

Economics

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Canadian trade (Apr): Still pointing to a solid Q2

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Merchandise trade, in million (\$)	25:Q3	25:Q4	26:Q1	Feb	Mar	Apr
Merch. trade balance—Annual rate	-37,610	-17,637	-25,902	-62,245	21,040	32,651
• Monthly rate	-	-	-	-5,187	1,753	2,721

Merchandise trade (period/period % chg)	25:Q3	25:Q4	26:Q1	Feb	Mar	Apr
Exports	10.0	17.7	19.0	6.6	10.1	1.6
Imports	-8.7	5.8	23.3	9.5	-0.2	0.3
Export volumes (chain Fisher)	4.9	9.6	0.7	6.6	3.8	0.2
Import volumes (chain Fisher)	-11.2	0.4	15.5	10.1	-1.6	-0.1

Source: Statistics Canada

- A further gain in Canadian exports brought a wider trade surplus in April, even after a pullback in gold trade took some of the shine off. The further gain in export volumes at the start of Q2, following a solid rise in March, will mean that net trade should be a positive for quarterly GDP and support a rebound in economic activity following two marginal contractions. However, that was already signalled by the advance estimate for April GDP, and as such today's release does not change our forecast for slightly above 2% annualized growth during the second quarter.
- The \$2.72bn surplus in April was wider than the \$1.75bn in the prior month but broadly in line with consensus expectations (\$2.55bn). Total exports rose by 1.6%, driven by energy products, food and autos. Export growth would have been stronger were it not for a pullback in volatile gold trade. Excluding the two volatile areas of energy and metal/non-metallic minerals, exports were up by 5.1%. In chain-fisher volume terms, exports only edged up by 0.2% m/m, but that followed a strong and upwardly revised 3.8% gain in the prior month.
- Total export volumes have now recovered past November 2024 levels, and are only lower than levels reached in February 2025 when efforts to front-run US tariffs flattered the figures. However, some of the areas hit hardest by US tariffs continue to struggle, with forestry product exports remaining well below 2024 levels despite rising in April. On the other hand, following a further increase this month, export volumes for autos and parts have recovered back to levels seen before President Trump's re-election.
- Total imports were broadly flat on the month, edging up slightly in value terms but down marginally in chain-fisher volume terms.
- Canada's goods trade surplus with the US widened from \$7.8bn in March to \$9.5bn, thanks to an oil-driven surge in exports. The surplus with the US was the largest surplus since February 2025. On the other hand a decline in exports to other countries saw Canada's deficit with the rest of the world widen, although that move was largely due to lower gold exports to the UK.

- On the services side, an increase in imports but decline in exports saw Canada's surplus narrow from \$0.5bn in March to \$0.1bn. However, Canada's total trade surplus with the world still widened from \$2.3bn in March to \$2.8bn in April.

Implications & actions

Re: Economic forecast — Recent trade data suggest that Canadian exports have largely recovered back to pre-2025 levels, albeit still with some weakness in sectors hit hardest by US tariffs. However, with tariff uncertainty remaining as CUSMA renegotiations drag on, further upward momentum will likely be limited in the near-term. While net trade will likely be a solid contributor to Q2 GDP, that may not continue into the second half of the year if trade uncertainty persists.

Re: Markets — Markets were unchanged by today's data which was largely in line with consensus expectations.

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