

## Economics

# ECONOMIC FLASH!

[economics.cibccm.com](https://economics.cibccm.com)

February 19, 2026

## Canadian trade (Dec): All that glitters

by **Andrew Grantham** [andrew.grantham@cibc.com](mailto:andrew.grantham@cibc.com)

Merchandise trade, in million (\$)	25:Q2	25:Q3	25:Q4	Oct	Nov	Dec
Merch. trade balance—Annual rate	-72,041	-38,131	-18,763	-9,582	-31,015	-15,692
• Monthly rate	-	-	-	-799	-2,585	-1,308

Merchandise trade (period/period % chg)	25:Q2	25:Q3	25:Q4	Oct	Nov	Dec
Exports	-41.2	9.0	16.5	1.5	-2.2	2.6
Imports	-12.9	-8.6	5.1	3.3	0.6	0.6
Export volumes (chain Fisher)	-29.4	4.2	8.5	1.1	-3.2	3.1
Import volumes (chain Fisher)	-3.8	-11.2	1.4	2.2	0.6	1.7

Source: Statistics Canada

- All that glittered was in fact gold in December, with exports in that volatile area accounting for all of the narrowing in Canada's goods trade deficit relative to the prior month. While export volumes in some other areas have rebounded from lows seen earlier in 2025, and net trade will be a positive contributor to Q4 GDP, the level of trade remains depressed due to the impact of US tariffs and related uncertainty.
- Canada's merchandise trade deficit narrowed to \$1.3bn in December, from a revised \$2.6bn in the prior month. Exports rose 2.6% on the month, although excluding the volatility in the metal and non-metallic mineral sector, exports were actually little changed. In chain-fisher volume terms, overall exports rose by 3.1%, aided also by an increase in aircraft & other transportation exports. While trade with countries other than the US reached a record high, that was flattered somewhat by increased gold shipments to the UK.
- Export areas hit hardest by US tariffs continued to struggle, with the volume of trade in forestry products declining back in line with the low recorded in August. Despite rising from earlier lows, export volumes remained almost 5% lower on a year-over-year basis.
- Imports increased by 0.6% in December, and by a stronger 1.7% in volume terms. Imports of autos rebounded following a dip in the prior month, partly offset by a decline in consumer goods.
- For the fourth quarter as a whole, inflation-adjusted exports rose at an annualized rate of 8.5%, outpacing the 1.4% increase in imports. That suggests a further positive contribution from net trade to quarterly GDP in Q4, although that will likely be offset at least partly by slower inventory accumulation.
- On the services side, Canada's surplus with the rest of the world widened to \$0.7bn in December, from \$0.1bn in the prior month. As a result, the overall trade deficit narrowed more than that of just goods trade, from \$2.5bn in November to \$0.6bn in December.

## Implications & actions

**Re: Economic forecast** — While net trade will be a positive for Q4 GDP, that doesn't mean that exports are recovering particularly strongly from the declines seen over the spring of 2025. There remains great divergence by sector, with exports of products hit hardest by US tariffs generally still depressed, which highlights the importance of renegotiating CUSMA and maintaining the tariff exemption for other products covered by that trade deal.

**Re: Markets** — Markets were largely unmoved by today's trade data.

CIBC Capital Markets is a trademark brand name under which Canadian Imperial Bank of Commerce ("CIBC"), its subsidiaries and affiliates (including, without limitation, CIBC World Markets Inc., CIBC World Markets Corp. and CIBC Capital Markets (Europe) S.A.) provide different products and services to our customers around the world. Products and/or services offered by CIBC include corporate lending services, foreign exchange, money market instruments, structured notes, interest rate products and OTC derivatives. CIBC's Foreign Exchange Disclosure Statement relating to guidelines contained in the FX Global Code can be found at [www.cibccm.com/fxdisclosure](http://www.cibccm.com/fxdisclosure). Other products and services, such as exchange-traded equity and equity options, fixed income securities and futures execution of Canadian securities, are offered through directly or indirectly held subsidiaries of CIBC as indicated below.

### Distribution

This report is written by the economics team at CIBC Capital Markets and is not the product of a CIBC Capital Markets research department. This report is issued and approved for distribution: (a) in Canada, by CIBC World Markets Inc., a member of the Canadian Investment Regulatory Organization, the Toronto Stock Exchange, the TSX Venture Exchange and a Member of the Canadian Investor Protection Fund; and (b) in the United States, by either: (i) CIBC World Markets Inc. for distribution only to U.S. Major Institutional Investors ("MII") (as such term is defined in SEC Rule 15a-6) or (ii) CIBC World Markets Corp., a member of the Financial Industry Regulatory Authority. U.S. MIIs receiving this report from CIBC World Markets Inc. (the Canadian broker-dealer) are required to effect transactions (other than negotiating their terms) in securities discussed in the report through CIBC World Markets Corp. (the U.S. broker-dealer).

This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets Inc. in Canada and does not constitute an offer or solicitation to buy or sell any securities discussed herein, including (without limitation) in any jurisdiction where such offer or solicitation would be prohibited.

The distribution of this report in the United Kingdom is being made only to, or directed only at, persons falling within one or more of the exemptions from the financial promotion regime in section 21 of the UK Financial Services and Markets Act 2000 (as amended) ("FSMA") including, without limitation, to the following:

- authorised firms under FSMA and certain other investment professionals falling within article 19 of the FSMA (Financial Promotion) Order 2005 ("FPO") and directors, officers and employees acting for such entities in relation to investment;
- high value entities falling within article 49 FPO and directors, officers and employees acting for such entities in relation to investment; and
- persons who receive this presentation outside the United Kingdom.

The distribution of this report to any other person in the United Kingdom is unauthorised and may contravene FSMA. No person falling outside such categories should treat this report as constituting a promotion to them or rely or act on it for any purposes whatsoever. This report is distributed solely to eligible counterparties or professional clients and not retail clients as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

For all other jurisdictions, this report is distributed solely to institutional clients and not retail clients as defined by the applicable securities legislation and regulation to which CIBC Capital Markets may be subject in any jurisdiction.

### Miscellaneous

This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC. Before making an investment decision on the basis of any information contained in this report, the recipient should consider whether such information is appropriate given the recipient's particular investment needs, objectives and financial circumstances. CIBC suggests that, prior to acting on any information contained herein, you contact one of our client advisers in your jurisdiction to discuss your particular circumstances. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

The information and any statistical data contained herein were obtained from sources that we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All estimates and opinions expressed herein constitute judgments as of the date of this report and are subject to change without notice.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third-party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets Inc. is prohibited by law and may result in prosecution.

CIBC Capital Markets and the CIBC Logo Design are trademarks of CIBC, used under license.

CIBC Capital Markets – PO Box 500, 161 Bay Street, Brookfield Place, Toronto, Canada M5J 2S8 – Bloomberg @ CIBC