

# Monthly Survey of Manufacturing, August 2012

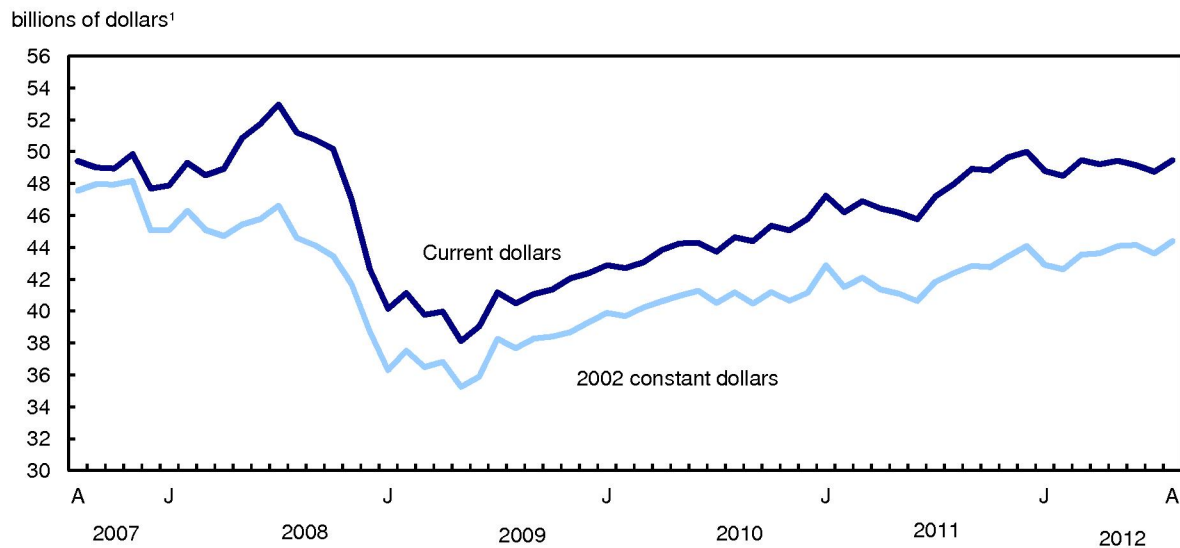
Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, October 16, 2012

Manufacturing sales increased 1.5% to \$49.5 billion in August, the highest sales level since March 2012. The gain largely reflected increases in the petroleum and coal products, and motor vehicle industries.

Manufacturers in 11 out of 21 industries reported higher sales, representing over three quarters of total manufacturing.

Constant dollar sales were up 1.8% in August, indicating a gain in the volume of manufactured goods sold.

**Chart 1**  
**Manufacturing sales increase**



1. Seasonally adjusted.

## Sales advance in the petroleum and coal product industry

In the petroleum and coal product industry, sales advanced 8.6% to \$6.8 billion. The increase partly stemmed from higher sales at some refineries following slowdowns for maintenance and retooling work (please see Note to readers for additional information). Prices in the industry rose in August according to the Industrial Product Price Index. The sales increase in the petroleum and coal products industry was the fifth rise in eight months. Notwithstanding the gain in August, sales remained below their most recent peak of \$7.5 billion reached in March 2012.

Sales rose 4.4% to \$4.7 billion in the motor vehicle assembly industry. The gain stemmed from larger than usual seasonal increases at some plants following regularly scheduled shutdowns in July. The increase was the 12th in 14 months.

A 3.1% sales decrease to \$3.7 billion in the primary metal industry partly offset the overall gain in total manufacturing. The decrease mostly reflected lower prices for primary metals in August.



## **Sales gains concentrated in Ontario and New Brunswick**

Higher sales were reported in eight provinces in August. However, most of the gains were concentrated in Ontario and New Brunswick. Manitoba and Quebec were the two provinces with sales declines in August.

In Ontario, sales were up 2.5% to \$23.1 billion. Advances in the petroleum and coal products industry accounted for almost half of the provincial increase, as refineries ramped up to full production after partial shutdowns. In the motor vehicle industry, sales were up 4.7% to \$4.6 billion, reflecting stronger than normal increases following regularly scheduled shutdowns at some plants. Sales rose 7.2% in the machinery industry to \$1.4 billion, contributing to the overall provincial advance.

Manufacturing sales in New Brunswick rose 7.8% to \$1.7 billion in August, reflecting gains in the non-durable goods industries. The increase was the fifth for the province in seven months.

In Alberta, sales rose 0.5% to \$6.2 billion. The rise stemmed from higher sales in the food (+4.1%) and chemical (+2.6%) industries. These increases were partly offset by declines in the machinery industry (-6.5%).

Manufacturers in Manitoba reported a 4.7% decrease to \$1.3 billion in August. Lower sales of durable goods, such as machinery and transportation equipment industries, were responsible for the provincial decrease.

In Quebec, sales edged down 0.3% to \$11.2 billion, partly reflecting declines in the fabricated metal product (-12.7%) and primary metal (-3.5%) industries. An 11.0% gain in the transportation equipment industry and a 6.5% rise in the petroleum and coal products industry mostly offset the declines.

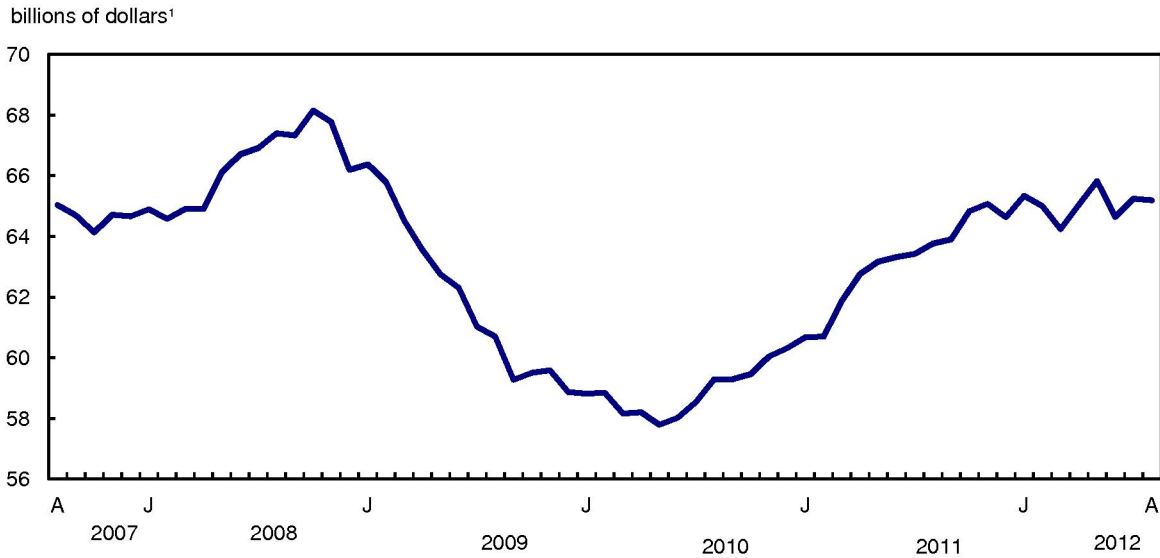
## **Inventories edge down**

Manufacturers' inventories edged down 0.1% in August to \$65.2 billion. Inventories fell in 14 of 21 industries, but the decreases were largely offset by higher inventories of petroleum and coal products.

The largest declines in inventories were in the aerospace product and parts (-3.2%), computer and electronic products (-4.1%), fabricated metal product (-2.5%) and primary metal product (-1.7%) industries.

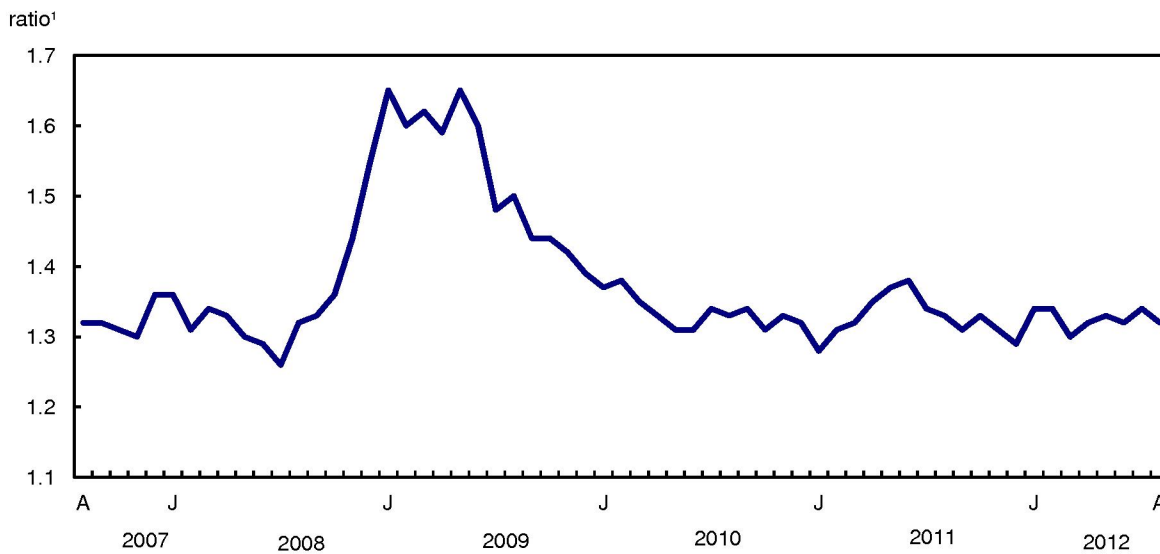
A 10.4% rise in petroleum and coal products inventories partly stemmed from higher finished product inventories reported by most refineries. The gain in inventories in August followed two months of declines.

**Chart 2**  
**Inventories edge down**



The inventory-to-sales ratio decreased from 1.34 in July to 1.32 in August. The inventory-to-sales ratio is a measure of the time, in months, that would be required to exhaust inventories if sales were to remain at their current level.

**Chart 3**  
**The inventory-to-sales ratio declines**



## Unfilled orders decline

Unfilled orders dropped 0.7% in August to \$63.1 billion. A decline in the aerospace product and parts industry was responsible for approximately one-third of the decrease.

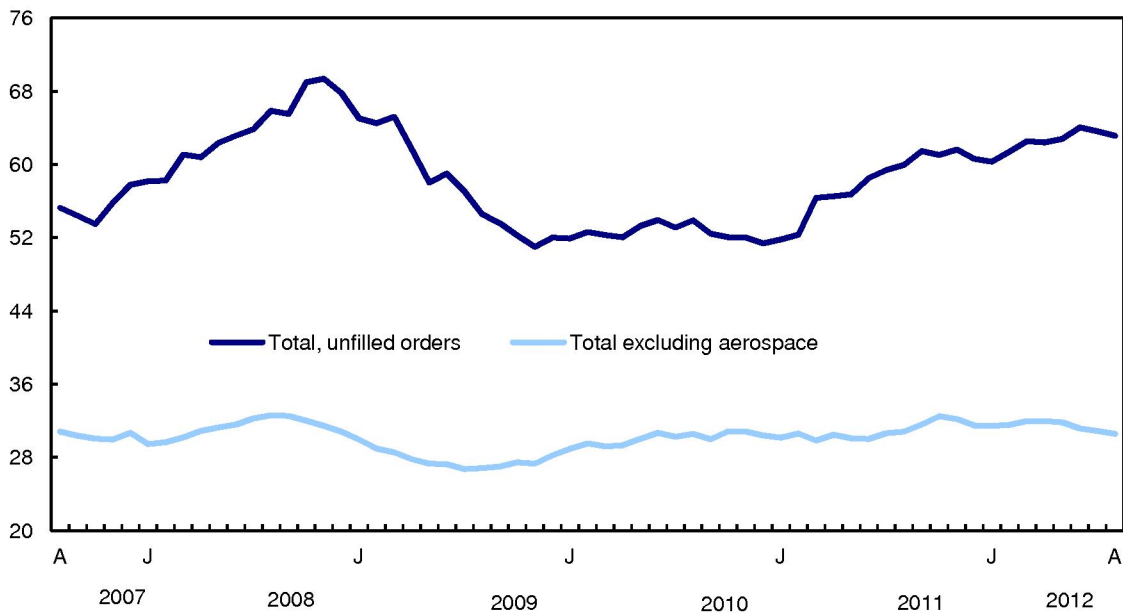
In the aerospace product and parts industry, unfilled orders were down 0.5% to \$32.6 billion. The decrease was attributable to an increase in the value of the Canadian dollar relative to the US dollar in August. A large portion of unfilled orders in this industry are held in US dollars.

Unfilled orders were down 1.5% in the machinery industry to \$8.0 billion, reflecting a widespread decrease in the backlog of orders.

In the primary metal and fabricated metal product industries, unfilled orders declined 6.9% and 1.3% respectively.

### Chart 4 Unfilled orders decline

billions of dollars<sup>1</sup>



1. Seasonally adjusted.

In August, new orders increased 1.4% to \$49.0 billion, reflecting gains in the petroleum and coal products and motor vehicle industries. Declines in the primary metal, and computer and electronic product industries offset a portion of the gains.

### Note to readers

In the petroleum and coal product industry, between April and June 2012, there were partial shutdowns at several plants for retooling and maintenance work, resulting in decreases in reported sales. Production returned to more normal levels by July and August as the work was completed. However, as of this release, the reported sales data received from several refineries are under review, which resulted in changes to July and may result in subsequent revisions to this industry. Readers are advised to use the sales figures with caution.

Preliminary data are provided for the current reference month. Results for the three previous months are revised based on late or updated respondent data.

All data in this release are seasonally adjusted and are expressed in current dollars unless otherwise specified. For more information on seasonal adjustment, see [Seasonal adjustment and identifying economic trends](#).

**Non-durable goods industries** include food, beverage and tobacco products, textile mills, textile product mills, clothing, leather and allied products, paper, printing and related support activities, petroleum and coal products, chemicals, and plastics and rubber products.

**Durable goods industries** include wood products, non-metallic mineral products, primary metal, fabricated metal products, machinery, computer and electronic products, electrical equipment, appliances and components, transportation equipment, furniture and related products and miscellaneous manufacturing.

#### Production-based industries

For the aerospace industry and shipbuilding industries, the value of production is used instead of sales of goods manufactured. This value is calculated by adjusting monthly sales of goods manufactured by the monthly change in inventories of goods in process and finished products manufactured.

**Unfilled orders** are a stock of orders that will contribute to future sales assuming that the orders are not cancelled.

**New orders** are those received whether sold in the current month or not. New orders are measured as the sum of sales for the current month plus the change in unfilled orders from the previous month to the current month.

**Table 1**  
**Manufacturing: Principal statistics – Seasonally adjusted**

	August 2011	July 2012 <sup>r</sup>	August 2012 <sup>P</sup>	July to August 2012	August 2011 to August 2012
	millions of dollars			% change <sup>1</sup>	
Manufacturing sales (current dollars)	47,950	48,748	49,461	1.5	3.2
Manufacturing sales (2002 constant dollars)	42,377	43,591	44,383	1.8	4.7
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	42,700	42,139	42,699	1.3	0.0
Inventories	63,759	65,236	65,189	-0.1	2.2
Unfilled orders	59,940	63,613	63,149	-0.7	5.4
Unfilled orders excluding motor vehicles, parts and accessories	59,296	63,160	62,665	-0.8	5.7
New orders	48,487	48,319	48,997	1.4	1.1
New orders excluding motor vehicles, parts and accessories	43,191	41,752	42,204	1.1	-2.3
Inventory-to-sales ratio	1.33	1.34	1.32	...	...

<sup>r</sup> revised

<sup>P</sup> preliminary

... not applicable

1. Percent change calculated at thousands of dollars for current dollars, and millions of dollars for constant dollars.

**Table 2**  
**Manufacturing sales: Industry aggregates – Seasonally adjusted**

	August 2011	July 2012 <sup>r</sup>	August 2012 <sup>p</sup>	July to August 2012	August 2011 to August 2012
	millions of dollars			% change <sup>1</sup>	
Food manufacturing	7,173	7,048	7,066	0.3	-1.5
Beverage and tobacco product	914	962	973	1.2	6.4
Textile mills	130	163	148	-9.3	13.4
Textile product mills	136	150	130	-13.4	-4.2
Clothing manufacturing	181	166	152	-8.1	-15.9
Leather and allied product	33	35	29	-15.2	-11.3
Wood product	1,504	1,700	1,724	1.4	14.6
Paper manufacturing	2,203	2,034	2,050	0.8	-7.0
Printing and related support activities	700	722	716	-0.9	2.2
Petroleum and coal product	6,696	6,258	6,795	8.6	1.5
Chemical	4,005	3,925	3,942	0.4	-1.6
Plastics and rubber products	1,843	1,971	1,968	-0.2	6.8
Non-metallic mineral product	1,087	1,155	1,178	2.0	8.4
Primary metal	4,084	3,859	3,740	-3.1	-8.4
Fabricated metal product	2,777	2,997	2,961	-1.2	6.6
Machinery	2,879	3,144	3,169	0.8	10.1
Computer and electronic product	1,305	1,185	1,212	2.3	-7.1
Electrical equipment, appliance and component	830	873	869	-0.4	4.8
Transportation equipment	7,481	8,623	8,852	2.7	18.3
Motor vehicle	3,634	4,536	4,733	4.4	30.2
Motor vehicle body and trailer	303	323	335	3.5	10.5
Motor vehicle parts	1,616	2,072	2,028	-2.1	25.5
Aerospace product and parts	1,382	1,203	1,233	2.5	-10.8
Railroad rolling stock	145	99	113	13.9	-22.1
Ship and boat building	98	116	132	14.4	34.6
Furniture and related product	857	939	916	-2.5	6.9
Miscellaneous manufacturing	1,130	840	869	3.5	-23.1
Non-durable goods industries	24,015	23,433	23,969	2.3	-0.2
Durable goods industries	23,935	25,315	25,492	0.7	6.5

<sup>r</sup> revised

<sup>p</sup> preliminary

1. Percent change calculated at thousands of dollars.

**Table 3**  
**Manufacturing sales: Provinces and territories – Seasonally adjusted**

	August 2011	July 2012 <sup>r</sup>	August 2012 <sup>p</sup>	July to August 2012	August 2011 to August 2012
	millions of dollars			% change <sup>1</sup>	
<b>Canada</b>	<b>47,950</b>	<b>48,748</b>	<b>49,461</b>	<b>1.5</b>	<b>3.2</b>
Newfoundland and Labrador	387	598	610	2.1	57.5
Prince Edward Island	104	103	106	3.6	2.7
Nova Scotia	871	768	799	4.1	-8.2
New Brunswick	1,633	1,567	1,689	7.8	3.5
Quebec	11,478	11,241	11,210	-0.3	-2.3
Ontario	21,965	22,559	23,114	2.5	5.2
Manitoba	1,257	1,328	1,266	-4.7	0.8
Saskatchewan	1,087	1,201	1,210	0.8	11.3
Alberta	5,957	6,179	6,208	0.5	4.2
British Columbia	3,207	3,201	3,243	1.3	1.1
Yukon	3	3	3	-3.6	-4.9
Northwest Territories and Nunavut	1	2	1	-38.0	26.5

<sup>r</sup> revised

<sup>p</sup> preliminary

1. Percent change calculated at thousands of dollars.

**Available without charge in CANSIM: tables 304-0014, 304-0015 and 377-0008.**

**Definitions, data sources and methods: survey number 2101.**

Data from the September Monthly Survey of Manufacturing will be released on November 15.

For further information regarding the Monthly Survey of Manufacturing, contact Statistics Canada's National Contact Centre (613-951-8116; toll-free 1-800-263-1136; infostats@statcan.gc.ca).

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