

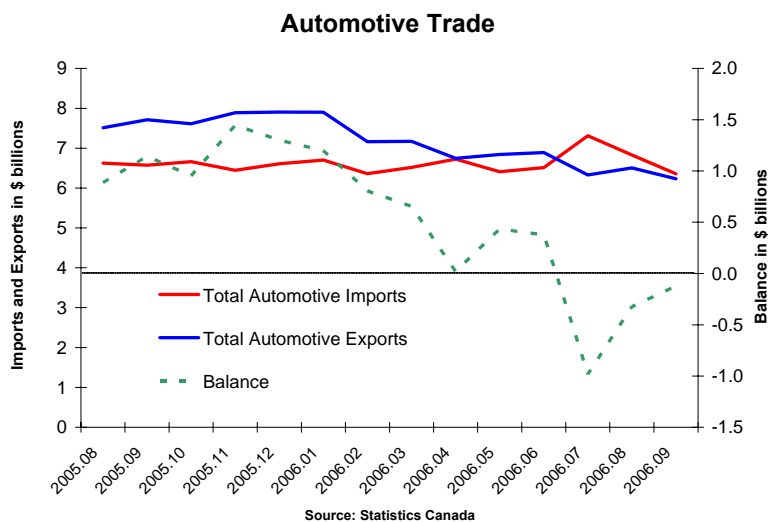
MONTHLY TRADE REPORT – September 2006

- **Merchandise exports** decreased 2.0% in September to \$37.9 billion.
 - Lower exports to the U.S. contributed to the largest share of this decline, dropping by 4.0%, a result of lower energy prices and a fall in automotive exports.
 - Exports to Japan also fell, declining by 8.7% as exports of industrial products fell sharply along with a drop in energy exports. This is consistent with the recent slowdown in the Japanese economy as GDP growth slowed to only 1.0% in the second quarter.
 - Exports to all other major destinations increased, especially to “other OECD” where exports grew by a robust 19.4%.
 - Lower energy and automotive exports were the major contributors to the overall decline in exports for the month.
- **Merchandise imports** decreased by 1.6%, to reach \$33.9 billion for the month.
 - Imports from the U.S. accounted for the largest portion of the drop, falling by 1.9% or \$428 million for the month. Much of this was due to lower imports of industrial goods, machinery and equipment and automotive products.
 - Imports from Japan and the EU decreased by 3.0% and 0.3% respectively while they fell by 1.3% from all other destinations.
 - Two sectors accounted for the vast majority of the decline in imports; automotive products (down \$473 million) recorded the largest drop in imports followed by industrial goods (down \$184 million).
- The **merchandise trade surplus** contracted by \$222 million to reach \$4.0 billion in September. On a year-to-date basis the surplus was \$2.9 billion lower than the same period a year earlier.

Trade in the Automotive Sector

The auto sector recorded the largest monthly deficit in history in July of this year as imports reached their highest level on record and exports continued their downward trend.

After peaking in November 2005, Canada's trade surplus had been steadily shrinking, matching a gradual decline in exports. In September, the balance moved closer to zero, although remaining on the negative side due to decreased imports; exports continued to fall.



KEY TRADE STATISTICS – September 2006

| | September \$ millions | % change over | | YTD 2006 \$ millions | YTD % change previous year |
|-----------------------------|--------------------------|-------------------|---------------|-------------------------|-------------------------------|
| | | previous month | previous year | | |
| Exports | | | | | |
| -United States | 29,208 | -4.0 | -8.5 | 272,471 | 0.8 |
| -EU | 2,928 | 6.9 | 14.6 | 24,523 | 13.6 |
| -Japan | 882 | -8.7 | -8.7 | 7,928 | 3.4 |
| -Other | 4,865 | 7.2 | 23.6 | 37,398 | 12.0 |
| All | 37,883 | -2.0 | -3.8 | 342,320 | 2.8 |
| Imports | | | | | |
| -United States | 21,906 | -1.9 | 1.6 | 196,646 | 1.5 |
| -EU | 3,705 | -0.3 | 19.1 | 31,494 | 10.8 |
| -Japan | 1,039 | -3.0 | 8.0 | 9,027 | 7.5 |
| -Other | 7,262 | -1.3 | 4.7 | 63,718 | 9.8 |
| All | 33,912 | -1.6 | 4.1 | 300,885 | 4.2 |
| Trade Balance | 3,971 | 4,193 | - | 41,435 | - |
| Commodity Prices | 185.4 | 204.2 | 208.0 | | |
| Can/US Exchange Rate | 1.116 | 1.118 | 1.178 | | |

| | | | | | |
|--------------------------|---------------|-------------|----------|----------------|----------|
| China¹ | | | | | |
| -Exports | 548 | n.a. | 0.1 | 4,785 | -3.9 |
| -Imports | 3,187 | n.a. | 8.8 | 24,938 | 17.2 |
| Trade Balance | -2,638 | n.a. | - | -20,153 | - |

MAJOR COMMODITY GROUPINGS

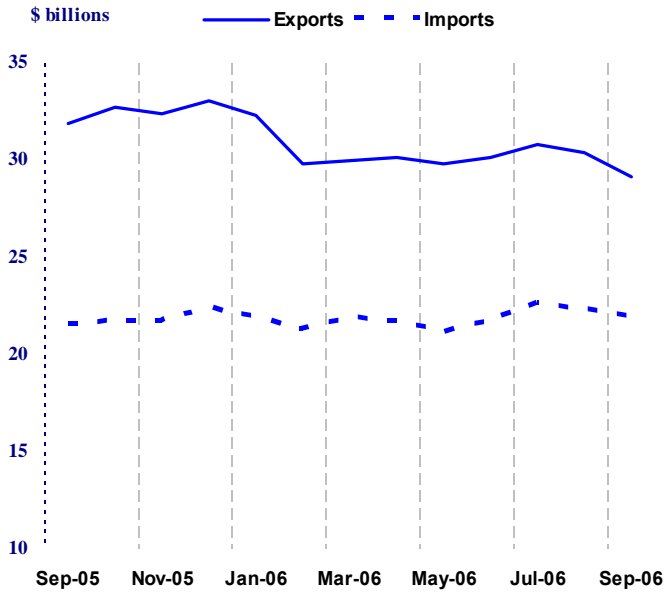
| | September \$ millions | % change over | | YTD 2006 \$ millions | YTD % change previous year |
|-------------------------|--------------------------|-------------------|---------------|-------------------------|-------------------------------|
| | | previous month | previous year | | |
| Exports | | | | | |
| -Agricultural & Fishing | 2,738 | 2.1 | 7.1 | 23,375 | 4.8 |
| -Energy | 7,175 | -6.5 | -17.5 | 66,671 | 9.6 |
| -Forestry | 2,674 | -1.7 | -7.0 | 25,418 | -7.3 |
| -Industrial Goods | 8,306 | -0.1 | 18.6 | 69,362 | 9.9 |
| -Machinery & Equipment | 8,092 | 0.4 | 3.2 | 71,403 | 0.9 |
| -Automotive | 6,234 | -4.2 | -19.2 | 61,723 | -4.7 |
| -Consumer Goods | 1,465 | -3.4 | 5.3 | 13,139 | 1.1 |
| Imports | | | | | |
| -Agricultural & Fishing | 2,015 | 0.7 | 8.8 | 17,401 | 6.0 |
| -Energy | 3,410 | -0.4 | 14.3 | 26,997 | 10.5 |
| -Forestry | 255 | -1.5 | 1.6 | 2,284 | -4.1 |
| -Industrial Goods | 6,863 | -2.6 | 5.8 | 62,250 | 6.3 |
| -Machinery & Equipment | 9,579 | -0.8 | 3.7 | 84,982 | 3.2 |
| -Automotive | 6,356 | -6.9 | -3.3 | 59,617 | 1.7 |
| -Consumer Goods | 4,302 | 0.3 | 3.1 | 38,417 | 4.2 |

¹ Chinese trade data is only available on a customs basis, whereas all other data are on a balance of payments basis and are therefore not strictly comparable. Statistics Canada is in the process of producing balance of payments data for China.

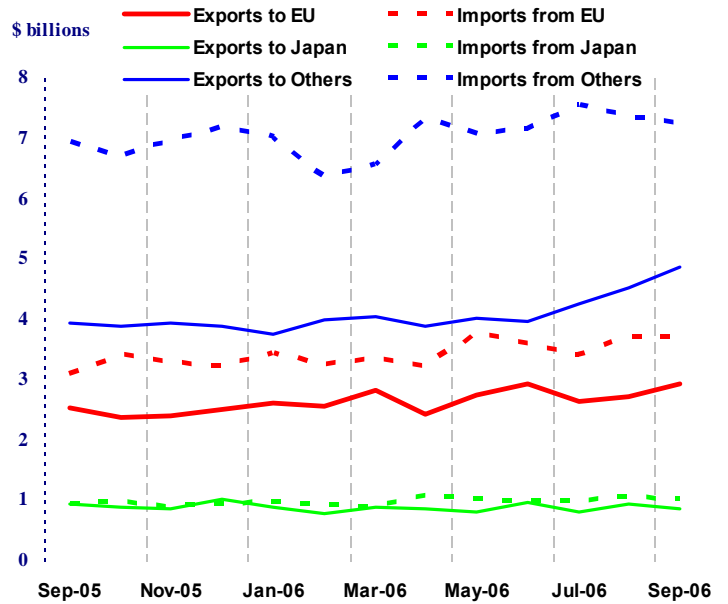


KEY ECONOMIC INDICATORS

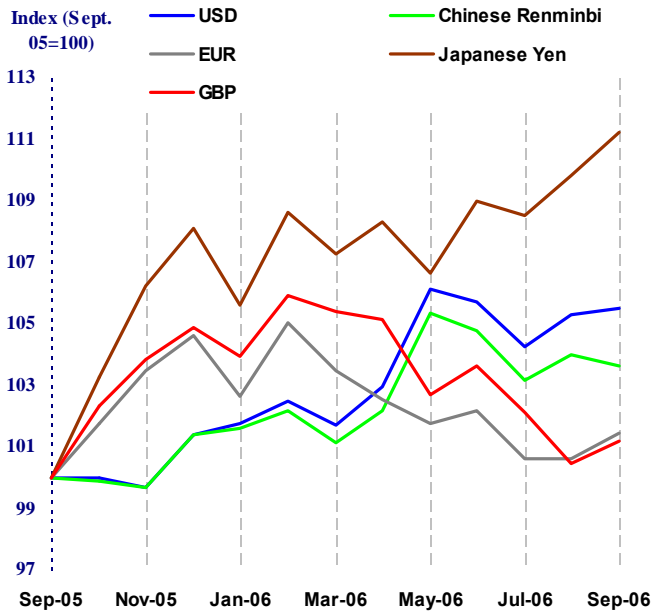
Canada-U.S. Trade*



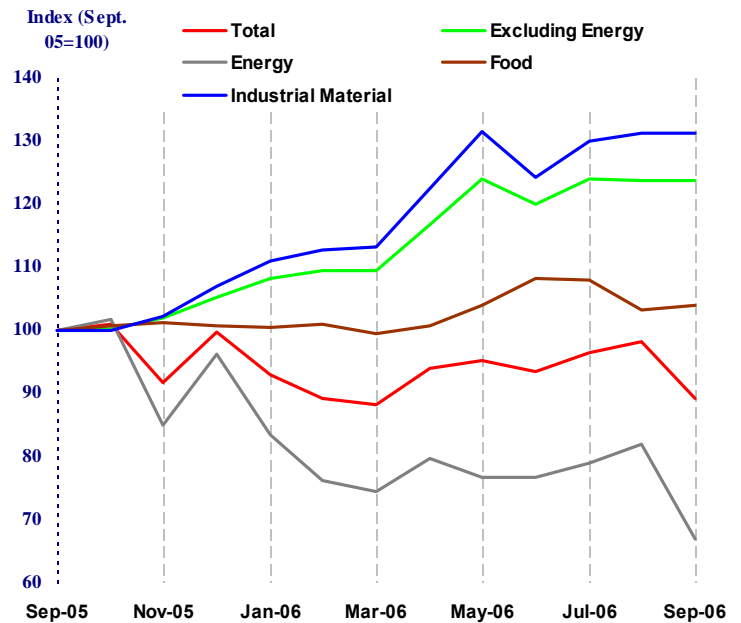
Trade with EU, Japan and Others*



Exchange Rate Index (Cnd \$ vs.)



Commodity Price Index



* The time series trade data do not include revisions to the historical figures.

