

Monthly Survey of Manufacturing, June 2018

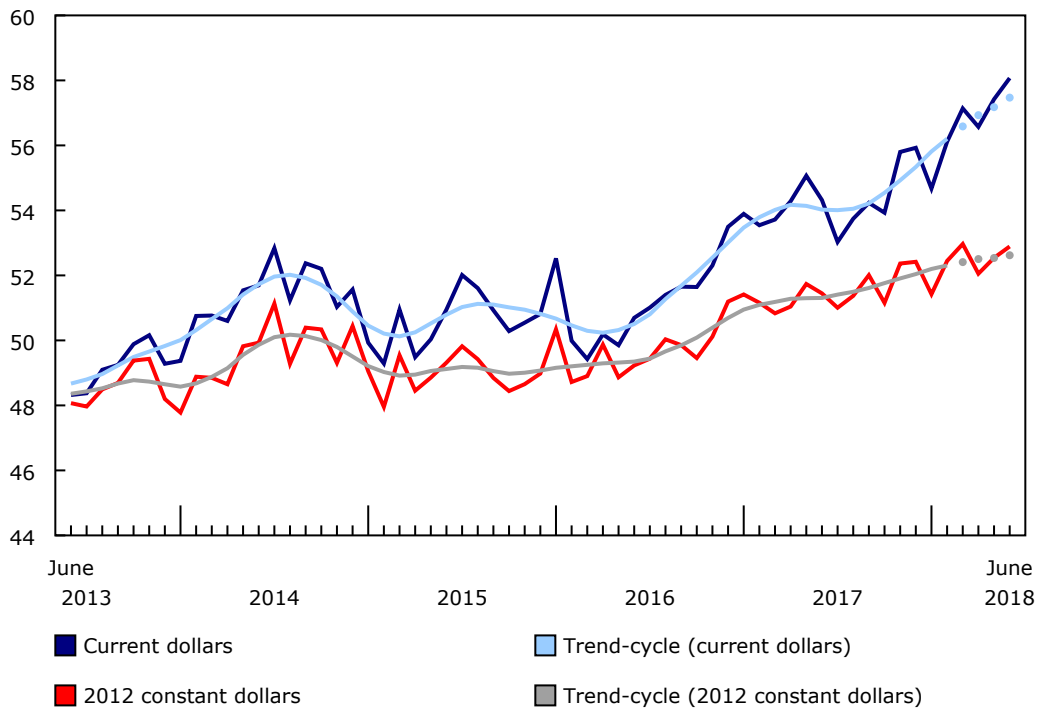
Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, August 16, 2018

Manufacturing sales rose 1.1% to \$58.1 billion in June, following a 1.5% increase in May. The increase in June was mainly due to sharply higher sales in the petroleum and coal product industry, while sales were down in the chemicals and food manufacturing industries.

In constant dollars, manufacturing sales were up 0.7%, indicating a higher volume of products sold.

Chart 1
Manufacturing sales increase

billions of dollars



Note(s): Data are seasonally adjusted.

Source(s): Tables [16-10-0047-01](#) and [16-10-0013-01](#).

Refinery production rebounds

Sales of petroleum and coal products increased 15.9% in June. Several major refineries ramped up production levels following temporary shutdowns and spring maintenance that began in April and continued into May. The production increase following the shutdowns was reflected in higher capacity utilization rates for the industry, which rose from 69.8% in May to 89.8% in June. Constant dollar sales in the industry were up 15.9% as well.

Sales also rose in the fabricated metal (+3.0%) and the plastics and rubber (+2.2%) product industries.



Widespread sales declines of pesticides and fertilizer products

Sales of chemical products were down 4.5% in June following two consecutive monthly increases. Despite the decrease in June, the sales of chemicals were still 2.2% higher year over year than in June 2017. The decline in the chemical product industry in June was concentrated in pesticides, fertilizers and other agricultural chemical product industry. This industry often posts significant growth in May and then declines in June following spring planting in the agricultural sector. This year, the decline in June was larger than previous years.

Sales of food products fell 1.7% to \$8.8 billion in June following four consecutive monthly gains. The declines were widespread across most food manufacturing industries, led by the grains and oilseed milling industry. The decline in the grains and oilseed milling industry followed several months of higher sales.

Primary metal sales edged down 0.3% to \$4.6 billion in June, following four consecutive monthly sales increases totalling 13.9% from January to May. Tariffs imposed by the United States on Canadian steel and aluminum products came into effect on June 1, 2018.

Sales up in five provinces

Manufacturing sales increased in five provinces in June, led by Quebec and Alberta.

Total manufacturing sales in Quebec rose 3.8% to \$14.0 billion, while Alberta posted a 3.7% gain to \$6.5 billion. The growth in both provinces was largely driven by higher production of petroleum and coal products following temporary shutdowns in April and May. In particular, sales of petroleum and coal products in Quebec rose 123.2% in June following declines in April and May. Production ramp-ups in Alberta refineries, which started in May, continued into June with sales increasing by 15.4%.

Ontario also contributed to the increase in manufacturing sales, rising 0.5% to \$26.4 billion in June. The gain was largely due to higher sales of motor vehicles.

Sales in Saskatchewan fell 11.1% to \$1.4 billion in June, following three consecutive monthly increases. Lower sales of pesticides, fertilizers and other agricultural chemical products were mostly responsible for the decline in the province.

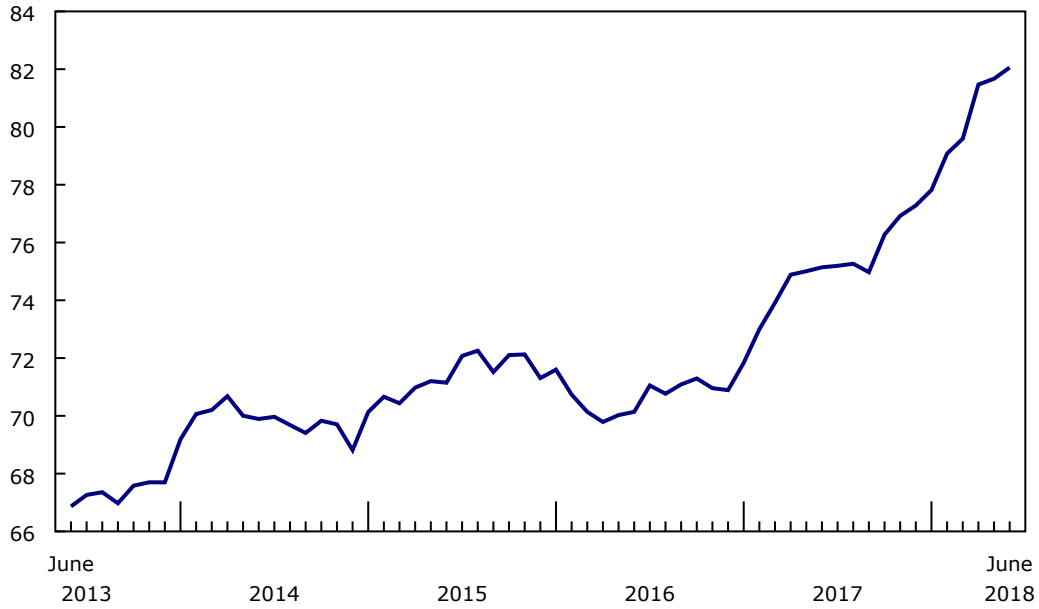
Nova Scotia (-8.2%) posted the second largest provincial decrease in June, partly due to lower sales in the seafood product preparation and packaging industry.

Higher inventory levels

Total manufacturing inventories increased 0.5% to \$82.1 billion in June, attributable to higher inventories in the petroleum and coal product (+6.3%) and the machinery (+1.7%) industries. Inventories of transportation equipment declined 1.2%.

Chart 2
Inventory levels increase

billions of dollars

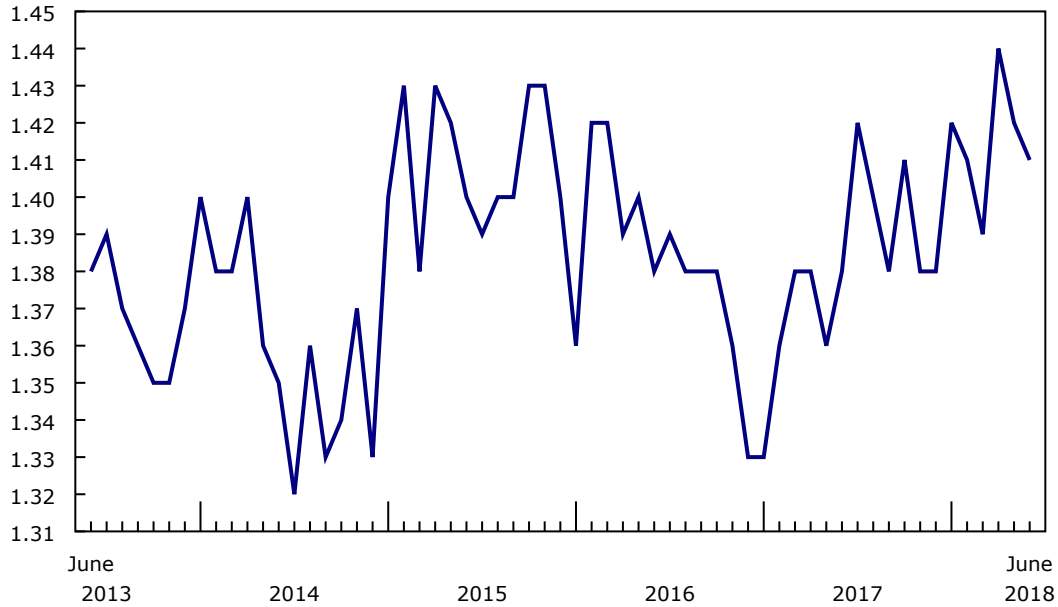


Note(s): Data are seasonally adjusted.
Source(s): Table [16-10-0047-01](#).

The inventory-to-sales ratio decreased from 1.42 in May to 1.41 in June. 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 decreases

ratio



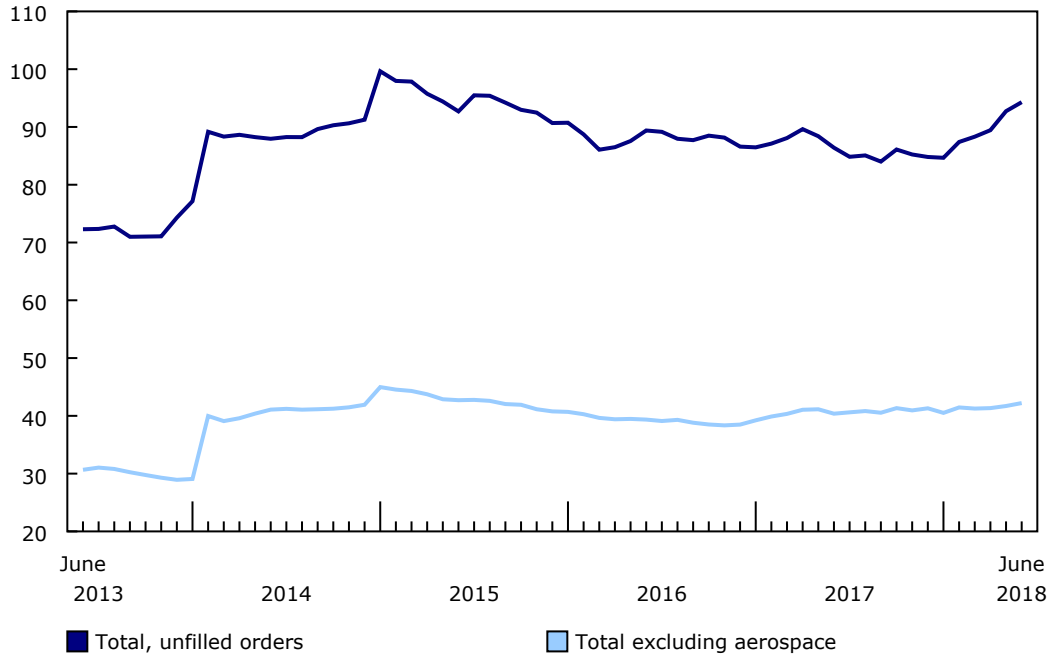
Note(s): Data are seasonally adjusted.
Source(s): Table [16-10-0047-01](#).

Unfilled orders increase

Unfilled orders rose for the fifth consecutive month, increasing 1.7% to \$94.3 billion in June. The aerospace product and parts industry (+2.1%) was the main contributor to the gain, followed by the machinery (+5.0%) and the fabricated metal product (+3.5%) industries.

Chart 4
Unfilled orders increase

billions of dollars



Note(s): Data are seasonally adjusted.
Source(s): Table 16-10-0047-01.

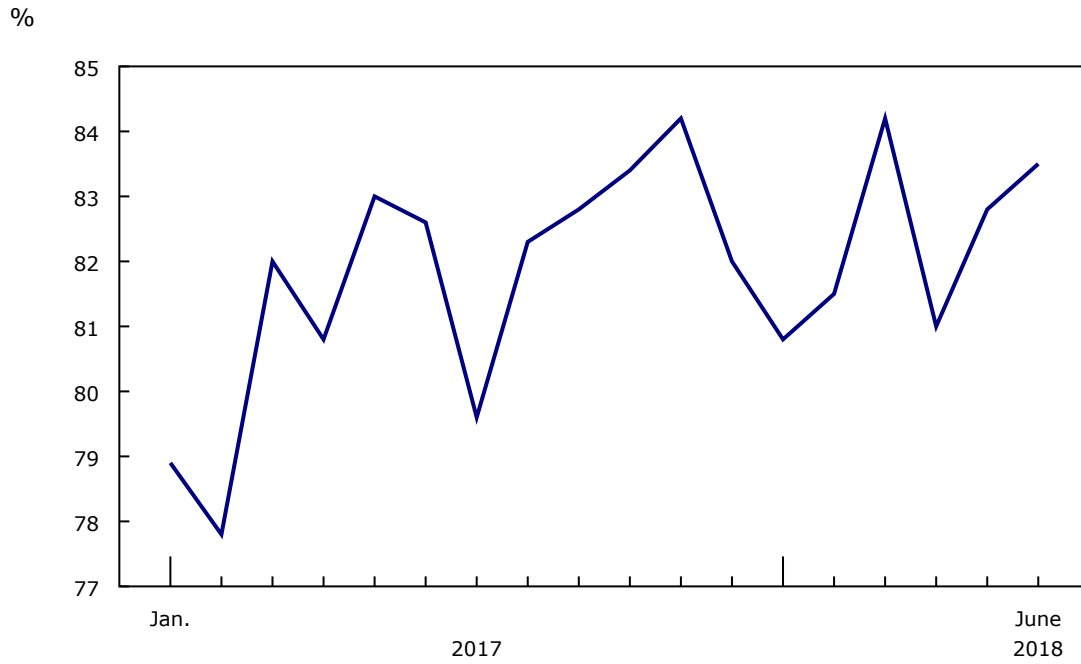
New orders decreased 1.8% in June following a 5.2% increase in May. The decline was mainly due to lower new orders in the aerospace product and parts industry in June compared with May.

Capacity utilization rates

The capacity utilization rate for the manufacturing sector rose from 82.8% in May to 83.5% in June. The largest increase was in the petroleum and coal industry as refineries ramped up production levels from 69.8% in May to 89.8% in June.

The capacity utilization rate in the chemical product manufacturing industry fell from 90.0% in May to 84.9% in June. The decline was partly attributable to lower production at fertilizer and pesticide manufacturing facilities in June.

Chart 5
The capacity utilization rate increases



Note(s): Data are not seasonally adjusted.
Source(s): Table [16-10-0012-01](#).

Note to readers

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

For information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#). For information on trend-cycle data, see [Trend-cycle estimates – 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 metals, 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 and shipbuilding industries, the value of production is used instead of the value of sales of goods manufactured. The value of production is calculated by adjusting monthly sales of goods manufactured by the monthly change in inventories of goods in process and finished products manufactured. The value of production is used because of the extended period of time that it normally takes to manufacture products in these 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 established by the Bank of Canada is used for the conversion. The monthly average exchange rate is available in table 33-10-0163-01. Inventories and unfilled orders are reported at the end of the reference period. For most respondents, the daily average 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 daily average exchange rate on the day selected by the respondent is used. Note that because of exchange rate fluctuations, the daily average exchange rate on the day selected by the respondent can differ from both the exchange rate on the last working day of the month and the monthly average exchange rate. Daily average exchange rate data are available in table 33-10-0036-01.

Revision policy

Each month, the Monthly Survey of Manufacturing releases preliminary data for the reference month and revised data for the three previous months. Revisions are made to reflect new information provided by respondents and updates to administrative data.

Real-time data tables

Real-time data tables 16-10-0118-01, 16-10-0119-01 and 16-10-0014-01 will be updated on August 27.

Next release

Data from the Monthly Survey of Manufacturing for July will be released on September 18.

Table 1
Manufacturing: Principal statistics – Seasonally adjusted

	June 2017	May 2018 ^r	June 2018 ^p	May to June 2018	June 2017 to June 2018
	millions of dollars			% change ¹	
Manufacturing sales (current dollars)	54,319	57,420	58,071	1.1	6.9
Manufacturing sales (2012 constant dollars)	51,447	52,540	52,890	0.7	2.8
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	45,732	49,777	50,224	0.9	9.8
Inventories	75,141	81,670	82,057	0.5	9.2
Unfilled orders	86,407	92,730	94,288	1.7	9.1
New orders	52,329	60,712	59,629	-1.8	14.0
Inventory-to-sales ratio ²	1.38	1.42	1.41

^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): Tables [16-10-0047-01](#) and [16-10-0013-01](#).

Table 2
Manufacturing sales: Industry aggregates – Seasonally adjusted

	June 2017	May 2018 ^r	June 2018 ^p	May to June 2018	June 2017 to June 2018
	millions of dollars			% change ¹	
Food manufacturing	8,578	8,927	8,777	-1.7	2.3
Beverage and tobacco product	1,096	1,180	1,156	-2.1	5.4
Textile mills	145	158	140	-11.5	-3.6
Textile product mills	150	151	150	-0.6	-0.1
Clothing manufacturing	206	227	233	2.7	13.4
Leather and allied product	30	30	28	-7.7	-8.2
Wood product	2,681	3,129	3,165	1.1	18.0
Paper manufacturing	2,355	2,629	2,667	1.4	13.2
Printing and related support activities	798	815	768	-5.8	-3.8
Petroleum and coal product	4,760	5,406	6,265	15.9	31.6
Chemical	4,318	4,619	4,412	-4.5	2.2
Plastics and rubber products	2,556	2,630	2,687	2.2	5.1
Non-metallic mineral product	1,125	1,272	1,255	-1.3	11.5
Primary metal	3,984	4,583	4,568	-0.3	14.7
Fabricated metal product	2,884	3,267	3,366	3.0	16.7
Machinery	3,219	3,303	3,341	1.2	3.8
Computer and electronic product	1,312	1,303	1,278	-1.9	-2.7
Electrical equipment, appliance and component	872	965	962	-0.3	10.3
Transportation equipment	11,118	10,657	10,639	-0.2	-4.3
Motor vehicle	5,852	5,060	5,199	2.8	-11.2
Motor vehicle body and trailer	318	315	329	4.3	3.4
Motor vehicle parts	2,735	2,583	2,648	2.5	-3.2
Aerospace product and parts	1,630	2,016	1,909	-5.3	17.1
Railroad rolling stock	144	245	157	-36.0	8.5
Ship and boat building	172	160	154	-3.6	-10.6
Furniture and related product	1,087	1,136	1,153	1.6	6.1
Miscellaneous manufacturing	1,045	1,033	1,062	2.8	1.6
Non-durable goods industries	24,992	26,773	27,282	1.9	9.2
Durable goods industries	29,328	30,647	30,789	0.5	5.0

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

Source(s): Table [16-10-0047-01](#).

Table 3
Manufacturing sales: Provinces and territories – Seasonally adjusted

	June 2017	May 2018 ^r	June 2018 ^p	May to June 2018	June 2017 to June 2018
	millions of dollars			% change ¹	
Canada	54,319	57,420	58,071	1.1	6.9
Newfoundland and Labrador	472	611	562	-8.1	18.9
Prince Edward Island	163	167	161	-3.7	-1.7
Nova Scotia	671	786	721	-8.2	7.4
New Brunswick	1,478	1,643	1,668	1.6	12.8
Quebec	12,448	13,536	14,047	3.8	12.9
Ontario	25,908	26,292	26,434	0.5	2.0
Manitoba	1,636	1,763	1,722	-2.3	5.3
Saskatchewan	1,271	1,628	1,447	-11.1	13.9
Alberta	5,935	6,252	6,483	3.7	9.2
British Columbia	4,330	4,738	4,817	1.7	11.3
Yukon	3	2	3	39.0	-18.4
Northwest Territories and Nunavut	3	3	6	121.6	110.6

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

Source(s): Tables [16-10-0047-01](#) and [16-10-0048-01](#).

Available tables: [16-10-0012-01](#), [16-10-0013-01](#), [16-10-0047-01](#) and [16-10-0048-01](#).

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

For more information, or to enquire about the concepts, methods or data quality of this release, contact Javad Sadeghzadeh (613-698-7324; Javad.Sadeghzadeh@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).