

MONTHLY BUSINESS CONDITIONS REPORT



ECONOMIC SUMMARY

ICYMI (In Case You missed it)

CONSUMER PRICE INDEX

The Consumer Price Index (CPI) rose 1.9% on a year-over-year basis in November, down from a 2.0% increase in October. Prices for food purchased from stores rose 2.6% year-over-year in November. Ten of 15 products in our select product group were down year-over-year.

[\(p20\)](#)

WHOLESALE TRADE

Wholesale sales (excluding motor vehicle parts and accessories) were \$1.1 billion in October. The motor vehicle parts and accessories subsector (+2.8%). Our select list of products saw an increase of 5% YOY. [\(p18\)](#)

material and supplies subsector (+2.8%). Our select list of products saw an increase of 5% YOY. [\(p18\)](#)

INTEREST RATES

CONSUMER PRICE INDEX

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[\(p20\)](#)

The **U.S. Federal Open Market Committee (FOMC)** lowered the target range for the federal funds rate by 25 basis points to **4.25% from 4.50%**. The last change in the target range was a 25 basis points cut in November 2024.

overnight rate by 50 basis points to 4.25%. The overnight rate was a 50 basis point cut from 4.75% to 4.25%. It is continuing its policy of maintaining the target range (bonds).

), BMO Bank of Montreal, CIBC), Scotiabank, and TD Bank are also decreasing their Canadian prime rates from 5.5% to 5.45%, effective November 14, 2024.

KEY ECONOMIC INDICATORS

Costs	YOY		MOM	
Consumer Price Indexes				
Digital computing equipment and devices	▼	-0.3%	▼	-0.4%
Household tools (including lawn, garden and snow removal equipment)	▼	-0.4%	▼	-0.5%
Stationery	▼	-0.3%	▼	-0.4%
Cooking appliances	▼	-3.3%	▼	-2.5%
Raw Materials	▲	7.4%	▲	0.6%
Logs, pulpwood, natural rubber and other forestry products	▼	-1.1%	▼	-0.9%
Copper ores and concentrates				
Bauxite and aluminum oxide				

Select
Products

Curated
Lists

Consumer Price Indexes	p20
Raw Materials	p25
Diesel	p15
Freight Rail Services	p21
Couriers and messengers	p21

MONTHLY BUSINESS CONDITIONS REPORT

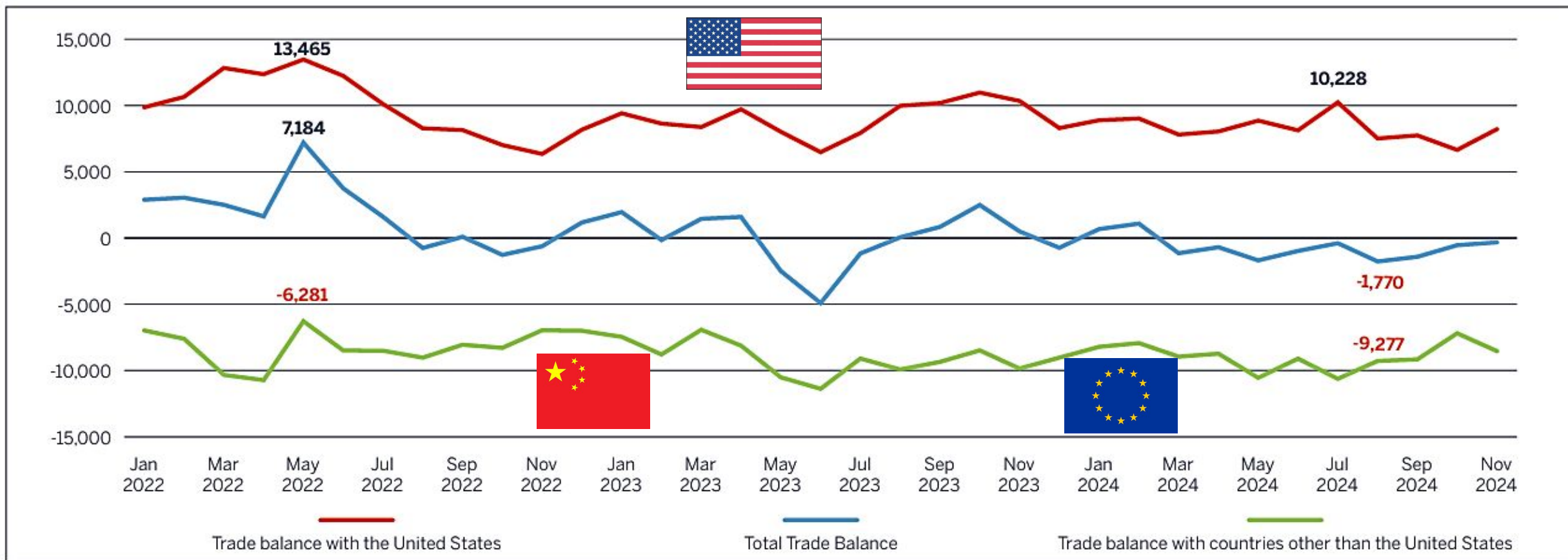
Statistics
Canada
CDN \$

TOTAL 2024	Exports	Imports	Balance
Canada	322,239	377,239	-55,000
Mexico	309,421	466,626	-157,205
European Union (a)	341,981	555,657	-213,676
Germany	70,339	146,725	-76,386
France	39,934	55,047	-15,113
Asia	549,637	1,240,480	-690,843
China	130,987	401,408	-270,421
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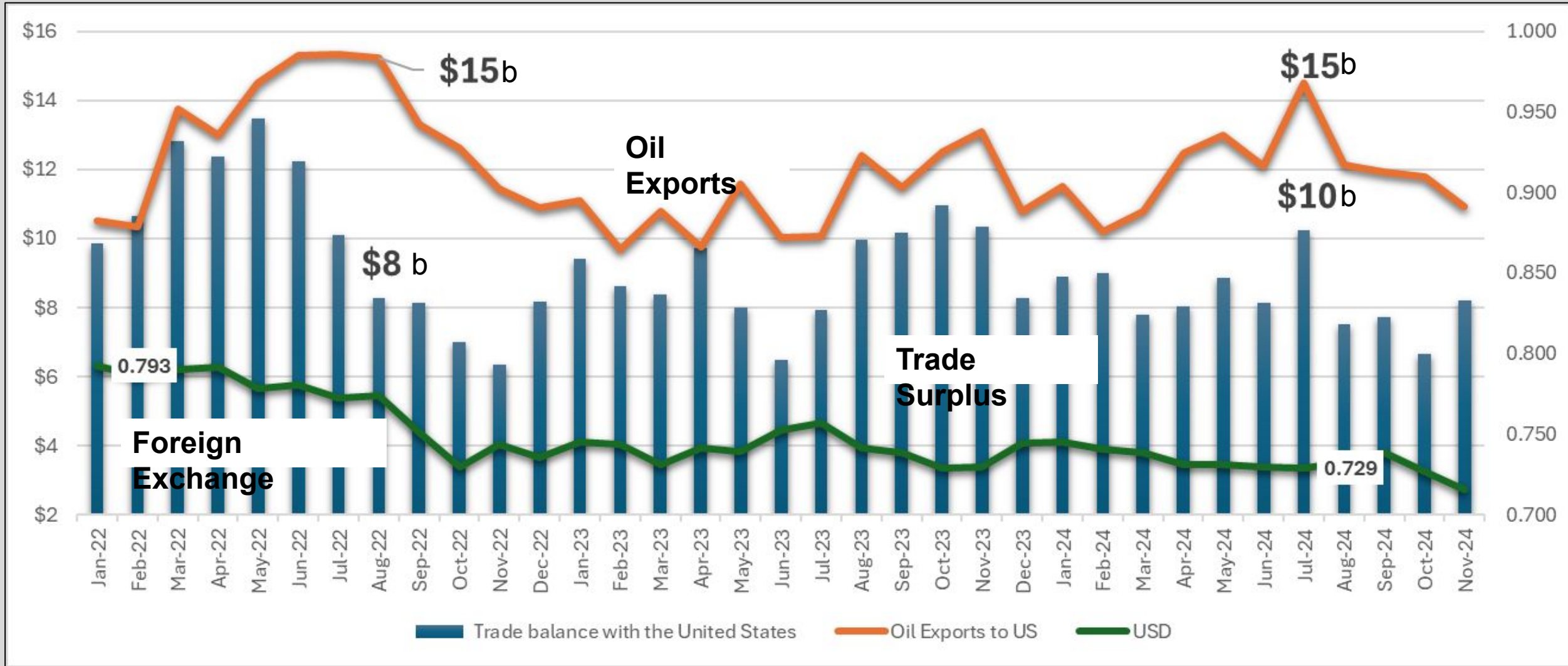
United States®
Census
Bureau
USD \$

Canada's Balance of Trade

CAD \$ MILLIONS



Canada's Balance of Trade with the United States (CAD \$) vs Oil Exports (CAD \$)





Why does the U.S. buy Canadian oil? Not out of altruistic motive. Canadian oil is cheaper than oil extracted in the U.S. and less expensive to transport via pipelines to U.S. refineries. Refineries in the Midwest and Rocky Mountain regions are specifically designed to process heavy Canadian crude oil. It's simple economics.

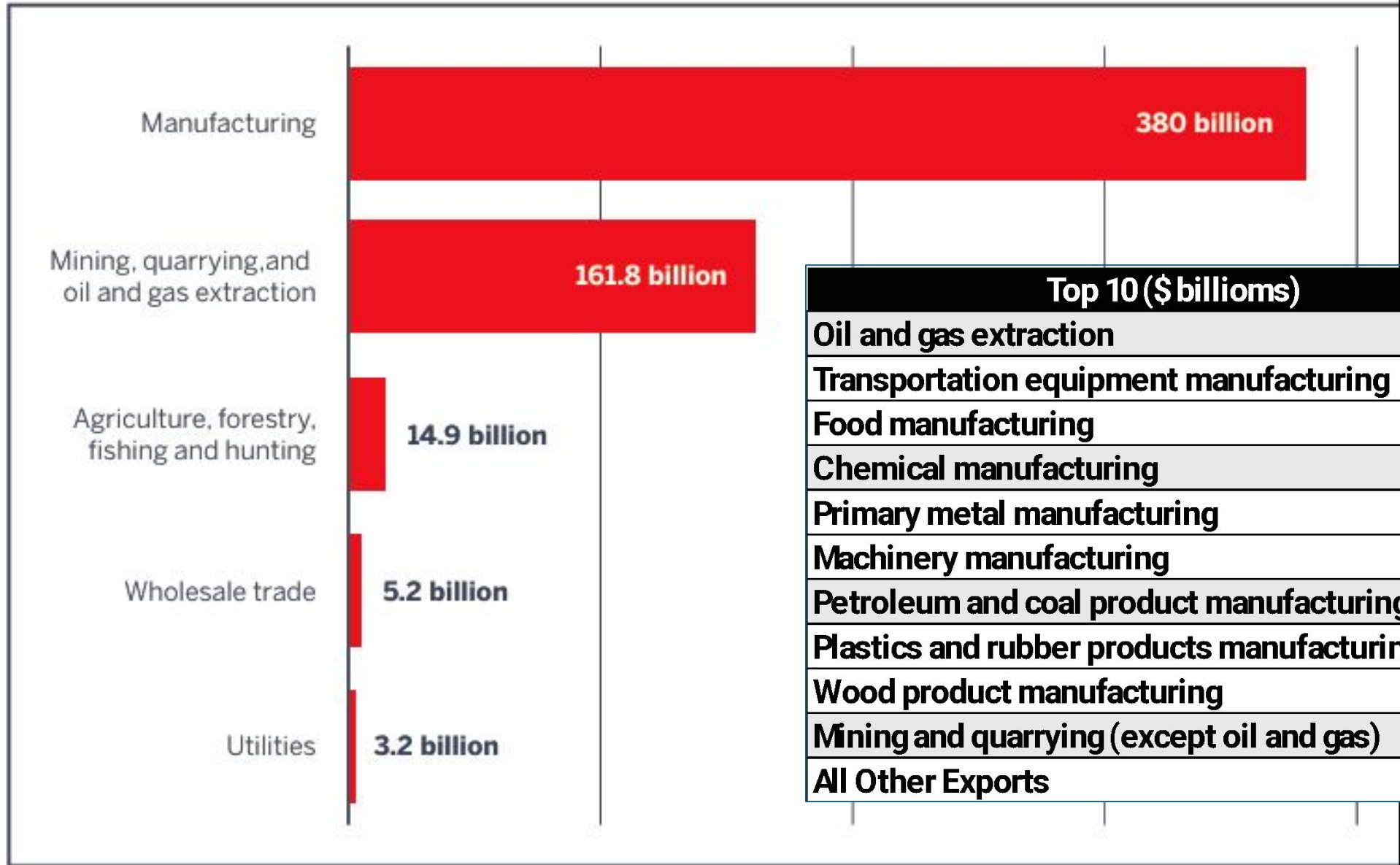
The Trans Mountain pipeline expansion has a significant impact on Canada's oil export capacity and market dynamics by tripling the export capacity to 890,000 barrels per day. The objective of the pipeline expansion was to expand exports to other countries and lessen the discount on Canadian oil to the United States.

But early data shows that refiners on the U.S. West Coast have been key buyers of the new export volumes, accounting for just over half of all maritime crude oil exports out of Western Canada between June and September 2024. The rest of the exports have been directed to destinations in Asia.

As of October 2024, the Brent price premium to WCS narrowed by \$10 per barrel compared to October 2023.



CANADIAN EXPORTS TO THE UNITED STATES (CAD \$ BILLIONS)



Top 10 (\$ billions)	
Oil and gas extraction	\$ 150
Transportation equipment manufacturing	\$ 90
Food manufacturing	\$ 45
Chemical manufacturing	\$ 42
Primary metal manufacturing	\$ 36
Machinery manufacturing	\$ 35
Petroleum and coal product manufacturing	\$ 25
Plastics and rubber products manufacturing	\$ 19
Wood product manufacturing	\$ 17
Mining and quarrying (except oil and gas)	\$ 12
All Other Exports	\$ 94

Industry

Total Auto Industry	\$ 79
Automobile and light-duty motor vehicle manufacturing	\$ 46
Heavy-duty truck manufacturing	\$ 5
Motor vehicle gasoline engine and engine parts manufactur	\$ 4
Other motor vehicle parts manufacturing	\$ 4
Motor vehicle transmission and power train parts manufact	\$ 4
Motor vehicle metal stamping	\$ 3
Motor vehicle plastic parts manufacturing	\$ 3
Tire manufacturing	\$ 3
Other engine and power transmission equipment manufact	\$ 2
Motor vehicle steering and suspension components (except	\$ 2
Motor vehicle seating and interior trim manufacturing	\$ 2
Motor vehicle body manufacturing	\$ 1

Aerospace product and parts manufacturing \$ 14

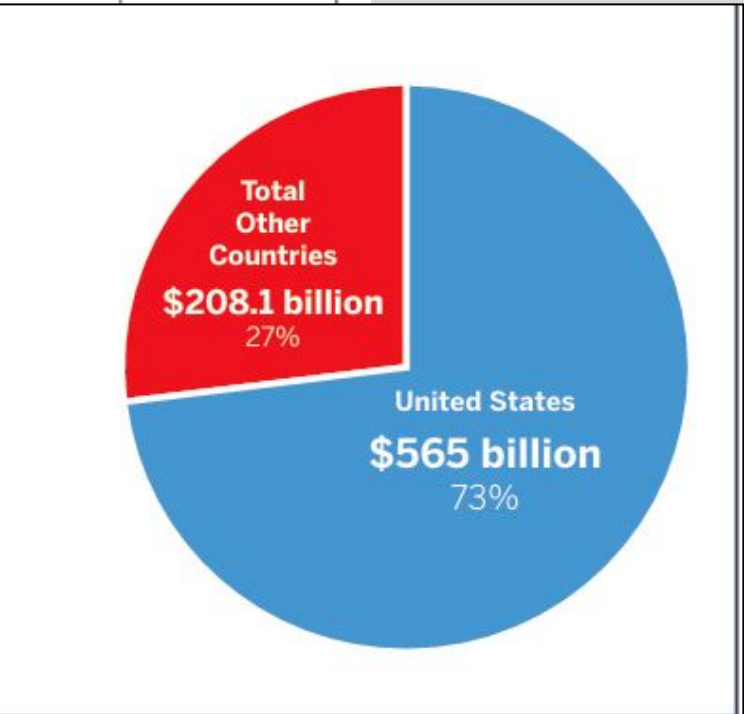
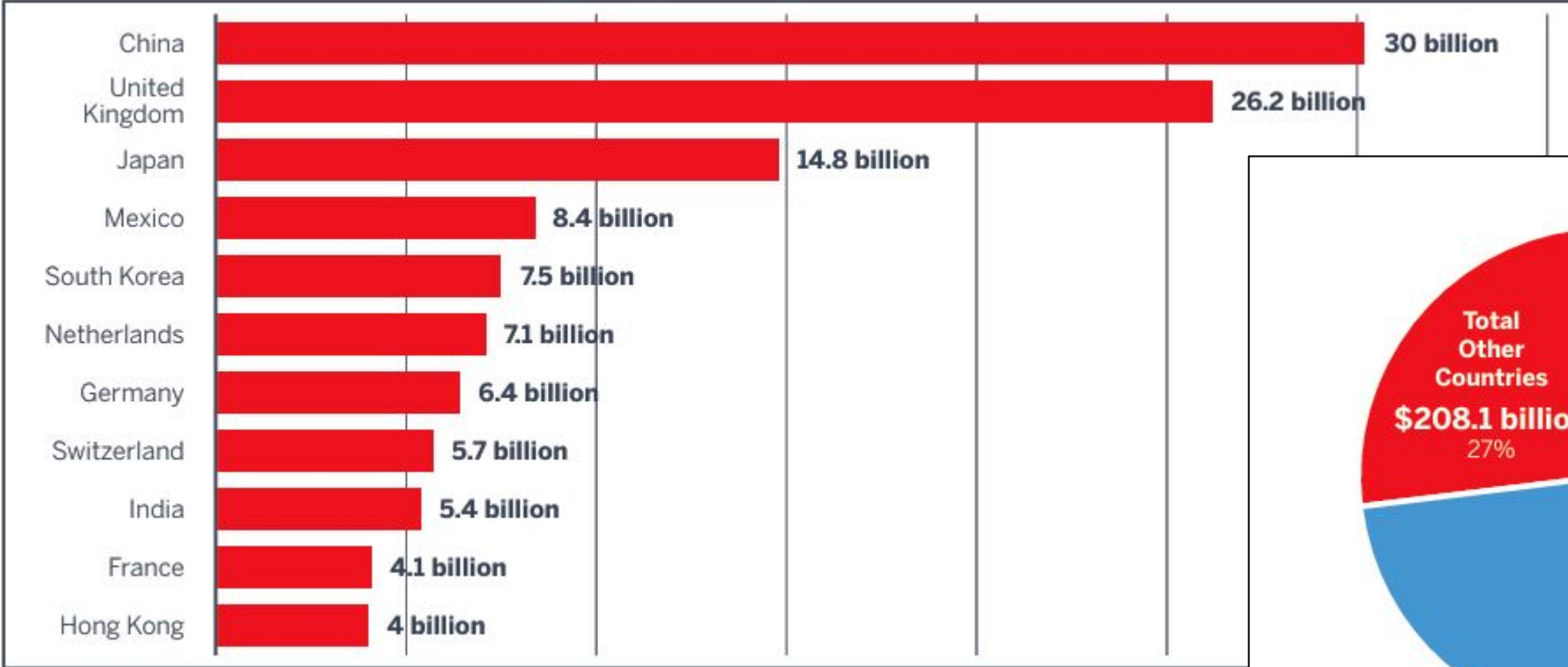
Other Manufacturing	\$ 301
Pharmaceutical and medicine manufacturing	\$ 12
Primary production of alumina and aluminum	\$ 10
Iron and steel mills and ferro-alloy manufacturing	\$ 9
Resin and synthetic rubber manufacturing	\$ 8
Sawmills (except shingle and shake mills)	\$ 8
Non-ferrous metal (except aluminum) smelting and refining	\$ 7
Commercial bakeries and frozen bakery product manufacturing	\$ 5
Oilseed processing	\$ 5
All other plastic product manufacturing	\$ 4
Turbine and turbine generator set unit manufacturing	\$ 4
Measuring, medical and controlling devices manufacturing	\$ 4
Plus a long list of Manufacturing totaling	\$ 225

Total Energy	\$ 173
Oil and gas extraction (except oil sands)	\$ 150
Petroleum refineries	\$ 24
Hydro-electric power generation	\$ 3
Other petroleum and coal product manufacturing	\$ 0
Fossil-fuel electric power generation	\$ 0

Canada doesn't have a trade problem with the United States. Canada has a trade problem with the rest of the world.

Exports from Canada

CANADIAN EXPORTS BY COUNTRY (CAD \$ BILLIONS)



Countries not listed have values less than \$3.7 B or 1% of Canadian Exports

Country	Industry	Value
United Kingdom	Gold and silver ore mining (a	20
Switzerland	Gold and silver ore mining)	5
China	Oilseed (except soybean) farming	4
China	Bituminous coal mining	3
Japan	Bituminous coal mining	3
China	Iron ore mining	3
Hong Kong	Gold and silver ore mining	2
China	Chemical pulp mills	2
South Korea	Bituminous coal mining	2
Norway	Non-ferrous metal smelting and refining	2
China	Copper-zinc ore mining	2
China	Oil and gas extraction (except oil sands)	2

Trade

Free Trade Agreements	Value
Trans-Pacific Partnership (CPTPP), i	-66
China Free Trade Agreement, discussions	-57
European Union:	-49
Pacific Alliance Free Trade Agreement	-44
ASEAN Free Trade Agreement,	-23
Mercosur Free Trade Agreement,	-9
Korea Free Trade Agreement (CKFTA)	-9
Japan Economic Partnership Agreement	-6
Peru Free Trade Agreement	-4
Thailand Free Trade Agreement,	-4

(a) \$20 of 26
billion

Canola oil is cheaper and in fact has less saturated fat than olive oil. And it has a higher smoking temperature and less added taste, so it's overall better for cooking most things.

Competition from other countries

Ukraine and Australia are major exporters of canola and rapeseed, and their prices are often more competitive than Canada's.

Genetically modified varieties

Some European countries restrict the use of genetically modified varieties of canola

Certification requirements

Exporters and growers need to be certified to meet the EU's market access requirements.

Free Trade

?

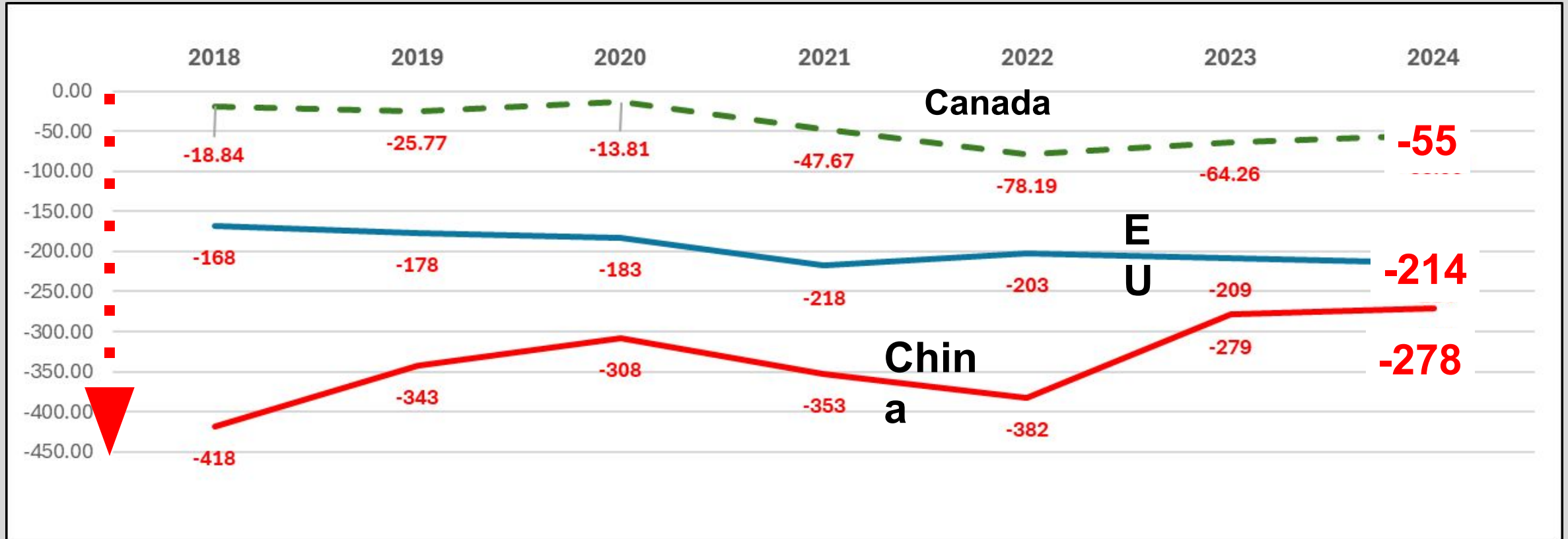


United States[®]
Census
Bureau
USD \$

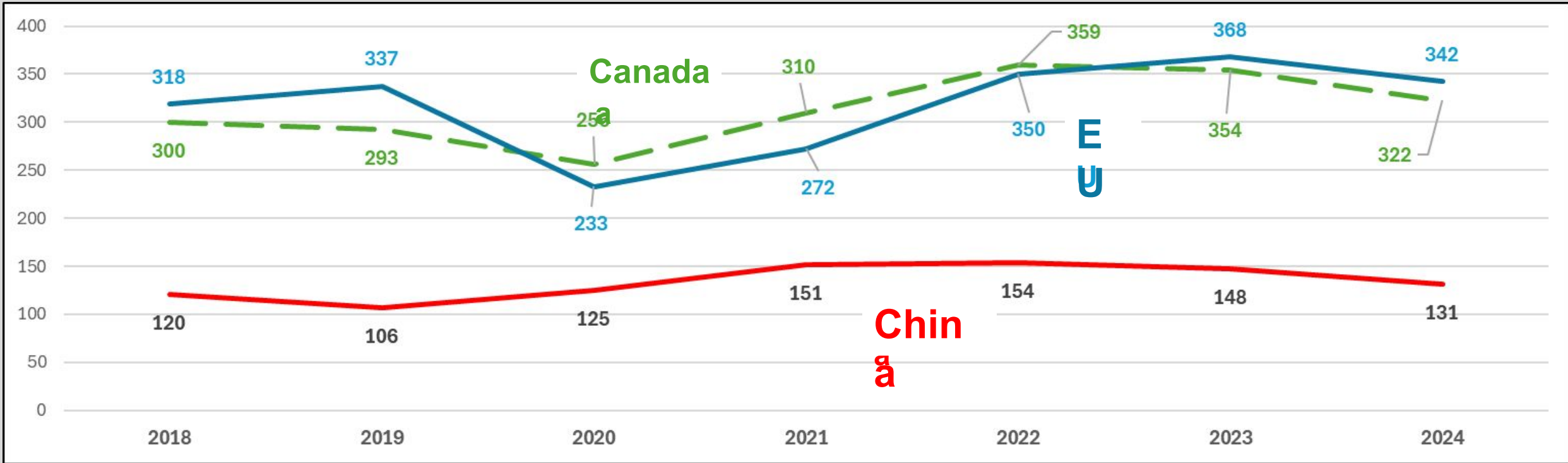


US Trade Deficit with

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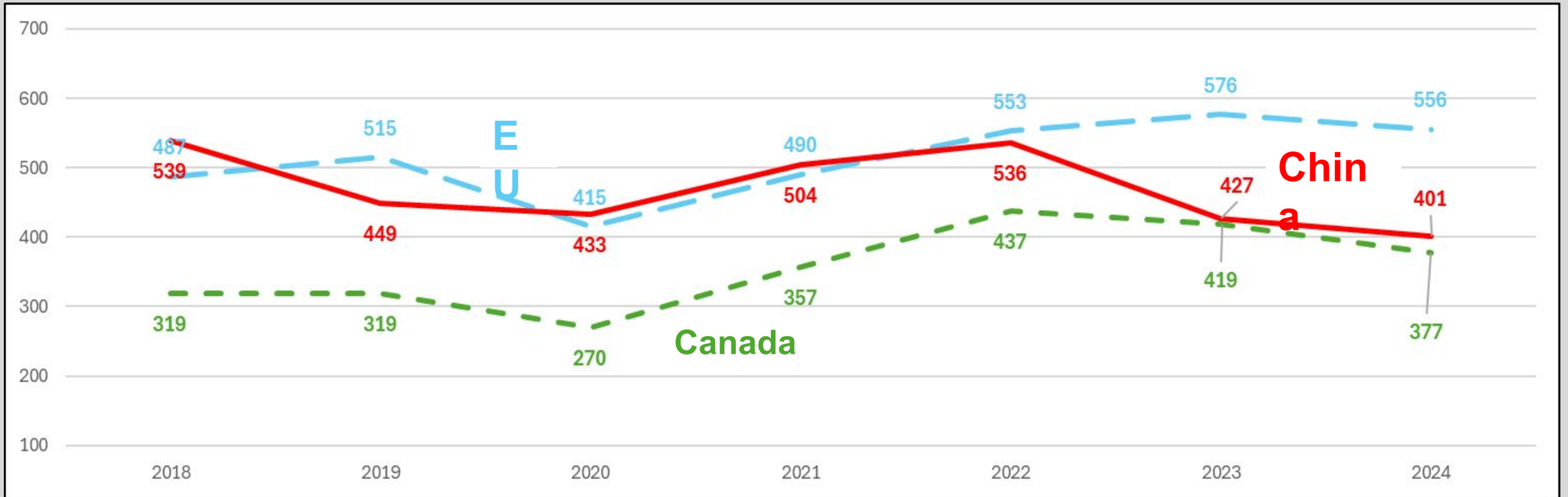


US Exports to:



Exports mean jobs for Americans

US imports from:



United States Trade balance

with:

United States Census		Trade in Goods	
millions of U.S. dollars			
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Trade in Services
 US has a surplus of about US \$8-10 billion (Stats Can)

- Travel
- Transportation
- Licensing

27 countries but trade is handled centrally.

United States Trade balance

with:

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USMCA
\$212 billion
USD

The hunt for the \$ 200 billion

- **United States–Mexico–Canada Agreement (USMCA) (American English)**
- **Canada–United States–Mexico Agreement (CUSMA) (Canadian English)**
- **Tratado entre México, Estados Unidos y Canadá (T-MEC) (Spanish)**

Formal agreement on October 1, 2018, signed by U.S. President Donald Trump, Mexican President Enrique Peña Nieto, and Canadian Prime Minister Justin Trudeau. The agreement came into effect on July 1, 2020

Key changes from its predecessor include increased environmental and working regulations; greater incentives for automobile production in the U.S. (with quotas for Canadian and Mexican automotive production); more access to Canada's dairy market; and an increased duty-free limit for Canadians who buy U.S. goods online.

Other Stuff to consider:

Of NATO's 32 members, 24 now meet the alliance target of spending at least 2 percent of GDP on defense, and Trump is pushing for that to rise to 5 percent. (US 3.4%, Canada about 1.4%)

Military expenditure under NATO's definition consists of 2 components: Expenditures on Major Equipment (a), and Expenditures on all other categories (Maintenance & Bases).

(a) United States is the worlds largest exporter of military equipment.

Debt to GDP % / Country	Central Government	General (a)
United States	112.26	123.01
UK	100.33	101.13
France	92.3	110.64
Canada	55.9	103.5
Germany	44.89	62.66
Mexico	39.93	N/A
(a) Includes Provinces	Quebec	83
	Manitoba	80

IMF, Stats Can



THE ART OF THE DEAL

"MOST PEOPLE THINK SMALL,
BECAUSE MOST PEOPLE
ARE AFRAID OF SUCCESS,
AFRAID OF MAKING
DECISIONS, AFRAID OF
WINNING."

THINK BIG

"The Art of the Deal", Page 46

"YOU CAN'T CON PEOPLE,
AT LEAST NOT FOR LONG."

DELIVER THE GOODS

"The Art of the Deal", Page 60

"THE WORST THING YOU CAN
POSSIBLY DO IN A DEAL
IS SEEM DESPERATE TO
MAKE IT."

USE YOUR LEVERAGE

"The Art of the Deal", Page 53

**LEVERAGE:
DON'T MAKE
DEALS
WITHOUT IT.**

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