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OFFICE OF
THE CHIEF
ECONOMIST

MONTHLY TRADE REPORT

MARCH 2024

MARCH

	Goods	Services	Total
Exports (\$ billions)	62.6	16.9	79.5
m/m	-5.3%	-2.0%	-4.6% ▼
YTD	-1.6%	+6.3%	-0.1%
Imports (\$ billions)	64.8	17.9	82.7
m/m	-1.2%	-1.4%	-1.2% ▼
YTD	-0.2%	+6.8%	+1.3%
Balance (\$ billions)	-2.3	-1.0	-3.3
m/m (\$ billions)	-2.8	-0.1	-2.8 ▼

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.

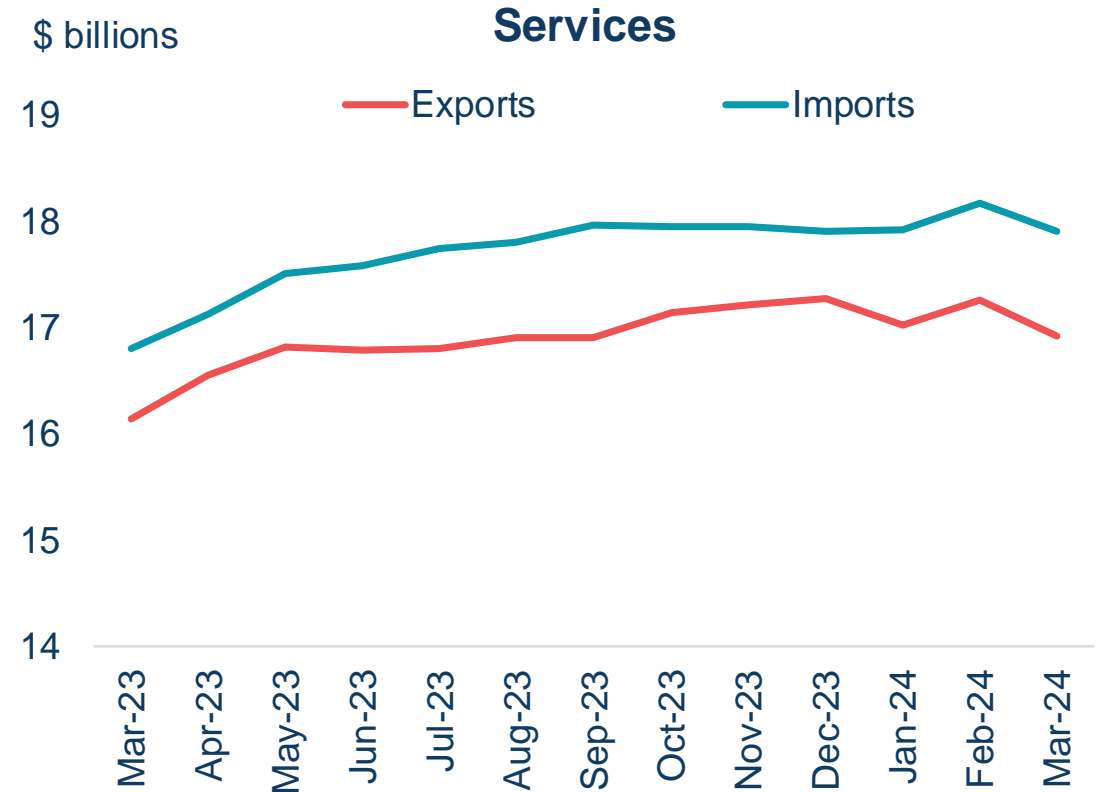
HIGHLIGHTS

- Trade fell notably in March following widespread growth in February. Exports of goods and services fell 4.6%, while imports edged down 1.2%. This pushed exports down 1.3% for Q1, while imports inched up 0.4%.
- Good exports fell in almost all product categories, with gold dropping significantly after reaching a record high in February. Service exports also experienced broad-based losses, with notable decreases in commercial and transportation services.
- Good imports fell in more than half of the product categories with electronic products and metal ores posting significant declines. Higher prices of unwrought metals drove growth in imports of metal and non-metallic mineral products, partially offsetting the overall decline.
- In March, trade with U.S and non-U.S. destinations fell. There were notable declines in exports to France, Switzerland, and the United Kingdom.
- Prices remained relatively stable as volumes of good exports fell 4.7% and import volumes decreased 1.2%.



CANADA'S MONTHLY TRADE PERFORMANCE

(International trade in goods and services)



INDUSTRY VIEW—EXPORTS

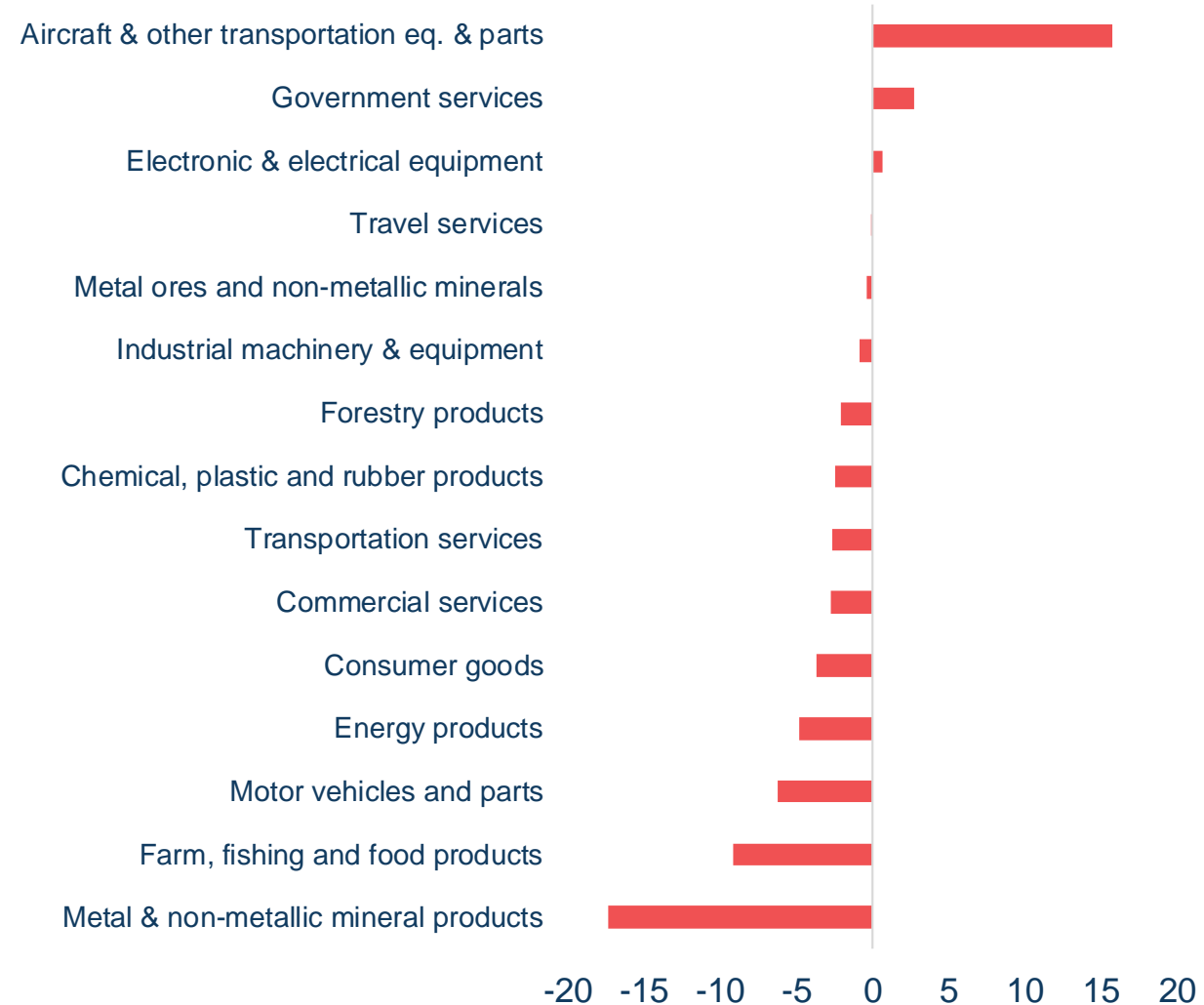
Exports were down in 9 of the 11 product categories in March. Metal and non-metallic mineral products were a key contributor to the overall decline in exports, which plummeted 17.4% in March largely due to a \$1.6 billion (32.5%) drop in the exports of unwrought gold, silver, and platinum group metals. This drop followed unusually high exports of unwrought gold to the UK and Switzerland in February.

Energy product exports also decreased in March (-4.9%), largely due to lower exports of crude oil and bitumen (-6.6%). This decline coincided with unexpected shutdowns at refineries in the U.S. Midwest.

Canadian exports of motor vehicles also fell 6.3% in March, as several manufacturing plants began retooling assembly lines to enable the production of new vehicle models. Exports of farm, fishing, and intermediate food products fell by 9.2%, reversing strong gains from the previous month.

Meanwhile, service exports also decreased in March, falling in all categories except government services. Notable declines were posted in the export of commercial services (-2.8%), and transportation services (-2.6%).

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

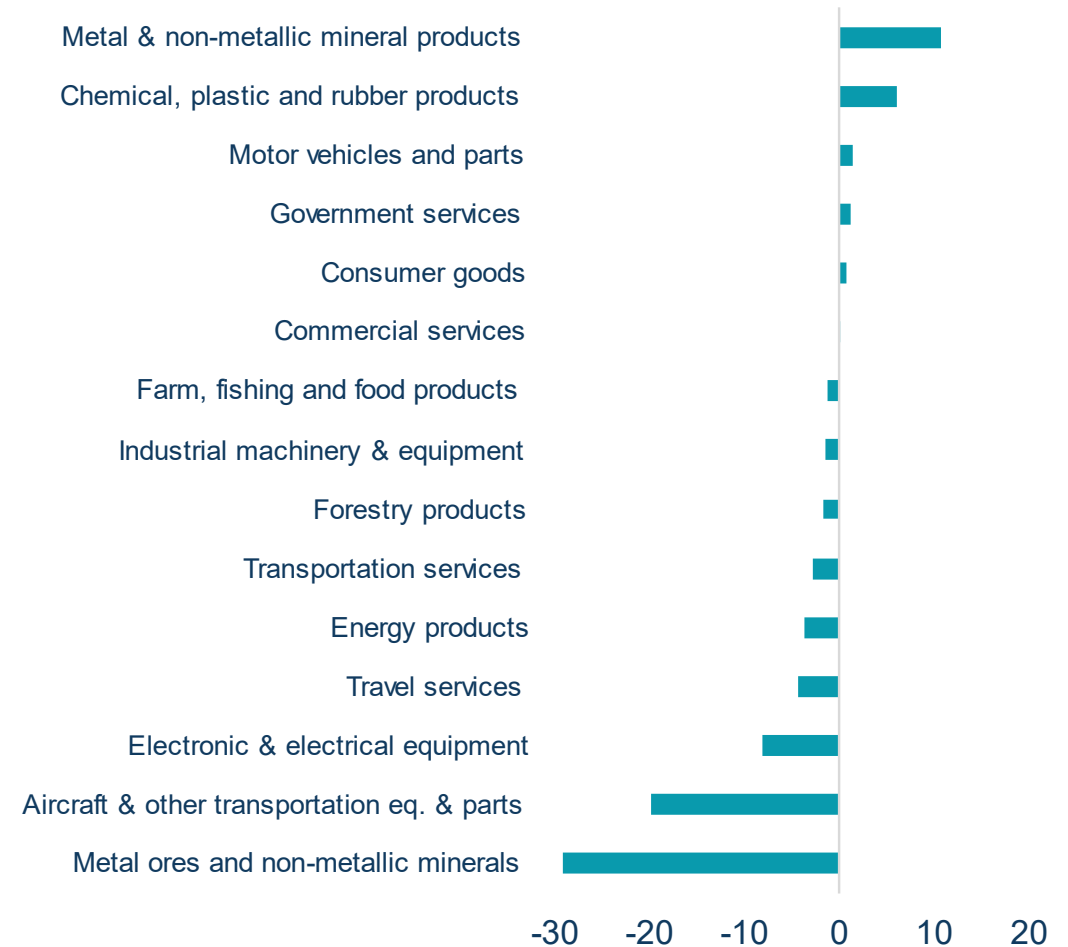
Imports fell in 7 of the 11 product categories in March. Notably, imports of electronic and electrical equipment and parts dropped 8.1%, primarily due to a 23.0% decline in imports of computer and peripheral parts following high intake in February.

Metal ores and non-metallic minerals imports plummeted by 29.2% in March, reaching their lowest level since September 2021. This decline is largely due to reduced alumina and copper ore imports from Australia, Brazil, and Peru.

While ores declined, metal and non-metallic mineral products posted a 10.8% gain in March, thanks to higher imports of unwrought gold, silver, and platinum products. However, this growth was primarily driven by higher prices.

On the services side, imports of travel services dropped 4.3% as Canadian travellers lowered their spending at non-US destinations. Imports of transportation services also fell 2.8% amidst lower passenger fare expenditures.

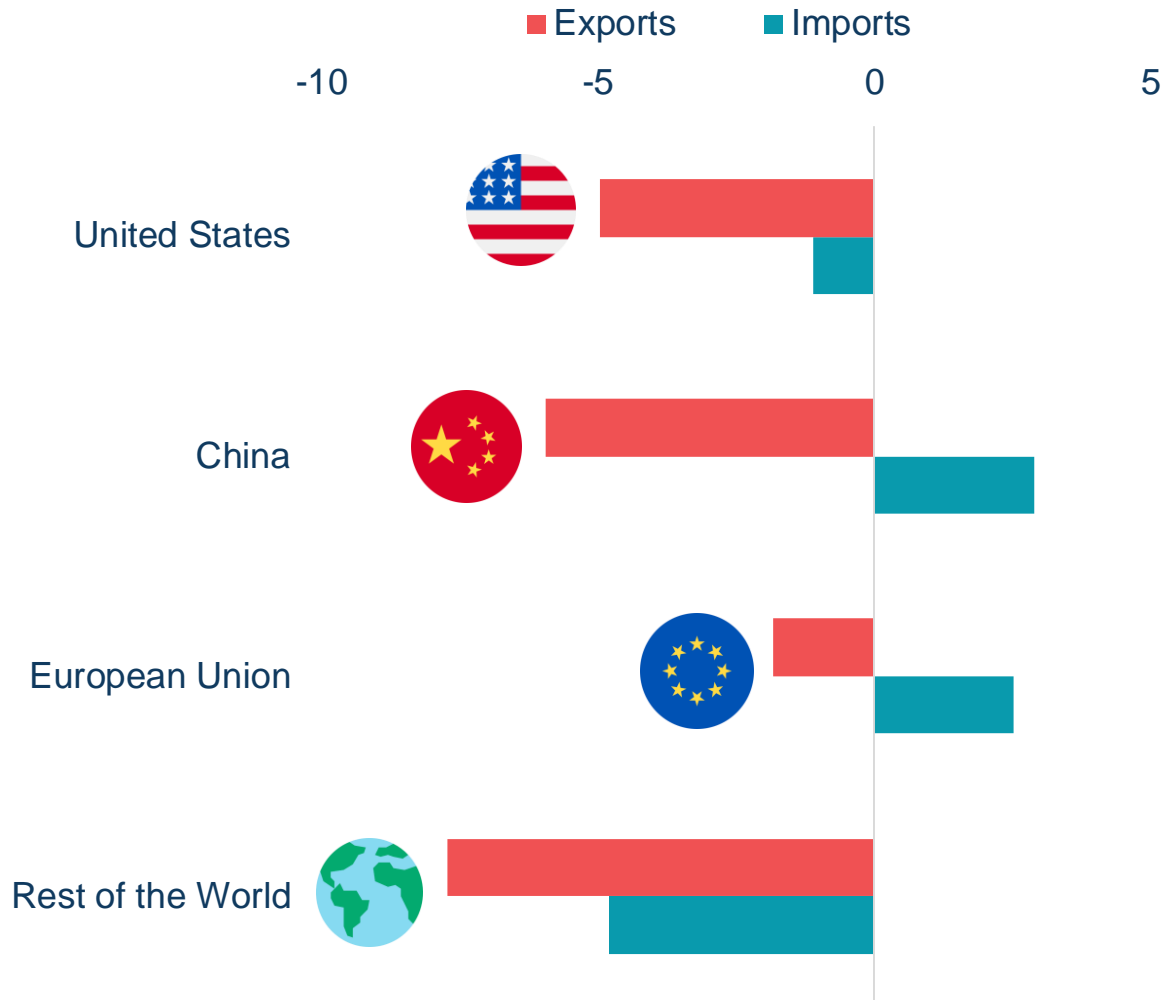
Imports by industry and sector (monthly % change)



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

Canada's goods trade with the U.S. fell in March, with exports falling faster than imports (5.0% vs 1.1%, respectively). The decline comes amidst the monthly drops in major products traded between Canada and the US, such as motor vehicles and energy products. As a result, Canada's goods trade surplus with the U.S. narrowed from \$8.5 billion in February to \$6.5 billion in March.

Goods trade with non-U.S. countries also dropped in March. Exports to non-U.S. countries fell 6.5%, impacted by lower exports to France (nuclear fuel), Switzerland (unwrought gold), and the United Kingdom (unwrought gold and crude oil).

Meanwhile, imports from non-U.S. countries edged down 1.3%, with noteworthy decreases in automotive imports from Mexico and Japan. In March, Canada's goods trade deficit with non-U.S. countries widened slightly to \$8.8B.

PRICES AND VOLUMES

Goods import and export prices were relatively stable in March, with lower volumes for both exports and imports driving trade declines in goods.

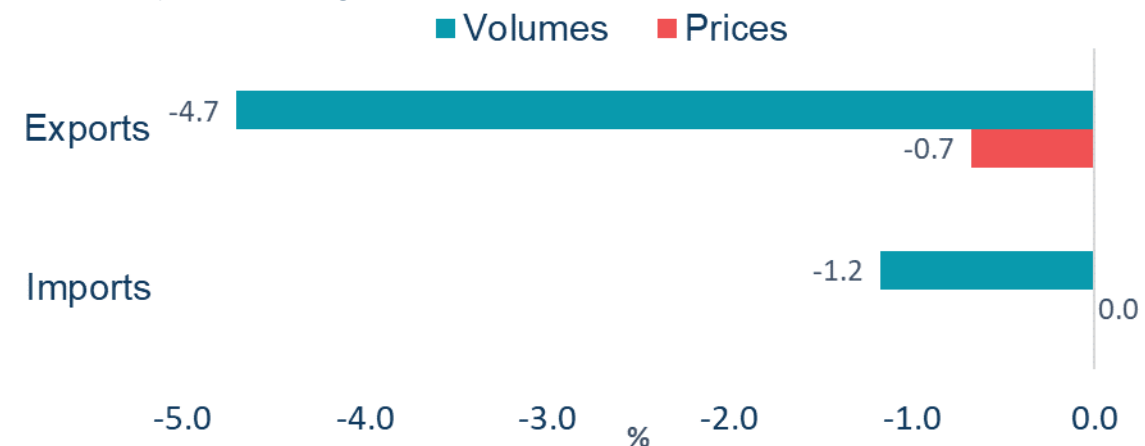
Export volumes dropped by 4.7%, accompanied by a 0.7% decrease in export prices. Similarly, import volumes decreased by 1.2%, while prices remained stable.

During March, the Canadian-U.S. dollar exchange rate further declined to 73.9 US cents per Canadian dollar.

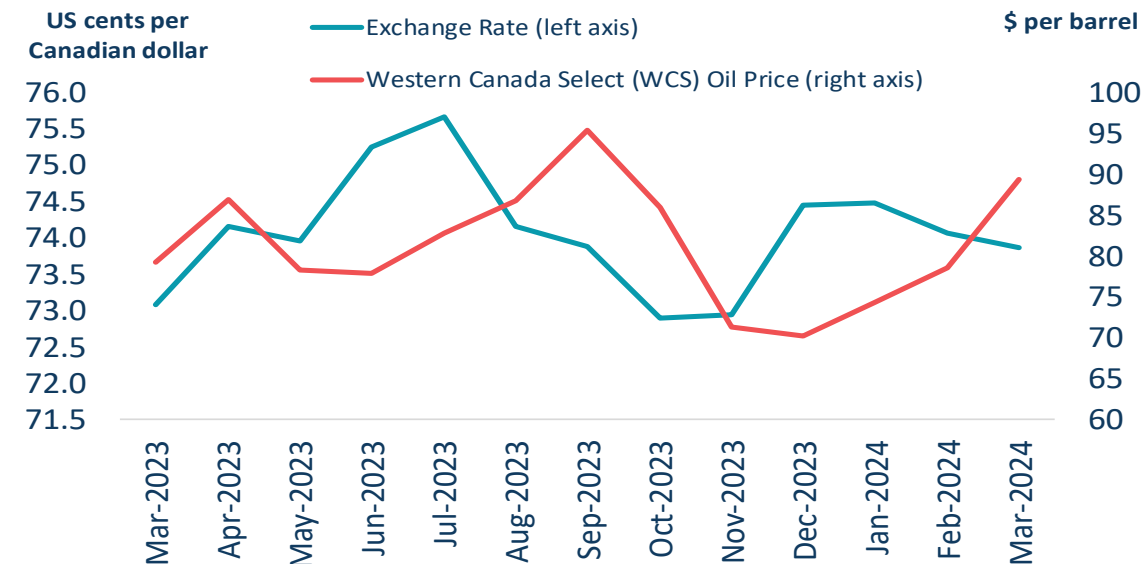
Meanwhile, the average monthly price of crude oil for Western Canada Select (WCS) continued its upward trend for the third consecutive month in March, reaching \$89.4 per barrel, reflecting a notable 13.7% increase compared to the previous month.

Goods trade

(monthly % change in volume and price indices)



Exchange rate & oil price



Data: Statistics Canada Table 12-10-0168-01. 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 Federal Reserve announced its decision to hold the interest rate steady on May 1st. The Fed also announced that it will slow the pace of the central bank's quantitative tightening program come June.
- The Bank of Canada, which held the interest rate steady at 5% in its April meeting, won't make its next interest rate announcement until June 5th.
- May 1st marked the official opening day for the Trans Mountain oil pipeline expansion. This expansion increases the Trans Mountain system's shipping capacity to 890,000 barrels per day (+197%), which will support Canada's oil exports to global markets.
- In Europe, gross domestic product (GDP) grew 0.3% in the first quarter of 2024 (seasonally adjusted) according to a flash estimate. Core inflation is also easing in the Eurozone.
- Canada's real GDP growth decelerated to 0.2% in February, following a 0.5% gain in January. This lower-than-expected growth was led by services-producing sectors, particularly transportation and warehousing. Goods industries were relatively stable.

Next Monthly Trade Release: Thursday, June 6

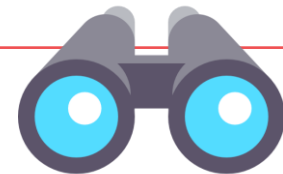


Table 1: Trade by industry sector
(\$ millions)

	Exports			Imports		
	Mar. 2024	m/m %	YTD %	Mar. 2024	m/m %	YTD %
Goods	62,564	-5.3	-1.6	64,840	-1.2	-0.2
Primary products	36,118	-7.7	-2.4	20,902	0.3	-2.7
Energy products	14,135	-4.9	1.5	3,676	-3.7	-8.9
Non-primary products	24,743	-1.9	-0.4	41,461	-2.1	0.9
Industrial machinery & equipment	4,261	-0.9	-2.7	7,597	-1.3	-3.1
Electronic & electrical equipment	2,798	0.6	-0.5	7,042	-8.1	-2.9
Motor vehicles and parts	7,990	-6.3	1.0	11,871	1.6	6.5
Aircraft & other transportation eq. & parts	2,545	15.7	0.3	1,902	-19.8	7.1
Consumer goods	7,149	-3.7	-0.6	13,049	0.8	-0.1
Services	16,917	-2.0	6.3	17,906	-1.4	6.8
Commercial services	10,284	-2.8	3.4	10,604	0.1	8.5
Travel services	4,815	-0.1	15.8	4,103	-4.3	5.7
Transportation services	1,668	-2.6	1.6	3,038	-2.8	3.0
Government services	150	2.7	-2.9	160	1.3	2.6
Total goods and services	79,481	-4.6	-0.1	82,746	-1.2	1.3

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.

Data: Statistics Canada Tables 12-10-0163-01 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		
	Mar. 2024	m/m %	YTD %	Mar. 2024	m/m %	YTD %
United States	47,215	-5.0	-0.9	40,740	-1.1	-0.1
Mexico	723	-12.5	-4.6	2,184	-7.4	-0.6
European Union	2,665	-1.8	-7.7	6,210	2.5	-4.5
Germany	595	15.7	-15.4	1,587	-7.9	-7.1
France	236	-54.9	-4.9	516	-9.7	-2.0
United Kingdom	2,212	-8.5	39.1	835	-12.8	-5.5
Indo-Pacific region	6,012	-6.9	-5.1	9,576	0.9	3.6
China	2,403	-6.0	-18.9	5,429	2.9	-3.5
Japan	1,220	-4.7	-15.1	1,264	-11.0	31.0
South Korea	627	-11.5	23.3	1,291	12.1	28.9
Hong Kong SAR	679	-7.2	114.0	304	5.1	-11.6
India	391	-24.9	38.6	532	12.3	2.2
Indonesia	163	-18.9	-26.0	139	-49.9	36.5
Australia	252	27.6	-15.9	153	-29.8	-6.3
Taiwan	175	22.0	-7.1	365	22.3	-10.9
Singapore	103	-13.5	-27.5	100	13.5	-31.9
Rest of the world	3,737	-6.5	-15.4	5,296	-4.8	-0.9
Total goods trade	62,564	-5.3	-1.6	64,840	-1.2	-0.2

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.