



Global Affairs  
Canada

Affaires mondiales  
Canada

Canada



OFFICE OF  
THE CHIEF  
ECONOMIST

# MONTHLY TRADE REPORT

## JULY 2023

# JULY

	Goods	Services	Total	
Exports (\$ billions)	60.4	15.0	75.4	
m/m	+0.7%	-0.3%	+0.5%	▲
YTD	-3.0%	+13.5%	-0.2%	
Imports (\$ billions)	61.4	16.4	77.8	
m/m	-5.4%	+1.7%	-4.0%	▼
YTD	+2.9%	+11.2%	+4.5%	
Balance (\$ billions)	-1.0	-1.4	-2.4	
m/m (\$ billions)	+3.9	-0.3	+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. Balance of payments basis, seasonally adjusted.

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

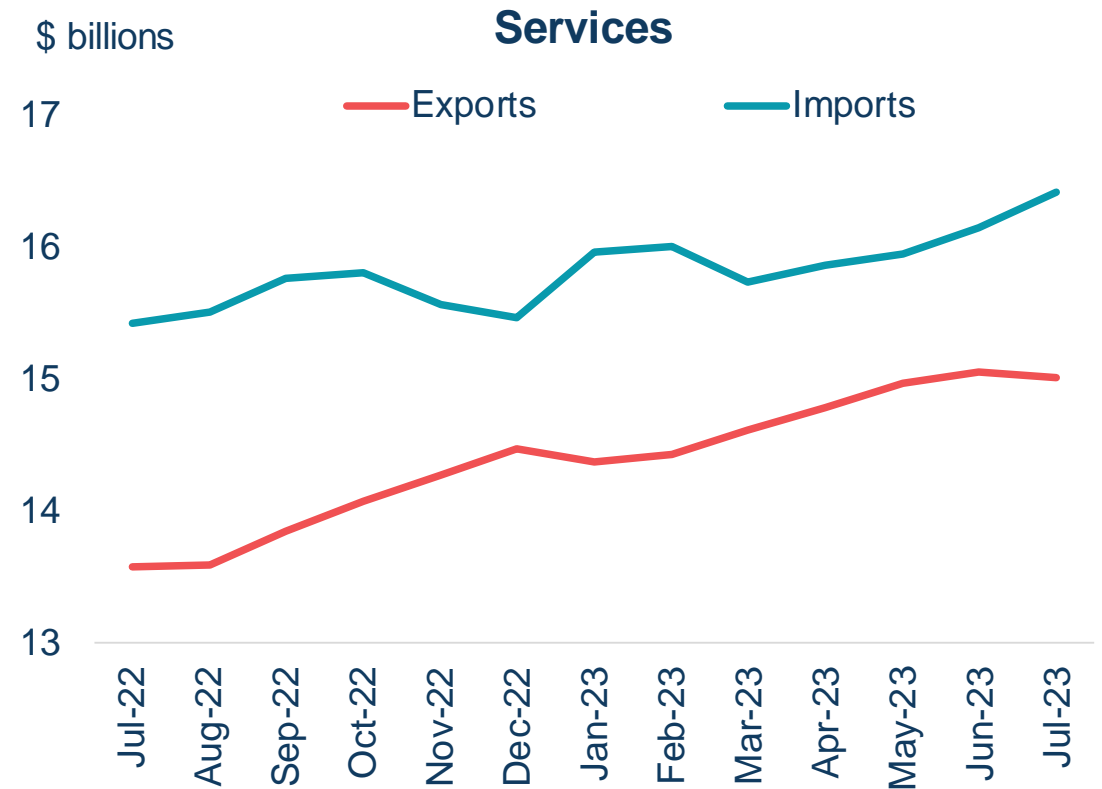
## HIGHLIGHTS

- Canada's imports struggled in July in large part due to the port strike in British Columbia (B.C.) and lower gold transfers between financial institutions. Exports were also affected, but to a lesser extent.
- In particular, Canada's goods and service exports rose 0.5% in July. Higher exports of aircraft and agricultural products offset lower gold exports. Meanwhile, service exports fell on the back of lower commercial services.
- In contrast, Canada's goods and service imports fell 4.0%. The B.C. port strike had a large impact, as it led to broad-based declines in goods imports from Pacific Rim partners and transportation service imports. Another major driver of the decline was lower gold imports.
- Goods exports to the United States rose, partially due to aircraft. Exports to China, especially canola, were also higher. Goods imports from these countries fell.
- Excluding price effects, the volumes of goods exports fell 0.2%, while import volumes dropped 4.4%.



# CANADA'S MONTHLY TRADE PERFORMANCE

(International trade in goods and services)



# INDUSTRY VIEW—EXPORTS

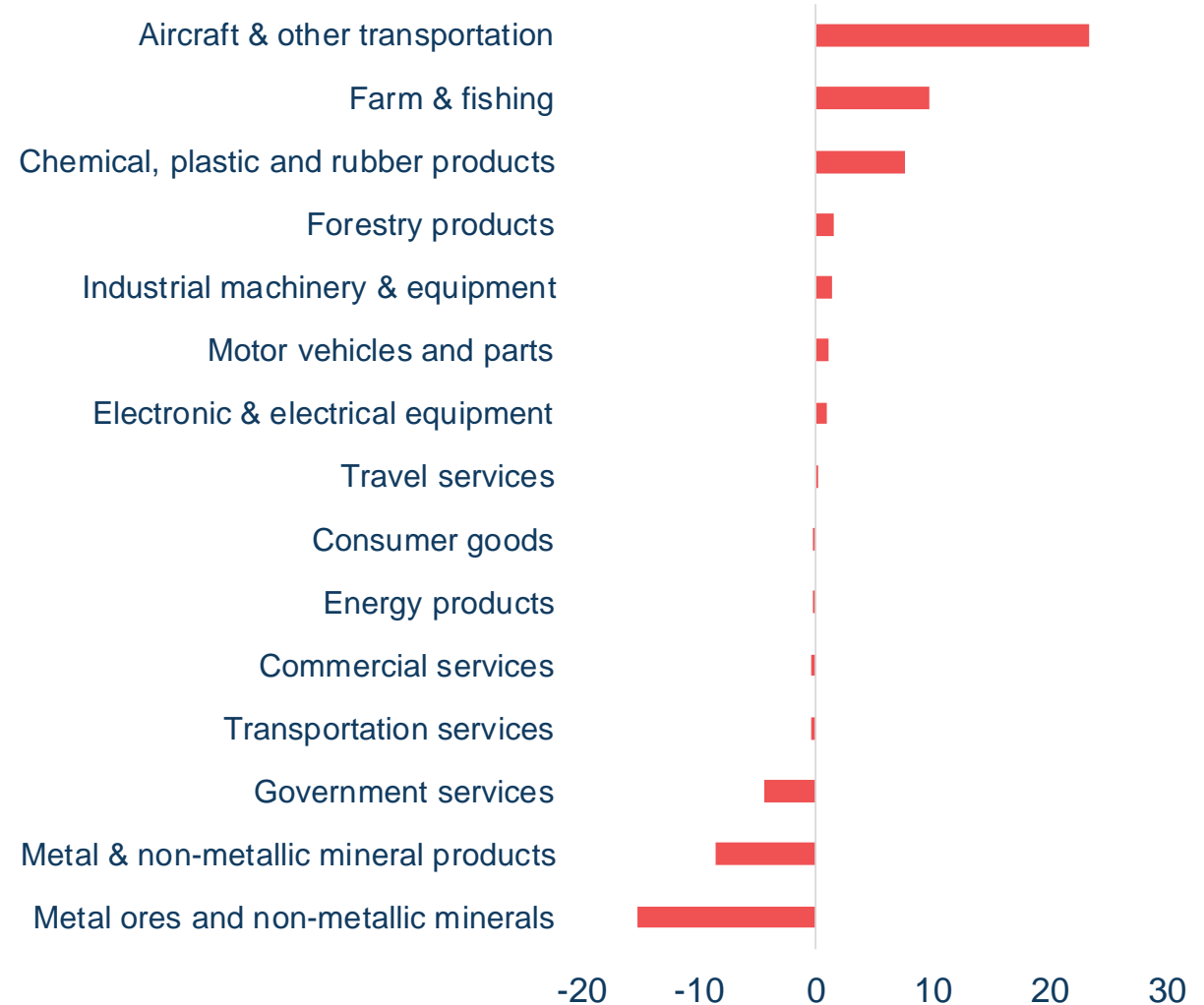
Exports increased month-over-month in 7 of the 11 goods categories, but decreased in 3 of the 4 service sectors.

Exports of aircraft and other transportation equipment and parts contributed the most to the increase in goods exports, jumping 23.4% to reach a record of \$3.2 billion. Meanwhile, exports of farm, fishing and intermediate food products rose 9.7%, reversing four consecutive months of declines. The increase was helped by the fact that grain terminals in B.C. remained active during the July strike, which allowed Canadian grain shipments to continue.

These gains were partially offset by decrease in exports of metal and non-metallic mineral products (-8.6%), especially lower exports of unwrought gold. Products typically exported through B.C. ports such as coal, potash, pulp and paper also saw notable declines in July due to the strike.

For services, exports of commercial services edged down 0.4% due to lower financial service exports. Exports of transportation services also declined 0.4%.

## 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.

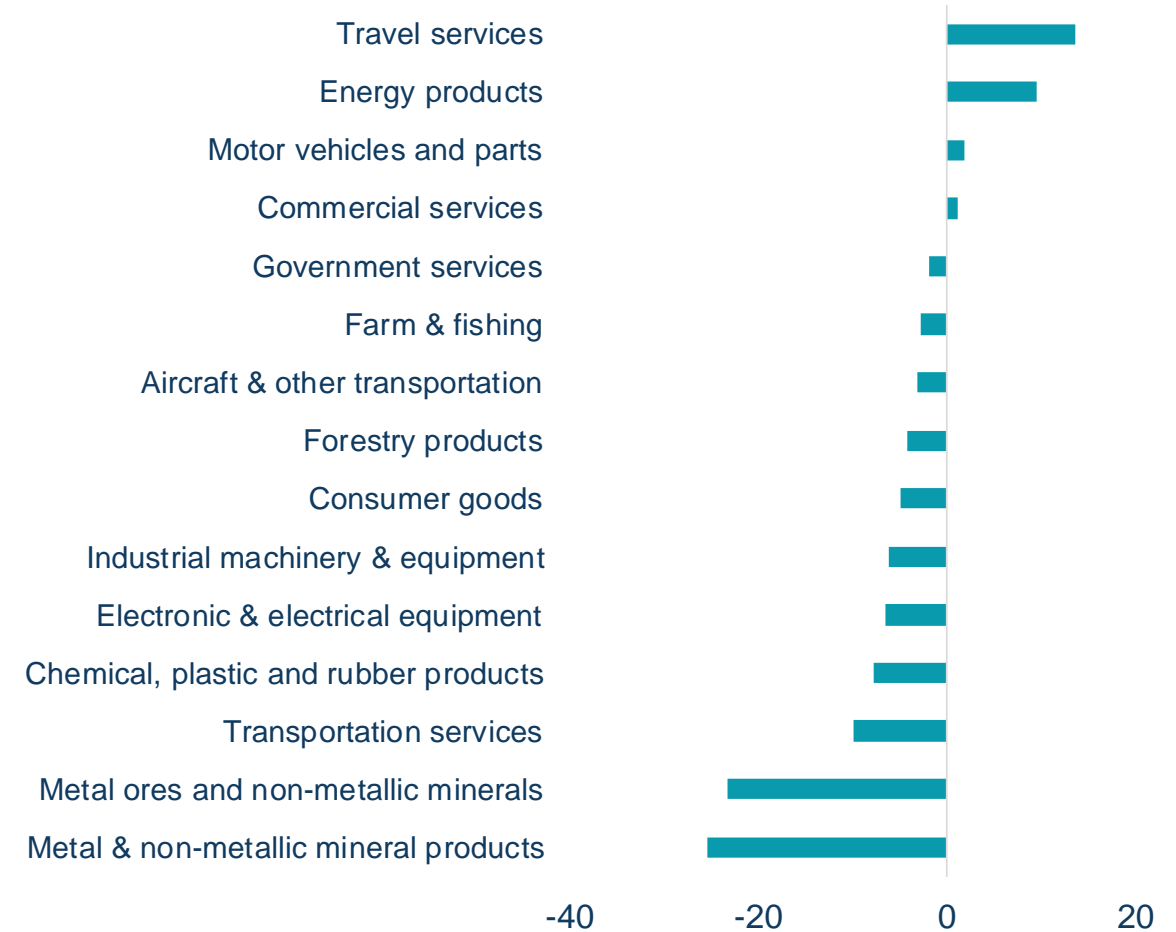
# INDUSTRY VIEW—IMPORTS

Imports decreased month-over-month in 9 of the 11 goods categories, and 2 of the 4 service sectors.

Most notably, imports of metal and non-metallic mineral products dropped 25.3%, driven by a fall in imports of unwrought gold. At the same time, the B.C. port strike adversely affected imports from trade partners on the Pacific Rim, such as China, Taiwan, South Korea, Peru and Japan. As a result, consumer goods imports fell 4.9%, with sharp declines observed in imports of clothing, footwear and accessories (-13.6%). Imports of electronic and electrical equipment and parts (-6.4%), as well as imports of industrial machinery, equipment and parts (-6.1%) also dropped.

The B.C. port strike also created spillover effects on imports of transportation services. The category dropped 9.9% on the back of lower payments for marine transportation services in July. In contrast, travel service imports rose 13.6% as Canadian travellers returned from the U.S.

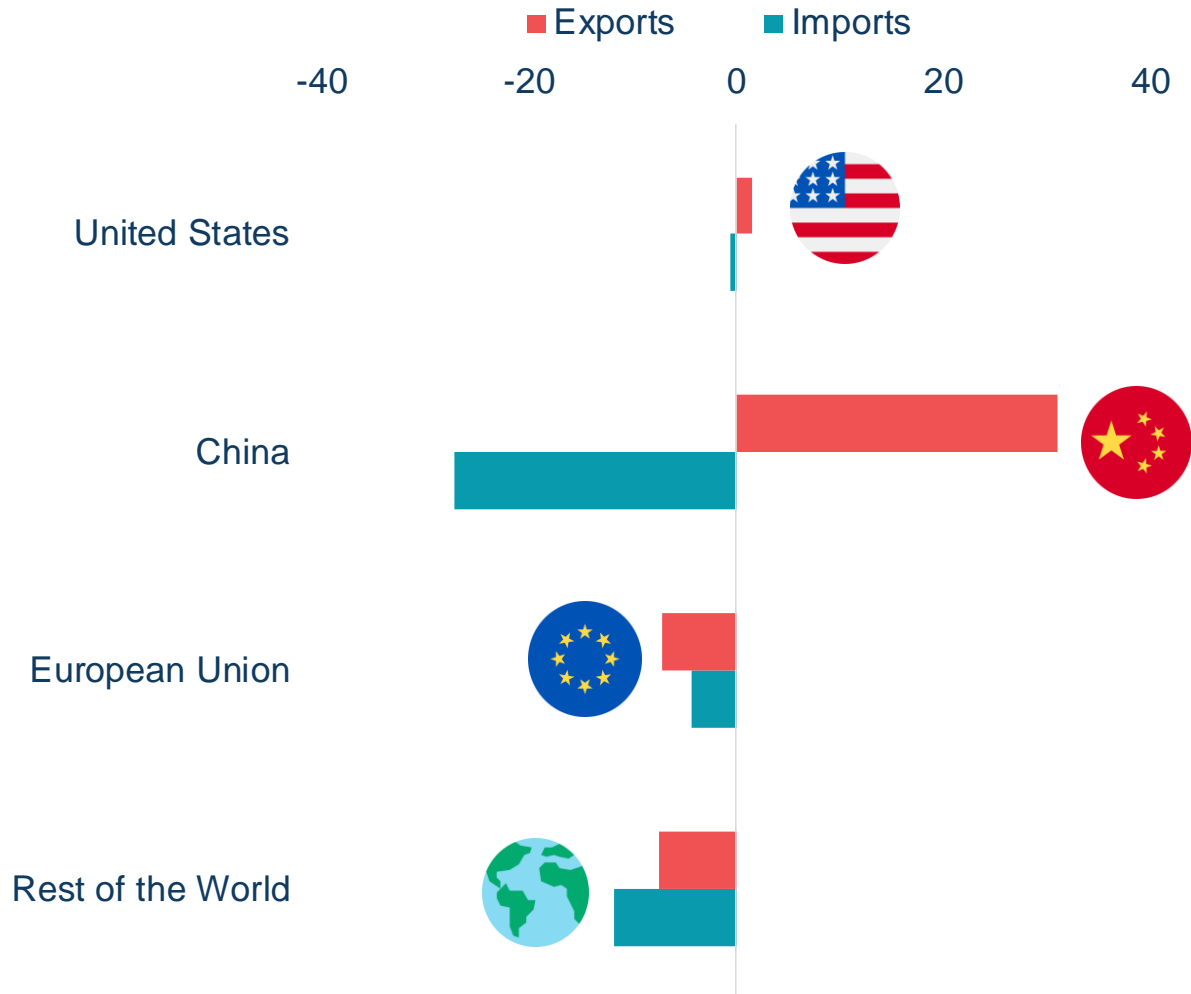
## Imports by industry and sector (monthly % change)



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

Goods exports to the U.S. rose 1.5% in July, partially due to higher exports of private jets and commercial aircraft. On the other hand, goods imports ticked down 0.6%. As a result, Canadian goods trade surplus with the U.S. widened to \$7.4 billion in July from \$6.4 billion in June

Goods exports to China jumped 31.0%, driven mainly by increases in exports of canola and wheat. On the other hand, imports plummeted 27.2%, with widespread declines observed across different products, as non-grain imports which typically rely on B.C. port terminals were affected by the strike.

Goods exports to the European Union declined by 7.1% and imports dropped 4.3%. Lower exports of pharmaceutical products and crude oil to Italy, and a decline in imports of passenger cars from Germany were notable.

In sum, imports from trade partners outside the U.S. decreased 13.2% while exports to these markets were down 2.0%. Therefore, Canada's goods trade deficit with trade partners other than the U.S. narrowed to \$8.4 billion.

# PRICES AND VOLUMES

In real (or volume) terms, goods imports and exports both declined in July. Export volumes fell by 0.2%, while import volumes declined by 4.4%.

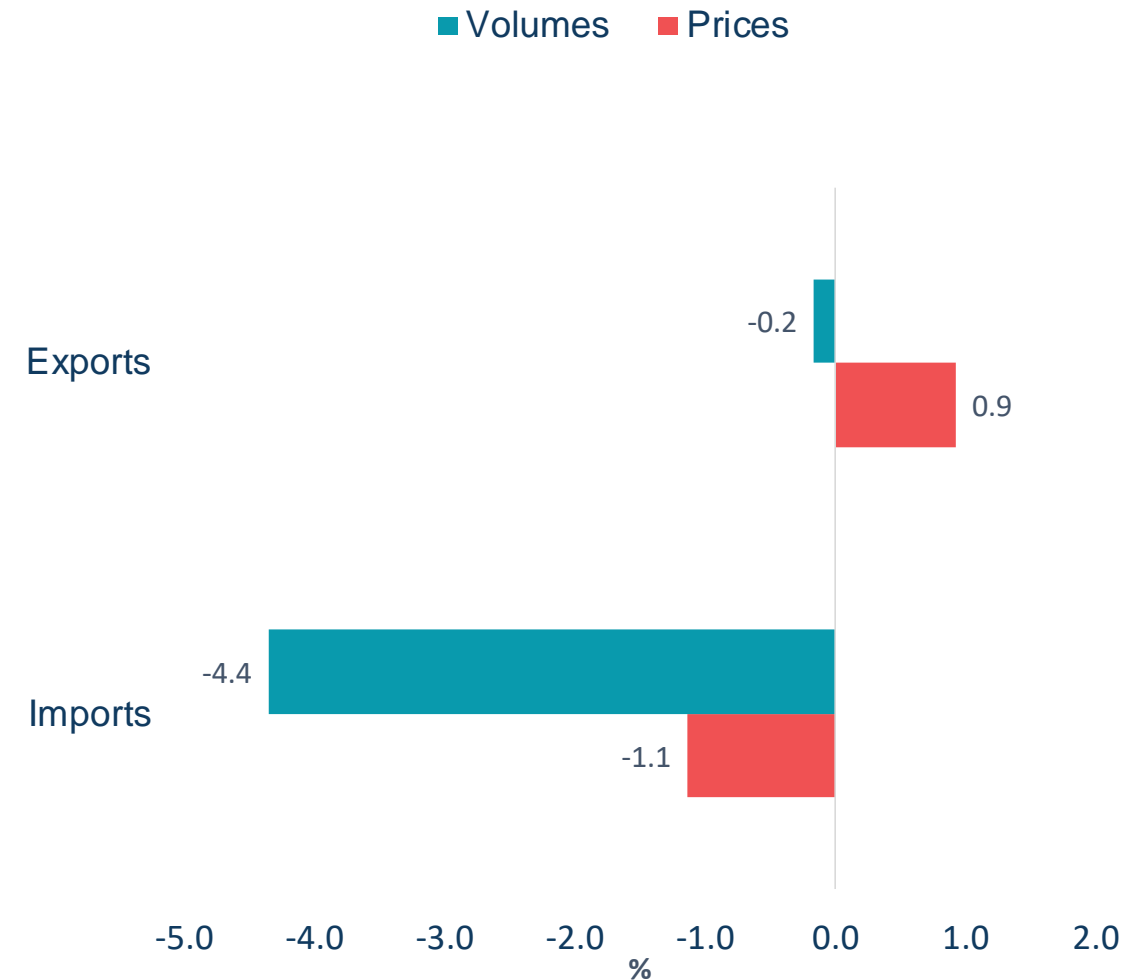
Export prices reversed their 8-month downwards streak by posting a 0.9% increase in July. On the other hand, import prices continued their downwards trajectory for the fourth consecutive month, declining by 1.1% in July.

The price of WTI crude oil averaged US \$76.07 per barrel in July, which represents a growth of 8.3% from the previous month. Still, the price of WTI crude oil remains significantly lower than July of last year (-25.1%).

The CAD to USD exchange rate remained stable, inching up slightly from 0.7526 in June to 0.7567 in July.

## Goods trade

(monthly % change in volume and price indices)

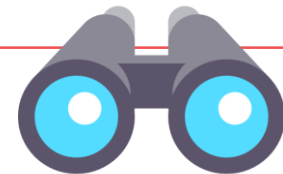


Data: Statistics Canada Table 12-10-0128-01. Balance of payments basis, seasonally adjusted.  
Source: Office of the Chief Economist, Global Affairs Canada.

# WHAT TO WATCH

- Canada's real GDP contracted by 0.2% (annualized) in 2023 Q2 due to declines in housing investment and slower household spending. Meanwhile, the latest (June) monthly reading of real GDP suggests that both goods- and services-producing industries are slowing. Noting the weak GDP data, the Bank of Canada held the policy rate at 5% at their September 6<sup>th</sup> meeting.
- The 13-day strike at B.C. ports came to an end in early August as port workers voted in favor of a new tentative agreement. However, its effects on Canada's trade may still linger in subsequent months, as freight backlogs continue to be cleared.
- The U.S. economy continues to be resilient, but not without signs of slowdown. Recent high-frequency data point to a cooling labour market as job openings edged down, the unemployment rate picked up, and wage gains moderated. This may slow consumer spending, with potential negative effects on demand for Canada's exports.
- This summer, Russia refused to extend the Black Sea Grain Initiative which facilitated grain exports amidst the war in Ukraine. At the same time, India imposed a ban on non-basmati white rice exports. These developments prompted the IMF to raise concerns about worsening global food price inflation.

**Next Monthly Trade Release:** Thursday, October 5





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

	Exports			Imports		
	Jul. 2023	m/m %	YTD %	Jul. 2023	m/m %	YTD %
<b>Goods</b>	<b>60,417</b>	<b>0.7</b>	<b>-3.0</b>	<b>61,404</b>	<b>-5.4</b>	<b>2.9</b>
Resource products	32,425	-0.8	-13.0	18,742	-10.7	-6.7
Energy products	11,988	-0.3	-27.8	3,478	9.6	-12.0
Non-Resource products	26,347	3.0	14.9	40,072	-3.4	8.5
Industrial machinery & equipment	4,141	1.4	16.7	7,155	-6.1	14.2
Electronic & electrical equipment	2,830	0.9	11.0	6,776	-6.4	3.1
Motor vehicles and parts	8,708	1.1	25.6	11,925	1.8	23.0
Aircraft & other transportation	3,182	23.4	33.8	2,362	-3.2	17.1
Consumer goods	7,486	-0.3	1.1	11,854	-4.9	-3.0
<b>Services</b>	<b>15,015</b>	<b>-0.3</b>	<b>13.5</b>	<b>16,424</b>	<b>1.7</b>	<b>11.2</b>
Commercial services	9,976	-0.4	8.2	9,770	1.1	5.6
Travel services	3,329	0.1	38.2	3,832	13.6	53.1
Transportation services	1,581	-0.4	6.8	2,670	-9.9	-3.0
Government services	129	-4.4	7.8	151	-1.9	5.4
<b>Total goods and services</b>	<b>75,432</b>	<b>0.5</b>	<b>-0.2</b>	<b>77,828</b>	<b>-4.0</b>	<b>4.5</b>

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 12-10-0121-01 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		
	Jul. 2023	m/m %	YTD %	Jul. 2023	m/m %	YTD %
United States	47,412	1.5	-3.5	40,030	-0.6	5.0
Mexico	754	-1.9	-0.1	2,305	0.8	18.3
European Union	2,753	-7.1	0.9	6,146	-4.3	12.0
Germany	528	-3.1	2.0	1,853	-8.5	21.9
France	416	15.7	20.5	512	-3.4	11.7
United Kingdom	1,048	2.7	-34.2	936	-32.3	11.5
Indo-Pacific region	5,484	10.0	0.1	7,164	-20.3	-10.3
China	2,437	31.0	21.6	3,889	-27.2	-14.2
Japan	1,077	-17.1	-11.9	1,138	-5.4	16.2
Hong Kong SAR	554	230.4	32.2	280	-10.9	-24.8
South Korea	381	-31.7	-30.4	775	-9.4	-7.7
India	360	-17.4	8.6	427	-8.4	-10.9
Australia	240	-13.1	-6.2	141	-7.7	6.8
Indonesia	174	87.4	-25.1	118	9.9	-19.8
Singapore	132	11.6	11.5	135	-16.5	14.7
Taiwan	130	-27.5	-30.1	261	-31.8	-19.2
Rest of the world	2,967	-16.0	12.9	4,823	-13.0	-4.6
<b>Total goods trade</b>	<b>60,417</b>	<b>0.7</b>	<b>-3.0</b>	<b>61,404</b>	<b>-5.4</b>	<b>2.9</b>

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.