

## Canada's trade deficit narrows in October as both import and export volumes rise

By Fergal Smith

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Canada posted a slightly narrower trade deficit in October as both exports and imports climbed, Statistics Canada said, data that could support the Bank of Canada's greater confidence in the outlook for economic growth.

Canada posted a trade deficit of \$1.08 billion in October, less than the \$1.37 billion deficit that analysts had forecast. The September deficit was revised upward to \$1.23 billion.

Exports rose by 0.8 per cent to \$49.9 billion, while imports were up by 0.5 per cent.

"Trade remains sturdy and unlikely to add or subtract meaningfully from Q4 growth," Robert Kavcic, a senior economist at BMO Capital Markets, said in a note. "There's little here to alter this week's Bank of Canada tone, which has shown increasing disinterest in cutting rates."

On Wednesday, Canada's central bank held its overnight interest rate at 1.75 per cent as expected and cited early signs the global economy was stabilizing.

The impact of a strike at U.S. auto manufacturer General Motors Co was evident in the trade data, with both exports and imports of motor vehicles and parts falling.

Exports of consumer goods rose 5.5 per cent in October, helped by higher exports of artwork destined for an art fair in New York. Statistics Canada said those items could be brought back and included as imports if they do not sell.

Energy product exports were up 3.4 per cent as a result of higher prices, while imports of energy products jumped 8.9 per cent.

Export volumes rose 0.7 per cent, while import volumes were up 0.8 per cent.

Canada's trade surplus with the United States increased to its widest since the financial crisis of 2008 at \$5.5 billion from \$4.9 billion in September.

Exports to China were down 19.3 per cent at \$1.6 billion, the biggest decrease since 2012 and the lowest level in more than five years.