

Annual wholesale trade, 2017

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The operating revenue of Canadian wholesalers increased 10.4% in 2017, topping the \$1.0 trillion mark, which was last reached in 2014. The increase was led by the petroleum products subsector, but all the other subsectors also reported higher revenue. Excluding petroleum products, operating revenue increased 5.5% compared with 2016.

Overall, the operating profits of wholesalers as a percentage of total operating revenue edged down from 4.8% in 2016 to 4.6% in 2017, as increases in operating revenue were offset by higher operating expenses and the cost of goods sold.

The cost of goods sold, which accounted for 83.5% of total operating revenue, increased 11.5% to \$881.1 billion in 2017. This was driven by growth in the cost of goods sold in the petroleum subsector, which rose 27.2% from 2016 to \$264.2 billion in 2017. During that time, the Raw Materials Price Index for conventional crude oil rose 19.4% and Canadian crude oil production increased 7.7%, as the petroleum industry recovered from the impact of the forest fires in Fort McMurray.

Total operating expenses, which include labour remuneration, were up 4.3% to \$124.9 billion. Total operating expenses were up in all subsectors except petroleum products, where they were down 13.5% to \$4.4 billion.

Gross margins for wholesalers—the difference between total operating revenue and the cost of goods sold expressed as a percentage of total operating revenue—decreased from 17.3% in 2016 to 16.5% in 2017. The growing share of petroleum in the sector was behind the decrease in overall gross margins, as the petroleum product subsector had the lowest gross margins in the wholesale sector at 3.4% in 2017. Excluding petroleum products, wholesale gross margins were 21.1% in 2017.

Wholesale revenue up across the board

The largest increase in operating revenue was in the petroleum products subsector, up 27.3% to \$273.4 billion in 2017 as a result of higher oil prices and the recovery from the Fort McMurray forest fires.

Wholesalers of petroleum products accounted for the largest proportion of operating revenue in the wholesale trade sector in 2017 with 25.9% of total operating revenue, up from 22.5% in 2016.

In dollar terms, the second largest increase in revenue was in the machinery, equipment and supplies subsector, up 7.2% to \$149.9 billion in 2017. All four industries in this subsector reported increases in operating revenue, led by the other machinery, equipment and supplies industry, up 11.0% to \$37.0 billion. The construction, forestry, mining, and industrial machinery, equipment and supplies merchant wholesalers industry also contributed significantly, with revenues increasing 7.3% to \$46.9 billion in 2017.

Gross margins of wholesalers fall

Expressed as a percentage of total operating revenue, gross margins fell from 17.3% in 2016 to 16.5% in 2017. Lower gross margins were reported by five of the nine subsectors.

Gross margins varied widely among the subsectors, depending on the cost structure of the different types of wholesalers. The lowest gross margin among wholesale merchants was posted by wholesalers of petroleum products (3.4%). The highest margins were in the machinery, equipment and supplies (26.0%), and the personal and household goods (down from 25.3% in 2016 to 25.0% in 2017) subsectors.

The gross margins of motor vehicle and parts wholesalers declined from 14.6% in 2016 to 12.6% in 2017, led by lower margins in the motor vehicle (down from 11.2% in 2016 to 9.3% in 2017) and the new motor vehicle parts (down from 27.3% in 2016 to 25.3% in 2017) industries.



Operating profits edge down due to motor vehicles and parts

Overall, six of the nine subsectors posted annual increases in their operating profits as a percentage of total operating revenue, while operating profits edged down from 4.8% in 2016 to 4.6% in 2017.

Motor vehicle and parts wholesalers posted the largest decline in operating profits among wholesale merchants, falling from 4.8% in 2016 to 2.9% in 2017, as higher revenues were offset by increases in the cost of goods sold and operating expenses.

Wholesalers of petroleum products posted the largest increase in operating profits, up from 0.9% in 2016 to 1.7% in 2017.

Wholesale revenue up in most provinces

In 2017, nine provinces as well as Nunavut reported higher wholesale operating revenue compared with 2016. Overall, operating revenue in Canada increased by \$99.6 billion in 2017. Growth was driven primarily by the two provinces with the greatest wholesale trade, with a \$55.2 billion increase in operating revenue in Alberta and a \$23.8 billion gain in Ontario.

Overall, wholesale operating revenue in Ontario remained higher than in Alberta, increasing 6.3% to \$400.7 billion, as all subsectors posted increases from 2016 to 2017.

Wholesalers in Alberta reported a 22.8% annual increase in operating revenue to \$297.7 billion in 2017. The increase was mainly attributable to the petroleum products subsector (+31.4%), which accounted for over 70% of the operating revenue of wholesalers in the province. Revenue increased in seven of nine wholesale subsectors in Alberta in 2017.

Wholesalers in Quebec posted the third highest provincial total operating revenue at \$155.7 billion in 2017, up from \$145.8 billion in 2016. Operating revenue was up in eight of nine wholesale subsectors in Quebec in 2017, led by petroleum products wholesalers (up 23.8% from 2016).

Operating profits in Quebec edged down from 5.0% in 2016 to 4.9% in 2017. The cost of goods sold by wholesalers in Quebec increased 7.5% from 2016 to \$122.9 billion in 2017. Meanwhile, total operating expenses for Quebec wholesalers were up \$1.0 billion to \$25.1 billion in 2017.

Table 1
Wholesale trade financial estimates by provinces and territories

	Total operating revenue		Cost of goods sold		Total operating expenses	
	2016	2017	2016	2017	2016	2017
	millions of dollars					
Canada	955,398	1,055,028	789,858	881,073	119,764	124,932
Newfoundland and Labrador	6,380	6,350	4,967	5,078	818	794
Prince Edward Island	1,583	1,796	1,380	1,577	168	180
Nova Scotia	13,022	13,335	10,946	11,413	1,582	1,573
New Brunswick	26,866	31,563	25,264	29,976	1,237	1,282
Quebec	145,801	155,681	114,384	122,936	24,056	25,071
Ontario	376,877	400,663	297,204	318,062	56,183	59,742
Manitoba	29,806	30,790	25,208	26,013	3,503	3,703
Saskatchewan	35,550	37,373	30,446	32,018	3,466	3,506
Alberta	242,424	297,656	218,638	270,622	16,537	16,631
British Columbia	75,931	78,695	60,513	62,554	12,061	12,297
Yukon	268	265	219	212	41	40
Northwest Territories	709	656	548	456	98	99
Nunavut	180	205	142	155	15	15

Source(s): Table 20-10-0077-01.

Table 2
Wholesale trade financial estimates by North American Industry Classification System

	Total operating revenue		Cost of goods sold		Total operating expenses	
	2016	2017	2016	2017	2016	2017
	millions of dollars					
Wholesale trade	955,398	1,055,028	789,858	881,073	119,764	124,932
Farm product merchant wholesalers	41,563	42,037	37,403	37,689	2,751	2,869
Petroleum and petroleum products merchant wholesalers	214,676	273,363	207,748	264,183	5,091	4,402
Food, beverage and tobacco merchant wholesalers	136,005	139,477	108,328	110,832	16,809	17,455
Personal and household goods merchant wholesalers	104,685	109,481	78,200	82,124	20,509	21,264
Motor vehicle and motor vehicles parts and accessories merchant wholesalers	130,473	136,995	111,374	119,791	12,820	13,271
Building material and supplies merchant wholesalers	91,811	99,190	71,401	77,544	16,107	16,951
Machinery, equipment and supplies merchant wholesalers	139,788	149,863	103,424	110,955	27,516	29,097
Miscellaneous merchant wholesalers	83,593	90,754	65,455	70,660	13,384	14,470
Business-to-business electronic markets, and agents and brokers	12,803	13,868	6,525	7,293	4,777	5,153

Source(s): Table [20-10-0077-01](#).

Note to readers

Data for 2016 have been revised.

The gross margin is obtained by subtracting the cost of goods sold from total operating revenue. The figures are expressed as percentage of total operating revenue.

The operating profit is obtained by subtracting total operating expenses plus the cost of goods sold from total operating revenue. The figures are expressed as percentage of total operating revenue.

Available tables: table [20-10-0077-01](#).

Definitions, data sources and methods: survey number [2445](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).