

Monthly Survey of Manufacturing, December 2012

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, February 15, 2013

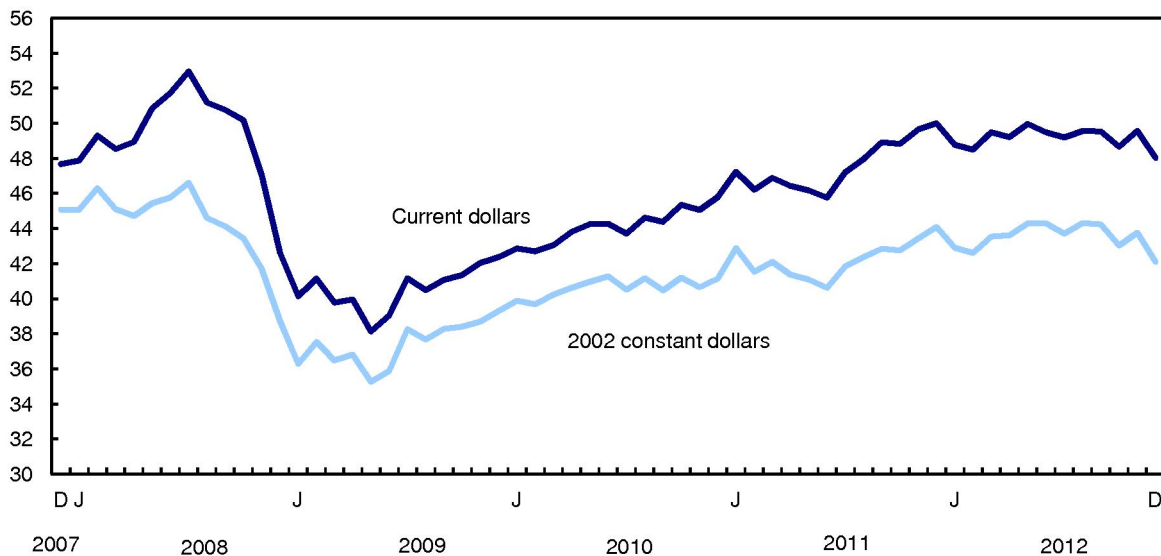
Manufacturing sales declined 3.1% in December to \$48.0 billion, the largest decline since May 2009. Just over half of the decrease reflected lower sales in the transportation equipment industry. Sales were also down in the chemical, petroleum and coal product as well as the fabricated metal product industries.

Sales decreased in 16 of 21 industries, representing 82% of the manufacturing sector. Durable goods sales were down 4.2% while non-durable goods sales declined 2.0%.

Constant dollar sales decreased 3.8%, indicating that the decline in manufactured goods sold was a result of lower volumes.

Chart 1 Manufacturing sales decrease

billions of dollars¹



1. Seasonally adjusted.

Sales drop in the transportation equipment industry

Manufacturing sales fell 9.1% in the transportation equipment industry to \$7.8 billion, the largest percentage decrease since February 2011. A 15.4% decline in the motor vehicle assembly industry was the main reason for the decline in transportation equipment sales. Motor vehicle assembly plants are often shutdown in December for a portion of the month. However, in December 2012, the reduction in production was greater than usually observed.

Sales in the motor vehicle parts industry were down 2.7% to \$1.9 billion, the fourth decrease in five months.

In the chemical manufacturing industry, sales declined 4.2% to \$3.9 billion. Most manufacturers in the industry reported lower sales.



Statistics
Canada

Statistique
Canada

Canada

Petroleum and coal product sales decreased 2.2% to \$7.2 billion, reflecting lower volumes of product sold.

In the fabricated metal product industry, sales were down 4.0% to \$2.8 billion. The drop largely stemmed from lower sales volumes.

Sales declines concentrated in Ontario

More than two-thirds of the decline in Canadian manufacturing sales was concentrated in Ontario. In total, six provinces posted lower sales in December.

In Ontario, sales fell 4.6% to \$21.9 billion, the largest drop in percentage terms since May 2009. The decline mostly reflected decreases in the motor vehicle assembly industry (-15.9%). The aerospace product and parts (-41.2%), chemical, (-4.3%), computer and electronic product (-9.8%), and motor vehicle parts (-2.7%) industries were also down.

In Alberta, sales fell 4.5% to \$5.8 billion, the third consecutive monthly decrease. The drop reflected declines in the machinery (-16.0%), fabricated metal product (-14.5%) and chemical (-4.8%) industries.

Sales were down in New Brunswick (-6.7%) and British Columbia (-3.3%). In New Brunswick, lower sales in the non-durable goods industries were mostly responsible for the decline. In British Columbia, sales were down in 18 of 21 industries.

In Quebec, sales were up 0.7% to \$11.6 billion, offsetting a small portion of the overall national decline. Higher production in the aerospace product and parts industry was responsible for the provincial gain.

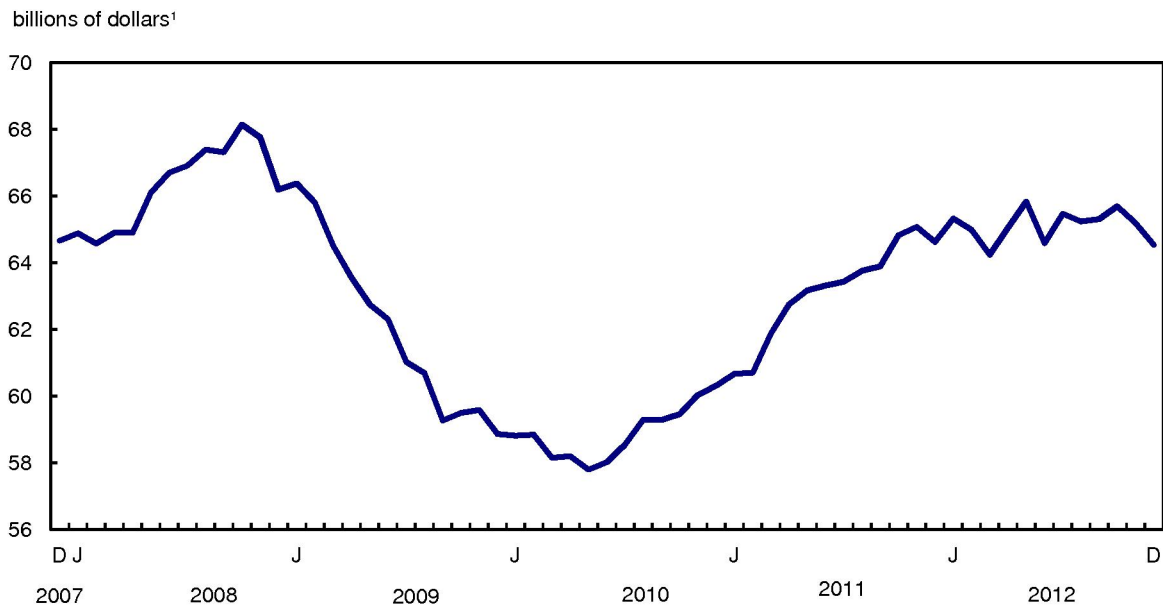
Inventories decline

Inventories decreased 1.0% to \$64.5 billion, primarily reflecting declines in the transportation equipment as well as the petroleum and coal product industries.

In the transportation equipment industry, inventories were down 2.7% to \$9.1 billion. Lower inventory levels in the aerospace product and parts, motor vehicle assembly, and motor vehicle parts industries were responsible for most of the decrease.

In the petroleum and coal product industry, inventories declined 4.6% to \$4.9 billion. The decline largely reflected lower inventory volumes for all three stages of fabrication held by manufacturers.

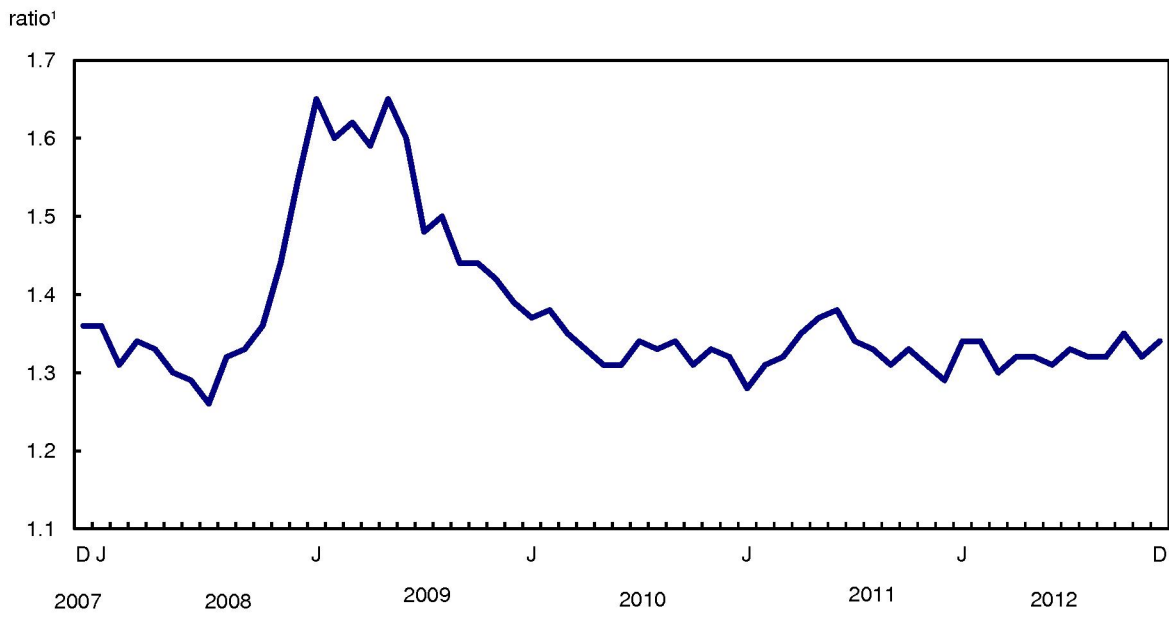
Chart 2 Inventories decline



1. Seasonally adjusted.

The inventory-to-sales ratio rose to 1.34 in December from 1.32 in November. The 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 rises



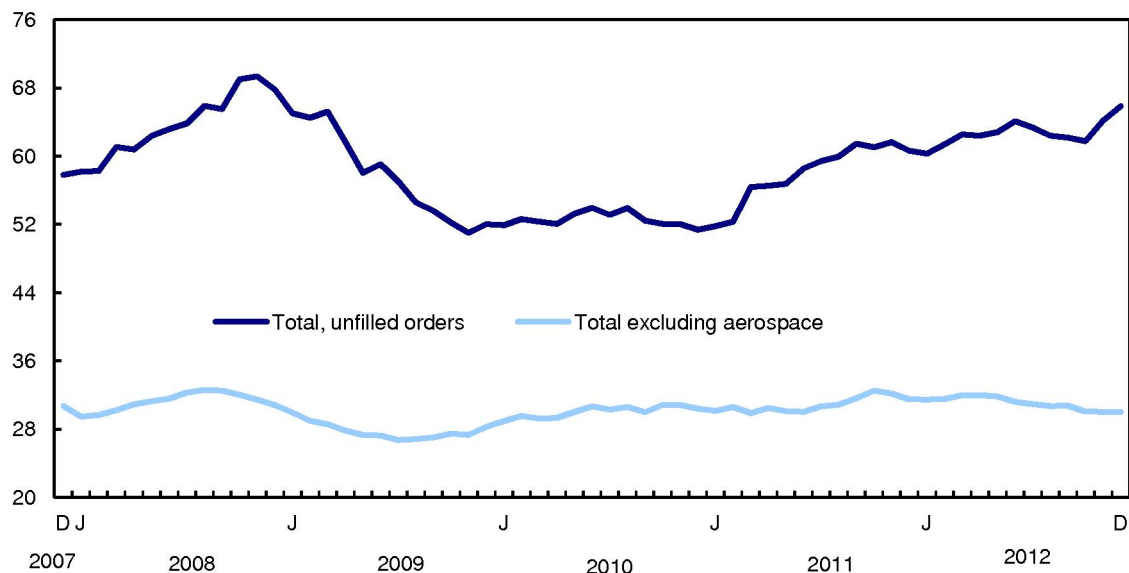
1. Seasonally adjusted.

Unfilled orders rise

Unfilled orders rose 2.6% to \$65.8 billion. The increase stemmed from a 5.0% gain in the aerospace product and parts industry. Unfilled orders in the aerospace industry stood at \$35.9 billion in December. A 3.2% decline in the machinery industry offset a small portion of the gain.

Chart 4 Unfilled orders rise

billions of dollars¹



1. Seasonally adjusted.

New orders declined 4.4% to \$49.7 billion in December.

Manufacturing at a glance: Slower sales growth in 2012

For 2012 as a whole, Canadian manufacturing sales reached \$590.5 billion, up 3.4% from 2011. This was less than half the rate of growth of 7.8% in 2011 and 8.9% in 2010.

The largest contributor to the 3.4% increase in 2012 was the transportation equipment industry, where sales rose 12.6% during the year to \$102.5 billion. Over two-thirds of the annual gain stemmed from higher sales in the motor vehicle assembly industry—a result that contrasts with the decrease in sales for the industry in December 2012. Another major contributor to the annual sales increase in 2012 was the petroleum and coal products industry, where sales were up 6.6%.

The slowdown in growth for the manufacturing sector in 2012 was the result of sales trends in some key industries. In the primary metals industry, annual sales fell 3.4% to \$46.9 billion in 2012, following a 15.6% increase the year before. Sales in the petroleum and coal products industry increased 6.6% in 2012, compared with a 17.0% gain in 2011. Sales in the food industry fell 0.8% in 2012, following a 4.0% advance in 2011. Finally, sales gains in the machinery and chemical industries in 2012 were less than half those in 2011.

Note to readers

Monthly data in this release are seasonally adjusted and are expressed in current dollars unless otherwise specified. Preliminary data are provided for the current reference month. Revised data, based on late responses, are updated for the three previous months. The annual data in this release are not seasonally adjusted.

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**

	December 2011	November 2012 ^r	December 2012 ^P	November to December 2012	December 2011 to December 2012
	millions of dollars			% change ¹	
Manufacturing sales (current dollars)	49,993	49,566	48,024	-3.1	-3.9
Manufacturing sales (2002 constant dollars)	44,083	43,759	42,088	-3.8	-4.5
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	43,700	43,045	42,255	-1.8	-3.3
Inventories	64,625	65,196	64,535	-1.0	-0.1
Unfilled orders	60,601	64,157	65,827	2.6	8.6
Unfilled orders excluding motor vehicles, parts and accessories	60,038	63,700	65,339	2.6	8.8
New orders	48,951	51,993	49,694	-4.4	1.5
New orders excluding motor vehicles, parts and accessories	42,705	45,478	43,895	-3.5	2.8
Inventory-to-sales ratio	1.29	1.32	1.34

^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

	December 2011	November 2012 ^r	December 2012 ^p	November to December 2012	December 2011 to December 2012
	millions of dollars			% change ¹	
Food manufacturing	7,117	6,743	6,716	-0.4	-5.6
Beverage and tobacco product	863	984	964	-2.1	11.7
Textile mills	137	157	154	-1.5	12.4
Textile product mills	133	121	120	-1.1	-9.9
Clothing manufacturing	206	160	150	-6.5	-27.4
Leather and allied product	34	29	26	-9.1	-22.2
Wood product	1,582	1,763	1,796	1.8	13.5
Paper manufacturing	2,076	2,046	1,987	-2.9	-4.3
Printing and related support activities	695	738	702	-4.8	1.0
Petroleum and coal product	6,873	7,362	7,199	-2.2	4.7
Chemical	4,006	4,092	3,921	-4.2	-2.1
Plastics and rubber products	2,139	1,851	1,852	0.0	-13.4
Non-metallic mineral product	1,162	1,095	1,098	0.2	-5.5
Primary metal	4,189	4,047	3,960	-2.2	-5.5
Fabricated metal product	2,970	2,905	2,790	-4.0	-6.0
Machinery	3,214	2,891	2,891	0.0	-10.0
Computer and electronic product	1,282	1,168	1,099	-5.9	-14.3
Electrical equipment, appliance and component	869	880	858	-2.5	-1.3
Transportation equipment	8,582	8,622	7,838	-9.1	-8.7
Motor vehicle	4,393	4,537	3,837	-15.4	-12.7
Motor vehicle body and trailer	263	307	279	-8.9	6.1
Motor vehicle parts	1,900	1,985	1,932	-2.7	1.7
Aerospace product and parts	1,399	1,349	1,437	6.5	2.7
Railroad rolling stock	153	106	78	-26.2	-49.1
Ship and boat building	105	112	85	-23.9	-18.4
Furniture and related product	894	940	925	-1.6	3.4
Miscellaneous manufacturing	973	972	979	0.7	0.7
Non-durable goods industries	24,278	24,283	23,791	-2.0	-2.0
Durable goods industries	25,715	25,284	24,233	-4.2	-5.8

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

Table 3
Manufacturing sales: Provinces and territories – Seasonally adjusted

	December 2011	November 2012 ^r	December 2012 ^p	November to December 2012	December 2011 to December 2012
	millions of dollars			% change ¹	
Canada	49,993	49,566	48,024	-3.1	-3.9
Newfoundland and Labrador	561	619	617	-0.2	10.1
Prince Edward Island	105	105	107	1.7	2.1
Nova Scotia	871	834	840	0.7	-3.5
New Brunswick	1,602	1,815	1,694	-6.7	5.7
Quebec	12,062	11,484	11,564	0.7	-4.1
Ontario	22,849	22,922	21,869	-4.6	-4.3
Manitoba	1,312	1,310	1,212	-7.5	-7.7
Saskatchewan	1,139	1,171	1,194	2.0	4.9
Alberta	6,342	6,044	5,773	-4.5	-9.0
British Columbia	3,148	3,258	3,149	-3.3	0.1
Yukon	3	3	2	-22.8	-13.3
Northwest Territories and Nunavut	1	2	3	7.4	88.7

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

Available in CANSIM: tables 304-0014, 304-0015 and 377-0008.

Definitions, data sources and methods: survey number 2101.

Data from the January Monthly Survey of Manufacturing will be released on March 19.

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

To enquire about the concepts, methods or data quality of this release, contact Michael Schimpf (613-951-9832; michael.schimpf@statcan.gc.ca), Manufacturing and Energy Division.