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OFFICE OF  
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ECONOMIST

# MONTHLY TRADE REPORT

## JUNE 2022

# JUNE

	Goods (m/m change) [YTD change]	Services (m/m change) [YTD change]	Total (m/m change) [YTD change]
<b>Exports</b>	\$69.9 billion (+2.0%) [+26.8%]	\$12.8 billion (+1.5%) [+16.3%]	\$82.7 billion (+1.9%) ▲ [+25.0%]
<b>Imports</b>	\$64.9 billion (+1.7%) [+20.4%]	\$14.0 billion (+2.8%) [+25.7%]	\$78.9 billion (+1.9%) ▲ [+21.3%]
<b>Balance</b>	+\$5.0 billion (+\$0.3 billion)	-\$1.3 billion (-\$0.2 billion)	+\$3.8 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.

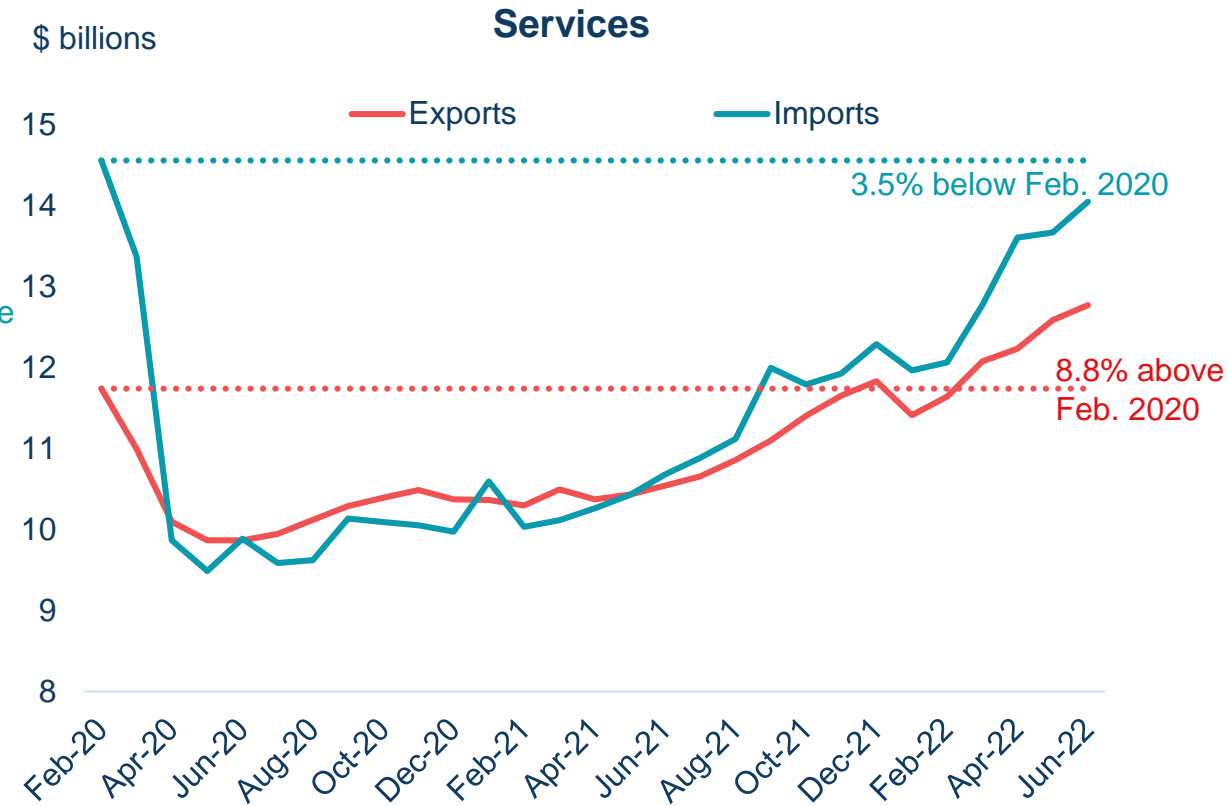
## HIGHLIGHTS

- There was broad-based trade growth in June as imports and exports each increased by 1.9%. On a quarterly basis, both imports and exports rose 11% in the second quarter.
- Goods exports were up 2.0% in June, driven by energy products which represented 30% of the value of goods exports—a new record high for this product group. Non-energy products also grew 1.4%. Partially offsetting this growth was a decrease in lumber exports due to a decline in U.S. housing starts.
- The expansion in goods imports (1.7%) was driven by strong growth in energy products and the aircraft and other transportation equipment category, but was partially offset by lower imports of motor vehicles and parts due to supply chain issues.
- By destination, there was a notable large increase in goods exports to China (+15.8%) driven by coal, copper and potash.
- Gains in services trade were broad-based as commercial services, travel, and transport all experienced growth. However, travel services exports and imports remained below pre-pandemic levels.
- This strong export story is not simply due to prices. In fact export prices actually dropped 0.3%, a reversal from recent months' trends. Stripping out the effect of prices goods export volumes increased 2.2%. The opposite is true for imports which experienced substantial price increases while volumes dropped 0.2%.



# CANADA'S TRADE RELATIVE TO PRE-PANDEMIC LEVELS

(International trade in goods and services)



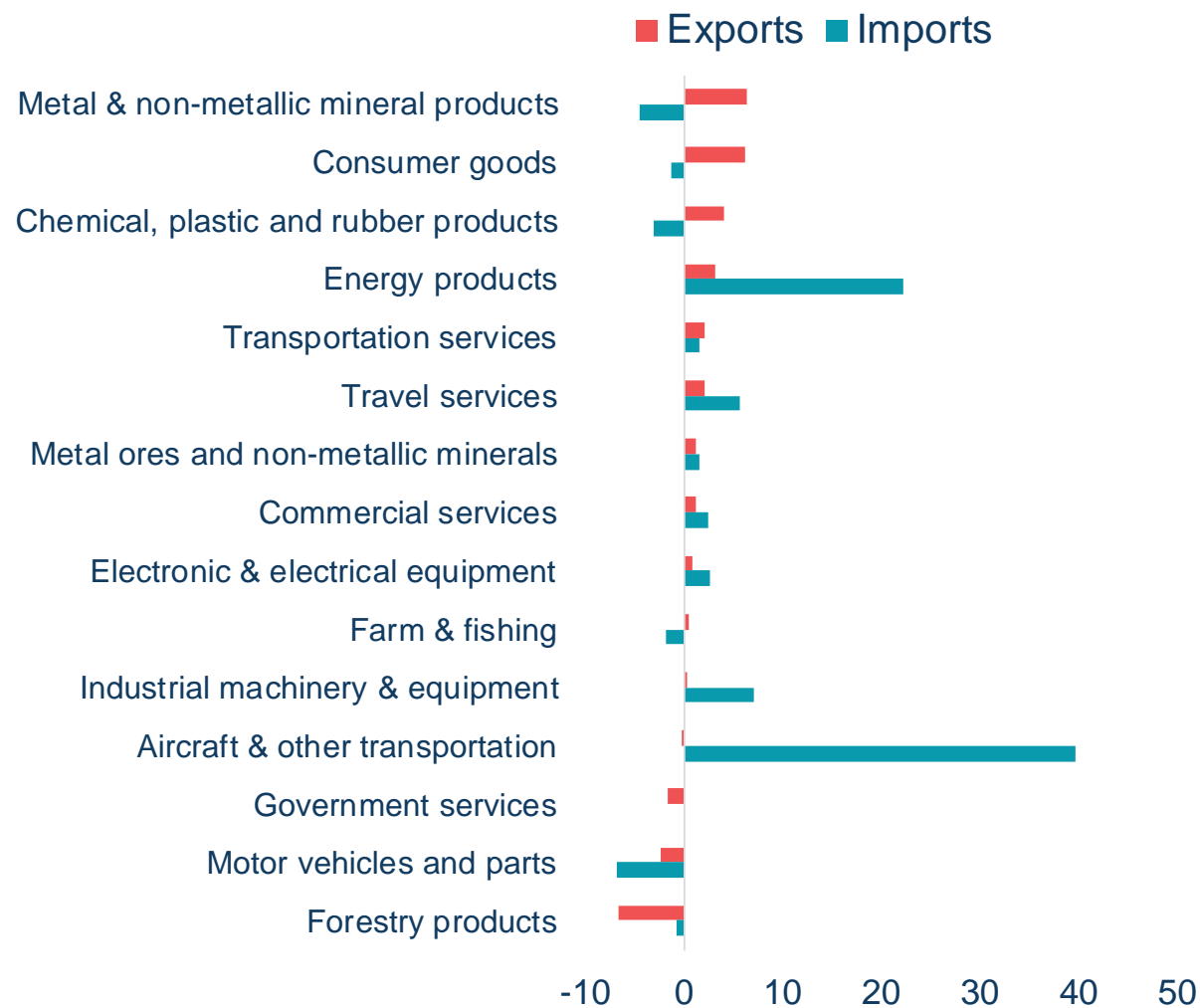
Sources: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01.  
Balance of payments basis, seasonally adjusted.

# INDUSTRY VIEW

In June, **exports** increased in 8 of the 11 product sectors, and in 3 of the 4 services sectors. Goods exports increased 2.0% to \$69.9 billion, the sixth consecutive monthly increase. On a quarterly basis, goods exports rose 12.3% in Q2, the strongest growth since the rapid recovery experienced in Q3 2020. Exports of energy products were a major driver in the growth, increasing 3.2% in June and accounted for 30% of goods exports, an all time record share. However, non-energy products also contributed to growth, growing 1.4% in June. Exports of metal and non-metallic mineral products rose 6.5% on the strength of unwrought gold exports, while consumer goods increased 6.3% with strong growth from pharmaceutical products. Partially offsetting these gains was a decrease in forestry products and building and packaging materials (-6.6%) as housing starts declined in the U.S. Services exports were up 1.5% to \$12.8 billion, with growth in travel (2.1%), commercial (1.2%), and transportation (2.2%). Exports of travel services were still 6.5% below pre-pandemic levels. On a quarterly basis, services exports were up 7.0% to \$37.6 billion, boosted by growth in travel services (26.7%).

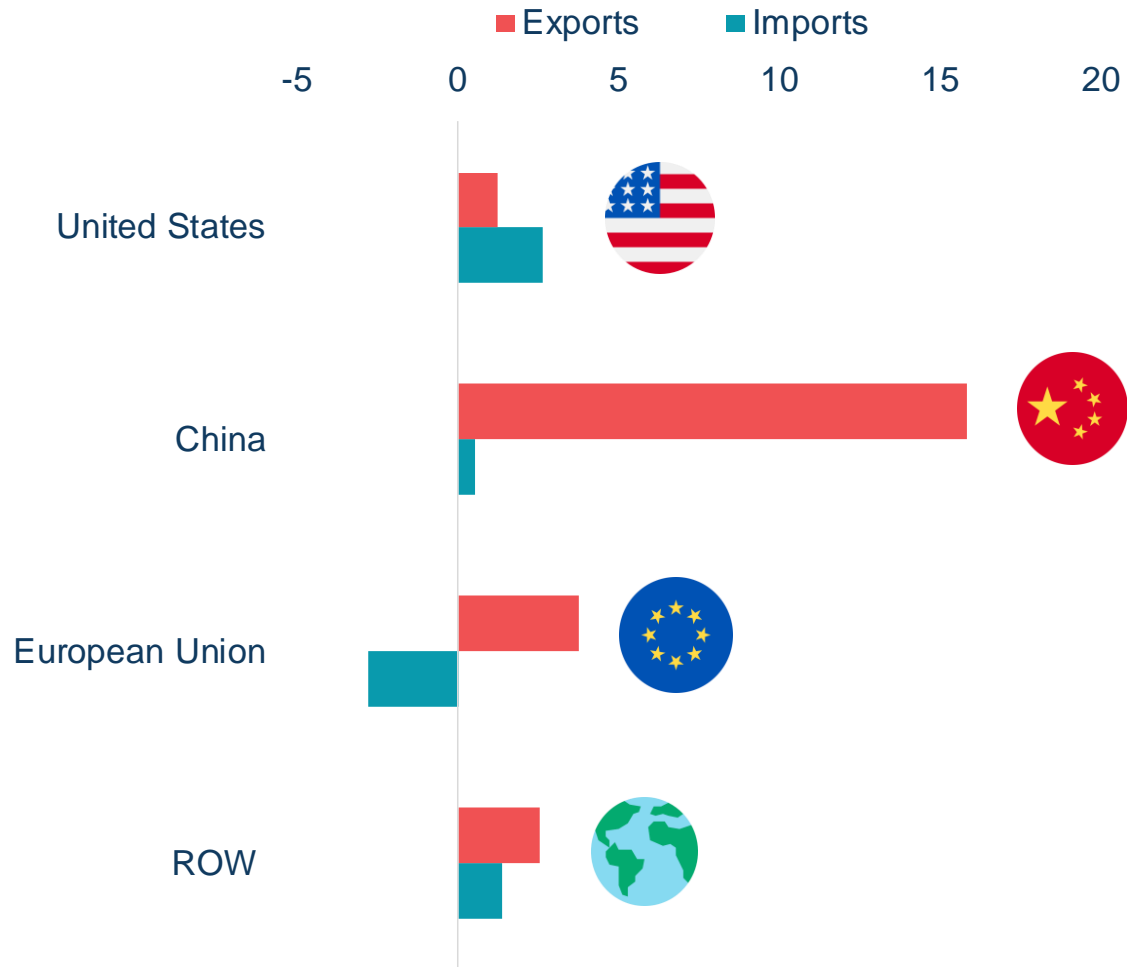
In June, **imports** decreased in 6 of the 11 product sectors, but increased in 3 of the 4 services sectors. Despite experiencing declines in a large number of product sectors, total goods imports increased 1.7% in June to \$64.9 billion, the fifth consecutive monthly gain. On a quarterly basis, goods imports rose 10.9% in Q2. Energy products (+22.3%) contributed the most to the gain in June. Another sector that experienced a large increase was aircraft and other transportation equipment and parts (+39.7%). Partially offsetting these gains were lower imports of motor vehicles and parts (-6.8%). Large monthly variations in the trade of motor vehicles are due to supply chain issues. Imports of services increased 2.8% to \$14.0 billion, with gains in travel (5.6%), commercial (2.4%) and transportation (1.6%). Imports of travel services were still 41.9% below pre-pandemic levels. On a quarterly basis, services imports increased 12.3% to \$41.3 billion in Q2, supported by growth of travel services (56.3%).

## Trade by Industry and Sector (monthly % change)



Sources: Statistics Canada Tables 12-10-0121-01 and 12-10-0144-01.  
Balance of payments basis, seasonally adjusted.

## Goods Trade, by Major Trading Partner (monthly % change)



## GLOBAL MARKETS

Exports to the U.S. rose 1.2% in June, while imports from the U.S. were up 2.6%. Notable increases included energy products and pharmaceutical products, but this was partially offset by a decline in lumber exports. Imports from the U.S. were supported by energy products (motor gasoline, crude oil), and aircrafts. As a result, Canada's goods trade surplus with the U.S. narrowed slightly from its record high of \$13.6 billion in the previous month.

Exports to non-U.S. destinations rose 4.5% in June to \$16.4 billion—a record high. Notable increases were observed in exports to China (coal, copper and potash), Australia (pharmaceutical products) and the Netherlands (pharmaceutical products). Imports from countries other than the U.S. increased slightly (+0.2%) in June. Notable increases in imports were observed coming from India (various products), the United Kingdom (motor gasoline), Switzerland (non-ferrous metals) and Brazil (various products). However, these gains were almost entirely offset by notable declines in imports from Germany (motor vehicles) and Saudi Arabia (crude oil). The goods trade deficit with non-U.S. countries narrowed to \$8.2 billion in June from \$8.8 billion in May.

\*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 June, merchandise export volumes increased 2.2%, while prices dropped by 0.3%—the first drop in prices since December 2021. There were notable increases in the volume of exports of metal and non-metallic mineral products (12.1%) and consumer goods (8.0%). Motor vehicles and parts posted the largest drop in export volumes at 2.4%. One of the key drivers in the overall drop in export prices was the 5.3% decline in the export prices of forestry products. Depressed demand for construction in the U.S. is largely responsible for lower lumber prices.

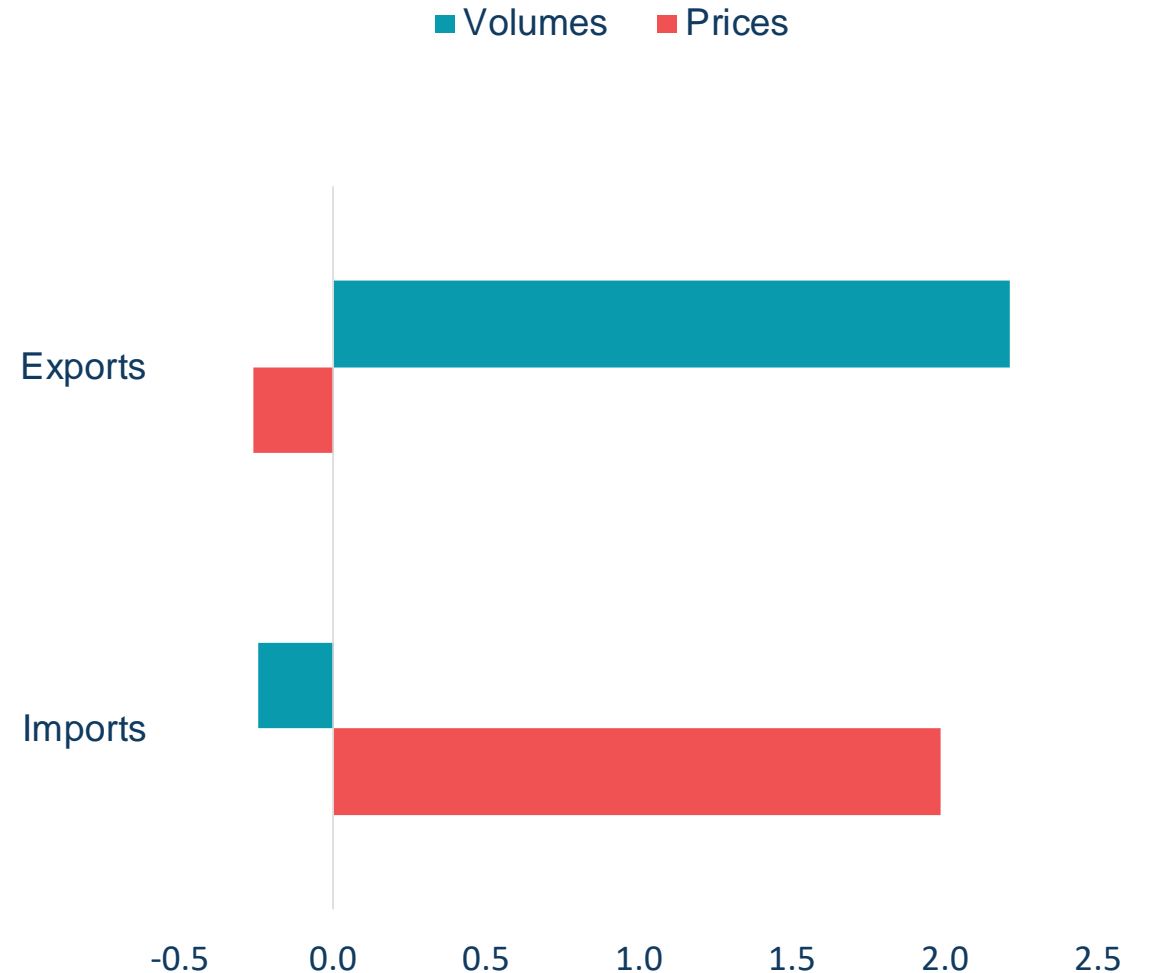
In contrast to exports, merchandise import volumes dropped by 0.2% in June, while prices climbed by 2.0%. Motor vehicles and parts were the largest contributor to the drop in overall import volumes, declining 8.2% in June. Mitigating these declines were increases in import volumes in the aircraft and other transportation equipment (38.7%) and energy products (10.0%). In terms of import prices, energy products led the way with a monthly growth of 11.1%, followed by metal ores and non-metallic minerals with a growth of 2.7%. The only sector which posted a decline in import prices in June was electronic and electrical equipment at -0.1%.

The average West Texas Intermediate (WTI) crude oil price rose 4.4% to reach \$US114.34 per barrel in June.

After deprecating in the previous month, the Canadian dollar gained 0.2 US cents relative to the American dollar. The average monthly exchange rate for Canadian to U.S. dollar was 0.78 in June.

## Goods Trade

(monthly % change in volume and price indices)





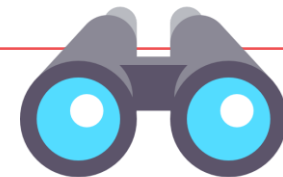
# WHAT TO WATCH

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- On July 13th, the Bank of Canada raised the policy rate by 100 basis points, the largest increase since 1998. Inflation is still elevated (8.1% in June) despite some pullback from commodity prices and shipping costs.
- U.S. GDP fell 0.9% (annualized) in Q2, the second consecutive quarterly decline, plunging the economy into a technical recession. However, industrial output and employment indicators are still showing strength. Slower economic growth going forward is a concern for Canadian trade.
- In contrast, the Canadian economy held up better, with expected positive growth in Q2 as the economy grew in April, remained flat in May and early estimates indicate modest growth in June.
- The Eurozone is also holding up as GDP grew 0.7% in Q2. Strong tourism-related activities supported this growth. However, economic growth expectations are weak for the Eurozone as inflation and concerns about the prospect of gas rationing weigh on consumers and business sentiment.
- In China, economic activities improved by the end of Q2 as renewed lockdowns have not been as impactful as the Shanghai lockdown which began late in Q1. However, the real estate market is feeling the pressure and some homebuyers are refusing to pay mortgages on unfinished homes as they have concerns about property developers' ability to finish them.

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**Next Monthly Trade Release:** Wednesday, September 7



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

	Exports			Imports		
	June, 2022	m/m %	YTD %	June, 2022	m/m %	YTD %
<b>Goods</b>	<b>69,904</b>	<b>2.0</b>	<b>26.8</b>	<b>64,858</b>	<b>1.7</b>	<b>20.4</b>
Resource products	45,120	2.2	37.7	23,564	2.0	31.2
Energy products	20,970	3.2	90.0	5,162	22.3	71.8
Non-Resource products	23,089	1.5	11.7	38,721	1.3	15.4
Industrial machinery & equipment	3,791	0.3	17.4	7,328	7.1	20.0
Electronic & electrical equipment	2,654	0.9	17.5	7,152	2.7	14.9
Motor vehicles and parts	6,531	-2.3	9.7	8,955	-6.8	13.4
Aircraft & other transportation	2,074	0.0	-17.7	2,249	39.7	16.3
Consumer goods	8,040	6.3	18.9	13,038	-1.3	14.5
<b>Services</b>	<b>12,768</b>	<b>1.5</b>	<b>16.3</b>	<b>14,043</b>	<b>2.8</b>	<b>25.7</b>
Commercial services	8,735	1.2	6.8	8,165	2.4	2.2
Travel services	2,270	2.1	71.3	2,629	5.6	349.9
Transportation services	1,641	2.2	28.0	3,111	1.6	46.6
Government services	122	-1.6	7.2	138	0.0	6.9
<b>Total Goods and Services</b>	<b>82,672</b>	<b>1.9</b>	<b>25.0</b>	<b>78,901</b>	<b>1.9</b>	<b>21.3</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		
	June, 2022	m/m %	YTD %	June, 2022	m/m %	YTD %
United States	53,466	1.2	32.6	40,258	2.6	20.2
Mexico	849	21.4	8.3	1,930	2.5	21.7
European Union	3,147	3.8	15.0	5,834	-2.8	18.9
Germany	611	6.2	4.5	1,467	-15.3	13.2
France	443	45.3	10.3	471	-3.0	8.0
United Kingdom	2,254	8.3	17.4	1,097	18.4	16.1
India	332	-22.2	94.1	704	47.6	36.7
China	2,324	15.8	-13.6	5,871	0.5	23.0
Japan	1,709	2.7	37.4	980	8.3	-1.4
South Korea	853	-4.4	58.2	865	-6.9	29.7
Rest of the world	4,970	0.8	2.6	7,319	-3.7	22.5
<b>Total Goods Trade</b>	<b>69,904</b>	<b>2.0</b>	<b>26.8</b>	<b>64,858</b>	<b>1.7</b>	<b>20.4</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.