Canadian trade balance held in surplus for fourth straight month

RBC Economics · kaisneffati · 2026-08-04 · English original

The Bottom Line:

Canada's trade balance held in surplus for a fourth consecutive month in June with a jump in gold exports offsetting a (price-related) drop in energy exports.

The monthly trade data is notoriously volatile, but still left net trade tracking a sizable net add to GDP growth in Q2 — broadly consistent with earlier monthly GDP data that was already tracking roughly a percentage point of upside risk to our own forecast for a 2.2% Q2 GDP gain.

Critically that net add looks likely to be a function of both a 20%+ surge in merchandise export volumes (a sign of firming external demand) outpacing still solid import growth — the latter tied to a large jump in equipment imports that is a positive sign for domestic Canadian investment spending (with a jump in June in particular tied to increased imports of processing units likely for use in data centers.)

New tariffs threatened by the U.S. administration to be implemented later this month would significantly erode Canada's average relative tariff rate compared to other major U.S. import markets. But they would still leave more than 80% of Canadian exports to the U.S. duty free due to both the exemption for CUSMA-compliant trade and a list of broader U.S. product-specific exemptions that has grown substantially over the last year.

We continue to expect, as a base-case, that a more stable U.S. tariff backdrop in 2026 (albeit still at significantly higher tariff rates for some products) will leave trade as less of a headwind to growth than it was in 2025.

The details:

The Canadian merchandise trade balance held in surplus for a fourth consecutive month in June, rising to $3.9 billion from a downwardly revised $3.7 billion (previously $4.2 billion) level in May.

The small widening in the June trade surplus was led by a jump in gold exports (28%) that offset a price-led 10% drop in energy exports.

Both of the gold and energy product categories have been exceptionally volatile — but excluding those components, trade flows showed further signs of stabilization in June.

Excluding price impacts, export volumes hit a record high in Q2 — up an annualized 23% from Q1, and 9.5% from a year ago when trade flows were sharply depressed by new U.S. tariffs imposed in spring 2025.

About 40% of the overall Q2 export volumes increase came from a rebound in auto sector exports after production disruptions in the winter. Steel export volumes remained under pressure (-12% from a year ago)

In nominal terms (not excluding price impacts), exports to the U.S. were up 24% year-over-year in June and 28% to non-U.S. destinations.

Imports volumes fell 1.8% in June, building on a 0.5% drop in May, but were still up an annualized 5.8% in Q2 as a whole

Import details point to a potentially sizable jump in Q2 Canadian business investment from both a jump in industrial equipment imports (10.6% annualized) and a 42.8% surge in electronic equipment purchases that was reportedly supported by purchases of processing units for data centers.

On net, controlling for both price changes and volatile gold shipments — the data is tracking an add to Q2 annualized GDP growth from net trade of around 4 percentage points, reinforcing earlier monthly GDP data that pointed to a sizable bounce-back in Q2 GDP after growth stalled over the prior two quarters.

Nathan Janzen is an Assistant Chief Economist, leading the macroeconomic analysis group. His focus is on analysis and forecasting macroeconomic developments in Canada and the United States.

Source: https://www.rbc.com/en/economics/canadian-analysis/data-flashes/canadian-trade-balance-held-in-surplus-for-fourth-straight-month/