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OFFICE OF
THE CHIEF
ECONOMIST

MONTHLY TRADE REPORT

SEPTEMBER 2023

SEPTEMBER

	Goods	Services	Total
Exports (\$ billions)	67.0	15.0	82.1
m/m	+2.7%	+0.1%	+2.2% ▲
YTD	-2.0%	+12.7%	+0.5%
Imports (\$ billions)	65.0	16.6	81.6
m/m	+1.0%	+0.0%	+0.8% ▲
YTD	+2.2%	+10.0%	+3.7%
Balance (\$ billions)	+2.0	-1.6	+0.5
m/m (\$ billions)	+1.1	+0.0	+1.1 ▲

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.

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

Source: Office of the Chief Economist, Global Affairs Canada.

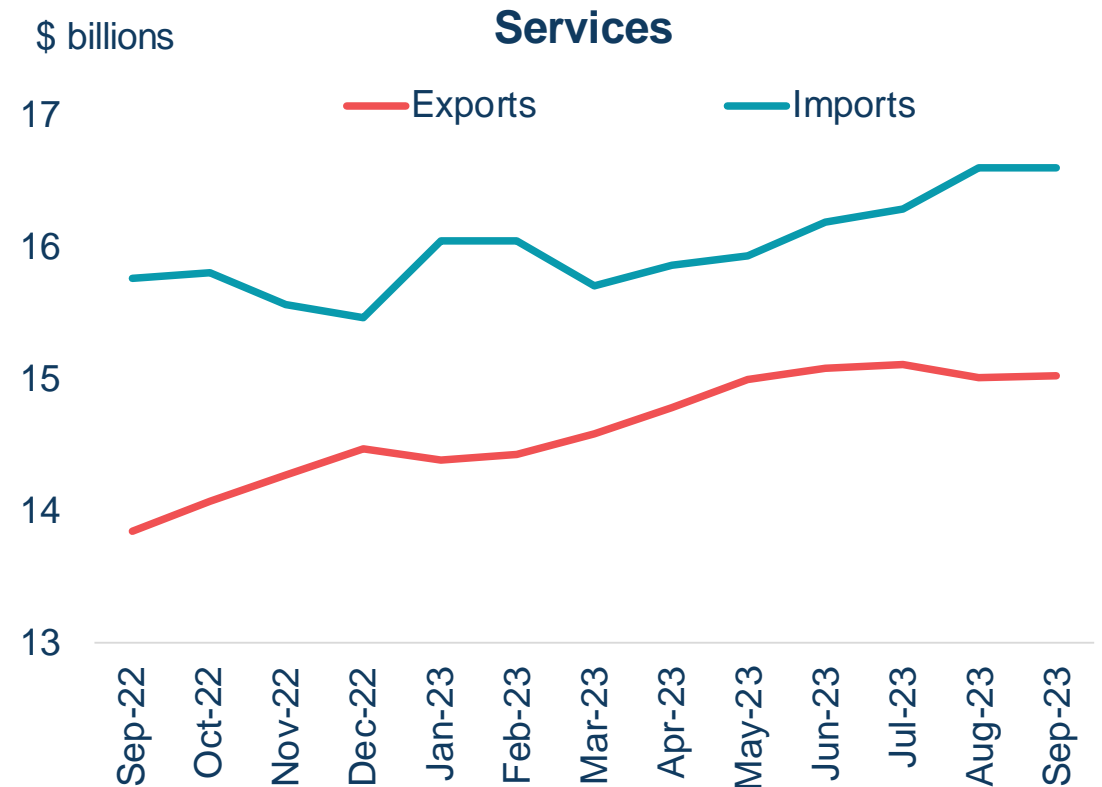
HIGHLIGHTS

- Both exports and imports grew in September. Exports rose faster than imports, and Canada recorded a trade surplus of \$462 million. Higher crude oil prices contributed to the strong export performance.
- Canada's goods and service exports rose 2.2%. Higher exports of energy products and wheat offset lower gold exports. Meanwhile, service exports edged up slightly due to higher travel exports (foreigners visiting Canada).
- Meanwhile, Canada's goods and service imports rose 0.8%. Imports of passenger cars and light trucks continued to rise for the sixth consecutive month amid strong demand. Service imports were essentially flat.
- Goods exports to the U.S. rose, due mostly to energy exports, while imports from the U.S. grew at a slower pace. Goods exports to countries outside the U.S. (mainly to China and the E.U.) increased while imports decreased.
- Excluding price effects, the volumes of goods exports rose 0.4%, while import volumes grew 1.7%.



CANADA'S MONTHLY TRADE PERFORMANCE

(International trade in goods and services)



INDUSTRY VIEW—EXPORTS

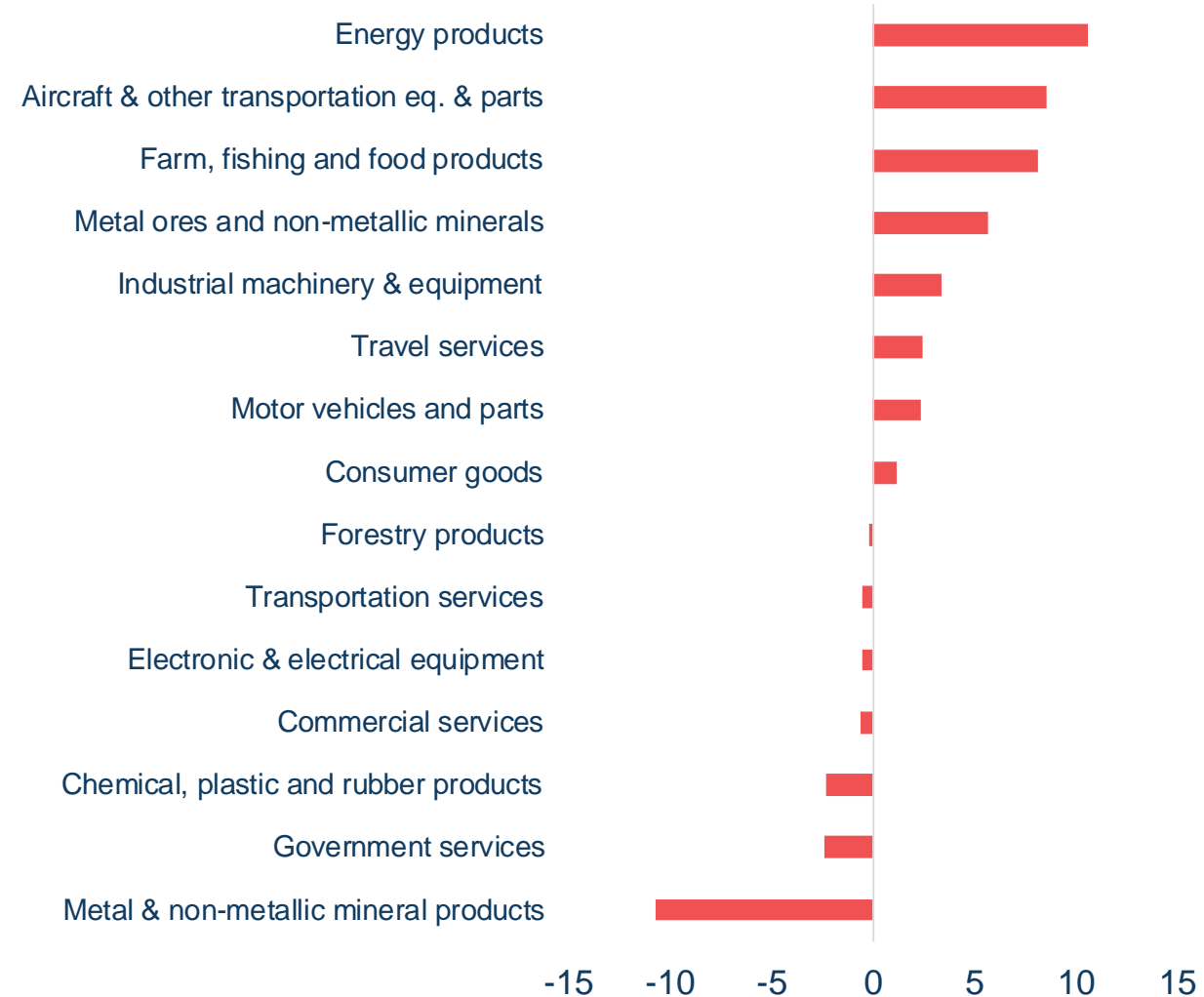
Exports increased month-over-month in 7 of the 11 goods categories, but in only 1 of the 4 service sectors.

Exports of energy products rose 10.6%, contributing the most to the overall increase in goods exports. This was driven by higher crude oil exports (+13.7%) on the back of higher prices, as OPEC+ extended voluntary production cuts. Exports of farm, fishing and food products increased 8.1%, led by wheat exports (+56.1%), as favourable weather conditions allowed for a more rapid harvest.

These gains were partially offset by metal and non-metallic mineral products, which fell 10.7%. In particular, exports of unwrought gold, silver, and platinum group metals decreased 21.7% as compared to August.

For services, exports of travel services were up 2.4%. However, this was almost entirely offset by decreases in exports of commercial services (-0.6%) and transportation services (-0.5%).

Exports by industry and sector (monthly % change)



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

Source: Office of the Chief Economist, Global Affairs Canada.

INDUSTRY VIEW—IMPORTS

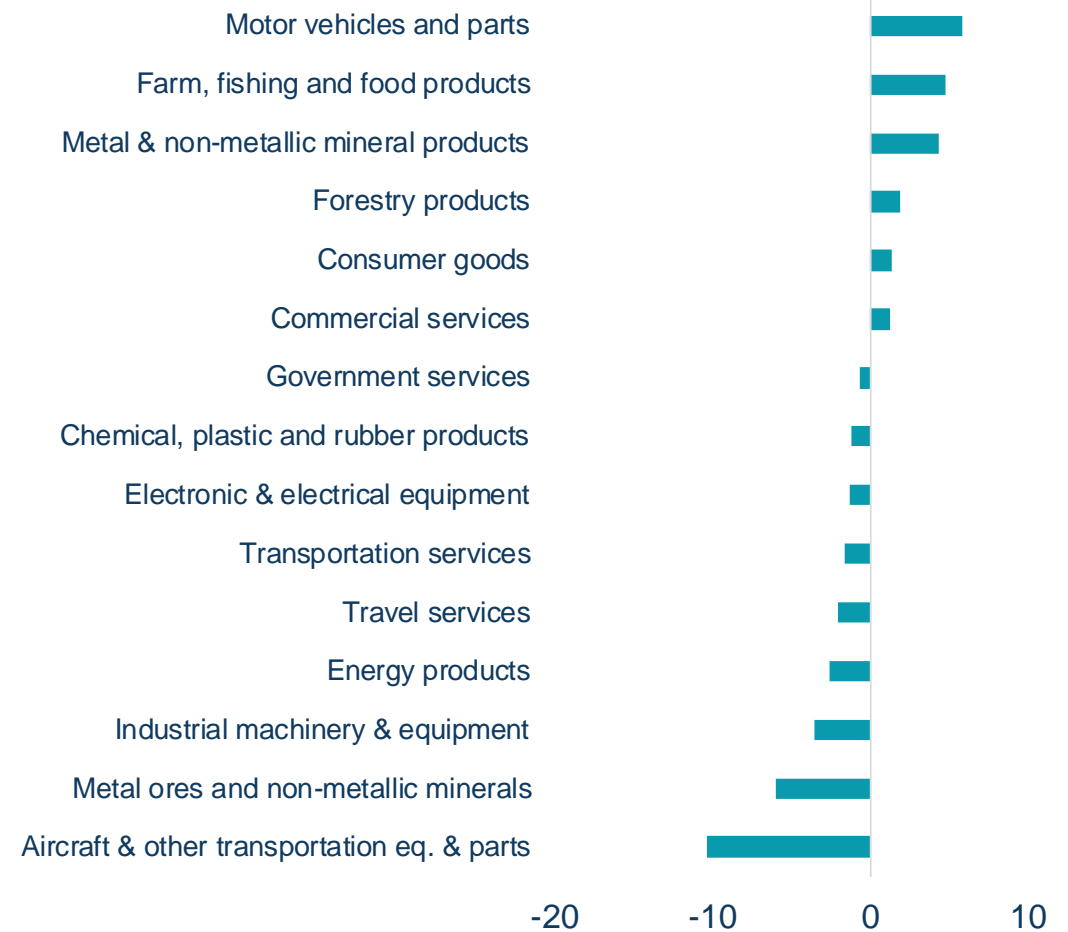
Imports increased month-over-month in 5 of the 11 goods categories, but in only 1 of the 4 service sectors.

Amid strong Canadian demand and higher car model availability, imports of passenger cars and light trucks were up 9.4% in September, contributing the most to the monthly growth in imports of motor vehicles and parts (+5.8%). This was the sixth consecutive monthly increase for motor vehicles and parts as a category. Meanwhile, imports of farm, fishing and food products rose 4.8%.

Large declines in imports were observed for aircraft and other transportation equipment and parts (-10.3%), metal ores and non-metallic minerals (-5.9%), and industrial machinery, equipment and parts (-3.6%). Industrial machinery decreased because of lumpy imports of heavy machinery for the steel and automotive industries which happened in August but not September.

For services, commercial service imports rose 1.3% due to higher imports of financial services. This was offset by declines in imports of transportation services (-1.6%) and travel services (-2.0%)

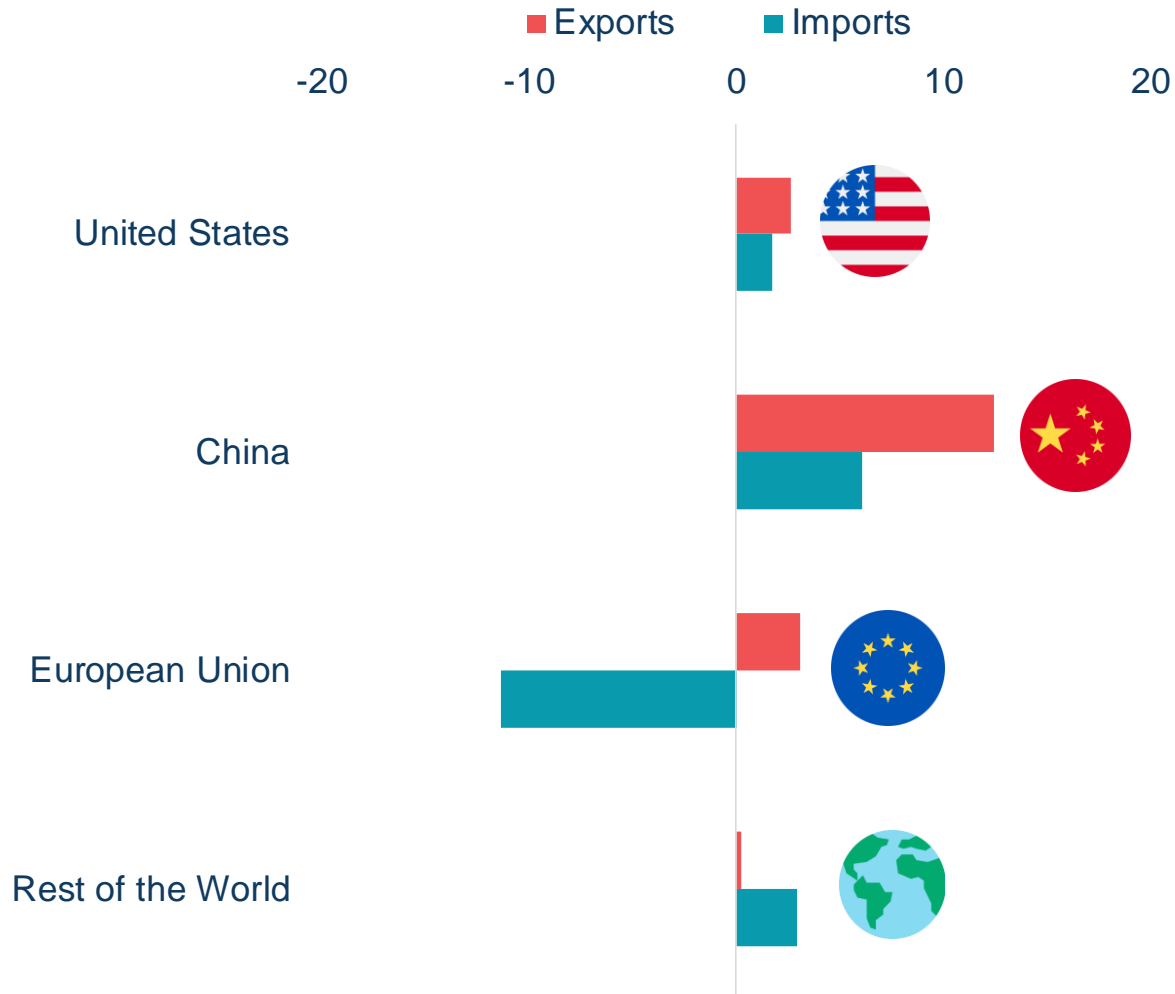
Imports by industry and sector (monthly % change)



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

Source: Office of the Chief Economist, Global Affairs Canada.

Goods trade by main markets (monthly % change)



GLOBAL MARKETS

Goods exports to the U.S. were up 2.6% in September, largely because of energy products. Meanwhile, goods imports rose 1.7%. In particular, Canada's imports of passenger cars and light trucks from the U.S. were stable as inventories made up for lost production due to strike activities in the U.S.'s auto industry during the month. As exports rose faster than imports, Canada's goods trade surplus with the U.S. widened from \$11.0 billion in August to \$11.7 billion in September.

Goods exports to trade partners outside the U.S. rose 2.9% in September. Exports to China rose 12.5% while exports to the E.U. increased 3.1%. These gains were partially offset by a 15.4% decline in exports to the U.K. which was driven by lower gold exports due to reduced gold asset transfers in the banking sector.

Meanwhile, goods imports from trade partners outside the U.S. edged down 0.2% month-over-month. However, there was an increase of imports of passenger cars and light trucks from Mexico, which contributed to the overall rise in Canada's imports of these products. Overall, Canada's goods trade deficit with countries outside the U.S. narrowed from \$10.1 billion in August to \$9.6 billion in September.

PRICES AND VOLUMES

Goods exports and imports grew in real terms in September. Export volumes inched up by 0.4%, while import volumes grew by 1.7%.

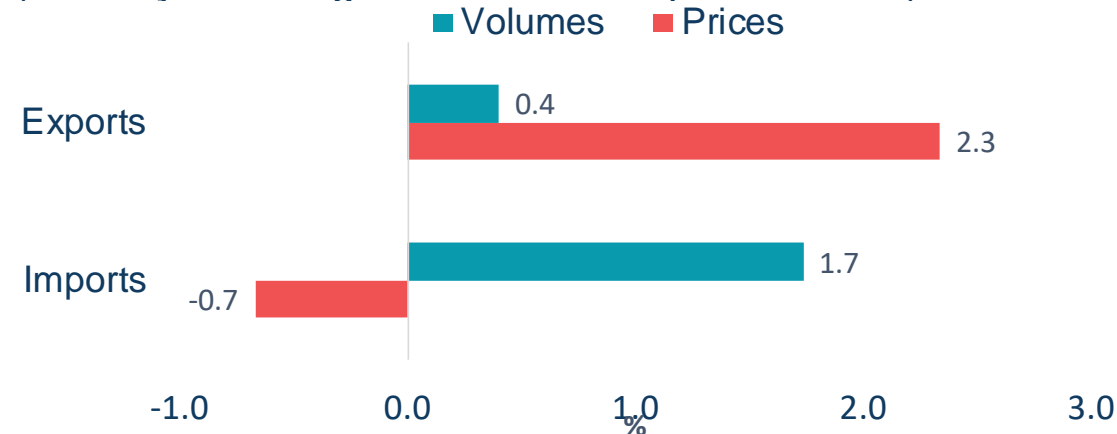
Export prices saw a notable growth of 2.3% in September, mainly on the strength of crude oil prices. The Western Canada Select (WCS) oil price rose sharply to \$95.38 per barrel in September, representing a 9.9% monthly gain. The rise in crude oil prices coincides with voluntary production cuts by OPEC+ member countries.

On the other hand, import prices fell by 0.7% in September.

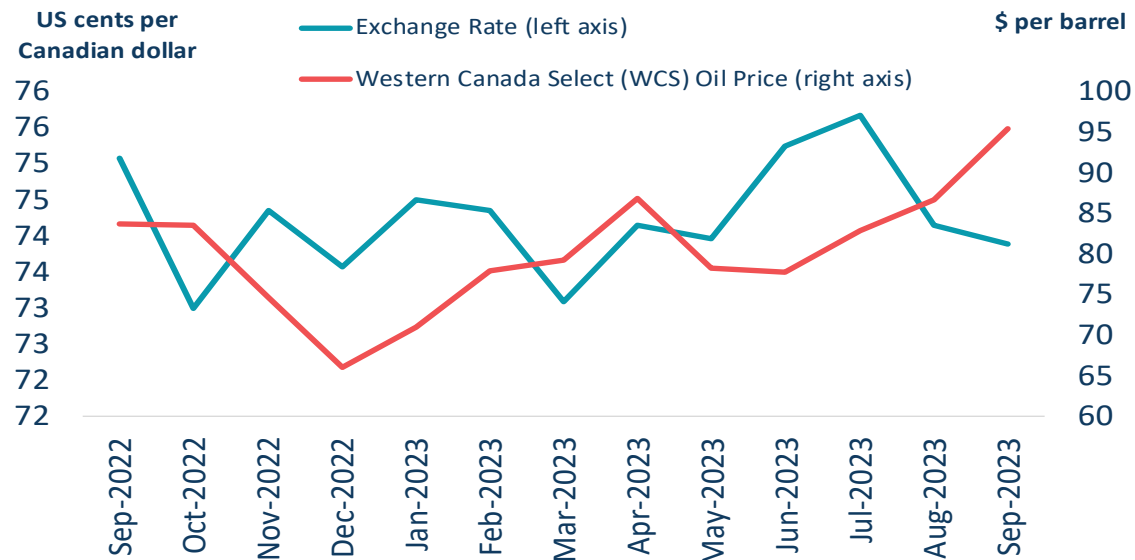
Over the month, the Canadian dollar depreciated by 0.27 US cents to reach 73.88 US cents per Canadian dollar in September.

Goods trade

(monthly % change in volume and price indices)



Exchange rate & oil price



Data: Statistics Canada Table 12-10-0128-01. Balance of payments basis, seasonally adjusted.
 Bank of Canada Monthly Exchange Rate. Haver Analytics.
 Source: Office of the Chief Economist, Global Affairs Canada.



WHAT TO WATCH

- The Canadian economy exhibited further signs of slowing. Real GDP in July and August was essentially unchanged compared to June, and the Bank of Canada has lowered its 2024 full-year growth forecast to just 0.9% (from 1.2% in April's forecast).
- An 8-day strike at the St. Lawrence Seaway shut down a critical marine shipping route in October. The seaway is important for transiting products such as grain, steel, liquid bulk, iron ore, and cement—to both the U.S. and beyond. Though a tentative agreement to end the strike has been reached, the effects of the disruptions to Canadian trade may linger as backlogs are cleared.
- Official advance estimates for U.S. GDP growth note an annualized expansion of 4.9% in Q3, up from 2.1% in Q2. This was driven by increases in consumer and government spending, and partially offset by decreases in private non-residential investment.
- In China, better-than-expected data for retail sales and industrial production in September raised hopes that the Chinese economy is regaining momentum. However, the property sector remains a key drag on the economy. Property investment dropped 9.1% in the first nine months of 2023 compared to the same period last year.

Next Monthly Trade Release: Wednesday, December 6

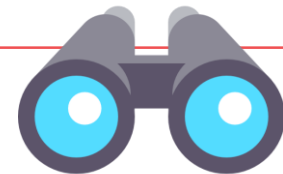


Table 1: Trade by industry sector
(\$ millions)

	Exports			Imports		
	Sep. 2023	m/m %	YTD %	Sep. 2023	m/m %	YTD %
Goods	67,029	2.7	-2.0	64,991	1.0	2.2
Primary products	39,141	2.9	-11.3	20,739	0.7	-6.5
Energy products	16,852	10.6	-23.5	3,774	-2.6	-11.8
Non-primary products	26,126	2.4	14.7	41,685	0.7	7.3
Industrial machinery & equipment	4,353	3.4	15.3	7,497	-3.6	11.3
Electronic & electrical equipment	2,904	-0.6	10.4	6,977	-1.3	1.5
Motor vehicles and parts	8,869	2.3	26.4	12,910	5.8	24.0
Aircraft & other transportation eq. & parts	2,544	8.6	28.7	1,911	-10.3	12.8
Consumer goods	7,456	1.2	1.6	12,390	1.3	-4.5
Services	15,027	0.1	12.7	16,602	0.0	10.0
Commercial services	9,823	-0.6	8.3	9,835	1.3	6.0
Travel services	3,452	2.4	33.7	3,830	-2.0	42.4
Transportation services	1,630	-0.5	5.1	2,788	-1.6	-4.4
Government services	122	-2.4	6.1	148	-0.7	3.6
Total goods and services	82,056	2.2	0.5	81,593	0.8	3.7

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.

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

Source: Office of the Chief Economist, Global Affairs Canada.

Table 2: Goods trade by main markets
(\$ millions)

	Exports			Imports		
	Sep. 2023	m/m %	YTD %	Sep. 2023	m/m %	YTD %
United States	52,686	2.6	-1.6	41,030	1.7	3.9
Mexico	855	-4.9	2.0	2,576	6.0	18.6
European Union	2,835	3.1	-2.6	5,529	-11.4	8.6
Germany	572	-8.7	-5.9	1,725	-3.4	17.8
France	423	60.9	17.1	484	-11.1	9.3
United Kingdom	1,113	-15.4	-31.7	624	-32.1	10.7
Indo-Pacific region	6,331	9.2	-0.8	9,637	9.2	-9.5
China	2,704	12.5	14.9	5,148	6.0	-15.2
Japan	1,172	-18.0	-12.1	1,657	34.9	21.5
Hong Kong SAR	816	75.0	43.6	325	-3.8	-21.0
South Korea	608	24.2	-25.4	1,085	3.8	-1.4
India	371	18.6	1.2	521	19.3	-11.7
Australia	219	-12.5	-4.8	242	-6.7	16.4
Taiwan	160	-21.4	-24.6	369	14.2	-20.5
Indonesia	158	46.2	-31.1	142	1.8	-18.1
Singapore	124	-6.8	8.9	149	-24.9	17.1
Rest of the world	3,210	0.9	5.4	5,596	0.2	-3.1
Total goods trade	67,029	2.7	-2.0	64,991	1.0	2.2

Notes: The Indo-Pacific region total includes only the 9 markets for which data are available. "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.

Data: Statistics Canada Table 12-10-0011-01. Balance of payments basis, seasonally adjusted.

Source: Office of the Chief Economist, Global Affairs Canada.