

Economic Development Winnipeg

WEEKLY ECONOMIC DIGEST



GOODS AND SERVICES TRADE

CANADA'S BALANCE OF INTERNATIONAL PAYMENTS

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Bottom Line

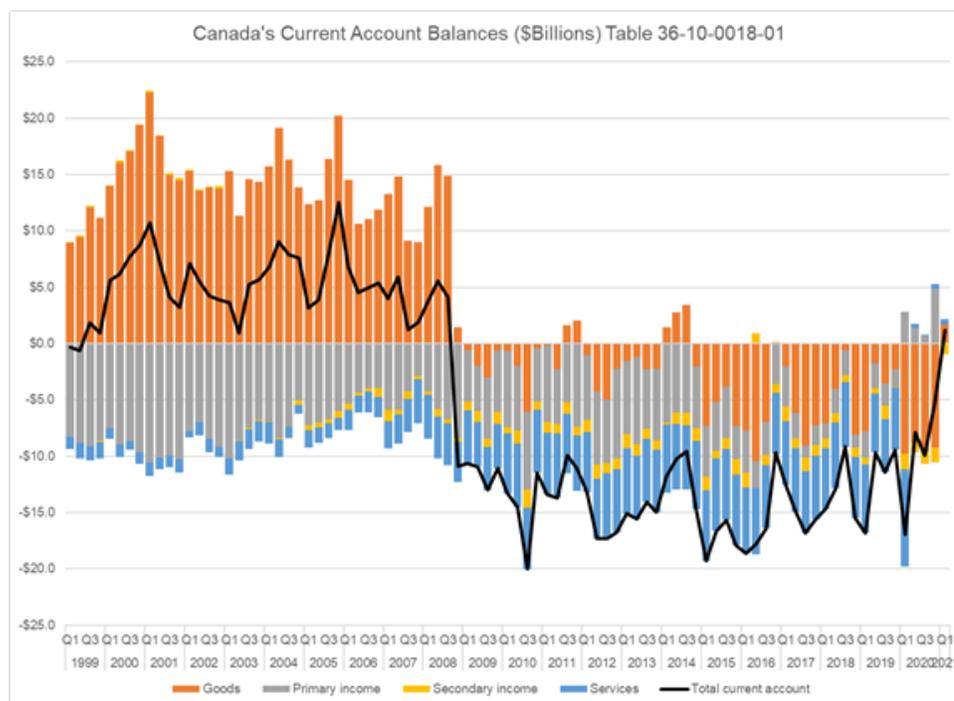
In Q1 2021, Canada saw its first current account surplus since Q3 2008. This surplus was based on a positive trade balance for both goods and services, offering more support to Canada's quarterly GDP in Q1 2021.

Canada's service trade deficit was \$384 million in May 2021, which is slightly wider than last month's deficit of \$303 million. The reason for the trade deficit (April/May) was due to a reversal of a **commercial services** trade surplus in March to a deficit in April and May 2021. Canada's **travel services** trade balances, unusually positive since Apr 2020, reflect a sharp drop-off in international trips by Canadians during the pandemic period. Pandemic restrictions that continue to disrupt normal international travel, disproportionately affect Winnipeg International Airport operations.

Bottom Line (continued)

The value of Canada's goods domestic exports and imports in May 2021 were up 12 and 11 per cent respectively over Feb 2020, with a trade deficit of \$4.4 billion. The value of Manitoba's goods domestic exports and imports in May 2021 were up 8 and 9 per cent above Feb 2020, with a trade deficit of \$0.52 billion. When comparing gains in domestic exports we see that Canada's **forestry products**, and **farm, fishing and intermediate food products** posted greater gains than Manitoba. For imports, Canada's **metal and non-metallic mineral products** posted greater gains than Manitoba.

ANALYSIS: CURRENT ACCOUNT BALANCES



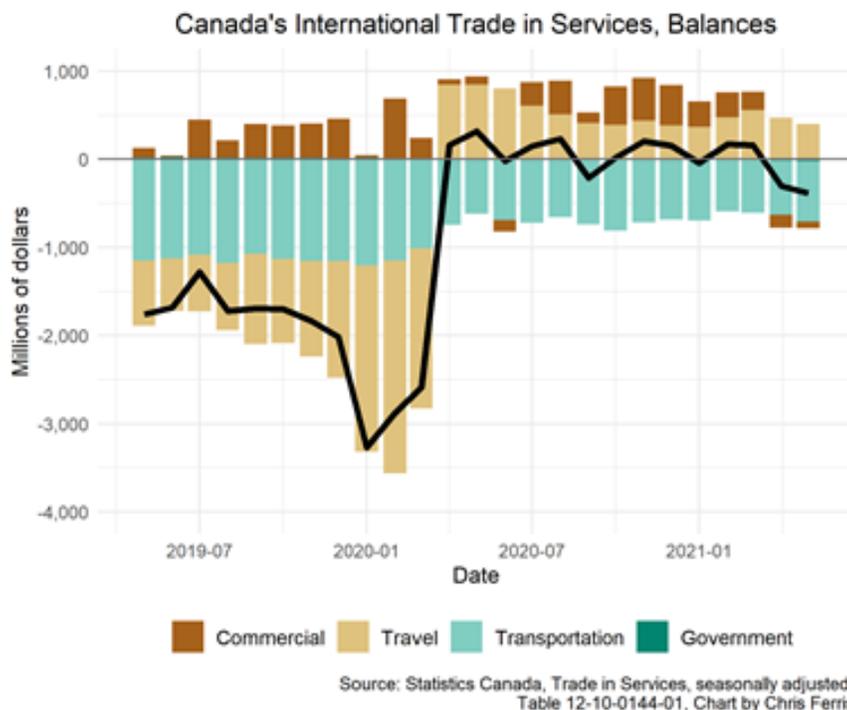
Analysis of Canada's current account balances - quarterly

A review Canada's balance of international payments for the first quarter of 2021, reveals the first current account surplus since Q3 2008. /1 When we consider the more recent data (Q4 2019 onwards), we see that net exports of services have been positive since Q2 2020, while goods export changed from a deficit to a surplus in Q1 2021. The combination these factors was enough to flip the current account to a surplus position overall.

Sources: Statistics Canada. Table 36-10-0018-01, Seasonally Adjusted.

/1 Canada had run a current account surplus from Q3 1999 to Q3 2008. The sharp decline in the trade balances of goods and services kept Canada's current account in a deficit position between Q4 2008 to Q4 2020 (black line).

ANALYSIS: SERVICES TRADE



Analysis of Canada's Trade in Services, Monthly Basis

Considering the balance of the monthly trade in services overall and by service category, the overall balance in the services trade moved to something much closer to perfect balance. This was largely driven by the sharp reduction in the travel service imports compared to travel service exports (see tan bars). We expect that the travel services balance will move back into a deficit when Canadians resume a more normal travel pattern.

Sources: Statistics Canada. Table 12-10-0244-01 Canada's Trade in Services, Seasonally Adjusted.

ANALYSIS: SERVICES TRADE



Canada's Index of Exports of Services

Canada's total exports of services are still down 15 percent from February 2020. Exports of **commercial services** in May 2021 were even with their level in February 2020. The value of **travel exports** (trips into Canada) is still 61 per cent below their level in February 2020.



Canada's Index of Imports of Services

Canada's total imports of services are still 30 percent below February 2020. Imports of **commercial services** in May 2021 were up 11 per cent over their February 2020. The value of travel imports (trips out of Canada) is still 90 per cent below February 2020 levels.

Sources: Statistics Canada. Table 12-10-0244-01 Canada's Trade in Services, Seasonally Adjusted.

AIR PASSENGER NETWORK DISRUPTIONS



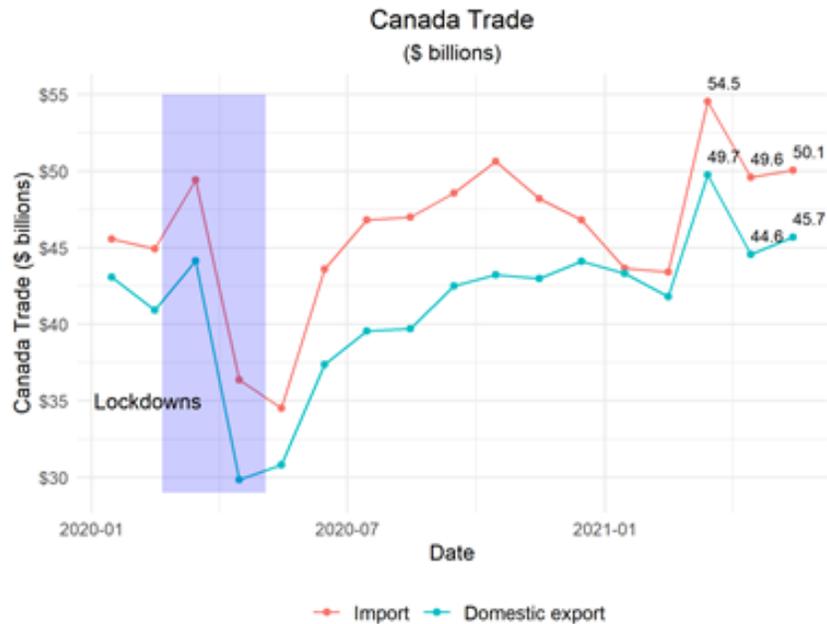
Travel

According to Transport Canada's [Advisory Circular AC 302-032](#), page 7, Canada has 13 international airports. Due to COVID-19 restrictions, only four of them (*Vancouver International, Calgary International, Toronto/ Lester B. Pearson International, and Montreal/ Pierre Elliot Trudeau International*) are currently allowed to handle international flights, disrupting normal international interconnections and negatively affecting Winnipeg International Airport operations.

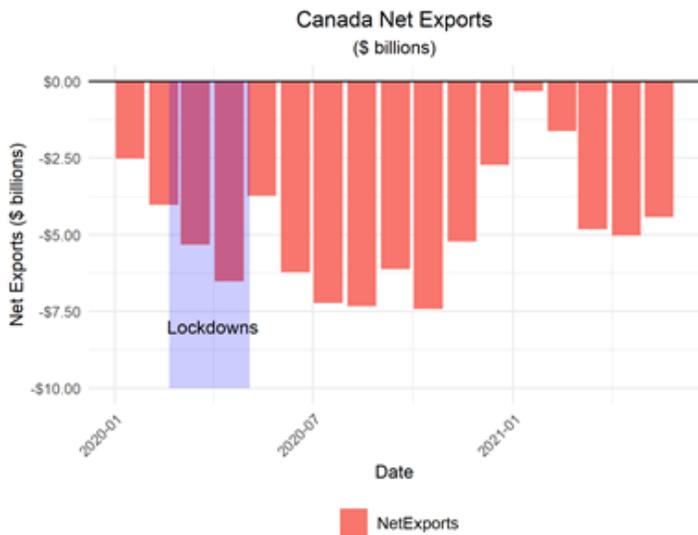
On May 5, 2021, the Winnipeg Airports Authority ([WAA](#)) noted that continued travel restrictions were expected to make it more difficult to recover passenger levels to pre-pandemic levels, continuing to disadvantage the Winnipeg Richardson International Airport. See WAA routes map in the [WAA's 2020 Annual report](#), page 21, or map above.

Safely reopening these domestic and international routes will support the air passenger value chain and the Manitoba economy.

ANALYSIS: GOODS TRADE



Source: Statistics Canada, Int'l Merchandise Trade by province, commodity and Principal Trading Partners, Monthly Table 12-10-0119-01, Chart by Chris Ferris



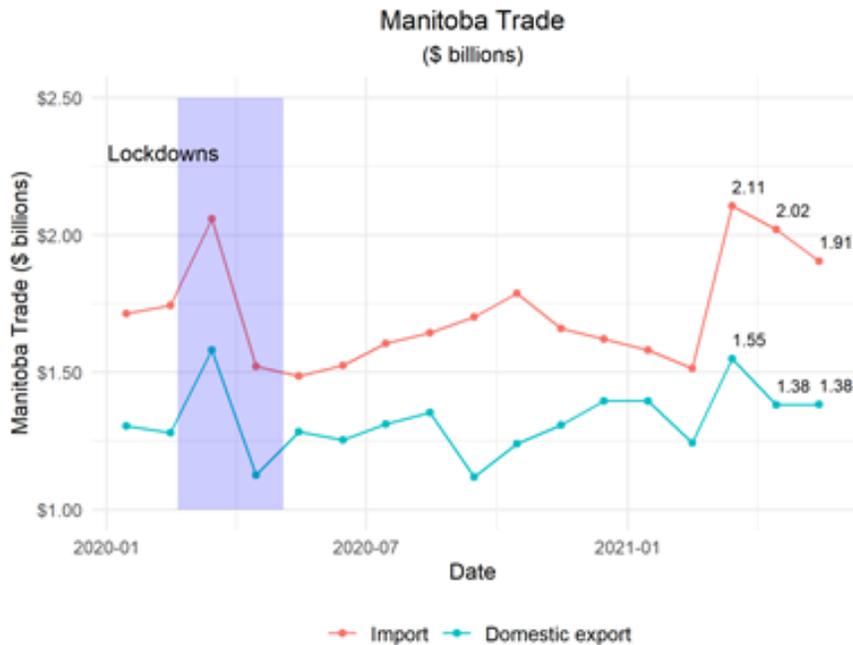
Source: Statistics Canada, Int'l Merchandise Trade by province, commodity and PTP, Monthly Table 12-10-0119-01, Chart by Chris Ferris

Canada's Trade in Goods, Monthly Basis

- Canada's May 2021 goods imports (\$50.1 billion) and goods domestic exports (\$45.7 billion) were both up slightly on the month.
- Canada's goods imports increased 11 per cent over Feb 2020, and goods domestic exports are up 12 per cent over February 2020.
- Canada's net exports improved only slightly on the month to -\$4.4 billion.

Sources: Statistics Canada. Table 12-10-0119-01 Trade in Goods, Seasonally Adjusted.

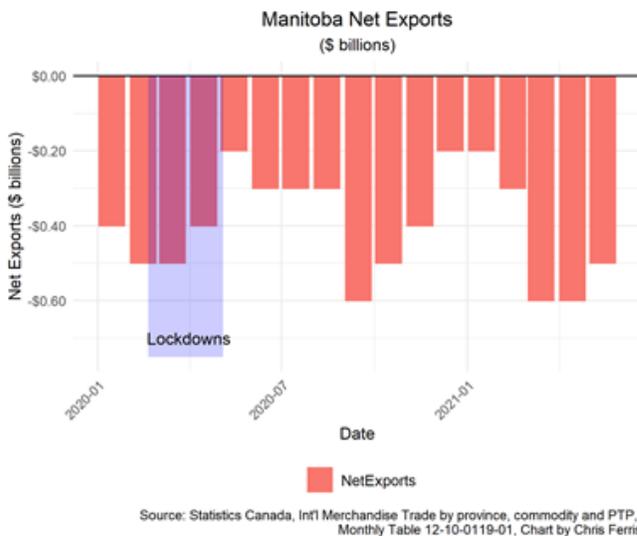
ANALYSIS: GOODS TRADE



Source: Statistics Canada, Int'l Merchandise Trade by province, commodity and PTP, Monthly Table 12-10-0119-01, Chart by Chris Ferris

Manitoba's Trade in Goods, Monthly Basis

- Manitoba's May 2021 goods imports (\$1.91 billion) were down slightly on the month, while goods domestic exports (\$1.38 billion) were flat.
- Manitoba's goods imports are up 9 per cent over Feb 2020, and goods domestic exports are up 8 per cent over February 2020.
- Manitoba's net exports improve slightly on the month to -\$0.52 billion.



Source: Statistics Canada, Int'l Merchandise Trade by province, commodity and PTP, Monthly Table 12-10-0119-01, Chart by Chris Ferris

Sources: Statistics Canada. Table 12-10-0119-01 Trade in Goods, Seasonally Adjusted.

ANALYSIS: GOODS TRADE

Trade	North American Product Classification System (NAPCS)	Canada			Manitoba		
		2020-02 (\$M)	2021-05 (\$M)	Index	2020-02 (\$M)	2021-05 (\$M)	Index
Domestic export	Total of all merchandise	40,913	45,686	112	1,281	1,383	108
	Energy products [C 12]	9,205	9,717	106	83	44	53
	Motor vehicles and parts [C19]	6,317	3,703	59	100	50	50
	Consumer goods [C22]	4,861	6,066	125	438	439	100
	Metal and non-metallic mineral products [C 14]	4,515	5,499	122	37	51	139
	Forestry products and building and packaging materials [C 16]	3,067	5,504	179	53	83	155
	Farm, fishing and intermediate food products [C 11]	2,611	4,235	162	305	430	141
	Basic and industrial chemical, plastic and rubber products [C 15]	2,490	3,038	122	55	62	113
	Industrial machinery, equipment and parts [C 17]	2,487	2,334	94	115	130	113
	Metal ores and non-metallic minerals [C 13]	1,700	1,890	111	0	0	165
	Aircraft and other transportation equipment and parts [C 21]	1,692	1,754	104	32	36	111
	Electronic and electrical equipment and parts [C 18]	1,491	1,637	103	24	22	89
	Special transactions trade [C 23]	475	410	86	39	36	93
Import	Total of all merchandise	44,915	50,062	111	1,744	1,905	109
	Motor vehicles and parts [C19]	9,101	7,738	85	179	183	103
	Consumer goods [C22]	9,007	11,040	123	232	270	116
	Industrial machinery, equipment and parts [C 17]	4,916	5,917	120	374	481	128
	Electronic and electrical equipment and parts [C 18]	4,886	5,458	112	151	162	108
	Basic and industrial chemical, plastic and rubber products [C 15]	3,827	4,444	116	224	343	153
	Metal and non-metallic mineral products [C 14]	2,891	4,944	171	90	108	120
	Energy products [C 12]	2,524	2,218	88	64	21	33
	Aircraft and other transportation equipment and parts [C 21]	2,468	1,476	60	228	99	44
	Forestry products and building and packaging materials [C 16]	1,976	2,488	126	97	113	116
	Farm, fishing and intermediate food products [C 11]	1,632	1,930	118	75	78	103
	Metal ores and non-metallic minerals [C 13]	877	1,136	129	19	33	172
	Special transactions trade [C 23]	809	1,274	157	12	14	122

Source: Statistics Canada, Table 12-10-0119-01.

Trade by geography and N.A. Product Classification System

Trade with all destinations by products (\$Millions, Index) has improved. Both imports and domestic exports are up for Canada and Manitoba May'21/Feb'20. Any trade index value below 100 is still lagging its level in February 2020, while any index value above 100 is up vs February 2020.

The largest increases by product categories:

- Canada's domestic exports of **forestry products** were up 79 per cent over Feb'20,
- Canada's imports of **metal and non-metallic mineral products** were up 71 per cent over Feb'20.
- Manitoba's domestic exports of **metal and non-metallic mineral products** were up 71 per cent over Feb'20, and
- Manitoba's imports of **metal ores and non-metallic minerals products** were up 72 per cent over Feb'20.

INQUIRIES AND CONTACTS

If you require help accessing government programs, contact our YES! Winnipeg team through the [Help us help you form](#).

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