

Industrial capacity utilization rates, third quarter 2020

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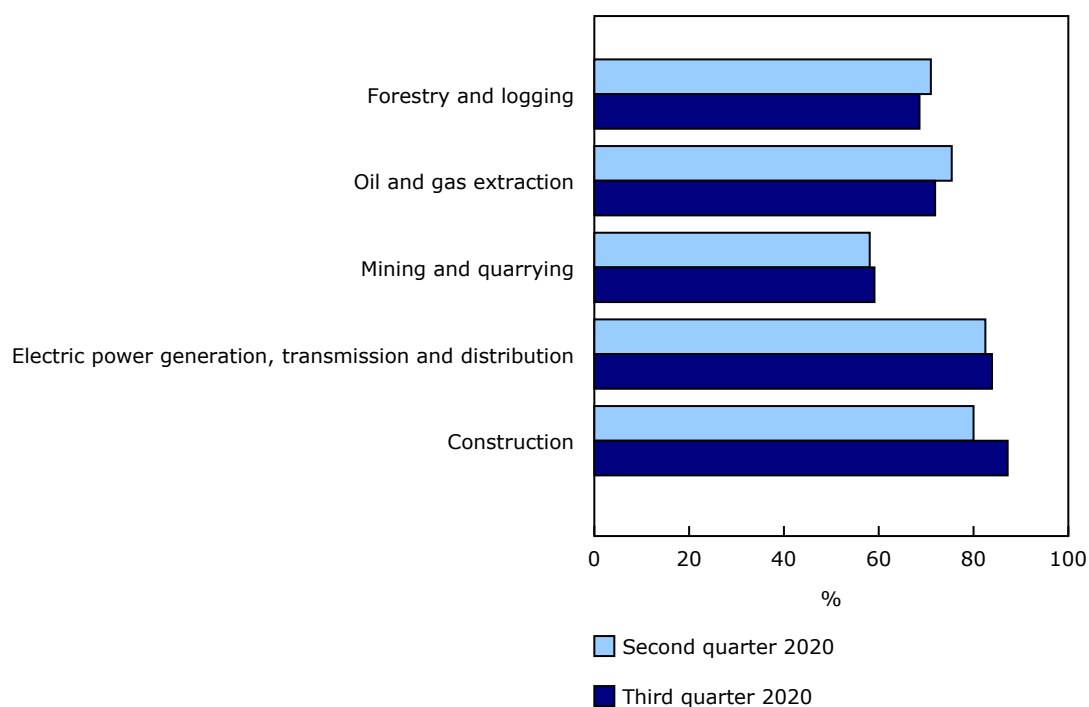
Canadian industries operated at 76.5% of their production capacity in the third quarter, up from 70.7% in the previous quarter. This third quarter gain was led by increases in the manufacturing and construction sectors.

After being forced to slow or suspend their activities in the second quarter, most Canadian industries saw gradual recovery of their activities after public health measures were eased. Nevertheless, the capacity utilization rate of most industries remained below pre-pandemic levels.

Given the recently implemented public health measures, a slowdown in industrial capacity utilization may occur in the fourth quarter.

Construction has strong showing

Chart 1
Industrial capacity utilization in non-manufacturing industries



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

Capacity utilization in the construction sector rose 7.2 percentage points to 87.2% in the third quarter. This increase coincided with low mortgage rates, more favourable labour market conditions, and higher pay for employees. Building permit values (+17.0%) posted sharp gains during the quarter, with residential building permits reaching their highest level since the beginning of the series.



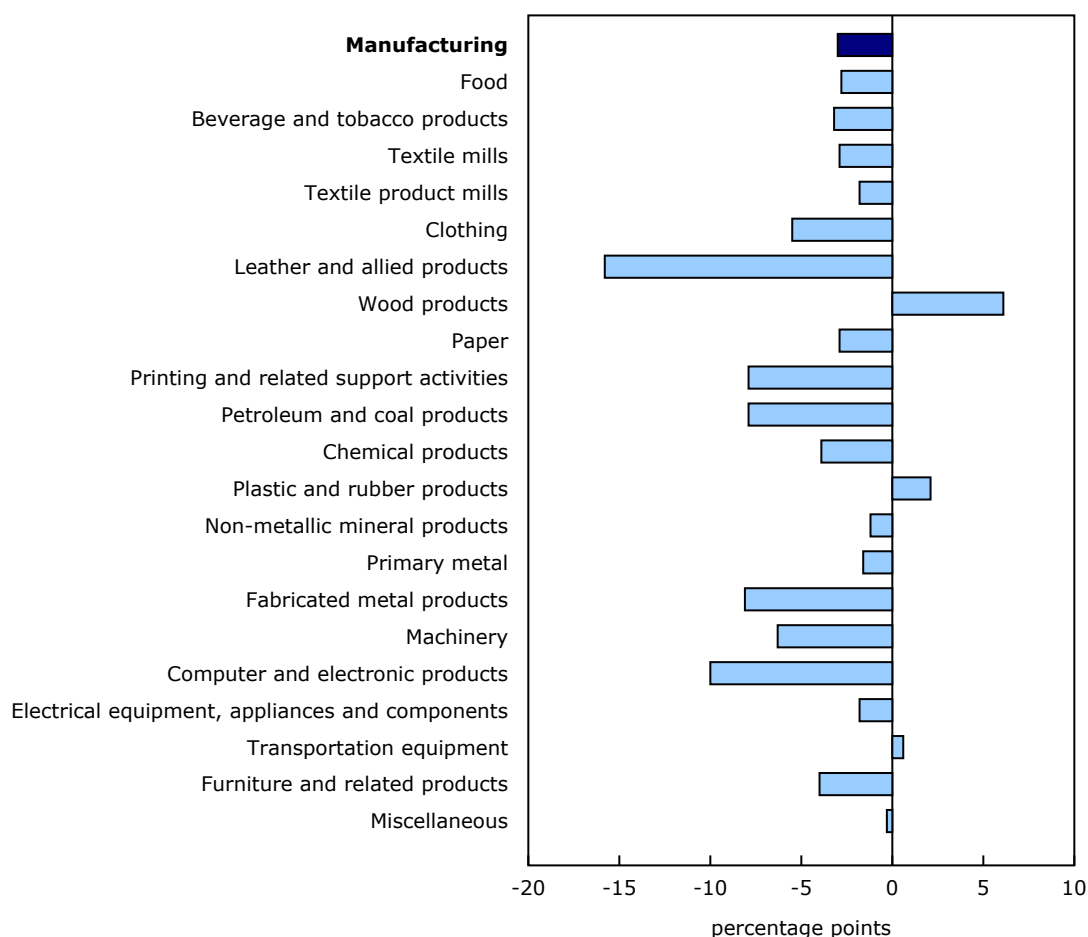
Capacity utilization in oil and gas extraction was down for a third straight quarter, falling from 75.4% in the second quarter to 71.9% in the third quarter. This decline was due to lower oil sands extraction. This subsector continues to deal with weaker global demand on account of the lockdown measures. Despite higher crude oil prices, exports of energy products were still well below their pre-pandemic level.

Capacity utilization in mining and quarrying (excluding oil and gas extraction) rose 1.0 percentage point to 59.1% in the third quarter. Increased activity levels were observed in the metal ore mining subsector, especially in copper, nickel, lead and zinc ore mining as well as gold and silver ore mining.

Capacity utilization of manufacturing is below its third quarter 2019 value

Throughout the third quarter, there were many signs of a gradual resumption of activities in the manufacturing sector. Although, employment growth in manufacturing was observed throughout the three months of the quarter, according to the Labour Force Survey, third-quarter employment in this sector (1.67 million) was below its level in the fourth quarter of 2019 (1.71 million).

Despite a rebound in the overall capacity utilization rate for manufacturing, its value remained below the level posted in the third quarter of 2019. Year over year, the capacity utilization rate of manufacturing decreased 3.0 percentage points to 75.3% in the third quarter. Capacity utilization fell year over year in 18 of the 21 major manufacturing industries, representing about three-quarters of the gross domestic product of the manufacturing sector.

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

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

Petroleum and coal product manufacturers saw their activities restart gradually in the third quarter, after posting a strong decrease in the previous quarter. This improvement coincided with higher crude oil prices and increased activity in refineries. Nevertheless, year over year, the capacity utilization rate dropped 7.9 percentage points to 76.7% in the third quarter. Fuel production is still feeling the impact of delays in maintenance work in some refineries and of lower demand for petroleum products. According to energy statistics, domestic consumption of motor gasoline and diesel fuel remains low on account of the changes in travel habits and decreased use of vehicles.

Year over year, the capacity utilization rate of transportation equipment manufacturers edged up 0.6 percentage points to 79.6% in the third quarter. Production at motor vehicle assembly plants resumed after being interrupted in the second quarter because of public health measures. Many auto manufacturers shortened or skipped their summer shutdowns this year. This increase coincided with higher exports of motor vehicles and parts and a gain in the gross domestic product of motor vehicle manufacturing.

Wood product manufacturers posted an increase of 6.1 percentage points compared with the third quarter of 2019. Its capacity utilization rate totalled 82.0%, topping the 2019 average (78.4%). This gain was concurrent with the resumption of residential construction and exports of forestry products and building and packaging materials as wood products are an important input into the construction sector.

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 2016 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 fourth quarter of 2020 will be released on March 12, 2021.

Table 1
Industrial capacity utilization rates

| | Third quarter 2019 | Second quarter 2020 | Third quarter 2020 | Second quarter to third quarter 2020 | Third quarter 2019 to third quarter 2020 |
|--|-----------------------|------------------------|-------------------------|---|--|
| | % | | percentage point change | | |
| Total industrial | 82.5 | 70.7 | 76.5 | 5.8 | -6.0 |
| Forestry and logging | 77.8 | 71.0 | 68.6 | -2.4 | -9.2 |
| Mining, quarrying and oil and gas extraction | 81.3 | 69.9 | 67.9 | -2.0 | -13.4 |
| Oil and gas extraction | 82.5 | 75.4 | 71.9 | -3.5 | -10.6 |
| Mining and quarrying | 78.8 | 58.1 | 59.1 | 1.0 | -19.7 |
| Electric power generation, transmission and distribution | 82.8 | 82.5 | 83.9 | 1.4 | 1.1 |
| Construction | 90.8 | 80.0 | 87.2 | 7.2 | -3.6 |
| Manufacturing | 78.3 | 63.5 | 75.3 | 11.8 | -3.0 |
| Food | 80.3 | 74.6 | 77.5 | 2.9 | -2.8 |
| Beverage and tobacco products | 77.8 | 74.6 | 74.6 | 0.0 | -3.2 |
| Beverage | 79.1 | 75.2 | 75.0 | -0.2 | -4.1 |
| Tobacco | 69.6 | 70.5 | 71.9 | 1.4 | 2.3 |
| Textiles | 74.8 | 66.2 | 72.4 | 6.2 | -2.4 |
| Textile mills | 76.0 | 67.7 | 73.1 | 5.4 | -2.9 |
| Textile product mills | 73.3 | 64.1 | 71.5 | 7.4 | -1.8 |
| Clothing | 86.1 | 53.0 | 80.6 | 27.6 | -5.5 |
| Leather and allied products | 85.3 | 43.0 | 69.5 | 26.5 | -15.8 |
| Wood products | 75.9 | 69.8 | 82.0 | 12.2 | 6.1 |
| Paper | 85.9 | 85.3 | 83.0 | -2.3 | -2.9 |
| Printing and related support activities | 76.7 | 58.8 | 68.8 | 10.0 | -7.9 |
| Petroleum and coal products | 84.6 | 66.8 | 76.7 | 9.9 | -7.9 |
| Chemical products | 76.4 | 70.3 | 72.5 | 2.2 | -3.9 |
| Plastics and rubber products | 75.8 | 63.7 | 77.9 | 14.2 | 2.1 |
| Plastic products | 75.0 | 64.1 | 78.2 | 14.1 | 3.2 |
| Rubber products | 80.1 | 61.2 | 76.1 | 14.9 | -4.0 |
| Non-metallic mineral products | 79.4 | 63.1 | 78.2 | 15.1 | -1.2 |
| Primary metal | 74.8 | 66.4 | 73.2 | 6.8 | -1.6 |
| Fabricated metal products | 75.9 | 55.0 | 67.8 | 12.8 | -8.1 |
| Machinery | 76.7 | 65.6 | 70.4 | 4.8 | -6.3 |
| Computer and electronic products | 81.1 | 72.0 | 71.1 | -0.9 | -10.0 |
| Electrical equipment, appliances and components | 76.4 | 63.7 | 74.6 | 10.9 | -1.8 |
| Transportation equipment | 79.0 | 42.9 | 79.6 | 36.7 | 0.6 |
| Furniture and related products | 79.5 | 57.0 | 75.5 | 18.5 | -4.0 |
| Miscellaneous manufacturing | 78.2 | 61.0 | 77.9 | 16.9 | -0.3 |

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).