

Monthly Survey of Manufacturing, January 2015

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Manufacturing sales fell 1.7% to \$51.4 billion in January as declining prices for petroleum and coal products led to an 11.9% drop in sales in the industry. Lower sales of machinery, chemicals and primary metals also contributed to the decline. Excluding petroleum and coal products, manufacturing sales fell 0.5%.

Sales were down in 14 of 21 industries, representing just under half of all Canadian manufacturing.

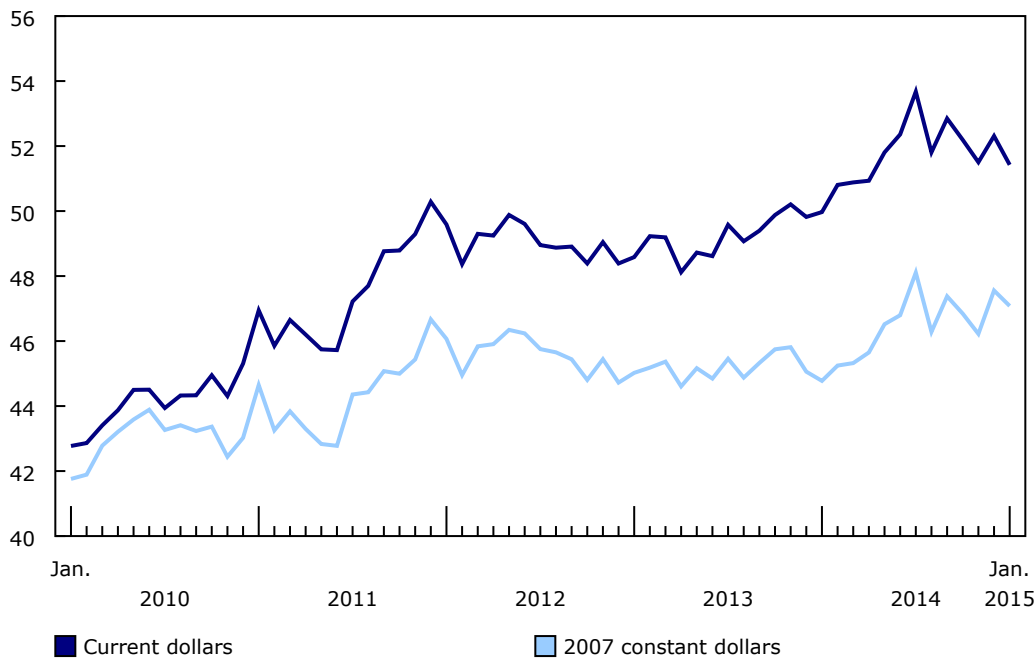
Constant dollar sales were down 1.0%, indicating that a lower volume of products was sold in January.

Large declines in petroleum and coal prices lead to lower manufacturing sales

Sales in the petroleum and coal product industry fell 11.9% in January, the seventh consecutive monthly decline. An 11.4% drop in prices, as measured by the Industrial Product Price Index, coupled with a small decline in volumes, led to lower sales. Sales in the industry dropped 35.0% in the last seven months, reaching their lowest level since May 2009.

Chart 1
Manufacturing sales decrease

billions of dollars



Note(s): Data are seasonally adjusted.

Source(s): CANSIM tables [304-0014](#) and [377-0009](#).



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Machinery sales declined 8.9% in January, following a 10.4% increase in December. It is common for manufacturers in this industry to take many months to build a single piece of equipment. Some machinery manufacturers that reported large sales in December to close out the year had significantly lower sales in January as work began on new projects. Despite the drop, January 2015 sales were the highest of any January since the series began in 1992.

Manufacturers of chemicals reported that sales in January were 4.5% lower than in December. This was the fifth decline in six months. Sales of chemicals were at their lowest level since April 2013. Respondents indicated that price declines in January played a role in the lower sales reported by some sub-industries.

Primary metal sales fell for the fourth time in six months. Sales dropped 4.3% in January and were 11.0% lower than their most recent high in September 2014. The decline was volume based as prices increased 3.2% in the industry.

Partially offsetting lower sales in these industries was aerospace products and parts production, which rose 21.7%. This increase was largely due to an exchange rate effect generated by the sharp appreciation of the US dollar.

Sales of other transportation equipment rose 30.1% in January. This was the second consecutive gain, as sales reached their highest level in six months. Sales of computer and electronic products rose 5.3% to their highest level since October 2011, while food sales rose for the fifth time in six months and reached a seven-month high.

Sales down in eight provinces

Sales fell in eight provinces, with Ontario and Alberta posting the largest declines.

Sales in Ontario were 2.3% lower in January as manufacturers in 16 of 21 industries reported lower sales. This was the province's fourth decline in six months, with monthly sales dropping more than \$1 billion since July. The largest declines in January occurred in the machinery, transportation equipment and chemical industries.

In Alberta, sales were down 7.6%, reflecting a 26.0% drop in the sale of petroleum and coal products. The decline in petroleum and coal product sales was attributable to both prices and volumes, as the price of petroleum and coal products fell 11.4% and refineries in the province reported lower volumes of goods sold. Despite the overall decline, sales rose in 11 of 21 industries in Alberta.

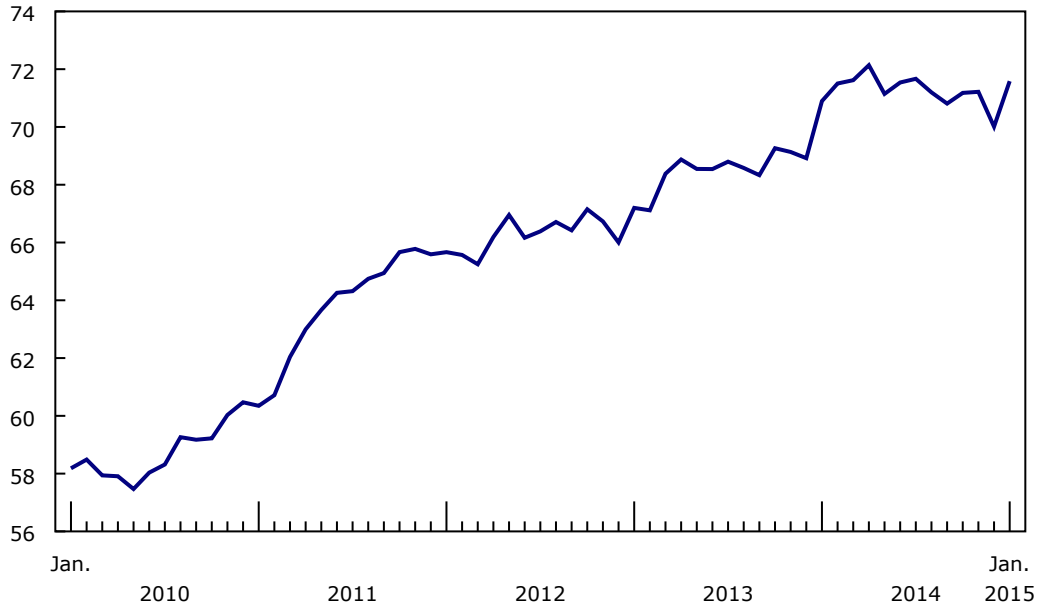
The declines in Ontario and Alberta were partially offset by a 3.2% sales increase in Quebec. A rise in the production of aerospace products and parts drove the provincial gain.

Inventories rise

Inventories rose 2.2% in January to \$71.6 billion as manufacturers in 19 of 21 industries reported higher inventories. Inventories recorded their third increase in four months and were at their highest level since July 2014.

Chart 2 Inventories rise

billions of dollars



Note(s): Data are seasonally adjusted.
Source(s): CANSIM table [304-0014](#).

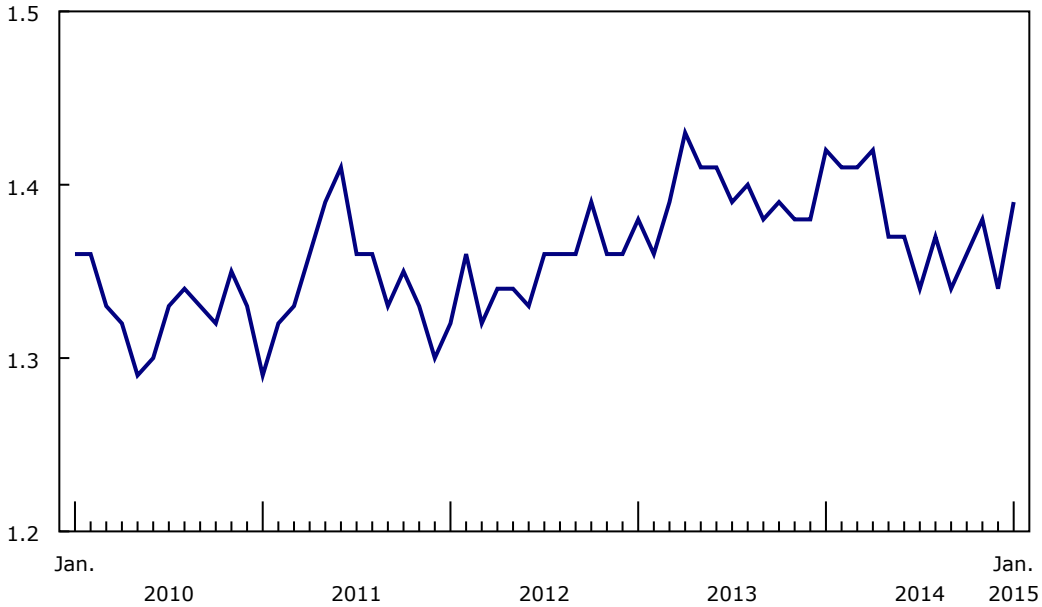
The largest inventory increase occurred in the aerospace industry, reflecting the lower value of the Canadian dollar. Inventories of aerospace products and parts rose 9.8% to \$8.7 billion. Primary metal, motor vehicle, machinery, and motor vehicle parts inventories also rose.

Partially offsetting the increases was a 9.5% decline in inventories in the petroleum and coal product industry. While volumes of inventories held in the industry rose, prices for raw materials and finished goods in the industry fell considerably, leading to the overall decline in inventories.

The inventory-to-sales ratio rose from 1.34 in December to 1.39 in January. The inventory-to-sales 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 increases

ratio



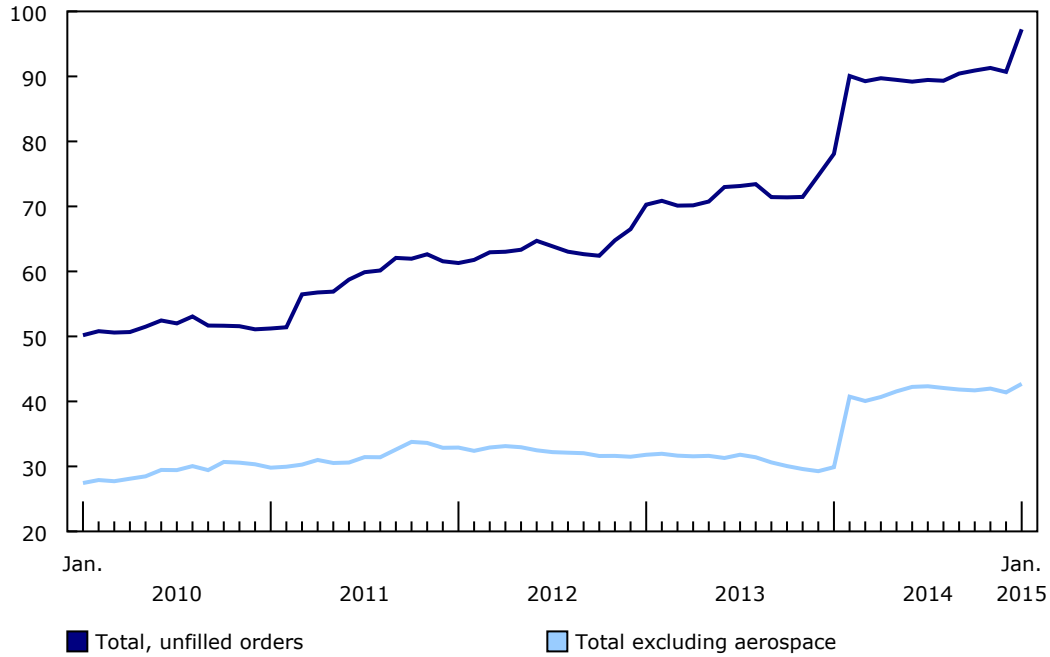
Note(s): Data are seasonally adjusted.
Source(s): CANSIM table [304-0014](#).

Unfilled orders rise

Unfilled orders rose 7.2% in January to an all-time high of \$97.2 billion. The increase reflected a 10.6% jump in the aerospace product and parts industry. Unfilled orders are largely held in US dollars in the industry. The sharp rise in the value of the US dollar increased the Canadian-dollar value of those unfilled orders.

Chart 4
Unfilled orders are up

billions of dollars



Note(s): Data are seasonally adjusted.
Source(s): CANSIM table [304-0014](#).

Unfilled orders were up 4.1% in the fabricated metal product industry and up 2.4% in the machinery industry.

New orders rose 12.1% in January to \$58.0 billion, as a result of increases in the aerospace product and parts industry.

Note to readers

Monthly data in this release are seasonally adjusted and are expressed in current dollars unless otherwise specified. For more information on seasonal adjustment, please refer to [Seasonally adjusted data – Frequently asked questions](#).

With this release, data for the previous three months have been revised.

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

	January 2014	December 2014 ^r	January 2015 ^p	December 2014 to January 2015	January 2014 to January 2015
	millions of dollars			% change ¹	
Manufacturing sales (current dollars)	49,969	52,309	51,423	-1.7	2.9
Manufacturing sales (2007 constant dollars)	44,775	47,555	47,080	-1.0	5.1
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	43,732	44,747	44,051	-1.6	0.7
Inventories	70,895	70,011	71,585	2.2	1.0
Unfilled orders	78,084	90,704	97,241	7.2	24.5
New orders	53,301	51,714	57,960	12.1	8.7
Inventory-to-sales ratio ²	1.42	1.34	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.

2. The inventory-to-sales ratio measures the time (in months) that would be required to exhaust inventories if sales were to remain at their current level.

Source(s): CANSIM tables [304-0014](#) and [377-0009](#).

Table 2
Manufacturing sales: Industry aggregates – Seasonally adjusted

	January 2014	December 2014 ^r	January 2015 ^p	December 2014 to January 2015	January 2014 to January 2015
	millions of dollars			% change ¹	
Food manufacturing	7,676	8,050	8,110	0.7	5.7
Beverage and tobacco product	1,011	1,005	994	-1.1	-1.7
Textile mills	121	133	124	-6.8	2.7
Textile product mills	132	163	149	-8.4	12.6
Clothing manufacturing	209	225	222	-1.7	6.0
Leather and allied product	38	41	35	-15.6	-7.6
Wood product	2,016	2,214	2,171	-1.9	7.7
Paper manufacturing	2,040	2,176	2,172	-0.2	6.5
Printing and related support activities	744	758	771	1.8	3.6
Petroleum and coal product	7,103	5,607	4,939	-11.9	-30.5
Chemical	4,058	4,051	3,870	-4.5	-4.6
Plastics and rubber products	2,022	2,270	2,258	-0.5	11.7
Non-metallic mineral product	1,039	1,131	1,132	0.2	9.0
Primary metal	3,786	4,066	3,890	-4.3	2.8
Fabricated metal product	2,713	2,879	2,928	1.7	7.9
Machinery	2,922	3,340	3,042	-8.9	4.1
Computer and electronic product	1,064	1,128	1,188	5.3	11.6
Electrical equipment, appliance and component	843	833	816	-2.1	-3.2
Transportation equipment	8,518	10,333	10,662	3.2	25.2
Motor vehicle	4,206	5,135	5,033	-2.0	19.6
Motor vehicle body and trailer	295	363	369	1.7	24.8
Motor vehicle parts	2,031	2,427	2,339	-3.6	15.2
Aerospace product and parts	1,522	1,835	2,233	21.7	46.7
Railroad rolling stock	83	114	138	21.1	66.5
Ship and boat building	97	119	108	-9.2	11.1
Furniture and related product	876	919	919	-0.1	4.8
Miscellaneous manufacturing	1,037	986	1,032	4.7	-0.5
Non-durable goods industries	25,154	24,479	23,643	-3.4	-6.0
Durable goods industries	24,815	27,829	27,780	-0.2	11.9

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

Source(s): CANSIM table [304-0014](#).

Table 3
Manufacturing sales: Provinces and territories – Seasonally adjusted

	January 2014	December 2014 ^r	January 2015 ^p	December 2014 to January 2015	January 2014 to January 2015
	millions of dollars			% change ¹	
Canada	49,969	52,309	51,423	-1.7	2.9
Newfoundland and Labrador	509	532	532	-0.1	4.6
Prince Edward Island	117	148	139	-5.8	18.9
Nova Scotia	571	609	586	-3.7	2.8
New Brunswick	1,646	1,519	1,432	-5.8	-13.0
Quebec	11,966	12,229	12,625	3.2	5.5
Ontario	22,594	24,514	23,957	-2.3	6.0
Manitoba	1,247	1,367	1,281	-6.2	2.8
Saskatchewan	1,363	1,298	1,361	4.8	-0.1
Alberta	6,438	6,373	5,891	-7.6	-8.5
British Columbia	3,516	3,711	3,610	-2.7	2.7
Yukon	2	2	3	8.1	41.9
Northwest Territories and Nunavut	2	5	5	-3.1	175.9

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

Source(s): CANSIM tables [304-0014](#) and [304-0015](#).

Available in CANSIM: tables [304-0014](#), [304-0015](#) and [377-0009](#).

Definitions, data sources and methods: survey number [2101](#).

Data from the February Monthly Survey of Manufacturing will be released on April 15.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca).

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