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OFFICE OF
THE CHIEF
ECONOMIST

MONTHLY TRADE REPORT

MARCH 2022

MARCH

	Goods (m/m change) [YTD change]	Services (m/m change) [YTD change]	Total (m/m change) [YTD change]	
Exports	\$63.6 billion (+6.3%) [+19.6%]	\$11.9 billion (+2.9%) [+11.2%]	\$75.5 billion (+5.8%) [+18.2%]	▲
Imports	\$61.1 billion (+7.7%) [+14.1%]	\$12.9 billion (+6.5%) [+21.7%]	\$74.0 billion (+7.5%) [+15.4%]	▲
Balance	+\$2.5 billion (-\$0.6 billion)	-\$1.0 billion (-\$0.5 billion)	+\$1.4 billion (-\$1.1 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.

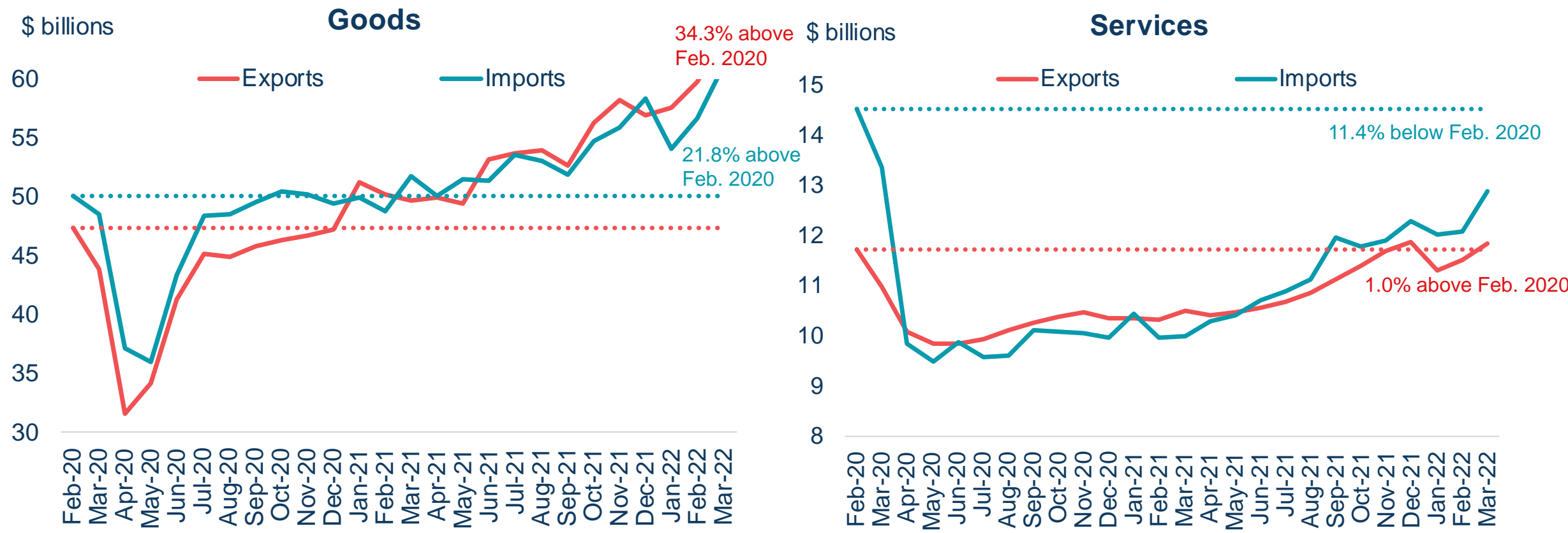
HIGHLIGHTS

- In March, international trade in goods and services reached record highs, with exports increasing 5.8% to reach \$75.5 billion, while imports were up 7.5% to \$74.0 billion.
- Goods lead the way with exports rising 6.3%, and imports jumping 7.7%. If we exclude the impact of prices, goods import volumes were still robust at 7.0%, while the increase in exports is a price story with export volumes increasing only 1.1%.
- The conflict in Ukraine and sanctions against Russia raised the level of uncertainty surrounding global supply, leading to increased demand for fertilizers and energy products. For example, the price for crude oil was up considerably in March with the average price for West Texas Intermediate (WTI) increasing 18.4%.
- With much of Canada's oil exports going to the U.S., Canada's goods trade surplus with the United States reached an all-time monthly high, as growth in goods exports (7.7%) outpaced imports (5.4%). Canada's trade with the rest of the world also increased. Notably, imports from China were 29.4% higher in March due to demand for a variety of consumer and industrial goods.



CANADA'S TRADE RELATIVE TO PRE-PANDEMIC LEVELS

(International trade in goods and services)



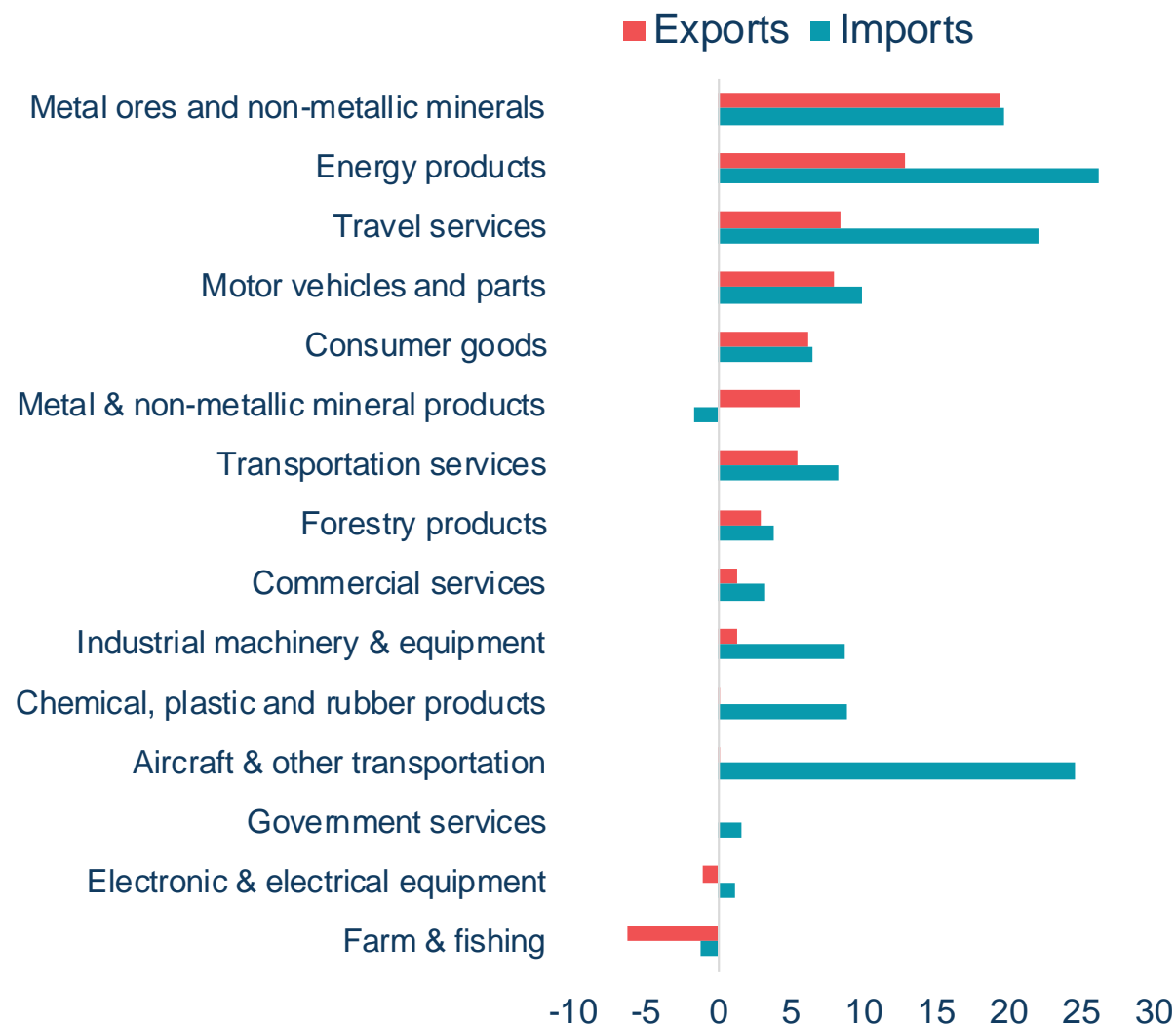
Sources: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01.
Balance of payments basis, seasonally adjusted.

INDUSTRY VIEW

In March, **exports** increased in 9 of the 11 goods product sectors, and in 3 of 4 services sectors. Exports of energy products jumped 12.8% to a record \$17.9 billion. The growth was driven by rising prices, as already described to the extent that crude oil export volumes actually decreased. Exports of motor vehicles and parts increased by 7.9%, as recent supply chain issues, including semiconductor shortages, eased in March, allowing a recovery in North American manufacturing activity. Exports of metal ores and non-metallic minerals increased in March by 19.4% to a record \$2.9 billion, with potash (+22.5%) contributing the most to the increase. Again, prices were a driving factor. Exports of services were up 2.9% in March, to \$11.9 billion, with travel services, up 8.5%, contributing to the increase, as testing requirements for travellers entering Canada were loosened and restrictions lifted. Exports of commercial services rose 1.3% and transportation services by 5.4%.

In March, **imports** rose in 9 of the 11 goods product sectors, and in all 4 services sectors. Imports of energy products posted significant gains in March, rising 26.3%, with both prices and volumes rising markedly. Consumer goods expanded 6.5%, with clothing, footwear and accessories posting the largest gain (15.9%). Following a large decrease in January, imports of motor vehicles and parts were up for a second consecutive month, rising 9.9% in March, driven by recent acceleration in North American production. Other sectors also had substantial imports increases, such as industrial machinery, equipment and parts (8.8%), basic and industrial chemical, plastic and rubber products (8.8%), and aircraft and other transportation equipment and parts (24.6%). Travel services imports rose 22.2% to \$1.7 billion, surpassing the December 2021 COVID-19 pandemic period high. Imports of commercial services were up 3.1% on higher financial services, and transportation services imports rose 8.2%.

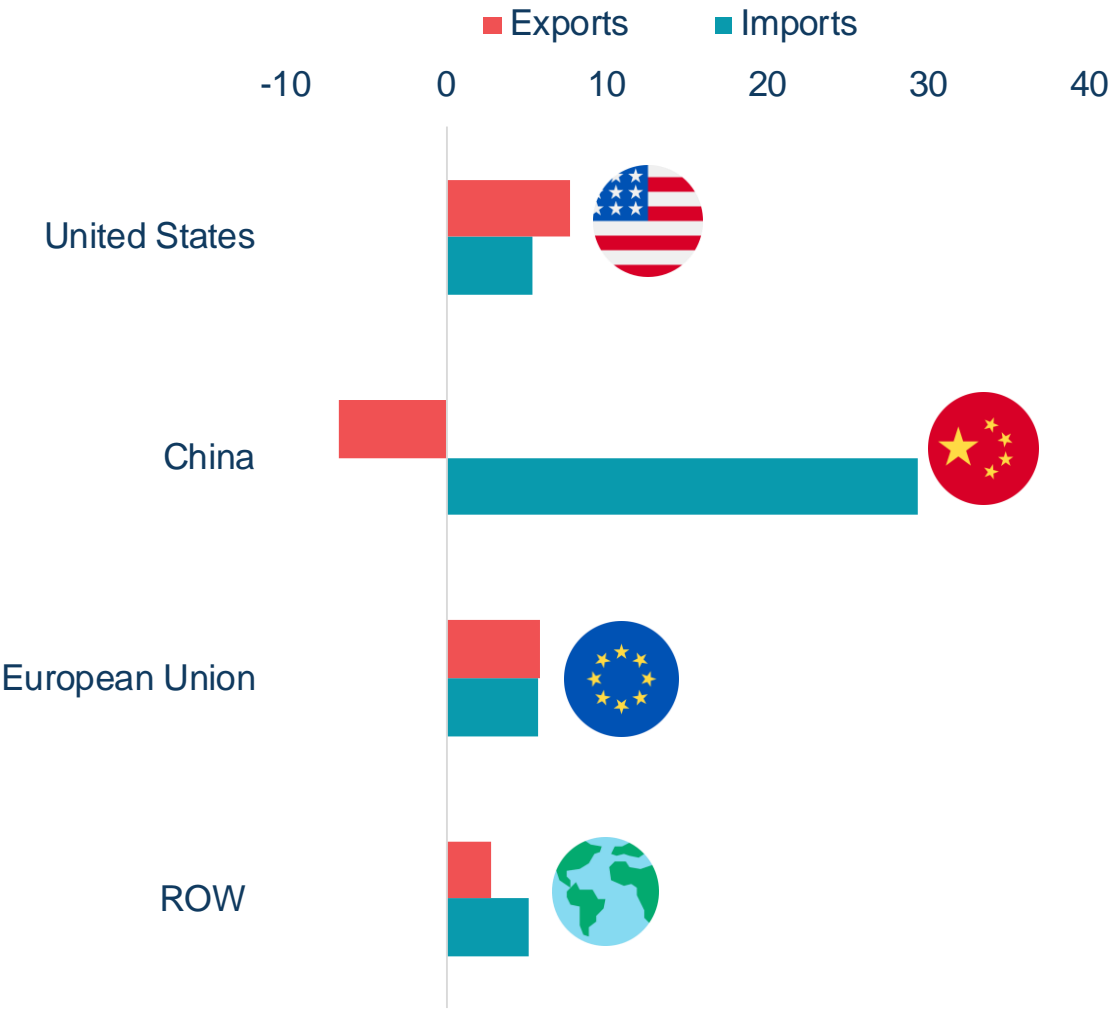
Trade by Industry and Sector (monthly % change)



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



TRADING PARTNERS

Goods exports to the United States increased by 7.7% in March, largely on higher exports of crude oil. Imports increased 5.4%, also driven by energy products and motor vehicles and parts. As a result, Canada's trade surplus with the U.S. widened from \$10.9 billion in February to a record \$12.6 billion in March.

Exports to the rest of the world were up 1.9% in March, which also constitutes a record. There were higher exports to the UK (gold), Spain (pharmaceuticals), South Korea (coal) and Germany (various products).

Imports from the rest of the world rose 11.5% in March, reaching a record \$24.5 billion. Imports from China posted the largest gain, increasing 29.4%, on higher imports of computers and cellphones, industrial machinery, and consumer goods.

*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 March, the growth in goods exports was mainly due to a price effect. Export prices were up by 5.1% compared to February, while export volumes advanced by 1.1%. Resource products led the growth in prices. Prices for exports of energy products increased 17.5%, followed by 3.2% growth for both prices of metal and non-metallic mineral products and farm, fishing and intermediate food products.

In contrast, goods imports grew primarily because of a 7.0% increase in import volumes, while import prices edged up 0.6%.

In March, the average West Texas Intermediate (WTI) crude oil prices rose 18.4% from February to reach US\$108.5 per barrel. Prices have reached highs not seen since 2008 on tight supplies and Russia-Ukraine conflict. Western Canada Select (WCS) averaged US\$94.6 a barrel in March, 85.6% higher than a year earlier.

The Canadian dollar gained 0.4 US cents relative to the American dollar in March.

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

- As expected, the Bank of Canada increased the policy interest rate by 50 basis points in April, to 1.0%, as inflation is expected to average almost 6% in the first half of 2022 and likely to remain well above the target range throughout this year. Inflation is mostly being driven by rising energy and food prices and supply disruptions, in combination with strong global and domestic demand.
 - The U.S. economy struggled in the first quarter, declining 1.4% (annualized) according to an advance estimate. The drop reflected declines in inventory investments, exports, and government spending (federal, state and local), as the country faced many of the same challenges impacting Canada. Labour markets in the United States are showing signs of being particularly tight.
 - Frequent and wider-ranging lockdowns in China – including in key manufacturing hubs, have slowed activity and caused new bottlenecks in global supply chains. That could lead to a slowing of the global economy more than previously anticipated, with consequences for Asia and beyond.
 - The IMF downgraded 2022 global growth forecast by 0.8 percentage points, to 3.6%, following growth of 6.1% in 2021. The economic damage stemming from Russia's attack on Ukraine is the factor cited as the primary cause of the expected reduction in global growth in 2022, as impacts spread through commodity markets, trade, and financial channels.
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Next Monthly Trade Release: Tuesday, June 7th

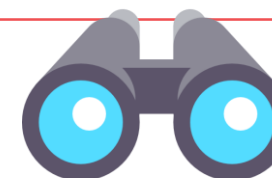


Table 1: Trade by Industry Sector
(\$ millions)

	Exports			Imports		
	March, 2022	m/m %	YTD %	March, 2022	m/m %	YTD %
Goods	63,628	6.3	19.6	61,143	7.7	14.1
Resource products	40,221	7.4	30.9	21,513	7.6	26.0
Energy products	17,934	12.8	76.6	3,793	26.3	48.3
Non-Resource products	21,803	4.5	4.3	37,080	7.4	8.5
Industrial machinery & equipment	3,472	1.2	11.1	6,715	8.8	15.1
Electronic & electrical equipment	2,491	-1.2	14.5	6,832	1.1	10.5
Motor vehicles and parts	6,738	7.9	-2.2	8,780	9.9	-1.8
Aircraft & other transportation	1,933	0.1	-28.8	1,910	24.6	18.0
Consumer goods	7,168	6.3	17.0	12,844	6.5	10.8
Services	11,852	2.9	11.2	12,888	6.5	21.7
Commercial services	8,412	1.3	4.8	7,991	3.1	3.9
Travel services	1,871	8.5	48.4	1,737	22.2	230.7
Transportation services	1,446	5.4	18.5	3,033	8.2	42.4
Government services	121	0.0	4.9	127	1.6	3.6
Total Goods and Services	75,480	5.8	18.2	74,031	7.5	15.4

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, 2022	m/m %	YTD %	March, 2022	m/m %	YTD %
United States	49,234	7.7	25.7	36,636	5.4	13.1
Mexico	734	-5.7	5.8	1,932	7.5	15.8
European Union	2,921	5.9	15.5	5,374	5.8	15.7
Germany	735	49.0	2.2	1,452	12.9	7.1
France	360	15.1	-0.1	448	6.5	4.9
United Kingdom	1,973	21.0	-3.8	786	-5.4	2.8
India	403	-9.8	98.5	401	2.7	17.5
China	2,047	-6.7	-15.1	7,252	29.4	17.0
Japan	1,430	-7.6	34.1	952	-1.2	1.1
South Korea	935	35.4	63.0	839	-3.0	22.2
Rest of the world	3,953	-3.0	-10.4	6,971	8.0	18.4
Total Goods Trade	63,628	6.3	19.6	61,143	7.7	14.1

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.