Economic Flash!

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Canadian Trade (May)

Trade is the lifeblood of Canada’s goods sector, but even with exports seeing some improvement in May, we’re still a long way from clearing out the clots that emerged in the coronavirus recession. Goods exports and imports are each sitting down roughly 1/3rd from where they stood a year ago. The deficit narrowed to $0.7 bn from a revised $4.3 bn in April (previously reported at $3.3 bn). In nominal terms exports climbed 6.7%, while imports fell 3.9%. That latter figure was distorted due to the shipping times in imports from overseas factories that might have restarted loading goods in May, but which will only show up in June imports. Better oil prices helped the nominal export figure, as after stripping out price changes, export volumes were up 3.8% while import volumes fell 6.7%. While the trade deficit was better than expected, the timing issues associated with overseas imports suggests that the improvement in real net exports will not be sustained in June.