

Monthly Survey of Manufacturing, July 2015

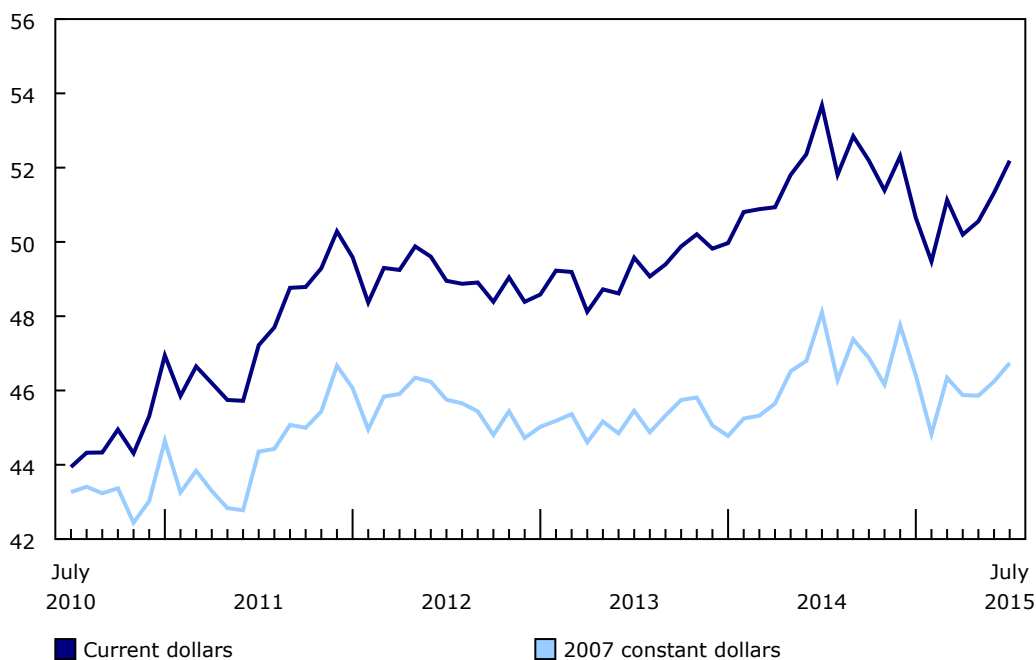
Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, September 16, 2015

Manufacturing sales rose 1.7% to \$52.2 billion in July, as sales in the motor vehicle parts and motor vehicle assembly industries increased. The gain follows revised increases of 0.7% in May and 1.5% in June.

The advance in July mostly reflected a higher volume of goods sold, as constant dollar sales increased 1.1%.

Chart 1
Manufacturing sales rise in July

billions of dollars



Note(s): Data are seasonally adjusted.

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

Motor vehicle parts and assembly rise on shorter scheduled shutdowns

Higher sales of motor vehicle parts and motor vehicles were responsible for almost two-thirds of the national increase in July. Gains in food products and fabricated metal products bolstered the advance. Lower sales of primary metals offset a portion of the growth.

Sales of motor vehicle parts rose 12.1% to \$2.6 billion in July, following a 0.4% decline in June. Canadian parts manufacturers supply domestic, American and Mexican assembly plants. In July, scheduled shutdowns for North American assembly plants were shorter than in previous years. Sales in the motor vehicle assembly industry rose 5.6% to \$5.3 billion, a third consecutive increase.

Overall, 12 out of 21 industries reported higher sales, representing 62.8% of the manufacturing sector. Sales of food products rose 2.3% to \$8.2 billion, reflecting widespread increases led by dairy manufacturers. Fabricated metal products rose 3.1% to \$2.9 billion in July, following a 5.4% decrease in June.



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Sales of primary metals fell 3.0% to \$3.7 billion and moderated the overall gain. The industry has been generally trending downwards in 2015. In 2014, price-related gains in iron and steel mills and ferro-alloy manufacturing led to higher sales of primary metals. Conversely, lower prices for the sub-industry in 2015 have contributed to recent declines. For more information on the 2014 trend, see "[Manufacturing: The Year 2014 in Review](#)."

Transportation in Ontario sustains the manufacturing sector

Higher sales in Ontario were responsible for the gains at the national level in July. Declines in Quebec and Alberta partially offset the increase.

Sales in Ontario rose 4.4% to \$24.9 billion, with the gain in transportation equipment accounting for over three-quarters of the dollar gains. Following a 4.8% increase in June, sales of motor vehicles rose 6.0% to their highest level since November 2007. Sales of motor vehicle parts increased 12.5% in July. Production in the aerospace product and parts industry also rose in July.

Sales in Quebec fell 1.8% to \$12.2 billion, following two consecutive gains. Production of aerospace product and parts fell 21.1% and was the main contributor to the decline. Aerospace production is much more volatile than the manufacturing sector as a whole; hence, the decline in July was not unusually large for the industry. Lower sales of primary metals (-5.4%) also contributed to the decline.

As a result of declines in multiple industries, sales fell 1.6% to \$5.9 billion in Alberta. Sales of chemical products decreased 2.9% to \$1.1 billion. In the primary metal industry, widespread declines among manufacturers led to a 20.6% drop in sales for the industry. Sales of machinery products decreased 4.0%, the fifth decline in 2015. The downward trend for the machinery industry in 2015 is partly related to lower sales of mining and oil and gas field machinery, a sub-industry with close ties to oil and gas extraction. After experiencing growth during the post-recession oil and gas boom, sales for this sub-industry declined 56.6% on an unadjusted basis from the December 2014 to July 2015.

Inventories rise

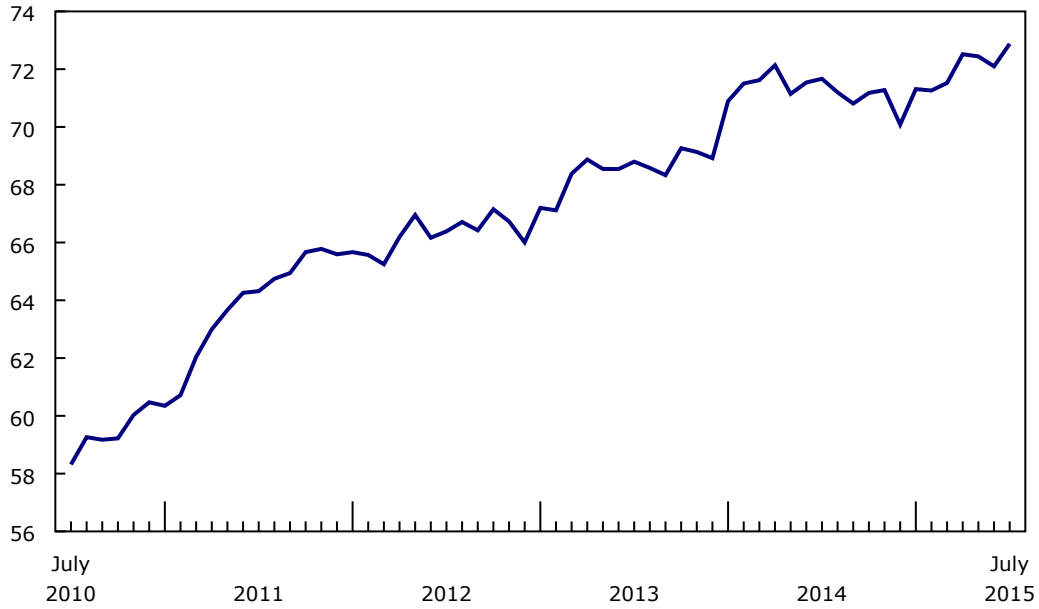
Inventories rose 1.1% to \$72.9 billion in July. About three-quarters of the gain stemmed from higher inventories in the transportation equipment industry.

Aerospace product and parts inventories rose 3.8% to \$8.6 billion in July, largely as a result of the gain in the value of the US dollar relative to the Canadian dollar over the course of the month. A substantial portion of inventories in the aerospace industry are held in US dollars.

Inventories advanced 11.3% in the motor vehicle industry, largely because of an increase in finished products held by manufacturers in the industry. In the motor vehicle parts industry, inventory levels rose 3.8%.

Chart 2
Inventories increase

billions of dollars

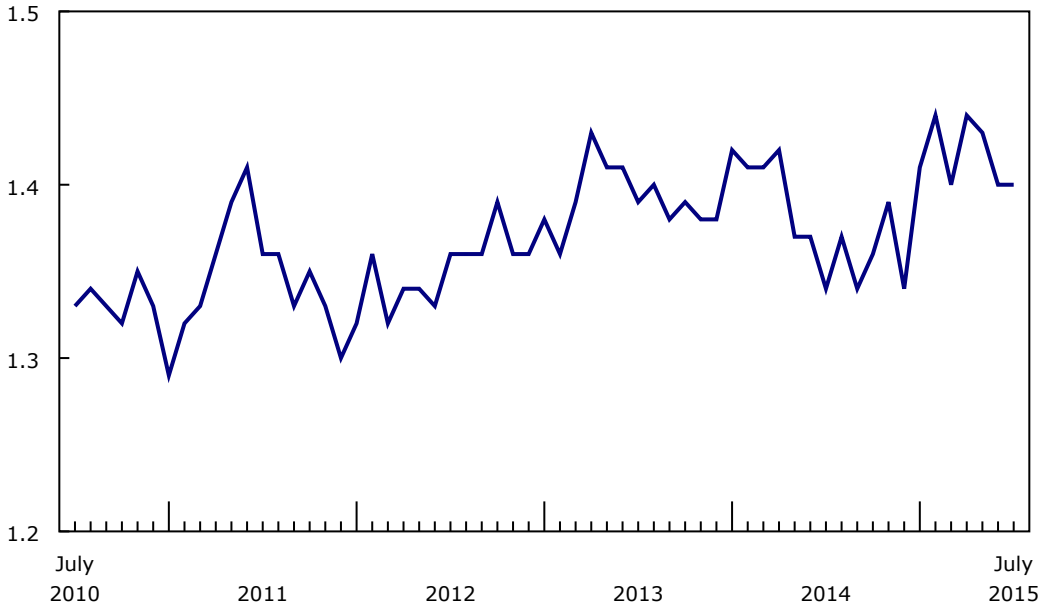


Note(s): Data are seasonally adjusted.
Source(s): CANSIM table [304-0014](#).

The inventory-to-sales ratio was unchanged from June and stood at 1.40 in July. 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

ratio



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

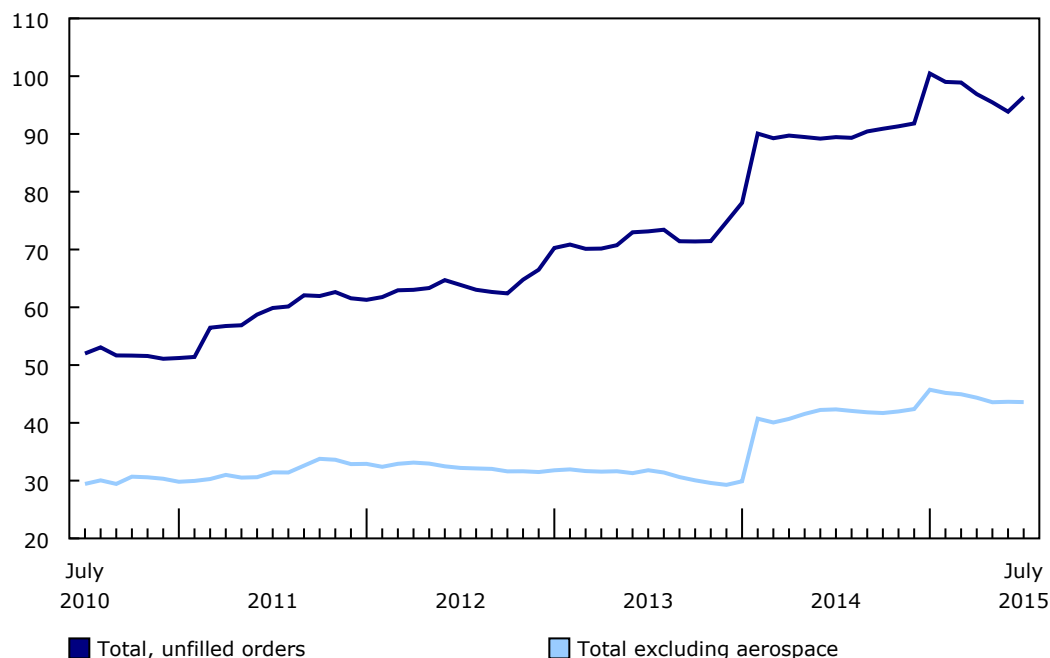
Unfilled orders increase

Unfilled orders rose 2.7% to \$96.4 billion in July, following five months of declines. The gain stemmed from higher unfilled orders in the aerospace product and parts industry. Excluding the aerospace industry, unfilled orders declined 0.1%.

In the aerospace industry, unfilled orders were up 5.2% to \$52.8 billion. The gain was mostly caused by an increase in the value of the US dollar relative to the Canadian dollar in July. The majority of unfilled orders in the industry are held in US dollars.

Chart 4 Unfilled orders rise

billions of dollars



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

New orders rose 10.2% to \$54.8 billion in July. The gain mostly reflected an increase in new orders in the aerospace industry.

Table 1
Manufacturing: Principal statistics – Seasonally adjusted

	July 2014	June 2015 ^r	July 2015 ^p	June to July 2015	July 2014 to July 2015
	millions of dollars			% change ¹	
Manufacturing sales (current dollars)	53,675	51,321	52,186	1.7	-2.8
Manufacturing sales (2007 constant dollars)	48,107	46,242	46,742	1.1	-2.8
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	46,303	44,040	44,350	0.7	-4.2
Inventories	71,667	72,098	72,878	1.1	1.7
Unfilled orders	89,452	93,854	96,422	2.7	7.8
New orders	53,937	49,708	54,754	10.2	1.5
Inventory-to-sales ratio ²	1.34	1.40	1.40

^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 it would take to exhaust inventories if sales were to remain at the current rate.

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

Table 2
Manufacturing sales: Industry aggregates – Seasonally adjusted

	July 2014	June 2015 ^r	July 2015 ^p	June to July 2015	July 2014 to July 2015
	millions of dollars			% change ¹	
Food manufacturing	7,909	7,984	8,168	2.3	3.3
Beverage and tobacco product	1,026	1,057	1,072	1.4	4.5
Textile mills	130	130	129	-1.5	-1.2
Textile product mills	154	132	130	-1.0	-15.1
Clothing manufacturing	239	211	237	12.1	-0.9
Leather and allied product	42	39	41	5.1	-1.7
Wood product	2,108	2,082	2,083	0.1	-1.2
Paper manufacturing	2,082	2,264	2,294	1.3	10.2
Printing and related support activities	789	754	748	-0.8	-5.1
Petroleum and coal product	7,491	5,479	5,460	-0.3	-27.1
Chemical	4,279	4,119	4,097	-0.5	-4.3
Plastics and rubber products	2,221	2,272	2,315	1.9	4.2
Non-metallic mineral product	1,117	1,088	1,055	-3.0	-5.6
Primary metal	4,134	3,844	3,727	-3.0	-9.8
Fabricated metal product	2,992	2,797	2,883	3.1	-3.7
Machinery	2,874	2,929	2,887	-1.4	0.4
Computer and electronic product	1,126	1,196	1,157	-3.3	2.8
Electrical equipment, appliance and component	850	826	828	0.3	-2.6
Transportation equipment	10,210	10,125	10,761	6.3	5.4
Motor vehicle	5,084	4,981	5,258	5.6	3.4
Motor vehicle body and trailer	331	335	325	-3.0	-1.9
Motor vehicle parts	2,288	2,300	2,577	12.1	12.6
Aerospace product and parts	1,761	1,923	1,956	1.7	11.1
Railroad rolling stock	182	133	130	-2.4	-28.7
Ship and boat building	112	126	138	9.8	23.9
Furniture and related product	934	925	977	5.7	4.6
Miscellaneous manufacturing	968	1,068	1,137	6.5	17.5
Non-durable goods industries	26,362	24,443	24,691	1.0	-6.3
Durable goods industries	27,313	26,879	27,495	2.3	0.7

^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

	July 2014	June 2015 ^r	July 2015 ^p	June to July 2015	July 2014 to July 2015
	millions of dollars			% change ¹	
Canada	53,675	51,321	52,186	1.7	-2.8
Newfoundland and Labrador	588	555	556	0.1	-5.5
Prince Edward Island	124	135	139	2.9	11.7
Nova Scotia	633	636	669	5.2	5.8
New Brunswick	1,712	1,529	1,541	0.8	-10.0
Quebec	12,233	12,475	12,249	-1.8	0.1
Ontario	25,018	23,847	24,894	4.4	-0.5
Manitoba	1,472	1,280	1,359	6.2	-7.7
Saskatchewan	1,413	1,238	1,229	-0.8	-13.0
Alberta	6,888	5,979	5,886	-1.6	-14.6
British Columbia	3,588	3,641	3,661	0.5	2.0
Yukon	3	3	2	-9.6	-13.3
Northwest Territories and Nunavut	3	2	2	-18.7	-37.9

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

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

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 document "[Seasonally adjusted data – Frequently asked questions.](#)"

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. Production is used due to the extended period of time that it normally takes to manufacture products in those industries.

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. For most respondents, the noon spot exchange rate on the last working day of the month is used for the conversion of these variables. However, some manufacturers choose to report their data as of a day other than the last day of the month. In these instances, the noon spot exchange rate on the day selected by the respondent is used. Because of exchange rate fluctuations, the noon spot exchange rate on the day selected by the respondent can differ from both the exchange rate on last working day of the month and the monthly average exchange rate. Noon spot exchange rate data are available in CANSIM table 176-0067.

Revision policy

Each month the Monthly Survey of Manufacturing releases preliminary estimates for the reference month and revised estimates for the three previous months. Revisions are made to reflect new information provided by respondents, and updates to administrative data. Once a year, a revision project is undertaken to revise multiple years of data. During annual revisions, changes are made to the seasonal adjustment parameters.

Real-time CANSIM tables

Real-time CANSIM tables 304-8014, 304-8015 and 377-8009 will be updated on September 23. For more information, consult the document "[Real-time CANSIM tables.](#)"

Next release

Data from the August Monthly Survey of Manufacturing will be released on October 16.

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

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

The analytical paper "[Manufacturing: The Year 2014 in Review](#)," released on September 2 as part of *Analysis in Brief* ([11-621-M](#)), is available from the *Browse by key resource* module of our website under *Publications*.

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

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