

Wholesale trade, March 2020

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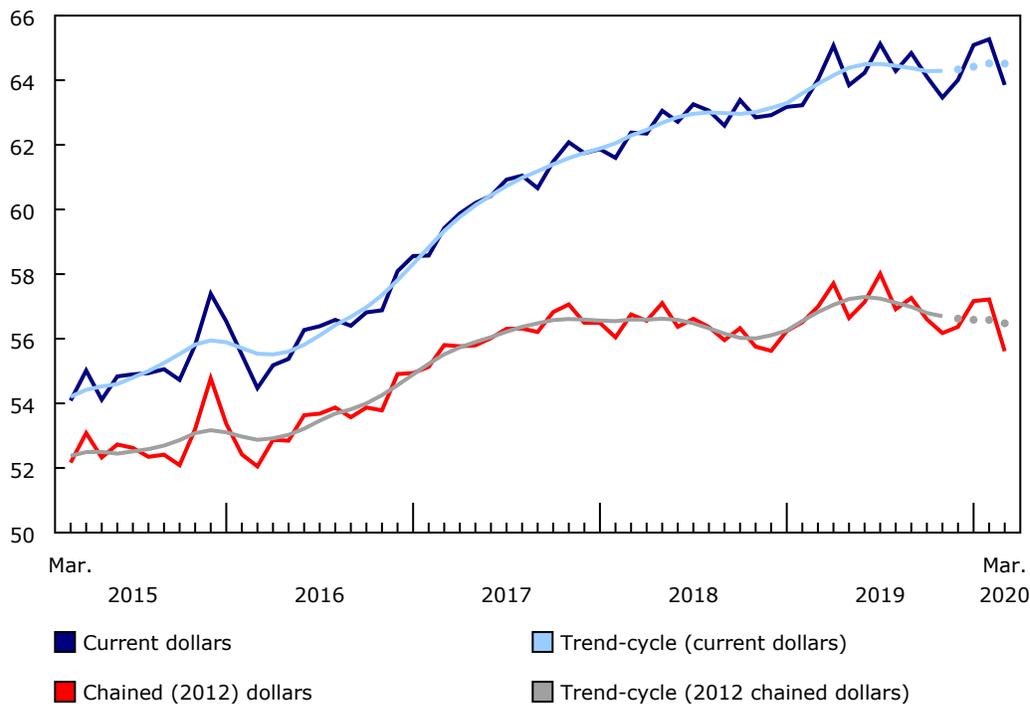
As the effects of the COVID-19 pandemic began to spread throughout the economy, wholesale sales fell 2.2% to \$63.9 billion in March, following three consecutive monthly gains. Three of the seven subsectors recorded lower sales, accounting for 29% of total wholesale sales. In dollar terms, the motor vehicle and motor vehicle parts and accessories subsector contributed the most to the decline. Excluding this subsector, wholesale sales rose 2.1%.

In volume terms, wholesale sales dropped 2.8%.

In the first quarter of 2020, sales increased 1.4%, following a 1.4% decline in the fourth quarter of 2019. Higher sales were recorded in three of the seven subsectors, led by the food, beverage and tobacco subsector (+4.1%) and the miscellaneous subsector (+4.8%).

Chart 1
Wholesale sales decrease in March

billions of dollars



Source(s): Tables [20-10-0074-01](#) and [20-10-0003-01](#).

COVID-19 in March

Feedback from respondents highlighted the impact of the COVID-19 pandemic on sales and inventories in March 2020.

Over three-quarters (75.9%) of wholesalers saw their business activity impacted by the COVID-19 pandemic. The personal and household goods subsector (84.9%) reported the highest proportion of affected businesses, led by the home furnishings industry (90.0%) and the personal goods industry (87.4%). Lower sales volumes were caused by

the mandatory closure of non-essential businesses. The pharmaceuticals and pharmacy supplies industry reported that 43.7% of businesses were affected by COVID-19. Many of these businesses were impacted positively, bolstered by bulk purchasing and abnormal buying patterns.

About four-fifths of the respondents in the motor vehicle and motor vehicle parts and accessories subsector reported the second-highest levels of business disruptions from COVID-19, led by the used motor vehicle parts and accessories industry (84.1%). These businesses noted that the impact to their sales was caused by the closure of non-essential operations.

Respondents reported that the COVID-19 pandemic caused sales to lower by \$6.2 billion (unadjusted) in March. In dollar value, the motor vehicle and motor vehicle parts and accessories subsector was the most impacted by COVID-19, with an estimated \$2.3 billion (unadjusted) loss in sales.

In terms of inventories, wholesalers reported an estimated reduction of \$2.5 billion (unadjusted) because of COVID-19. Stock in the motor vehicle and motor vehicle parts and accessories subsector was drawn down by \$1.3 billion in March, the largest reported decline.

Motor vehicle industry fuels lower sales in March

Lower sales were recorded in the motor vehicle and motor vehicle parts and accessories subsector, (-21.2% to \$9.3 billion). This was the first decline in four months and the largest monthly percentage drop since January 2009. While all three industries in the subsector recorded declines in March, the motor vehicle industry accounted for about 93% of the decrease—down 24.1% to \$7.4 billion. Quarterly sales in the motor vehicle and motor vehicle parts and accessories subsector fell for a third consecutive quarter; sales began to slow in the second half of 2019.

In March, the food, beverage and tobacco subsector posted its largest growth rate on record—up 8.1% to \$13.3 billion. Gains were reported in two of the three industries, with the food industry contributing the most to the rise. On a quarterly basis, this subsector was up 4.1%, a seventh consecutive increase, and the largest quarterly growth rate since the fourth quarter of 2008.

Ontario motor vehicle subsector leads the declines

Sales declined in 6 of the 10 provinces, accounting for 93% of total wholesale sales in March. Ontario and British Columbia posted the largest decreases in monthly sales.

Ontario recorded a 3.2% decline to \$33.3 billion in March, following three consecutive monthly increases. Five of the seven subsectors recorded higher sales in March, but those increases were offset by declines in the motor vehicle and motor vehicle parts and accessories subsector, which was down 22.9% to \$6.6 billion. Excluding the motor vehicle and motor vehicle parts and accessories subsector, sales in Ontario rose 3.4%. Quarterly wholesale sales in Ontario increased 1.8% in the first quarter of 2020, despite the decline in March.

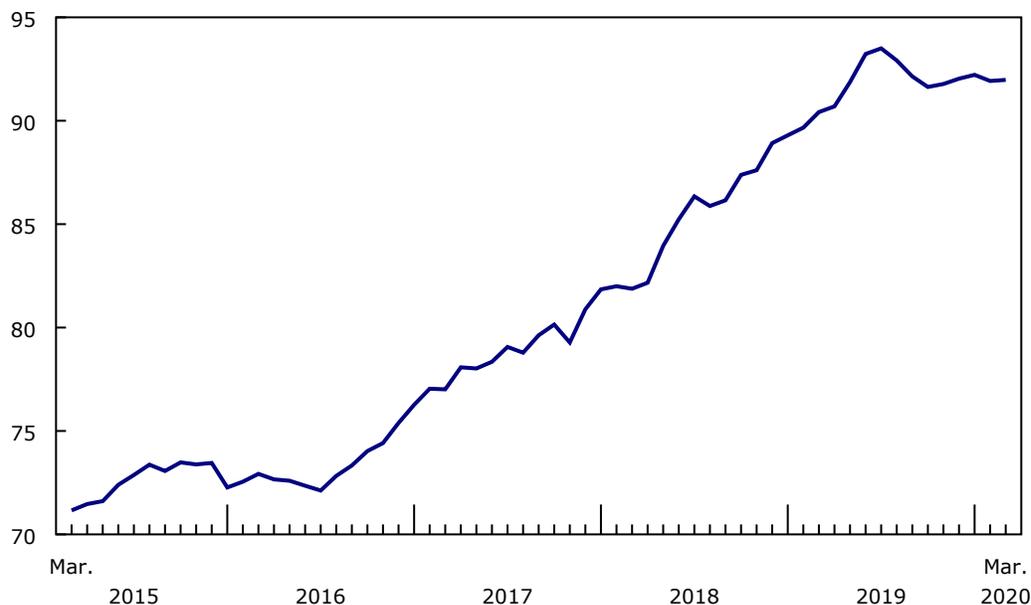
Sales in British Columbia decreased 3.6% to \$6.2 billion, offsetting increases from the previous four months. Four of seven subsectors recorded lower sales, led by the motor vehicle and motor vehicle parts and accessories subsector (-18.0%) and the building material and supplies subsector (-5.0%). Wholesale sales in British Columbia rose 0.4% in the first quarter of 2020, following a 1.9% decline in the fourth quarter of 2019.

Wholesale inventories edge up in March

Wholesale inventories edged up 0.1% in March, to \$92.0 billion. Higher inventories in five subsectors were almost entirely offset by lower inventories in the motor vehicle and motor vehicle parts and accessories subsector, and the personal and household goods subsector.

Chart 2 Wholesale inventories edge up in March

billions of dollars



Source(s): Table 20-10-0076-01.

Higher inventories were led by the machinery, equipment and supplies subsector (+2.6% to \$27.6 billion) and the building material and supplies subsector (+1.6% to \$14.8 billion). All industries within these two subsectors reported higher inventories. The construction, forestry, mining, and industrial machinery, equipment and supplies industry (+2.4% to \$13.0 billion) and the electrical, plumbing, heating and air-conditioning equipment and supplies industry (+3.5% to \$4.4 billion) contributed the most to increases in their respective subsectors.

Inventories declined 5.3% to \$12.6 billion in the motor vehicle and motor vehicle parts and accessories subsector, because of lower inventories in the motor vehicle industry (-8.7% to \$7.4 billion). This was the lowest growth rate for this subsector since October 2003, when it declined 5.6%. The March decline brought the inventory level in this subsector to its lowest point since December 2018 and, combined with a 21.2% drop in sales, the inventory-to-sales ratio (1.35) reached its highest level since January 2009, when it was 1.37.

In the personal and household goods subsector, inventories declined 2.6% to \$16.0 billion, mainly because of lower inventories in the pharmaceuticals and pharmacy supplies industry (-5.4% to \$6.7 billion).

The overall inventory-to-sales ratio increased from 1.41 in February to 1.44 in March. The inventory-to-sales ratio is a measure of the time (in months) required to exhaust inventories if sales were to remain at their current level.

Looking forward: Impacts of COVID-19 on wholesale trade in April 2020

Statistics Canada remains committed to providing an accurate picture of the social and economic impacts of COVID-19.

As the largest component of Canada's services sector, wholesale trade impacts the whole economy while acting as the "invisible" intermediary.

Because April was the first full month of widespread quarantining, reported impacts on businesses for that month should be more severe than those reported in March.

Some industries, like the motor vehicle industry, were almost completely shut down as manufacturing facilities were closed and dealerships relied heavily on online sales.

The food industry suffered from a variety of negative events, including the shutdown of meat processing plants, which caused a plunge in processing capacity and impacted prices for live animals, especially pork. Dine-in restaurants were closed for the whole month of April, so lower sales of food wholesaling to restaurants can be expected compared with March. However, grocery sales were higher because of higher demand for food at grocery stores, and because food prices were up as consumers continued to stockpile.

Construction activity in most of Canada also ground to a halt. Sales of construction equipment and supplies are starting to suffer.

Table 1
Wholesale merchants' sales by industry – Seasonally adjusted

	March 2019	February 2020 ^r	March 2020 ^p	February to March 2020	March 2019 to March 2020
	millions of dollars			% change	
Total, wholesale sales (current dollars)	64,014	65,267	63,853	-2.2	-0.3
Total, wholesale sales (2012 chained dollars)	56,989	57,216	55,615	-2.8	-2.4
Total wholesale sales (current dollars), excluding motor vehicle and parts	52,666	53,416	54,513	2.1	3.5
Farm product	809	831	812	-2.3	0.4
Food, beverage and tobacco	11,894	12,276	13,275	8.1	11.6
Food	10,679	10,966	11,886	8.4	11.3
Beverage	647	671	771	14.9	19.3
Cigarette and tobacco product	568	639	617	-3.3	8.7
Personal and household goods	9,040	9,624	9,836	2.2	8.8
Textile, clothing and footwear	1,154	1,229	884	-28.1	-23.4
Home entertainment equipment and household appliance	741	806	752	-6.8	1.4
Home furnishings	556	605	566	-6.5	1.8
Personal goods	918	772 ^E	713	-7.6	-22.3
Pharmaceuticals and pharmacy supplies	4,766	5,170	5,838	12.9	22.5
Toiletries, cosmetics and sundries	906	1,042	1,083	4.0	19.6
Motor vehicle and motor vehicle parts and accessories	11,348	11,851	9,340	-21.2	-17.7
Motor vehicle	9,003	9,744	7,400	-24.1	-17.8
New motor vehicle parts and accessories	2,281	2,046	1,886	-7.8	-17.3
Used motor vehicle parts and accessories	65	61	54	-11.9	-17.0
Building material and supplies	8,938	9,108	8,604	-5.5	-3.7
Electrical, plumbing, heating and air-conditioning equipment and supplies	2,931	2,942	2,788	-5.2	-4.9
Metal service centres	1,698	1,605	1,433	-10.8	-15.6
Lumber, millwork, hardware and other building supplies	4,309	4,561	4,383	-3.9	1.7
Machinery, equipment and supplies	13,517	13,238	13,301	0.5	-1.6
Farm, lawn and garden machinery and equipment	1,675	1,564	1,601	2.3	-4.4
Construction, forestry, mining, and industrial machinery, equipment and supplies	4,424	4,231	4,041	-4.5	-8.7
Computer and communications equipment and supplies	4,333	4,194	4,538	8.2	4.7
Other machinery, equipment and supplies	3,084	3,248	3,120	-3.9	1.2
Miscellaneous	8,468	8,339	8,686	4.2	2.6
Recyclable material	971	832	849	2.1	-12.6
Paper, paper product and disposable plastic product	1,001	971	1,010	4.0	0.9
Agricultural supplies	2,420	2,316	2,542	9.8	5.1
Chemical (except agricultural) and allied product	1,547	1,593	1,649	3.5	6.6
Other miscellaneous	2,530	2,626	2,636	0.4	4.2

^r revised

^p preliminary

^E use with caution

Note(s): Figures may not add up to totals as a result of rounding.

Source(s): Tables [20-10-0074-01](#) and [20-10-0003-01](#).

Table 2
Wholesale merchants' sales by province and territory – Seasonally adjusted

	March 2019	February 2020 ^r	March 2020 ^p	February to March 2020	March 2019 to March 2020
	millions of dollars			% change	
Canada	64,014	65,267	63,853	-2.2	-0.3
Newfoundland and Labrador	377	355	352	-1.0	-6.8
Prince Edward Island	84	91	97	6.5	14.8
Nova Scotia	890	889	882	-0.9	-0.9
New Brunswick	589	596	600	0.6	1.8
Quebec	11,809	12,137	11,996	-1.2	1.6
Ontario	32,835	34,389	33,290	-3.2	1.4
Manitoba	1,698	1,563	1,586	1.5	-6.6
Saskatchewan	2,409	2,116	2,251	6.4	-6.6
Alberta	6,812	6,606	6,504	-1.5	-4.5
British Columbia	6,428	6,454	6,222	-3.6	-3.2
Yukon	17	12	13	4.0	-24.2
Northwest Territories	50	44	45	3.5	-9.7
Nunavut	15	14	16	10.6	7.8

^r revised

^p preliminary

Note(s): Figures may not add up to totals as a result of rounding.

Source(s): Table [20-10-0074-01](#).

Table 3
Wholesale merchants' inventories by industry – Seasonally adjusted

	March 2019	February 2020 ^r	March 2020 ^p	February to March 2020	March 2019 to March 2020
	millions of dollars			% change	
Total, wholesale inventories	90,418	91,923	91,975	0.1	1.7
Farm product	156	195	216	11.2	38.8
Food, beverage and tobacco	9,010	9,042	9,205	1.8	2.2
Food	8,113	8,149	8,236	1.1	1.5
Beverage	588	630	606	-3.9	3.0
Cigarette and tobacco product	309	261	362	38.4	17.1
Personal and household goods	15,566	16,420	15,999	-2.6	2.8
Textile, clothing and footwear	3,285	3,661	3,721 ^E	1.6	13.3
Home entertainment equipment and household appliance	1,064	1,062	1,053	-0.8	-1.0
Home furnishings	1,453	1,410	1,340	-5.0	-7.7
Personal goods	2,069	2,053 ^E	2,042	-0.5	-1.3
Pharmaceuticals and pharmacy supplies	6,635	7,112	6,725	-5.4	1.4
Toiletries, cosmetics and sundries	1,061	1,122	1,117	-0.5	5.3
Motor vehicle and motor vehicle parts and accessories	12,788	13,278	12,576	-5.3	-1.7
Motor vehicle	7,424	8,126	7,417	-8.7	-0.1
New motor vehicle parts and accessories	5,278	5,052	5,060	0.2	-4.1
Used motor vehicle parts and accessories	86	100 ^E	100 ^E	-0.4	15.5
Building material and supplies	15,325	14,538	14,775	1.6	-3.6
Electrical, plumbing, heating and air-conditioning equipment and supplies	4,229	4,294	4,444	3.5	5.1
Metal service centres	4,662	3,857	3,929	1.9	-15.7
Lumber, millwork, hardware and other building supplies	6,434	6,387	6,402	0.2	-0.5
Machinery, equipment and supplies	26,342	26,866	27,573	2.6	4.7
Farm, lawn and garden machinery and equipment	6,902	6,404	6,566	2.5	-4.9
Construction, forestry, mining, and industrial machinery, equipment and supplies	12,132	12,706	13,011	2.4	7.2
Computer and communications equipment and supplies	2,576	2,634	2,717	3.2	5.5
Other machinery, equipment and supplies	4,732	5,122	5,278	3.0	11.5
Miscellaneous	11,232	11,584	11,630	0.4	3.5
Recyclable material	863	F	953	F	10.4
Paper, paper product and disposable plastic product	856	918	917	-0.1	7.1
Agricultural supplies	4,817	4,712	4,759	1.0	-1.2
Chemical (except agricultural) and allied product	1,495	1,756	1,774	1.0	18.7
Other miscellaneous	3,201	3,279	3,228	-1.6	0.8

^r revised

^p preliminary

^E use with caution

^F too unreliable to be published

Note(s): Figures may not add up to totals as a result of rounding.

Source(s): Table 20-10-0076-01.

Table 4
Impact of COVID-19 on wholesale trade

	March 2020	
	Sales	Inventories
	change in thousands of dollars	
Total	-6,218,094	-584,949
Farm product	-150,854	F
Food, beverage and tobacco	F	F
Food	F	F
Beverage	-67,415 ^E	F
Cigarette and tobacco product	-2,543	-3,243
Personal and household goods	F	F
Textile, clothing and footwear	F	F
Home entertainment equipment and household appliance	-45,760	F
Home furnishings	-72,376	F
Personal goods	-254,063	F
Pharmaceuticals and pharmacy supplies	230,400	F
Toiletries, cosmetics and sundries	F	F
Motor vehicle and motor vehicle parts and accessories	-2,276,441	-1,322,536
Motor vehicle	-1,672,298	-1,283,939
New motor vehicle parts and accessories	-513,477	F
Used motor vehicle parts and accessories	-90,666	F
Building material and supplies	-1,040,437	-217,525 ^E
Electrical, plumbing, heating and air-conditioning equipment and supplies	-438,024	F
Metal service centres	-323,828	-210,220 ^E
Lumber, millwork, hardware and other building supplies	-278,585	F
Machinery, equipment and supplies	-1,481,533	F
Farm, lawn and garden machinery and equipment	-130,140	167,152 ^E
Construction, forestry, mining, and industrial machinery, equipment and supplies	-761,049 ^E	F
Computer and communications equipment and supplies	-415,652	F
Other machinery, equipment and supplies	F	F
Miscellaneous	F	F
Recyclable material	-98,573,147	F
Paper, paper product and disposable plastic product	F	-16,552 ^E
Agricultural supplies	93,636,828	50,058
Chemical (except agricultural) and allied product	F	F
Other miscellaneous	F	-133,497

^E use with caution

^F too unreliable to be published

Note(s):

Figures may not add up to totals as a result of rounding.

Data are not seasonally adjusted.

Source(s): Data in this table come from additional questions asked to the respondents of the Monthly Wholesale Trade Survey about the impact of COVID-19 on their activities.

Note to readers

All data in this release are seasonally adjusted and expressed in current dollars, unless otherwise noted. For information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).

Total wholesale sales expressed in volume are calculated by deflating current dollar values using relevant price indexes. The wholesale sales series in chained (2012) dollars is a chained Fisher volume index, with 2012 as the reference year. For more information, see [Sales in volume for Wholesale Trade](#).

The Monthly Wholesale Trade Survey covers all industries within the wholesale trade sector, as defined by the North American Industry Classification System (NAICS), with the exception of oilseed and grain merchant wholesalers (NAICS 41112), petroleum and petroleum products merchant wholesalers (NAICS 412) and business-to-business electronic markets, and agents and brokers (NAICS 419).

For information on trend-cycle data, see the [StatCan Blog](#) and [Trend-cycle estimates – Frequently asked questions](#).

Real-time data tables

Real-time data tables 20-10-0019-01, 20-10-0020-01 and 20-10-0005-01 will be updated soon.

Next release

Wholesale trade data for April will be released on June 18.

Available tables: [20-10-0003-01](#), [20-10-0074-01](#) and [20-10-0076-01](#).

Definitions, data sources and methods: survey number [2401](#).

The product "Monthly Wholesale Trade Survey: Interactive Tool" ([71-607-X](#)) is now available online. This product is based on the data published in the tables of the Monthly Wholesale Trade Survey: 20-10-0074-01, 20-10-0076-01 and 20-10-0003-01

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca). For analytical information, or to enquire about the concepts, methods or data quality of this release, contact John Burton (613-862-4878; john.burton@canada.ca), Mining, Manufacturing and Wholesale Trade Division.