

Canada Extends Longest Trade Deficit Streak in Quarter Century
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By Greg Quinn

July 3 (Bloomberg) -- Canada extended the longest streak of merchandise trade deficits in a quarter century in May, with the shortfall narrowing as imports fell faster than exports.

The C\$303 million (\$287 million) deficit was the 17th in a row and followed an April gap that was revised to C\$951 million from C\$567 million, Statistics Canada said today in Ottawa. Economists surveyed by Bloomberg forecast the May deficit would be C\$700 million, based on the median of 19 forecasts.

Bank of Canada Governor Stephen Poloz said in a June 19 speech that rebuilding business confidence and investment will require "patience" with shipments abroad weighed down by a lack of global demand. The central bank has called the export recovery the slowest since World War II, hampered by a strong currency and a lack of competitiveness among Canadian companies.

Imports fell 3.2 percent to C\$39.6 billion in May, the first decline in five months. Shipments of crude oil and bitumen fell 34.1 percent to C\$1.5 billion, the lowest since March 2009, while metal ores and minerals dropped 38.8 percent to C\$777 million.

Exports fell 1.6 percent to C\$39.3 billion in May, the fastest since July 2012, following April's 0.4 percent decline.

Metal ores and minerals fell 15.0 percent to C\$4.2 billion and motor vehicles and parts declined 3.8 percent to C\$5.4 billion.

The volume of imports declined 2.0 percent and import volumes fell 0.7 percent, Statistics Canada said. Volume figures adjust for price changes and can be a better indicator of how trade contributes to economic growth.

The surplus with the U.S. widened to C\$3.45 billion in May from C\$3.41 billion a month earlier. Exports make up about one-third of Canada's economy, with about 75 percent of the shipments going to the U.S.

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