

Canada posts \$978-million trade deficit in September as imports fall faster than exports

By Kelsey Johnson and David Ljunggren
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Canada's trade deficit in September narrowed to \$978-million (US\$745-million) as imports fell faster than exports, ending the third quarter on a weak note, Statistics Canada data indicated on Tuesday.

Analysts polled by Reuters had forecast a shortfall of \$700-million for September. Statscan revised the August deficit up to \$1.24-billion from an initial \$0.96-billion.

Lower shipments of energy products helped cut the value of exports by 2.3 per cent in the third quarter after they jumped 4.8 per cent in the second quarter.

“(This) isn't something we are terribly surprised by. We are still seeing year-to-date growth of close to 2 per cent which is reasonably good in a very challenging trade environment globally,” said Ross Prusakowski, principal economist at Export Development Canada.

Last week, the Bank of Canada said the Canadian economy was not immune to global trade conflicts, including tensions between the United States and China.

Exports declined 1.3 per cent in September, with seven of the 11 categories falling.

Shipments of metal and non-metallic mineral products posted the largest drop, falling 7.3 per cent, mostly on lower gold shipments. Crude oil exports fell 2.1 per cent because of lower volumes, after rising on higher prices in August.

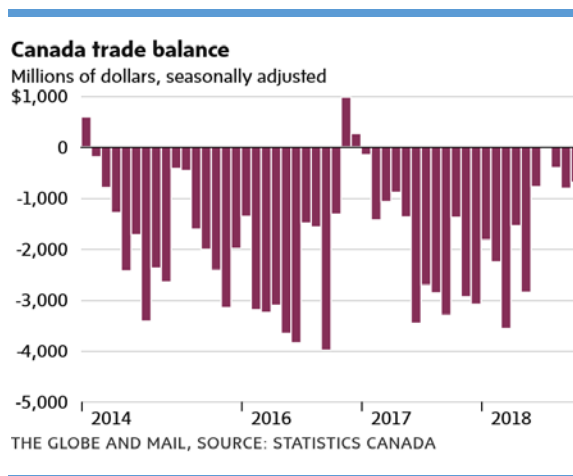
Statscan noted the decline coincided with decreased production at some Canadian North Atlantic oil platforms, as well as at certain refineries in the American Midwest.

Exports of canola plunged by 49.8 per cent to their lowest level in six years after China

blocked some shipments. Ottawa and Beijing are locked in a trade and diplomatic dispute.

Meanwhile, imports fell 1.7 per cent. Statistics Canada said imports of transportation equipment and parts sank 27.7 per cent, largely because of slower trade from Belgium.

Imports of metal and non-metallic minerals were also down, slumping 20.5 per cent on the month because of lower shipments of gold and copper ores.



The data helped push the Canadian dollar up to a near one-week high against its U.S. counterpart. “While this looks like a soft report, the declines in two-way trade were anticipated and not any worse than we had feared,” said Andrew Grantham of CIBC Economics.

Canada sent 76 per cent of all its goods exports to the United States in September. Exports to the United States dipped by 0.6 per cent while imports slipped by 0.4 per cent.

As a result, Canada's bilateral trade surplus shrank to \$4.76-billion in September from \$4.85-billion in August.