

Appendix B

Classification of non-energy export components: Past performance and future prospects

Components that have	Non-Energy Export Components	Nominal Share (2013) (2)	Exchange Rate Sensitive (3)	Likely to Lead the Recovery (4)
...grown in line with or above their respective U.S. benchmarks	Commercial services	12.4		X
	Passenger cars and light trucks	10.9		
	Intermediate metal products	10.1		X
	Food, beverage and tobacco products	5.4		
	Farm and fishing products	5.2		
	Building and packaging materials	4.8	X	X
	Aircraft, aircraft engines and aircraft parts	3.5	X	X
	Plastic and rubber products	3.1	X	X
	Pharmaceutical and medical products	1.5	X	X
	Logs, pulpwood and other forestry products	0.2		X
... under performed compared with their respective U.S. benchmarks	Industrial machinery, equipment and parts	6.3	X	X
	Basic/industrial chemical products	5.1		
	Tires, motor vehicle engines and parts	4.5	X	
	Travel services	4.2		
	Other electronics and electrical machinery, equip. & parts	3.5	X	
	Pulp and paper stock	2.9		
	Cleaning products, appliances, and misc. goods	2.4	X	
	Metal ores and concentrates	2.2		
	Non-metallic minerals	2.0		
	Food and tobacco intermediate products	1.4		
	Communications and audio and video equipment	1.3	X	X
	Recyclable waste and scrap	1.2		
	Furniture and fixtures	1.0	X	
	Clothing, footwear and textile products	1.0	X	
	Fabricated metal products	0.9	X	X
	Paper and published products	0.9	X	
	Med. and heavy trucks, buses and other MV	0.6	X	
	Other transportation equip. and parts	0.6	X	
	Computer and computer peripheral equip.	0.5		X
	Non-metallic minerals products	0.4	X	X
General government services	0.3	X	X	

Source: Bank of Canada - Discussion Paper April 2014 - Canadian Non-Energy Exports: Past Performance and Future Prospects - <http://www.bankofcanada.ca/2014/04/discussion-paper-2014-1/>

(1) We currently exploit only US benchmarks. With about 25% of our products shipped to non-US destination (2013), our benchmarks could be improved in the future. For two export categories (government and commercial services), we have elected to use US GDP.

(2) Nominal shares are of the 31 categories considered here.

(3) If, during a period of depreciation (appreciation), the growth of a component surpasses (lags) the growth of the benchmark, we define this series to be responsive to exchange rate movements. Using this definition, if a component is responsive for at least 3 out of 4 cycles, then it is defined as sensitive to the exchange rate. The last four major exchange rate cycles are 1983-86, 1986-91, 1992-95, and 2002-07.

(4) We consider each export category's recent performance, its link to the expected drivers of foreign demand (such as US residential and business investment), intelligence from industry contacts, and historical sensitivity to the exchange rate to determine which export components are likely to lead the recovery.