

# Monthly Survey of Manufacturing, July 2020

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, September 15, 2020

Manufacturing sales increased for the third consecutive month, rising 7.0% to \$53.1 billion in July on higher sales of motor vehicle and parts. Nevertheless, manufacturing sales remained 5.4% below February's pre-pandemic levels.

Excluding the transportation industry, manufacturing sales grew 3.3%.

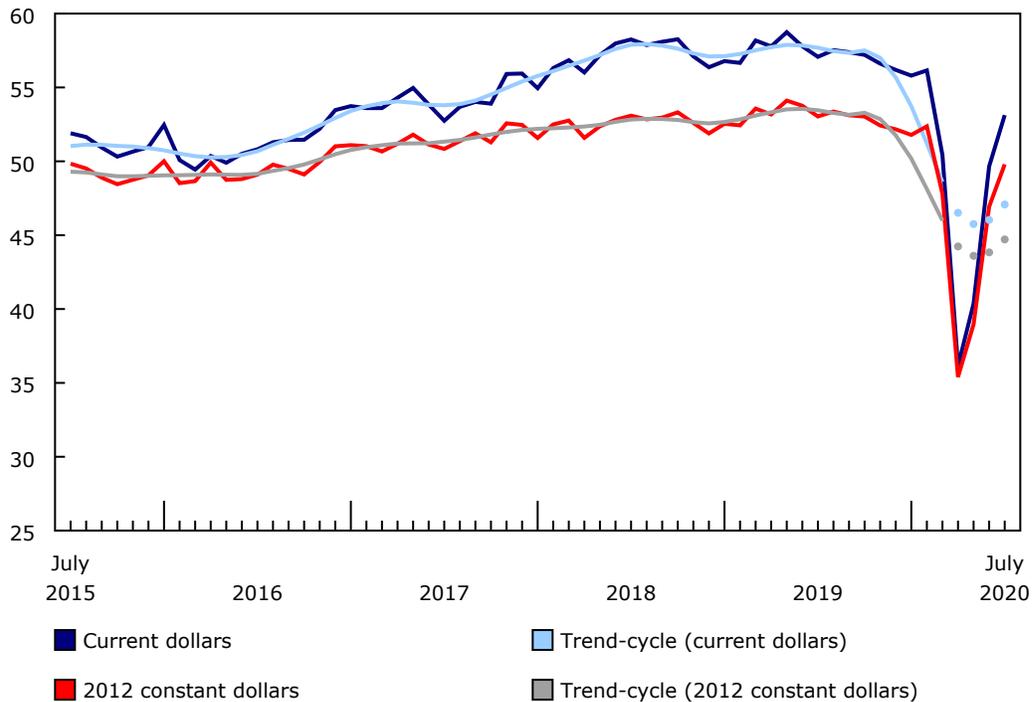
Sales rose in 13 of 21 industries, representing more than two-thirds (68%) of total sales in the manufacturing sector.

Capacity utilization rates rose as many industries continued to ramp up production.

Manufacturing sales in constant dollars increased 6.1%, indicating a higher volume of products sold in July.

## Chart 1 Manufacturing sales

billions of dollars



**Note(s):** Data are seasonally adjusted.

The higher variability associated with the trend-cycle estimates is indicated with a dotted line on the chart for the current reference month and the three previous months. For more information, see the note to readers.

**Source(s):** Tables [16-10-0047-01](#) and [16-10-0013-01](#).

## Motor vehicles and parts drive the sales growth

Sales in the transportation equipment industry rose by almost one-quarter (+24.1%) to \$11.0 billion in July, mainly due to higher sales of motor vehicles and parts. Despite summer shutdowns, motor vehicle sales rose by one-third (+32.9%) to \$5.3 billion, following a 282% increase in June. Many auto manufacturers shortened or skipped their summer shutdowns this year. Higher sales may also reflect lower inventories on hand. Sales of motor vehicle parts rose 38.9%, in tandem with the gain in the assembly industry. According to the [Retail Trade Survey](#), motor vehicle



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and parts sales rose 53.4% in June as dealership closures ended in many regions. The Canadian international merchandise trade survey for July also shows that higher exports of motor vehicles and parts to the United States contributed to the trade gains observed for July.

Petroleum and coal product sales rose 13.0% to \$3.7 billion in July on higher prices and volumes. Nevertheless, year-over-year sales were down 39.4%. Constant dollar sales of petroleum products rose 8.9% in July.

Sales in the plastic and rubber product industry increased for the third consecutive month, rising 15.1% in July—partly on increased demand for plastic and rubber auto parts. The capacity utilization rate in this industry stood at 75.9% in July, up from 53.4% in April and 3.9 percentage points above March at the onset of the pandemic.

Food sales declined 1.7% in July, following two consecutive monthly gains. The decline in July was attributable to lower seafood sales following a 28.4% increase in June, when fishing activities reached their peak. The unadjusted decline (-39.3%) in seafood in July was larger than previous years.

In June, the Chinese government enacted new testing measures for live and processed lobster imports before they can enter the country. The new measures disrupted lobster sales in July.

Following two consecutive monthly increases, sales in the primary metal industry declined 1.4% to \$3.5 billion in July. Primary metal manufacturing has lagged other industries during the recent recovery, in part due to metal pricing and lower domestic demand. Year-over-year sales were down 15.1% in July. Sales in constant dollars decreased 3.0%.

## **Sales in Ontario continue to rebound, albeit at a slower pace**

Manufacturing sales rose in seven provinces in July, led by higher sales in Ontario and British Columbia.

Sales in Ontario rose by 12.8% to \$26.0 billion in July, following a 39.9% increase in June. Higher sales of motor vehicles and motor vehicle parts were primarily responsible for the gains. Many auto assembly plants in Ontario shortened their scheduled shutdowns and maintenance and increased capacity, which reduced the inventories that had accumulated during March and April.

British Columbia posted the second largest sales increase in July, with sales up 4.3% to \$4.2 billion. Approximately half the gain reflected higher wood product sales (+11.8%). Wood product sales also rose in June (+19.0%), and these gains come amid a substantial rise in housing starts in both Canada and the United States since April. Sales in British Columbia were also up in the transportation equipment, and petroleum and coal product industries.

Manufacturing sales also rose 10.6% in Manitoba, reflecting higher transportation equipment sales. In Alberta, sales were up 3.0% largely as a result of higher petroleum and coal product sales.

Following a 16.4% increase in June, sales in Nova Scotia declined 6.1% to \$712 million in July on lower transportation equipment.

## **Toronto leads the sales growth among selected census metropolitan areas**

Manufacturing sales on an unadjusted basis rose in 7 of the 12 selected census metropolitan areas (CMAs) in July, led by Toronto (+1.7%) and Edmonton (+6.4%).

Chemical and food manufacturing drove the gain in Toronto, while in Edmonton the increase was attributable to petroleum and coal products. Sales in Toronto and Edmonton have been rising since April.

Manufacturing sales in Montréal were down 6.5% following two consecutive gains. The decline in July was due to lower sales in the transportation equipment industry and the primary metal industry.

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## Inventory levels decrease

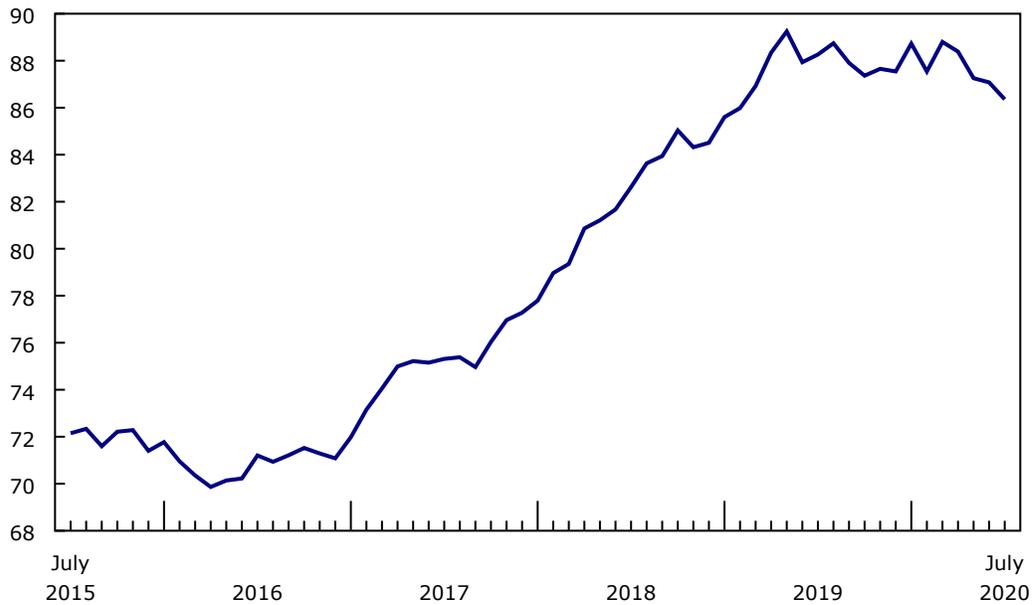
Total inventories decreased 0.8% to \$86.4 billion in July, their lowest level since February 2019. Inventories declined in 15 of 21 industries in July, led by the machinery and the aerospace product and parts industries.

Inventory levels started to decrease in April as production was disrupted at many manufacturing plants due to physical distancing measures. The transportation equipment industry alone has accounted for 45% of the decline in total inventories since the peak in March.

### Chart 2 Inventory levels decline

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billions of dollars



**Note(s):** Data are seasonally adjusted.

**Source(s):** Table [16-10-0047-01](#).

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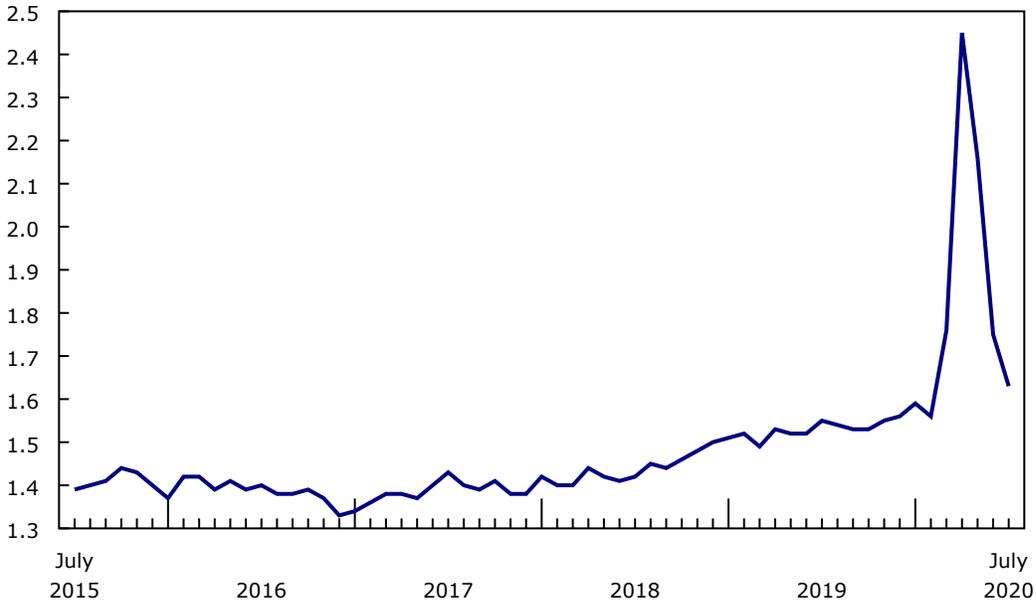
The inventory-to-sales ratio decreased for the third consecutive month, falling from 1.76 in June to 1.63 in July. Nevertheless, the ratio remains above February levels (1.56). This ratio measures the time, in months, that would be required to exhaust inventories if sales were to remain at their current level.

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### Chart 3 The inventory-to-sales ratio declines

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ratio



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

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### Unfilled orders decline

Manufacturing unfilled orders decreased for the fourth consecutive month, falling 1.2% to \$92.5 billion in July—its lowest level since September 2018. The aerospace product and parts industry (-1.4%) contributed the most to the decrease in unfilled orders in July.

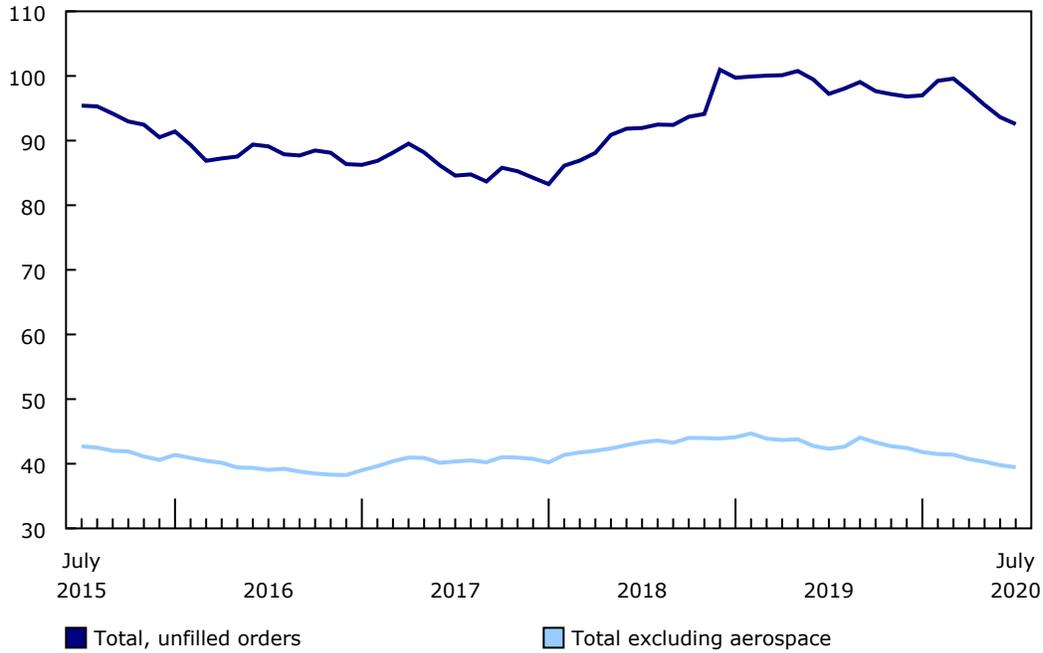
The appreciation of the Canadian dollar relative to the US dollar, combined with the delivery of business aircraft, contributed to the drop in unfilled orders in the aerospace industry over the previous four months.

Unfilled orders were also down in the fabricated metal product (-2.6%) and computer and electronic product (-2.4%) industries.

Unfilled orders of primary metals rose 7.9%.

**Chart 4**  
**Unfilled orders decline**

billions of dollars



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

New orders rose for the third straight month, up 9.0% to \$52.0 billion in July, partly on higher new orders of motor vehicles and parts.

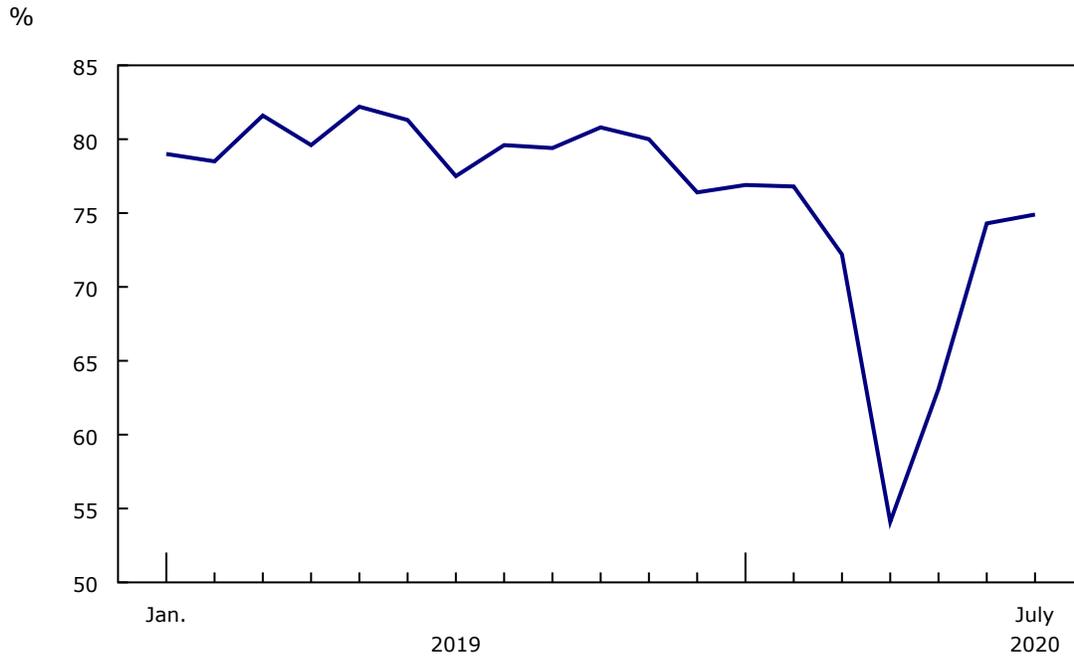
**Capacity utilization rate increases**

The capacity utilization rate (not seasonally adjusted) for the total manufacturing sector rose from 74.3% in June to 74.9% in July. Data from the [Labour Force Survey](#) for July reported that employment in the manufacturing sector in Canada gained 29,000 in July, bringing employment to 93.6% of its February level.

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**Chart 5**  
**The capacity utilization rate increases**

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

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**Table 1**  
**Manufacturing: Principal statistics – Seasonally adjusted**

	July 2019	June 2020 <sup>r</sup>	July 2020 <sup>P</sup>	June to July 2020	July 2019 to July 2020
	millions of dollars			% change <sup>1</sup>	
Manufacturing sales (current dollars)	57,072	49,654	53,127	7.0	-6.9
Manufacturing sales (2012 constant dollars)	53,035	46,928	49,794	6.1	-6.1
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	49,146	43,551	44,887	3.1	-8.7
Inventories	88,263	87,078	86,357	-0.8	-2.2
Unfilled orders	97,231	93,629	92,549	-1.2	-4.8
New orders	54,852	47,756	52,046	9.0	-5.1
Inventory-to-sales ratio <sup>2</sup>	1.55	1.75	1.63	...	...

<sup>r</sup> revised

<sup>P</sup> 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**

	July 2019	June 2020 <sup>r</sup>	July 2020 <sup>p</sup>	June to July 2020	July 2019 to July 2020
	millions of dollars			% change <sup>1</sup>	
Food manufacturing	8,782	9,180	9,028	-1.7	2.8
Beverage and tobacco product	1,192	1,280	1,258	-1.7	5.5
Textile mills	162	145	140	-3.6	-13.6
Textile product mills	133	115	125	8.7	-6.0
Clothing manufacturing	241	210	234	11.7	-3.0
Leather and allied product	29	19	19	-1.4	-35.2
Wood product	2,374	2,490	2,596	4.2	9.3
Paper manufacturing	2,319	2,144	2,163	0.9	-6.7
Printing and related support activities	753	626	614	-2.0	-18.5
Petroleum and coal product	6,175	3,311	3,743	13.0	-39.4
Chemical	4,534	4,074	4,176	2.5	-7.9
Plastics and rubber products	2,675	2,497	2,875	15.1	7.5
Non-metallic mineral product	1,254	1,227	1,209	-1.5	-3.6
Primary metal	4,154	3,580	3,528	-1.4	-15.1
Fabricated metal product	3,416	3,077	3,097	0.6	-9.3
Machinery	3,483	2,943	3,173	7.8	-8.9
Computer and electronic product	1,202	1,077	1,045	-3.0	-13.0
Electrical equipment, appliance and component	901	791	951	20.2	5.5
Transportation equipment	11,151	8,856	10,986	24.1	-1.5
Motor vehicle	5,179	3,975	5,283	32.9	2.0
Motor vehicle body and trailer	389	313	356	13.6	-8.6
Motor vehicle parts	2,748	2,129	2,957	38.9	7.6
Aerospace product and parts	2,135	1,759	1,718	-2.3	-19.5
Railroad rolling stock	248	178	180	1.2	-27.6
Ship and boat building	187	260	218	-16.3	16.5
Furniture and related product	1,077	922	1,023	10.9	-5.0
Miscellaneous manufacturing	1,066	1,089	1,145	5.2	7.5
Non-durable goods industries	26,995	23,601	24,374	3.3	-9.7
Durable goods industries	30,078	26,053	28,753	10.4	-4.4

<sup>r</sup> revised

<sup>p</sup> 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**

	July 2019	June 2020 <sup>r</sup>	July 2020 <sup>p</sup>	June to July 2020	July 2019 to July 2020
	millions of dollars			% change <sup>1</sup>	
<b>Canada</b>	<b>57,072</b>	<b>49,654</b>	<b>53,127</b>	<b>7.0</b>	<b>-6.9</b>
Newfoundland and Labrador	617	274	300	9.5	-51.4
Prince Edward Island	188	161	157	-3.1	-17.0
Nova Scotia	796	758	712	-6.1	-10.6
New Brunswick	1,394	1,127	1,171	3.9	-16.0
Quebec	14,127	12,735	12,705	-0.2	-10.1
Ontario	26,333	23,092	26,047	12.8	-1.1
Manitoba	1,614	1,389	1,536	10.6	-4.8
Saskatchewan	1,317	1,071	1,128	5.3	-14.4
Alberta	6,327	5,034	5,188	3.0	-18.0
British Columbia	4,352	4,007	4,178	4.3	-4.0
Yukon	2	3	3	13.0	61.8
Northwest Territories and Nunavut	4	2	1	-21.8	-58.9

<sup>r</sup> revised

<sup>p</sup> preliminary

1. Percentage change calculated at thousands of dollars.

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

**Table 4**  
**Manufacturing sales by selected census metropolitan area – Unadjusted**

	July 2019	June 2020 <sup>r</sup>	July 2020 <sup>p</sup>	June to July 2020	July 2019 to July 2020
	millions of dollars			% change <sup>1</sup>	
Halifax	226	252	197	-21.9	-12.9
Québec	1,452	1,152	1,249	8.4	-14.0
Montréal	6,402	6,566	6,137	-6.5	-4.1
Ottawa–Gatineau, Ontario and Quebec	559	655	663	1.3	18.6
Toronto	9,777	9,737	9,898	1.7	1.2
Hamilton	1,628	1,535	1,509	-1.7	-7.3
Winnipeg	955	808	877	8.6	-8.1
Regina	473	339	344	1.4	-27.3
Saskatoon	299	308	299	-2.6	0.1
Calgary	1,069	944	940	-0.4	-12.1
Edmonton	3,362	2,180	2,320	6.4	-31.0
Vancouver	2,317	2,356	2,461	4.5	6.2

<sup>r</sup> revised

<sup>p</sup> preliminary

1. Percentage change calculated in thousands of dollars.

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

**Source(s):** Table 16-10-0011-01.

**Table 5**  
**Manufacturing capacity utilization rates by industry – Unadjusted**

	July 2019	June 2020 <sup>r</sup>	July 2020 <sup>p</sup>	June to July 2020	July 2019 to July 2020
	%			percentage point change	
Manufacturing	77.5	74.3	74.9	0.6	-2.6
Non-durable goods industries	80.4	76.1	75.8	-0.3	-4.6
Food manufacturing	80.0	77.5	77.3	-0.2	-2.7
Beverage and tobacco product manufacturing	78.7	78.0	76.4	-1.6	-2.3
Beverage manufacturing	80.1	79.1	77.6	-1.5	-2.5
Tobacco manufacturing	71.4	72.9	69.4	-3.5	-2.0
Textile mills	73.3	73.7	65.4	-8.3	-7.9
Textile product mills	71.5	68.7	67.2	-1.5	-4.3
Clothing manufacturing	81.7	59.7	62.9	3.2	-18.8
Leather and allied product manufacturing	79.6	52.6	44.0	-8.6	-35.6
Paper manufacturing	87.2	84.6	83.3	-1.3	-3.9
Printing and related support activities	74.4	68.9	64.3	-4.6	-10.1
Petroleum and coal products manufacturing	86.9	76.7	78.4	1.7	-8.5
Chemical manufacturing	75.4	72.0	70.3	-1.7	-5.1
Plastics and rubber products manufacturing	73.8	74.4	75.9	1.5	2.1
Plastic product manufacturing	73.2	76.4	76.3	-0.1	3.1
Rubber product manufacturing	77.2	64.1	73.7	9.6	-3.5
Durable goods industries	74.9	72.6	74.0	1.4	-0.9
Wood product manufacturing	73.8	81.5	80.2	-1.3	6.4
Non-metallic mineral product manufacturing	80.1	74.8	74.7	-0.1	-5.4
Primary metal manufacturing	76.0	67.0	71.0	4.0	-5.0
Fabricated metal product manufacturing	76.4	64.7	68.1	3.4	-8.3
Machinery manufacturing	77.6	68.4	69.1	0.7	-8.5
Computer and electronic product manufacturing	80.5	74.3	70.3	-4.0	-10.2
Electrical equipment, appliance and component manufacturing	76.4	72.2	76.6	4.4	0.2
Transportation equipment manufacturing	70.9	77.2	77.7	0.5	6.8
Furniture and related product manufacturing	77.8	69.3	74.9	5.6	-2.9
Miscellaneous manufacturing	78.0	71.2	74.3	3.1	-3.7

<sup>r</sup> revised

<sup>p</sup> preliminary

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

**Source(s):** Table 16-10-0012-01.

## Sustainable Development Goals

On January 1, 2016, the world officially began implementation of the [2030 Agenda for Sustainable Development](#)—the United Nations' transformative plan of action that addresses urgent global challenges over the next 15 years. The plan is based on 17 specific sustainable development goals.

The Monthly Survey of Manufacturing is an example of how Statistics Canada supports the reporting on the Global Goals for Sustainable Development. This release will be used in helping to measure the following goals:



## Note to readers

While the quality of this month's data remains high, response rates from manufacturers have fallen from the usual 95% to a rate of 87% in July. Every effort has been made to supplement this month's data with information from other sources.

Monthly data in this release are seasonally adjusted and are expressed in current dollars unless otherwise specified.

Seasonally adjusted data are data that have been modified to eliminate the effect of seasonal and calendar influences to allow for more meaningful comparisons of economic conditions from period to period. For more information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).

Trend-cycle estimates are included in selected charts as a complement to the seasonally adjusted series. These data represent a smoothed version of the seasonally adjusted time series and provide information on longer-term movements, including changes in direction underlying the series. For information on trend-cycle data, see [Trend-cycle estimates – Frequently asked questions](#).

Both seasonally adjusted data and trend-cycle estimates are subject to revision as additional observations become available. These revisions could be large and could even lead to a reversal of movement, especially for reference months near the end of the series or during periods of economic disruptions.

**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. 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, for the Monthly Survey of Manufacturing, preliminary data are released for the reference month and revised data are released for the three previous months. Revisions are made to reflect new information provided by respondents and updates to administrative data.

Once per year, a revision project is undertaken and data for several years are revised.

### 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 September 24.

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**Next release**

Data from the Monthly Survey of Manufacturing for August will be released on October 16.

**Available tables:** [16-10-0011-01](#) to [16-10-0013-01](#) , [16-10-0047-01](#) and [16-10-0048-01](#).

**Definitions, data sources and methods:** survey number [2101](#).

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](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).