

Export Performance Monitor

5/10/2012

EDC Economics

Plunge in crude exports masks a good month for Canadian trade

Trade Surplus widens to \$352 million

Canadian exports declined by 0.4% in March to C\$39.5 billion. Although it was the third consecutive monthly decline in shipments, looking beyond the headline figure reveals a positive month for Canadian trade. Stripping out a hefty drop in exports of crude, shipments actually rose 3.3%. Exports to Japan (+8%), the EU (+2%) and developing markets (+9%) all advanced. Moreover, real exports (which removes the impact of price changes) rose 0.9% m/m, the first increase since December.

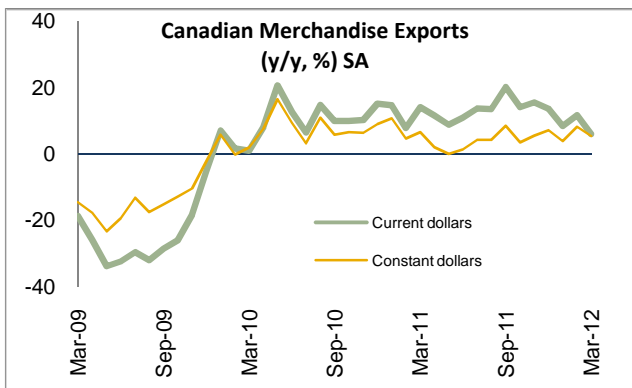
Energy exports fell by 9% in March on significant reductions in both the volume and price of crude. The latter was surprising given that the price of WTI and Brent crude were both up on the month. Petroleum export numbers are highly volatile and March's results are not a cause for concern.

Forestry was flat on the month as declines in newsprint and lumber were offset by higher shipments of pulp. Industrial goods rose 6% led by advances in metals and chemicals and plastics. This was the second consecutive monthly increase for industrial goods which have now recovered much of the ground lost in January. Exports of machinery and equipment also performed well rising 3%.

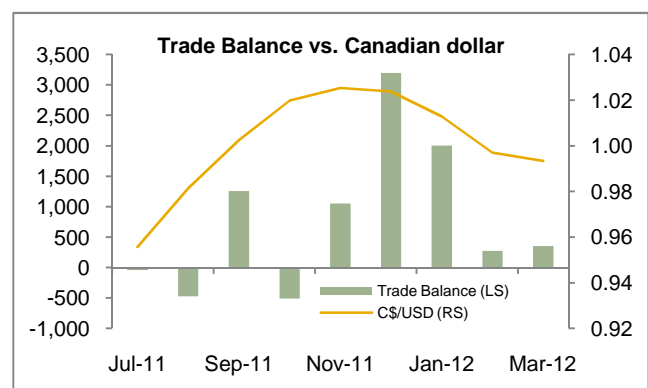
The biggest negative surprise for the month was a 1% drop in exports of automotive products, especially after the 11% plunge recorded in February. Exports are up 3% for the first quarter of the year, well below the 9% increase US car sales seen in the same period. March's weakness is likely a pause rather than a halt to growth and indeed imports of car parts (+4%) support this argument.

Looking at year-to-date export growth by province, New Brunswick takes first place (+16%) thanks to higher energy exports. PEI (+14%) comes in a close second, while Saskatchewan (+13%) rounds out the top three. Nova Scotia and Newfoundland and Labrador have seen the largest year-to-date declines at -30% and -10% respectively.

At first glance March's 0.4% drop in exports was disappointing, but looking beyond the headline figures reveals a positive story. Moreover, looking ahead we are optimistic that exports to the US will return to growth as major surveys of manufacturing and service oriented industries both show respectable levels of new orders. More encouraging is the trend of improving small business confidence and continued easing bank lending standards south of the boarder.



Source: Statistics Canada

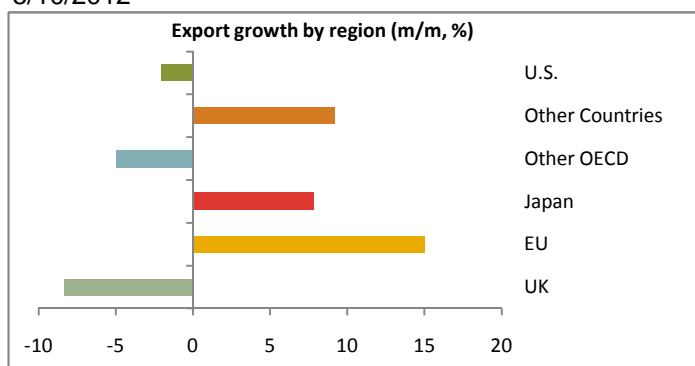


Source: Statistics Canada

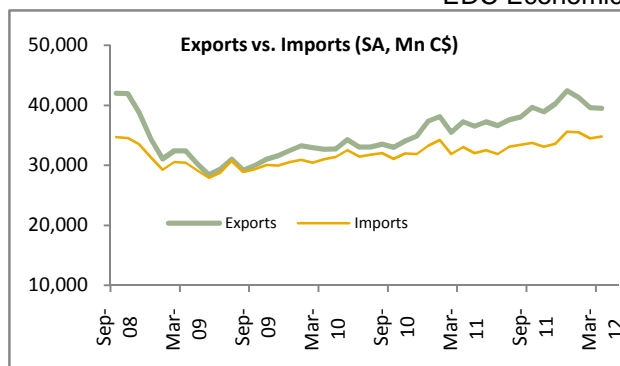
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Industry Sectors	Values (\$C)				Real (Inflation Adjusted) \$C		
	YTD	M/M %change	YTD % change	March YoY 12/11	m/m% change	YTD % growth	March YoY 12/11
Total	120,433	-0.4	8.6	6.0	0.9	5.3	4.5
Other crude vegetable products	681	-11.1	10.5	39.7	-10.6	6.5	31.2
Energy products	32,270	-8.9	16.5	6.8	-1.0	5.2	4.7
Crude petroleum	22,429	-15.7	31.5	14.6	-6.9	14.5	10.1
Natural gas	2,173	5.4	-37.5	-33.6	1.6	-12.3	-9.5
Electricity	368	-5.4	-24.7	-27.9	14.1	7.3	6.1
Other paper and paperboard	855	-0.4	-3.6	-6.3	-0.9	-6.0	-8.8
Industrial goods and materials	28,516	6.2	2.8	4.4	3.3	3.7	4.3
Other ores, concentrates and scrap	1,062	20.7	26.7	18.2	30.5	37.0	18.7
Other chemical products	954	2.6	20.9	15.7	-0.4	11.6	7.8
Other non-ferrous metals and alloys	274	-4.1	-12.6	-20.3	4.0	4.4	-0.8
Other fabricated materials	1,317	-8.3	13.6	3.7	-8.3	12.5	2.9
Machinery and equipment	20,189	3.4	5.5	5.7	3.0	3.4	2.6
Agricultural machinery includ. tractors	585	0.2	24.3	26.6	0.7	21.2	23.4
Other transportation equipment	1,237	-3.8	17.1	7.3	-0.7	12.9	5.1
Other end products, inedible	2,385	20.0	-6.6	0.2	10.8	-4.6	-4.1
Automotive products	16,762	-0.7	13.7	12.4	-0.6	12.3	11.2
Passenger autos and chassis	11,293	-0.6	14.7	14.8	-0.4	12.7	12.7
Trucks and other motor vehicles	884	-8.8	42.6	25.7	-8.8	48.0	32.3
Motor vehicle parts	4,584	0.5	7.3	5.3	0.7	5.6	3.4

Source: Statistics Canada

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