

Industrial capacity utilization rates, fourth quarter 2020

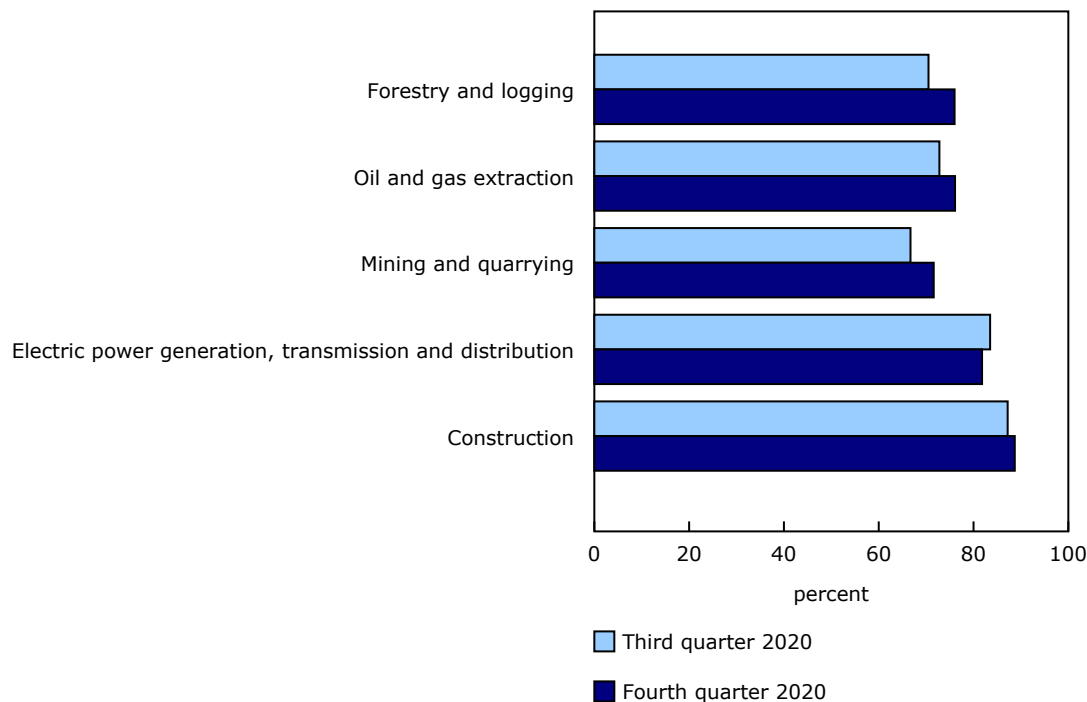
Released at 8:30 a.m. Eastern time in *The Daily*, Friday, March 12, 2021

Canadian industries operated at 79.2% of their production capacity in the fourth quarter of 2020, up from 77.4% in the previous quarter. This fourth quarter gain was largely attributable to increases in the mining, quarrying, and oil and gas extraction sector and the construction sector. However, the capacity utilization rate in most industries remained below pre-pandemic levels.

Given the recovery of the oil and gas extraction sub-sector and the early signals from the manufacturing sector, a growth in industrial capacity utilization may occur in the first quarter of 2021.

Mining, quarrying, and oil and gas extraction sector has strong showing

Chart 1
Industrial capacity utilization in non-manufacturing industries



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

Capacity utilization in oil and gas extraction recorded its first quarterly increase following two consecutive quarterly declines. The capacity utilization rate rose from 72.8% in the third quarter to 76.1% in the fourth quarter. This growth was mainly attributable to higher production of crude bitumen and synthetic oil in Alberta. This increase coincided with a rise in crude oil prices. According to international merchandise trade data, exports of energy products were up 9.6% over the previous quarter. Despite an increase, the sub-sector continued to face a decline in global demand attributable to public health restrictions, and the capacity utilization rate remained below the pre-pandemic level.

Capacity utilization in mining and quarrying (excluding oil and gas extraction) rose 4.9 percentage points to 71.6% in the fourth quarter. This increase was attributable to higher levels of activity in support activities for mining, and the oil and gas extraction sub-sector, including drilling and rigging services.

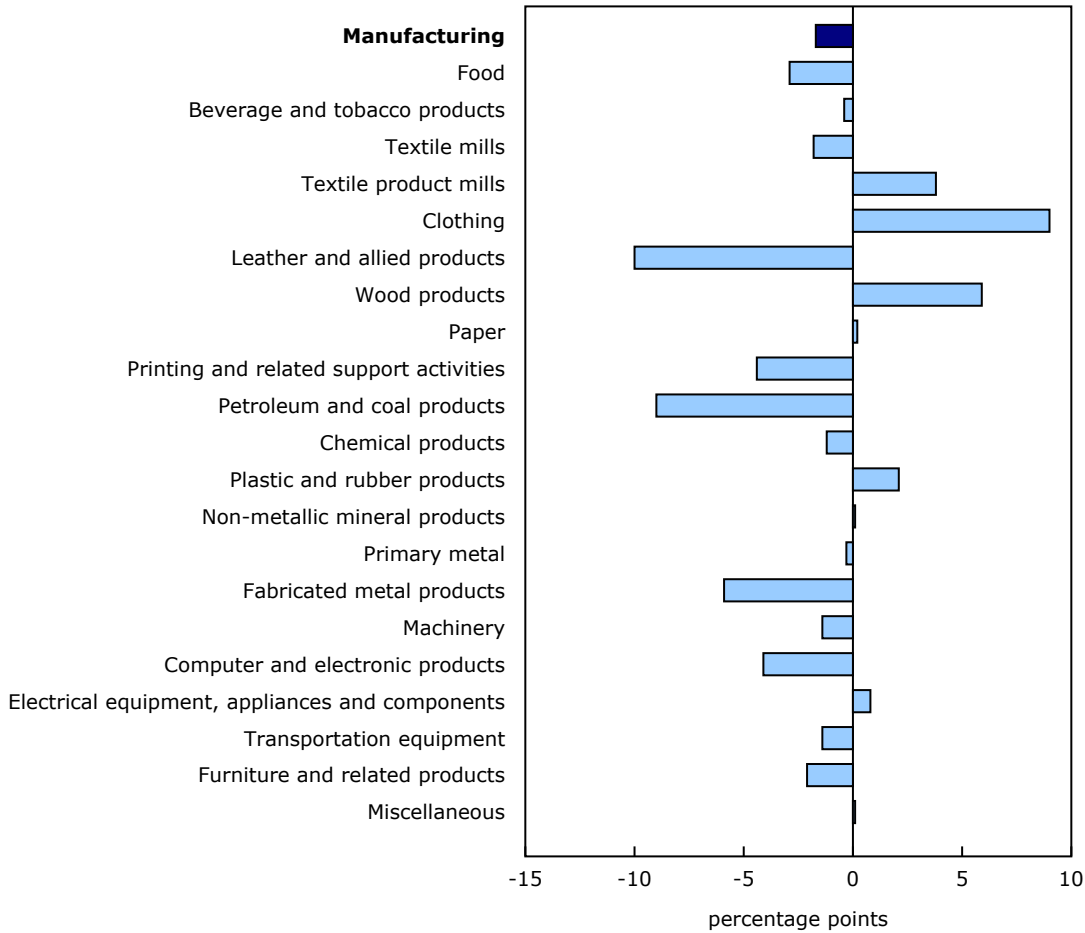
After posting a strong increase in the third quarter, capacity utilization in the construction sector rose 1.5 percentage points to 88.7% in the fourth quarter. This increase coincided with low mortgage rates and favourable developments in housing demand. Building permit values (+6.1%) posted sharp gains during the quarter. According to the Labour Force Survey, there was an increase in employment in the construction sector.

Manufacturing capacity utilization rate in fourth quarter 2020 remains below its value in fourth quarter 2019

Following a rebound in activity in the third quarter of 2020, the manufacturing sector had smaller growth in the fourth quarter, with its gross domestic product rising 1.2%.

Despite an increase from the previous quarter in the overall capacity utilization rate of the manufacturing sector, its value remained below its 2019 fourth quarter level. Year over year, the manufacturing capacity utilization rate decreased by 1.7 percentage points to 76.2% in the fourth quarter. Capacity utilization fell year over year in 13 of the 21 major manufacturing industry groups, representing about three-quarters of the gross domestic product of the manufacturing sector.

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



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

For petroleum and coal product manufacturers, activity remained low. Year over year, the capacity utilization rate dropped 9.0 percentage points to 77.7% in the fourth quarter. Fuel production continued to be impacted by the slow recovery in global demand following closures and travel bans imposed because of the pandemic.

Fabricated metal product manufacturers posted a 5.9 percentage point decrease compared with the fourth quarter of 2019. The capacity utilization rate was 66.9%, since the industry was heavily affected by the recently reduced activity in engineering and in transportation equipment assembly plants.

Year over year, wood product manufacturers posted an increase of 5.9 percentage points in the fourth quarter. Their capacity utilization rate reached 83.2%. This gain coincided with the sharp rise in prices and the recovery of residential construction. Strong US residential construction buoyed Canadian exports of forestry products and building and packaging materials.

The year 2020 in review

Rail blockades, the COVID-19 pandemic, and the public health measures taken to curb the spread of COVID-19 affected economic activities to varying degrees in 2020. The industrial capacity utilization rate declined by 5.4 percentage points to 77.2% in 2020, compared with 2019.

The mining, quarrying, and oil and gas extraction sector fell 6.9 percentage points to 74.8% in 2020. The oil and gas extraction sub-sector was the main source of that decline. Lower levels of activity, as measured by gross domestic product, were observed in oil and gas extraction (excluding oil sands) (-6.4%) and oil sands extraction (-5.8%). These declines were attributable to the decrease in overall demand for energy products as a result of the public health restrictions imposed in response to the pandemic.

The construction sector experienced an annual decline of 3.3 percentage points to 86.5% in 2020. This decrease was attributable to reduced activity in engineering and in non-residential building construction. According to the Building Permits Survey, non-residential construction experienced its largest decline (-17.4%) since 2009. Demand for office buildings and shopping malls fell as a result of telework and online shopping related to the pandemic. Residential construction was buoyed by low mortgage rates and an increase in household savings rates, and this partially offset the decline in non-residential construction.

The manufacturing sector experienced an annual decrease in capacity utilization rate of 6.3 percentage points to 72.3% in 2020. All 21 major industry groups recorded an annual decrease compared with 2019.

The capacity utilization rate of transportation equipment manufacturers fell 12.0 percentage points to 70.0% in 2020. In March and April, at the beginning of the pandemic, most motor vehicle manufacturers geared back or even halted operations for public health reasons. Aerospace product and parts manufacturers experienced a decline in operations as a result of order cancellations and travel restrictions. This drop coincided with a decrease in exports of aircraft and other motor vehicle parts.

The annual capacity utilization rate of petroleum and coal product manufacturers decreased by 11.5 percentage points to 74.3% in 2020. This decline was mainly attributable to a drop in global demand for energy products related to lockdown measures.

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, 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 2020 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 first quarter of 2021 will be released on June 11.

Table 1
Industrial capacity utilization rates

	Fourth quarter 2019	Third quarter 2020	Fourth quarter 2020	Third quarter to fourth quarter 2020	Fourth quarter 2019 to fourth quarter 2020
	%			percentage point change	
Total industrial	82.1	77.4	79.2	1.8	-2.9
Forestry and logging	69.4	70.5	76.0	5.5	6.6
Mining, quarrying and oil and gas extraction	80.7	70.9	74.7	3.8	-6.0
Oil and gas extraction	83.0	72.8	76.1	3.3	-6.9
Mining and quarrying	75.7	66.7	71.6	4.9	-4.1
Electric power generation, transmission and distribution	84.5	83.5	81.8	-1.7	-2.7
Construction	90.3	87.2	88.7	1.5	-1.6
Manufacturing	77.9	75.3	76.2	0.9	-1.7
Food	81.1	77.7	78.2	0.5	-2.9
Beverage and tobacco products	72.1	74.5	71.7	-2.8	-0.4
Beverage	72.5	74.9	71.8	-3.1	-0.7
Tobacco	69.6	71.9	70.9	-1.0	1.3
Textiles	75.4	72.0	76.1	4.1	0.7
Textile mills	78.2	72.7	76.4	3.7	-1.8
Textile product mills	71.8	71.0	75.6	4.6	3.8
Clothing	77.8	78.9	86.8	7.9	9.0
Leather and allied products	84.7	75.1	74.7	-0.4	-10.0
Wood products	77.3	82.2	83.2	1.0	5.9
Paper	85.4	83.2	85.6	2.4	0.2
Printing and related support activities	77.9	69.2	73.5	4.3	-4.4
Petroleum and coal products	86.7	76.7	77.7	1.0	-9.0
Chemical products	76.6	72.2	75.4	3.2	-1.2
Plastics and rubber products	72.2	77.8	74.3	-3.5	2.1
Plastic products	71.7	78.1	74.8	-3.3	3.1
Rubber products	74.7	76.3	71.7	-4.6	-3.0
Non-metallic mineral products	74.5	77.8	74.6	-3.2	0.1
Primary metal	75.1	73.5	74.8	1.3	-0.3
Fabricated metal products	72.8	67.0	66.9	-0.1	-5.9
Machinery	74.2	70.3	72.8	2.5	-1.4
Computer and electronic products	81.0	73.0	76.9	3.9	-4.1
Electrical equipment, appliances and components	73.5	74.1	74.3	0.2	0.8
Transportation equipment	83.1	80.1	81.7	1.6	-1.4
Furniture and related products	77.2	76.0	75.1	-0.9	-2.1
Miscellaneous manufacturing	78.0	77.4	78.1	0.7	0.1

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

Table 2
Industrial capacity utilization rates: Annual average

	2018	2019	2020	2018 to 2019	2019 to 2020
	%			percentage point change	
Total industrial	83.7	82.6	77.2	-1.1	-5.4
Forestry and logging	85.9	78.6	72.3	-7.3	-6.3
Mining, quarrying and oil and gas extraction	82.4	81.7	74.8	-0.7	-6.9
Oil and gas extraction	83.1	83.2	77.1	0.1	-6.1
Mining and quarrying	80.8	78.5	69.6	-2.3	-8.9
Electric power generation, transmission and distribution	83.3	84.0	82.7	0.7	-1.3
Construction	89.8	89.8	86.5	0.0	-3.3
Manufacturing	80.8	78.6	72.3	-2.2	-6.3
Food	81.6	80.3	77.4	-1.3	-2.9
Beverage and tobacco products	76.0	74.5	72.9	-1.5	-1.6
Beverage	78.0	75.5	73.2	-2.5	-2.3
Tobacco	65.4	68.6	70.8	3.2	2.2
Textiles	78.0	75.8	72.4	-2.2	-3.4
Textile mills	81.0	77.2	74.1	-3.8	-3.1
Textile product mills	74.4	73.9	70.1	-0.5	-3.8
Clothing	79.0	83.0	71.5	4.0	-11.5
Leather and allied products	81.6	82.2	65.8	0.6	-16.4
Wood products	82.5	78.4	78.1	-4.1	-0.3
Paper	88.4	86.7	85.3	-1.7	-1.4
Printing and related support activities	76.1	76.8	68.2	0.7	-8.6
Petroleum and coal products	88.4	85.8	74.3	-2.6	-11.5
Chemical products	82.2	78.6	73.5	-3.6	-5.1
Plastics and rubber products	77.1	74.8	71.8	-2.3	-3.0
Plastic products	77.0	74.2	72.0	-2.8	-2.2
Rubber products	77.6	78.4	70.4	0.8	-8.0
Non-metallic mineral products	74.5	72.6	69.0	-1.9	-3.6
Primary metal	80.6	75.9	72.9	-4.7	-3.0
Fabricated metal products	76.8	75.4	64.1	-1.4	-11.3
Machinery	77.8	77.5	70.0	-0.3	-7.5
Computer and electronic products	82.2	81.4	75.3	-0.8	-6.1
Electrical equipment, appliances and components	80.3	76.1	71.3	-4.2	-4.8
Transportation equipment	84.4	82.0	70.0	-2.4	-12.0
Furniture and related products	78.2	77.2	70.4	-1.0	-6.8
Miscellaneous manufacturing	78.4	78.0	72.6	-0.4	-5.4

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).