

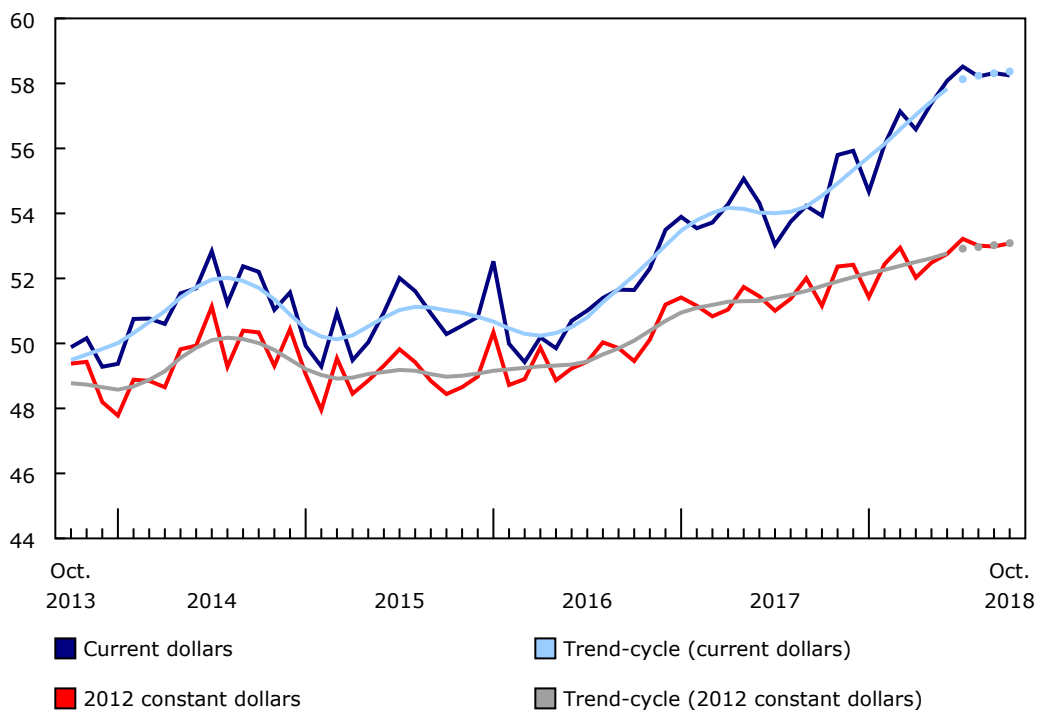
Monthly Survey of Manufacturing, October 2018

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, December 18, 2018

Manufacturing sales edged down 0.1% in October to \$58.2 billion, following four increases in the previous five months. Lower sales at wood product and primary metal industries were largely offset by higher sales at food and machinery 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](#).

Overall, sales were down in 7 of 21 industries, representing 40.5% of the manufacturing sector. Sales of durable goods decreased 0.9% to \$30.0 billion, while sales of non-durable goods rose 0.7% to \$28.3 billion.

Constant dollar sales increased 0.2%, indicating a higher volume of goods sold.

Wood product industry posts the largest decrease

Sales at wood product manufacturers were down for the fifth consecutive month, falling 7.5% to \$2.6 billion in October. Wood sales typically increase in October but many factors led to the decrease in sales this year, notably the continued decline in prices and timber supply shortages. In constant dollars, sales volumes of wood products fell 5.0%.



Primary metal manufacturing sales were down 3.0% in October to \$4.1 billion—the fifth consecutive monthly decline. The decrease in October was largely attributable to lower sales in the non-ferrous metal production and processing and the alumina and aluminum production and processing industries.

Partially offsetting these declines were increases in the food and machinery industries. Food manufacturing industry sales rose 1.5% to \$8.7 billion, following two consecutive monthly decreases. The gain in October reflected higher sales in the meat, other food manufacturing and animal food product industries. In constant dollars, sales volumes in the food manufacturing industry increased 1.0%.

Machinery sales rose 2.9% in October to \$3.4 billion, led by higher sales in the agricultural, construction and mining machinery as well as the other general-purpose machinery industries.

Sales also increased in the petroleum and coal product (+0.9%), fabricated metal product (+1.6%), motor vehicle parts (+1.7%) and motor vehicle (+0.9%) industries in October.

Sales declines concentrated in Quebec and New Brunswick

In dollar terms, manufacturing sales were down the most in Quebec (-1.5%), New Brunswick (-12.0%) and, to a lesser extent, British Columbia (-0.9%). These declines were partly offset by gains in the other provinces, led by Ontario (+0.7%).

Sales in Quebec fell 1.5% to \$13.9 billion in October, following a slight decline in September and largely offsetting the 1.7% increase in August. Manufacturers of aerospace products and parts (-19.1%) and primary metals (-5.3%) reported the largest declines. Despite the decrease, total sales in Quebec were 5.9% higher in October compared with 12 months earlier.

In New Brunswick, manufacturing sales declined for the second consecutive month, mainly as a result of a 13.3% drop in non-durable goods sales. Manufacturing sales totalled \$1.3 billion in New Brunswick in October—the lowest level since November 2016.

Sales were down 0.9% to \$4.7 billion in British Columbia. The decline was driven by a 7.2% drop in wood product sales to \$991 million. Excluding the wood product industry, sales in the rest of the province's manufacturing sector were up 1.0%.

Sales rose 0.7% in Ontario to \$26.7 billion in October, a second consecutive monthly gain. The growth was partly attributable to a 2.1% rise in sales in the transportation equipment industry. Sales were also up at petroleum and coal products (+6.2%), fabricated metal products (+7.2%) and machinery (+5.6%) industries. These increases were partially offset by lower sales in chemical product manufacturing (-6.4%), printing and related support activities (-9.6%) and plastics and rubber products (-2.8%) industries.

Sales in Manitoba rose 3.1% to \$1.6 billion in October, following an 8.7% decline in September. The increase in October was attributable to higher sales of durable and non-durable goods.

In Saskatchewan, sales were up 3.1% to \$1.5 billion, mainly due to higher sales in the non-durable goods industries.

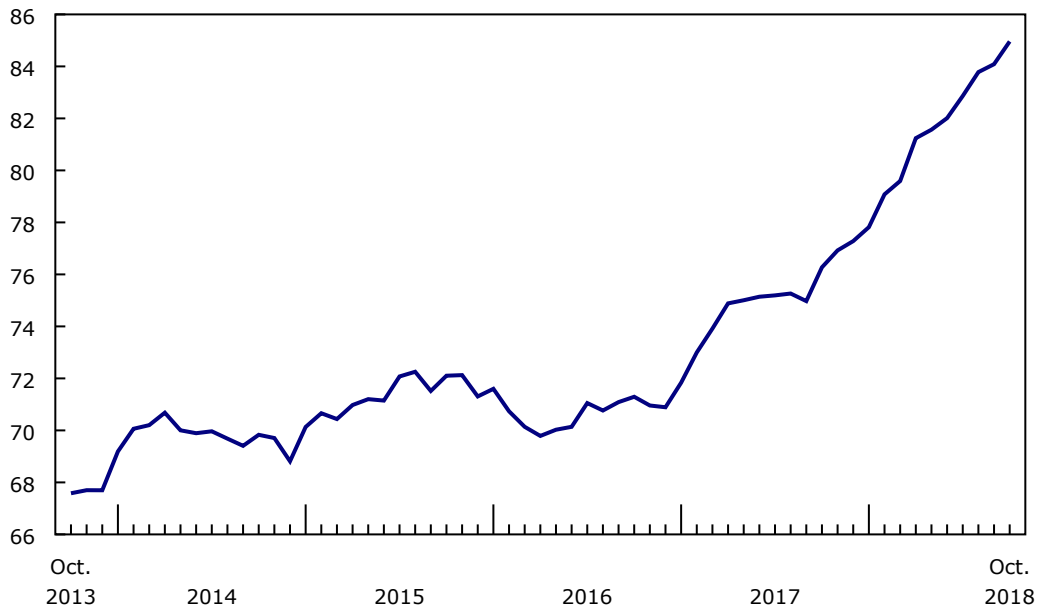
Sales gains in Newfoundland and Labrador (+5.4%) and Nova Scotia (+4.8%) mostly reflected increases in the durable goods industries.

Inventory levels increase

Inventory levels rose 1.0% to \$85.0 billion in October. Inventories were up in 14 of 21 industries, with the largest increases in the machinery (+6.3%), transportation equipment (+1.6%) and primary metal (+2.3%) industries. These increases were partially offset by a 2.8% decline in chemical product inventories.

Chart 2 Inventory levels increase

billions of dollars

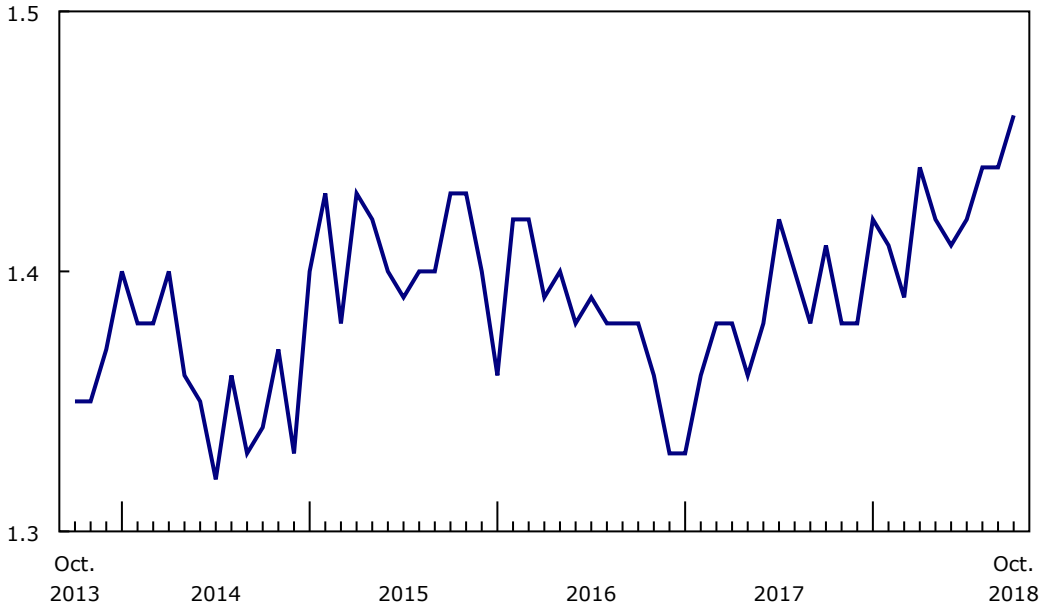


Note(s): Data are seasonally adjusted.
Source(s): Table [16-10-0047-01](#).

The inventory-to-sales ratio increased from 1.44 in September to 1.46 in October. 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 increases

ratio



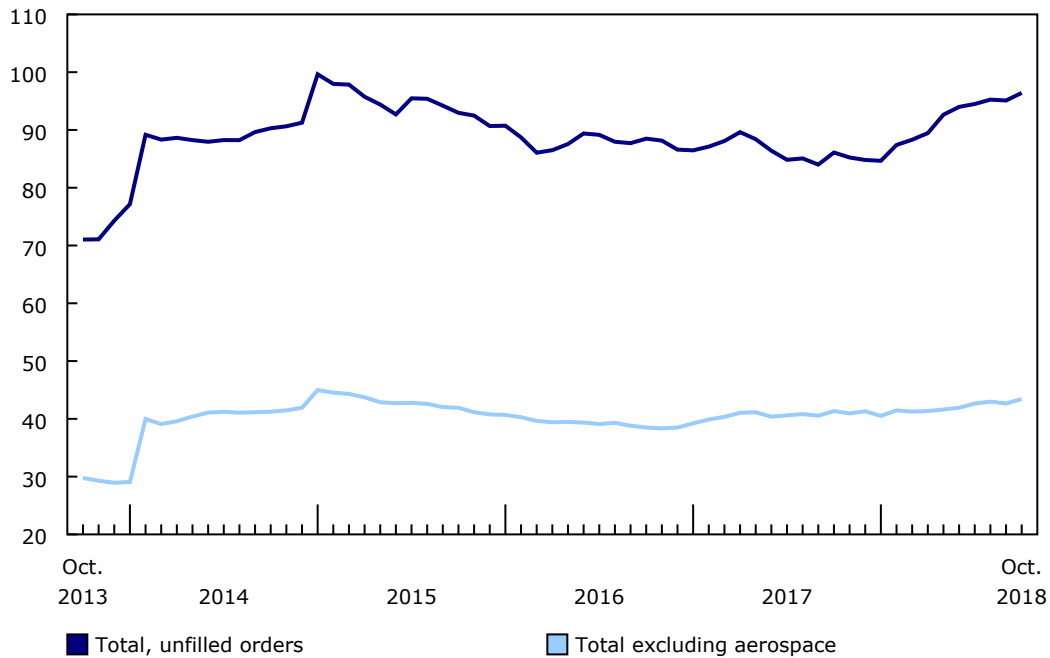
Note(s): Data are seasonally adjusted.
Source(s): Table [16-10-0047-01](#).

Unfilled orders rise

Unfilled orders increased 1.4% to \$96.4 billion in October, following a 0.2% decline in September. Most of the gain was attributable to a 1.5% increase in the transportation equipment industry. Unfilled orders in this industry reached \$64.7 billion in October, their highest level since January 2016. Unfilled orders also rose in the machinery (+2.2%) and fabricated metal product (+2.1%) industries.

Chart 4
Unfilled orders rise

billions of dollars



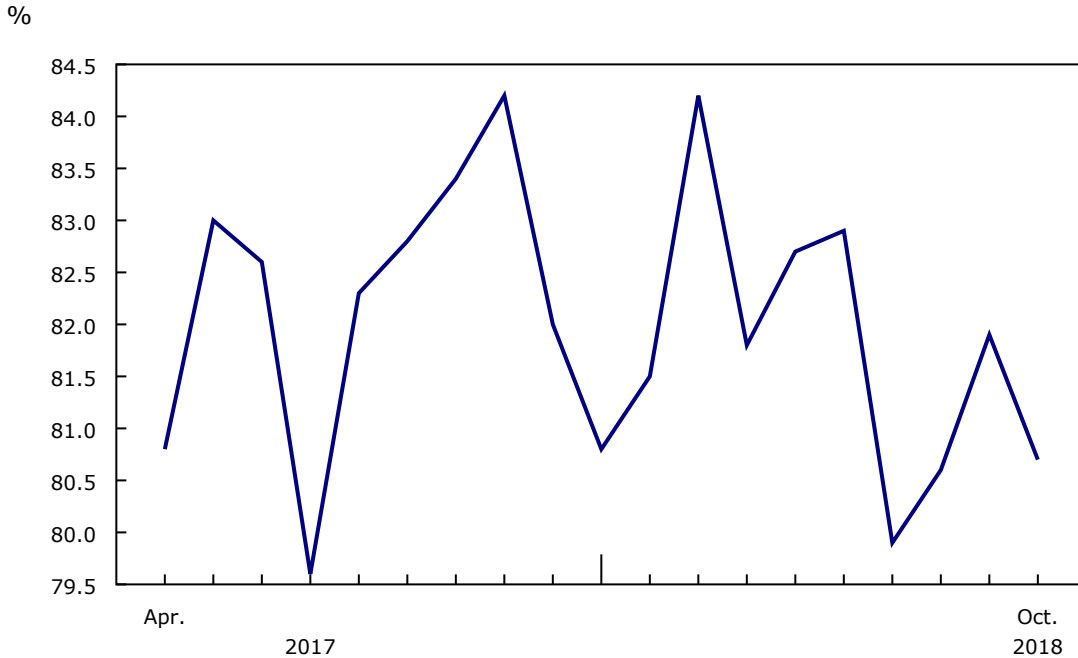
Note(s): Data are seasonally adjusted.
Source(s): Table 16-10-0047-01.

After four consecutive monthly decreases, new orders were up 2.4% to \$59.6 billion in October. The gain mostly reflected an increase in new orders in the railroad and rolling stock, other transportation equipment, fabricated metal product and aerospace products and parts manufacturing industries.

Capacity utilization rate

The capacity utilization rate (not seasonally adjusted) for the manufacturing sector declined 1.2 percentage points, from 81.9% in September to 80.7% in October.

Chart 5
The capacity utilization rate declines



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

Overall, the capacity utilization rate fell in 8 of 21 industries in October, led by the petroleum and coal product and the transportation equipment manufacturing industries.

The capacity utilization rate for the petroleum and coal product industry declined for the third consecutive month, falling 9.0 percentage points to 79.0% in October. Shutdowns were partly responsible for the decrease in October.

The capacity utilization rate of the transportation equipment industry decreased 3.5 percentage points to 83.3%, reflecting the lower capacity utilization rate in the aerospace product and parts industry.

The capacity utilization rate of the primary metal industry rose 2.4 percentage points to 80.2% in October. The increase was mostly attributable to gains in the iron and steel mills, non-ferrous production and processing and foundries industries.

Table 1
Manufacturing: Principal statistics – Seasonally adjusted

	October 2017	September 2018 ^r	October 2018 ^p	September to October 2018	October 2017 to October 2018
	millions of dollars			% change ¹	
Manufacturing sales (current dollars)	53,929	58,318	58,247	-0.1	8.0
Manufacturing sales (2012 constant dollars)	51,155	52,982	53,078	0.2	3.8
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	46,944	50,367	50,200	-0.3	6.9
Inventories	76,272	84,085	84,959	1.0	11.4
Unfilled orders	86,095	95,099	96,411	1.4	12.0
New orders	56,018	58,168	59,559	2.4	6.3
Inventory-to-sales ratio ²	1.41	1.44	1.46

^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

	October 2017	September 2018 ^r	October 2018 ^p	September to October 2018	October 2017 to October 2018
	millions of dollars			% change ¹	
Food manufacturing	8,274	8,586	8,712	1.5	5.3
Beverage and tobacco product	1,125	1,204	1,164	-3.4	3.5
Textile mills	148	142	148	4.3	0.5
Textile product mills	143	144	161	11.7	12.6
Clothing manufacturing	222	203	247	21.7	11.3
Leather and allied product	29	27	27	2.5	-6.8
Wood product	2,961	2,851	2,637	-7.5	-10.9
Paper manufacturing	2,374	2,650	2,657	0.3	11.9
Printing and related support activities	787	811	768	-5.3	-2.4
Petroleum and coal product	5,684	6,813	6,874	0.9	20.9
Chemical	4,125	4,762	4,798	0.8	16.3
Plastics and rubber products	2,440	2,726	2,716	-0.4	11.3
Non-metallic mineral product	1,170	1,190	1,201	0.9	2.6
Primary metal	4,249	4,271	4,142	-3.0	-2.5
Fabricated metal product	2,951	3,372	3,426	1.6	16.1
Machinery	3,114	3,306	3,401	2.9	9.2
Computer and electronic product	1,354	1,335	1,290	-3.4	-4.8
Electrical equipment, appliance and component	945	938	939	0.1	-0.7
Transportation equipment	9,733	10,940	10,859	-0.7	11.6
Motor vehicle	4,515	5,210	5,257	0.9	16.4
Motor vehicle body and trailer	305	330	318	-3.6	4.3
Motor vehicle parts	2,470	2,742	2,790	1.7	12.9
Aerospace product and parts	1,819	2,013	1,854	-7.9	1.9
Railroad rolling stock	214	273	239	-12.3	11.5
Ship and boat building	183	151	179	18.7	-1.8
Furniture and related product	1,116	1,038	1,050	1.2	-5.9
Miscellaneous manufacturing	983	1,011	1,030	1.8	4.7
Non-durable goods industries	25,350	28,068	28,273	0.7	11.5
Durable goods industries	28,579	30,251	29,974	-0.9	4.9

^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

	October 2017	September 2018 ^r	October 2018 ^p	September to October 2018	October 2017 to October 2018
	millions of dollars			% change ¹	
Canada	53,929	58,318	58,247	-0.1	8.0
Newfoundland and Labrador	531	652	687	5.4	29.5
Prince Edward Island	129	170	179	5.4	38.8
Nova Scotia	734	730	765	4.8	4.2
New Brunswick	1,834	1,533	1,349	-12.0	-26.4
Quebec	13,082	14,066	13,858	-1.5	5.9
Ontario	24,168	26,554	26,732	0.7	10.6
Manitoba	1,595	1,564	1,612	3.1	1.1
Saskatchewan	1,357	1,498	1,544	3.1	13.8
Alberta	6,035	6,826	6,837	0.2	13.3
British Columbia	4,458	4,720	4,679	-0.9	5.0
Yukon	3	2	2	16.9	-13.1
Northwest Territories and Nunavut	5	5	3	-40.9	-43.6

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

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

Table 4
Manufacturing capacity utilization rates by industry – Unadjusted

	October 2017	September 2018 ^r	October 2018 ^p	September to October 2018	October 2017 to October 2018
	%			percentage point change	
Manufacturing	83.4	81.9	80.7	-1.2	-2.7
Non-durable goods industries	85.2	82.5	80.6	-1.9	-4.6
Food manufacturing	83.3	80.6	80.6	0.0	-2.7
Beverage and tobacco product manufacturing	72.2	75.1	75.6	0.5	3.4
Beverage manufacturing	72.6	76.0	76.5	0.5	3.9
Tobacco manufacturing	70.1	70.8	71.8	1.0	1.7
Textile mills	88.5	77.8	80.1	2.3	-8.4
Textile product mills	72.3	73.3	78.2	4.9	5.9
Clothing manufacturing	91.6	82.5	85.2	2.7	-6.4
Leather and allied product manufacturing	83.9	78.9	85.6	6.7	1.7
Paper manufacturing	88.2	89.1	88.4	-0.7	0.2
Printing and related support activities	77.9	75.6	78.2	2.6	0.3
Petroleum and coal products manufacturing	90.5	88.0	79.0	-9.0	-11.5
Chemical manufacturing	85.8	82.6	83.6	1.0	-2.2
Plastics and rubber products manufacturing	86.8	76.9	75.9	-1.0	-10.9
Plastic product manufacturing	83.1	76.7	76.3	-0.4	-6.8
Rubber product manufacturing	107.5	77.8	74.3	-3.5	-33.2
Durable goods industries	81.9	81.2	80.8	-0.4	-1.1
Wood product manufacturing	87.3	83.0	82.2	-0.8	-5.1
Non-metallic mineral product manufacturing	77.1	76.3	76.1	-0.2	-1.0
Primary metal manufacturing	84.4	77.8	80.2	2.4	-4.2
Fabricated metal product manufacturing	64.4	73.7	76.1	2.4	11.7
Machinery manufacturing	79.1	79.0	80.5	1.5	1.4
Computer and electronic product manufacturing	80.7	83.5	82.9	-0.6	2.2
Electrical equipment, appliance and component manufacturing	82.9	81.5	76.4	-5.1	-6.5
Transportation equipment manufacturing	88.1	86.8	83.3	-3.5	-4.8
Furniture and related product manufacturing	81.3	78.7	79.5	0.8	-1.8
Miscellaneous manufacturing	76.7	77.5	80.8	3.3	4.1

^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 monthly average 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, 16-10-0014-01 and 16-10-0015-01 will be updated on January 4, 2019.

Next release

Data from the Monthly Survey of Manufacturing for November 2018 will be released on January 22, 2019.

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.