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OFFICE OF
THE CHIEF
ECONOMIST

MONTHLY TRADE REPORT

FEBRUARY 2022

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	Goods (m/m change) [YTD change]	Services (m/m change) [YTD change]	Total (m/m change) [YTD change]	
Exports	\$58.7 billion (+2.8%) [+14.7%]	\$11.6 billion (+2.8%) [+10.9%]	\$70.4 billion (+2.8%) [+14.0%]	▲
Imports	\$56.1 billion (+3.9%) [+11.3%]	\$11.9 billion (+0.1%) [+17.2%]	\$68.0 billion (+3.2%) [+12.3%]	▲
Balance	+\$2.7 billion (-\$0.5 billion)	-\$0.3 billion (+\$0.3 billion)	+\$2.3 billion (-\$0.1 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.

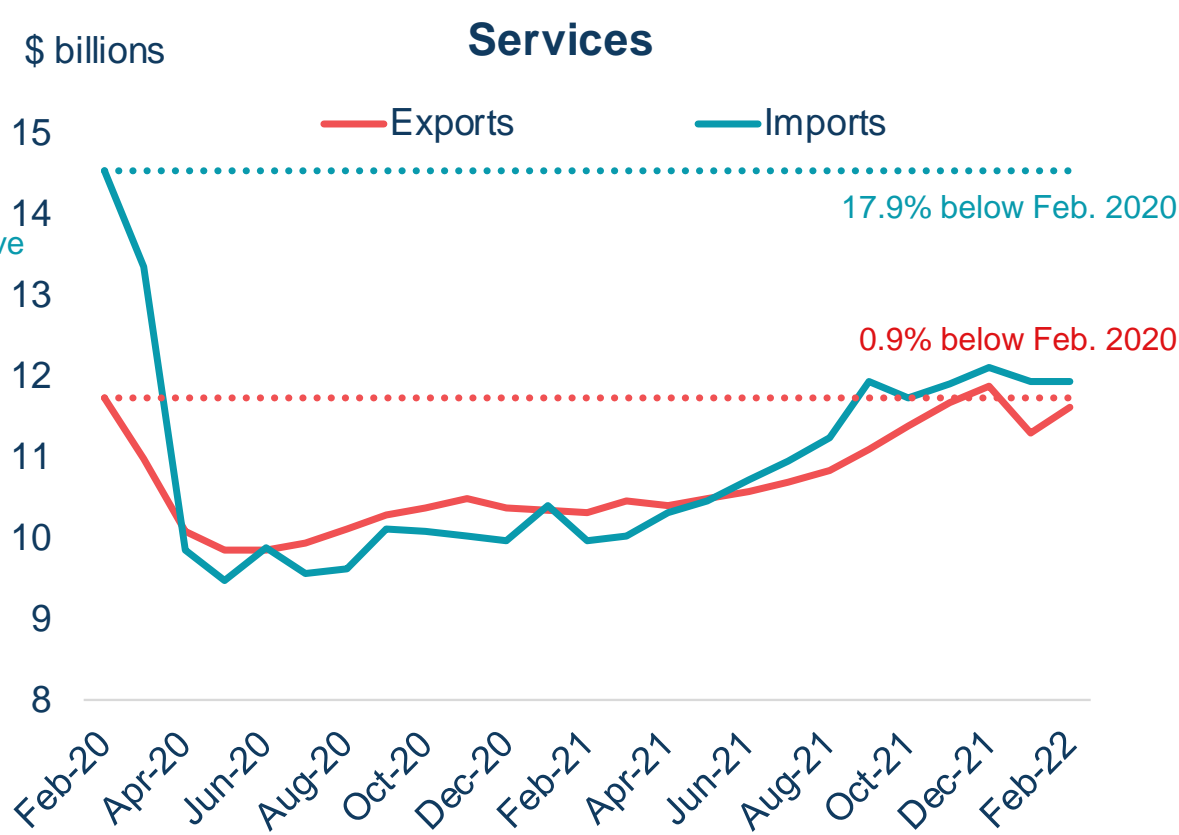
HIGHLIGHTS

- In February, exports of goods and services increased 2.8% to \$70.4 billion, while imports were up 3.2% to \$68.0 billion. Higher exports of energy products led the increase in exports, while travel services also rebounded. Both exports of goods and services rose separately in equal measure (2.8%). Meanwhile, goods imports were up 3.9% while services imports only edged up 0.1%.
- February's solid growth in goods exports was largely driven by overseas demand. Goods exports to the United States were up 1.3%, while exports to non-U.S. countries expanded 8.1%. Goods imports from the U.S. edged down 0.1%, while imports from the rest of the world rose 10.8%, led by imports from China. Analysis of border crossings indicate that the border blockades in February had little impact on trade overall.
- The average West Texas Intermediate crude oil prices increased 10.1% in February to US\$91.64/barrel, bringing the price 55% higher than it was a year earlier. If we exclude the impact of prices, goods export volumes increased 0.6%, while imports volumes gained 2.0%.



CANADA'S TRADE RELATIVE TO PRE-PANDEMIC LEVELS

(International trade in goods and services)



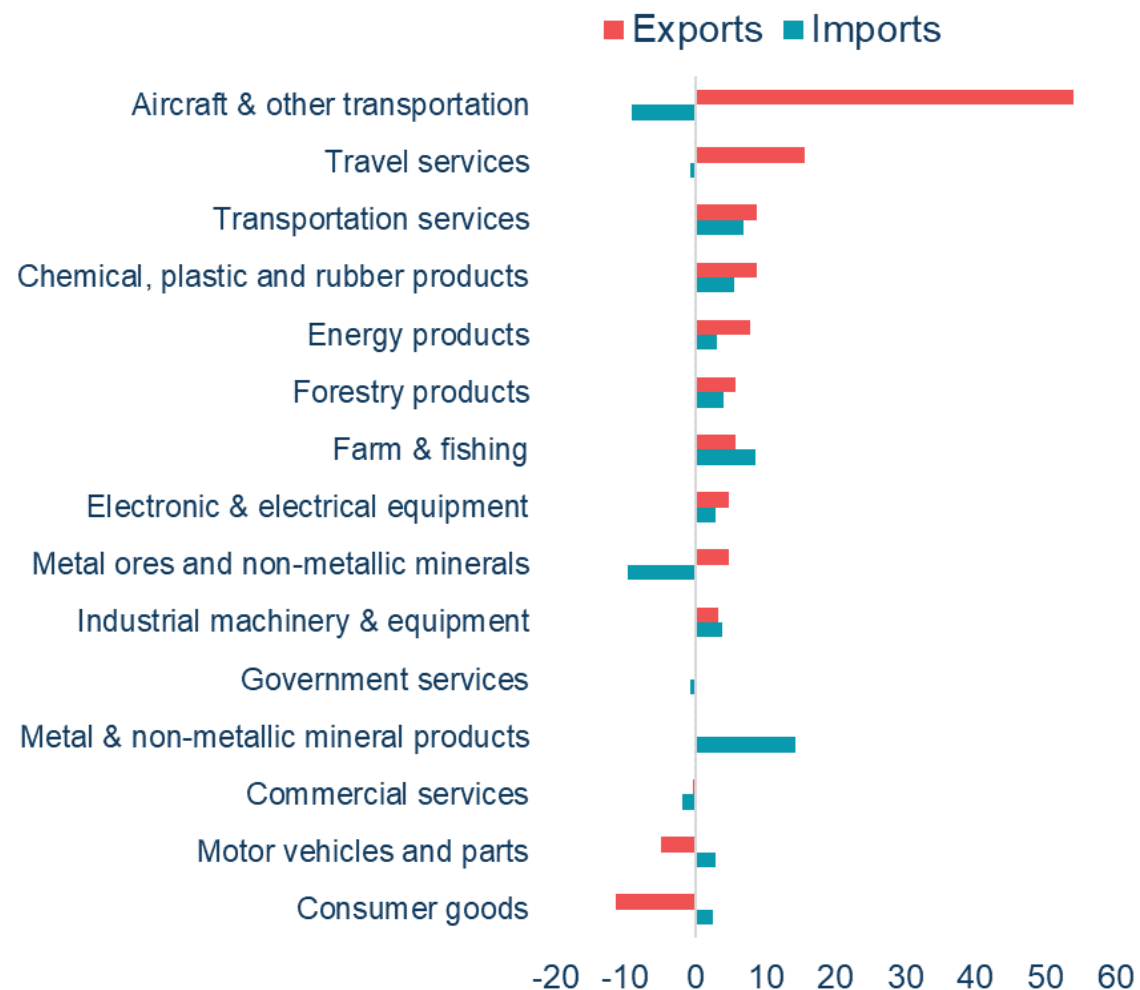
Sources: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01.
Balance of payments basis, seasonally adjusted.

INDUSTRY VIEW

Total **exports** increased in 8 of 11 goods sectors. Services exports increased in 2 of the 4 sectors. Energy products exports accounted for more than two-thirds of the increase in total goods exports, with prices being the primary driver of the increase. Energy products exports rose 7.8% to a record \$15.4 billion with exports of crude oils contributing the most to the increase. After declining 32.9% in January, exports of aircraft and other transportation equipment and parts rebounded 54.0% in February. Exports of aircrafts more than tripled in February, led by higher exports of private jets and commercial aircraft. The 11.4% decline in exports of consumer goods moderated the increases in February. Exports of travel services increased 15.5% to \$1.8 billion in February, and transportation services exports were up 8.7% to reach \$1.3 billion.

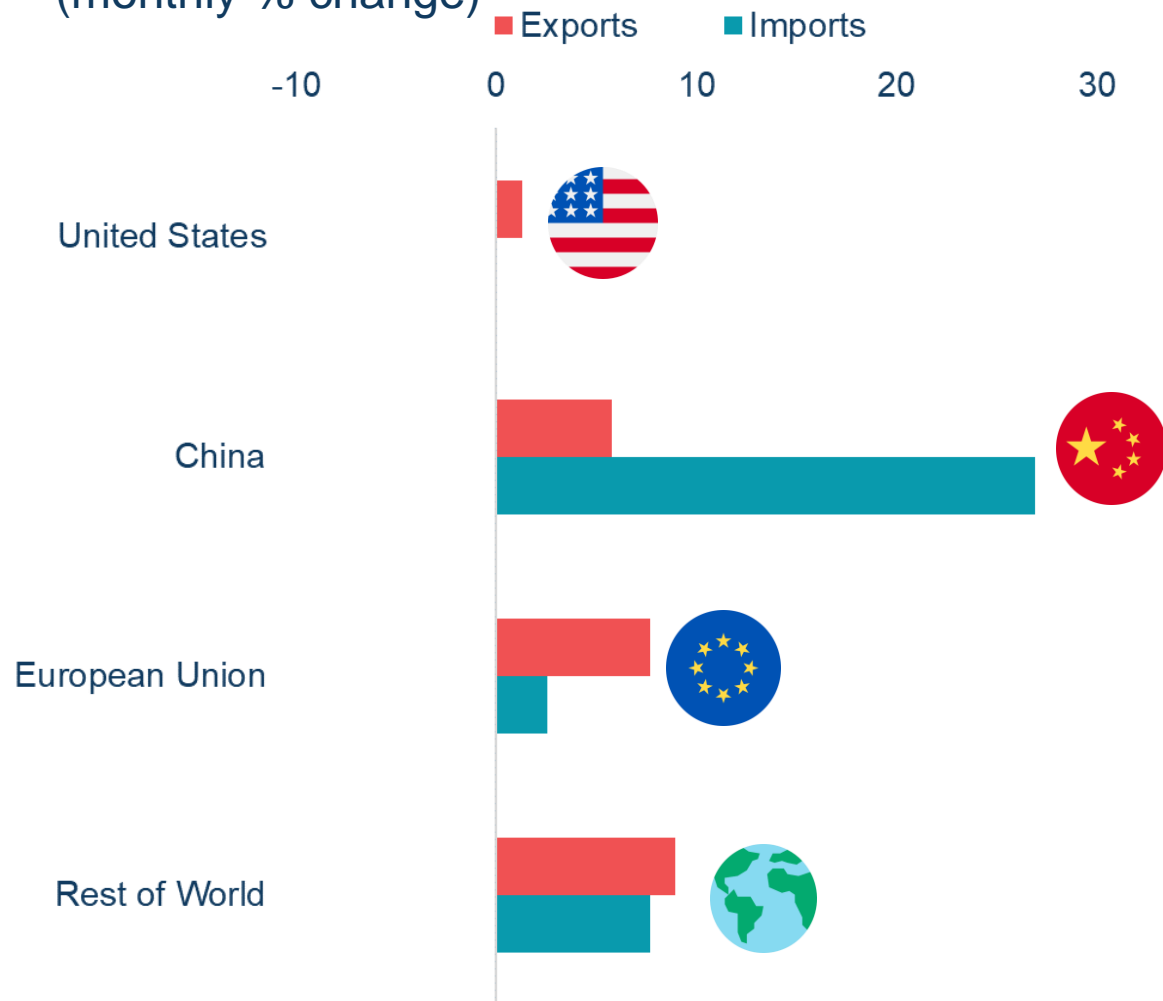
Total **imports** increased in 9 of the 11 sectors. Services imports increased only for transportation services. Metal and non-metallic mineral products posted the largest gain in February (14.3%), largely due to a gain in volume (17.7%), as uncertainty about the future supply of metals from Russia may have contributed. Imports of copper and palladium were mainly responsible for the 74.8% increase in basic and semi-finished products of non-ferrous metals/alloys. Imports of consumer goods rose 2.5% in February, mainly on rising prices. Imports of clothing, footwear and accessories (13.6%) posted the largest increase. Imports of basic and industrial chemical, plastic and rubber rose 5.6% in February, with fertilizers, pesticides and other chemical products reaching a record high. Imports of transportation services rose 6.8% to \$2.8 billion, while imports of travel services decreased 0.7%.

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)



TRADING PARTNERS

Goods exports to the United States rose 1.3% in February, while imports edged down 0.1%. Statistics Canada's analysis of trade activity by road transport at affected border crossings indicate that the border blockades appear to have had little impact on aggregate values of Canadian imports and exports in February. As a result, Canada's trade surplus with the United States widened from \$9.7 billion in January to \$10.3 billion in February.

Canada's goods trade overseas experienced very strong growth in February. Imports from non-U.S. countries rose 10.8% in February, with imports from China (26.9%) posting the strongest growth. Many products contributed to the increase, including pharmaceutical products (which include COVID-19 testing kits).

Goods exports to non-U.S. countries were up 8.1% in February with many countries that contributed to the gain, such as India (aircraft), Brazil (potash), Taiwan (coal), China (a variety of products) and Italy (pharmaceutical products and crude oil). As a result, Canada's goods trade deficit with countries other than the U.S. widened from \$6.6 billion in January to \$7.7 billion in February.

*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

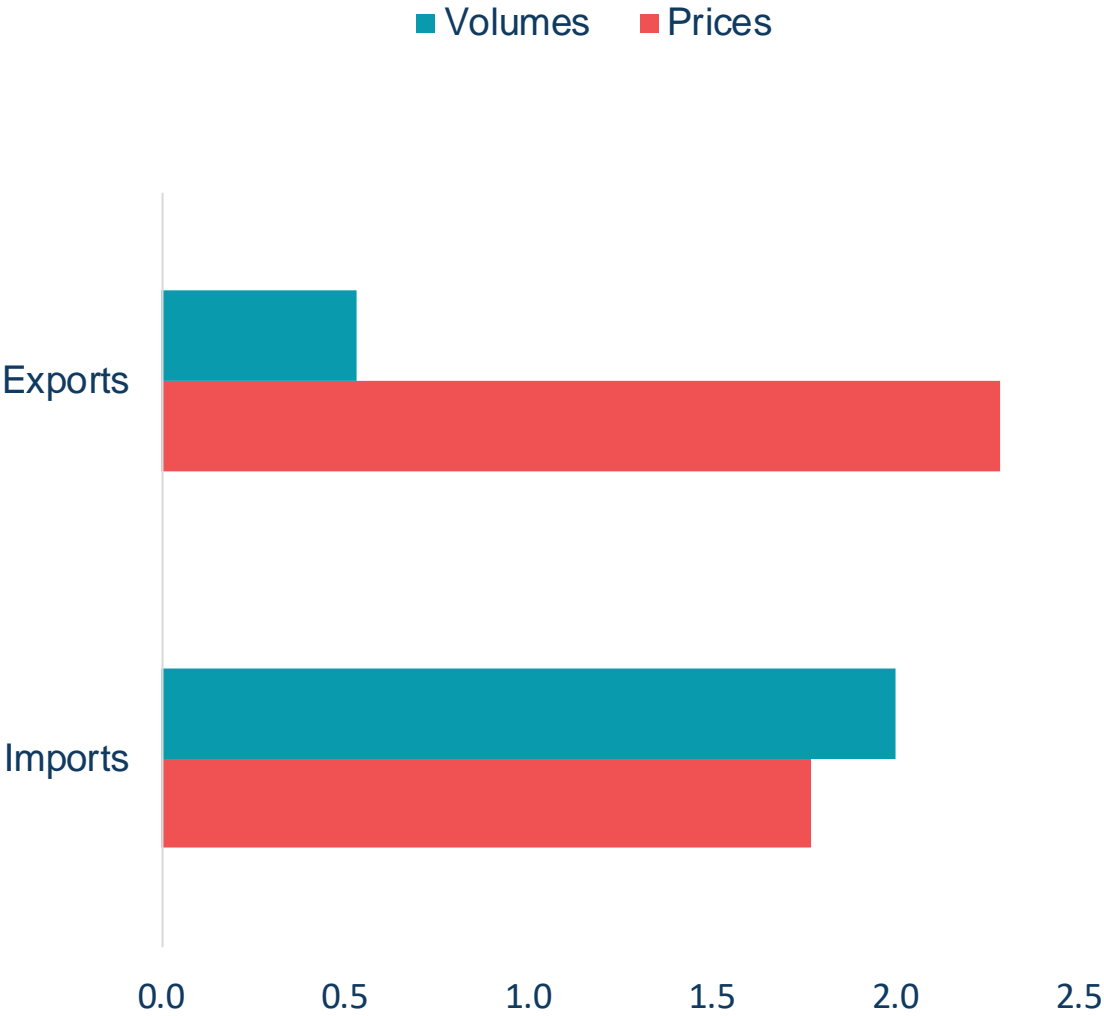
In February, goods export and import prices and volumes all posted increases. Export prices increased 2.3%, while volumes were up 0.6%. Imports prices increased 1.8% and volumes rose 2.0%.

Export prices for energy products increased 4.7% and volumes were up 3.0%. Increase in export prices reached 3.6% for aircraft and other transportation equipment and parts, while exports volumes were up by 48.6%.

Energy prices remained high in February, with a 10.1% increase to average US\$91.64 per barrel. Likewise, the Henry Hub natural gas spot price also increased 7.1% to average US\$4.69 per Million Btu. Western Canada Select (WCS), Canada's crude oil benchmark price, also increased 20.6% in February 2022 and was 75.3% higher than it was a year earlier, in February 2021.

In March, the Canadian dollar edged down, on average, to reach 79.0 U.S. cents, from 79.3 U.S. cents in February.

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



Source: Statistics Canada Table 12-10-0128-01.
Balance of payments basis, seasonally adjusted.



WHAT TO WATCH

- Recent increases in Canadian consumer prices (reaching 5.7% in February), combined with a tight labour market and very strong demand, led the Bank of Canada to raise the policy rate to 0.5% in March to maintain its 2% inflation rate target. Russia's attack on Ukraine is adding to inflationary pressures in Canada and around the world, primarily in global oil and commodities prices, resulting in continued inflationary pressures in the near term. Given global risk, it's uncertain how fast the Bank will continue to raise rates, with the next rate announcement coming later this month.
- In the United States, the unemployment rate hit a post-pandemic low of 3.8% in February, leading to rising wages. Larger and longer supply disruptions, the Omicron wave, prices pressures on a broader range of goods and services and Russia's invasion of Ukraine will put additional upward pressure on near-term inflation.
- Recent Omicron outbreaks in China are expected to slow its economic activities. Due to the government's zero-COVID stance, widespread mobility restrictions in major cities will weigh on household consumption and further disrupt supply chains in the near term. In addition, the ongoing real estate downturn remains a drag on growth.
- In April, the International Monetary Fund is expected to downgrade its previous economic forecast of 4.4% global growth in 2022. Russia's attack on Ukraine is driving up inflation and commodity prices, which will have a bigger impact on poor countries and those that rely on wheat and corn imports from Russia and Ukraine.

Next Monthly Trade Release: Wednesday, May 4th

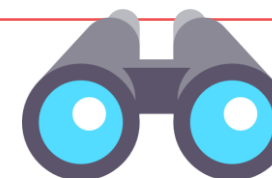


Table 1: Trade by Industry Sector
(\$ millions)

	Exports			Imports		
	February, 2022	m/m %	YTD %	February, 2022	m/m %	YTD %
Goods	58,746	2.8	14.7	56,083	3.9	11.3
Resource products	36,793	5.7	25.9	19,676	6.2	23.4
Energy products	15,399	7.8	64.3	2,963	3.1	48.7
Non-Resource products	20,458	-1.4	-0.3	34,148	2.3	5.8
Industrial machinery & equipment	3,425	3.2	9.3	6,120	3.9	10.7
Electronic & electrical equipment	2,525	4.8	12.9	6,686	2.9	8.6
Motor vehicles and parts	5,821	-5.0	-8.6	7,918	2.8	-5.0
Aircraft & other transportation	1,922	54.0	-38.5	1,457	-9.1	17.4
Consumer goods	6,765	-11.4	14.6	11,968	2.5	8.5
Services	11,628	2.8	10.9	11,945	0.1	17.2
Commercial services	8,345	-0.4	5.7	7,822	-1.9	4.1
Travel services	1,828	15.5	47.3	1,220	-0.7	138.7
Transportation services	1,334	8.7	10.2	2,778	6.8	37.0
Government services	121	0.0	6.6	125	-0.8	4.6
Total Goods and Services	70,374	2.8	14.0	68,028	3.2	12.3

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, 2022	m/m %	YTD %	February, 2022	m/m %	YTD %
United States	44,771	1.3	19.4	34,449	-0.1	11.6
Mexico	754	-15.6	12.4	1,755	3.1	10.6
European Union	2,759	7.7	16.7	4,890	2.6	8.2
Germany	493	15.0	-10.1	1,273	2.7	0.3
France	303	45.6	-13.7	422	-8.8	2.8
United Kingdom	1,628	6.5	-14.9	812	14.9	-5.5
India	440	55.5	83.3	401	-9.1	21.9
China	2,238	5.8	-13.7	5,614	26.9	12.1
Japan	1,512	4.0	28.9	955	7.0	-0.5
South Korea	616	5.4	65.0	842	-6.0	24.1
Rest of the world	4,028	15.1	-9.0	6,368	11.7	13.9
Total Goods Trade	58,746	2.8	14.7	56,083	3.9	11.3

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.