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OFFICE OF
THE CHIEF
ECONOMIST

MONTHLY TRADE REPORT

SEPTEMBER 2024

TABLE 1: CANADA'S TRADE PERFORMANCE

SEPTEMBER 2024

	Goods	Services	Total
Exports (\$ billions)	63.9	17.2	81.1
m/m (%)	-0.1	1.6	0.2
YTD (%)	0.7	3.5	1.3
Imports (\$ billions)	65.1	18.4	83.5
m/m (%)	-0.4	0.3	-0.3
YTD (%)	1.0	6.8	2.2
Balance (\$ billions)	-1.3	-1.2	-2.5
m/m (\$ billions)	0.2	0.2	0.4

HIGHLIGHTS

- After a weak performance in August, Canada's exports of goods and services showed positive signs in September, growing 0.2%, while imports fell 0.3%.
- Export growth was driven by services, which expanded 1.6% overall. Meanwhile, goods exports dropped 0.1%, affected mainly by decreased exports of metal and non-metallic minerals (-5.4%).
- The overall import decrease can be attributed to goods imports, which fell 0.4%, largely due to metal and non-metallic minerals (-12.7%). Meanwhile, service imports grew 0.3% due to higher commercial services (1.2%).
- Goods trade with the U.S. grew in September, with exports up 1.6% and imports up 0.8%. In contrast, trade outside the U.S. contracted, with exports falling 5.3% and imports declining 2.3%.
- Excluding price effects, the volume of goods exports edged up 1.4%, and imports were essentially unchanged.

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.

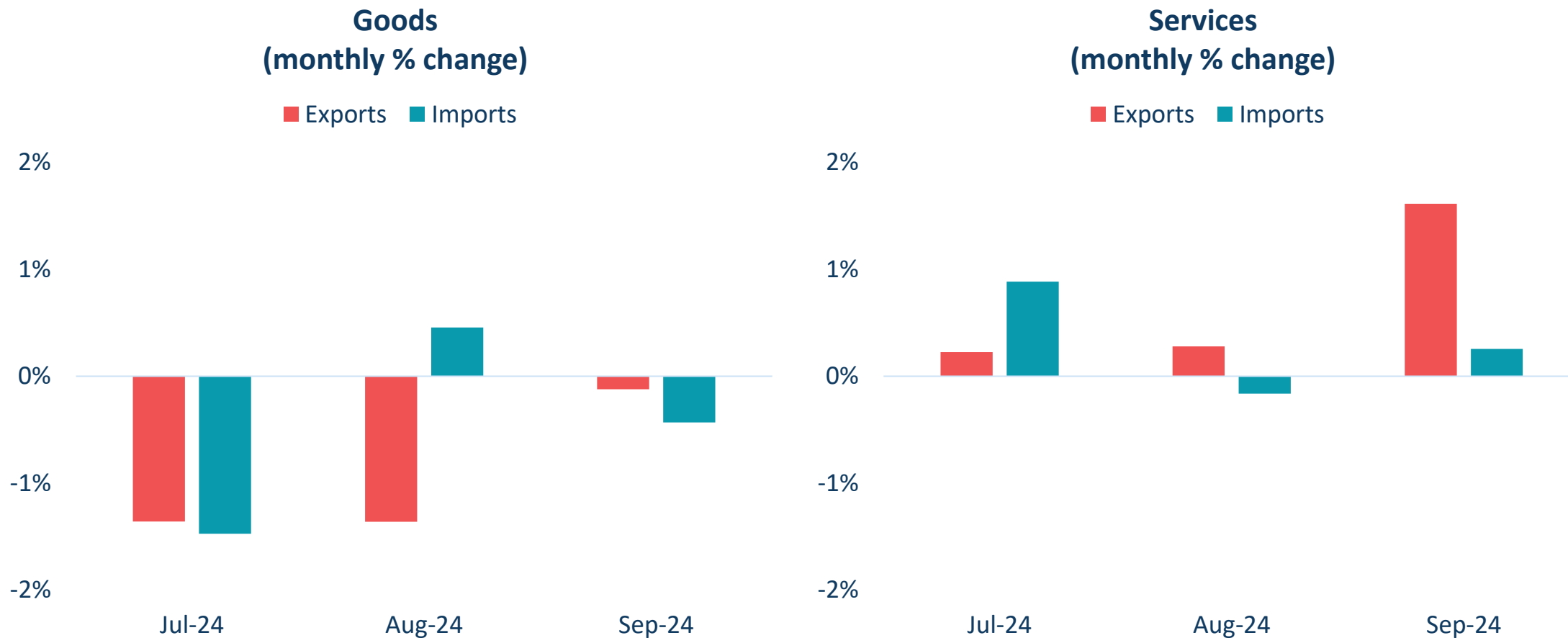
Data: Statistics Canada. Balance of payments basis, seasonally adjusted.

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



FIGURE 1: 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.

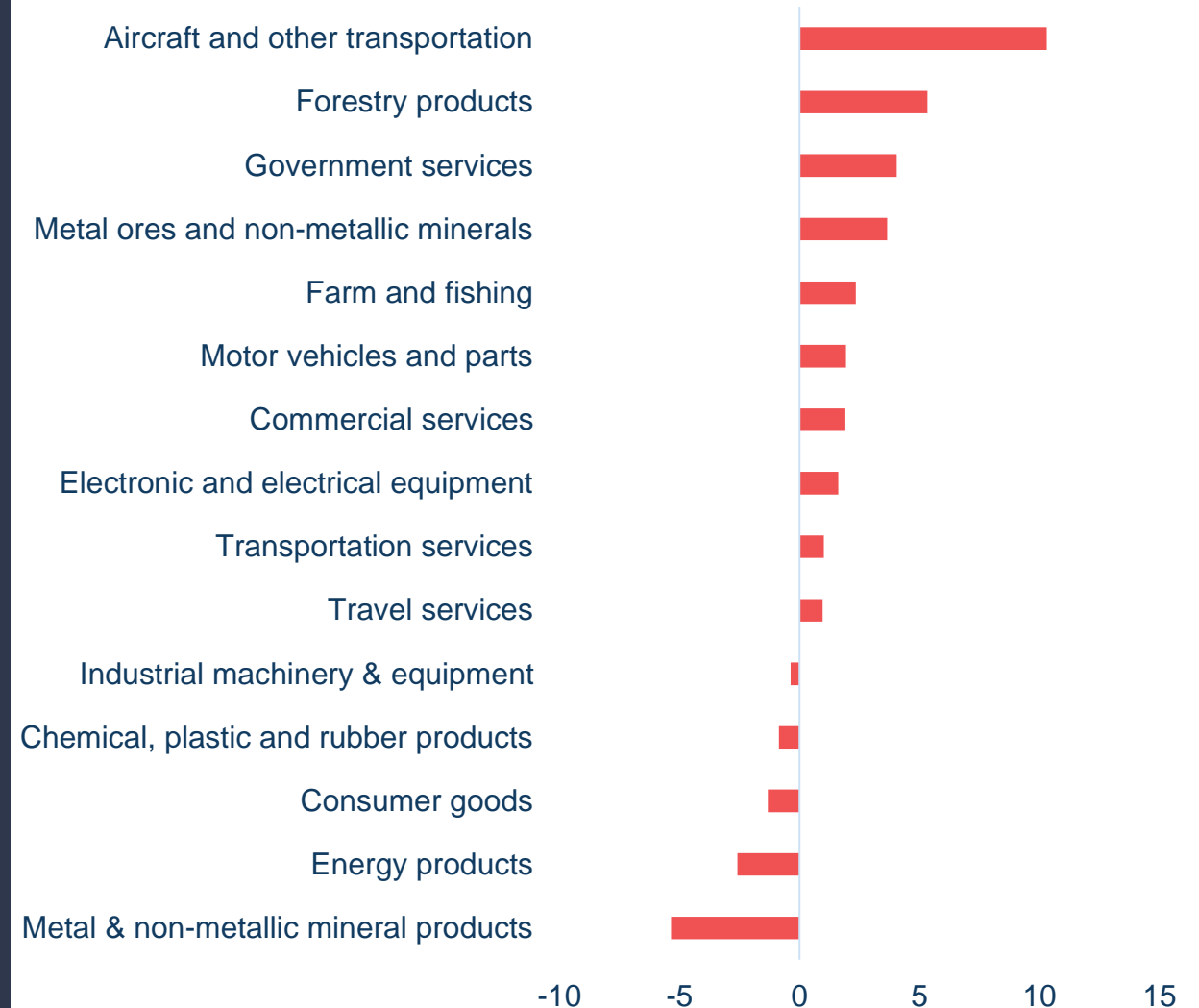
INDUSTRY VIEW—EXPORTS

Export decreases were observed in 5 out of 11 product sections with metal and non-metallic minerals accounting for the largest total decrease (-5.4%), mainly attributed to lower exports of unwrought gold, silver, platinum metals, and their alloys (-15.4%). Lower exports of gold to the United Kingdom and gold transfers to the U.S. were behind the decline.

Exports of energy products fell 2.6% mainly due to lower crude oil prices. Meanwhile, exports of aircraft and other transportation equipment increased 10.3%, with aircraft exports leading the increase as September saw increased shipments of private jets to the U.S.

Export increases were seen in all 4 service sectors in September, growing 1.6% overall. Higher commercial service exports (1.9%) lead the increase while both transportation services (1.0%) and travel services (1.0%) also increased in September.

Figure 2: 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

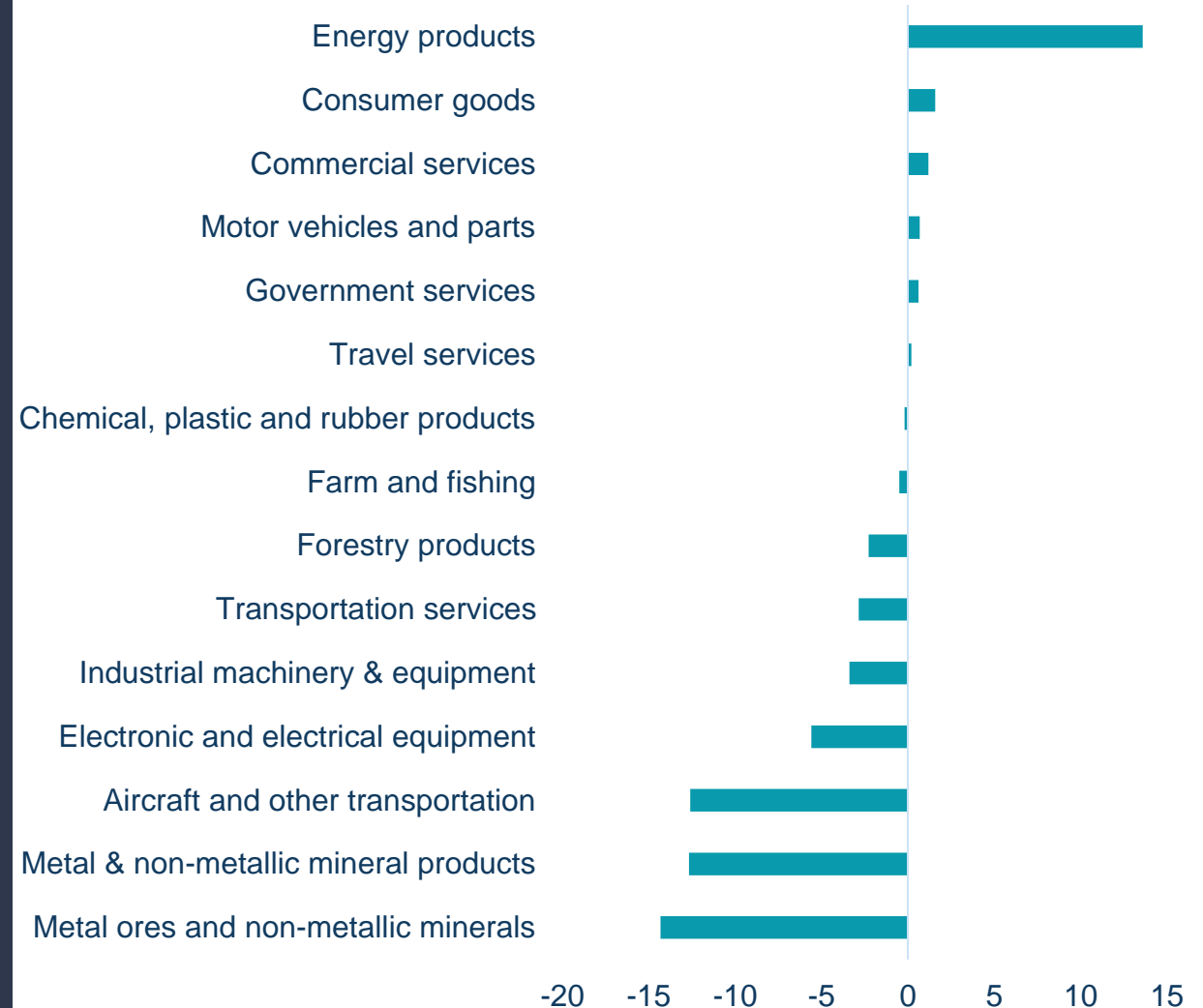
Imports fell in 8 out of 11 product sections and grew in 3 out of 4 service sectors.

The decrease in total goods imports was mainly driven by metal and non-metallic mineral products (-12.7%), particularly unwrought gold, silver, and platinum metals (-46.4%). Fewer imports of unwrought gold from the United Kingdom and Switzerland were observed in September.

Imports of energy products (+13.6%) partially offset the monthly decline in good imports. In particular, imports of refined petroleum energy products grew 18.7%. Imports within the “special transactions” category doubled from August due to the implementation of CBSA’s Assessment and Revenue Management initiative and may be revised in the future.

Services imports were up 0.3%, with commercial services growing 1.2% due to higher financial services payments. On the other hand, transportation services decreased 2.9% in September.

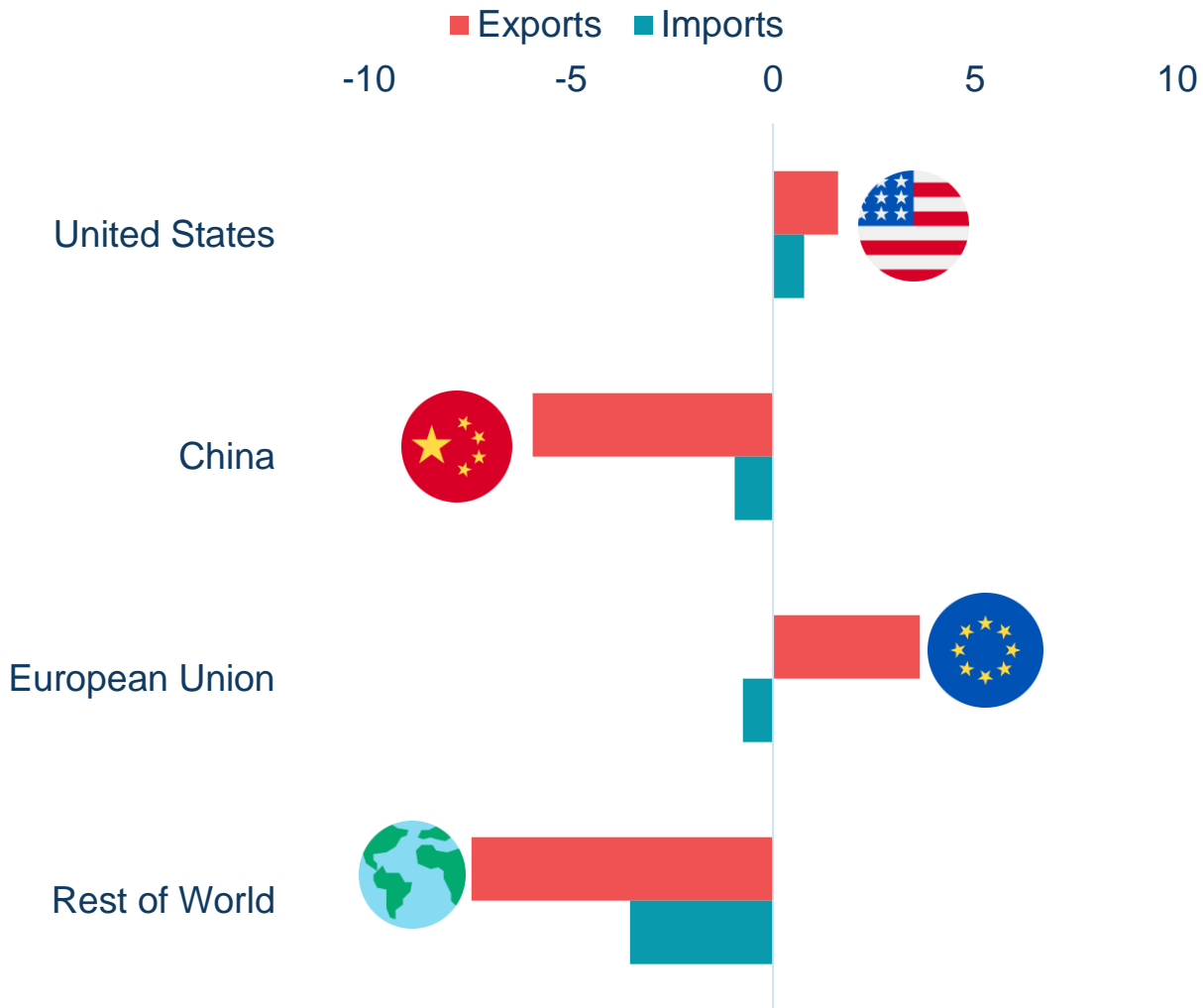
Figure 3: Imports by industry and sector (monthly % change)



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.

Figure 4: Goods trade by main markets
(monthly % change)



GLOBAL MARKETS

Goods exports to the U.S. increased 1.6% in September due to higher aircraft and unwrought gold exports, while imports also grew 0.8%. This resulted in Canada's trade surplus with the U.S. to widen from \$7.8 billion in August to \$8.3 billion in September.

Exports to countries other than the U.S. fell 5.3% in September. This decrease was largely due to lower exports to the United Kingdom (gold), as well as Switzerland.

Imports from countries other than the U.S. also fell in September by 2.3%. Lower imports from Switzerland (unwrought gold) and the Netherlands (passenger cars and light trucks) drove this decrease.

As a result of these changes, Canada's trade deficit with countries other than the U.S. widened from \$9.3 billion in August to \$9.6 billion in September.

PRICES AND VOLUMES

The drop in the monthly value of goods exports was driven by a 1.6% decrease in prices, as volumes rose 1.4%. However, the significant drop in metal and non-metallic mineral products exports was due to a notable decline in volumes (-3.5%), adding to a price decrease of 1.9%.

The decrease in goods imports was due to a 0.5% decrease in prices, while volumes grew 0.1% from August. That said, the biggest driver of the increased volumes was due to the “special transactions” category – a placeholder category with estimated values put in place while the Canada Border Services Agency switches to a digital initiative and phased out the accounting declarations. These values may be significantly revised in subsequent releases.

The Canadian dollar appreciated in September, reaching 73.82 US cents, approaching levels last seen at the beginning of 2024.

The monthly price of Western Canada Select crude oil dropped in September to \$US75.9 per barrel, the lowest price since January 2024.

Figure 5: Goods trade

(monthly % change in volume and price indices)

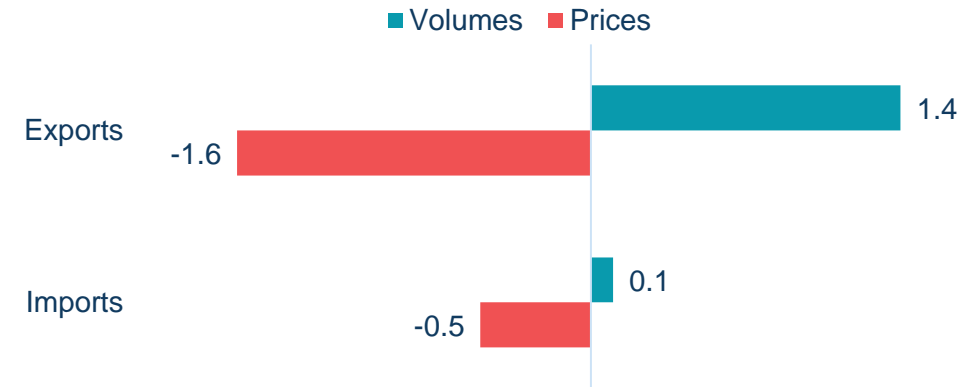
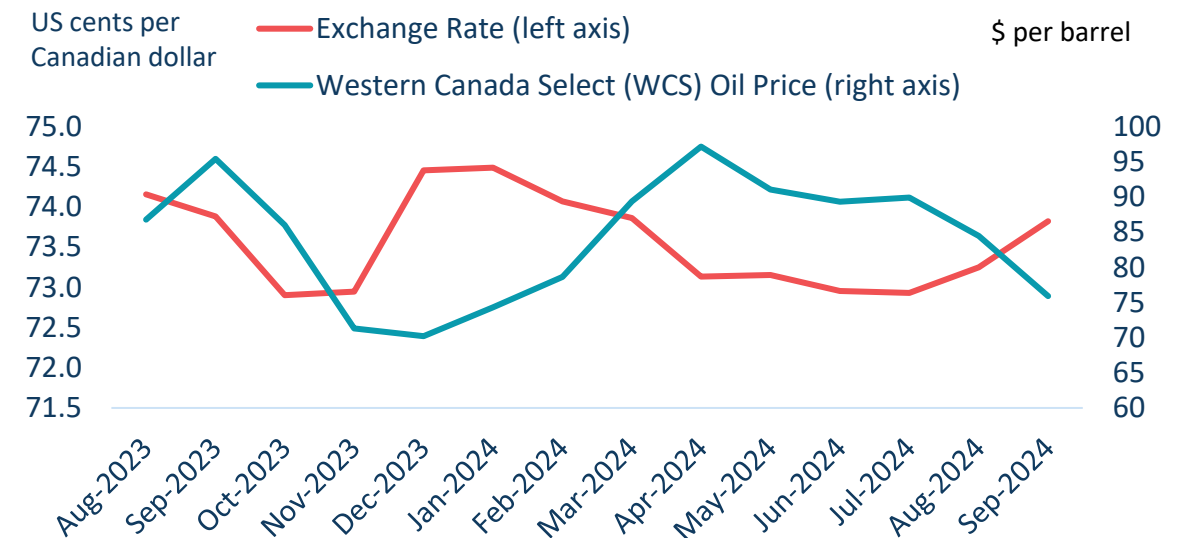


Figure 6: Exchange rate & oil price



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

- Today's U.S. elections could have an important impact on the direction of Canada's largest trade partner.
- Real GDP in Canada shrunk 0.2% (annualized) in August 2024, even as 12 sectors out of 20 expanded. An advance estimate by Statistics Canada suggests that the Canadian economy grew 1% (annualized) in Q3 2024.
- Brent crude fell US\$4 per barrel after Israel's strike on Iran, signaling limited market concerns over further escalation. Oxford Economics expects oil prices to remain steady through next year.
- Consumer appetites for AI-enabled devices have driven Asian electronics exports this year, especially from South Korea and Taiwan. However, recent trade data indicates that, while chip export values remain strong, export volumes are beginning to decline—suggesting the chips cycle may be nearing its peak in Asia.
- Following larger-than-expected rate cuts by China's central bank in late September, various Chinese ministries announced measures to stabilize the property market (including support for developers, mortgage relief, and relaxed purchase restrictions) to address downside risks. The Ministry of Finance has also indicated that coordination between fiscal and monetary policy is likely in the coming months.

Next Monthly Trade Release: Thursday, December 5

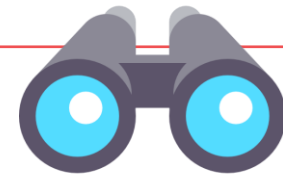


Table 2: Trade by industry sector
(\$ millions)

	Exports			Imports		
	Sep. 24	m/m %	YTD %	Sep. 24	m/m %	YTD %
Goods	63,880	-0.1	0.7	65,145	-0.4	1.0
Primary products	36,771	-1.2	1.8	20,645	-3.2	-0.3
Energy products	14,174	-2.6	4.4	3,314	13.6	-12.6
Non-primary products	25,404	1.4	-0.8	41,025	-1.6	1.4
Industrial machinery & equipment	4,220	-0.4	-2.1	7,215	-3.4	-1.5
Electronic machinery & equipment	2,944	1.6	2.8	6,991	-5.6	0.3
Motor vehicles and parts	7,870	1.9	-6.6	11,709	0.7	0.9
Aircraft & other transportation equipment	2,817	10.3	4.8	1,896	-12.6	3.2
Consumer goods	7,554	-1.3	3.5	13,214	1.6	3.8
Services	17,186	1.6	3.5	18,388	0.3	6.8
Commercial services	11,274	1.9	6.7	10,101	1.2	3.3
Travel services	4,071	1.0	-3.4	5,262	0.2	16.8
Transportation services	1,687	1.0	2.2	2,861	-2.9	3.9
Government services	154	4.1	-4.9	165	0.6	4.6
Total goods and services	81,066	0.2	1.3	83,533	-0.3	2.2

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 3: Goods trade by main markets
(\$ millions)

	Exports			Imports		
	Sep. 24	m/m %	YTD %	Sep. 24	m/m %	YTD %
United States	48,655	1.6	-0.4	40,367	0.8	-0.2
Mexico	672	-14.5	-2.9	2,371	0.9	2.0
European Union	2,892	3.6	-4.5	6,209	-0.7	-1.2
Germany	667	28.2	-9.7	1,669	4.5	-8.2
France	316	-12.4	-9.9	499	-5.0	1.3
United Kingdom	2,382	-25.9	89.0	709	-17.4	-12.3
Indo-Pacific region	6,016	0.7	-1.8	9,506	-1.1	7.4
China	2,598	-5.9	-1.8	5,131	-0.9	3.1
Japan	1,316	13.4	-7.7	1,509	-0.9	15.0
South Korea	550	-10.5	12.1	1,134	-1.2	35.1
India	441	17.1	8.8	485	0.2	3.9
Singapore	389	239.3	18.6	259	23.2	7.6
Australia	282	-25.2	-1.0	230	-20.1	-2.4
Indonesia	184	19.5	9.0	157	6.1	29.2
Taiwan	193	0.2	-3.3	324	-1.2	-5.8
Hong Kong SAR	63	-71.8	-24.1	277	-8.4	-13.8
Rest of the world	3,263	-1.3	-5.0	5,983	-4.9	4.2
Total goods trade	63,880	-0.1	0.7	65,145	-0.4	1.0

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.