Industrial capacity utilization rates, third quarter 2021

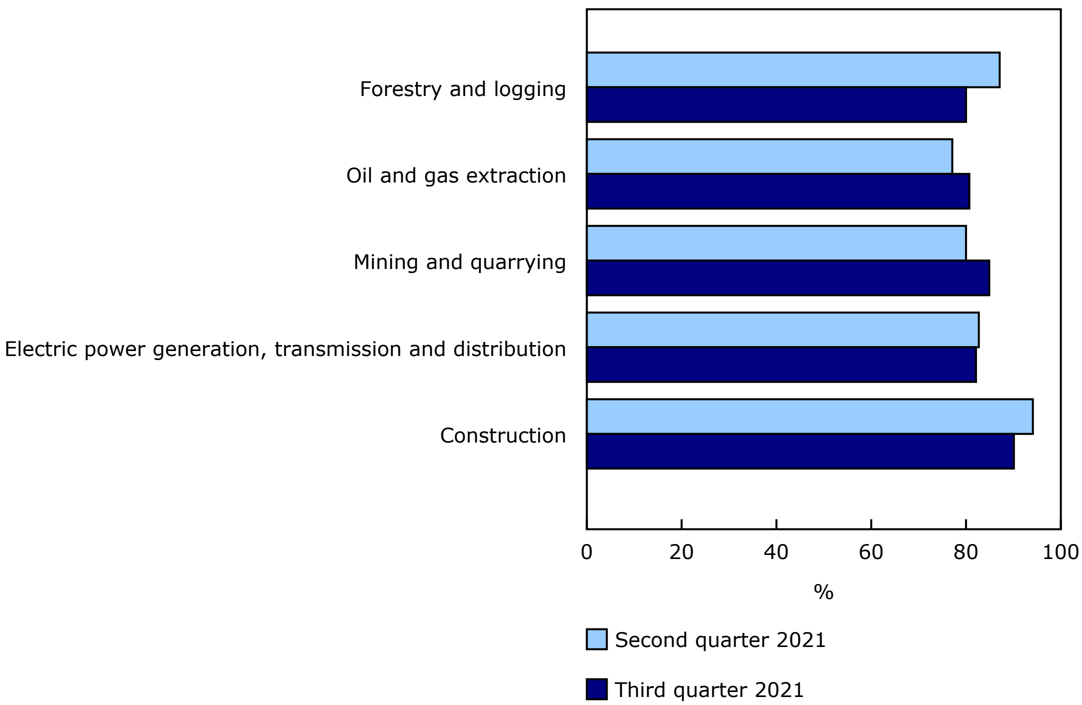
Released at 8:30 a.m. Eastern time in The Daily, Friday, December 10, 2021

Canadian industries operated at 81.4% of their production capacity in the third quarter of 2021, down from 82.0% in the second quarter. This was the first quarterly decrease after four consecutive quarterly increases.

The decline in the third quarter was mainly because of declines in the construction and the manufacturing sector, particularly transportation equipment manufacturing.

A decrease in the construction sector

Chart 1
Industrial capacity utilization in non-manufacturing industries



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

In the construction sector, capacity utilization dropped to 90.1% in the third quarter, after posting four consecutive quarterly increases. Capacity utilization fell 4.0 percentage points. The capacity utilization rate is slightly higher than the level in the fourth quarter of 2020 (89.9%). Residential construction recorded a large drop in activity levels (-8.4%), contributing to the decline in this sector. Following four consecutive quarters of strong growth, investment in new construction and renovations was down in the third quarter. According to the Labour Force Survey, employment levels for construction fell from 1.44 million to 1.42 million during the quarter.

In forestry and logging, capacity utilization fell 7.1 percentage points to 80.0% in the third quarter. The forest fires in British Columbia during the quarter contributed to the decrease in activity levels (-8.5%) in this subsector.

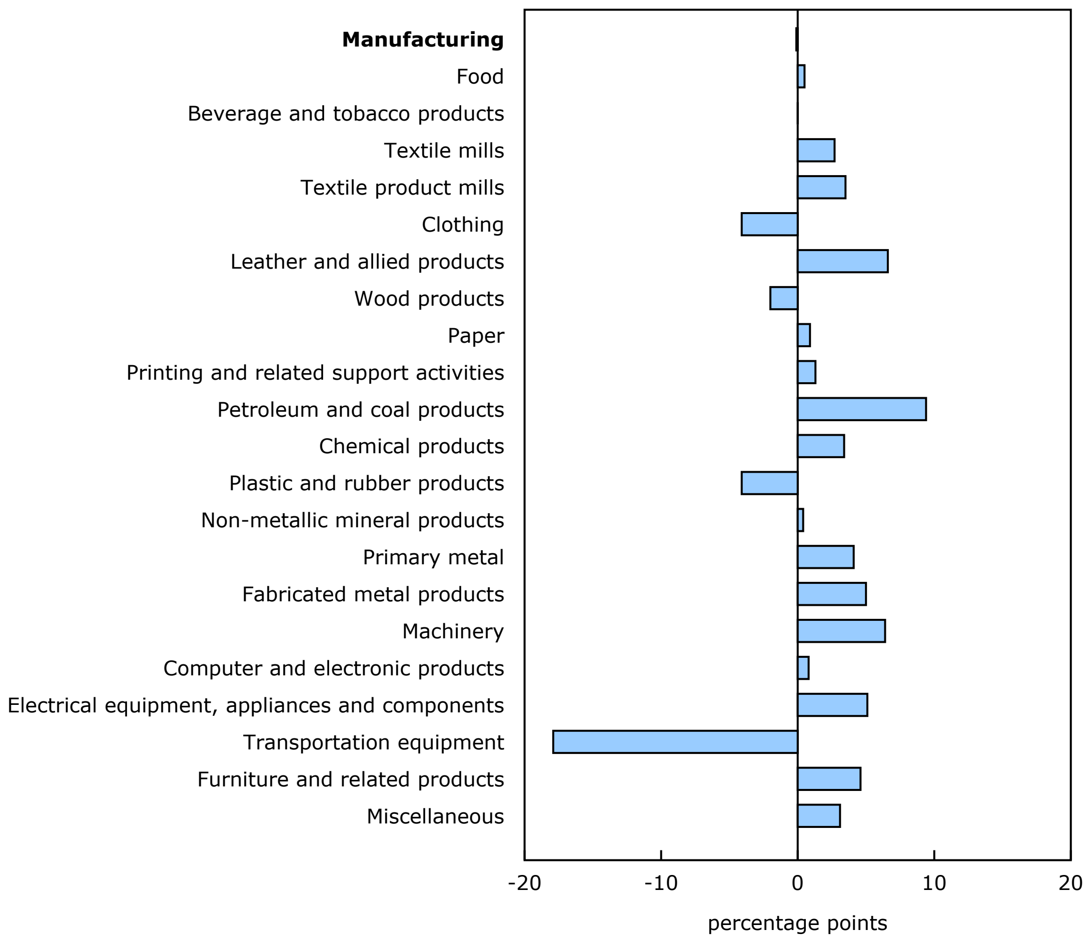
In oil and gas extraction, the capacity utilization rate rose from 77.1% in the second quarter of 2021 to 80.7% in the third quarter of 2021. This increase followed the overall growth in production supported by the steady rise in prices. Exports of energy products rose sharply (+20.4%) during the quarter.

Capacity utilization in mining and quarrying (excluding oil and gas extraction) rose 4.9 percentage points to 84.9% in the third quarter. This increase was mainly driven by higher levels of activity in the metal ore and the support activities for mining and oil and gas extraction subsectors, with all types of services posting gains.

The semiconductor chip shortage contributed to the decline in the capacity utilization rate in the manufacturing sector

Year over year, the capacity utilization rate in the manufacturing sector edged down 0.1 percentage points to 75.1% in the third quarter of 2021. Capacity utilization declined year over year in 4 of the 21 major manufacturing industrial groups, representing approximately 25% of gross domestic product in the manufacturing sector.

Chart 2
Year-over-year change by industry, third quarter 2021 compared with third quarter 2020



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

Year over year, transportation equipment manufacturers saw their capacity utilization rate fall 17.9 percentage points to 62.0%. The industry continued to be heavily affected by the shortage of semiconductor chips. Moreover, gross domestic product of motor vehicle manufacturing fell 10.8%.

In addition, the capacity utilization rate of wood product manufacturers fell 2.0 percentage points year over year to 80.5%. This decline coincided with the decrease in residential construction activities. Exports of forestry products and building and packaging materials decreased (-14.0%) during the quarter.

Offsetting the decrease in manufacturing, the capacity utilization rate of petroleum and coal manufacturers rose 9.4 percentage points year over year to 86.0% in the third quarter of 2021. Domestic consumption of refined petroleum products was up, contributing to increased refinery activity (+3.7%). A gradual increase in travel activities contributed to the rise in demand for transportation fuels.

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, as well as 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 2017 to reflect the latest revisions to the source data. For manufacturing industries, the data are not seasonally adjusted, as the new survey source (Monthly survey of manufacturing) does not have a long enough time period to perform a seasonal adjustment.

Next release

Data on industrial capacity utilization rates for the fourth quarter of 2021 will be released on March 11, 2022.

Table 1
Industrial capacity utilization rates

	Third quarter 2020	Second quarter 2021	Third quarter 2021	Second quarter to third quarter 2021	Third quarter 2020 to third quarter 2021
	%			percentage point change	
Total industrial	**77.7**	**82.0**	**81.4**	**-0.6**	**3.7**
Forestry and logging	83.5	87.1	80.0	-7.1	-3.5
Mining, quarrying and oil and gas extraction	70.6	78.0	82.1	4.1	11.5
Oil and gas extraction	73.8	77.1	80.7	3.6	6.9
Mining and quarrying	64.0	80.0	84.9	4.9	20.9
Electric power generation, transmission and distribution	82.9	82.7	82.1	-0.6	-0.8
Construction	88.7	94.1	90.1	-4.0	1.4
Manufacturing	75.2	77.1	75.1	-2.0	-0.1
Food	77.7	79.5	78.2	-1.3	0.5
Beverage and tobacco products	74.3	73.5	74.3	0.8	0.0
Beverage	74.8	72.6	74.1	1.5	-0.7
Tobacco	72.0	77.4	75.1	-2.3	3.1
Textiles	72.2	76.9	75.2	-1.7	3.0
Textile mills	73.3	78.7	76.0	-2.7	2.7
Textile product mills	70.9	75.1	74.4	-0.7	3.5
Clothing	78.6	69.6	74.5	4.9	-4.1
Leather and allied products	74.5	77.4	81.1	3.7	6.6
Wood products	82.5	86.0	80.5	-5.5	-2.0
Paper	83.3	85.3	84.2	-1.1	0.9
Printing and related support activities	69.5	73.2	70.8	-2.4	1.3
Petroleum and coal products	76.6	81.5	86.0	4.5	9.4
Chemical products	72.0	79.9	75.4	-4.5	3.4
Plastics and rubber products	77.9	74.1	73.8	-0.3	-4.1
Plastic products	78.3	74.7	74.6	-0.1	-3.7
Rubber products	76.1	71.6	70.3	-1.3	-5.8
Non-metallic mineral products	77.8	76.4	78.2	1.8	0.4
Primary metal	73.6	76.9	77.7	0.8	4.1
Fabricated metal products	66.7	75.3	71.7	-3.6	5.0
Machinery	69.5	77.2	75.9	-1.3	6.4
Computer and electronic products	75.7	80.8	76.5	-4.3	0.8
Electrical equipment, appliances and components	74.5	78.0	79.6	1.6	5.1
Transportation equipment	79.9	68.6	62.0	-6.6	-17.9
Furniture and related products	75.9	79.8	80.5	0.7	4.6
Miscellaneous manufacturing	75.5	75.0	78.6	3.6	3.1

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 the *Statistics Canada — Data Visualization Products* series (**71-607-X**), is now available.

The Economic Accounts Statistics Portal, accessible from the *Subjects* module of the Statistics Canada 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; **infostats@statcan.gc.ca**) or Media Relations (**statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca**).