

Monthly Survey of Manufacturing, September 2012

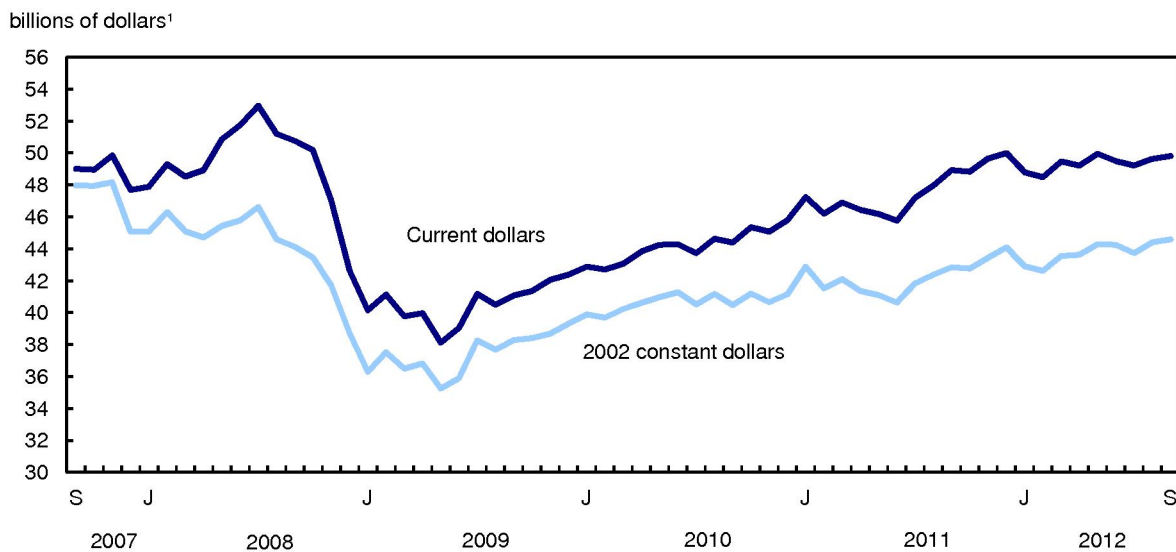
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Manufacturing sales advanced 0.4% to \$49.8 billion in September. The gain reflected higher production in the aerospace product and parts industry and increased sales of primary metals. Excluding the aerospace industry, total manufacturing sales decreased 0.7%. The increases were partly offset by a decline in the motor vehicle assembly industry.

Sales rose in 8 of 21 industries, representing just under half of Canadian manufacturing. Sales of durable goods increased 1.1% to \$25.8 billion, while non-durable goods sales decreased 0.4% to \$24.0 billion.

Constant dollar sales were up 0.4% in September, indicating a gain in the volume of manufactured goods sold.

Chart 1
Manufacturing sales advance



1. Seasonally adjusted.

Gains led by the aerospace product and parts industry

In the aerospace product and parts industry, production increased 43.0% to \$1.8 billion. The increase was the largest since May 2012, when production rose 66.8%. The aerospace industry is one of the more volatile industries in the manufacturing sector.

Sales in the primary metal industry increased 3.7% to \$3.9 billion in September, partly reflecting higher prices.

In the motor vehicle assembly industry, sales declined 3.6% to \$4.6 billion. The decrease offset a portion of the gain in total manufacturing sales. Notwithstanding the decline in September, sales in the industry have risen in 12 of the past 15 months. Sales in September 2012 were 18.2% higher than they were in September 2011.



Manufacturing at a glance: The motor vehicle assembly and motor vehicle parts industries

Since the start of the economic downturn in late 2008, manufacturing sales of motor vehicles and parts have gradually increased. January-to-September 2012 sales of motor vehicles were \$40.4 billion, the highest since the same period in 2007 (data in this section are unadjusted for seasonality). Motor vehicle parts manufacturers also posted strong gains. January-to-September sales were \$18.1 billion, again the highest level for the same period since 2007.

The motor vehicle industry has also shown modest gains relative to other industries in the manufacturing sector. Over the first nine months of 2012, the share of sales by motor vehicle manufacturers relative to total manufacturing was 9.1%, an increase from a low of 6.4% in 2009, but well below the most recent peak of 15.5% in 1999.

The share by motor vehicle parts manufacturing recovered as well. To date, parts manufacturing holds a 4.1% share of total manufacturing activity, up from a low of 3.5% in 2009. This industry's share most recently peaked at 6.0% in 1999.

Despite the recent recovery in the value of manufacturing sales to levels prior to the 2008 downturn, the motor vehicle and parts industries of 2012 remained well below the expansionary levels of the late 1990s. Over the past decade, the Canadian arm of the North American auto sector witnessed the closure of several assembly plants and auto-part factories, as the sector continued to restructure in an ever-competitive marketplace.

Sales rise in three provinces in September

Sales advanced in Quebec, Alberta and Manitoba in September.

In Quebec, sales rose 4.2% to \$11.6 billion. The increase reflected a strong gain in the aerospace product and parts industry. Higher sales in the petroleum and coal product industry and the primary metal industry also contributed to the provincial advance.

Sales in Alberta increased 1.9% to \$6.4 billion, largely as a result of gains in the petroleum and coal product industry. Lower sales in the machinery and food industries offset a portion of the increase.

Manufacturers in Manitoba reported a 3.7% advance to \$1.3 billion, reflecting higher sales in the durable goods industries.

Sales declined 0.9% to \$23.0 billion in Ontario. The decrease largely stemmed from lower sales in the motor vehicle assembly, fabricated metal product, motor vehicle parts, and primary metal industries. Production in the aerospace product and parts industry rose 20.1% in September, partially offsetting these declines.

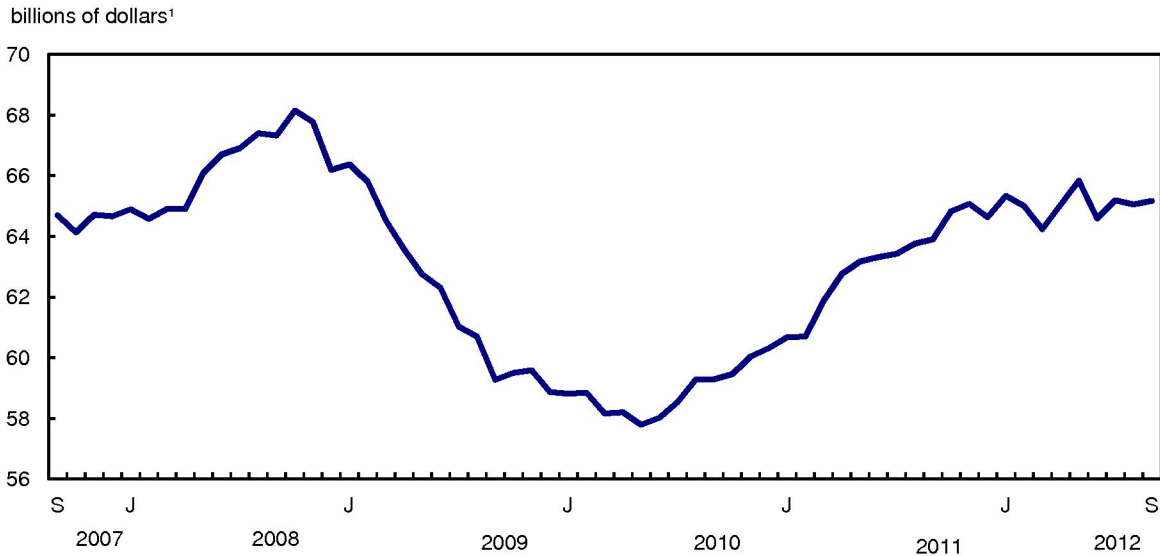
In Newfoundland and Labrador, sales were down 18.1% to \$493 million, reflecting declines in the non-durable goods industries.

Inventories edge upwards

Inventories edged up 0.2% to \$65.2 billion in September, with the machinery and food industries leading the gains. Machinery inventories rose 2.1% to \$7.1 billion, the highest value on record for the industry. Inventories of machinery have increased in seven of the past nine months. In the food industry, inventories increased 1.7% to \$6.2 billion, reflecting widespread gains.

Lower inventories in the petroleum and coal product (-4.5%), the computer and electronic product (-3.1%), and the aerospace product and parts (-1.9%) industries offset most of the gains.

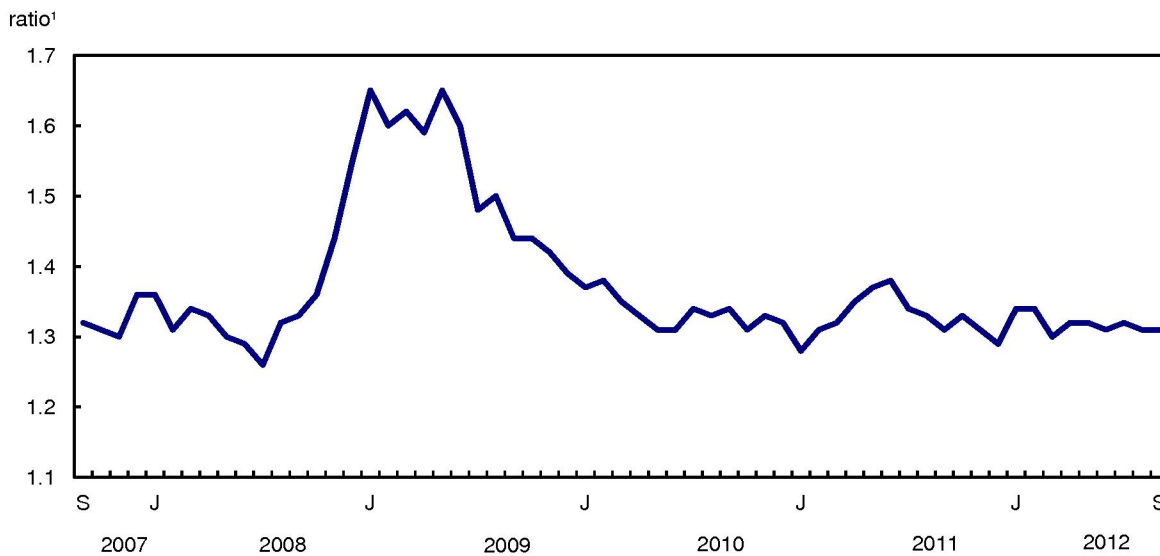
Chart 2
Inventories edge upwards



1. Seasonally adjusted.

The inventory-to-sales ratio was unchanged at 1.31 in September. 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 is unchanged



1. Seasonally adjusted.

Unfilled orders decrease

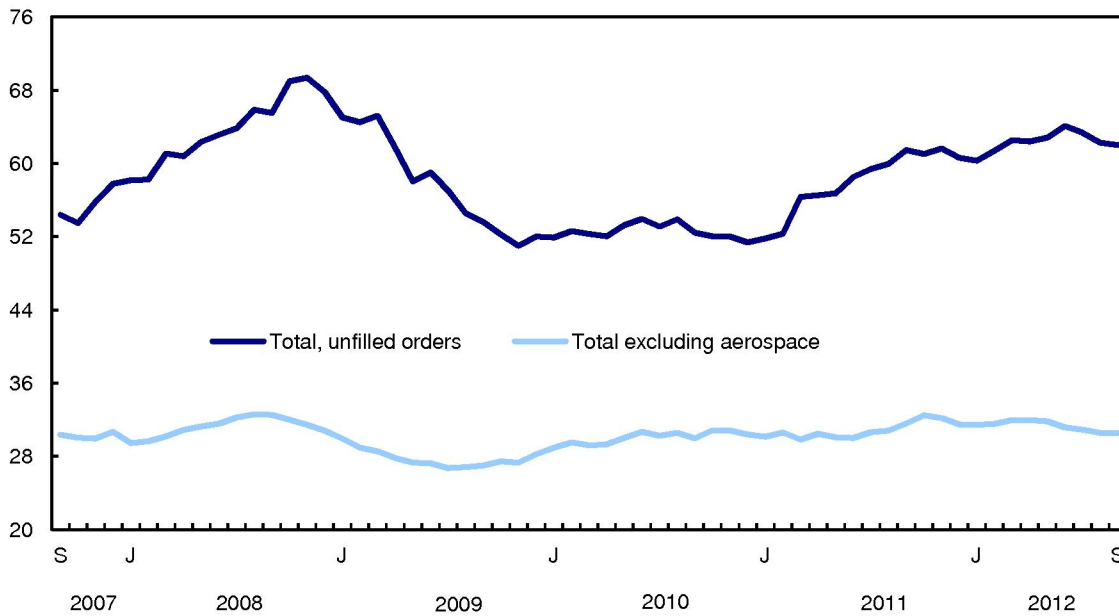
Unfilled orders decreased 0.3% to \$62.0 billion in September. A 0.7% decrease in the aerospace product and parts industry was partly responsible for the decline in total unfilled orders.

In the machinery industry, unfilled orders declined 2.3% to \$7.7 billion, the fourth consecutive monthly decline. Unfilled orders reached an all-time peak in May 2012.

An 8.7% advance in the computer and electronic product industry offset a portion of the declines in unfilled orders.

Chart 4 Unfilled orders decrease

billions of dollars¹



1. Seasonally adjusted.

New orders advanced 2.2% to \$49.6 billion. The gain largely stemmed from higher orders in the aerospace product and parts industry.

Note to readers

In the petroleum and coal products 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, the reported sales data received from several refineries were reviewed and updated, which resulted in revisions to this industry for the May through August reference months.

Preliminary data are provided for the current reference month. Results for the four previous months have been revised based on 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

	September 2011	August 2012 ^r	September 2012 ^P	August to September 2012	September 2011 to September 2012
	millions of dollars			% change ¹	
Manufacturing sales (current dollars)	48,922	49,629	49,812	0.4	1.8
Manufacturing sales (2002 constant dollars)	42,845	44,407	44,582	0.4	4.1
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	43,383	42,874	43,275	0.9	-0.2
Inventories	63,894	65,053	65,169	0.2	2.0
Unfilled orders	61,449	62,244	62,027	-0.3	0.9
Unfilled orders excluding motor vehicles, parts and accessories	60,821	61,761	61,546	-0.3	1.2
New orders	50,431	48,543	49,595	2.2	-1.7
New orders excluding motor vehicles, parts and accessories	44,907	41,759	43,060	3.1	-4.1
Inventory-to-sales ratio	1.31	1.31	1.31

^r revised

^P 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

	September 2011	August 2012 ^r	September 2012 ^p	August to September 2012	September 2011 to September 2012
	millions of dollars			% change ¹	
Food manufacturing	6,970	7,019	7,014	-0.1	0.6
Beverage and tobacco product	899	969	956	-1.3	6.4
Textile mills	132	150	149	-0.1	13.6
Textile product mills	129	126	134	6.4	3.5
Clothing manufacturing	196	168	165	-2.0	-15.7
Leather and allied product	35	31	29	-6.8	-18.1
Wood product	1,503	1,701	1,641	-3.5	9.2
Paper manufacturing	2,162	2,009	1,963	-2.3	-9.2
Printing and related support activities	688	707	678	-4.1	-1.5
Petroleum and coal product	7,374	7,086	7,168	1.2	-2.8
Chemical	3,976	3,948	3,899	-1.2	-1.9
Plastics and rubber products	1,851	1,931	1,892	-2.0	2.2
Non-metallic mineral product	1,119	1,176	1,211	2.9	8.3
Primary metal	4,082	3,722	3,860	3.7	-5.4
Fabricated metal product	2,845	2,973	2,963	-0.3	4.2
Machinery	3,011	3,209	3,152	-1.8	4.7
Computer and electronic product	1,327	1,231	1,262	2.6	-4.9
Electrical equipment, appliance and component	866	851	853	0.2	-1.5
Transportation equipment	7,909	8,812	9,035	2.5	14.2
Motor vehicle	3,879	4,757	4,584	-3.6	18.2
Motor vehicle body and trailer	293	320	298	-7.0	1.8
Motor vehicle parts	1,661	1,998	1,953	-2.2	17.6
Aerospace product and parts	1,505	1,228	1,756	43.0	16.7
Railroad rolling stock	133	113	96	-15.3	-28.1
Ship and boat building	88	124	121	-2.3	37.6
Furniture and related product	888	901	868	-3.6	-2.2
Miscellaneous manufacturing	960	910	918	0.8	-4.4
Non-durable goods industries	24,411	24,142	24,047	-0.4	-1.5
Durable goods industries	24,510	25,487	25,765	1.1	5.1

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

Table 3
Manufacturing sales: Provinces and territories – Seasonally adjusted

	September 2011	August 2012 ^r	September 2012 ^p	August to September 2012	September 2011 to September 2012
	millions of dollars			% change ¹	
Canada	48,922	49,629	49,812	0.4	1.8
Newfoundland and Labrador	536	601	493	-18.1	-8.1
Prince Edward Island	106	104	99	-4.9	-6.7
Nova Scotia	859	916	889	-3.0	3.4
New Brunswick	1,874	1,661	1,594	-4.0	-14.9
Quebec	11,708	11,121	11,593	4.2	-1.0
Ontario	21,965	23,237	23,035	-0.9	4.9
Manitoba	1,269	1,262	1,308	3.7	3.1
Saskatchewan	1,109	1,199	1,194	-0.5	7.7
Alberta	6,304	6,308	6,426	1.9	1.9
British Columbia	3,189	3,216	3,176	-1.2	-0.4
Yukon	3	3	4	16.0	24.5
Northwest Territories and Nunavut	1	1	2	77.0	149.1

^r revised

^p 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 October Monthly Survey of Manufacturing will be released on December 14.

For more information, contact us (toll-free 1-800-263-1136; infostats@statcan.gc.ca).

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