

## Canada sees third straight trade surplus

By David Ljunggren

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Canada posted a third consecutive monthly trade surplus in January, the first such stretch since 2014, in another signal that the economy is gaining momentum after slumping for more than two years due to low oil prices.

Statistics Canada on Tuesday reported a surplus of \$807-million, which slightly exceeded analysts' forecasts of a \$700-million surplus. Statscan revised December's surplus sharply lower to \$447-million from an initial \$923-million.

The last time Canada recorded trade surpluses for three months in a row was between July and September 2014.

The value of exports rose 0.5 per cent in January while volumes expanded 1.0 per cent. Imports slipped 0.3 per cent but volumes climbed 2.5 per cent.

"The gains in two-way trade volumes signal an economy that continues to be on the mend," said Nick Exarhos of CIBC Economics.

The Canadian dollar was virtually unchanged after the data, edging up to C\$1.3406, or 74.59 U.S. cents, from \$1.3409, or 74.58 U.S. cents, before the release.

Canada's economy grew at a faster pace than anticipated in the final quarter of 2016, lifted by consumer spending and a drop in imports.

The Bank of Canada last week left interest rates unchanged as it focused on the "significant uncertainties" facing the economy, including lack of clarity over what policies U.S. President Donald Trump will enact.

Peter Hall, chief economist at Export Development Canada, said he saw no signs that the uncertainty highlighted by the central bank was weighing on Canadian exporters.

"This is no longer a blip. We've got a good run going here," he said in a phone interview, noting the strong performance of the crucially important auto sector.

Exports of motor vehicles and parts rose 7.7 per cent in January after falling 6.7 per cent in December, while shipments of canola jumped 38.4 per cent on demand from China.

Exports to the United States, which accounted for 74.6 per cent of all Canadian exports in January, grew 2.3 per cent while imports from Canada's largest trading partner rose 0.3 per cent.

As a result, Canada's trade surplus with the United States grew to \$4.52-billion from \$3.82-billion in December.

The U.S. trade deficit jumped to a near five-year high in January.