

MONTHLY TRADE REPORT – October 2006

- **Merchandise exports** decreased 1.7% in October to reach \$37.3 billion.
 - Exports to the U.S. fell for the third consecutive month reaching their lowest level in two years as the U.S. economy slowed in the third quarter, with GDP growing only 2.2%. A slowdown in the U.S. automotive and housing market along with a sharp drop in energy prices contributed to the overall decline.
 - Exports to Japan grew at a healthy 6.0% fuelled by strong demand for Canadian industrial goods and machinery and equipment. Helping this growth was a turnaround in the Japanese economy as GDP growth rebounded to 2.0% in the third quarter from 1.0% in the second quarter.
 - Exports to non-OECD destinations have been on an upward trend for the last four months pushed up by surging demand from emerging markets.
 - A rebound in automotive exports (up 4.5%) was fuelled by a 45% increase in exports of trucks and other commercial vehicles. This, however, was not sufficient to offset the sharp downturn in energy exports for the month of October (mostly resulting from lower prices). Aircraft also saw a considerable decline, dropping 12.0% for the month.
- **Merchandise imports** increased by 0.4%, to reach \$33.5 billion for the month.
 - Imports from the U.S. and Japan decreased in October by 0.6% and 4.9% respectively.
 - The decline in imports from the U.S. and Japan was somewhat offset by a 0.5% increase in imports from the E.U. However, imports from other country sources, which include China, showed the largest gains with a 4.1% increase.
 - Imports of industrial goods and materials recorded the highest growth with a 3.4% increase in October, followed by forestry products with a 2.7% rise.
 - Energy imports decreased by 12.9% in October as a result of the aforementioned decline in energy prices.
- The **merchandise trade surplus** fell by \$763 million to reach \$3.8 billion in October, resulting from a large decrease in Canada's trade balance with the U.S. (down \$553 million), other OECD (down \$302 million) and the EU (down \$178 million).



KEY TRADE STATISTICS – October 2006

	October \$ millions	% change over		YTD 2006 \$ millions	YTD % change previous year
		previous month	previous year		
Exports					
-United States	28,533	-2.3	-12.8	300,880	-0.7
-EU	2,783	-5.5	17.0	27,367	14.2
-Japan	968	6.0	8.4	8,937	4.4
-Other	5,038	3.1	29.5	42,437	13.8
All	37,322	-1.7	-6.5	379,621	1.8
Imports					
-United States	21,740	-0.6	-0.2	218,537	1.4
-EU	3,557	0.5	4.0	34,933	9.7
-Japan	980	-4.9	1.2	9,991	6.6
-Other	7,267	4.1	8.5	70,689	9.2
All	33,544	0.4	2.1	334,150	3.9
Trade Balance	3,778	4,541	-	45,471	-
Commodity Prices	186.1	185.4	210.3		
Can/US Exchange Rate	1.129	1.116	1.178		

China¹					
-Exports	760	n.a.	31.3	5,901	-0.1
-Imports	3,451	n.a.	15.9	28,389	17.1
Trade Balance	-2,691	n.a.	-	-22,488	-

MAJOR COMMODITY GROUPINGS

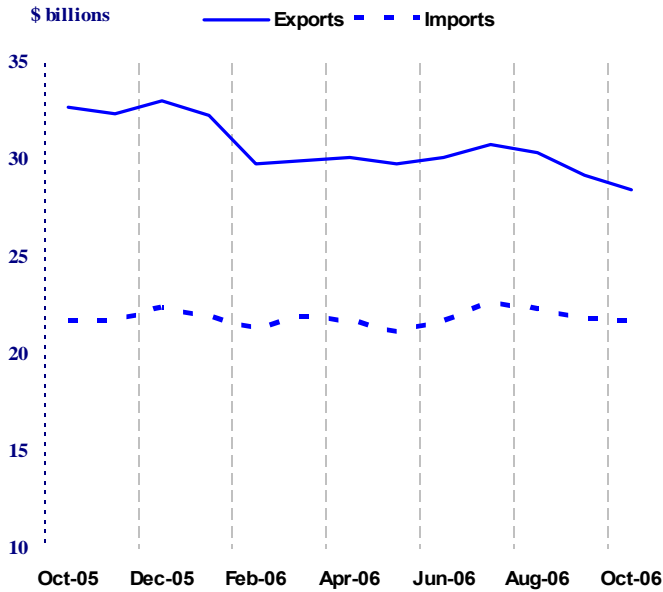
	October \$ millions	% change over		YTD 2006 \$ millions	YTD % change previous year
		previous month	previous year		
Exports					
-Agricultural & Fishing	2,680	-4.3	3.4	26,132	5.0
-Energy	6,402	-11.5	-31.4	73,072	4.1
-Forestry	2,666	-0.3	-12.7	28,084	-7.8
-Industrial Goods	8,351	0.7	20.6	77,642	10.9
-Machinery & Equipment	7,970	-1.0	3.3	79,312	1.0
-Automotive	6,503	4.5	-14.6	68,255	-5.7
-Consumer Goods	1,553	5.9	9.5	14,687	1.9
Imports					
-Agricultural & Fishing	1,985	-1.5	6.2	19,406	6.2
-Energy	2,568	-12.9	-11.4	29,083	6.4
-Forestry	264	2.7	5.2	2,552	-3.0
-Industrial Goods	7,134	3.4	9.4	69,510	6.8
-Machinery & Equipment	9,671	1.2	1.2	94,683	3.0
-Automotive	6,385	0.1	-4.1	65,998	1.1
-Consumer Goods	4,380	1.2	6.9	42,850	4.6

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.

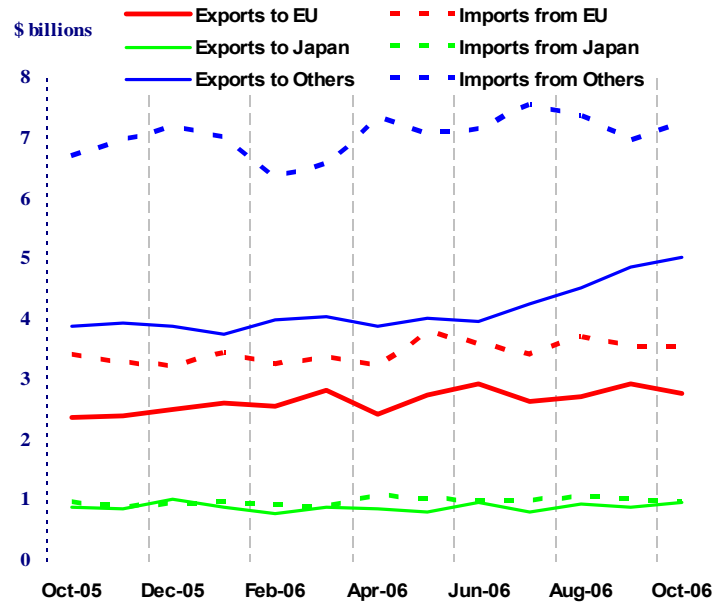


KEY ECONOMIC INDICATORS

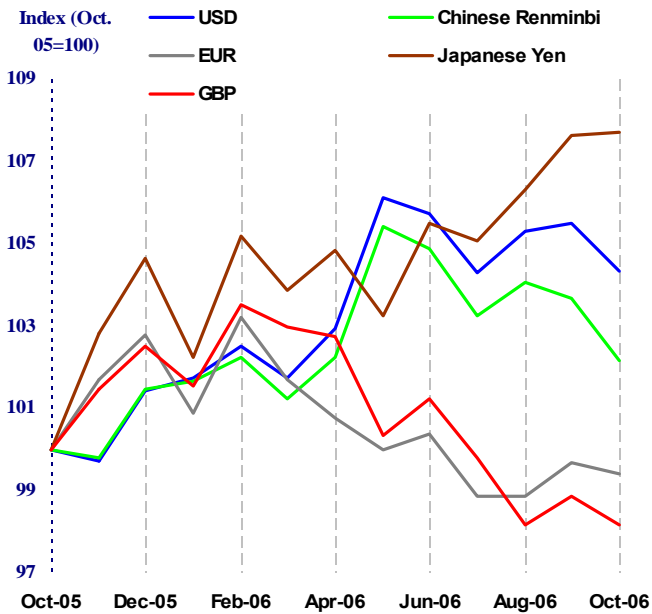
Canada-U.S. Trade*



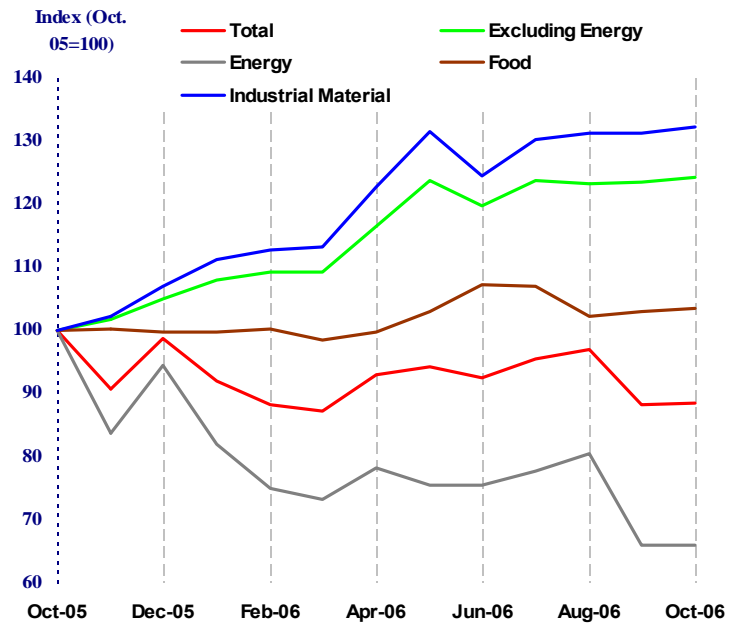
Trade with EU, Japan and Others*



Exchange Rate Index (Cnd \$ vs.)



Commodity Price Index



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

