

EXPORT PERFORMANCE MONITOR

Economic & Political Intelligence Centre

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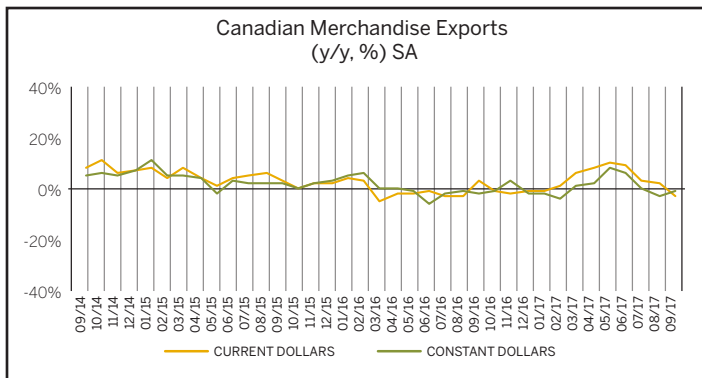
For the fourth consecutive month, Canadian merchandise exports fell by 0.3% in September. The string of weakness means that after four consecutive quarterly gains, exports declined by 7.9% in the third quarter of 2017. This was the largest quarterly decline since the second quarter of 2009 during the middle of the great recession.

Weakness in the exports of motor vehicles and parts weighed heavily on the quarter and September's data. The 10.6% decline in September in the sector was driven by an extended labour dispute at a General Motors plant in Ontario and changes in vehicle models headed for the US. Motor vehicles and parts are now nearly 22% below the peak reached in May.

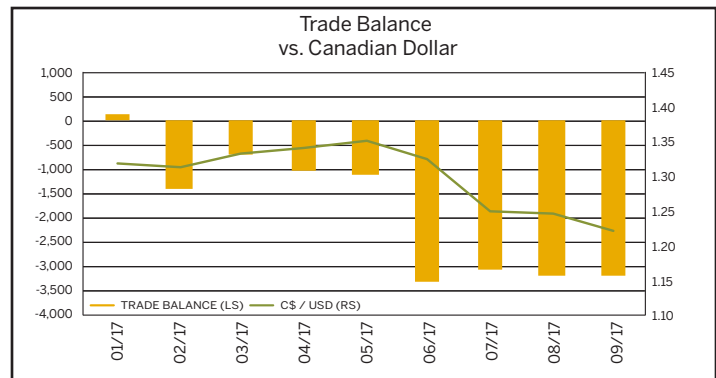
In addition to the soft exports of automotive products, exports were also hit by a 0.6% decline in the prices of exports as the Canadian dollar increased by more than 2 cents against the US dollar in September. These factors resulted in a decline of Canadian exports to the United States by 1.2% over the month. However, 2.4% growth in exports to countries other than the US, driven by shipments to China (13%) and Brazil (98%) left Canada's trade deficit relatively unchanged at \$3.2 billion.

Despite the soft headline number, exports increased in 7 of 11 key subsectors. The strongest increase came from the energy sector (7.2%) but also experiencing growth were metal ores and non-metallic minerals (6.7%) and aircraft and other transportation equipment (5.8%). Additionally, despite the recent period of weak export growth, through the first three quarters of the year, Canadian exports have grown by 7.1%.

| SECTOR PERFORMANCE | | | | | | | | | REGIONAL PERFORMANCE | | | | |
|-----------------------------------|--------------|-------------|--------------|-------------|---------------|-----|-------------------------|---------|----------------------|--------------|-------------|---------------|-----|
| Sector | Growth Rate | | Price Change | | Rank | | Provincial Contribution | | Regions | Growth Rate | | Rank | |
| | m/m | YTD | m/m | YTD | Current Month | YTD | Strongest | Weakest | | m/m | YTD | Current Month | YTD |
| Energy Products | 7.2% | 45.5% | 5.2% | 23.6% | 1 | 1 | NS | AB | Japan | 23.9% | 9.0% | 1 | 4 |
| Machinery and Equipment | 3.2% | 6.6% | -0.8% | -0.1% | 2 | 2 | AB | ON | China | 12.8% | 14.9% | 2 | 1 |
| Forestry Products | 2.1% | 3.3% | -0.5% | 5.4% | 3 | 4 | AB | ON | United Kingdom | 2.8% | 7.0% | 3 | 5 |
| Industrial Products and Materials | 1.8% | 2.7% | 1.0% | 4.5% | 4 | 5 | PE | ON | United States | -1.2% | 5.6% | 4 | 6 |
| Agriculture and Fishing Products | -2.8% | 4.2% | -1.6% | 0.0% | 5 | 3 | SK | ON | EU (excluding UK) | -1.4% | 9.2% | 5 | 3 |
| Other Consumer Goods | -3.9% | -4.7% | -2.2% | 0.9% | 6 | 6 | AB | QC | Germany | -13.3% | 12.5% | 6 | 2 |
| Automotive products | -10.6% | -4.9% | -1.8% | -0.3% | 7 | 7 | AB | ON | | | | | |
| TOTAL EXPORTS | -0.3% | 7.1% | -0.4% | 4.8% | | | MB | AB | TOTAL EXPORTS | -0.3% | 7.1% | | |



Source: Statistics Canada



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PROVINCIAL PICTURE

| Province | Growth Rate | | Top Contributor | | Weakest Contributor | |
|----------|-------------|-------|----------------------------------|--------------|-----------------------------------|--------------|
| | m/m | YTD | Sector | Contribution | Sector | Contribution |
| NL | -11.2% | 30.5% | Other consumer goods | 0.1% | Energy Products | -0.6% |
| PE | 0.2% | 5.7% | Other consumer goods | 0.1% | Agriculture and Fishing Products | -0.1% |
| NS | -4.4% | 4.2% | Energy Products | 0.1% | Industrial Products and Materials | -0.2% |
| NB | -12.6% | 13.3% | Agriculture and Fishing Products | 0.1% | Industrial Products and Materials | -2.0% |
| QC | -3.3% | 7.9% | Machinery and equipment | 0.7% | Other consumer goods | -2.5% |
| ON | -4.2% | -2.3% | Energy Products | -0.2% | Industrial Products and Materials | -3.9% |
| MB | 0.4% | 3.2% | Other consumer goods | 0.3% | Agriculture and Fishing Products | -1.6% |
| SK | -15.3% | 11.7% | Agriculture and Fishing Products | 0.4% | Energy Products | -2.3% |
| AB | -8.4% | 32.4% | Machinery and equipment | 0.9% | Energy Products | -10.0% |
| BC | -4.6% | 17.1% | Automotive products | 0.0% | Energy Products | -2.5% |

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