

Industrial capacity utilization rates, second quarter 2022

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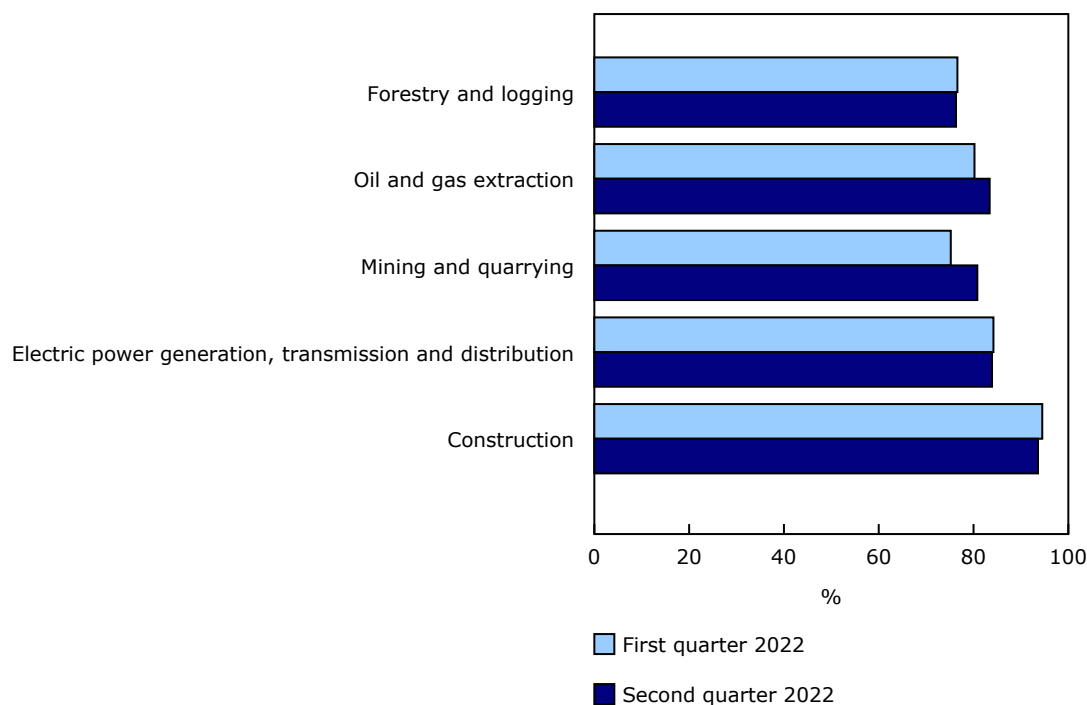
Canadian industries operated at 83.8% of their production capacity in the second quarter, up 1.9 percentage points from the previous quarter. This is the highest capacity utilization rate since the second quarter of 2018.

The gains in the mining, quarrying, and oil and gas extraction sector and the manufacturing sector more than offset the losses in construction and other sectors.

Recovery in mining, quarrying, and oil and gas extraction

In the second quarter, in the mining, quarrying, and oil and gas extraction sector, capacity utilization increased 4.0 percentage points to 82.6%, the highest rate since the second quarter of 2019. This was due to higher levels of activity in the oil sands extraction and in the support activities for oil extraction subsectors.

Chart 1
Industrial capacity utilization in non-manufacturing industries



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

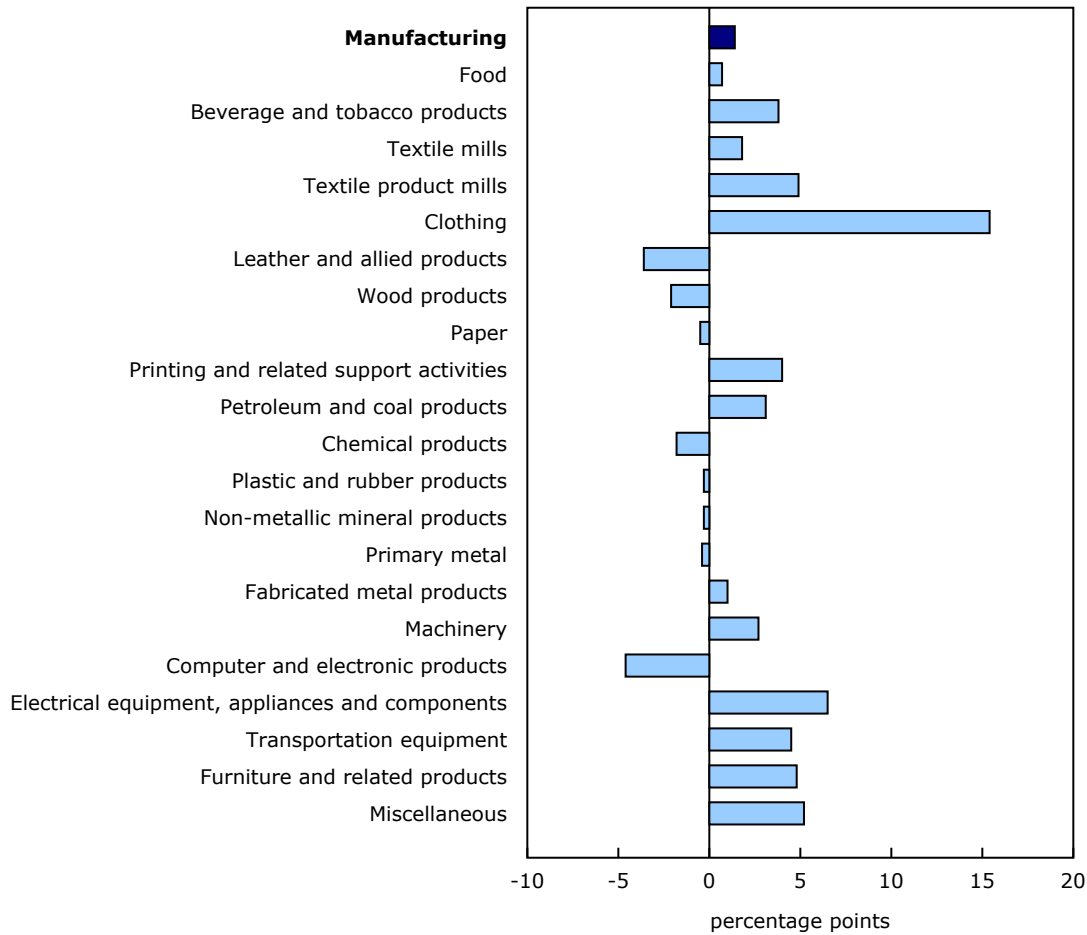
Following two consecutive quarterly gains, capacity utilization in the construction sector dropped 0.9 percentage points to 93.6% in the second quarter. A number of Ontario's unionized construction workers were on strike early in the quarter, causing significant delays in multiple residential and non-residential construction projects in the province.

Capacity utilization in manufacturing increases

Year over year, the capacity utilization rate in the manufacturing sector rose 1.4 percentage points to 78.5% in the second quarter. This is the highest capacity utilization rate in the manufacturing sector since the second quarter of 2019. Year over year, capacity utilization increased in 13 of the 21 major manufacturing industry groups, representing approximately 60% of gross domestic product in the manufacturing sector.

Chart 2

Year-over-year change by industry, second quarter 2022 compared with the second quarter 2021



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

Transportation equipment manufacturing experienced its third consecutive quarterly gain in its capacity utilization rate, rising to 73.1% in the second quarter. The rate remained lower than that recorded in the fourth quarter of 2019 (83.0%). Despite a resumption in activity since the COVID-19 pandemic, motor vehicle manufacturing continued to face a shortage of semiconductor chips and retooling at some assembly plants.

Machinery manufacturing recorded a year-over-year increase in its capacity utilization rate of 2.7 percentage points to 79.1% in the second quarter. Higher levels of activity were observed in agricultural, construction and mining machinery manufacturing (+7.1%) and in industrial machinery manufacturing (+4.3%). This capacity utilization rate increase in machinery manufacturing coincided with a significant improvement of growing conditions for agricultural products in the Prairies compared with 2021.

In the second quarter, the capacity utilization rate among petroleum and coal product manufacturers was 84.7%, up 3.1 percentage points year over year. Despite the gradual easing of the health measures related to the pandemic, concerns about the global economic slowdown led to a decrease in energy demand. A decline in activity level was observed in petroleum refineries (-3.5%), whose capacity utilization rate was lower than in the previous quarter (90.1%).

Offsetting the overall increase in the manufacturing sector, wood product manufacturers recorded a year-over-year decline of 2.1 percentage points to 84.0% in the second quarter. The decline in residential construction and the weak construction activity in the United States contributed to lower demand for Canadian wood 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, 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 2021 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 third quarter of 2022 will be released on December 9, 2022.

Table 1
Industrial capacity utilization rates

	Second quarter 2021	First quarter 2022	Second quarter 2022	First quarter to second quarter 2022	Second quarter 2021 to second quarter 2022
	%			percentage point change	
Total industrial	81.8	81.9	83.8	1.9	2.0
Forestry and logging	87.5	76.6	76.3	-0.3	-11.2
Mining, quarrying and oil and gas extraction	77.0	78.6	82.6	4.0	5.6
Oil and gas extraction	78.6	80.2	83.4	3.2	4.8
Mining and quarrying	73.6	75.2	80.8	5.6	7.2
Electric power generation, transmission and distribution	82.0	84.2	83.9	-0.3	1.9
Construction	94.7	94.5	93.6	-0.9	-1.1
Manufacturing	77.1	76.3	78.5	2.2	1.4
Food	79.4	78.4	80.1	1.7	0.7
Beverage and tobacco products	74.1	72.1	77.9	5.8	3.8
Beverage	73.3	71.7	79.2	7.5	5.9
Tobacco	77.4	74.0	72.5	-1.5	-4.9
Textiles	76.7	75.9	80.1	4.2	3.4
Textile mills	78.8	79.4	80.6	1.2	1.8
Textile product mills	74.5	72.1	79.4	7.3	4.9
Clothing	69.7	78.7	85.1	6.4	15.4
Leather and allied products	77.9	78.0	74.3	-3.7	-3.6
Wood products	86.1	83.0	84.0	1.0	-2.1
Paper	85.4	84.4	84.9	0.5	-0.5
Printing and related support activities	73.3	71.4	77.3	5.9	4.0
Petroleum and coal products	81.6	90.1	84.7	-5.4	3.1
Chemical products	80.5	79.6	78.7	-0.9	-1.8
Plastics and rubber products	74.0	74.6	73.7	-0.9	-0.3
Plastic products	74.6	74.2	73.4	-0.8	-1.2
Rubber products	71.2	77.1	75.0	-2.1	3.8
Non-metallic mineral products	76.5	66.1	76.2	10.1	-0.3
Primary metal	76.9	73.2	76.5	3.3	-0.4
Fabricated metal products	75.5	71.5	76.5	5.0	1.0
Machinery	76.4	75.9	79.1	3.2	2.7
Computer and electronic products	80.2	78.0	75.6	-2.4	-4.6
Electrical equipment, appliances and components	79.8	79.8	86.3	6.5	6.5
Transportation equipment	68.6	70.5	73.1	2.6	4.5
Furniture and related products	79.7	81.5	84.5	3.0	4.8
Miscellaneous manufacturing	75.3	78.0	80.5	2.5	5.2

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).