

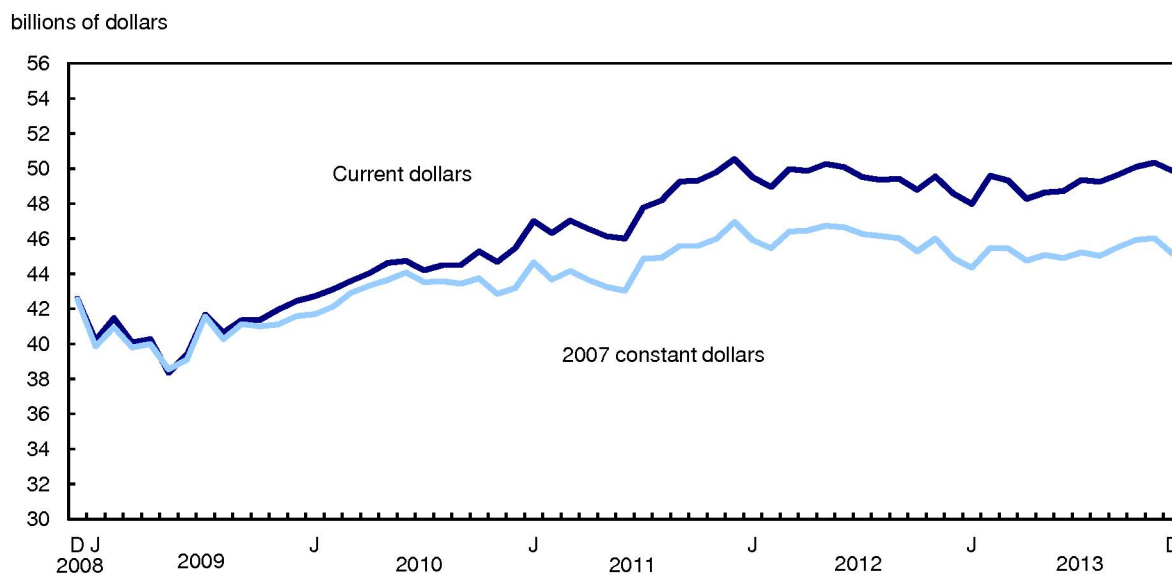
Monthly Survey of Manufacturing, December 2013

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, February 14, 2014

Manufacturing sales in Canada were down 0.9% in December, the first decrease since August 2013, as transportation equipment sales declined. Notwithstanding the decline, manufacturing sales have risen in six of the past eight months and were 2.7% higher than in December 2012.

Sales were down in 15 of 21 industries, representing approximately three-quarters of total manufacturing. Constant dollar sales decreased 1.9%, indicating lower volumes of manufactured goods were sold.

Chart 1
Manufacturing sales decline



Note(s): Data are seasonally adjusted.

Transportation equipment sales down in December

Transportation equipment sales were down from the 17-month high reached in November 2013. Sales in the industry fell 6.1% to \$8.8 billion in December, largely reflecting a 19.4% drop in the aerospace product and parts industry. In addition, sales in each of the motor vehicle industries (assembly, body and trailer, and parts) declined.

Sales of primary metals were down 3.0% to \$3.6 billion in December, the second decrease in four months. The decline mostly reflected lower volumes of product sold compared with November.

A 5.2% increase in the petroleum and coal products industry partly offset the decline in total manufacturing sales. The increase in sales was the first after three months of declines. The \$7.3 billion sales level was the highest recorded in the industry since March 2012.



Largest declines in Alberta and Ontario

Sales fell in seven provinces in December, with the largest declines occurring in Alberta and Ontario.

In Alberta, manufacturing was down 2.8% to \$6.2 billion. Sales of non-durable goods decreased 2.2%, mainly reflecting lower sales of petroleum and coal products, food and paper. Sales of durable goods fell 3.9%, as a result of declines in the machinery, the primary metal as well as the non-metallic mineral product industries.

Sales in Ontario were down 0.8% to \$22.8 billion. Lower sales in the transportation equipment and primary metal industries were mostly offset by higher sales in the petroleum and coal products industry.

British Columbia (-2.3%) and Quebec (-0.7%) also contributed to the monthly decline.

Inventories edge down

Manufacturing inventories edged down 0.3% to \$69.3 billion in December. The decline was attributable to lower inventories of aerospace products and parts, machinery, fabricated metal products as well as petroleum and coal products. Higher primary metal inventories partly offset these declines.

In the aerospace product and parts industry, inventories fell 3.0% to \$7.6 billion, the largest percentage decrease since June 2013. The decline was mostly caused by lower goods-in-process inventories.

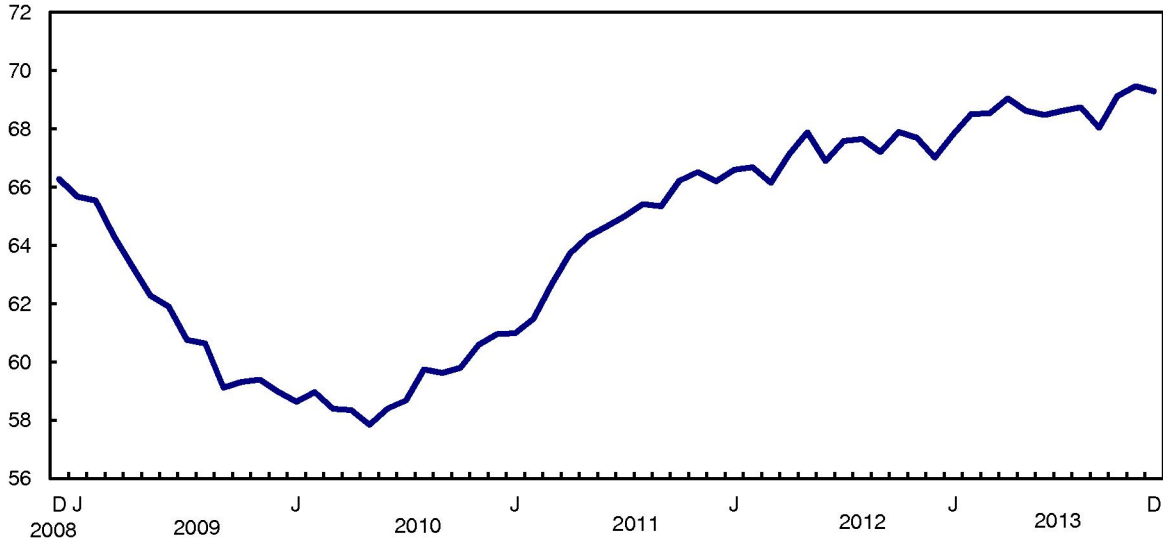
In the machinery and fabricated metal product industries, inventories were down 1.6% and 2.1% respectively. For both industries, lower inventory levels were reported by many respondents.

In the petroleum and coal product industry, inventories declined 1.6%. The decrease was almost entirely caused by a drop in goods-in-process inventories.

In the primary metal industry, inventories rose 5.3% to \$7.4 billion. Approximately three-quarters of the gain reflected higher raw materials on hand at several smelters.

Chart 2
Inventories edge down

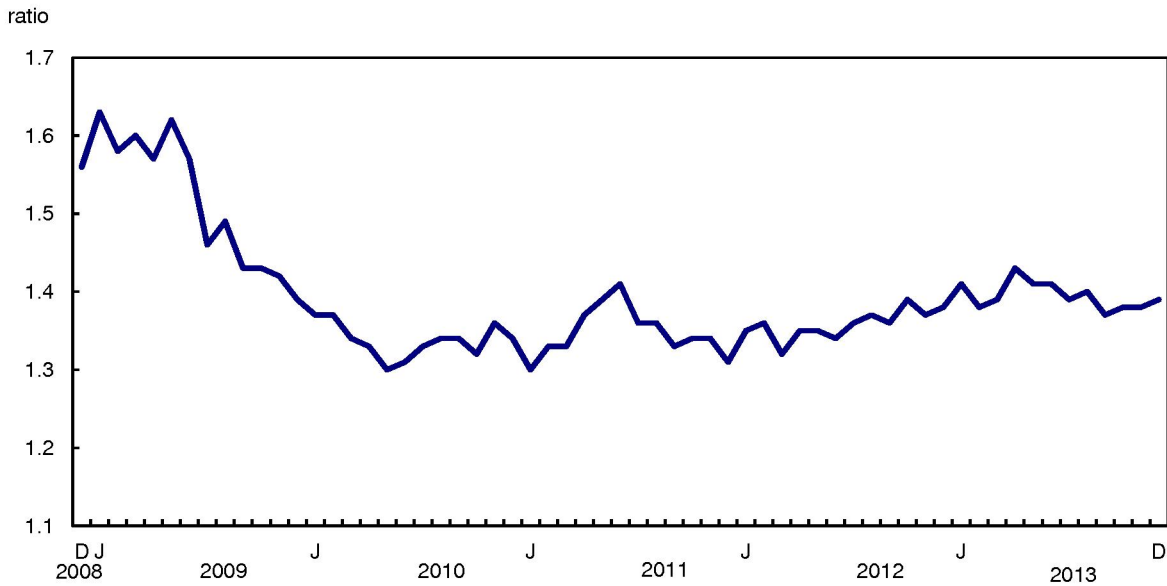
billions of dollars



Note(s): Data are seasonally adjusted.

The inventory-to-sales ratio edged up from 1.38 in November to 1.39 in December. The ratio measures 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 edges up



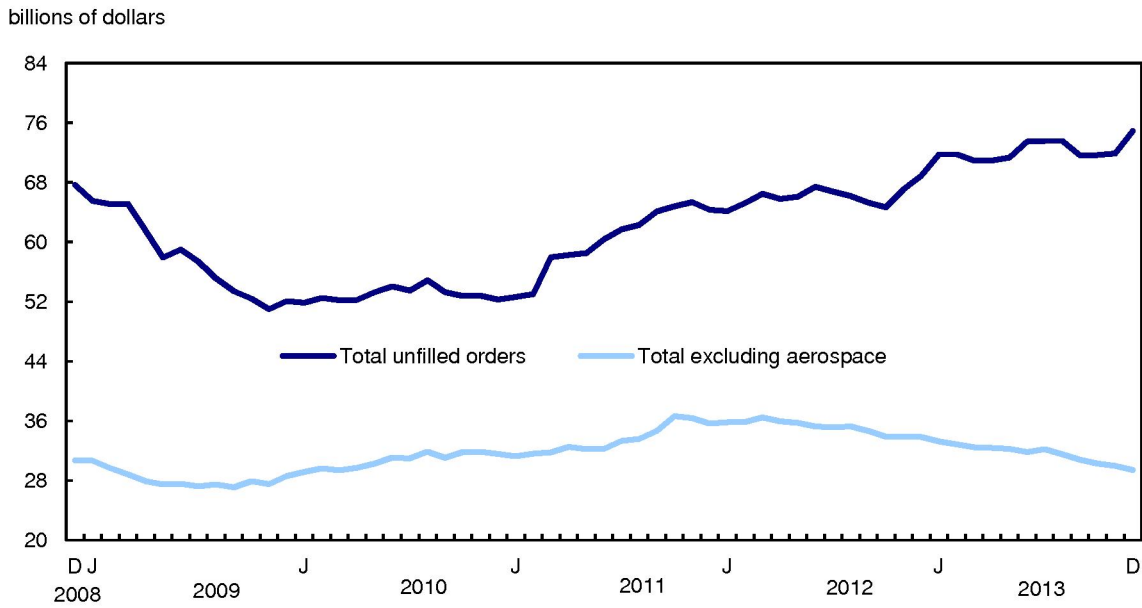
Note(s): Data are seasonally adjusted.

Strong gain in unfilled orders

Unfilled orders rose 4.2% to \$74.9 billion in December. Unfilled orders have advanced in 12 of the past 14 months, continuing to break previous highs. A strong gain in the aerospace product and parts industry was responsible for the increase in December. Excluding the aerospace industry, unfilled orders declined 1.8%.

In the aerospace product and parts industry, unfilled orders rose 8.5% to \$45.5 billion, the largest increase in percentage terms since January 2013. With the latest advance, the share of aerospace unfilled orders out of total unfilled orders was 60.7%. By comparison, in December 2012, the share was 50.8%. The gain in December 2013 mostly reflected new orders received rather than an increase in the value of the US dollar relative to the Canadian dollar. Most unfilled orders in the industry are held in US dollars.

Chart 4
Unfilled orders post strong gains



Note(s): Data are seasonally adjusted.

New orders rose 4.5% to \$52.9 billion in December. The advance was mostly attributable to the aerospace product and parts industry. A decline in the machinery industry slightly offset the gain.

Note to readers

Monthly data in this release are seasonally adjusted and are expressed in current dollars unless otherwise specified.

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.

Manufacturers reporting in US dollars

Some Canadian manufacturers report sales, inventories and unfilled orders in US dollars. These data are then converted to Canadian dollars as part of the data production cycle.

For sales, based on the assumption that they occur throughout the month, the average monthly exchange rate for the reference month (noon spot rate) established by the Bank of Canada is used for the conversion. The monthly average exchange rate is available in CANSIM Table 176-0064.

Inventories and unfilled orders are reported at the end of the reference period. Therefore, for these variables, the noon spot exchange rate on the last working day of the month is used for the conversion. The noon spot exchange rate is available in CANSIM Table 176-0067. Note that because of exchange rate fluctuations, the monthly average exchange rate can differ substantially from the exchange rate on the last working day of the month.

Table 1
Manufacturing: Principal statistics – Seasonally adjusted

	December 2012	November 2013 ^r	December 2013 ^P	November to December 2013	December 2012 to December 2013
	millions of dollars			% change ¹	
Manufacturing sales (current dollars)	48,575	50,343	49,870	-0.9	2.7
Manufacturing sales (2007 constant dollars)	44,877	46,020	45,124	-1.9	0.6
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	42,661	43,465	43,196	-0.6	1.3
Inventories	67,010	69,465	69,282	-0.3	3.4
Unfilled orders	68,859	71,892	74,888	4.2	8.8
Unfilled orders excluding motor vehicles, parts and accessories	67,558	70,385	73,460	4.4	8.7
New orders	50,375	50,583	52,867	4.5	4.9
New orders excluding motor vehicles, parts and accessories	44,343	43,708	46,270	5.9	4.3
Inventory-to-sales ratio	1.38	1.38	1.39

^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 2012	November 2013 ^r	December 2013 ^p	November to December 2013	December 2012 to December 2013
	millions of dollars			% change ¹	
Food manufacturing	7,363	7,574	7,559	-0.2	2.7
Beverage and tobacco product	947	983	967	-1.6	2.2
Textile mills	116	127	126	-0.7	8.7
Textile product mills	131	135	129	-4.3	-1.6
Clothing manufacturing	204	193	197	2.1	-3.3
Leather and allied product	32	31	30	-2.8	-5.3
Wood product	1,870	2,031	1,977	-2.6	5.7
Paper manufacturing	1,934	2,034	2,039	0.3	5.5
Printing and related support activities	757	736	757	2.9	0.1
Petroleum and coal product	7,173	6,975	7,340	5.2	2.3
Chemical	3,836	3,962	3,953	-0.2	3.1
Plastics and rubber products	2,024	2,075	2,100	1.2	3.7
Non-metallic mineral product	1,023	1,033	1,032	-0.1	0.8
Primary metal	3,833	3,677	3,566	-3.0	-7.0
Fabricated metal product	2,822	2,763	2,763	0.0	-2.1
Machinery	2,839	3,015	2,987	-0.9	5.2
Computer and electronic product	1,048	961	936	-2.6	-10.7
Electrical equipment, appliance and component	888	823	797	-3.1	-10.2
Transportation equipment	7,835	9,393	8,823	-6.1	12.6
Motor vehicle	3,952	4,786	4,714	-1.5	19.3
Motor vehicle body and trailer	286	301	287	-4.5	0.6
Motor vehicle parts	1,962	2,091	1,960	-6.3	-0.1
Aerospace product and parts	1,269	1,809	1,458	-19.4	14.9
Railroad rolling stock	79	80	95	18.8	20.0
Ship and boat building	84	97	95	-2.6	12.9
Furniture and related product	859	881	892	1.3	3.9
Miscellaneous manufacturing	1,043	940	898	-4.5	-13.9
Non-durable goods industries	24,515	24,826	25,198	1.5	2.8
Durable goods industries	24,060	25,517	24,672	-3.3	2.5

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

Table 3
Manufacturing sales: Provinces and territories – Seasonally adjusted

	December 2012	November 2013 ^r	December 2013 ^p	November to December 2013	December 2012 to December 2013
	millions of dollars			% change ¹	
Canada	48,575	50,343	49,870	-0.9	2.7
Newfoundland and Labrador	602	561	606	7.9	0.7
Prince Edward Island	114	134	127	-5.8	10.7
Nova Scotia	867	742	765	3.1	-11.8
New Brunswick	1,684	1,756	1,730	-1.5	2.7
Quebec	11,637	11,640	11,562	-0.7	-0.6
Ontario	21,958	23,011	22,825	-0.8	4.0
Manitoba	1,249	1,311	1,260	-3.9	0.9
Saskatchewan	1,247	1,280	1,347	5.2	8.0
Alberta	5,934	6,398	6,220	-2.8	4.8
British Columbia	3,279	3,504	3,422	-2.3	4.4
Yukon	2	3	3	0.3	17.0
Northwest Territories and Nunavut	2	2	2	9.6	25.9

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

Available in CANSIM: tables 304-0014, 304-0015 and 377-0009.

Definitions, data sources and methods: survey number 2101.

Data from the January Monthly Survey of Manufacturing will be released on March 18.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; 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.