

ECONOMIC NEWS

Canada: The Trade Balance Deteriorated in March

HIGHLIGHTS

- ▶ The value of merchandise exports grew by 0.3% in March, coming in below expectations.
- ▶ Moreover, exports of energy products fell 6.7% although a rise in prices had suggested an increase for the month.
- ▶ The value of merchandise imports rose 5.5%, reflecting strong domestic demand.
- ▶ The international merchandise trade balance fell from +\$1.4B in February to -\$1.1B in March.
- ▶ For the first quarter of 2021 as a whole, merchandise exports expressed in real terms went up 1.6%, while imports rose 1.1%.
- ▶ The balance of trade in goods expressed in real terms thus improved slightly in the first quarter, going from -\$2.3B in 2012 dollars to -\$1.6B in 2012 dollars.

COMMENTS

The first quarter ended on a low note, with a disappointing result for international trade in March. In addition to significantly lowering performance for the first quarter, the deterioration in trade balance observed in March will lead to a rather unfavourable carryover in the second quarter.

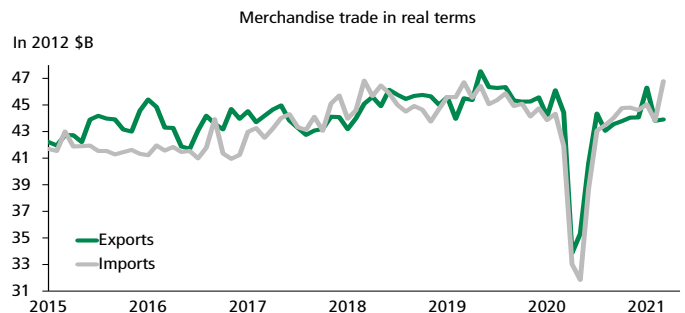
With the gradual lifting of public health measures around the world, there is hope, however, that Canadian exports will pick up steam in the coming months. In fact, the trend is already on the rise in the United States, which is ahead in terms of lifting the lockdown.

IMPLICATIONS

According to preliminary data, the slight improvement in the balance of trade in goods observed in the first quarter may be offset by a deterioration in the balance of trade in services. In the end, international trade's contribution to economic growth in the first quarter may be quite limited.

GRAPH 1

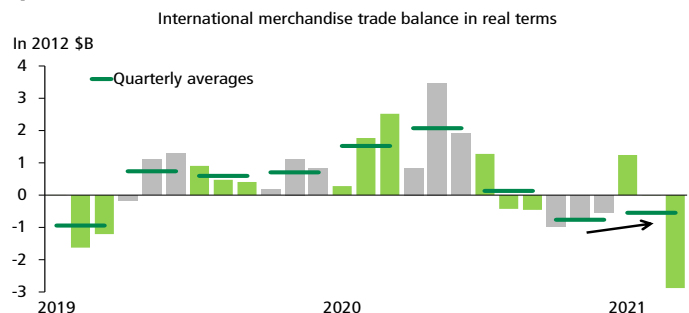
Imports have exceeded their pre-pandemic level, while exports are still slightly behind



Sources: Statistics Canada and Desjardins, Economic Studies

GRAPH 2

The balance of trade in goods improved very slightly in the first quarter of 2021



Sources: Statistics Canada and Desjardins, Economic Studies

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