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OFFICE OF
THE CHIEF
ECONOMIST

MONTHLY TRADE REPORT

JUNE 2024

CANADA'S TRADE PERFORMANCE

JUNE 2024

	Goods	Services	Total
Exports (\$ billions)	66.6	17.2	83.8
m/m	+5.5%	+0.6%	+4.4% ▲
YTD	+1.2%	+5.2%	+2.0%
Imports (\$ billions)	66.0	18.3	84.3
m/m	+1.9%	+1.6%	+1.8% ▲
YTD	+0.5%	+7.2%	+1.9%
Balance (\$ billions)	+0.6	-1.1	-0.5
m/m (\$ billions)	+2.2	-0.2	+2.1 ▲

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.

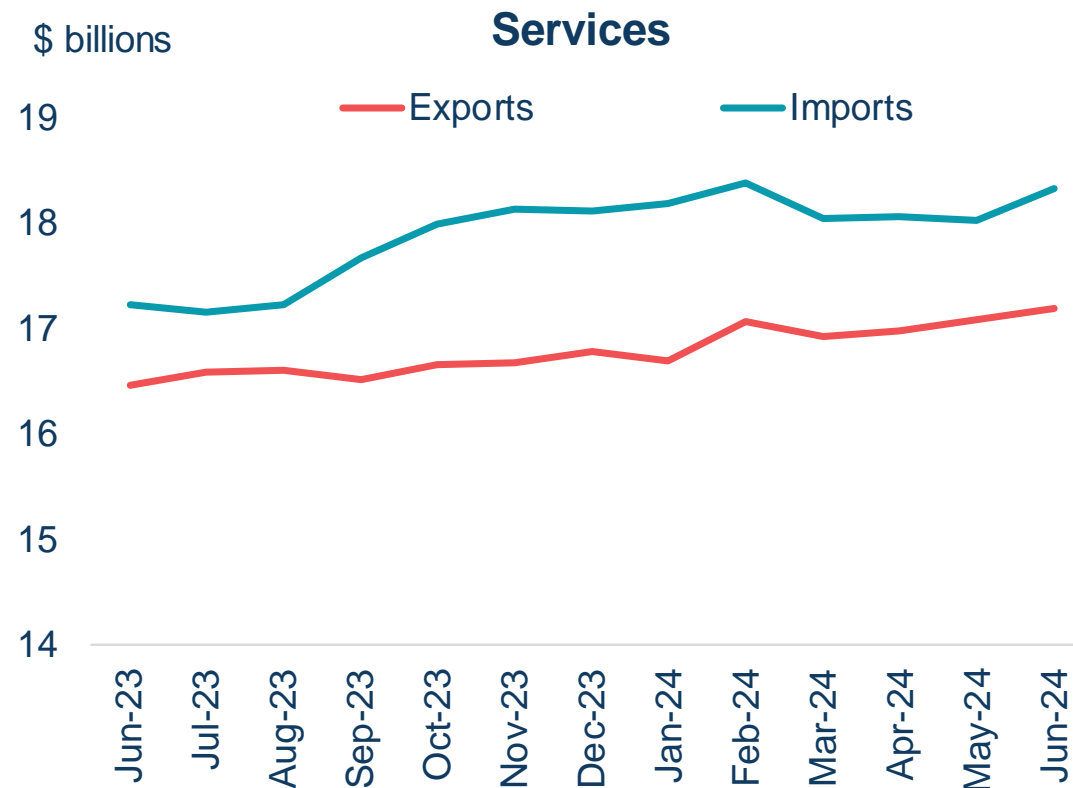
HIGHLIGHTS

- Canada's exports of goods and services increased by 4.4% in June, while imports rose 1.8%. For the second quarter of 2024 as a whole, exports and imports of goods and services were up by 1.1% and 1.4% respectively.
- Goods exports surged by 5.5% in June, driven primarily by strong growth in crude oil and unwrought gold. Services exports also rose by 0.6%, boosted by higher transportation and commercial services.
- Goods imports increased by 1.9%, reaching an all-time. The growth was mainly supported by motor vehicles and parts, as well as consumer goods. Services imports grew by 1.6%, largely due to commercial and travel services.
- Bilateral goods trade with the U.S. increased in June. Meanwhile, goods exports to non-U.S. countries rebounded 15.7%, largely to the United Kingdom (gold), India (crude oil via the Trans Mountain pipeline), and Italy (aircraft).
- Excluding price effects, the volume of goods exports increased by 3.8%, and imports grew by 1.3% in June.



CANADA'S MONTHLY TRADE PERFORMANCE

(International trade in goods and services)



Data: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01. Balance of payments basis, seasonally adjusted.
Source: Office of the Chief Economist, Global Affairs Canada.

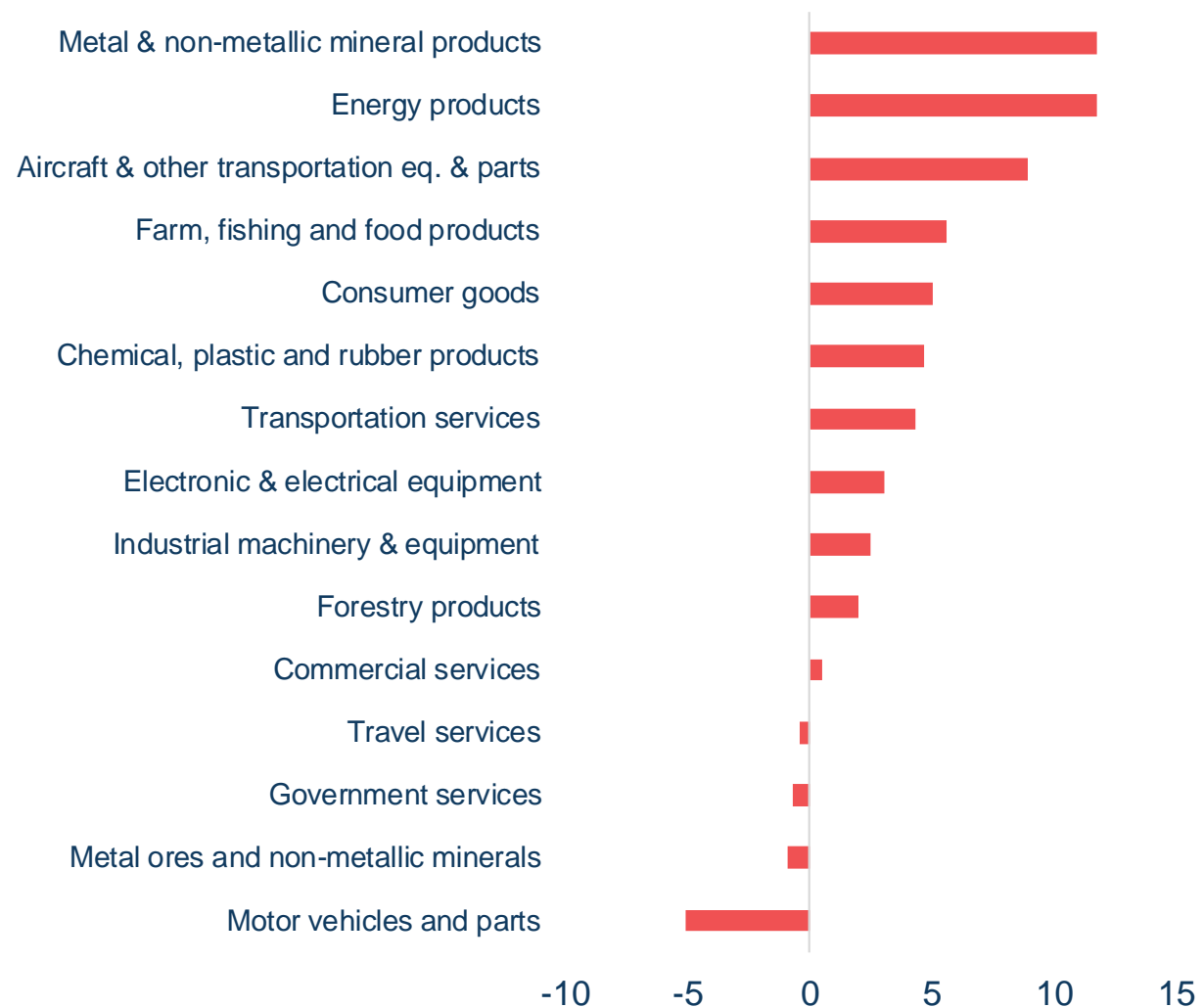
INDUSTRY VIEW—EXPORTS

Export increases were observed in 9 out of 11 product categories for goods and marked the highest percentage increase since February 2024 (5.5%). Crude oil and unwrought gold contributed to over three-quarters of the total export value increase.

Energy products were the largest contributors to the monthly gain, driven by higher exports of crude oil to Asian countries. This growth reflects increased deliveries of crude oil from Western Canada via the recently expanded Trans Mountain pipeline. Exports of metal and non-metallic mineral products grew by 11.8%, primarily due to unwrought gold exports to the United Kingdom.

Service exports increased in 2 of the 4 services categories. Services exports were up 0.6% in June primarily due to high exports of transportation and commercial services.

Exports by industry and sector (monthly % change)



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.

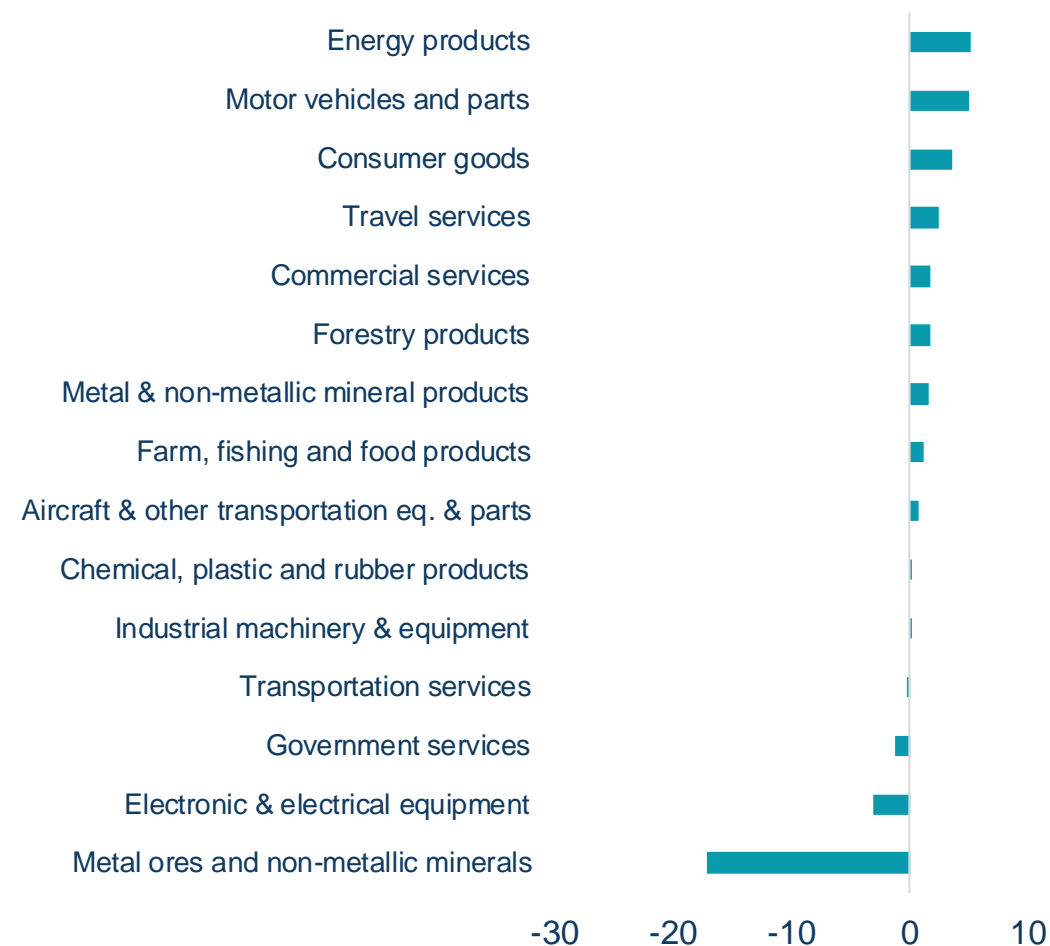
INDUSTRY VIEW—IMPORTS

Import increases were seen in 9 out of 11 product categories for goods and in 2 out of 4 service sectors.

Total goods imports rose by 1.9% to \$66.0 billion in June, matching the all-time high recorded in June 2022. Notably, imports of motor vehicles and parts grew by 5.1%, with passenger cars and light trucks reaching a record high after rising for the fourth time in five months. Imports of consumer goods, particularly pharmaceutical products, also showed strong growth in June. These gains were partially offset by a decrease in imports of metal ores and non-metallic minerals.

Service imports increased by 1.6% in June. Imports of commercial services rose by 1.8%, driven mainly by higher payments for financial services. Imports of travel services increased by 2.5% due to higher spending by Canadian travellers visiting U.S. destinations.

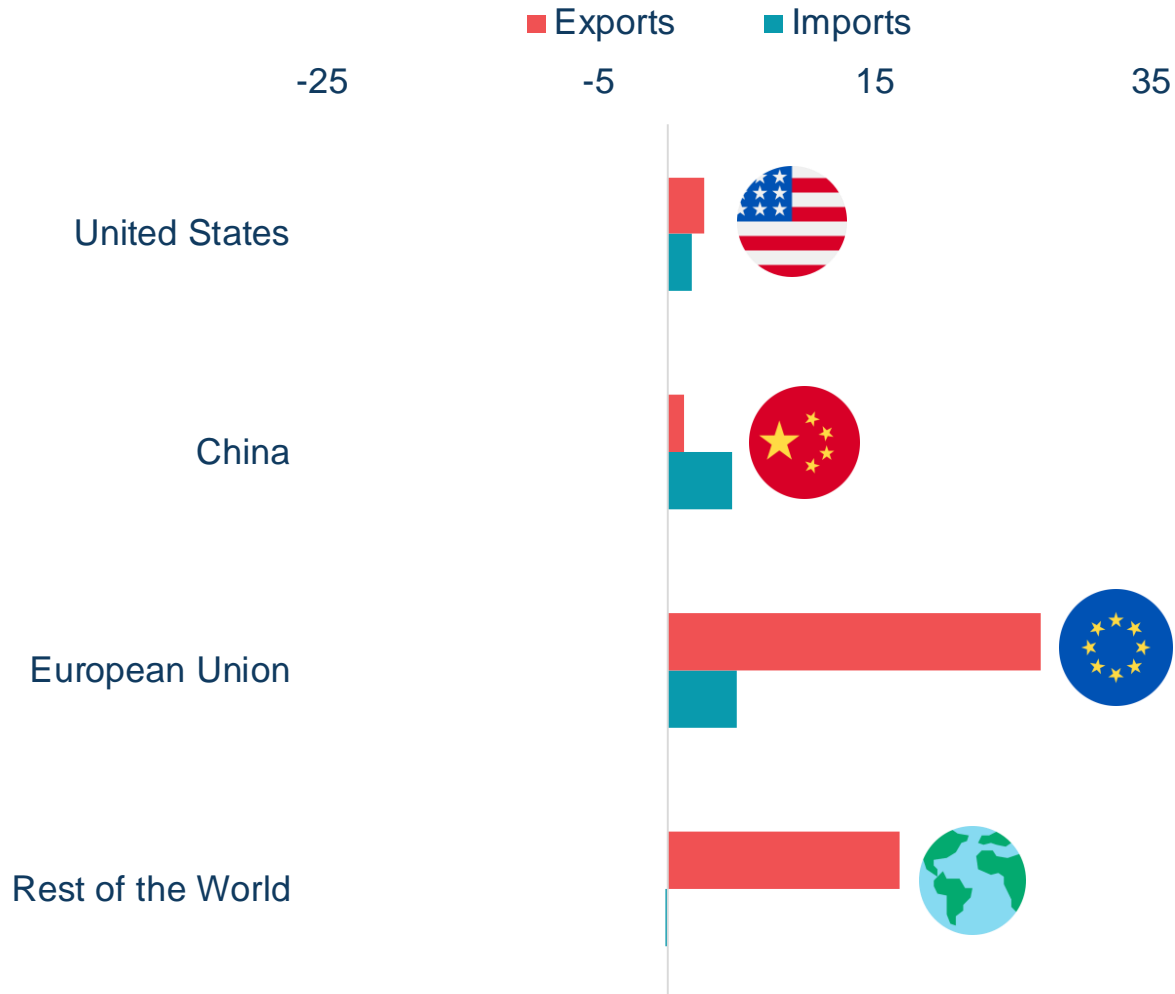
Imports by industry and sector (monthly % change)



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.

Goods trade by main markets (monthly % change)



GLOBAL MARKETS

Goods exports to the U.S. rose 2.6% in June, while goods imports from the U.S. rose 1.7%. As a result, Canada's goods trade surplus with the U.S. widened for a third consecutive month—from \$8.8 billion in May to \$9.4 billion in June, the largest surplus since November 2023.

After falling 13.0% in May, goods exports to non-U.S. countries rebounded 15.7% in June. Most notable increases were observed in exports to the United Kingdom (unwrought gold), India (crude oil and copper ore), and Italy (aircraft).

Goods imports from countries other than the U.S. were up 2.1% in June, with China (various products), Mexico (light trucks), and South Korea (various products) posting the largest gains. Consequently, Canada's goods trade deficit with non-U.S. countries narrowed from \$10.4 billion in May to \$8.7 billion in June.

PRICES AND VOLUMES

Export and import volumes both grew in June 2024. Stripping away the effect of prices, goods export volumes grew by 3.8% and import volumes grew by 1.3%.

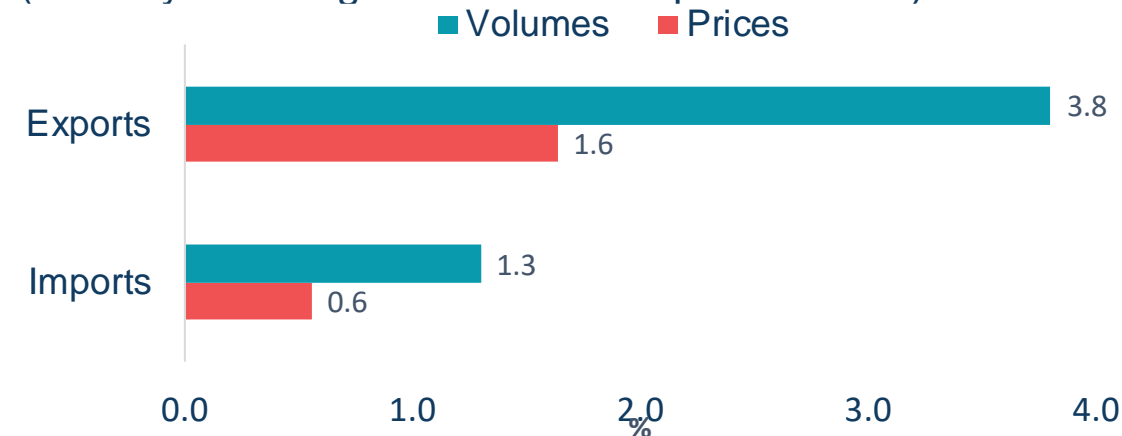
Prices also contributed to growth of exports and imports, albeit to a lesser extent. Goods export prices increased 1.6% while import prices grew 0.6% in June.

After remaining nearly unchanged in the previous month, the Canadian dollar depreciated from 73.15 US cents to 72.96 US cents in June.

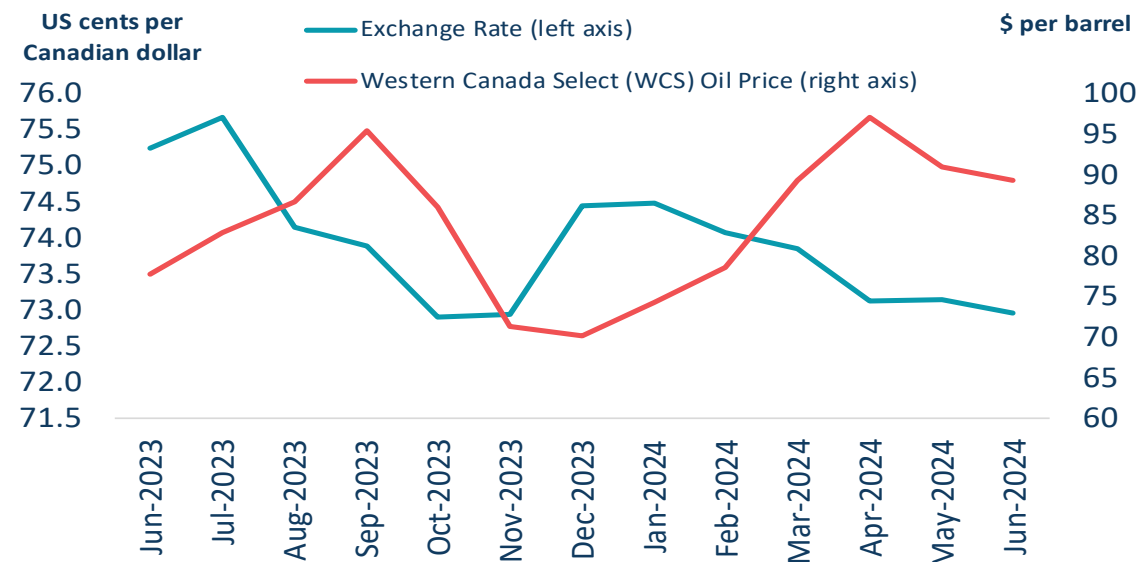
Meanwhile, the average monthly price of Western Canada Select (WCS) crude oil fell for the second consecutive month, though the decrease was smaller in June (-1.9%) compared to the previous month (-6.3%).

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

- Canada's year-over-year headline inflation moderated to 2.7% in June after edging up slightly in May. With broad price pressures continuing to ease and inflation expected to move closer to the 2% target, the Bank of Canada announced another 25-basis point cut to the policy interest rate on July 24th, bringing it down to 4.5%. The next interest rate announcement will take place on September 4th.
- In June, Canada's employment remained virtually unchanged while the unemployment rate rose to 6.4%, continuing its upward trend since April 2023. Meanwhile, the economy is facing headwinds from the effects of past interest rate hikes, reduced consumer spending, and weak residential investment.
- The U.S. economy fell short of expectations in the first half of 2024. There are notable struggles in interest rate-sensitive sectors like housing and manufacturing. Rising unemployment rates, particularly among younger workers, have further fueled concerns about its economic outlook.
- The International Longshoremen's Association (ILA) and the United States Maritime Alliance (USMX) are facing stalled negotiations with their contracts set to expire on September 30, 2024, raising the likelihood of a strike. Such a strike could severely disrupt containerized imports and exports along the U.S. East and Gulf Coasts, which would significantly impact Canada due to the interconnected nature of North American trade.

Next Monthly Trade Release: Wednesday, September 4

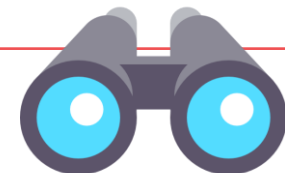


Table 1: Trade by industry sector
(\$ millions)

	Exports			Imports		
	Jun. 2024	m/m %	YTD %	Jun. 2024	m/m %	YTD %
Goods	66,649	5.5	1.2	66,011	1.9	0.5
Primary products	39,540	8.5	2.5	20,541	0.0	-2.2
Energy products	16,324	11.7	8.8	3,104	5.2	-11.2
Non-primary products	25,364	1.5	-0.6	42,733	2.1	1.7
Industrial machinery & equipment	4,256	2.5	-2.3	7,457	0.1	-1.9
Electronic & electrical equipment	2,950	3.1	2.0	7,267	-3.1	-1.3
Motor vehicles and parts	7,782	-5.1	-3.6	12,543	5.1	6.1
Aircraft & other transportation eq. & parts	2,773	8.9	4.7	2,478	0.8	4.7
Consumer goods	7,604	5.0	1.0	12,989	3.7	1.1
Services	17,187	0.6	5.2	18,326	1.6	7.2
Commercial services	11,104	0.5	8.2	10,493	1.8	6.5
Travel services	4,240	-0.4	-0.5	4,718	2.5	11.9
Transportation services	1,699	4.3	2.4	2,954	-0.2	2.9
Government services	144	-0.7	-6.2	162	-1.2	5.5
Total goods and services	83,836	4.4	2.0	84,337	1.8	1.9

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		
	Jun. 2024	m/m %	YTD %	Jun. 2024	m/m %	YTD %
United States	50,674	2.6	1.2	41,295	1.7	0.4
Mexico	696	-11.0	-3.5	2,676	9.8	4.0
European Union	2,884	27.0	-9.2	6,123	5.0	-5.1
Germany	522	21.3	-17.8	1,707	3.2	-8.0
France	417	42.7	-5.9	491	-11.9	0.3
United Kingdom	3,025	126.0	80.7	574	-24.1	-16.1
Indo-Pacific region	6,146	6.8	-3.8	9,956	6.4	5.5
China	2,546	1.1	-7.6	5,450	4.7	-0.3
Japan	1,174	5.8	-9.3	1,447	12.6	16.9
South Korea	620	2.5	5.5	1,476	18.7	44.1
India	617	38.0	10.4	522	8.2	5.4
Hong Kong SAR	357	16.4	22.8	270	-1.4	-17.7
Australia	315	46.4	-12.4	163	-7.1	-14.0
Indonesia	211	-10.4	3.3	174	-1.4	38.7
Taiwan	162	-10.7	-7.7	341	-3.5	-7.8
Singapore	144	3.8	-14.4	113	-28.4	-16.6
Rest of the world	3,224	-12.0	-7.5	5,388	-7.6	0.8
Total goods trade	66,649	5.5	1.2	66,011	1.9	0.5

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.