



CANADA

International trade rebounded in the third quarter

HIGHLIGHTS

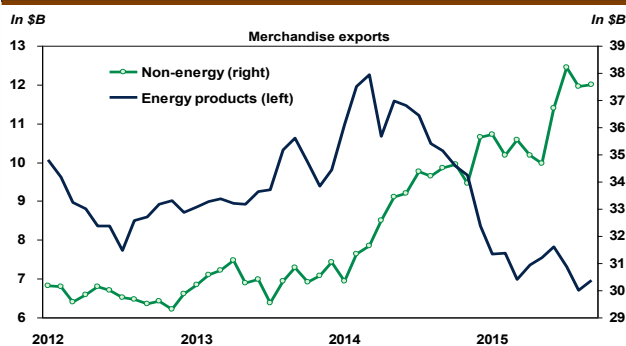
- The international merchandise trade balance went from -\$2.7B in August to -\$1.7B in September.
- This improvement stems from a 0.7% rise in exports and a 1.3% fall in imports.
- For exports, the results are fairly varied as only 5 of the 11 primary sectors increased during the month. Significant decreases were observed in basic and industrial chemical products, plastic and rubber products (-2.0%) and automotive products (-3.7%). In contrast, exports for most commodities increased.
- Results are also fairly mixed for imports. Sharp decreases in energy products (-12.3%), metal and non-metallic mineral products (-14.3%), basic and industrial chemical, plastic and rubber products (-5.2 %) and automotive products (-2.7%) heavily tipped the scale.

COMMENTS

With the release of September's data, we have a clearer picture of international trade for the third quarter overall. Expressed in real terms, merchandise exports increased 11.1% (quarterly annualized) during the summer. The volume of imports fell 3.1%, with a significant decrease observed in machinery and equipment imports (-14.4%), suggesting, unsurprisingly, that non-residential business investment is still down. All in all, the total trade balance improved greatly during the period, going from +\$1.2B in 2007 dollars in the second quarter to +5.3B in 2007 dollars in the third quarter.

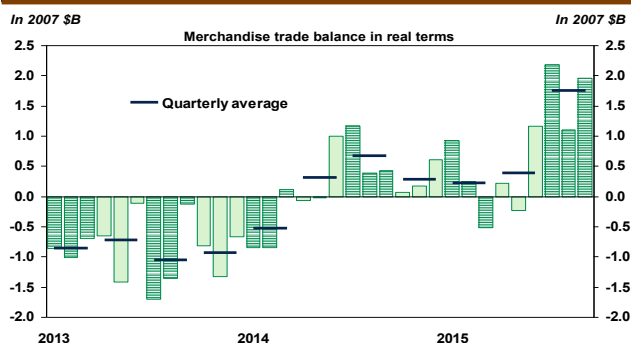
Implications: The strong improvement in the trade balance recorded in the third quarter will have a positive impact on the change in real GDP during the period. According to our estimates, the trade balance contribution (goods and services) to third-quarter real GDP could be around 3.7 percentage points. However, we should expect the increase

Non-energy exports started to rise again in September



Sources: Statistics Canada and Desjardins, Economic Studies

The balance of trade in goods improved sharply in the third quarter of 2015



Sources: Statistics Canada and Desjardins, Economic Studies

in exports to be accompanied by falling inventories and for non-residential investments to continue diminishing sharply. This will hinder real GDP growth, which could ultimately increase between 2.4% and 2.8% in the third quarter.

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