

Dollars to compensate, the price Canadians seem less upset

Kristian Klima, World Business Press Online, Ottawa | 4 Aug 2009 11:29
The Canadian dollar versus the U.S. in recent weeks, rising and currently ranges above 92 U.S. cents. In the run up to parity Canadians begin again to compare prices at home and in the United States. Strong Canadian Dollar last year meant that Canadians pay significantly more for goods than Americans, and their anger that the currency traders nepremietli to lower prices.

- [Stock exchanges indicate the end of the crisis. However, this nevzdala yet](#)



Photo

Author: SHUTTERSTOCK

Americans interested in the price differences only if they leave Canada, Canadians pursuing them in detail, and the majority of their findings upset. According to analyst Bank of Montreal (BMO) Douglesa Porter is the monitoring of prices becomes parity with the upcoming second Canadian national sport.

And since he is Canadian, opened his report last year and again had the prices on both sides of the border. But first, look at last year's prices.

The reference basket then showed the average price difference of 18% before tax, which was 30% compared to September 2007 a significant reduction. But even as prices were in June 2008 in Canada above. CD group Coldplay has become almost a third more in Canada than in the U.S., Diapers Huggies Pullups were on the north of the border more expensive by 27%. For digital cameras, Canadians pay about 25% more per book of 21 [cars](#) and 19 percent. Luxury cars, however, Canadian dealers sold the U.S. versus 30% more expensive.

Porter last year called on retailers to reduce prices. Now is the time, he wrote. His study, this is pleasant reading - the differences in prices dropped to 6.8% (pre-tax prices in the U.S. and Canadian stores are listed without tax). End of July was particularly suitable for comparison, since the current value of the Canadian currency was practically the same as the average rate last year (92.5 U.S. cents).

The comparison is not bad for Canada. For example, two acutest tracked items, books and cars zlacneli significantly. Until last year the retail price of books bestsellers in Canada about 22% higher than in the U.S., the gap is now reduced to 11%. Prices of books to discounts, offered by merchants on both sides of the border virtually the same. Chainsaws and barbecue grills, while Canada is still significantly more expensive than in the U.S. (about 25, respectively. About 37 per cent), but the price difference in digital cameras has dropped to two percent. In cars the difference is only one percent against the Canadians.

Doug Porter of BMO in this context highlights the interesting one: "One of the things that I found was that the various discounts and events in Canada were significantly greater than in the U.S.. Rate Card While in Canada the price much higher. As an example, one of the models General Motors. Reduction in Canada was \$ 6,000, but the U.S. was only \$ 2,500 for the same car. And in the end meant that the final price was almost the same. "

Really? Robert Lamb of the organization without borders Cars (Cars Without Borders, www.carswithoutborders.com), the lobbying for the simplification of import rules for cars from the USA, argues that the situation is slightly different and Porter compares apples from pears. According to their calculations and experience, the price difference increases with the degree of equipment. After inclusion of all fees and taxes pay for the Canadian Toyota Camry XLE V6 imported from the USA 9.63% less

than the same model bought in Canada. And will the U.S. version equipped with the accessories that are offered in Canada.

Doug Porter in an interview for World Business Press Online confessed it from disclosure reports zaplavovali calls from people who claimed the opposite and, as cars without Borders, reported concrete examples, when the price difference is much greater. Porter but admitted that the methodology of the survey is not quite proof. However, producers have their own prices for both countries, both the vendors themselves by adjusting prices, discounts and campaigns not. Furthermore, in the car it is often impossible to compare two identical models, whereas the level of equipment in both countries often differ. In an interview Doug Porter acknowledged that it was not always possible to compare completely identical case. In any case, the study reflects the development of price differences occurring during the year, whereas last year used the same method in the same basket of products. The result is so clear. The price gap is narrowing.

Porter sees the main cause of changes in the course. Canadian Dollar passed the way from parity in the first half of 2008 to a four-year minimum 77 cents at the end of the year. For two years, the Canadian dollar has changed in the range of 43%. According to Porter, however, prices will certainly reduce the sellers. Whether the trend will continue to rise if the value of the Canadian dollar, it is not clear. Porterova analysis estimates that if no changes, price differentials between the U.S. and Canada is at parity dollars increase from the current seven to almost 15 percent. Šanca tu však ešte je: "Ten rozdiel nemusí byť až taký veľký. Pravdepodobne budeme svedkami ďalších zliav, najmä pri predaji automobilov, takže ak dosiahneme paritu, tých 15% to zrejme nebude."

In cars without Borders expect that in the case of parity dollars, the average price difference between the U.S. and Canada for cars up to 17%. If sellers reduce prices. Growth in the Canadian currency in recent weeks and months have already led to the increase in individual car imports from the USA, in June compared to May, imports increased by more than 28% to more than 13-thousand. And despite the fact that some car prohibit its American dealers to sell cars and Canadians on the other hand, Canadian dealers do not recognize the security for the cars purchased in the U.S..

Full price parity with the United States, however, may not be fair. Depends on the size and the Kannada market is the number of inhabitants in

comparison with the U.S. is too small. For the population, it is incredibly spacious. To illustrate, it's the stretch of California on the map of Canada, official bilingualism and add almost two legal systems. Figure the point itself.

In this context, the 6.8% difference in prices, good news for Canadians.

U.S. dollar falls, prices outside the U.S. is not
Kristian Klima, World Business Press Online, Ottawa |Jul 21 2008 8:01

The dollar fell as the price of goods as if they not aware. The USA is still cheaper than elsewhere in the world. The best can be compared to neighbors - Canadians. And anger to them.

Topolánek: Strong Czech Crown does not harm

Author:U. S. Gov.,CTK

Already almost a year the value of the Canadian dollar to the U.S.. Nevertheless, prices remain much higher in Canada than in the U.S.. Canadian consumers corner vendors to reduce prices, or at least to be significantly closer to the U.S.?

Quebec, 15 November 1976. Provincionalne election wins Parti québécois, the main aim of which is the province autonomy. The Canadian dollar, which at that time kept parity with the U.S., began to decline. Cease to be in January 2002. Canadian Dollar, the so-called. Loonie was worth just 61.79 U.S. cents. 20. September 2007 however, again reached parity with U.S. dollar and it has virtually one to one.

Thirty years is a long, sometimes as ever and so Canadians accustomed to the fact that prices are higher north of the border. Books, magazines, CDs and other goods often have a "bilingual" tag. For example, Paper This is your Brain on Music by Daniel Levitin - USA \$ 15.00, CAN. \$ 18.50. Nemesis Isaac Asimova Corps \$ 7.99 / CAN. \$ 10.99.

It is not the dollar as the dollar

Canadians can compare prices directly, because both countries have reported essentially no taxes. In practice, it looks like if the ticket to the book says 18:50, at the checkout you will ask for 20.90 (18.50 + two taxes, in Ontario it's 13 percent combined).

When the value of the dollar offset, suddenly everything was in Canada about 30 percent, but often also about 50 percent more expensive than in the United States. The biggest problem was that the difference was obvious at first glance. Followed by small local boycott, consumers and their associations pressed the dealers to reduce prices.

Best of the level of America.

Traders minute continued until respond - to a few months. Some of the prices to the level of America, for example, LA Kannada Music sells electric guitar Ibanez RG321 (mahogany oil) for 279 CAD, American Musician's Friend for 279.99 USD.

Further price decreased slightly, said 18:50 CAD for Levitinovu book sales, according to the result of parity dollars, because the book originally standing tax-free for more than 20 CAD. Some adjustments were really only cosmetic, and Canadians do not suffice.

Battle of the priceCars

The largest rough narobili for cars. A mali to quite a compelling reason, as the cars that mali in the United States base price as 15-dollars, normally starting in Canada above the 20-one thousand dollars. In luxusnejších cars were differences in the tens of thousands. A few examples of several segments - all prices exclude taxes and fees are taken from price lists in force in mid-July, ie 10 months after reaching parity.

Toyota Yaris is at the basic version in the USA 11 500 USD, Canada 14-one thousand CAD. Popular Truck Chevrolet Silverado 1500, which, incidentally, is manufactured in Canada, starting in the U.S. for 18 515 dollars in Canada for CAD 23 520. In class small car, according to U.S. criteria, is 2.3 liter Mazda3 fully equipped U.S. \$ 22 100, north of the border 28 800 CAD. The latest addition, a little comparison fails because the Canadian model lacks protipreklzový TCS and DSC stabilization system (not at all in the menu). It is not the only case where the Canadians are not only paying more, but paying more for less.

In the luxury SUV segment as the wide gap. For example, the Mazda CX-9 with the maximum possible equipment and accessories cost the same in the U.S. 37-one thousand U.S. dollar. Kannada dealer for the same car ask about 50-one thousand Canadian dollars. If the move to Class luxury sports cars, the basic version of Porsche 911 stands in Canada on 20-one thousand dollars more 93 200 versus 73 500.

Parity in practice? Still fiction

In early June issued a Bank of Montreal (BMO) report, which focused just on the differences in prices between the U.S. and Canada. The differences decreased from an average of 24 to 18 percent, but still remain under the authors report "unusually high".

Shopping cart BMO consisted of seventeen items of various kinds. For example, game console, the Nintendo Wii costs U.S. \$ 249.99 in the U.S., Canada 279.99 CAD (difference is 12 percent). Nappies Huggies Pullups are in the U.S. about 27 percent cheaper (18.97 CAD against USD 14.97). Averageprice 8digital cameras is in the U.S. about 26 percent lower.

Deputy Division BMO Capital Markets Doug Porter notes that, initially, the dealers hold back, arguing that they need time to adjust prices. Another argument was that they needsold

dearly bought stocks. For the last year, however, the average rate of 98 U.S. cents per 1 Canadian Dollar, so this argument does not.

It is obvious that the trader lacks good will, because the scope for price reductions are, but the idea that the dollar parity prices in the U.S. and Canada offset is naive and unrealistic. Why? The size of the market, its fragmentation and trade barriers between provinces.

Canadian specifics

In Canada, 33 million people live, is less than in California. But the area is Canada 23-times greater. The buying power is concentrated in southern Ontario and Quebec, and then at the opposite end of the country in Vancouver (British Columbia). From Quebec to Vancouver to 5-thousand kilometers.

"When the goods arrive in Canada, the majority must come in two places," explains Leo Galliotto, manager of the Ottawa branch of the company Carbon Computing. "And passing timethrough

threshold in one place and it is dispatched. And it's expensive to transport. Especially when taking into account that this is not the volumes that are transported in the United States. While large commercial networks in the U.S. purchase directly from producers, large volumes of goods, the Canadian company, and large elektrosupermarkety than FutureShop, bought mostly from dealers. So the price is inevitably higher. "

Canada is the "specialist" in the standards that are generally built to meander over their head man. Bumper cars sold in Europe and the U.S. must withstand an impact speed of 4 km / h. Canadian cars have to do the changes adopted at the beginning of July last 8 km / h. This and other similar measure complicated certification process and also contribute to higher prices. Some companies are not. Toyota Canada sold its Scion brand, offering a computer manufacturer Dell is less than in the U.S., etc.. Large differences are also among the provinces, for example in the field of securities. Not to mention that the goods sold in Canada must have bilingual labels.

Simplification, the expense for approval of product marketing for the 30 million and 300 million market can be the same, but the price on a piece sold to the end customer will be lower for larger market. They are also differences in labor costs and fuel prices. But that hardly explains why it is produced in Canada Chevrolet Silverado dealer bought in 20 km from the end of the production line of 5 000 dollars more expensive than in the U.S..

Defense attack

As Canadians, therefore hamper? Logically, going to buy into the United States. But it is not so simple. Some manufacturers warranty is limited to the United States. Cross-border Internet purchases also have their "magic." Postage from U.S. to Canada is notFree . The shipment must pass through customs. North American Free Trade Zone has simplified things, run down the many duties and charges. But must still pay Canadian taxes. A whole man must "zúradovat. And it is also not free.

So the price of the goods, say, \$ 100, the added tax to 13 percent if the relevant shipping company booked a handling fee. Recently, my well-known for a fee paid more than the amount of tax. If we remain in the 100-dollar shipment, the final amount could be around 125-130 dollars ...

The best thing is to bring in its own axis. And many do. For the first six months of 2008 brought the Canadians in the USA over 150-thousand chariots. This is a little more than the average monthly sales in 2008. And three times more than the first half of 2007.

It is noteworthy that 70-one thousand Canadians this adventurous expedition undertaken to own (the rest used the dealers or brokers). Adventurous, because the administration associated with imports are very complicated, basically it is easier to drive a car from the USA Slovakia than in Canada. Provided that for an auto save individual operators an average of 5 000 dollars, it will amount to 350 million.

Deputy Division BMO Capital Markets Doug Porter argues that, without further pressure from customers, the situation will not change. Individual car imports may be one of its forms. If imports from the U.S. to continue the same pace, which is given to bridge the gap between Canadian and American standards, very likely, will prepare the Canadian dealers for more than two month of sales.

Voluntary association Cars Without Borders (Cars Without Borders, www.carswithoutborders.com) there has only eight months, during which time, however, has helped thousands of people, and even the Ministry of Transport and other institutions it asked to be consulted in the preparation of legislation. Also obtained the cooperation of several U.S. dealers who are very willing to cooperate with kúpyčtívními Canadians.

The question is whether similar initiatives arise in other areas of sales. Whether Canadians will only continue to grumble, or be returned to the dedication of the first weeks after reaching parity.

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