

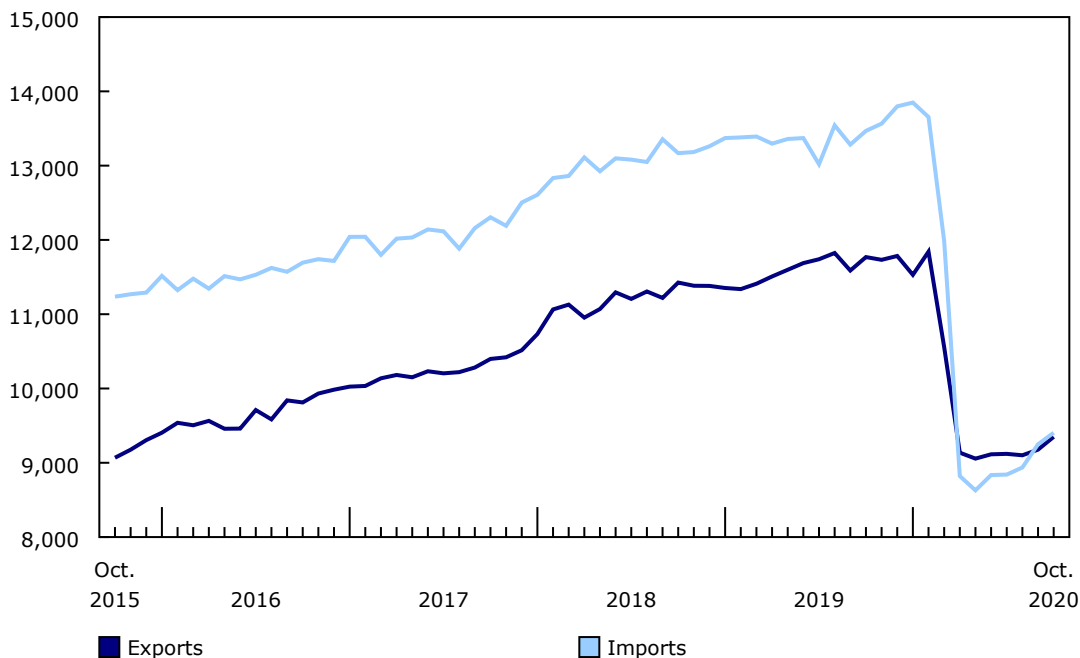
Canadian international trade in services, October 2020

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Canada's monthly international trade in services deficit narrowed from \$72 million in September to \$55 million in October. Overall, exports of services increased 1.9% to \$9.3 billion, and imports were up 1.7% to \$9.4 billion.

Chart 1
International trade in services

millions of dollars



Note(s): Data are seasonally adjusted.
Source(s): Table 12-10-0144-01.

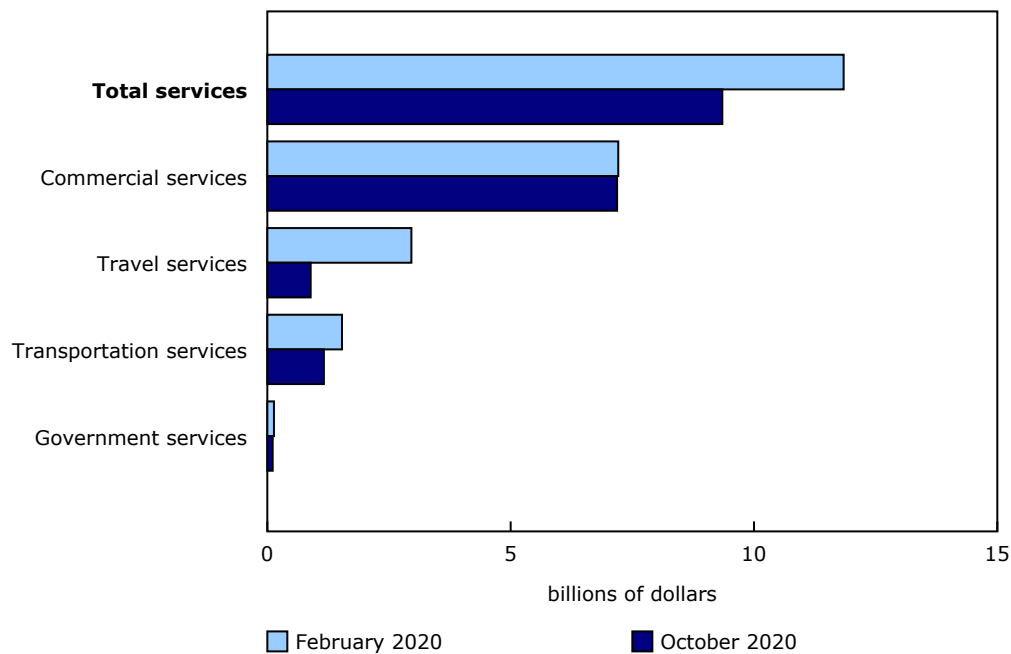
Exports of commercial services rose 1.4% to \$7.2 billion in October, slightly below the record level of February. Overall, exports of commercial services have remained relatively strong since the start of the pandemic. Exports of transportation services increased 6.0% to \$1.2 billion; the non-passenger fares component of transportation services recovered to 1.0% below its February level. This component of transportation services is closely tied to Canada's international trade in goods, which has largely rebounded in recent months. Meanwhile, exports of travel services rose 1.1% to \$890 million, but was still nearly 70% below its February level.



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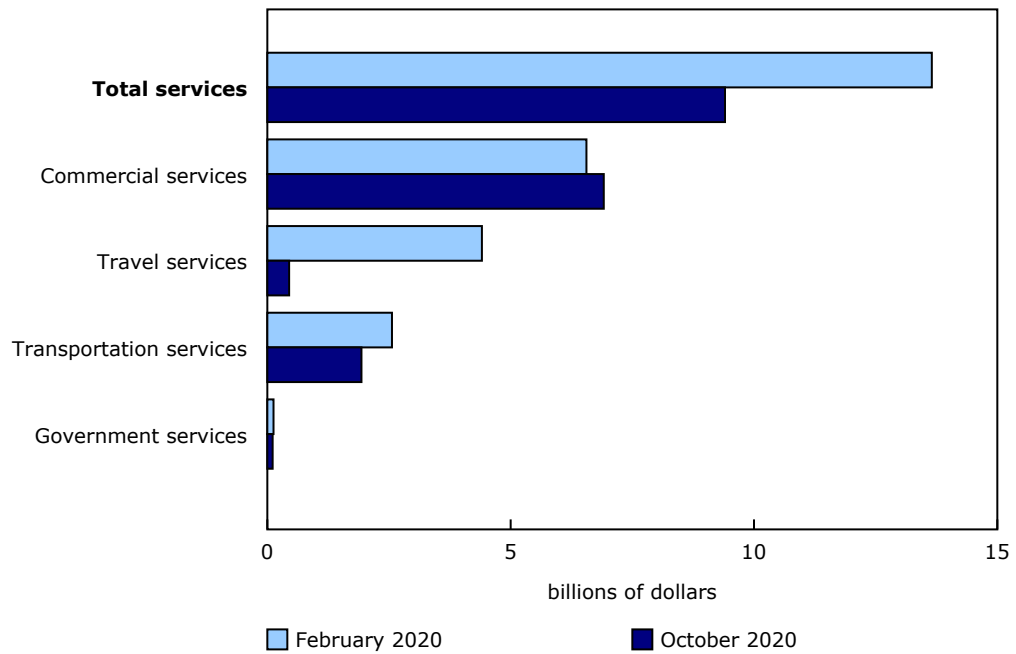
Chart 2
International trade in services, exports



Note(s): Data are seasonally adjusted.
Source(s): Table [12-10-0144-01](#).

Imports of transportation services increased 6.4% to \$1.9 billion in October. As with the increase in September, this gain is mainly due to higher payments for the marine shipment of goods. In October, the passenger fares component of transportation service imports was 95.2% below its February level, while the non-passenger fares component has more than recovered to its pre-pandemic level, at 12.6% above its February level.

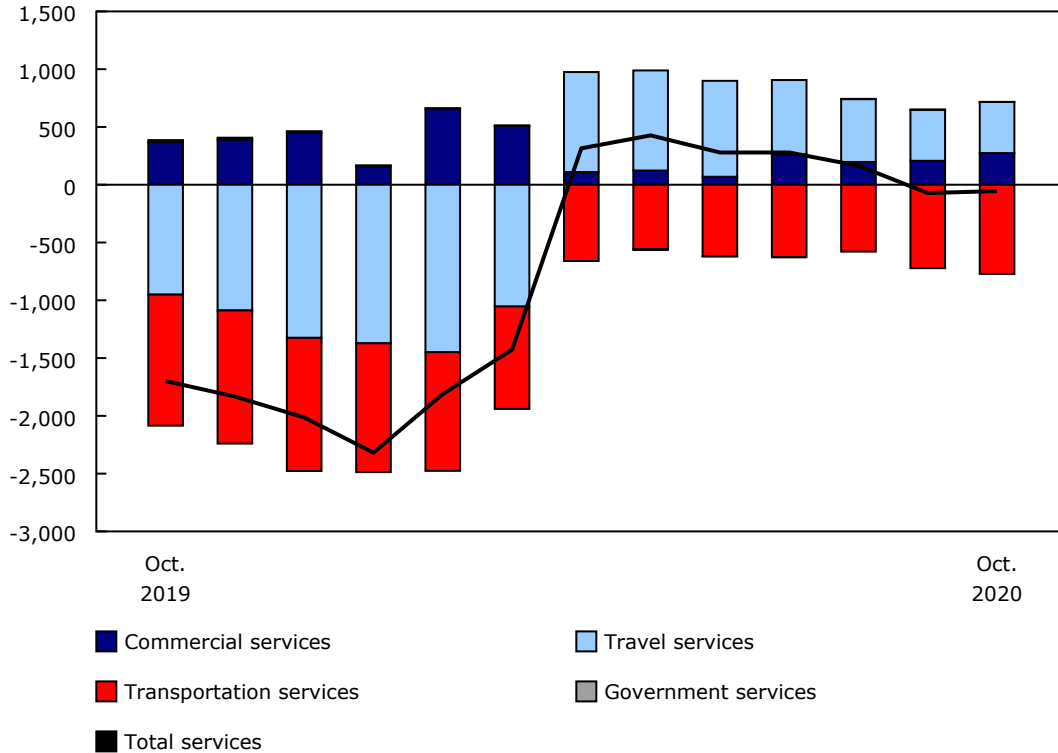
Chart 3
International trade in services, imports



Note(s): Data are seasonally adjusted.
Source(s): Table [12-10-0144-01](#).

Chart 4
International trade in services, balances

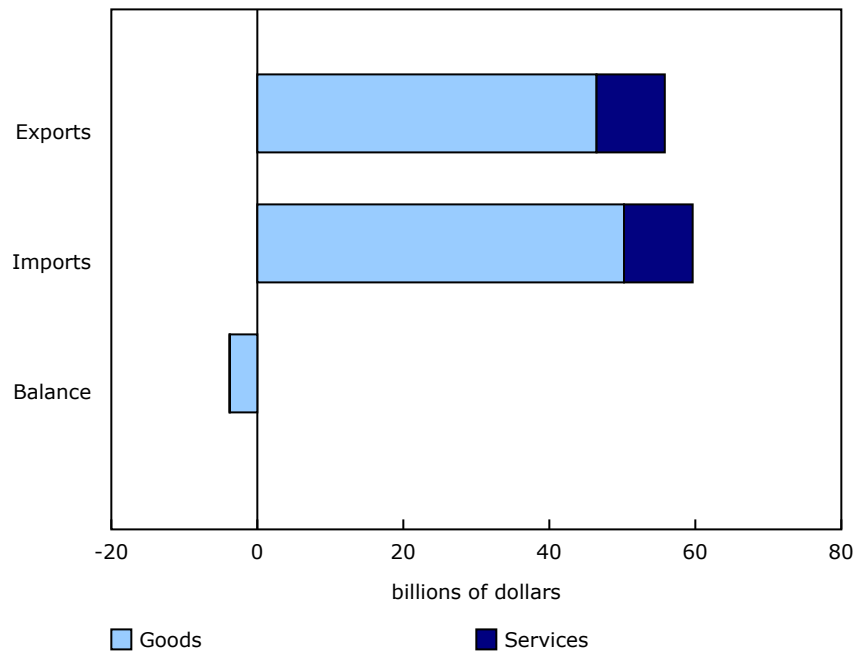
millions of dollars



Note(s): Data are seasonally adjusted.
Source(s): Table 12-10-0144-01.

In comparison, total exports of goods increased 2.2% to \$46.5 billion in October and total imports of goods were up 1.9% to \$50.2 billion, resulting in a goods deficit of \$3.8 billion. When combined, the trade balance for goods and services posted a deficit of \$3.8 billion in October—a decrease of \$71 million from September.

Chart 5
International trade in goods and services, October 2020



Note(s): Data are seasonally adjusted. Trade in goods data are on a balance of payments basis.
Source(s): Tables [12-10-0011-01](#) and [12-10-0144-01](#).

The services trade balance for September, first reported as a surplus of \$11 million, was revised down by \$83 million with this month's release for a deficit of \$72 million. Imports of services for September were revised up by \$193 million, almost entirely on upward revisions to commercial services. Exports of services were revised up by \$110 million, mainly on upward revisions to both commercial services and travel services. This month's release reflects the integration of quarterly benchmark data from the balance of payments for the third quarter of 2020, as well as revisions to the first and second quarters of 2020.

Note to readers

Adjustments to the methodological approach

Circumstances surrounding COVID-19 pose issues for the production of monthly international trade in services statistics, particularly travel and transportation services.

Travel services and the passenger fares component of transportation services are estimated using tourist and traveller counts as indicators of monthly movement. These data are not available on a timely basis and are projected for the reference month before being replaced by the actual values the following month. This approach works in a typical month, but does not work in the current situation, in which travel restrictions to reduce tourist and traveller numbers were implemented very quickly.

To better capture the effects of the COVID-19 pandemic, Statistics Canada is incorporating data from the Canada Border Services Agency's primary inspection kiosks into its monthly international trade in services program. These are electronic customs declaration kiosks that have been installed in most major Canadian airports. While these data represent only a subset of total travellers, they provide relevant and timely insights.

In addition, the methodology used to estimate the monthly international trade in services statistics involves first projecting quarterly benchmark values, then dividing these quarterly values into monthly values using economic indicators. While the projected quarterly value was previously kept constant throughout the production process for all three months of the quarter, with current volatility, this particular element of the model was revised and the benchmark values are being adjusted based on the most current data, as needed.

Revisions

Because of the unprecedented circumstances related to the COVID-19 pandemic, larger-than-normal revisions may occur in subsequent months, as additional, but less timely, indicator data are incorporated into the monthly services program.

Methodology

Because several data sources used to compile the data from the international trade in services program are available only on a quarterly or annual basis, the monthly statistics on Canada's international trade in services are generated using models when up-to-date information is not available. This follows the methodology used in many countries that produce monthly trade in services data.

In general, for most commercial and travel services, as well as some transportation services, modelling of monthly estimates follows a three-step approach. First, values for the upcoming quarter are estimated using statistical models (auto-regressive integrated moving average). Second, indicator series that act as a proxy for the monthly movement of trade in services are identified through relationships with other economic indicators, such as merchandise trade or gross domestic product by industry. Third, a temporal disaggregation method (the Denton-Cholette method) is applied to distribute modelled quarterly services on a monthly basis, using the predicted values of monthly services generated in the second step. Adjustments are made each month as new information becomes available.

Table 1
International trade in services – Seasonally adjusted

	June 2020 ^r	July 2020 ^r	August 2020 ^r	September 2020 ^r	October 2020
millions of dollars					
Total services, exports	9,114	9,120	9,101	9,177	9,349
Commercial services	6,814	6,888	6,923	7,091	7,187
Travel services	1,194	1,027	965	880	890
Transportation services	996	1,095	1,103	1,096	1,162
Government services	110	110	110	110	110
Total services, imports	8,835	8,841	8,937	9,249	9,404
Commercial services	6,745	6,626	6,726	6,884	6,913
Travel services	364	383	421	439	448
Transportation services	1,614	1,722	1,682	1,818	1,934
Government services	112	110	108	108	109
Total services, balances	279	279	164	-72	-55
Commercial services	69	262	197	207	274
Travel services	830	644	544	441	442
Transportation services	-618	-627	-579	-722	-772
Government services	-2	0	2	2	1

^r revised

Source(s): Table [12-10-0144-01](#).

Table 2
International trade in goods and services – Seasonally adjusted

	June 2020 ^r	July 2020 ^r	August 2020 ^r	September 2020 ^r	October 2020
millions of dollars					
Exports					
Goods	41,352	45,787	45,045	45,484	46,467
Services	9,114	9,120	9,101	9,177	9,349
Goods and services	50,466	54,907	54,146	54,661	55,816
Imports					
Goods	42,685	48,052	48,185	49,302	50,230
Services	8,835	8,841	8,937	9,249	9,404
Goods and services	51,520	56,893	57,122	58,551	59,634
Balances					
Goods	-1,333	-2,265	-3,140	-3,817	-3,763
Services	279	279	164	-72	-55
Goods and services	-1,054	-1,986	-2,976	-3,889	-3,818

^r revised

Source(s): Tables [12-10-0011-01](#) and [12-10-0144-01](#).

Available tables: table [12-10-0144-01](#).

Definitions, data sources and methods: survey number [1536](#).

The updated [Canada and the World Statistics Hub \(13-609-X\)](#) is available online. This product illustrates the nature and extent of Canada's economic and financial relationship with the world using interactive graphs and tables. This product provides easy access to information on trade, investment, employment and travel between Canada and a number of countries, including the United States, the United Kingdom, Mexico, China, Japan, Belgium, Italy, the Netherlands and Spain.

The *Methodological Guide: Canadian System of Macroeconomic Accounts (13-607-X)* is available.

The *User Guide: Canadian System of Macroeconomic Accounts (13-606-G)* is also available. This publication will be updated to maintain its relevance.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca).

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