



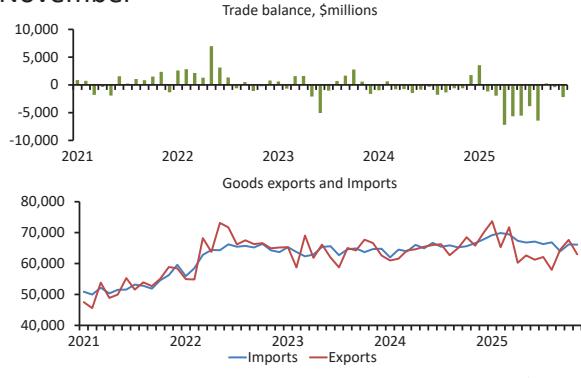
Economic Commentary

January 29 2026

Exports growth pattern volatile on gold, but underlying pattern remains weak

Canadian international trade patterns weakened in November as rollbacks in mining-related and autos related sales widened the good- trade deficit. Total Canadian goods- exports fell 2.8 per cent (\$1.8 billion) from October on a balance-of-payments basis to \$63.9 billion, while imports were roughly unchanged at \$66.2 billion. As a result, the trade deficit to about \$2.2 billion from \$394 million the prior month. That said, most of the deterioration came from lower prices as real export volume fell a more modest 0.9 per cent.

Canadian trade balance deteriorates in November

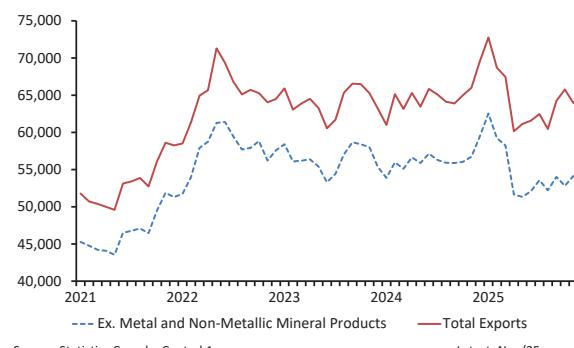


Consistent with prior months, export volatility was driven by the metals- and non-metallic mineral sector. Sector exports fell by nearly a quarter or \$3.2 billion and driven by gold shipments. The sector has dominated trade fluctuations over the past three months as gold demand and prices have generally ripped higher. Further contributing to export weakness was the auto sector which plunged 11.6 per cent m/m (\$900 million) to the lowest level since November 2022, reflecting production challenges from semi-conductors shortages and tariffs on heavy duty trucks and buses that were implemented during the month. Some offset to these declines included an 8.5 per cent (\$1.08 billion) increase in energy exports with large gains in both crude and natural gas sales.

The impact of high gold prices has muddied the underlying trend in Canadian exports. Total year-to-date exports were flat through November. Excluding metals- and non-metallic mineral sectors, exports rose 2.5 per

Gold sheen masks underlying export weakness in recent months

Goods exports, \$ million

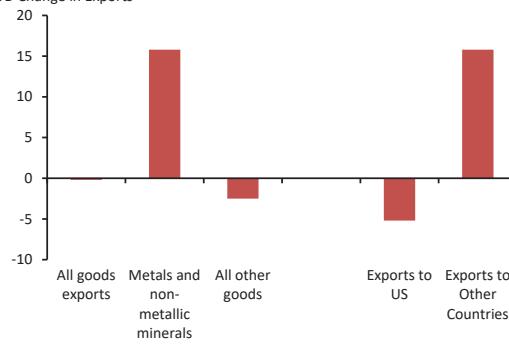


cent m/m but fell 2.5 per cent year-to-date pointing to an ongoing drag from the trade environment.

By destination, goods exports to the U.S. fell 1.8 per cent, and 19 per cent to the U.K. (following an 82 per cent increase in October), highlighting the impact of gold shipments. Through November, year-to-date exports to the U.S. have declined 5.2 per cent, while shipments to the rest of the world rose 16 per cent. That said, this largely owes to commodity prices but does point to some diversification of trade away from the U.S. as businesses navigate sectoral tariffs and challenges.

Exports lifted by metals, pivot to non-U.S. markets

YTD Change in Exports



The export picture looks to remain choppy this year. Review of USMCA is assumed to yield a status quo environment that maintains existing tariffs and exemptions but creates ongoing uncertainty as the countries negotiate or push off renewal. A pivot in trade towards

alternative markets including China, other Asia-Pacific regions, India and Europe could provide some lift. Specifically, calming of trade tension has re-opened China's market to Canadian agriculture and seafood which will be beneficial to the Prairies and coastal regions. Further gains are likely, but diversification will take time, and the path is limited in the near-term given existing supply chains and capacity challenges in pipelines and ports' infrastructure.

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