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OFFICE OF
THE CHIEF
ECONOMIST

MONTHLY TRADE REPORT

JANUARY 2024

JANUARY

	Goods	Services	Total
Exports (\$ billions)	62.3	17.0	79.3
m/m	-1.7%	-1.6%	-1.7% ▼
YTD	-7.5%	+6.6%	-4.8%
Imports (\$ billions)	61.8	18.3	80.1
m/m	-3.8%	+1.5%	-2.6% ▼
YTD	-6.0%	+5.3%	-3.6%
Balance (\$ billions)	+0.5	-1.3	-0.8
m/m (\$ billions)	+1.4	-0.6	+0.8 ▲

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.

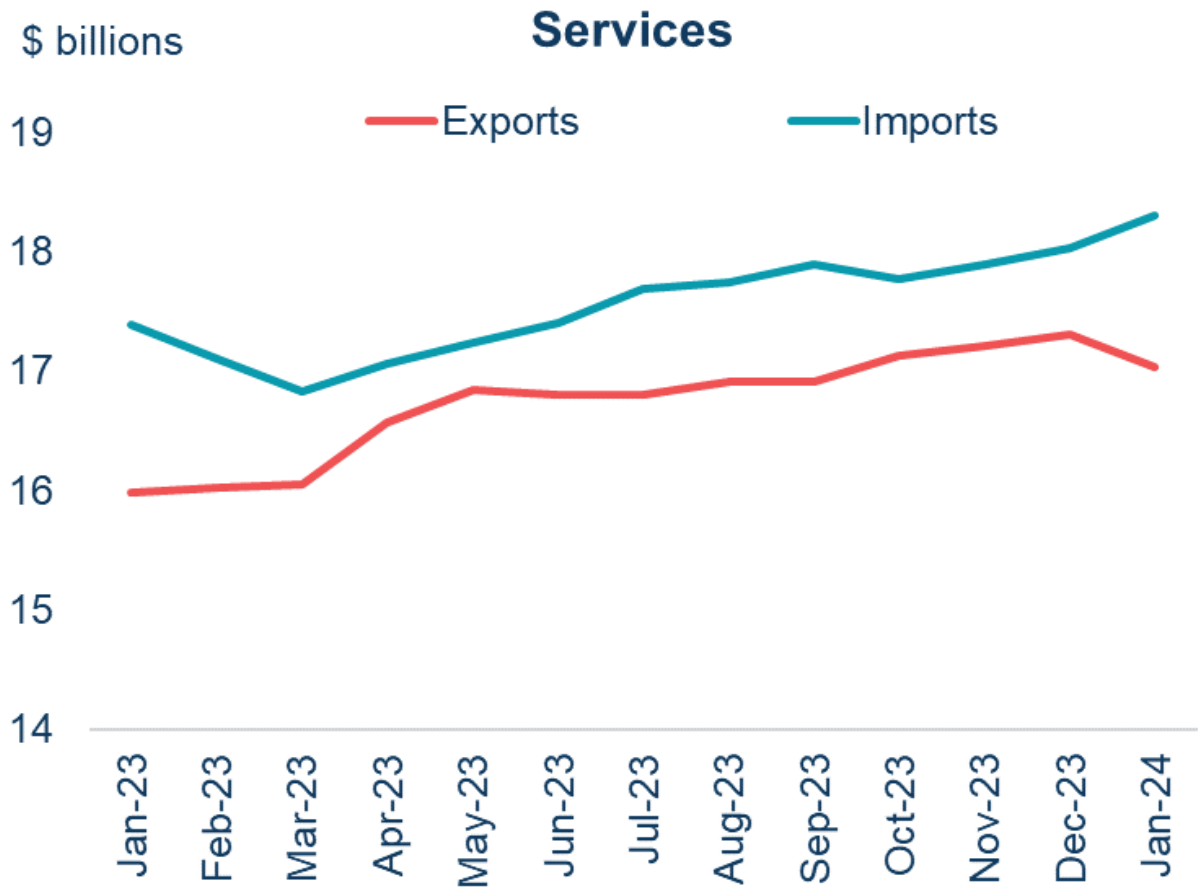
HIGHLIGHTS

- In January, goods and services exports decreased by 1.7% and imports decreased by 2.6%. Trade flows of many products dropped in January after surging in December.
- Goods export declines were broad-based, led by metal and non-metallic mineral products, as well as aircrafts. Meanwhile, services exports were down due to travel and transportation services.
- Goods imports were pulled down by falling pharmaceutical products (after rising in December), while auto imports continued its downward trend. Service imports rose 5.3% to partially offset the decline in goods imports with broad-based increases in most categories.
- Goods exports and imports with the U.S. fell, with the latter dropping by more. The same was observed for Canada's trade with countries outside the U.S.
- Excluding price effects, the volumes of goods exports dropped 1.8%, while import volumes fell 4.1%.



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

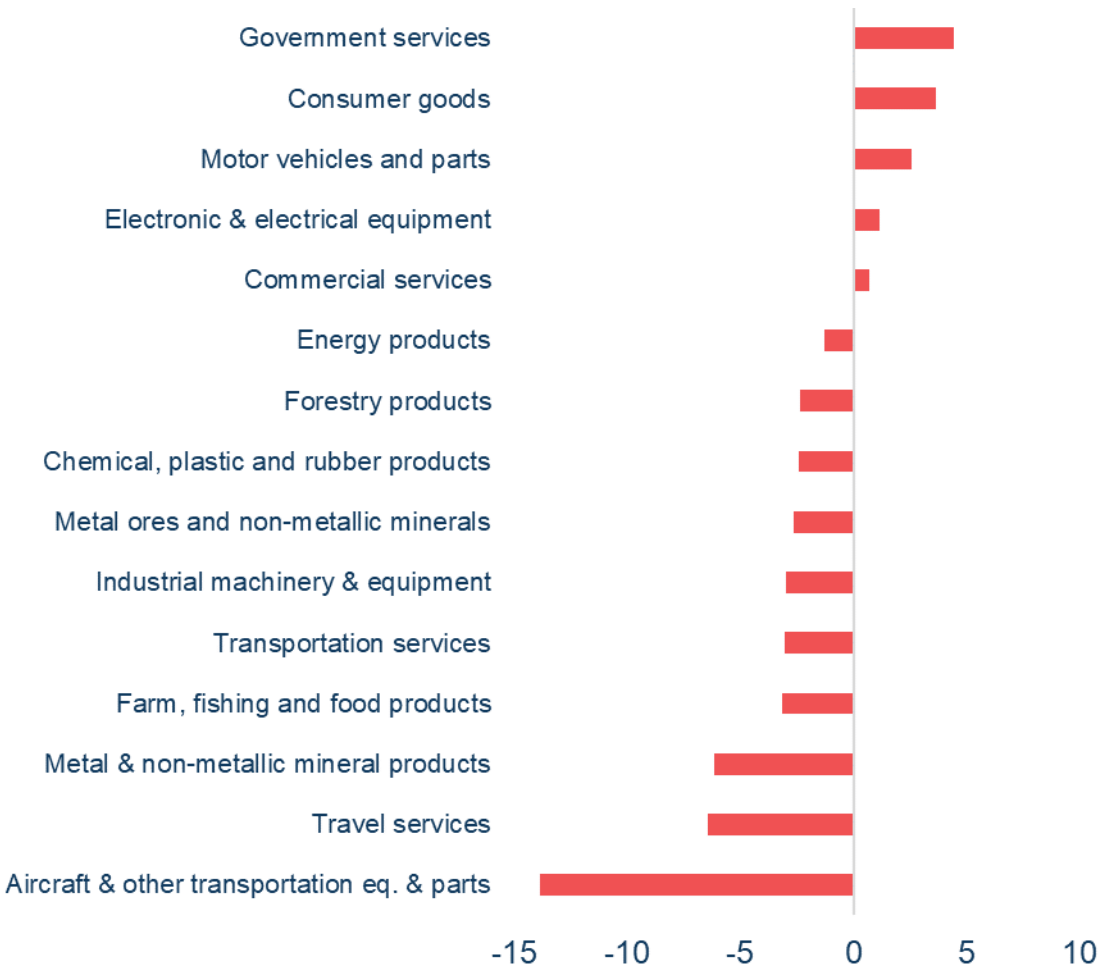
Exports were down in 8 of the 11 product categories and 2 of the 4 service sectors.

Exports of metal and non-metallic mineral products fell 6.2%, contributing the most to the overall decline in goods exports. The decline was broad-based with many different metals dropping in January. Meanwhile, exports of aircraft and other transportation equipment and parts decreased by 13.9%, as aircraft exports fell 25.4% following a 27.9% spike in December and a strong 2023 – the second highest year for aircraft exports on record. Large fluctuations in aircraft exports largely reflect its seasonal nature and the timing of delivery.

Partially offsetting these declines were increases in the exports of consumer goods and motor vehicles and parts which grew 3.6% and 2.6% respectively.

Meanwhile, exports of travel services decreased by 6.4%, driven by lower visitors’ spending in Canada, while transportation services dropped 3.0%. In contrast, commercial services inched up 0.7% in January.

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

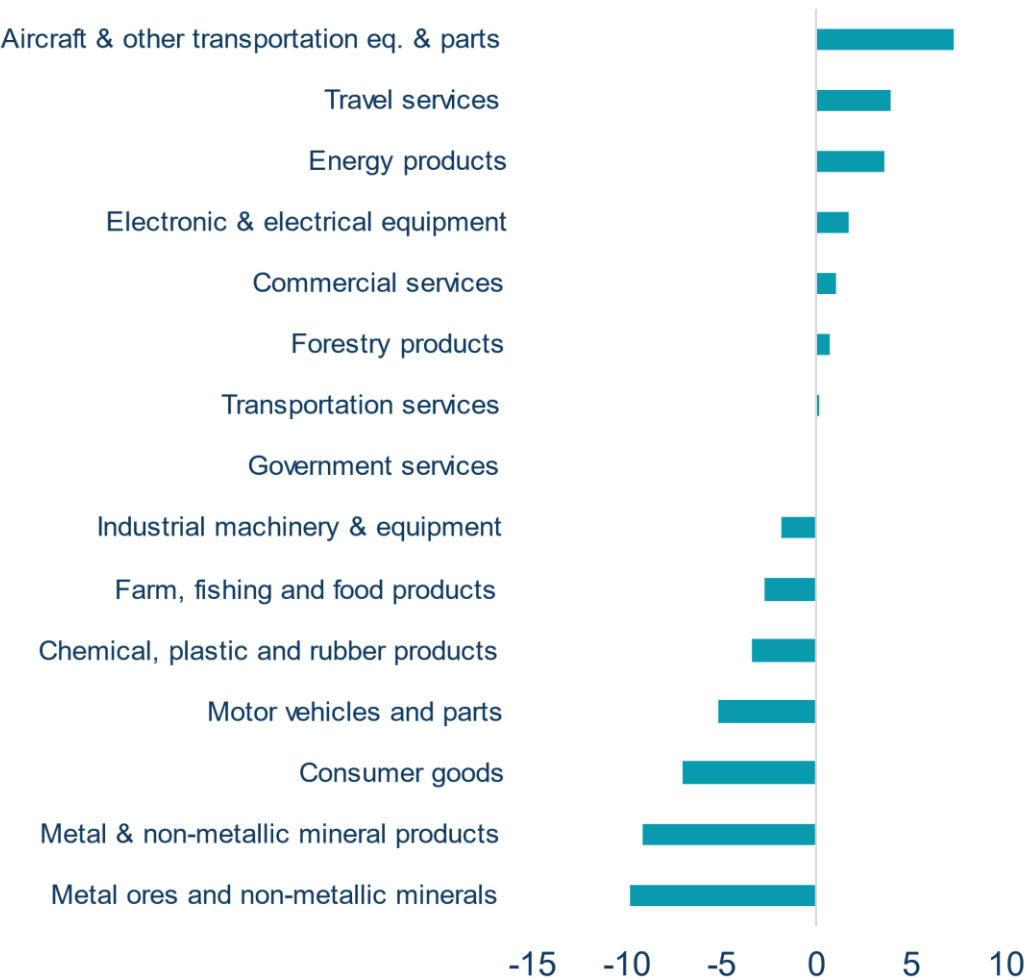
Imports were down in 7 of the 11 product categories but increased in 3 of the 4 service sectors.

Following an atypical surge in December, imports of pharmaceutical products dropped 19.0%, contributing to a 9.8% decline in the consumer goods category. Meanwhile, imports of metal and non-metallic products fell 9.2%, due to lower imports of gold and gold powder.

Imports of motor vehicles and parts recorded its fourth consecutive monthly decline after peaking in September 2023, declining 5.2% . This happened amid a slowdown in global auto production driven by plant retooling, supply issues, cooling demand, and strikes.

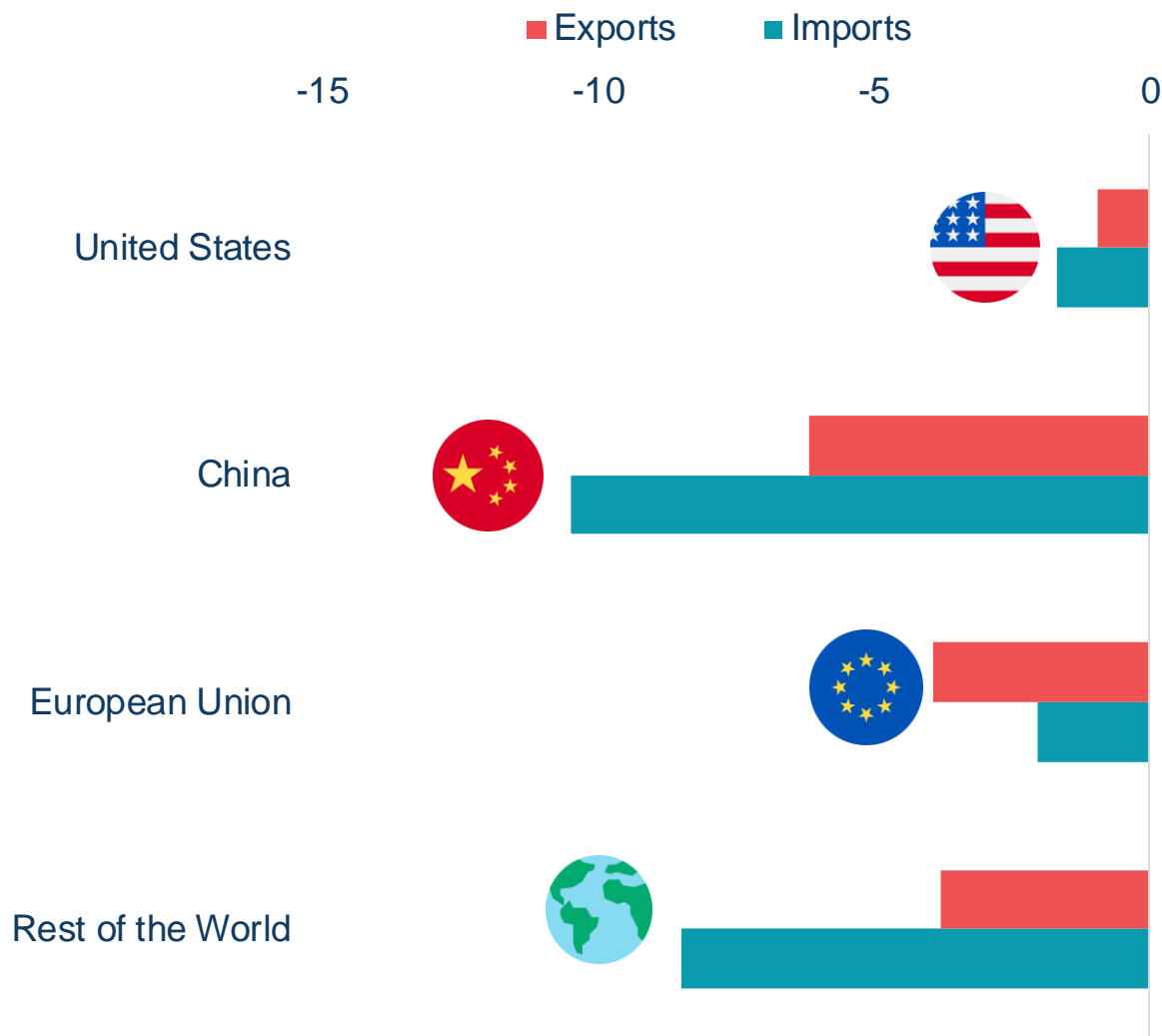
In terms of services imports, travel services were up 3.9% due to higher spending by Canadian resident travellers returning from the U.S. Commercial services were up 1.0% on higher payments for financial services.

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

Canadian goods exports to the U.S. dropped 1.0% in January, primarily because of lower exports of aircrafts. Goods imports decreased 1.7%, on the back of ongoing weakness in auto imports and fluctuations in pharmaceutical imports between December and January. As imports declined more than exports, Canada's goods trade surplus with the U.S. widened slightly from \$8.6 billion in December to \$8.8 billion in January.

Goods exports to countries other than the U.S. fell 4.2% in January, with notable declines observed in exports to Italy (aircraft and pharmaceutical products), China (coal), Norway (nickel) and Germany (crude oil).

Goods imports from countries outside of the U.S. declined 7.3% in January, partly because of lower imports from East Asia, particularly China (various products) and South Korea (passenger cars and light trucks). As a result, Canada's goods trade deficit with countries other than the U.S. narrowed from \$9.4 billion in December to \$8.3 billion in January.

PRICES AND VOLUMES

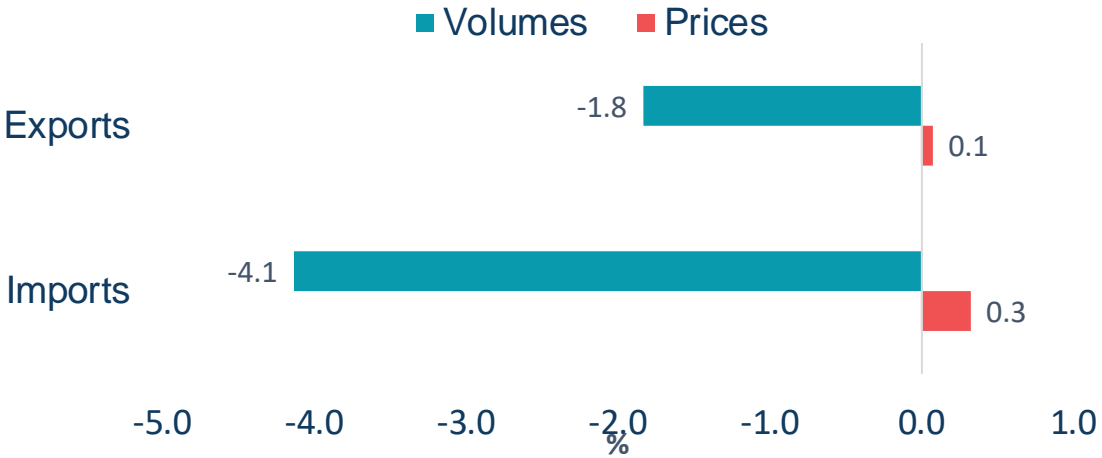
The decline in the value of goods trade was largely due to lower export and import volumes. Stripping out the effect of prices, goods export volumes decreased by 1.8%, while import volumes experienced a significant drop of 4.1%. Meanwhile, there was a marginal increase in goods export and import prices.

From December to January, the Canadian-US dollar exchange rate remained stable, holding at 74.5 US cents per Canadian dollar.

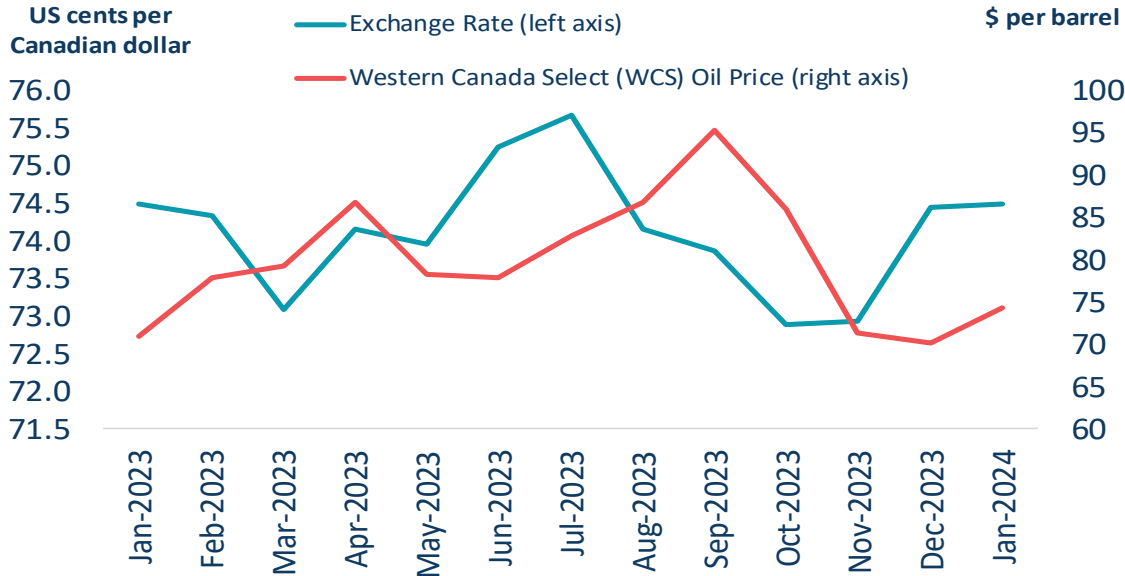
Following a downward trend since September, the average monthly price of crude oil for Western Canada Select (WCS) saw an uptick in January, reaching \$74.3 per barrel, marking a 5.8% increase from the previous month.

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 Canadian economy grew at an annualized rate of 1.0% in Q4 2023, as higher consumer spending was partially offset by lower business and investments. The Bank of Canada's policy interest rate was held at 5% at its March meeting. The next rate decision is April 10.
- The U.S. economy grew by 2.5% in 2023, while annual inflation slowed to 3.7%. Favourable economic data raises hope of a "soft landing" for the U.S. economy even as forecasters expect GDP growth to slow in 2024 from its brisk pace in 2023.
- China's National People's Congress meets this week where the Chinese government has set its 2024 growth target at 5%. It remains to be seen at the time of writing if new stimulus measures will be unveiled as the world's second largest economy grapples with an uneven recovery beset by a crisis in the property sector.
- Global maritime shipping costs have surged by over 160% since the attacks on commercial shipping in the Red Sea. Trade between China and Europe will likely be most affected by the disruptions, while Canada may experience muted impacts, limited to prices of imported goods such as electronics.

Next Monthly Trade Release: April 4, 2024

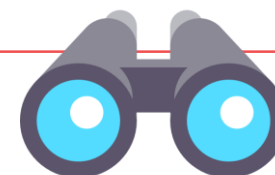




Table 1: Trade by industry sector
(\$ millions)

	Exports			Imports		
	Jan. 2024	m/m %	YTD %	Jan. 2024	m/m %	YTD %
Goods	62,285	-1.7	-7.5	61,789	-3.8	-6.0
Primary products	36,083	-2.8	-10.0	19,614	-3.7	-8.6
Energy products	14,773	-1.3	-5.4	3,422	3.6	-17.1
Non-primary products	24,467	0.0	-4.0	39,889	-3.5	-5.0
Industrial machinery & equipment	4,006	-3.0	-9.1	7,364	-1.8	-9.4
Electronic & electrical equipment	2,740	1.1	-2.5	6,856	1.7	-9.4
Motor vehicles and parts	8,235	2.6	-3.3	11,139	-5.2	-1.3
Aircraft & other transportation eq. & parts	2,315	-13.9	-6.8	2,137	7.3	-0.4
Consumer goods	7,170	3.6	-1.3	12,394	-7.1	-3.5
Services	17,029	-1.6	6.6	18,304	1.5	5.3
Commercial services	10,808	0.7	6.1	10,690	1.0	8.7
Travel services	4,516	-6.4	13.8	4,495	3.9	2.7
Transportation services	1,564	-3.0	-7.0	2,961	0.1	-2.1
Government services	141	4.4	-2.8	157	0.0	3.3
Total goods and services	79,314	-1.7	-4.8	80,093	-2.6	-3.6

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		
	Jan. 2024	m/m %	YTD %	Jan. 2024	m/m %	YTD %
United States	48,146	-1.0	-5.0	39,352	-1.7	-5.2
Mexico	720	8.5	-4.8	2,356	-1.8	-2.3
European Union	2,701	-3.9	-10.9	5,909	-2.0	-8.0
Germany	488	-22.0	-30.0	1,609	-1.8	-13.1
France	366	38.6	-9.5	485	-10.5	-19.6
United Kingdom	1,533	-1.0	-11.3	691	-5.7	-36.9
Indo-Pacific region	6,234	-2.3	-5.4	8,391	-12.1	-5.3
China	2,366	-6.2	-22.4	4,462	-10.5	-16.1
Japan	1,318	-0.6	-11.6	1,510	-6.9	43.1
South Korea	768	20.5	36.0	949	-31.3	9.5
India	650	15.0	57.0	437	-3.5	-6.1
Hong Kong SAR	455	-9.1	69.3	271	-12.7	-16.5
Australia	214	-37.6	-10.1	204	10.5	1.2
Indonesia	153	-29.3	-32.4	107	-18.3	-21.4
Taiwan	187	27.1	2.0	314	-3.2	-16.4
Singapore	124	-1.3	-19.9	140	-8.9	11.9
Rest of the world	2,952	-12.1	-35.4	5,091	-7.4	-6.3
Total goods trade	62,285	-1.7	-7.5	61,789	-3.8	-6.0

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.