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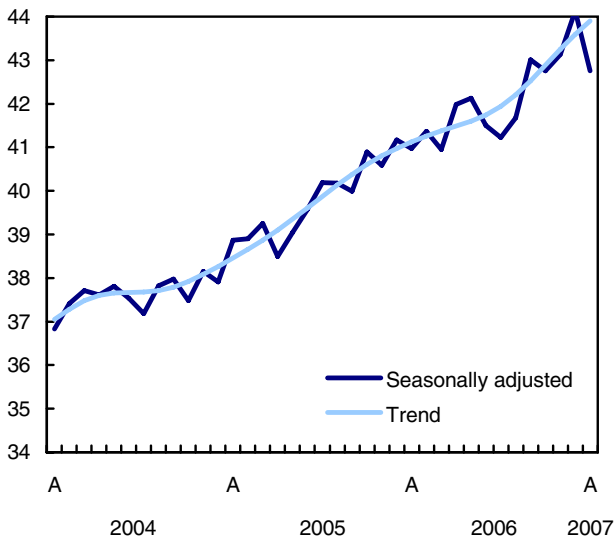
Wholesale trade

April 2007

Wholesalers posted sharply lower sales in April, as declines in a number of major sectors erased all of the strong gains made over the previous two months.

Wholesalers post sharply lower sales in April

\$ billions



Overall sales fell by 3.1% in April to an estimated \$42.8 billion. April's drop was the largest since August 2003 and followed increases of 2.3% and 0.9% in March and February respectively.

Five of the seven wholesale sectors registered declines in April. Leading the way was the automotive products sector (-8.3%), followed by "other products" (-5.9%) and machinery and electronic equipment (-2.3%). Sales of building materials and farm products also posted decreases in April.

The only positive note came in the food, beverage and tobacco products sector (+0.8%), while sales of personal and household goods edged up only 0.2%.

Prior to the decline in April, wholesale sales had resumed their upward momentum in recent months, culminating in a strong first quarter.

Sales in constant dollars, which take price fluctuations into account, fell 2.3% in April.

Lower sales of motor vehicles put a brake on momentum in the automotive sector

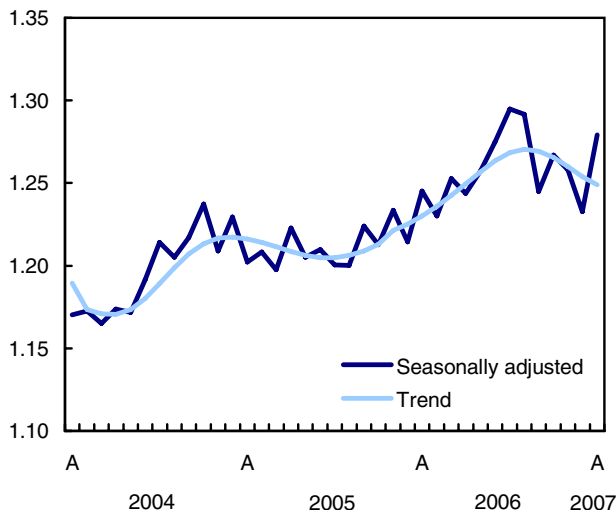
After posting gains in four of the five last months, the growth in the automotive sector came to an abrupt halt in April as sales fell 8.3% to \$8.0 billion. The decline was almost entirely due to lower sales of motor vehicles (-10.0%), as sales of motor vehicle parts and accessories experienced only a small drop (-0.4%).

Although the decline in motor vehicle sales was the largest monthly drop since August 2006, it followed a very strong gain in March (+7.8%). Even with the large drop in April, wholesale sales of motor vehicles in the first four months of 2007 were still about 4% higher than in the same period in 2006.

The sales growth since the beginning of 2007 was mostly attributable to the strength of the Canadian retail market, which is the destination for the majority of motor vehicles sold by wholesalers. After posting their second best year on record in 2006, sales of new motor vehicles have continued to increase in 2007. According to the latest results from the New Motor Vehicle Sales Survey, sales jumped by a further 6.9% in April, possibly spurred by the introduction of a new government program offering incentives to purchasers of fuel-efficient vehicles.

Sharp drop in sales pushes inventory-to-sales ratio up

Ratio



Lower sales of agricultural products drive down sales in "other products" sector

Wholesalers of "other products" – mainly agricultural products, chemicals as well as recycled materials and paper products – also posted a significant decline in April, as sales fell 5.9% to \$5.1 billion.

Weaker sales of agricultural chemicals (primarily fertilizers) were behind much of the drop in April. However, sales of these products had been rising rapidly following the conclusion of a new pricing agreement in August 2006 and were still substantially above the same period in 2006.

The machinery and electronic equipment sector gives back March gains

Machinery and other electronic equipment sales dropped 2.3% to \$8.9 billion, completely offsetting the solid gains posted in March. The decline was almost entirely attributable to lower sales in the machinery and equipment trade group (-6.3%), which had registered a strong increase (+6.1%) in March.

There were mixed results for the other two trade groups in this sector. Following a decline in March, sales of computer and other electronic equipment rebounded 3.0% in April. This was the sixth increase in seven months for this trade group. Meanwhile, sales of office and professional equipment fell 0.8%.

While sales of machinery and equipment have been a major source of strength for the wholesale sector over the past three years, the rate of growth has slowed of late, reflecting the easing of demand for investment goods. According to the Canadian economic accounts, investment in machinery and equipment fell 1.5% in constant dollars in the first quarter of 2007, the first decline since 2002. This decrease was also reflected in imports of machinery and equipment, which declined 2.0% in the first quarter, the first quarterly drop since 2003.

Food products sector rises for the fourth consecutive month

The food, beverages and tobacco products sector rose for the fourth consecutive month in April, up 0.8% to \$7.9 billion. As was the case in previous months, higher sales of food products (+1.1%) fuelled the sales growth in this sector, while alcohol and tobacco sales fell (-1.8%).

In 2006, sales of food products rose 4.6%, their strongest annual increase since 2002.

Alberta, Ontario and Quebec bear the brunt of the decline

The drop in sales was widespread across the country, with nine of the provinces and territories registering declines in April.

The most significant drop was posted in Alberta (-7.7%), where sales hit their lowest level in six months. Weaker sales of machinery and equipment – notably in the oil and gas sector – were a major contributor to April's decline, which brought to an abrupt end a string of three monthly increases.

After posting five consecutive monthly increases, wholesalers in Saskatchewan saw their sales drop 1.9% in April. Weaker sales of "other products", such as agricultural chemicals, accounted for most of the decline.

Manitoba was the only Prairie province to record higher sales in April (+1.3%), as stronger sales in the food, as well as machinery and other electronic equipment sectors helped to offset a drop in "other product" sales.

In Ontario, sales were pushed down (-2.6%) by the large decline in the automotive sector. This was essentially a reversal of the results in March, when the automotive sector was a major contributor to the increase.

The automotive sector was also a major contributor to the drop in sales in Quebec (-3.2%), which had seen robust growth over the past two months. The other significant decline was posted in the machinery and other electronic equipment sector.

Inventory-to-sales ratio heads back up

The steep drop in sales, combined with a modest increase (+0.5%) in inventories, boosted the inventory-to-sales ratio to 1.28 in April, up substantially from March's level of 1.23 and near the three-year high hit in November 2006. The ratio is a key measure of the time, in months, that would be required to exhaust inventories if sales were to remain at their current level.

April's increase in inventories was widespread, with 12 out of 15 trade groups recording higher inventories in April. The major exception was the motor vehicles trade group, which followed March's 10.2% decline in inventories with a further 3.7% drop in April. As a result, motor vehicle inventories reached their lowest level since January 2006.

Available on CANSIM: tables 081-0007 to 081-0010.

Definitions, data sources and methods: survey number 2401.

The April 2007 issue of *Wholesale Trade* (63-008-XWE, free) will soon be available.

Wholesale trade estimates for June will be released on July 19.

For data or general information, contact Client Services (toll-free 1-877-421-3067; 613-951-3549; wholesaleinfo@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Marc Atkins (613-951-0291; marc.atkins@statcan.ca), Distributive Trades Division.

Wholesale merchants' inventories and inventory-to-sales ratio

	April 2006	January 2007 ^r	February 2007 ^r	March 2007 ^r	April 2007 ^p	March to April 2007	April 2006 to April 2007	March 2007 ^r	April 2007 ^p
	Wholesale inventories					Inventory-to-sales ratio			
	Seasonally adjusted								
	\$ millions					% change			
Inventories	51,032	54,175	54,250	54,399	54,693	0.5	7.2	1.23	1.28
Farm products	161	183	182	184	190	3.4	17.6	0.36	0.40
Food products	4,212	4,329	4,306	4,431	4,508	1.7	7.0	0.61	0.62
Alcohol and tobacco	275	302	294	300	313	4.4	13.8	0.48	0.52
Apparel	1,546	1,685	1,664	1,647	1,673	1.6	8.2	2.11	2.18
Household and personal products	3,826	3,954	3,809	3,812	3,836	0.6	0.3	1.41	1.43
Pharmaceuticals	3,063	3,154	3,251	3,436	3,535	2.9	15.4	1.22	1.23
Motor vehicles	5,060	5,154	5,346	4,800	4,621	-3.7	-8.7	0.67	0.72
Motor vehicle parts and accessories	3,204	3,380	3,384	3,383	3,342	-1.2	4.3	2.16	2.14
Building supplies	5,506	5,832	5,829	5,871	5,913	0.7	7.4	1.55	1.59
Metal products	2,505	3,007	2,985	2,976	3,024	1.6	20.7	2.12	2.30
Lumber and millwork	1,022	1,207	1,161	1,159	1,145	-1.3	12.0	1.08	1.08
Machinery and equipment	10,396	11,581	11,540	11,679	11,707	0.2	12.6	2.65	2.83
Computer and other electronic equipment	1,693	1,637	1,695	1,733	1,763	1.7	4.1	0.64	0.63
Office and professional equipment	2,476	2,654	2,630	2,632	2,697	2.5	8.9	1.31	1.36
Other products	6,087	6,116	6,174	6,358	6,427	1.1	5.6	1.18	1.27

^r revised

^p preliminary

Wholesale merchants' sales

	April 2006	January 2007 ^r	February 2007 ^r	March 2007 ^r	April 2007 ^p	March to April 2007	April 2006 to April 2007
Seasonally adjusted							
	\$ millions					% change	
Total, wholesale sales	41,054	42,757	43,130	44,133	42,756	-3.1	4.1
Farm products	421	464	473	506	474	-6.2	12.6
Food, beverages and tobacco products	7,517	7,573	7,779	7,854	7,921	0.8	5.4
Food products	6,860	6,957	7,161	7,235	7,313	1.1	6.6
Alcohol and tobacco	658	616	618	619	608	-1.8	-7.6
Personal and household goods	5,979	6,164	6,342	6,307	6,317	0.2	5.7
Apparel	768	825	789	780	768	-1.5	0.0
Household and personal products	2,546	2,621	2,711	2,702	2,678	-0.9	5.2
Pharmaceuticals	2,664	2,718	2,842	2,824	2,871	1.6	7.8
Automotive products	7,803	7,995	8,163	8,692	7,969	-8.3	2.1
Motor vehicles	6,299	6,447	6,606	7,124	6,408	-10.0	1.7
Motor vehicle parts and accessories	1,504	1,548	1,557	1,568	1,561	-0.4	3.8
Building materials	5,871	6,217	6,090	6,257	6,088	-2.7	3.7
Building supplies	3,511	3,658	3,670	3,777	3,718	-1.6	5.9
Metal products	1,248	1,385	1,352	1,405	1,312	-6.6	5.1
Lumber and millwork	1,112	1,174	1,069	1,075	1,058	-1.5	-4.8
Machinery and electronic equipment	8,617	8,936	8,942	9,136	8,923	-2.3	3.5
Machinery and equipment	4,077	4,229	4,161	4,413	4,135	-6.3	1.4
Computer and other electronic equipment	2,660	2,717	2,785	2,717	2,799	3.0	5.2
Office and professional equipment	1,880	1,989	1,996	2,005	1,989	-0.8	5.8
Other products	4,846	5,408	5,342	5,381	5,064	-5.9	4.5
Total, excluding automobiles	33,252	34,762	34,967	35,441	34,787	-1.8	4.6
Sales, province and territory							
Newfoundland and Labrador	225	252	243	267	248	-7.3	10.3
Prince Edward Island	36	42	40	42	43	1.6	17.6
Nova Scotia	542	577	561	576	558	-3.2	2.9
New Brunswick	412	439	431	427	436	2.1	5.7
Quebec	7,729	7,882	8,089	8,379	8,113	-3.2	5.0
Ontario	20,801	21,460	21,598	22,013	21,431	-2.6	3.0
Manitoba	969	1,066	1,045	1,041	1,055	1.3	8.8
Saskatchewan	1,062	1,279	1,295	1,370	1,343	-1.9	26.5
Alberta	5,100	5,377	5,394	5,580	5,151	-7.7	1.0
British Columbia	4,148	4,341	4,396	4,399	4,347	-1.2	4.8
Yukon	9	15	13	11	8	-27.5	-5.5
Northwest Territories	19	25	21	24	20	-15.6	6.5
Nunavut	2	2	3	2	3	4.1	22.3

^r revised

^p preliminary

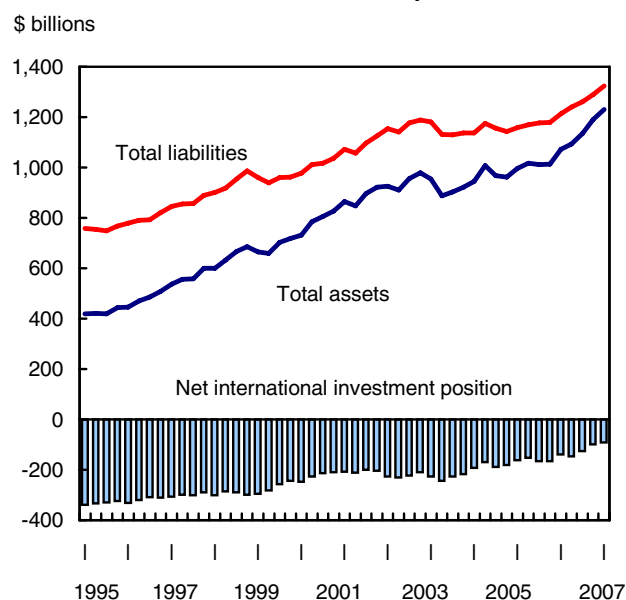
Canada's international investment position

First quarter 2007

Canada's net external liabilities continued their long-term decline during the first three months of 2007 as international assets rose at a faster pace than external liabilities.

As a result, net external liabilities (the difference between Canada's external assets and foreign liabilities) reached \$92.2 billion at the end of the first quarter, down \$6.8 billion from the end of 2006.

Canada's international investment position



The value of international assets totalled \$1,230.7 billion, up 3.4% from the 2006 year-end. Gains in Canadian holdings of foreign bonds explained almost 40% of the increase. Appreciable gains in Canadian direct investment abroad and in reserve assets also contributed to this increase.

Currency valuation

The value of assets and liabilities denominated in foreign currency are converted to Canadian dollars at the end of each period for which a balance sheet is produced. Most of Canada's foreign assets are denominated in foreign currencies while less than half of Canada's international liabilities are in foreign currencies.

When the Canadian dollar appreciates in value, the restatement of the value of these assets and liabilities in Canadian dollars lowers the recorded value. The opposite is true when the dollar depreciates.

On the other hand, international liabilities reached \$1,322.9 billion, a 2.6% increase from the previous quarter. The gain was mostly due to increases in foreign direct investment in Canada and in deposit liabilities.

Net external liabilities at the end of March represented a record low 6.2% of Canada's gross domestic product, down from 6.8% a quarter earlier and down from 17.6% at the end of 2003.

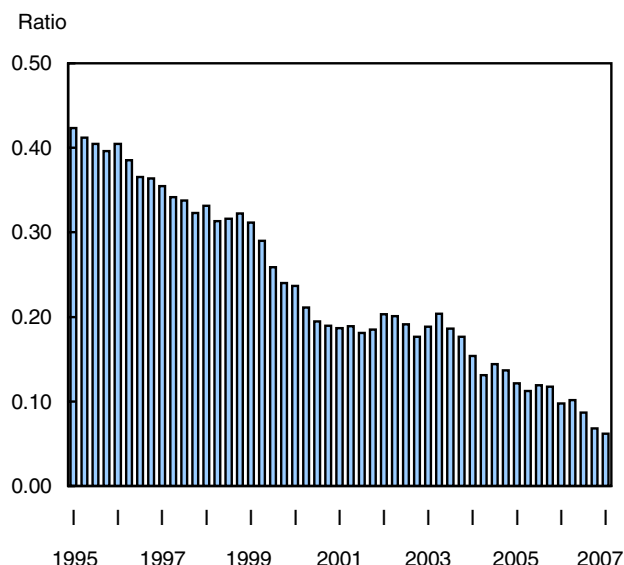
The gap between Canadian international assets and liabilities continued to shrink. At the end of March, Canada's international assets represented 93% of its foreign liabilities, a record high ratio. This ratio has been rising progressively since the end of 1993, when it was only 50%. Lower holdings of federal government bonds by non-residents, as the government paid down its debt, and stronger investments in foreign securities contributed to this change.

The Canadian dollar remained stable compared to major foreign currencies in the first quarter; it gained 0.9% against the US dollar and 0.4% against the pound sterling. On the other hand, it lost 0.4% and 0.1% against the Euro and the Japanese yen respectively. The overall exchange rate variation of the Canadian dollar vis-à-vis foreign currencies lowered Canada's international assets by \$6.3 billion and its liabilities by \$3.2 billion.

In general, a strong Canadian dollar has a negative impact on international assets. In the past few quarters, the Canadian dollar has considerably appreciated, but

improvements in net assets through transactions have more than offset this effect.

Canada's net international liability to gross domestic product



Assets: strong rise in Canadian holdings of foreign bonds

Canadian holdings of foreign bonds increased 12.5% to \$144.5 billion, as Canadians made strong purchases during the quarter, especially in maple bonds. This was the 10th consecutive quarterly increase of at least 8%. Over that period, holdings of foreign bonds, as a proportion of international assets, have doubled from 6% to 12%.

Holdings of foreign stocks rose 2.2 billion from the end of 2006 to \$218.4 billion, with about half of the increase allocated to US stocks. At the same time, Canadian holdings of foreign money market paper remained stable at \$20.1 billion.

Driven by these increases, total Canadian portfolio investment abroad (holdings of stocks, bonds and money market paper) reached \$383.0 billion at the end of March, representing 31% of Canada's international assets.

Canadian direct investment abroad totalled \$532.0 billion at the end of March, up \$8.7 billion from the end of December. This advance came mostly from injections of working capital into existing foreign affiliates.

Official international reserves reached their highest level in three years at \$45.5 billion.

Liabilities: increase in foreign direct investment in Canada

Foreign direct investment in Canada rose \$12.4 billion to \$461.3 billion at the end of March. For a third consecutive quarter, foreign direct investors increased their investment position in Canada, mainly through acquisitions of Canadian firms.

Foreign direct investment from the United States reached \$281.0 billion, up \$7.3 billion from the previous quarter, while foreign direct investment from all other countries amounted to \$180.3 billion.

Foreign holdings of Canadian securities (bonds, stocks and money market paper) increased slightly during the first quarter. They totalled \$542.8 billion, up \$1.1 billion, and represented 41% of total international liabilities.

There was little variation in each type of security individually. Foreign holdings of Canadian bonds rose 3.2 billion from the end of December to \$407.8 billion. The gain was mostly attributable to an increase in holdings of corporate bonds.

Foreign holdings of Canadian stocks decreased slightly to \$111.3 billion at the end of the quarter, with American investors holding the majority of the value. At the same time, foreign holdings of Canadian money market paper were down by less than a billion to \$23.7 billion.

Finally, Canadian deposit liabilities to non-residents increased \$19.4 billion to \$246.5 billion.

Decline in net external liability position with the United States

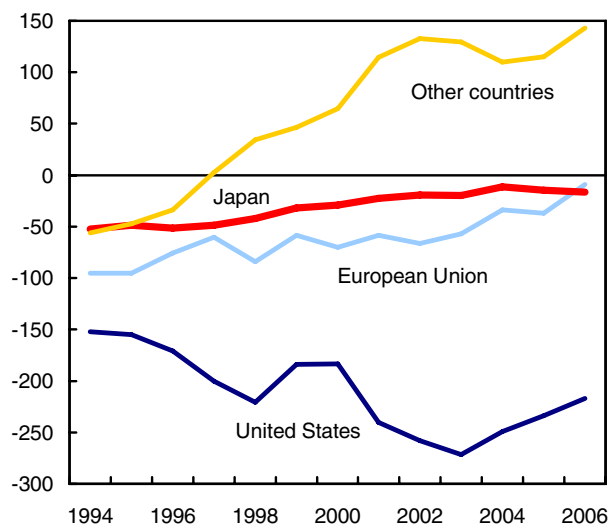
American investors continued to hold by far the largest portion of Canada's net external liabilities. At the end of 2006, their holdings amounted to \$217.2 billion, down from \$233.6 billion a year earlier.

European Union countries decreased in importance as Canada's net creditors. They held only \$8.9 billion of Canada's net debt at the end of 2006, down from \$37.1 billion a year earlier. Canada is nearing a net asset position with European countries for the first time ever.

Canada's net asset position with all other countries increased to \$127.1 billion. Canada has had a net asset position with this group of countries (which excludes the United States and the European Union) since 1998.

Net international investment position, by geographic area

\$ billions



Available on CANSIM: tables 376-0037, 376-0039 to 376-0041, 376-0055 to 376-0057 and 376-0059.

Definitions, data sources and methods: survey number 1537.

The first quarter 2007 issue of *Canada's International Investment Position* (67-202-XWE, free) will be available soon.

For general information, contact Client Services (613-951-1855; infobalance@statcan.ca). To enquire about the methods, concepts or data quality of this release, contact Éric Simard (613-951-7244) or Christian Lajule (613-951-2062), Balance of Payments Division.

□

Canada's international investment position at period-end

	Fourth quarter 2003	Fourth quarter 2004	Fourth quarter 2005	Fourth quarter 2006	First quarter 2007
	\$ billions				
Assets					
Canadian direct investment abroad	412.2	449.0	459.6	523.3	532.0
Portfolio investment abroad					
Foreign bonds	45.8	58.5	82.3	128.5	144.5
Foreign bonds at market value	48.9	62.9	88.7	138.2	155.5
Foreign stocks	197.0	195.7	197.1	216.2	218.4
Foreign stocks at market value	357.7	384.4	445.6	559.7	573.8
Foreign money market	11.0	11.1	13.1	20.0	20.1
Foreign money market at market value	11.0	11.1	13.1	20.1	20.2
Other investment					
Loans	50.7	49.4	46.0	72.4	76.9
Deposits	103.6	109.4	120.8	131.4	134.6
Official international reserves	45.7	40.3	38.0	41.0	45.5
Official international reserves at market value	47.0	41.4	38.4	40.9	45.4
Other assets	55.2	48.5	56.6	57.8	58.8
Total assets					
at book value	921.1	962.0	1,013.4	1,190.4	1,230.7
with portfolio investment at market value	1,086.3	1,156.2	1,268.8	1,543.6	1,597.1
Liabilities					
Foreign direct investment in Canada	373.7	383.5	407.6	448.9	461.3
Portfolio investment					
Canadian bonds	401.1	398.1	380.8	404.6	407.8
Canadian bonds at market value	430.9	429.9	408.8	430.2	430.6
Canadian stocks	84.7	102.7	105.8	112.6	111.3
Canadian stocks at market value	196.0	248.7	318.9	379.5	387.5
Canadian money market	21.4	19.6	20.8	24.5	23.7
Canadian money market at market value	21.5	19.7	20.9	24.7	24.0
Other investment					
Loans	52.4	40.2	41.6	49.5	49.6
Deposits	183.1	176.0	201.0	227.1	246.5
Other liabilities	21.5	22.0	22.2	22.2	22.7
Total liabilities					
at book value	1,137.8	1,142.1	1,179.9	1,289.4	1,322.9
with portfolio investment at market value	1,279.2	1,320.0	1,421.0	1,582.1	1,622.2
Net international investment position					
at book value	-216.7	-180.1	-166.4	-99.0	-92.2
with portfolio investment at market value	-192.8	-163.9	-152.2	-38.5	-25.1



Leading indicators

May 2007

The growth of the composite leading index was steady at 0.5% in May. In total, 8 of the 10 components rose, the same as in April. The components related to household spending improved markedly, while export demand for manufacturers remained the weakest sector. This is the sectoral pattern of demand to be expected during a period when the exchange rate is appreciating.

Housing led the improvement in household demand. Housing starts jumped to their highest level since the weather-induced surge in January. Buoyant house sales were reflected in the largest increase for furniture and appliance sales since June 2006. Auto demand also rebounded in the spring, leading the turnaround in sales of other durable goods. Consumer services led the growth in services employment. Strong job growth and the booming stock market encouraged household spending.

The outlook for exports and manufactured goods was mixed, reflecting the cross-currents of a rebound in the US economy and the rising exchange rate. New orders for manufactured goods continued to grow

steadily, led by computers and electronic products. The recovery of orders so far in 2007 has begun to be reflected in higher shipments, which lifted the ratio of shipments to inventories for the first time since the fall of 2006. The outlook for manufacturing employment remained bleak, however, as firms cut the average workweek in a renewed drive to enhance productivity and competitiveness to cope with the strong dollar.

Available on CANSIM: table 377-0003.

Definitions, data sources and methods: survey number 1601.

For more information on the economy, consult the June 2007 issue of *Canadian Economic Observer*, Vol. 20, no. 6 (11-010-XWB, free), available from the *Publications* module of our website. A printed version of the publication (11-010-XPB, \$25/\$243) will soon be available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Philip Cross (613-951-9162; ceo@statcan.ca), Current Economic Analysis Group.

Leading indicators

	December 2006	January 2007	February 2007	March 2007	April 2007	May 2007	Last month of data available % change
Composite leading indicator (1992=100)	220,7	221,9	223,3	224,2	225,3	226,4	0,5
Housing index (1992=100) ¹	139,3	143,5	144,1	144,9	145,1	147,0	1,3
Business and personal services employment ('000)	2 781	2 794	2 805	2 820	2 827	2 835	0,3
S&P/TSX stock price index (1975=1,000)	12 373	12 565	12 817	12 981	13 114	13 344	1,8
Money supply, M1 (\$ millions, 1992) ²	157 277	159 525	161 732	162 507	163 161	163 424	0,2
US Conference Board leading indicator (1992=100) ³	126,7	126,8	127,0	126,9	127,0	127,0	0,0
Manufacturing							
Average workweek (hours)	38,3	38,3	38,3	38,4	38,6	38,5	-0,3
New orders, durables (\$ millions, 1992) ⁴	25 832	25 890	26 315	26 590	26 855	27 128	1,0
Shipments/inventories of finished goods ⁴	1,83	1,82	1,81	1,81	1,81	1,83	0,02 ⁵
Retail trade							
Furniture and appliance sales (\$ millions, 1992) ⁴	2 604,2	2 614,8	2 639,4	2 664,6	2 685,2	2 724	1,5
Other durable goods sales (\$ millions, 1992) ⁴	8 751,8	8 801,6	8 853	8 831	8 800,2	8 851,4	0,6
Unsmoothed composite leading indicator	222,5	225,7	225,7	225,5	227,3	228,0	0,3

1. Composite index of housing starts (units) and house sales (multiple listing service).

2. Deflated by the Consumer Price Index for all items.

3. The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the month immediately preceding.

4. The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the second preceding month.

5. Difference from previous month.

Travel between Canada and other countries

April 2007

Travel between Canada and other countries declined in April, with decreases recorded in both directions.

Travel by Canadian residents abroad declined 0.5% in April to an estimated 3.9 million trips. The number of trips from the United States and other countries to Canada dropped 0.6% to 2.5 million. (Unless otherwise specified, monthly data are seasonally adjusted.)

Canadian residents took 597,000 trips to overseas destinations in April, making it the third highest month on record. However, this was a 1.0% decrease compared to March, when a record high was set.

Canadians also made more than 3.3 million trips to the United States in April, a decrease of 0.4% compared to March.

The number of same-day car trips by Canadian residents dipped slightly from March to April, while overnight travel by all modes declined 0.9% to less than 1.4 million. While overnight car travel dropped 2.2% to 790,000 trips, overnight air travel rose 1.0% to 475,000 trips.

United States residents took over 2.1 million trips to Canada in April, a decrease of 0.2% compared to March.

Overnight travel from the United States to Canada remained relatively steady in April at nearly 1.1 million trips. While there was a 0.2% decline in the number of overnight trips by air by American residents, there was a 0.5% increase in overnight car travel.

Americans took an estimated 943,000 same-day car trips to Canada in April, virtually unchanged from March. This was also the fourth consecutive month during which trips did not reach the 1-million mark.

Overseas visitors took 389,000 trips to Canada in April, a drop of 2.8% from March, and the lowest figure recorded since November 2006.

Travel from 7 of Canada's top 12 overseas markets was down in April compared to March. Among the top 12 markets, travel from Italy posted the largest gain (+9.7%), while travel from Mexico recorded the largest decline (-12.7%). Also, April was the highest month on record for travel to Canada by Australian residents, as they registered 20,000 trips.

Note: Same-day and overnight data for United States residents entering by commercial plane, train, commercial boat or other methods (for example, by foot or motorcycle) and any summation of these not seasonally adjusted series have been revised for each month of the third and fourth quarters of 2006.

Same-day and overnight data for Canadian residents returning from the United States by commercial plane, private plane, train, commercial boat or other methods (for example, by foot or motorcycle) and any summation of these not seasonally adjusted series have been revised for each month of the third and fourth quarters of 2006.

Available on CANSIM: tables 427-0001 to 427-0006.

Definitions, data sources and methods: survey number 5005.

The April 2007 issue of *International Travel, Advance Information*, Vol. 23, no. 4 (66-001-PWE, free) is now available from the *Publications* module of our website.

For general information, contact Client Services (toll-free 1-800-307-3382; 613-951-9169; fax: 613-951-2909; cult.tourstats@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Frances Kremarik (613-951-4240; frances.kremarik@statcan.ca), Culture, Tourism and the Centre for Education Statistics. □

Travel between Canada and other countries

	March 2007 ^r	April 2007 ^p	March to April 2007	April 2007	April 2006 to April 2007
	Seasonally Adjusted			Unadjusted	
	thousands		% change ¹	thousands	% change
Canadian trips abroad²	3,929	3,911	-0.5	4,101	-0.4
to the United States	3,326	3,313	-0.4	3,409	-2.0
to other countries	603	597	-1.0	692	8.4
Same-day car trips to the United States	1,894	1,890	-0.2	1,864	-6.0
Total trips, one or more nights	1,976	1,958	-0.9	2,180	4.7
United States ³	1,373	1,360	-0.9	1,488	3.1
Car	808	790	-2.2	818	3.9
Plane	471	475	1.0	567	4.6
Other modes of transportation	94	95	0.7	103	-9.4
Other countries ⁴	603	597	-1.0	692	8.4
Travel to Canada²	2,517	2,501	-0.6	1,931	-16.0
from the United States	2,117	2,112	-0.2	1,655	-18.0
from other countries	400	389	-2.8	275	-1.0
Same-day car trips from the United States	944	943	-0.1	868	-22.6
Total trips, one or more nights	1,465	1,453	-0.8	1,001	-9.3
United States ³	1,074	1,075	0.1	733	-11.8
Car	638	642	0.5	444	-12.5
Plane	309	308	-0.2	234	-9.5
Other modes of transportation	127	125	-1.6	56	-15.2
Other countries ⁴	391	379	-3.2	267	-1.7
Travel to Canada: Top overseas markets, by country of origin⁵					
United Kingdom	76	75	-1.7	51	-6.8
France	33	32	-1.2	21	3.7
Japan	33	31	-6.6	23	-8.8
Germany	28	27	-2.0	16	-3.9
Mexico	23	20	-12.7	18	-4.2
Australia	19	20	4.4	12	15.9
South Korea	18	16	-8.5	13	4.5
China	13	13	1.9	9	4.5
Netherlands	10	10	1.0	6	-3.4
India	10	10	-0.2	8	25.0
Italy	8	9	9.7	6	24.6
Hong Kong	9	9	0.9	6	-17.8

^r revised

^p preliminary

1. Percentage change is based on unrounded data.

2. Totals exceed the sum of "same-day car trips" and "total trips, one or more nights" because they include all of the same-day trips.

3. Estimates for the United States include counts of cars and buses, and estimated numbers for planes, trains, boats and other methods.

4. Figures for other countries exclude same-day entries by land only, via the United States.

5. Includes same-day and overnight trips.

Agriculture value added account 2006

The value of agricultural production fell 4.3% in 2006 to \$44.9 billion, as the value of inventory change continued to decline along with a slight drop in sales of agricultural products and lower program payments.

Sales of agricultural products edged down 1.2% to \$38.3 billion. This was also 1.2% below the previous five-year average (2001 to 2005).

The average was dragged down by back-to-back droughts in 2001 and 2002, as well as by the closure of the US border to live cattle exports.

The slight increase in sales of agricultural products to sectors other than the agriculture sector between 2005 and 2006 was influenced by higher revenues from crop sales.

Total revenues from the sale of crops and livestock increased 1.8% to \$32.4 billion in 2006. Crop receipts jumped 7.4% to \$14.5 billion as prices recovered from recent lows. Stronger crop revenue helped offset declines in livestock receipts. Hog prices continued to languish, pushing livestock receipts down 2.4% in 2006.

After three consecutive years of increases, program payments declined 7.1% from the record level of 2005 to \$4.6 billion. Despite the drop, the amount in 2006 was 4.7% above the previous five-year average.

Certain programs linked to cash flow problems and difficulties in the cattle sector were terminated in 2006, including the Farm Income Payment Program and bovine spongiform encephalopathy-related programs. However, new programs helped to prevent a precipitous fall in payments. These included the Grains and Oilseeds Payment Program and the Canadian Agricultural Income Stabilization (CAIS) Inventory Transition Initiatives, as well as other CAIS enhancements.

Crop insurance payments also played a role in the decline, falling 21.1% as a result of better growing conditions in 2006.

The value of inventory change decreased \$616 million in 2006, the first decrease since 2002. Declining on-farm stocks of livestock were a major contributor to the negative value of inventory change in 2006. Cattle inventories fell 3.5% in the wake of renewed live cattle exports to the United States, while hog inventories declined 2.7%.

As well, the conversion of on-farm stocks of canola into market deliveries and lower stocks of feed grains were not fully offset by increased stocks of wheat (excluding durum), potatoes and soybeans.

As a result, the total value of agricultural production edged down to \$44.9 billion. Nova Scotia, Ontario, Saskatchewan, Alberta and British Columbia recorded decreases in the total value of production.

Net value added, which is the value of production minus expenses on input, business taxes and depreciation, fell 14.3% to \$8.7 billion in 2006.

Interest charges accounted for 31% of net value added, while non-family wages accounted for 29%.

As a result of the release of data from the 2006 Census of Agriculture on May 16, 2007, estimates of the agriculture value added account and other data contained in the *Agriculture Economic Statistics* series will be revised, where necessary. These revisions will be announced in a future release of the series in *The Daily*.

Available on CANSIM: table 002-0004.

Definitions, data sources and methods: survey number 5030.

The publication *Agriculture Value Added Account - Agriculture Economic Statistics*, June 2007, Vol. 6,

no. 1 (21-017-XWE, free) is now available online. From the *Publications* module of our website, under *Free Internet publications*, choose *Agriculture*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Marco Morin (613-951-2074; marco.morin@statcan.ca), Agriculture Division. ■

Balance sheet of the agricultural sector

December 31, 2006

Farm sector equity in Canada increased 2.7% in 2006 to \$195.2 billion, as assets rose more rapidly than liabilities. The value of farm real estate continued the steady growth started in 1988. It advanced 2.9% in 2006 and was an important contributor to the increase in assets.

Farm liabilities at the end of 2006 reached \$48.0 billion, up 4.4% from 2005, the 13th consecutive annual rise. Current liabilities advanced 1.5%, while long-term liabilities recorded an annual increase of 5.3%.

The debt-to-asset ratio progressed for the 11th consecutive year, rising to 19.7% in 2006. This ratio, which measures the dependence of farm businesses on debt, reached a new record for the 1981 to 2006 period, slightly above the 19.5% reached in 2005. The lowest ratio occurred in 1981 at 12.4%.

After reaching its lowest level in 2005 since 1981, the current assets to current liabilities ratio edged up in 2006 to 1.991, compared to 1.962 in 2005. The lower levels recorded in the past four years meant that operators within the agriculture sector had a lower ability to pay short-term debts, compared to the 1981 to 2002 period.

The interest coverage ratio, which indicates the ability to pay interest charges and to protect creditors from interest payment default, decreased to 1.725 in 2006, the second consecutive decline after the eight-year high of 3.434 in 2004. The 2006 level remained below the 10-year average of 2.735 (1996 to 2005).

Return on equity fell to 1.0% in 2006. This was likewise a second consecutive decrease following an eight-year high in 2004 (3.0%). The 2006 level remained below the 10-year average of 2.2%.

As a result of the release of data from the 2006 Census of Agriculture on May 16, 2007, estimates of the balance sheet of the agricultural sector at December 31 and other data contained in the *Agriculture Economic Statistics* series will be revised, where necessary. These revisions will be announced in a future release of the series in *The Daily*.

Available on CANSIM: table 002-0020.

Definitions, data sources and methods: survey number 5029.

The publication *Balance Sheet of the Agricultural Sector - Agriculture Economic Statistics*, June 2007, Vol. 6, no. 1 (21-016-XWE, free) is now available. From the *Publications* module of our website, under *Free Internet publications*, choose *Agriculture*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Marco Morin (613-951-2074; marco.morin@statcan.ca), Agriculture Division. ■

Farm business cash flows

2006

Cash income for Canadian farm businesses decreased 9.4% in 2006. Although stronger crop revenue helped to offset declines in livestock receipts and program payments, producers faced higher interest charges, labour costs and fuel prices, which drove farm operating expenses higher.

Cash income for the year amounted to \$7.3 billion, the second consecutive annual decline.

The level of cash income was 13.1% below the previous five-year average (2001 to 2005).

The amount of cash available for investment or withdrawal decreased 2.0% to \$9.0 billion in 2006. It remained 11.7% below the previous five-year average, which was weighted down by difficult years in 2002 and 2003.

Cash available to producers increased through borrowing, resulting in a \$1.7 billion net change in loans outstanding in 2006.

All provinces recorded decreases in cash income, except Newfoundland and Labrador, New Brunswick and Saskatchewan. For these three provinces, the increase in the sales of primary agricultural products explained the rise recorded between 2005 and 2006.

As a result of the release of data from the 2006 Census of Agriculture on May 16, 2007, estimates of the farm business cash flows and other data contained in the *Agriculture Economic Statistics* series will be revised, where necessary. These revisions will be announced in a future release of the series in *The Daily*.

Available on CANSIM: table 002-0023.

Definitions, data sources and methods: survey number 5031.

Please note that this series does not include data on depreciation, which are available in the publication *Farm Operating Expenses and Depreciation Charges - Agriculture Economic Statistics* (21-012-XWE, free).

The publication *Farm Business Cash Flows - Agriculture Economic Statistics*, June 2007, Vol. 6, no. 1 (21-018-XWE, free) is now available online. From the *Publications* module of our website, under *Free Internet publications*, choose *Agriculture*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Marco Morin (613-951-2074; marco.morin@statcan.ca), Agriculture Division. ■

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