

Export Performance Monitor

1/13/2012

EDC Economics

Exports Boom in November as Rising US Momentum Drives Automotive, Industrial Machinery Canada's Trade Balance Returns to Surplus

Canadian exports rose 3.2% in November, as the automotive sector and industrial machinery received a welcome boost from rising momentum in the US economy while advancing commodity prices lifted energy and metals. Meanwhile the cooler Canadian economy saw imports decline by 0.8%. As a result, Canada's overall trade balance went from a deficit of \$487 million to a surplus of \$1.1 billion in November.

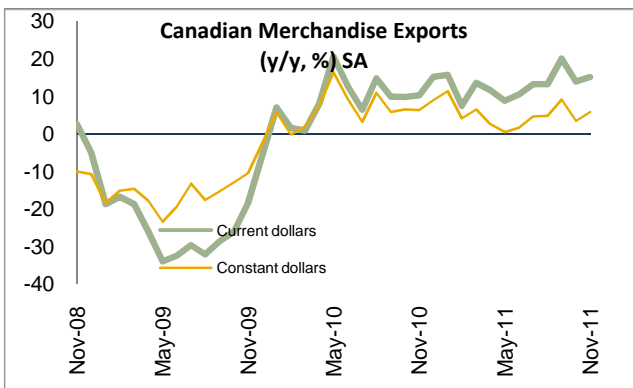
The top performing Canadian export sector was automotive which rose 4.9% in November because of an impressive 8.6% increase in shipments of passenger vehicles. US auto sales continued to surge in December, so this sector is set for continued strength in the months ahead as American consumers start spending again. The strength of US business was also a driving force as Canada's exports of industrial machinery soared by 9.4%, the largest monthly increase since 2004, as US corporations began deploying their excess cash and record profits in a surge of investment. Exports of agricultural machinery also had a strong month, rising 4.9%, the 8th consecutive monthly increase, supported by strong agriculture prices.

Energy exports increased by a whopping 6.4%, but this was almost entirely a result of rising petroleum prices as export volumes were essentially unchanged from last month. Industrial goods and materials also performed well, rising 4%, but this was mainly because a 33% surge in gold exports offset somewhat by declines in fertilizers and other metals.

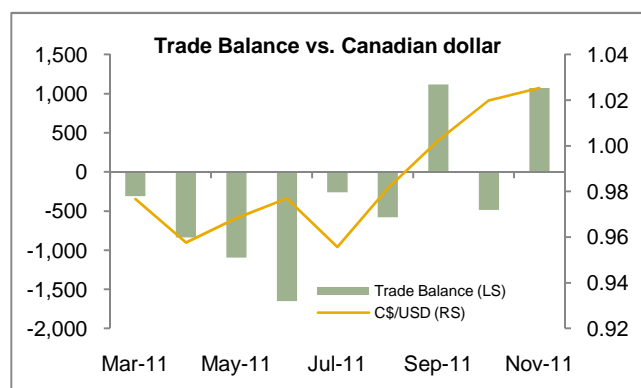
On the import side, weakness in Canadian personal consumption continued to dampen demand for foreign goods, which declined by 0.8% with decreases shared across the board. Personal disposable income has remained essentially flat for heavily indebted Canadian consumers and as a result, automobile imports were particularly hard-hit with passenger vehicles declining 8%. Car sales fell for the 6th consecutive month in Canada, a stark contrast with booming sales south of the border.

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While the US provided the bulk of export growth in November, sales to emerging markets rose by a solid 4.9% as export diversification continues to pay dividends. These will be sorely needed in the year ahead to compensate for softening domestic demand. Consider that in the third quarter, Canada's impressive export performance provided the biggest contribution (1.0% q/q) to GDP growth and compensated for weak consumer spending which contributed just 0.2% q/q. If the Canadian economy is to continue growing through 2012, exports will be the single most important component in creating that growth.



Source: Statistics Canada



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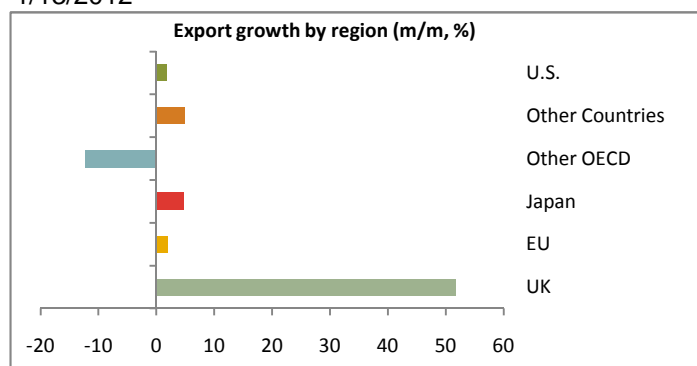
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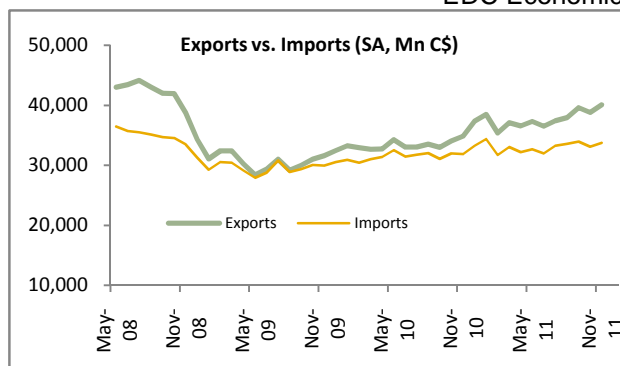
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Industry Sectors	Values (\$C)				Real (Inflation Adjusted) \$C		
	YTD	M/M %change	YTD % change	Nov. YoY 11/10	m/m% change	YTD % growth	Nov. YoY 11/10
Total	415,308	3	13	15	2	4	6
Other crude vegetable products	2,414	-8	1	-17	-10	-8	-21
Energy products	100,823	6	24	32	0	6	10
Crude petroleum	60,294	6	35	37	-1	14	13
Natural gas	12,783	-18	-11	-6	-10	-1	0
Electricity	1,933	10	6	32	32	22	40
Other paper and paperboard	3,349	1	-1	10	2	-1	8
Industrial goods and materials	106,424	4	22	10	2	5	2
Other ores, concentrates and scrap	3,337	13	40	20	1	19	16
Other chemical products	3,137	1	9	13	3	4	5
Other non-ferrous metals and alloys	1,147	-1	18	8	5	25	25
Other fabricated materials	4,517	4	31	19	1	7	1
Machinery and equipment	73,022	0	6	8	-1	6	5
Agricultural machinery includ. tractors	1,891	5	13	29	5	13	26
Other transportation equipment	4,277	12	20	25	14	19	21
Other end products, inedible	9,463	-7	7	0	-13	-1	-7
Automotive products	53,649	5	3	19	5	5	16
Passenger autos and chassis	35,093	9	1	23	8	4	20
Trucks and other motor vehicles	2,613	-6	24	39	-7	26	38
Motor vehicle parts	15,943	-1	3	5	-1	3	3

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