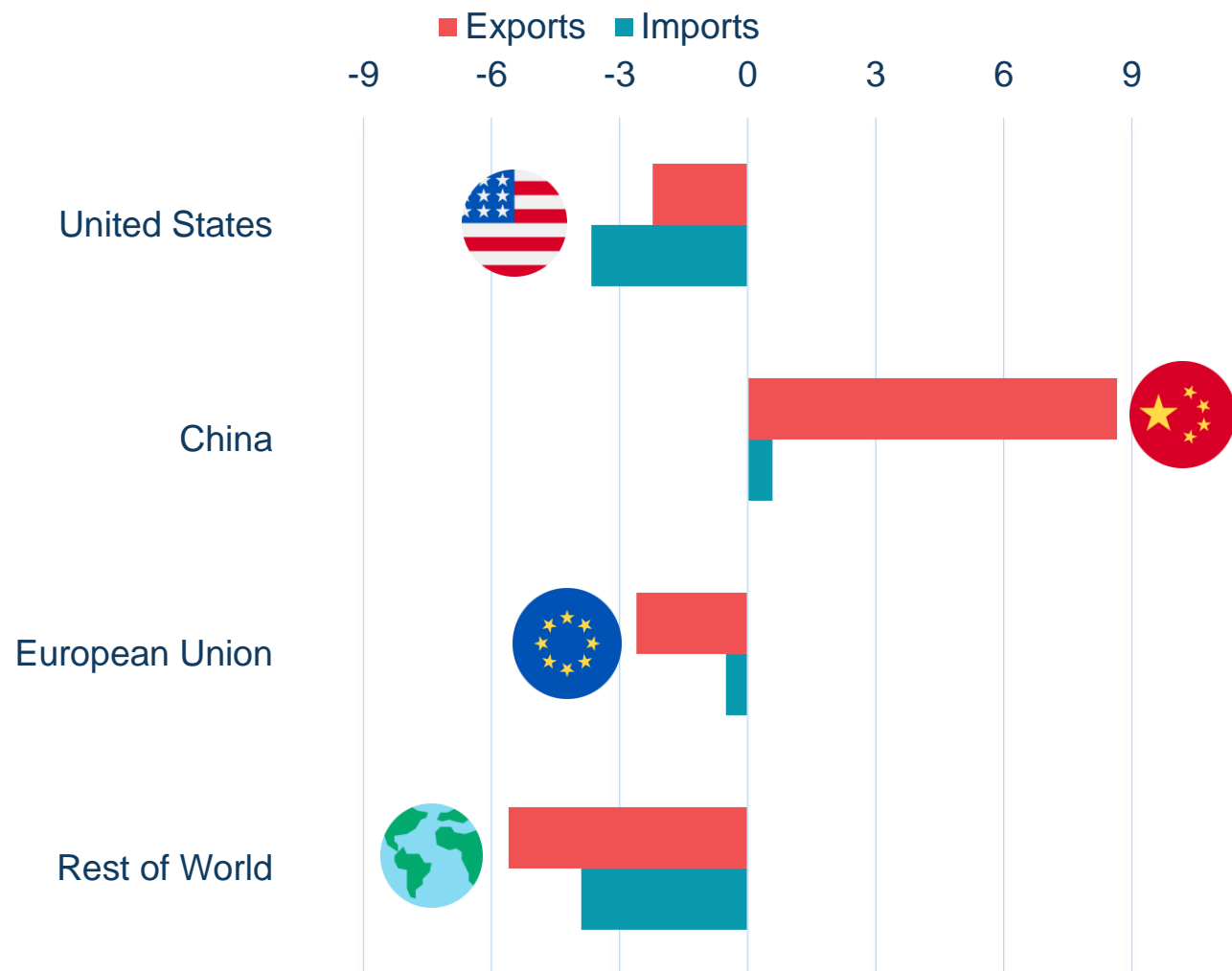
Import declines were observed in 7 of the 11 product categories for goods, and in 3 of the 4 service sectors. Motor vehicles and parts imports dropped by 13.6% in September, which put it 24.4% lower than September of last year. Declines in imports of parts and engines (-20.3%), and passenger cars and light trucks (-12.5%) drove the slowdown. Imports of metal and non-metallic mineral products also declined (-6.3%), driven by lower imports of unwrought gold (-17.7%) from the U.K. Lower imports of energy products (-10.0%) in September were partially driven by disruptions in oil production from the U.S. caused by Hurricane Ida earlier in the month and temporary shutdowns at some Canadian refineries. Imports of travel services, or Canadians travelling abroad, increased 17.3% in September, marking the sixth consecutive monthly increase. Commercial services were also 5.4% higher in September, after two consecutive drops in previous months.

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)



GLOBAL MARKETS

Two-way trade in goods with the U.S. declined in September with both exports (-2.2%) and imports (-3.7%) posting decreases, partially driven by the decline in the trade of motor vehicles and parts. Imports were also affected by lower imports of energy products.

Total goods trade with non-U.S. countries also dropped in September with imports falling 2.1% and exports falling 2.6%.

Export declines were observed for several countries, but most notably South Korea (-39.1%), the Netherlands (-29.6%) and Japan (-4.5%).

The decrease in goods imports were mainly impacted by lower imports from South Korea (-26.7%, mainly turbines), the U.K. (-14.9%, mainly gold), and Mexico (-9.0%, mainly passenger cars, parts and engines). The drop was partially compensated for by higher imports of various products from Italy (+31.6%) and imports from Japan (+20.4%, mainly turbines).

*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 3.0% decrease in the value of goods imports was driven by a decline in import volumes. The total volume of goods imports decreased 4.9% in September, which more than offset the 1.9% increase in prices.

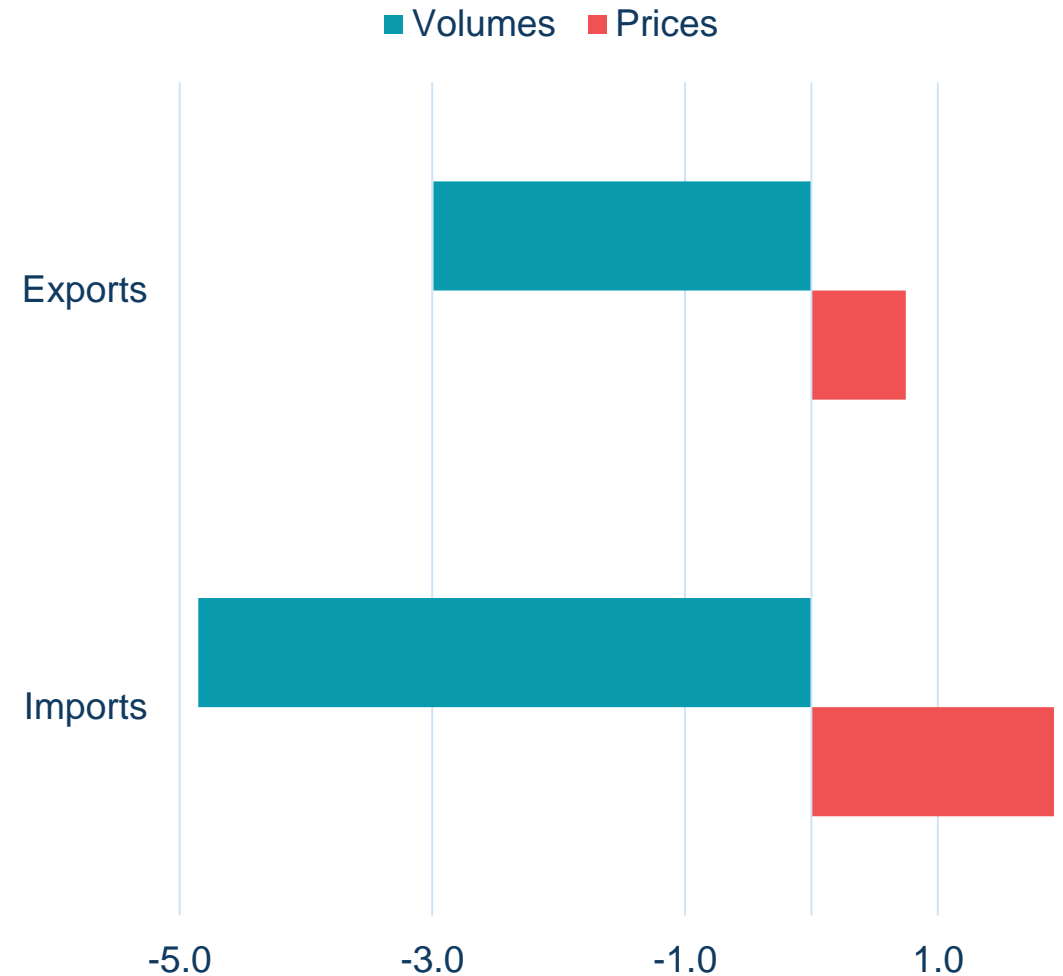
Volumes also drove the decline in the value of goods exports, with volumes dropping by 3.0% in September, also overriding the 0.7% increase in prices.

Strong price growth was largely driven by energy and forestry products. Indeed, energy prices increased 9.7% in September, following a decline in August. Forestry products prices were also up by 9.3% in September, reversing the downward trend of the three previous months.

The value of Canadian dollar relative to the USD depreciated by 0.5% in September—the fourth consecutive monthly drop—reaching 78.9 cents for one USD.

Goods Trade

(monthly % change in volume and price indices)





WHAT TO WATCH

- Reversing declines observed in June and July, industrial GDP inched up by 0.4% in August on growth of accommodations and food services, retail trade and transportation. Continuous easing of health-related restrictions supported 0.6% growth in services, which more than compensated the 0.1% decline in goods-producing industries such as agriculture, which was affected by record-setting heat and drought conditions in July and August.
- After a modest decline in Q2, GDP growth in Canada is expected to resume in the third quarter of 2021 (Bank of Canada estimates 4.7% growth), driven by higher consumption of both services and goods. Despite maintaining its interest rate at 0.25%, the Bank of Canada expects inflation to reach 4.7% in Q4 on high energy prices, supply constraints and a rebound in demand.
- Several organizations, including the International Monetary Fund, have been revising down global GDP expectations for 2021 due to ongoing supply chain issues and the ongoing spread of the Delta variant in many regions. The Bank of Canada recently revised down its global GDP growth projection from 6.9% to 6.5%.
- Economic growth in China may continue to slow down this year as a result of the downturn in residential real state, resurgent COVID-19 outbreaks and industrial deceleration (due to weaker domestic demand as well as domestic supply issues).

Next Monthly Trade Release: Tuesday, December 7

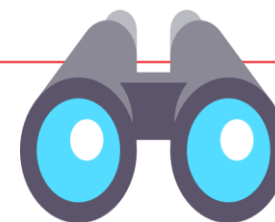




Table 1: Trade by Industry Sector
(\$ millions)

	Exports			Imports		
	September-21	m/m %	YTD %	September-21	m/m %	YTD %
Goods	53,000	-2.3	22.0	51,142	-3.0	12.0
Resource products	32,832	-0.3	36.9	17,309	-4.9	15.4
Energy products	12,582	6.1	75.4	2,549	-10.0	21.4
Non-resource products	18,686	-5.7	5.3	20,243	-3.7	10.5
Industrial machinery & equipment	3,266	5.3	5.2	5,891	1.8	15.1
Electronic machinery & equipment	2,251	-2.4	3.8	6,164	0.2	9.3
Motor vehicles and parts	4,581	-17.9	-2.8	6,574	-13.6	12.3
Aircraft & other transportation equipment	1,808	-15.1	14.6	1,614	9.0	-5.9
Consumer goods	6,779	1.3	11.2	11,019	-0.3	7.9
Services	11,170	2.7	0.5	11,794	5.6	-5.9
Commercial	8,207	0.3	5.0	8,172	5.4	2.8
Travel	1,595	18.4	-23.9	1,167	17.3	-61.7
Transportation	1,261	1.4	5.9	2,343	1.8	7.0
Government	107	0.9	-7.9	112	-0.9	-3.1
Total Goods and Services	64,170	-1.5	17.7	62,936	-1.5	8.5

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		
	September-21	m/m %	YTD %	September-21	m/m %	YTD %
United States	39,542	-2.2	25.8	31,119	-3.7	11.0
Mexico	669	-3.0	36.8	1,621	-9.0	20.3
European Union	2,711	-2.6	12.3	4,905	-0.5	13.0
Germany	787	6.9	10.3	1,268	-0.9	12.1
France	355	-7.6	1.2	449	7.0	15.5
United Kingdom	1,656	37.9	-1.8	825	-14.9	8.5
India	355	33.8	-24.8	366	-8.9	20.9
China	2,573	8.7	14.8	4,703	0.6	16.9
Japan	1,357	-4.5	18.3	987	20.4	22.6
South Korea	365	-39.1	15.4	694	-26.7	27.3
Rest of the world	3,773	-15.9	14.3	5,923	0.0	7.6
Total Goods Trade	53,000	-2.3	22.0	51,142	-3.0	12.0

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.