Written by The Associated Press
Friday, 11 September 2009 00:00 -

CALGARY — Canadian Pacific Railway Ltd.is bracing for a tough fall season, with the recession expected to continue chipping away at demand for products the company ships along its network.

The Calgary-based railway tends to see a bump in volumes during the fall, as retailers import goods from abroad ahead of the holiday season, chief executive Fred Green said at a conference hosted by the Royal Bank (TSX:RY).

"With regard to the fall peak, I'm not sure there's going to be one. We'll wait and see," he said.

Green said he has met with his counterparts at major retailers over the past few weeks and has a sense that retail volumes won't be moving in any substantial way.

"I'm not getting overwhelming enthusiasm about their expectations. They're, I think, conservatively trying to make sure they don't overstock their shelves," he said.

The amount of metallurgical coal, used in the production of steel, Canadian Pacific ships was down dramatically last month compared with a year ago.

Shipments of fertilizers like potash and sulphur are also expected to be soft this fall, with prices in those commodities tanking in recent months.

"Our experience so far is that the potash business will be fairly quiet in the month of September from the looks of things and we just don't know for the fourth quarter," Green said.

And far as forest products go, he said he sees "absolutely no sight of good news," and demand for steel continues to be "brutal."

On the flipside, crops are a bright spot for the railway, with impressive volumes of grain expected being produced in Canada and the United States.

Canadian Pacific's automotive business has also seen a bit of an uptick in activity over the past month as a result of the Cash for Clunkers program in the United States.

"Will it sustain itself as we go forward? We just don't know. We're on standby ready to go," Green said.