

Monthly Survey of Manufacturing, February 2015

Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, April 15, 2015

Manufacturing sales declined 1.7% to \$50.0 billion in February, the fourth decrease in five months. The drop reflected lower sales of motor vehicles and reduced production of aerospace products and parts. Monthly manufacturing sales have fallen 6.8% since their most recent high of \$53.7 billion in July 2014.

Sales data for January that was originally estimated as a 1.7% decline was revised to a 3.0% decline with this release, as a result of new information provided to Statistics Canada by respondents. Larger than usual revisions were also made to goods in process and unfilled orders data. More information is available in the note to readers.

Sales fell in 10 of 21 industries representing just over half of all Canadian manufacturing.

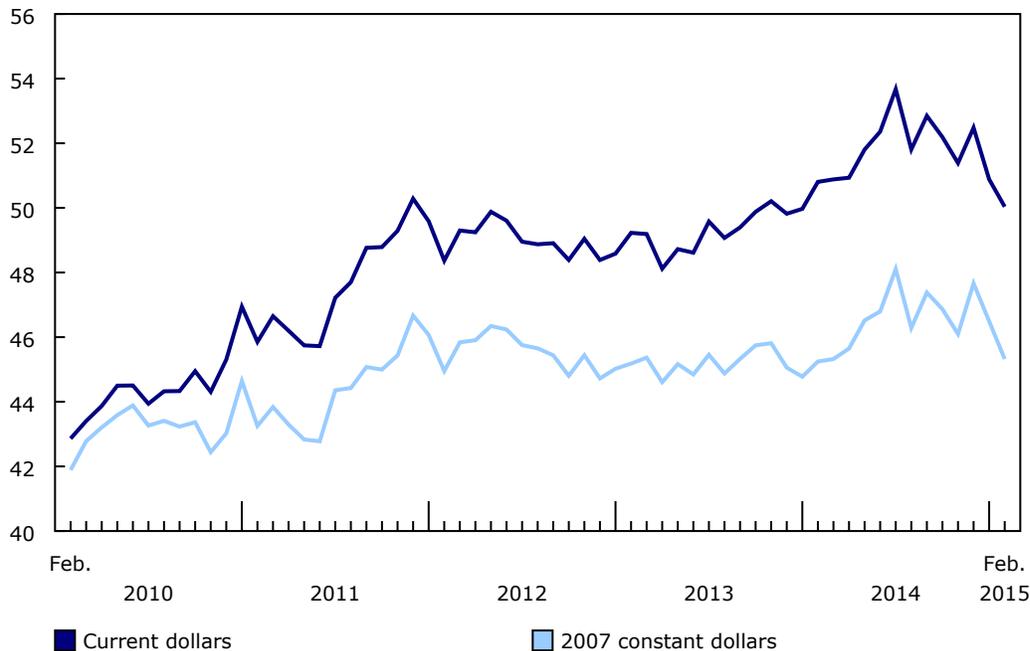
Constant dollar sales were down 2.5%, indicating that a lower volume of products was sold in February.

Motor vehicle and aerospace industries decline

Sales of motor vehicles fell 14.9% to \$4.2 billion, the lowest level since December 2012. Closures for retooling at assembly plants in Ontario were largely responsible for the low sales level. Sales in February were more than \$1 billion lower than in December when motor vehicle sales reached their 2014 high.

Chart 1
Manufacturing sales decline

billions of dollars



Note(s): Data are seasonally adjusted.

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



Statistics
Canada

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Canada

Production of aerospace products and parts declined 25.7% in February. Most economic activity in the industry is conducted in US dollars, therefore the measurement of production in the industry is highly sensitive to movements in the value of the Canadian dollar. In January, a sharp decline in the value of the Canadian dollar contributed to the increased value of production in the industry. This effect was not observed in February, as the value of the Canadian dollar was relatively stable.

Partially offsetting these declines were increases in the chemical as well as the petroleum and coal products industries. Chemical product sales rose 8.2%, reflecting increased volumes in February as well as higher prices. The increase was concentrated in the pesticide, fertilizer and other agricultural chemical sub-industry.

Petroleum and coal product sales rose 5.7% following seven months of declines. The higher sales reflected an 8.7% increase in prices in the industry. Notwithstanding the gain, sales were still more than \$2 billion lower than their 2014 high of \$7.6 billion posted in June. The volume of petroleum and coal products sold declined in February.

Sales down in three provinces

Although national manufacturing sales fell 1.7% in February, only three provinces reported lower sales: Ontario, Quebec and Nova Scotia.

In Ontario, sales declined 2.8% to \$23.1 billion, the lowest level since January 2014. The decline reflected a 15.7% drop in motor vehicle sales, and a 3.4% decrease in sales of motor vehicle parts. Sales in the province were 7.7% lower than their 2014 peak in July.

Sales in Quebec fell 5.3%, the largest monthly decline in the province since April 2013. Production in the aerospace product and parts industry fell 44.0%. Production in the aerospace industry is more volatile than in most other industries. In addition, sales of primary metals in the province were 4.4% lower.

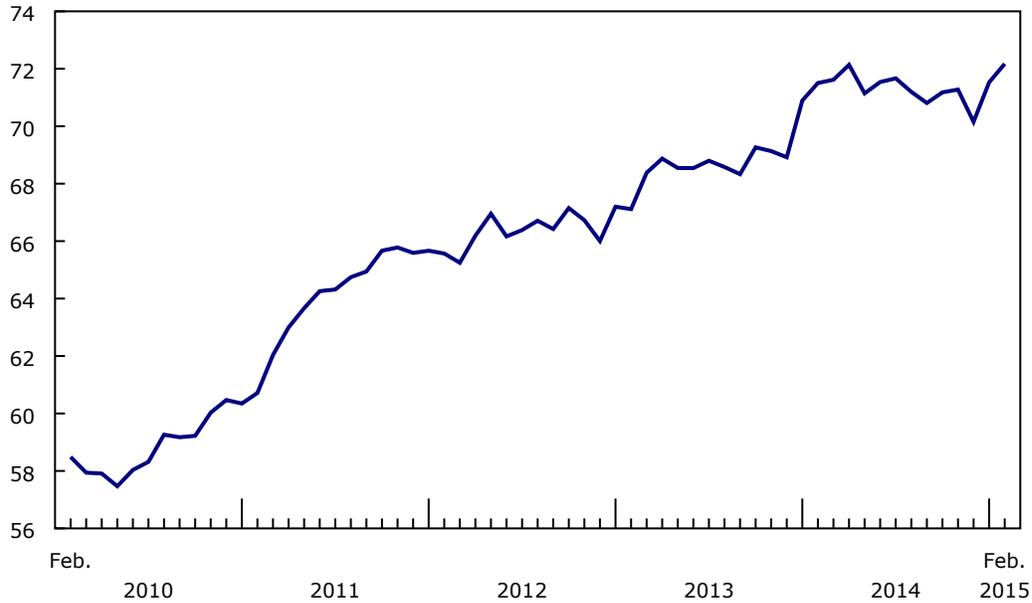
Sales in Nova Scotia were 0.8% lower, reflecting declines in the paper, non-metallic mineral product and food industries.

Inventories rise

Inventories rose 0.9% in February to \$72.2 billion, the highest level since the current series began in 1992. The increase reflected higher inventories held in the motor vehicle and food industries.

Chart 2 Inventories rise

billions of dollars



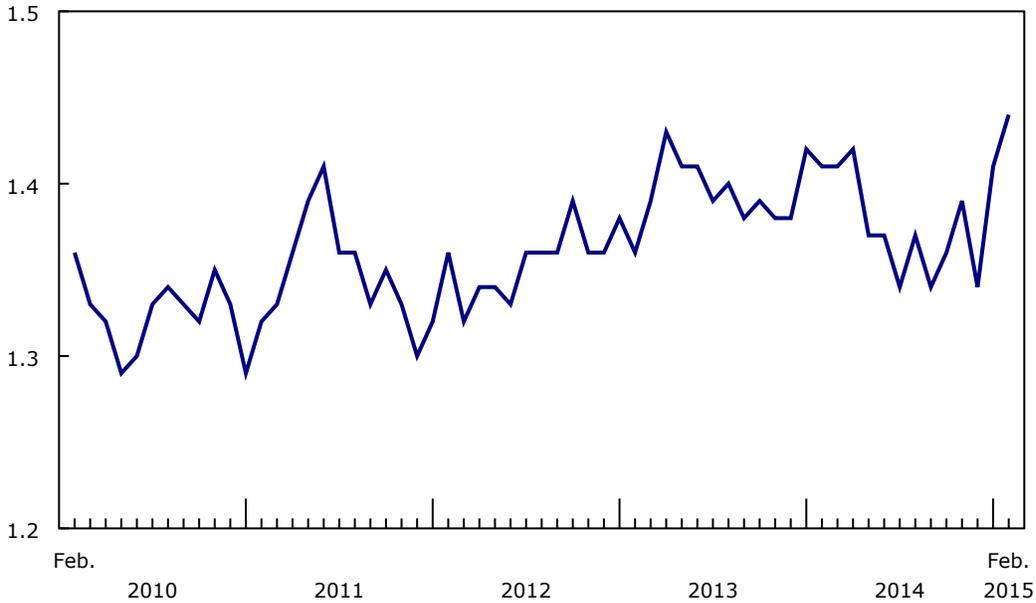
Note(s): Data are seasonally adjusted.
Source(s): CANSIM table [304-0014](#).

Partially offsetting these gains was a 1.4% decline in inventories in the petroleum and coal product industry. This was the eighth consecutive month of lower inventories, with inventory levels falling 34.1% over this period, largely as a result of lower prices. However, the decline in February was volume based as prices in the industry rose.

The inventory-to-sales ratio rose from 1.41 in January to 1.44 in February. 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 rises

ratio



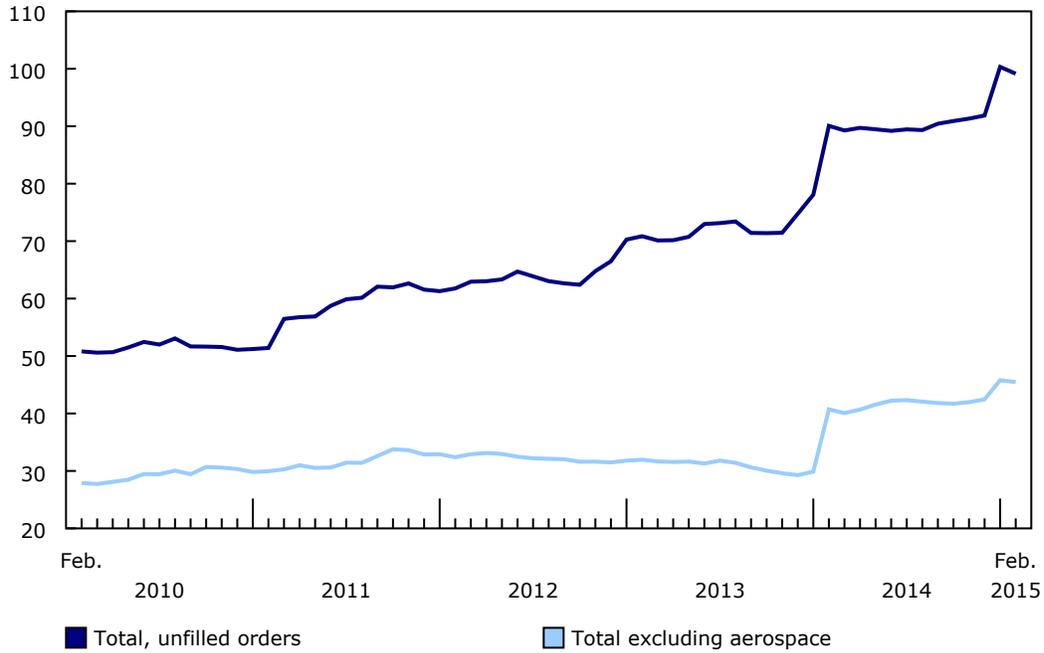
Note(s): Data are seasonally adjusted.
Source(s): CANSIM table [304-0014](#).

Unfilled orders fall

Unfilled orders fell 1.2% in February to \$99.1 billion, reflecting lower unfilled orders in the aerospace product and parts industry and the other transportation equipment industry. Partially offsetting the declines was a 4.9% increase in unfilled orders in the electric equipment, appliance and component product industry.

Chart 4
Unfilled orders fall

billions of dollars



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

New orders fell 17.7% in February, reflecting a drop in new orders in the transportation equipment 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, refer to the following document: [Seasonally adjusted data – Frequently asked questions](#).

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

January data revised

Each month the Monthly Survey of Manufacturing releases preliminary estimates for one month and revises published estimates for the three previous months. These revisions are made to improve the quality of the data, based on a number of factors such as new information provided by respondents, updates to administrative data, and changes to seasonal adjustment calculations. This month, larger than usual revisions were made to the January estimates for sales, unfilled orders and goods-in-process. The revisions reflect new information received from respondents.

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 on 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 on 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

	February 2014	January 2015 ^r	February 2015 ^p	January to February 2015	February 2014 to February 2015
	millions of dollars			% change ¹	
Manufacturing sales (current dollars)	50,805	50,884	50,036	-1.7	-1.5
Manufacturing sales (2007 constant dollars)	45,246	46,491	45,323	-2.5	0.2
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	44,338	43,720	43,672	-0.1	-1.5
Inventories	71,504	71,528	72,172	0.9	0.9
Unfilled orders	90,064	100,331	99,146	-1.2	10.1
New orders	62,785	59,356	48,852	-17.7	-22.2
Inventory-to-sales ratio ²	1.41	1.41	1.44

^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

	February 2014	January 2015 ^r	February 2015 ^p	January to February 2015	February 2014 to February 2015
	millions of dollars			% change ¹	
Food manufacturing	7,668	8,156	8,088	-0.8	5.5
Beverage and tobacco product	1,006	1,012	1,006	-0.6	0.0
Textile mills	118	123	129	5.1	9.4
Textile product mills	130	152	152	-0.2	16.4
Clothing manufacturing	202	230	217	-5.6	7.4
Leather and allied product	35	39	43	10.3	23.8
Wood product	1,978	2,179	2,174	-0.2	9.9
Paper manufacturing	2,069	2,171	2,185	0.7	5.6
Printing and related support activities	752	743	733	-1.4	-2.5
Petroleum and coal product	7,365	4,918	5,196	5.7	-29.4
Chemical	4,065	3,969	4,294	8.2	5.6
Plastics and rubber products	2,046	2,278	2,284	0.3	11.7
Non-metallic mineral product	1,073	1,110	1,077	-3.0	0.3
Primary metal	3,824	3,783	3,785	0.0	-1.0
Fabricated metal product	2,825	2,945	2,950	0.2	4.4
Machinery	2,921	3,043	2,975	-2.2	1.9
Computer and electronic product	1,080	1,190	1,164	-2.2	7.8
Electrical equipment, appliance and component	842	808	826	2.2	-1.9
Transportation equipment	8,900	10,036	8,691	-13.4	-2.3
Motor vehicle	4,314	4,884	4,155	-14.9	-3.7
Motor vehicle body and trailer	323	370	386	4.3	19.5
Motor vehicle parts	2,153	2,281	2,209	-3.1	2.6
Aerospace product and parts	1,557	1,835	1,364	-25.7	-12.4
Railroad rolling stock	96	114	116	1.1	21.1
Ship and boat building	100	111	107	-3.1	7.2
Furniture and related product	886	968	971	0.3	9.6
Miscellaneous manufacturing	1,020	1,031	1,094	6.2	7.2
Non-durable goods industries	25,457	23,791	24,329	2.3	-4.4
Durable goods industries	25,349	27,093	25,707	-5.1	1.4

^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

	February 2014	January 2015 ^r	February 2015 ^p	January to February 2015	February 2014 to February 2015
	millions of dollars			% change ¹	
Canada	50,805	50,884	50,036	-1.7	-1.5
Newfoundland and Labrador	594	513	521	1.7	-12.2
Prince Edward Island	122	135	152	12.4	24.6
Nova Scotia	577	601	597	-0.8	3.4
New Brunswick	1,607	1,380	1,451	5.2	-9.7
Quebec	11,961	12,253	11,601	-5.3	-3.0
Ontario	23,250	23,748	23,093	-2.8	-0.7
Manitoba	1,340	1,282	1,399	9.2	4.5
Saskatchewan	1,422	1,355	1,482	9.3	4.2
Alberta	6,526	5,906	5,971	1.1	-8.5
British Columbia	3,402	3,704	3,761	1.5	10.5
Yukon	2	2	2	-5.3	1.2
Northwest Territories and Nunavut	2	5	6	26.7	198.1

^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 March Monthly Survey of Manufacturing will be released on May 15.

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

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