

## ECONOMIC NEWS

# Canada: International Trade Increasingly Feeling the Effects of COVID-19

### HIGHLIGHTS

- ▶ The value of merchandise exports fell 4.7% in March, while the value of imports decreased 3.5%. The balance of trade in goods moved from  $-\$0.89\text{B}$  in February to  $-\$1.41\text{B}$  in March.
- ▶ Trade in services felt the impact of March's difficulties even more: the value of exports fell 7.2% during the month, while imports were down 11.5%. Travel and transportation services were hit especially hard.

### COMMENTS

As expected, international trade was strongly affected in March by the disruptions arising from the measures to counteract the spread of COVID-19 and the difficulties within global supply chains.

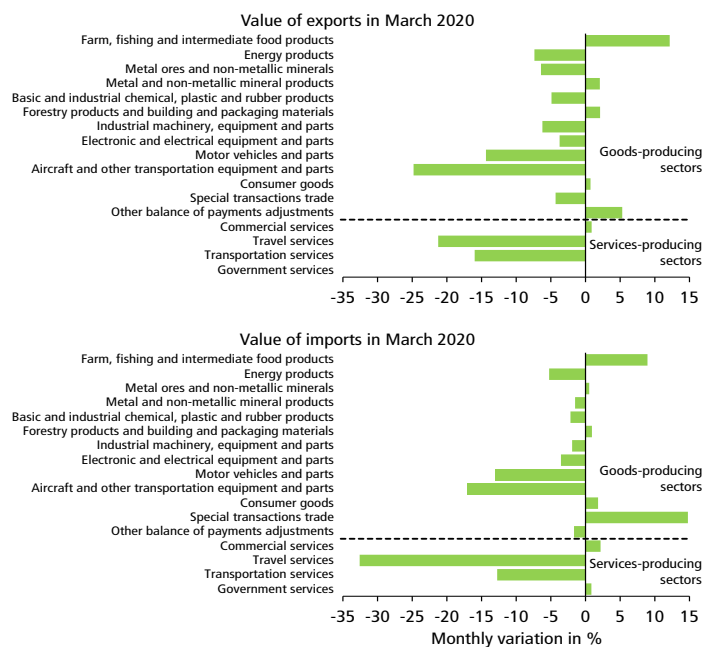
Given the significant drop in oil prices, the disruptions in international trade are especially apparent in the energy sector. The automotive products and aerospace products sectors also find themselves in the midst of the turmoil due to the factory closures imposed in March throughout the world.

### IMPLICATIONS

For both goods and services, the first quarter results indicate that the volume of imports dropped more than that of exports. This seems to suggest that international trade will contribute somewhat positively to the quarterly variation in real GDP in the first quarter. That said, Statistics Canada has already indicated that real GDP for the overall first quarter will be down roughly 2.6%, or nearly 10.0% quarterly annualized. This means that the difficulties the Canadian economy is experiencing essentially lie with domestic demand, that is, consumer spending and investments.

### GRAPH

#### Exports and imports faced major challenges in March



Sources: Statistics Canada and Desjardins, Economic Studies

Benoit P. Durocher, Senior Economist

François Dupuis, Vice-President and Chief Economist • Mathieu D'Anjou, Deputy Chief Economist  
Hélène Bégin, Senior Economist • Benoit P. Durocher, Senior Economist • Francis Généreux, Senior Economist

Desjardins, Economic Studies: 514-281-2336 or 1 866-866-7000, ext. 5552336 • [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com) • [desjardins.com/economics](http://desjardins.com/economics)

NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

IMPORTANT: This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, notably in the area of investment services. The data on prices or margins are provided for information purposes and may be modified at any time, based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. The opinions and forecasts contained herein are, unless otherwise indicated, those of the document's authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2020, Desjardins Group. All rights reserved.