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OFFICE OF
THE CHIEF
ECONOMIST

MONTHLY TRADE REPORT

NOVEMBER 2020

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	Goods (m/m change) [YTD change]	Services (m/m change) [YTD change]	Total (m/m change) [YTD change]
Exports	\$46.8 billion (+0.5%) [-13.2%]	\$9.4 billion (+1.0%) [-15.8%]	\$56.2 billion (+0.6%)▲ [-13.7%]
Imports	\$50.1 billion (-0.3%) [-9.5%]	\$9.3 billion (-0.1%) [-24.0%]	\$59.4 billion (-0.3%)▼ [-12.5%]
Balance	-\$3.3 billion (+\$388 million)	\$0.1 billion (+\$100 million)	-\$3.2 billion (+\$488 million)▲

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.

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

HIGHLIGHTS

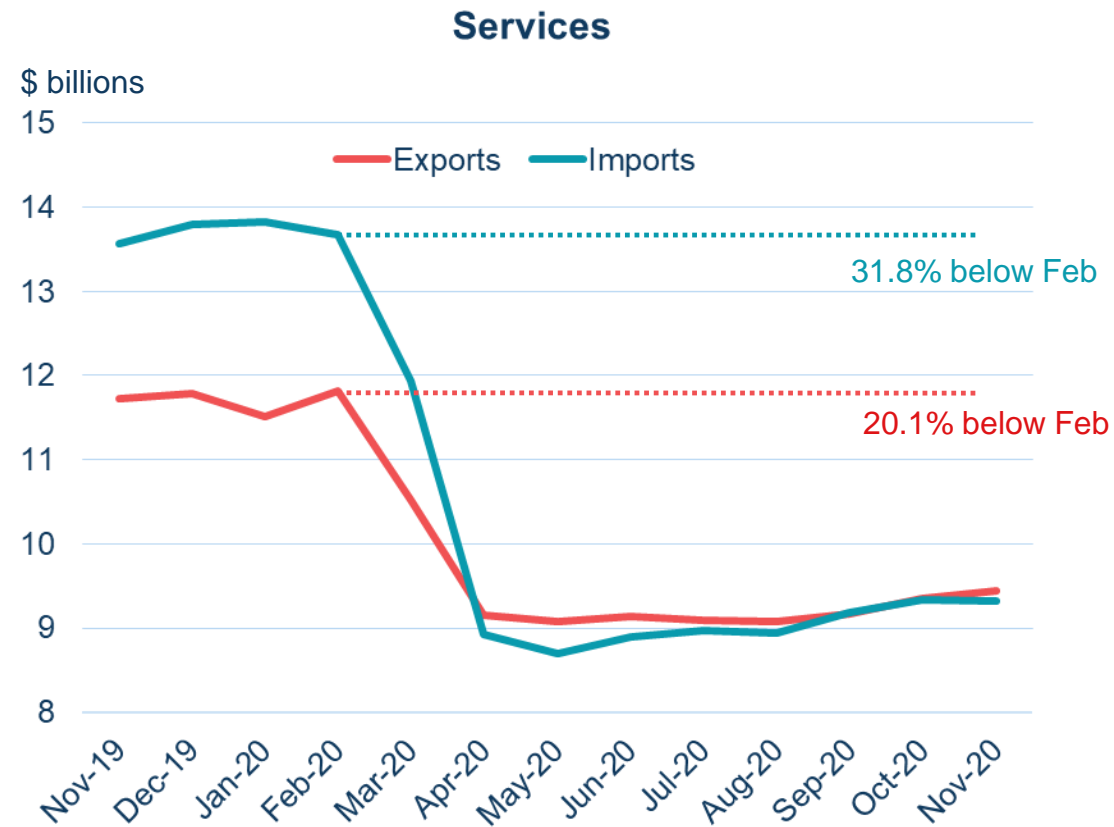
In November, exports increased slightly due to gains in both goods and services. The inverse was true for imports, which experienced declines in both goods and services. The trade recovery seems to have lost momentum as both exports and import showed little change.

- Goods exports rose 0.5%, with gold exports to the United Kingdom experiencing a large increase. The increase in goods exports were driven by a few product sectors as 7 of 11 product sectors actually posted declines.
- After 5 months of growth that propelled goods imports to exceed pre-pandemic levels in October, goods imports declined 0.3% in November but remained modestly above pre-pandemic levels.
- Services exports increased 1.0% while services imports remained steady. However, travel and transportation services trade remained depressed compared to pre-pandemic levels.
- The Canadian trade deficit shrank \$488 million, mostly due to the narrowing of the goods trade deficit with countries other than the United States.



CANADA'S TRADE RELATIVE TO PRE-PANDEMIC LEVELS

(International trade in goods and services)



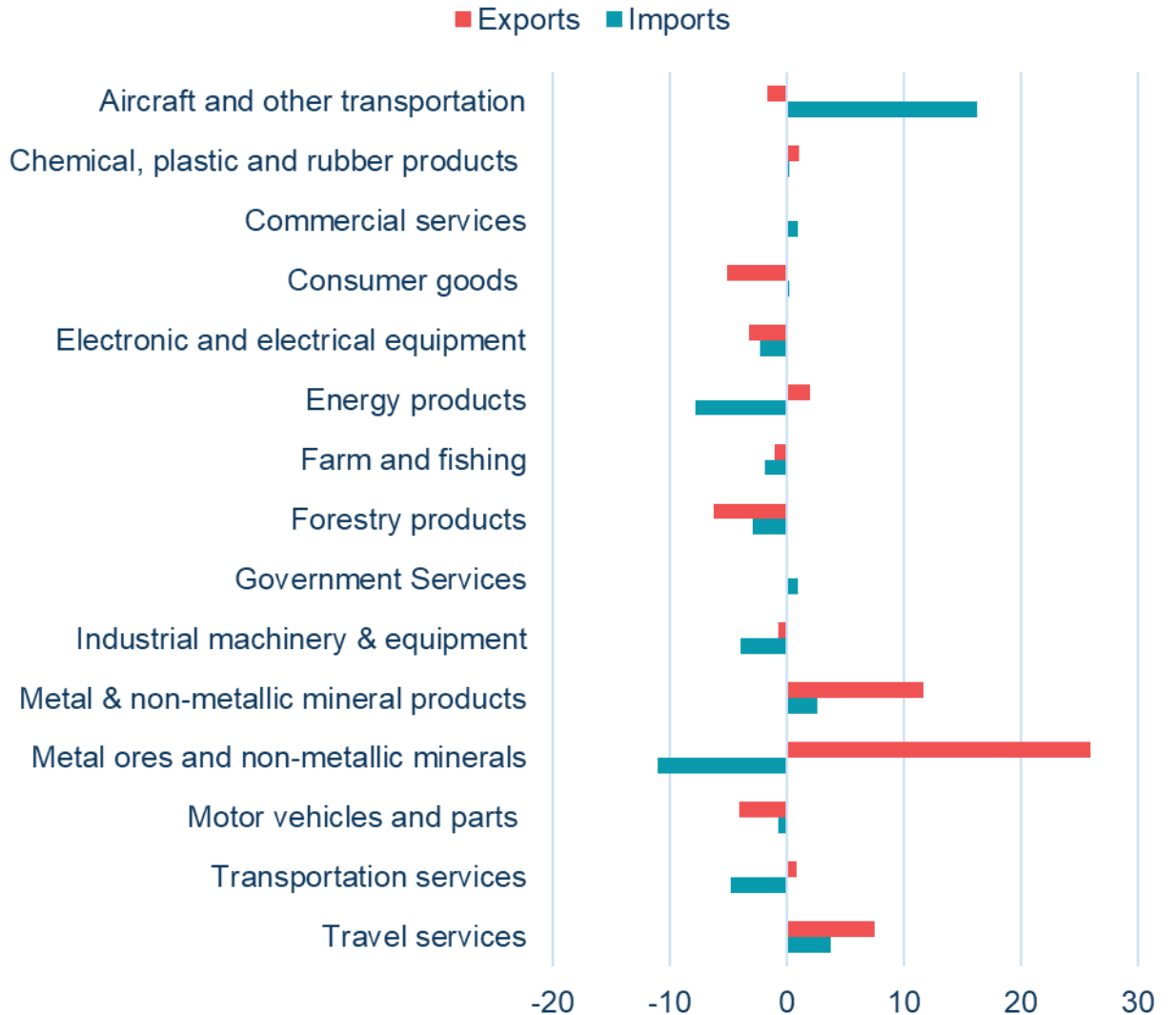
Sources: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01.
Balance of payments basis, seasonally adjusted.

INDUSTRY VIEW

Despite exports posting an overall gain in November, 7 of 11 goods sectors posted declines. Large increases in exports of **metal and non-metallic mineral products** (+11.6%), and **metal ores and non-metallic minerals** (+26.0%) supported overall export growth. Of note, there was a large increase in **gold** exports to the United Kingdom to support the sales of bullion bars and the transfer of gold within the banking system. The increases were partially offset by notable declines in exports of **motor vehicles and parts** (-4.1%), **consumer goods** (-5.1%), and **forestry products** (-6.2%). After performing strongly for the past few months, a decline in lumber prices in November resulted in the lower lumber exports. None of the service sectors posted export declines in November, but **travel** and **transportation** remain depressed compared to pre-pandemic levels, due to travel restrictions. On the other hand, commercial services exports are close to breaching pre-pandemic levels.

Goods imports decreased 0.3% in November, the first decline after 5 months of growth. There were notable declines in imports of **industrial machinery, equipment and parts** (-3.9%), and **metal ores and non-metallic minerals** (-11.0%). The decreases were partially offset by higher imports of **aircraft and other transportation equipment and parts** (+16.2%), in part because of two new airliners imported from Ireland. However, imports of aircraft in 2020 remain depressed compared to 2019. Overall services imports declined slightly (-0.1%) and imports of **travel services** and **transportation services** remain much lower than pre-pandemic levels.

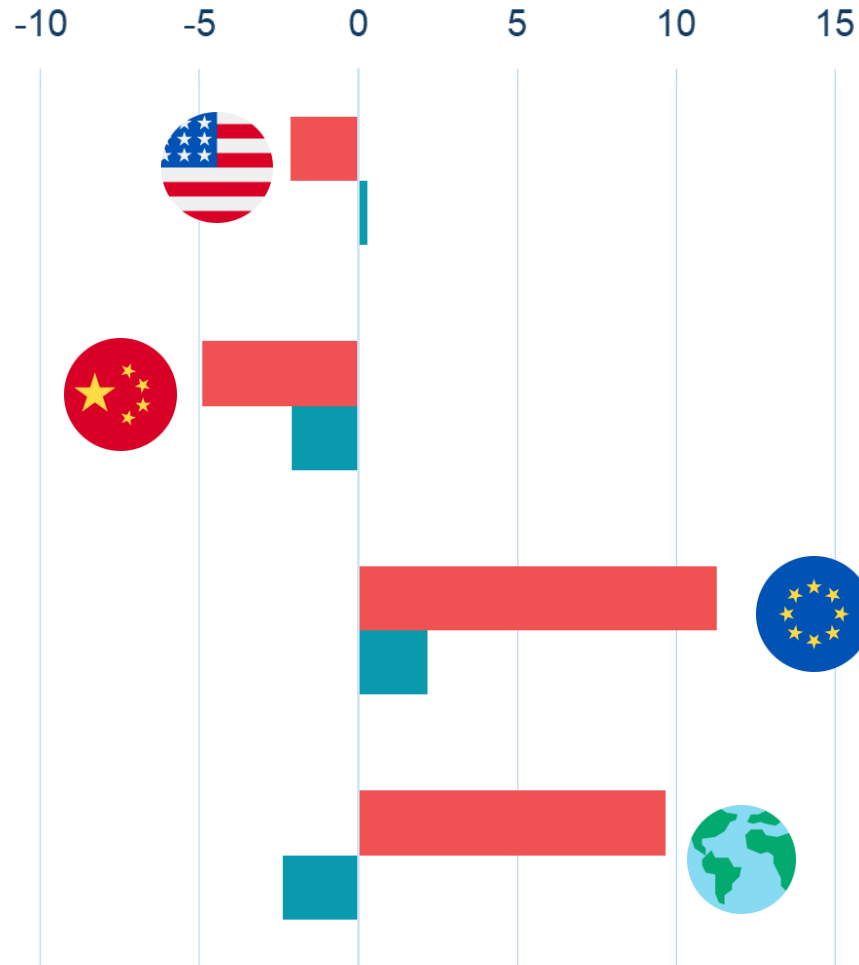
Trade by Industry and Sector (monthly % change)



Sources: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01.
Balance of payments basis, seasonally adjusted.

Goods Trade, by Major Trading Partner (monthly % change)

■ Exports ■ Imports



TRADING PARTNERS

Goods trade with the **United States** continued to decline in November, while goods trade with countries other than the United States reached a record high of \$33.1 billion.

Goods trade with the **United States** is more dependent on motor vehicle and parts, which declined in November. As well, exports and imports of energy products have plateaued in recent months after a strong but partial recovery.

Due to notable lower imports of wind turbines, goods trade with **China** declined in November. Despite this, Canadian good imports from China remained a near record high.

Goods exports to the **European Union** increased due to increases in exports to **Germany, Italy and Spain**. Goods imports from the European Union increased, but there was a notable decline (9.4%) in imports from Germany.

Higher exports of refined gold to the **United Kingdom** was by far the largest contributor to the growth of Canadian exports to the rest of the world.

*European Union does not include the United Kingdom.

Source: Statistics Canada Table 12-10-0011-01. Balance of payments basis, seasonally adjusted.

PRICES AND VOLUMES

The increase in exports in November was driven by volumes, which rose 0.9%, while export prices decreased 0.4%. After months of rising prices that peaked in September, lumber prices stabilized in October and declined in November.

On the imports side, the 0.3% decrease in imports was driven by imports volumes which were down 0.7%.

The Canadian dollar gained 0.8 cents US, reaching its highest monthly average level, 76.5 cents US, since October 2018.

Average monthly oil prices remained stable in November compared to October for both the Canadian and American price benchmarks.

Goods Trade Volumes and Prices (monthly % change in volume and price indices)





WHAT TO WATCH

- A difficult year is behind us with the pandemic impacting every aspect of the economy and our lives. The strong initial recovery has lost some momentum in the last few months of 2020 as Covid-19 cases rebounded and containment measures were re-imposed. The IMF estimates global GDP to have contracted 4.4% in 2020, the largest annual decline on record. In the new year, the IMF expects a significant recovery of around 5.2%.
- In terms of Covid-19 cases, the United States is one of the most impacted countries in the world. However, with the recent vaccine rollout, some medical experts expect the U.S. to reach critical herd immunity threshold by summer 2021. A population facing reduced risks of illness, combined with pent-up demand and elevated savings should help support a boom in economic activity in the summer.
- The United Kingdom and the European Union agreed to a new free trade agreement before the end of the Brexit transition period, further cutting downside risks for 2021. Canada currently has a temporary Canada-UK Trade Continuity Agreement signed, and Global Affairs Canada's Office of the Chief Economist estimates that this agreement preserves approximately \$2 billion in trade.

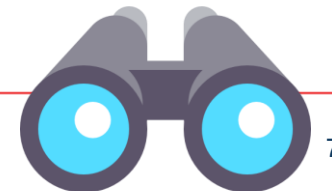


Table 1: Trade by Industry Sector
(\$ millions)

	Exports			Imports		
	November-20	m/m %	YTD %	November-20	m/m %	YTD %
Goods	46,763	0.5	-13.2	50,103	-0.3	-9.5
Resource products	25,505	3.8	-13.6	14,650	-2.0	-4.6
Energy products	6,868	2.0	-37.1	1,719	-7.8	-38.3
Non-resource products	19,815	-3.6	-13.3	33,211	-0.6	-12.3
Industrial machinery & equipment	3,039	-0.7	-14.9	5,319	-3.9	-13.8
Electronic machinery & equipment	2,219	-3.2	-12.6	5,961	-2.3	-6.5
Motor vehicles and parts	6,927	-4.1	-21.3	8,729	-0.7	-26.1
Aircraft & other transportation equipment	1,667	-1.6	-20.3	1,459	16.2	-25.8
Consumer goods	5,964	-5.1	0.7	11,744	0.2	1.0
Services	9,443	1.0	-15.8	9,324	-0.1	-24.0
Transportation	1,171	0.9	-24.7	1,839	-4.8	-28.7
Travel	963	7.5	-52.7	492	3.8	-65.3
Commercial	7,199	0.2	3.0	6,883	0.9	2.0
Government	110	0.0	-18.6	110	0.9	-11.0
Total Goods and Services	56,206	0.6	-13.7	59,427	-0.3	-12.5

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.
Source: Statistics Canada Tables 12-10-0121-01 and 12-10-0144-01. Balance of payments basis, seasonally adjusted.

Table 2: Goods Trade by Trading Partner
(\$ millions)

	Exports			Imports		
	November-20	m/m %	YTD %	November-20	m/m %	YTD %
United States	33,063	-2.2	-16.3	30,735	0.3	-12.0
Mexico	655	4.3	-17.8	1,699	5.4	-19.9
European Union	2,851	11.3	-1.9	4,559	2.2	-11.7
Germany	621	8.7	4.1	1,172	-9.4	-14.3
France	328	-1.0	3.8	411	-1.8	-13.1
United Kingdom	2,895	50.1	0.0	733	4.0	9.4
India	314	4.3	-25.1	385	-6.4	-6.1
China	2,136	-4.9	6.7	4,710	-2.1	4.6
Japan	1,103	5.0	-1.0	1,021	-6.0	-20.2
South Korea	387	6.0	-18.8	738	-16.1	-13.4
Rest of the world	3,359	-8.5	-6.5	5,524	-2.3	0.4
Total Goods Trade	46,763	0.5	-13.2	50,103	-0.3	-9.5

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.

*European Union does not include the United Kingdom

Source: Statistics Canada Table 12-10-0011-01. Balance of payments basis, seasonally adjusted.