

Industrial capacity utilization rates, second quarter 2020

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Canadian industries operated at 70.3% of their production capacity in the second quarter, down from 79.8% in the previous quarter. This was the lowest rate since the first quarter of 1987, when the industrial capacity utilization rates, in their present form, were first published. This dip was due to a slowdown in most sectors following the physical distancing measures imposed in mid-March to stop the spread of COVID-19.

With the gradual resumption of economic activities following easing of the physical distancing measures implemented in the spring, an upward trend in the industrial capacity utilization rate should be observed in most industries in the third quarter.

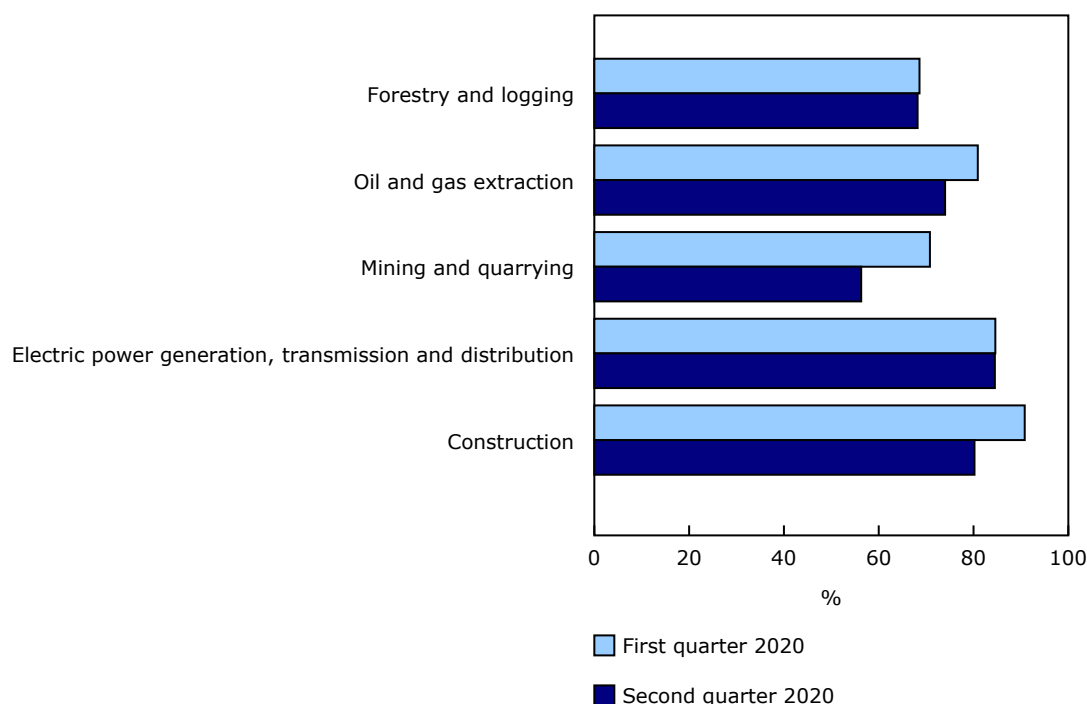
The manufacturing sector was the main driver of this decrease. According to the results of the Monthly Survey of Manufacturing, many manufacturers reported that their activities were affected by the COVID-19 pandemic. In addition to disruptions in the supply chain, most industries were forced to slow production or close plants because of the physical distancing measures imposed by the different levels of government. In particular, non-essential businesses closed and they began to gradually reopen only midway through the quarter.

Widespread decline in capacity utilization of non-manufacturing industries

Capacity utilization in the construction sector fell sharply, down 10.6 percentage points to 80.2% in the second quarter. This was the largest quarterly decrease observed since the beginning of the time series in 1987. A general decline in activities across all industry subsectors was responsible for the drop.



Chart 1
Industrial capacity utilization in non-manufacturing industries



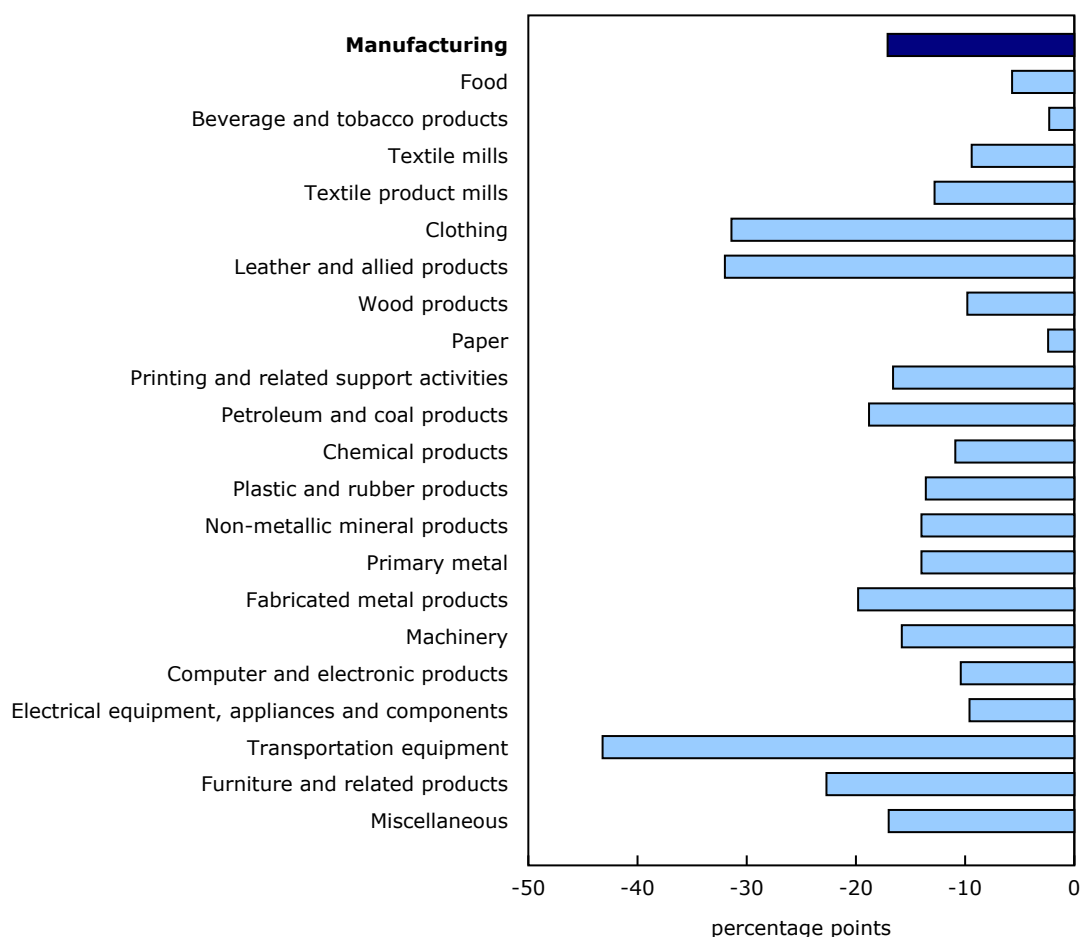
Source(s): Table 16-10-0109-01.

Capacity utilization in mining and quarrying (excluding oil and gas extraction) fell 14.5 percentage points to 56.3% in the second quarter. This was the lowest level observed since the third quarter of 2009. Decreased activity was observed in all industry subsectors, especially support activities for mining, oil and gas extraction; and metal ore mining.

Capacity utilization in oil and gas extraction fell for a second consecutive quarter, going from 80.9% in the first quarter to 74.0% in the second quarter. This dip was driven by lower production, except in natural gas extraction. The subsector saw a worldwide oversupply, lower oil barrel prices and a drop in global demand on account of the lockdown measures to control the pandemic.

Compared with the same quarter in 2019, the capacity utilization rate of manufacturing falls sharply due to pandemic

Year over year, the capacity utilization rate of manufacturing decreased 17.1 percentage points to 63.3% in the second quarter, the lowest rate since the beginning of the time series in 1987. Capacity utilization fell year over year in the 21 major manufacturing industries, with durable goods manufacturers, particularly transportation equipment makers, leading the overall drop.

Chart 2**Year-over-year change by industry (second quarter 2020 compared with second quarter 2019)**

Source(s): Table 16-10-0109-01.

The capacity utilization rate of transportation equipment manufacturers fell 43.2 percentage points year over year to 40.9%. According to the Monthly Survey of Manufacturing, this decline was driven by a production slowdown following the closure of motor vehicle assembly plants during the pandemic, mostly in April. The industry was also affected by disruptions in the supply chain. This drop coincides with the decrease in the gross domestic product of the motor vehicle manufacturing industry (-61.1%).

Compared with the same quarter in 2019, the capacity utilization rate of metal product manufacturing decreased 19.8 percentage points to 58.4%. In the Monthly Survey of Manufacturing, many manufacturing industries reported lower production due to cancellations or delays in construction projects.

Year over year, the capacity utilization rate of petroleum and coal product manufacturing fell 18.8 percentage points to 66.8%. This decline was mainly due to lower production at certain refineries at the beginning of the quarter and coincided with the drop in the industry's gross domestic product (-21.9%). According to the Monthly Survey of Manufacturing, many refineries curtailed production in response to lower prices amid lower demand for energy products.

Note to readers

*The **industrial capacity utilization rate** is the ratio of an industry's actual output to its estimated potential output.*

This program covers all manufacturing industries, and forestry and logging; mining, quarrying, and oil and gas extraction; electric power generation, transmission and distribution; and construction.

For non-manufacturing industries, the quarterly pattern is derived from the output-to-capital ratio series, the output being the real gross domestic product at basic prices, seasonally adjusted, by industry.

For this release on industrial capacity utilization rates, the data were revised back to the first quarter of 2019 to reflect the latest revisions to the source data. For manufacturing industries, the data are not seasonally adjusted.

Next release

Data on industrial capacity utilization rates for the third quarter will be released on December 11.

Table 1
Industrial capacity utilization rates

	Second quarter 2019	First quarter 2020	Second quarter 2020	First quarter to second quarter 2020	Second quarter 2019 to second quarter 2020
	%		percentage point change		
Total industrial	83.5	79.8	70.3	-9.5	-13.2
Forestry and logging	79.3	68.6	68.2	-0.4	-11.1
Mining, quarrying and oil and gas extraction	82.3	77.7	68.4	-9.3	-13.9
Oil and gas extraction	85.0	80.9	74.0	-6.9	-11.0
Mining and quarrying	76.7	70.8	56.3	-14.5	-20.4
Electric power generation, transmission and distribution	84.3	84.6	84.5	-0.1	0.2
Construction	89.8	90.8	80.2	-10.6	-9.6
Manufacturing	80.4	74.3	63.3	-11.0	-17.1
Food	80.4	78.8	74.7	-4.1	-5.7
Beverage and tobacco products	76.8	70.8	74.5	3.7	-2.3
Beverage	78.2	70.9	75.1	4.2	-3.1
Tobacco	69.3	69.8	70.7	0.9	1.4
Textiles	76.9	75.4	66.0	-9.4	-10.9
Textile mills	77.4	79.7	68.0	-11.7	-9.4
Textile product mills	76.2	69.9	63.4	-6.5	-12.8
Clothing	85.8	73.7	54.4	-19.3	-31.4
Leather and allied products	76.7	69.7	44.7	-25.0	-32.0
Wood products	80.6	77.0	70.8	-6.2	-9.8
Paper	87.8	87.2	85.4	-1.8	-2.4
Printing and related support activities	77.3	71.1	60.7	-10.4	-16.6
Petroleum and coal products	85.6	75.8	66.8	-9.0	-18.8
Chemical products	80.3	76.2	69.4	-6.8	-10.9
Plastics and rubber products	78.5	71.0	64.9	-6.1	-13.6
Plastic products	78.1	70.7	65.5	-5.2	-12.6
Rubber products	80.5	72.8	61.4	-11.4	-19.1
Non-metallic mineral products	76.4	60.7	62.4	1.7	-14.0
Primary metal	76.9	77.1	62.9	-14.2	-14.0
Fabricated metal products	78.2	68.1	58.4	-9.7	-19.8
Machinery	80.2	71.3	64.4	-6.9	-15.8
Computer and electronic products	81.8	80.1	71.4	-8.7	-10.4
Electrical equipment, appliances and components	75.1	73.1	65.5	-7.6	-9.6
Transportation equipment	84.1	75.8	40.9	-34.9	-43.2
Furniture and related products	79.6	74.2	56.9	-17.3	-22.7
Miscellaneous manufacturing	78.1	73.8	61.1	-12.7	-17.0

Source(s): Table 16-10-0109-01.

Available tables: table 16-10-0109-01.**Definitions, data sources and methods: survey number 2821.**

The data visualization product "[Overview of the industrial capacity utilization rate: Interactive tool](#)," which is part of *Statistics Canada — Data Visualization Products (71-607-X)*, is now available.

The [Economic accounts statistics](#) portal, accessible from the *Subjects* module of our website, features an up-to-date portrait of national and provincial economies and their structure.

The *Latest Developments in the Canadian Economic Accounts (13-605-X)* is available.

The *User Guide: Canadian System of Macroeconomic Accounts (13-606-G)* is available.

The *Methodological Guide: Canadian System of Macroeconomic Accounts (13-607-X)* is available.

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).