Economic News

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CANADA

The trade balance finishes the first quarter on a negative note

HIGHLIGHTS

- The international trade balance fell from -$2.2B in February (initially estimated at -$1.0B) to -$3.0B in March.
- This deterioration is explained by imports increasing more rapidly (+2.2%) than exports (+0.4%).
- In real terms, exports advanced 1.5% while imports rose 1.8%. The balance therefore went from $41M in 2007 dollar to -$66M in 2007 dollar.

COMMENTS

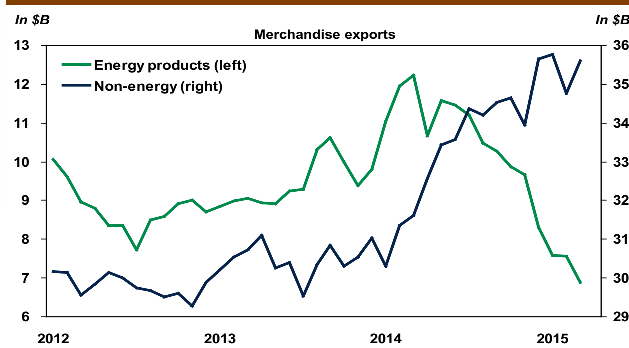
As forecast, a rebound in the automobile sector offset the effects of falling commodities prices on the value of exports in March.

As for imports, growth was somewhat greater than forecast. The value of imports was once again inflated by an increase in prices. The prices of imported goods have risen 5.5% since July 2014 and the depreciation of the Canadian dollar certainly played a major role in this trend. However, the pass-through effects on certain retail prices are starting to appear, as evidenced by the most recent results of the consumer price index.

The release of March data for international merchandise trade will also give a more precise picture of the evolution of international trade for the overall first quarter. In total, the volume of exports slipped 0.2 % (quarterly annualized) in winter 2015. The volume of imports fell 0.9% during the period, slightly improving the trade balance from $484M in 2007 dollar to $696M in 2007 dollar.

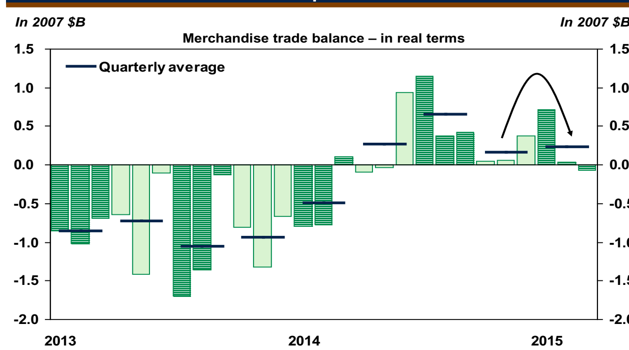
Implications: The modest advance in the balance of trade in goods expressed in real terms opens the way for foreign trade to make a slightly positive contribution to economic growth in the first quarter of 2015. That said, our estimates indicate that growth in real GDP will be very weak during the period (between 0.0% and 0.5%) mainly due to weakness in certain components of domestic demand.

Non-energy exports started to grow again in March



Sources: Statistics Canada and Desjardins, Economic Studies

Balance of trade in goods improved slightly in the first quarter of 2015



Sources: Statistics Canada and Desjardins, Economic Studies

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