

Monthly Survey of Manufacturing, September 2018

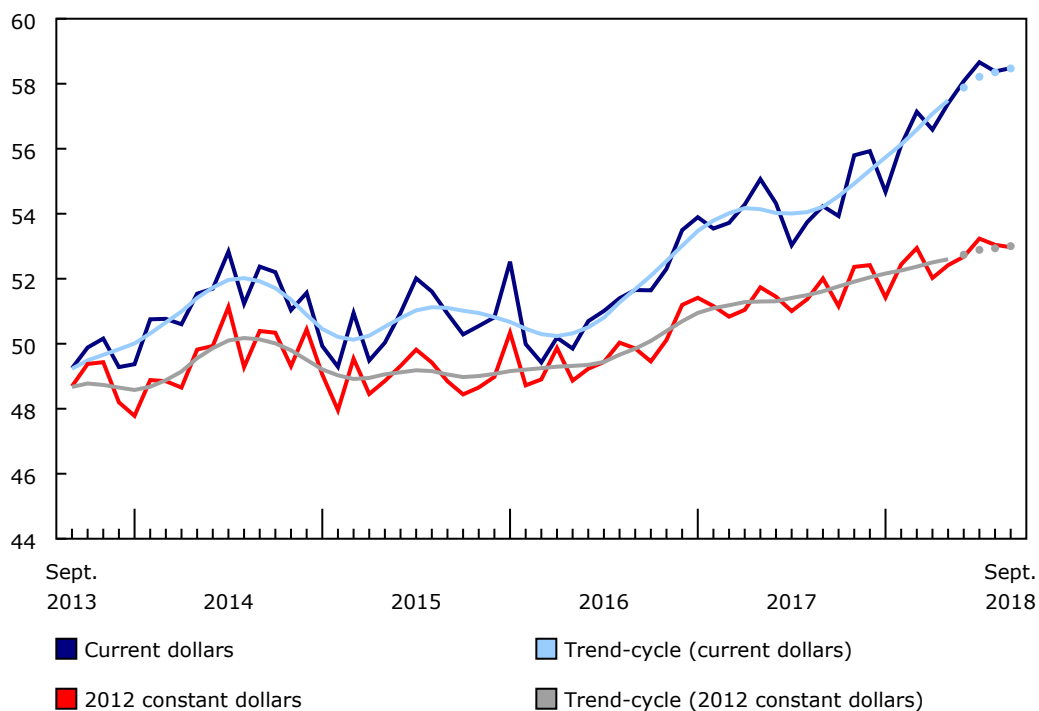
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, November 16, 2018

Manufacturing sales edged up 0.2% in September to \$58.5 billion, following a 0.5% decrease in August.

Sales increased in 8 of 21 industries, led by higher sales in the transportation equipment industry. However, these gains were largely offset by declines in the machinery and wood product industries.

Chart 1
Manufacturing sales

billions of dollars



Note(s): Data are seasonally adjusted.

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

Constant dollar sales edged down 0.1%, indicating a lower volume of goods sold.

Higher sales of transportation equipment industry largely offset by declines in machinery and wood product industries

Sales of transportation equipment increased 3.1% to \$11.0 billion in September, following a 1.8% decline in August. The growth was mainly attributable to higher sales in the motor vehicle assembly (+6.1%) and motor vehicle parts (+1.9%) industries, reflecting a ramp up in production following motor vehicle assembly plant shutdowns in July and August. In constant dollars, sales volumes rose 4.8% in the motor vehicle assembly industry and 2.1% in the motor vehicle parts industry in September.



Sales in the chemical (+1.4%) and petroleum and coal product (+0.9%) industries also increased in September. These gains reflected mostly higher prices as volumes sold increased by 0.3% in the chemical industry and by 0.1% in the petroleum and coal product industry.

Sales in the machinery industry fell 6.2% to \$3.3 billion in September, following four consecutive monthly increases. Manufacturers in the metalworking machinery industry as well as the agricultural, construction and mining machinery industry reported lower sales in September.

Wood product sales were down for the fourth consecutive month, declining 2.9% to \$2.9 billion in September. Many wood product manufacturers indicated that they experienced lower demand and lower prices in the previous four months. Exports of lumber and other sawmill and millwork products were also down in the previous three months.

Sales up in six provinces

Six provinces posted higher manufacturing sales in September, led by Ontario and Newfoundland and Labrador. Decreases in New Brunswick and Manitoba partially offset the increase.

Following a 1.6% decline in August, sales in Ontario rose 0.6% to \$26.7 billion in September. This growth was mainly attributable to the motor vehicle (+6.0%), primary metal (+6.3%) and chemical (+3.9%) industries. These increases were partially offset by lower sales in the machinery (-9.4%) and fabricated metal product (-8.1%) industries.

The second largest monthly increase in dollar terms was in Newfoundland and Labrador, where sales rose 21.0% to \$648 million in September. This was mostly due to higher sales of non-durable goods and came after a 12.7% decline in August.

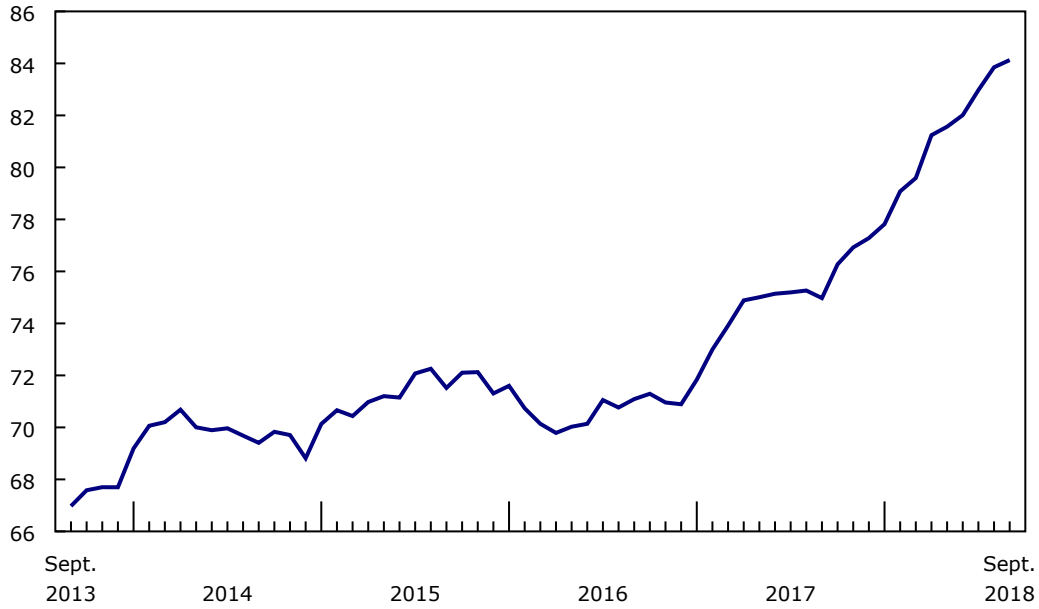
In dollar terms, New Brunswick and Manitoba posted the largest sales decreases in September. In New Brunswick, sales fell 9.3% to \$1.5 billion, mostly due to lower sales of non-durable goods. Lower sales of durable goods were behind the decrease in Manitoba (-8.8%).

Inventory levels rise

Manufacturing inventories increased 0.3% to \$84.1 billion in September. Inventories rose in 12 of 21 industries. Higher inventories in the motor vehicle (+16.9%), primary metals (+1.8%) and chemical (+2.4%) industries contributed to the overall gain. This increase was partly offset by lower inventories in the aerospace product and parts (-1.6%), petroleum and coal products (-2.0%) and food (-1.4%) industries.

Chart 2 Inventory levels rise

billions of dollars

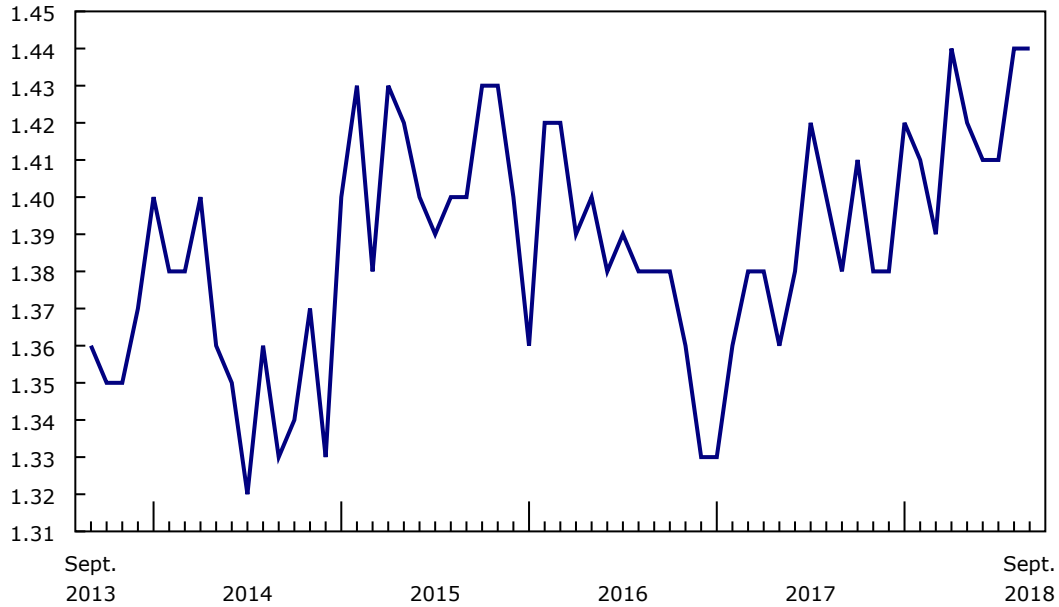


Note(s): Data are seasonally adjusted.
Source(s): Table [16-10-0047-01](#).

The inventory-to-sales ratio was unchanged at 1.44 in September. This 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 is unchanged

ratio



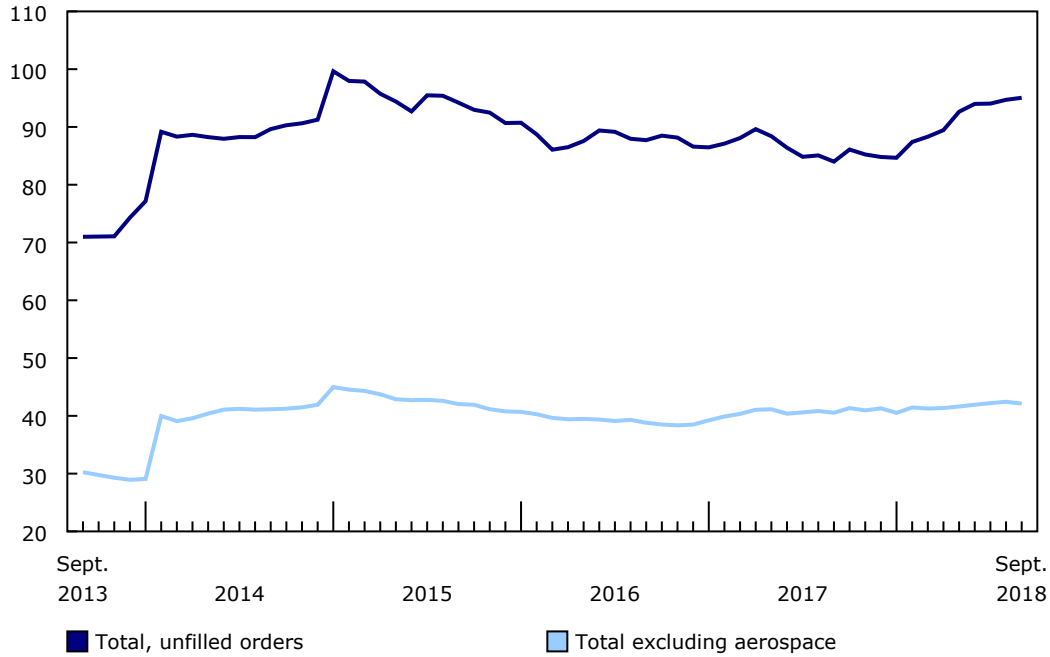
Note(s): Data are seasonally adjusted.
Source(s): Table [16-10-0047-01](#).

Unfilled orders increase

Unfilled orders increased 0.4% to \$95.0 billion in September. This was the eighth consecutive monthly gain. The growth in unfilled orders was attributable to the aerospace product and parts (+1.3%) and machinery (+2.9%) industries.

Chart 4
Unfilled orders increase

billions of dollars



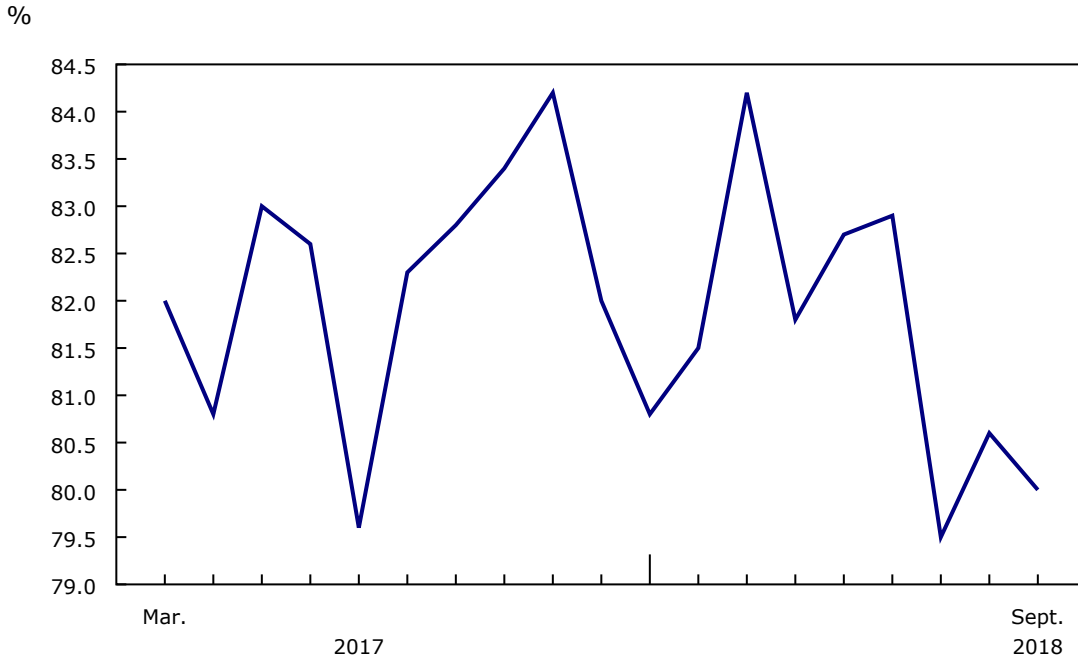
Note(s): Data are seasonally adjusted.
Source(s): Table 16-10-0047-01.

New orders edged down 0.3% to \$58.8 billion in September. There were fewer new orders in the fabricated metal product, other transportation equipment and computer and electronic product industries. The decline was partly offset by higher new orders in the aerospace product and parts industry.

Capacity utilization rate

The capacity utilization rate (not seasonally adjusted) for the manufacturing sector edged down 0.6 percentage points, from 80.6% in August to 80.0% in September. While declines were widespread, the wood product industry had the largest decrease in September. The capacity utilization rate in this industry fell from 83.9% in August to 72.9% in September. Several wood product manufacturers indicated that they received lower orders as demand and construction starts in Canada and the United States declined in September.

Chart 5
The capacity utilization rate edges down



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

The capacity utilization rate for the transportation equipment industry increased for the second consecutive month, rising from 80.8% in August to 85.9% in September. A gradual ramp up of production at some motor vehicle plants after shutdowns in July and August was partly responsible for the increase in September.

The capacity utilization rate of the primary metal industry, which includes aluminum and steel, decreased for the second consecutive month, down 1.2 percentage points to 78.5% in September.

Manufacturing sales increase in the third quarter

Manufacturing sales increased for the fourth consecutive quarter, rising 2.0% to \$175.5 billion in the third quarter. The increase was mainly the result of higher sales of petroleum and coal products (+15.2%), mostly due to higher volumes sold. Prices for petroleum and coal products, as measured by the Industrial Product Price Index, increased 1.0% in the third quarter compared with the previous quarter.

In real (or volume) terms, quarterly manufacturing sales increased 1.4% to \$159.2 billion on higher sales of petroleum and coal products.

Table 1
Manufacturing: Principal statistics – Seasonally adjusted

	September 2017	August 2018 ^r	September 2018 ^p	August to September 2018	September 2017 to September 2018
	millions of dollars			% change ¹	
Manufacturing sales (current dollars)	54,233	58,378	58,481	0.2	7.8
Manufacturing sales (2012 constant dollars)	52,007	53,043	52,970	-0.1	1.9
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	46,776	50,803	50,556	-0.5	8.1
Inventories	74,973	83,851	84,128	0.3	12.2
Unfilled orders	84,006	94,699	95,048	0.4	13.1
New orders	53,166	59,036	58,830	-0.3	10.7
Inventory-to-sales ratio ²	1.38	1.44	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 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 by industry – Seasonally adjusted

	September 2017	August 2018 ^r	September 2018 ^p	August to September 2018	September 2017 to September 2018
	millions of dollars			% change ¹	
Food manufacturing	8,296	8,664	8,660	-0.1	4.4
Beverage and tobacco product	1,119	1,188	1,209	1.8	8.0
Textile mills	134	147	143	-2.8	6.6
Textile product mills	141	160	150	-6.3	5.9
Clothing manufacturing	221	216	197	-8.8	-11.0
Leather and allied product	26	25	26	4.4	0.1
Wood product	2,831	2,978	2,891	-2.9	2.1
Paper manufacturing	2,352	2,645	2,638	-0.3	12.1
Printing and related support activities	791	776	800	3.1	1.1
Petroleum and coal product	5,607	6,619	6,682	0.9	19.2
Chemical	4,226	4,676	4,743	1.4	12.2
Plastics and rubber products	2,494	2,811	2,839	1.0	13.9
Non-metallic mineral product	1,155	1,189	1,186	-0.2	2.8
Primary metal	4,187	4,298	4,270	-0.7	2.0
Fabricated metal product	2,837	3,360	3,351	-0.3	18.1
Machinery	3,143	3,524	3,306	-6.2	5.2
Computer and electronic product	1,275	1,353	1,346	-0.5	5.6
Electrical equipment, appliance and component	910	975	945	-3.0	3.9
Transportation equipment	10,365	10,664	10,999	3.1	6.1
Motor vehicle	4,941	4,890	5,188	6.1	5.0
Motor vehicle body and trailer	290	329	329	-0.1	13.2
Motor vehicle parts	2,516	2,685	2,737	1.9	8.8
Aerospace product and parts	1,782	2,057	2,095	1.9	17.6
Railroad rolling stock	309	253	279	10.2	-9.7
Ship and boat building	152	188	150	-20.3	-1.5
Furniture and related product	1,085	1,067	1,079	1.1	-0.6
Miscellaneous manufacturing	1,040	1,044	1,021	-2.2	-1.9
Non-durable goods industries	25,406	27,926	28,085	0.6	10.5
Durable goods industries	28,826	30,452	30,396	-0.2	5.4

^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

	September 2017	August 2018 ^r	September 2018 ^p	August to September 2018	September 2017 to September 2018
	millions of dollars			% change ¹	
Canada	54,233	58,378	58,481	0.2	7.8
Newfoundland and Labrador	521	536	648	21.0	24.5
Prince Edward Island	145	163	168	3.2	15.8
Nova Scotia	680	742	810	9.2	19.1
New Brunswick	1,643	1,690	1,533	-9.3	-6.7
Quebec	13,145	14,180	14,118	-0.4	7.4
Ontario	24,808	26,534	26,696	0.6	7.6
Manitoba	1,633	1,719	1,567	-8.8	-4.1
Saskatchewan	1,424	1,507	1,503	-0.3	5.5
Alberta	5,847	6,629	6,729	1.5	15.1
British Columbia	4,380	4,672	4,703	0.7	7.4
Yukon	3	2	2	-22.4	-30.5
Northwest Territories and Nunavut	4	4	5	12.7	28.4

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

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

Table 4
Manufacturing capacity utilization rates by industry – Unadjusted

	September 2017	August 2018 ^r	September 2018 ^p	August to September 2018	September 2017 to September 2018
	%			percentage point change	
Manufacturing	82.8	80.6	80.0	-0.6	-2.8
Non-durable goods industries	85.0	82.3	80.3	-2.0	-4.7
Food manufacturing	82.7	81.4	80.5	-0.9	-2.2
Beverage and tobacco product manufacturing	71.1	76.8	71.9	-4.9	0.8
Beverage manufacturing	71.6	80.1	74.3	-5.8	2.7
Tobacco manufacturing	68.3	62.9	60.7	-2.2	-7.6
Textile mills	86.1	76.2	75.6	-0.6	-10.5
Textile product mills	70.8	66.5	66.9	0.4	-3.9
Clothing manufacturing	90.1	75.7	82.2	6.5	-7.9
Leather and allied product manufacturing	83.1	73.6	77.4	3.8	-5.7
Paper manufacturing	88.8	90.5	87.1	-3.4	-1.7
Printing and related support activities	75.1	74.8	74.7	-0.1	-0.4
Petroleum and coal products manufacturing	91.7	89.6	87.4	-2.2	-4.3
Chemical manufacturing	84.8	77.7	73.6	-4.1	-11.2
Plastics and rubber products manufacturing	85.8	76.8	76.7	-0.1	-9.1
Plastic product manufacturing	83.2	76.2	75.9	-0.3	-7.3
Rubber product manufacturing	98.8	79.9	80.5	0.6	-18.3
Durable goods industries	80.9	79.1	79.7	0.6	-1.2
Wood product manufacturing	84.6	83.9	72.9	-11.0	-11.7
Non-metallic mineral product manufacturing	76.9	76.1	74.3	-1.8	-2.6
Primary metal manufacturing	82.0	79.7	78.5	-1.2	-3.5
Fabricated metal product manufacturing	69.0	72.3	73.0	0.7	4.0
Machinery manufacturing	82.1	75.9	75.7	-0.2	-6.4
Computer and electronic product manufacturing	63.6	83.3	84.2	0.9	20.6
Electrical equipment, appliance and component manufacturing	79.6	80.5	81.7	1.2	2.1
Transportation equipment manufacturing	86.3	80.8	85.9	5.1	-0.4
Furniture and related product manufacturing	81.8	82.3	80.0	-2.3	-1.8
Miscellaneous manufacturing	77.2	75.6	80.2	4.6	3.0

^r revised

^p preliminary

Note(s): Data are not seasonally adjusted in this table.

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 sales, inventories and unfilled orders 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 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 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, 16-10-0014-01 and 16-10-0015-01 will be updated on November 26.

Next release

Data from the Monthly Survey of Manufacturing for October will be released on December 18.

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, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Bechir Oueriemmi (613-951-7938; bechir.oueriemmi@canada.ca), Mining, Manufacturing and Wholesale Trade Division.