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OFFICE OF  
THE CHIEF  
ECONOMIST

# MONTHLY TRADE REPORT

## MAY 2024

# MAY

	Goods	Services	Total
Exports (\$ billions)	62.4	17.0	79.5
m/m	-2.6%	+0.5%	-1.9% ▼
YTD	-1.1%	+5.3%	+0.2%
Imports (\$ billions)	64.4	18.1	82.4
m/m	-1.6%	-0.2%	-1.3% ▼
YTD	+0.3%	+6.8%	+1.6%
Balance (\$ billions)	-1.9	-1.0	-2.9
m/m (\$ billions)	-0.6	+0.1	-0.5 ▼

Note: "m/m" is the change from the previous month; "YTD" is the year-to-date (January to recent month) cumulative change compared to the same period in the previous year.

Data: Statistics Canada. Balance of payments basis, seasonally adjusted.

Source: Office of the Chief Economist, Global Affairs Canada.

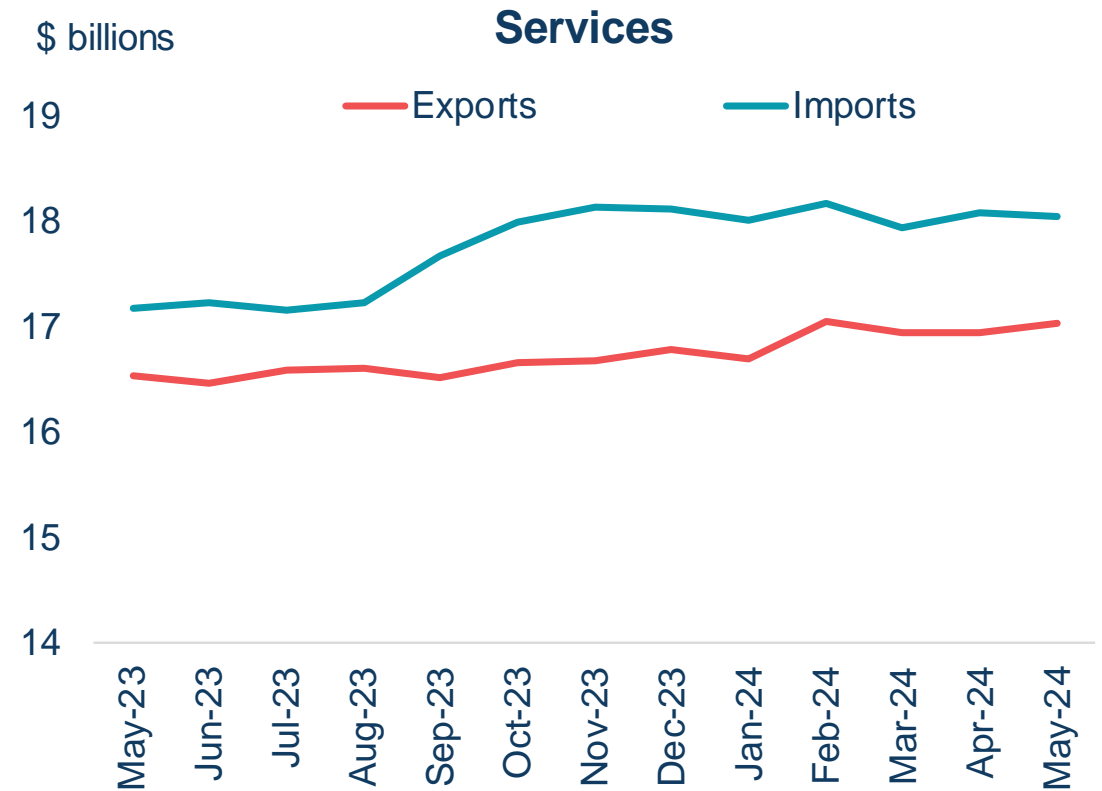
## HIGHLIGHTS

- After a strong April, trade slowed in May as exports of goods and services dropped 1.9% while imports fell 1.3%. Over the first five months of 2024, exports edged up 0.2% while imports rose 1.6% compared to the same period last year.
- Lower prices for energy exports and lower export volumes of gold contributed significantly to the overall decline in goods exports. In contrast, services exports were up on the back of higher exports of commercial services.
- Goods imports also declined as lower imports of unwrought gold, automobiles, and energy products completely offset higher imports of metal ores and non-metallic minerals. Meanwhile, service imports declined due to lower imports of commercial services.
- Goods exports to the U.S. grew while imports contracted in large part because of light trucks. In contrast, exports to countries outside the U.S. fell 12.9% while imports from these partners declined more moderately, by 1.4%.
- Excluding the effects of prices, goods export volumes fell 1.7% while goods import volume dropped 1.3% month-over-month.



# CANADA'S MONTHLY TRADE PERFORMANCE

(International trade in goods and services)



Data: Statistics Canada Tables 12-10-0011-01 and 12-10-0144-01. Balance of payments basis, seasonally adjusted.  
Source: Office of the Chief Economist, Global Affairs Canada.

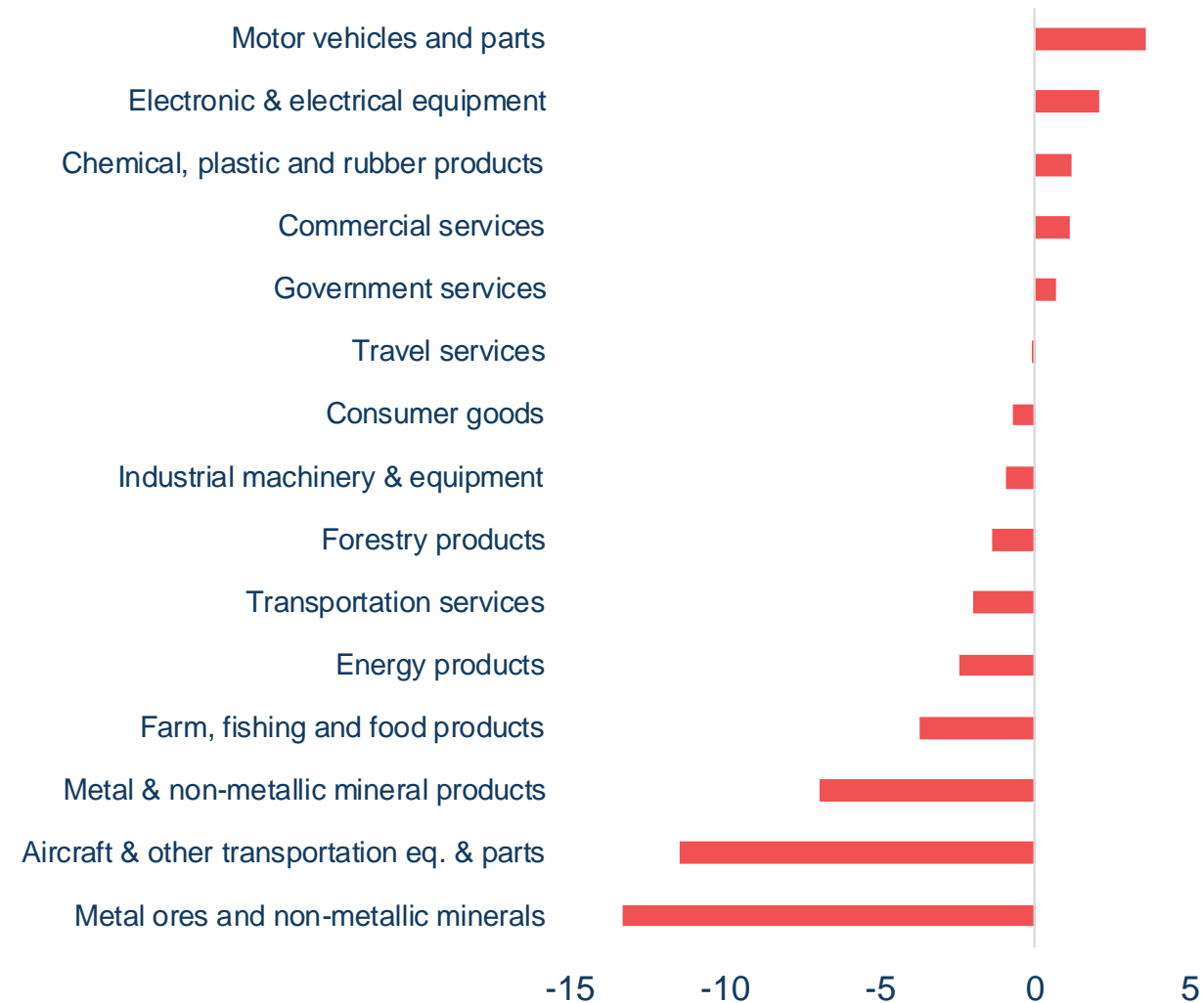
# INDUSTRY VIEW—EXPORTS

Exports were down in 8 of the 11 goods categories in May. Metal and non-metallic mineral products saw the largest decrease in dollar terms, dropping by \$572 million or 7.0% from April. Lower volumes of unwrought gold exports drove this contraction. Meanwhile, the second largest contributor to the overall goods export decline was energy products, which decreased by 2.4% as prices fell.

Elsewhere, exports of aircraft and other transportation equipment and parts fell 11.5% in May. Exports of metal ores and non-metallic minerals were down 13.3% as exports of copper ores and concentrates fell 36.2% after a strong April. Despite the drop in May, exports of copper ores and concentrates were still up 17.4% year-to-date amidst rising demand and potentially stagnating global supplies. Motor vehicles and parts were the bright spot in May as the category rose 3.6% month-over-month, driven by an 8.4% increase in exports of passenger cars and light trucks.

Meanwhile, service exports were up during the month as a 1.2% increase in commercial services helped to offset lower transportation and travel service exports.

## Exports by industry and sector (monthly % change)



Data: Statistics Canada Tables 12-10-0121-01 and 12-10-0144-01. Balance of payments basis, seasonally adjusted.

Source: Office of the Chief Economist, Global Affairs Canada.

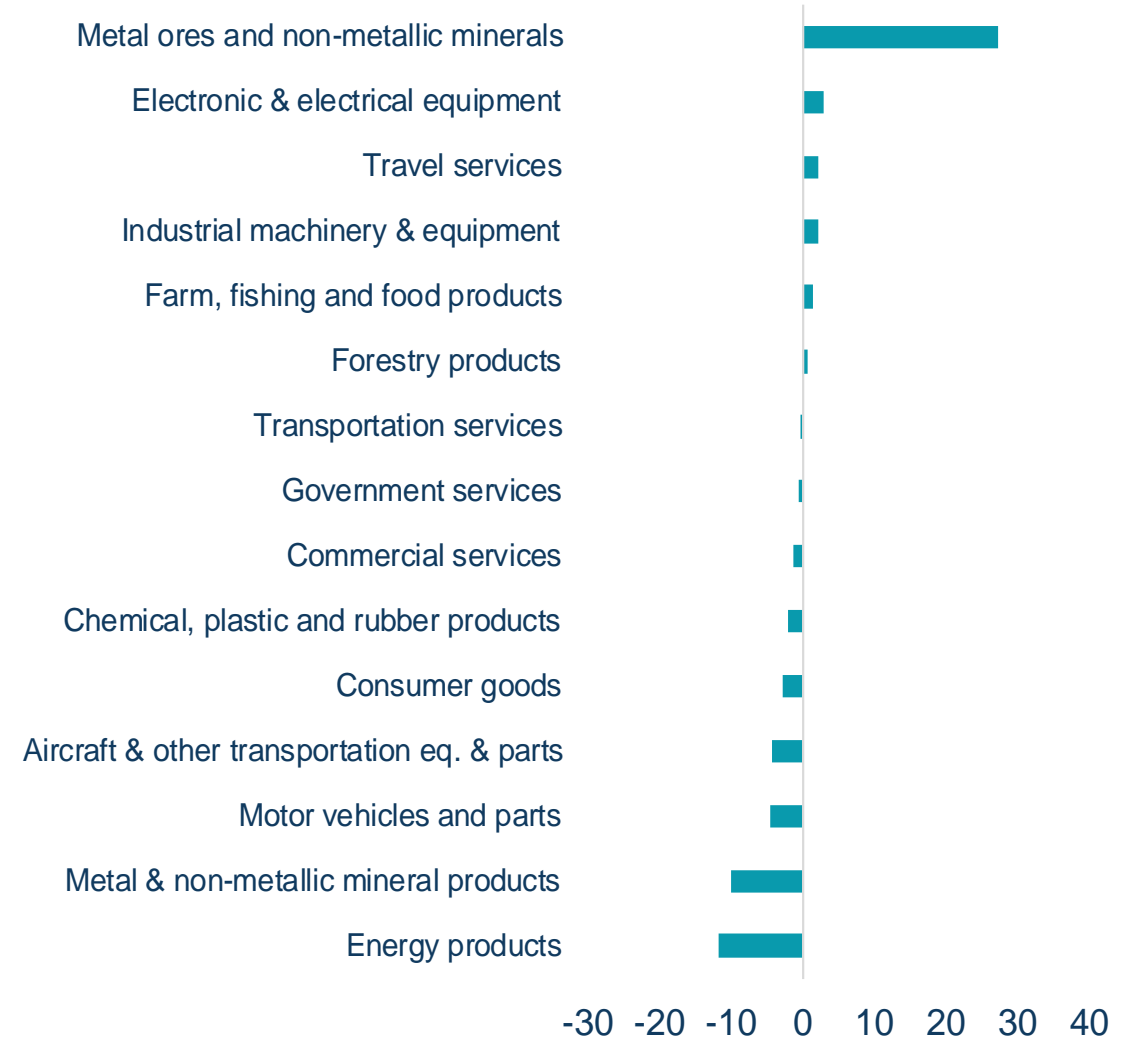
# INDUSTRY VIEW—IMPORTS

Imports decreased in 6 of the 11 goods categories in May. Metal and non-metallic mineral products posted the largest decrease in dollar terms, falling by \$572 million or 10.0% month-over-month. After a strong April, motor vehicles and parts fell 4.4% in May and were the second largest contributor to the overall decline in goods imports. This was driven by delays in the production and shipment of key vehicle models by car companies in the U.S. to dealerships in Canada.

Elsewhere, energy products recorded their third consecutive monthly decrease, down 11.6% in May. This was due to lower imports of crude oil and crude bitumen and lower prices for imports of refined petroleum energy products. A 27.3% increase in metal ores and non-metallic minerals partially offset these declines. Electronic and electrical equipment and parts were also up, increasing by 2.9%.

For service imports, travel services were up 2.3% on higher spending by Canadian travellers to the U.S. However, this was more than offset by declines in the other three categories. Commercial services dropped 1.2% due to lower payments for financial services.

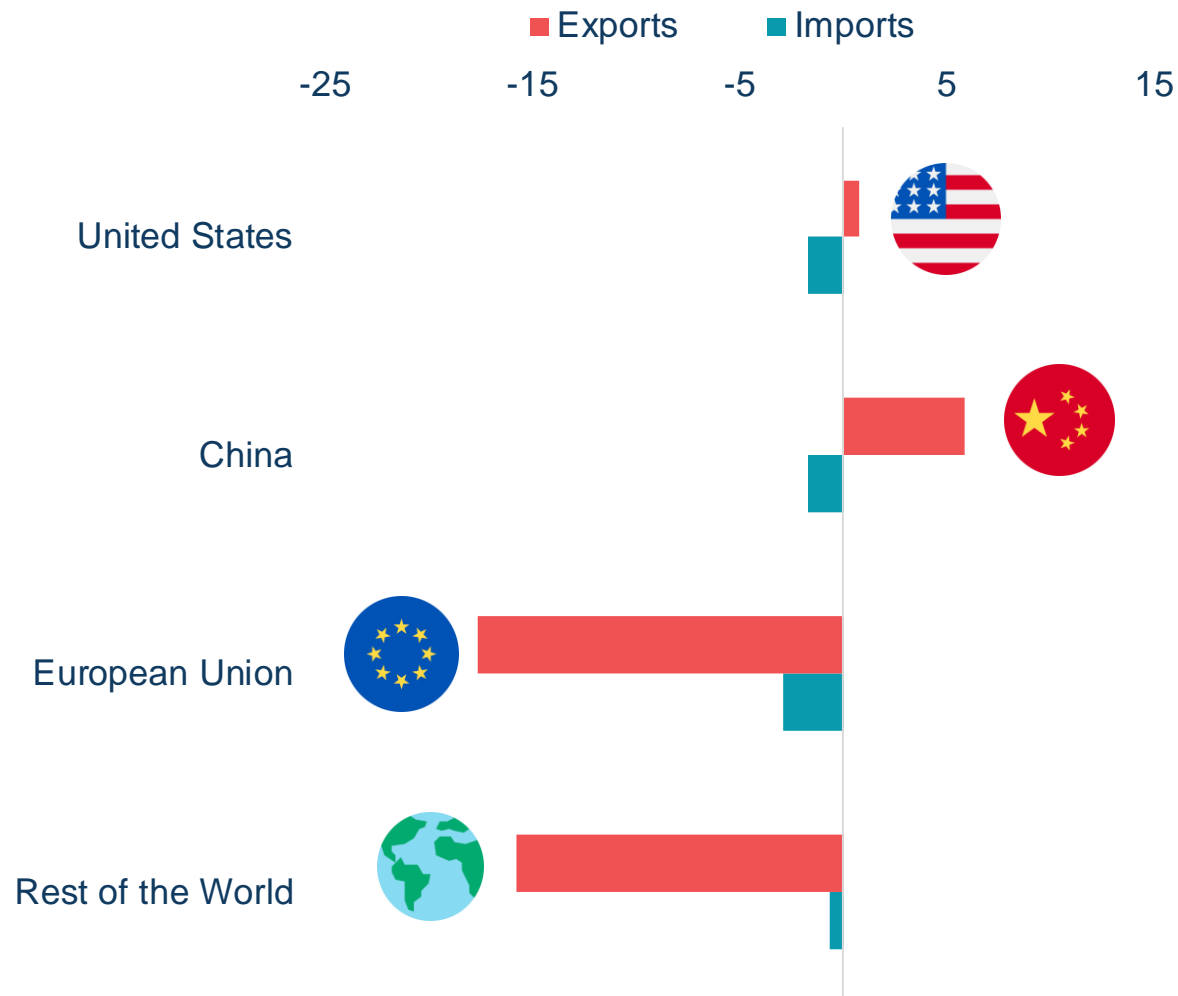
## Imports by industry and sector (monthly % change)



Data: Statistics Canada Tables 12-10-0121-01 and 12-10-0144-01. Balance of payments basis, seasonally adjusted.

Source: Office of the Chief Economist, Global Affairs Canada.

## Goods trade by main markets (monthly % change)



## GLOBAL MARKETS

Canada's exports of goods to the U.S. were up 0.8%, driven mainly by higher exports of light trucks. Meanwhile, goods imports declined 1.7% due to lower imports of sport utility vehicles and light trucks as well as various energy products. With rising exports and falling imports, Canada's goods trade surplus with the U.S. widened from \$7.1 billion in April to \$8.2 billion in May.

Canada's goods exports to countries outside the U.S. declined 12.9% in May. Exports to China rose 5.9%, but this was offset by lower exports to other markets. In particular, exports of aircrafts to Europe, exports of unwrought gold to the United Kingdom, and exports of copper ores and natural gas liquids to Japan were markedly lower.

Meanwhile, Canada's goods imports from countries other than the U.S. fell 1.4%, driven by lower imports from the United Kingdom and the European Union, particularly Germany. However, this was partially offset by higher imports from Brazil and Chile, mainly metal ore and non-metallic mineral imports. As imports fell more modestly than exports, Canada's goods trade deficit with countries other than the U.S. widened from \$8.4 billion in April to \$10.1 billion in May.

# PRICES AND VOLUMES

Prices of goods exports were down 0.9% in May, led by weakness in energy products. Excluding prices, goods export volumes declined 1.7%, with the largest percentage decline coming from metal ores and non-metallic minerals.

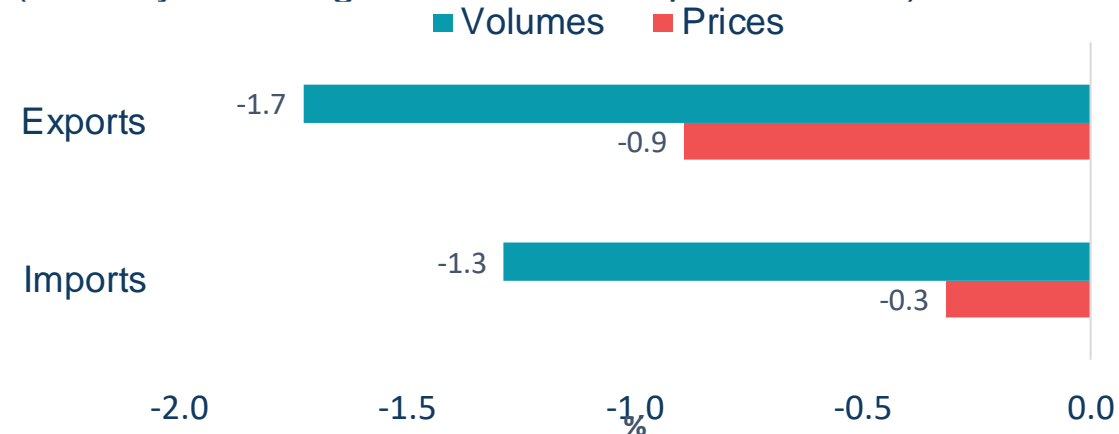
Goods imports prices decreased 0.3% in May, with the largest percentage declines coming from energy products and basic and industrial chemical, plastic and rubber products. Excluding prices, import volumes declined 1.3%.

The average monthly price of crude oil for Western Canada Select (WCS) reversed its upward trend, declining 6.3% in May to USD 91.02 per barrel. This was one of the main drivers of the decline in overall export and import prices.

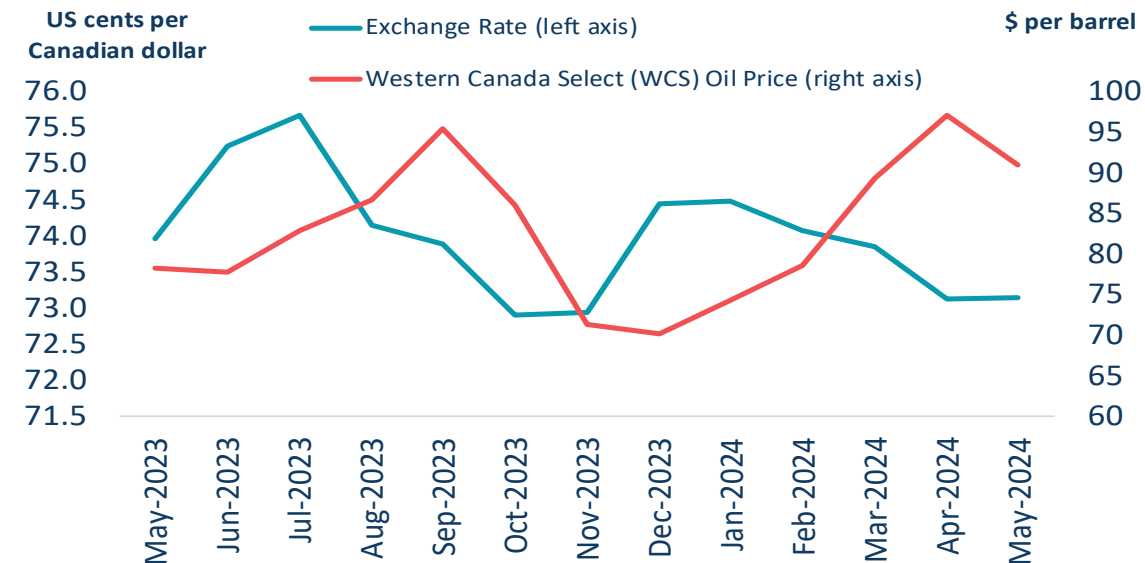
The Canadian dollar appreciated slightly from 73.13 US cents in April to 73.15 US cents in May. However, the loonie remains on a downward trend from the end of last year due to the expectation of slower interest rate cuts in the U.S.

## Goods trade

(monthly % change in volume and price indices)



## Exchange rate & oil price



Data: Statistics Canada Table 12-10-0168-01. Balance of payments basis, seasonally adjusted.  
 Bank of Canada Monthly Exchange Rate. Haver Analytics.  
 Source: Office of the Chief Economist, Global Affairs Canada.

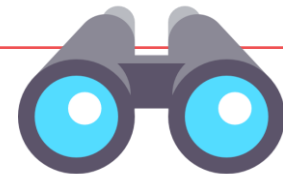
# WHAT TO WATCH

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- Canada's annual inflation rate rose to 2.9% in May, up from 2.7% in April, on the back of higher prices for services. Meanwhile, real GDP picked up pace, growing at 0.3% month-over-month in April (latest) after being essentially flat in March.
- U.S. inflation continues to trend down. The 12-month growth rate of the personal consumption expenditure (PCE) price index – the Federal Reserve's (FED) favoured gauge of inflation – edged down from 2.7% in April to 2.6% in May. Excluding food and energy, core inflation also made similar progress.
- While noting the disinflation trend, FED policymakers have signalled that they would delay the first rate cut. In contrast, around the world, other major central banks, including the Bank of Canada and the European Central Bank, have started cutting interest rates. The flash estimate suggests that inflation in the Euro Area will edge down from 2.6% in May to 2.5% in June.
- In China, recent economic performance is mixed. Customs data showed that Chinese exports jumped 7.6% (year-over-year) in May. On the other hand, the official manufacturing purchasing managers' index (PMI) marked a second month of contraction in June, likely due to slow demand for industrial goods. Recent announcements of tariffs on Chinese exports by the U.S. and the EU have also dampened manufacturers' sentiment.

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**Next Monthly Trade Release:** Tuesday, August 6<sup>th</sup>





**Table 1: Trade by industry sector**  
(\$ millions)

	Exports			Imports		
	May. 2024	m/m %	YTD %	May. 2024	m/m %	YTD %
<b>Goods</b>	<b>62,446</b>	<b>-2.6</b>	<b>-1.1</b>	<b>64,372</b>	<b>-1.6</b>	<b>0.3</b>
Primary products	35,803	-3.8	-1.0	20,437	-2.8	-1.7
Energy products	13,992	-2.4	3.4	2,914	-11.6	-12.1
Non-primary products	24,944	-0.3	-1.2	41,466	-1.5	1.2
Industrial machinery & equipment	4,135	-0.9	-3.4	7,410	2.3	-2.5
Electronic & electrical equipment	2,865	2.1	0.7	7,391	2.9	-1.5
Motor vehicles and parts	8,281	3.6	-2.0	11,860	-4.4	6.2
Aircraft & other transportation eq. & parts	2,498	-11.5	2.1	2,360	-4.4	4.6
Consumer goods	7,166	-0.7	-0.7	12,445	-2.8	0.0
<b>Services</b>	<b>17,035</b>	<b>0.5</b>	<b>5.3</b>	<b>18,055</b>	<b>-0.2</b>	<b>6.8</b>
Commercial services	11,017	1.2	8.2	10,306	-1.2	6.5
Travel services	4,237	-0.1	0.3	4,545	2.3	10.2
Transportation services	1,635	-2.0	1.1	3,040	-0.1	3.1
Government services	145	0.7	-6.9	164	-0.6	6.0
<b>Total goods and services</b>	<b>79,481</b>	<b>-1.9</b>	<b>0.2</b>	<b>82,427</b>	<b>-1.3</b>	<b>1.6</b>

Note: "m/m %" is the change from the previous month; "YTD %" is the year-to-date (January to recent month) cumulative change compared to the same period in the previous year.

Data: Statistics Canada Tables 12-10-0163-01 and 12-10-0144-01. Balance of payments basis, seasonally adjusted.

Source: Office of the Chief Economist, Global Affairs Canada.

**Table 2: Goods trade by main markets**  
(\$ millions)

	Exports			Imports		
	May. 2024	m/m %	YTD %	May. 2024	m/m %	YTD %
United States	48,647	0.8	-0.7	40,450	-1.7	0.2
Mexico	833	-6.1	0.1	2,396	-1.4	1.1
European Union	2,262	-17.7	-11.1	5,744	-2.9	-5.8
Germany	430	2.7	-20.2	1,621	-7.1	-7.5
France	287	-15.8	-11.4	557	1.4	2.3
United Kingdom	1,338	-50.6	62.3	741	-28.5	-3.9
Indo-Pacific region	5,704	-0.1	-8.1	9,199	-1.2	3.9
China	2,517	5.9	-13.7	5,136	-1.7	-1.4
Japan	1,096	-32.1	-9.2	1,266	6.2	15.6
South Korea	613	4.0	4.9	1,190	-4.9	37.4
India	427	57.2	2.9	479	-10.0	4.0
Hong Kong SAR	307	246.5	15.9	273	3.9	-18.4
Indonesia	236	-11.8	-7.3	173	12.5	34.8
Australia	216	-1.1	-17.7	176	3.8	-16.0
Taiwan	154	-4.3	-10.1	350	-3.1	-6.6
Singapore	139	11.9	-20.0	157	-2.8	-14.7
Rest of the world	3,662	-3.1	-7.2	5,842	4.7	1.9
<b>Total goods trade</b>	<b>62,446</b>	<b>-2.6</b>	<b>-1.1</b>	<b>64,372</b>	<b>-1.6</b>	<b>0.3</b>

Notes: The Indo-Pacific region total includes only the 9 markets for which data are available. "m/m %" is the change from the previous month; "YTD %" is the year-to-date (January to recent month) cumulative change compared to the same period in the previous year.

Data: Statistics Canada Table 12-10-0011-01. Balance of payments basis, seasonally adjusted.

Source: Office of the Chief Economist, Global Affairs Canada.