

Wholesale trade, January 2023

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Wholesale sales rise at the start of 2023

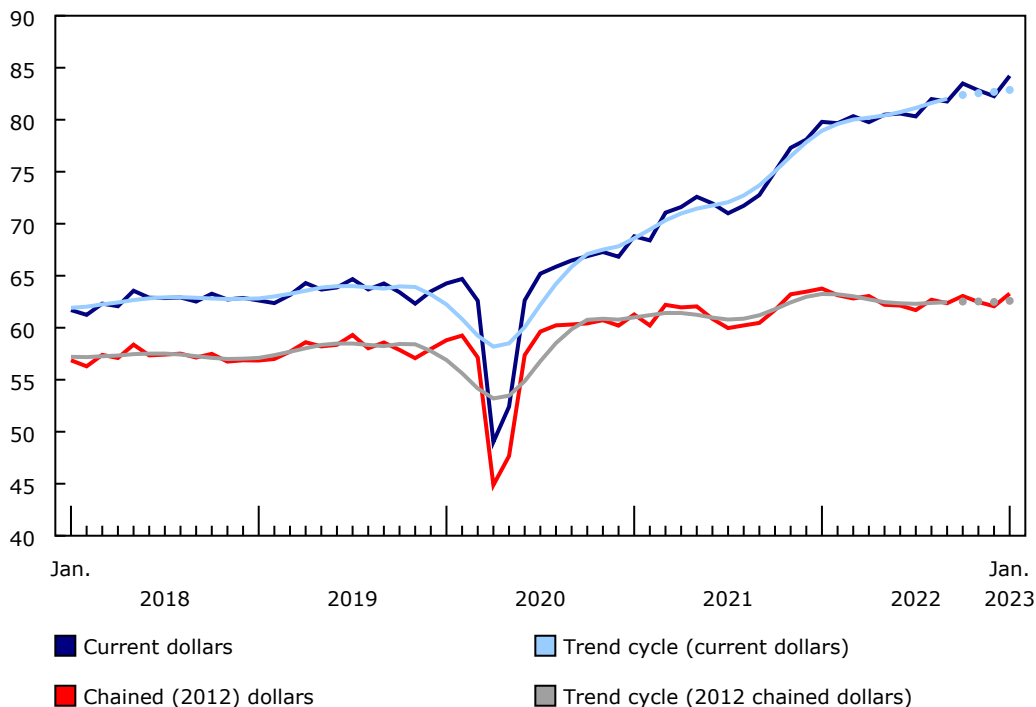
Wholesale sales rose 2.4% to \$84.2 billion in January. Sales increased in six of the seven subsectors, accounting for 84% of wholesale sales. Strong growth in the machinery, equipment and supplies subsector and the food, beverage and tobacco subsector led the increase for January.

Starting with this release, the oilseed and grain industry as well as the petroleum and petroleum products subsector are included in the wholesale trade universe. Data tables have been adjusted accordingly, but the analytical text excludes these industries for comparison purposes with the previous month. Please refer to the Note to readers below for further information.

Constant dollar sales grew 2.0% in January.

Chart 1 Wholesale sales increase in January

billions of dollars



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

Source(s): Tables [20-10-0074-01](#) and [20-10-0003-01](#).

Machinery, equipment, and supplies rebounds in January

Following a sharp decline in December, sales of machinery, equipment, and supplies rose 3.2% to \$17.7 billion in January. Two out of the four industry groups reported a rise in sales. However, the increase (+10.6% to \$6.1 billion) of the construction, forestry, mining and industrial machinery, equipment and supplies industry group led the overall



subsector growth. Rebounding sales of this industry group in January were attributed to a ramp up of deliveries and work from seasonal shutdowns or slowdowns of various components of this industry group. Higher sales of machinery, equipment and supplies align with the [increased import activity of these commodities](#) in January.

The food, beverage and tobacco products subsector reported an increase of sales (+3.6% to \$15.7 billion) for the second consecutive month in January. Growth was reported in two of the three industries. However, it was the increase of the food industry group (+4.2% to \$14.0 billion) that contributed the most to the monthly increase. As reported in the latest [Consumer Price Index](#) release, food prices have risen at a slightly faster pace year over year in January, with higher prices in meat, bakery products, dairy products and fresh vegetables.

The only declining subsector in January was motor vehicle and motor vehicle parts and accessories, down 2.4% to \$13.3 billion. A decline was reported in two of the three industries, but it was predominantly a decline of motor vehicle sales (-2.4% to \$10.6 billion) that led the drop. The decrease of sales in January was due to a ramp up of sales in the last quarter of 2022 in addition to companies gearing up production for more electrical vehicle sales.

British Columbia leads provincial gains

Sales increased in eight provinces in January, accounting for 82% of national sales. Sales in British Columbia, Alberta and Nova Scotia led the monthly increase.

In British Columbia, sales rebounded in January, increasing 11.0% to \$8.0 billion, after decreasing 9.0% in December. While sales increased in all subsectors, sales of machinery, equipment and supplies grew the most (+24.9% to \$1.7 billion) and accounted for 41% of the provincial increase. The construction, forestry, mining, and industrial machinery, equipment and supplies industry (+24.4% to \$710.5 million) and other machinery, equipment and supplies industry (+38.1% to \$466.1 million) recorded 81% of the growth in the subsector. Growth in the other machinery, equipment and supplies industry correlates with an increase in imports of other industry-specific manufacturing machinery due to a new liquefied natural gas terminal being built in the province.

Sales in Alberta increased 6.2% to \$9.6 billion in January after two consecutive monthly declines. The machinery, equipment and supplies subsector led the gains with an increase of 6.9% to \$3.1 billion. The majority of the rise in sales in this subsector was in the construction, forestry, mining, and industrial machinery, equipment and supplies industry, up 9.5% to \$1.8 billion.

Inventories in January continue to increase

Wholesale inventories rose, up 1.5% to \$128.6 billion in January after edging up by 0.7% in December. As was the case in December, higher inventories were reported in three of the seven subsectors in January. The largest increases came from the personal and household goods subsector and the building material and supplies subsector. Partially offsetting the increases were declines in the miscellaneous subsector and the motor vehicle and motor vehicle parts and accessories subsector.

Inventories in the personal and household goods subsector increased 3.8% to \$21.6 billion in January. While inventories increased in four of the six industry groups, the growth was mainly in the textile, clothing, and footwear industry (+8.4% to \$5.3 billion) and the pharmaceuticals and pharmacy supplies industry (+4.6% to \$8.6 billion).

In the building material and supplies subsector, inventory levels rose 3.0% to \$24.9 billion in January. Although all three component industries reported higher inventories, the most significant contributor was lumber, millwork, hardware and other building supplies which saw inventories increase 4.7%, representing a little over two-thirds of the subsector's growth.

While total wholesale inventories increased in January, the miscellaneous subsector decreased 3.2% to \$17.2 billion and the motor vehicle and motor vehicle parts and accessories subsector was down 3.3% to \$13.6 billion.

In the first quarter of 2023, the [Canadian Survey on Business Conditions](#) reported more than one in four businesses faced challenges maintaining inventory levels and businesses in wholesale trade and retail trade were most likely to expect various supply chain challenges over the next three months.

The inventory-to-sales ratio decreased from 1.54 in December to 1.51 in January. This ratio is a measure of the time (in months) required to exhaust inventories if sales were to remain at their current levels.

Wholesale trade commodities 2021

Wholesalers across Canada buy and sell a wide variety of commodities, ranging from non-durable goods such as petroleum, food and pharmaceuticals to durable goods such as motor vehicles, farm equipment, wood products and clothing.

The Annual Wholesale Trade Survey measures the sales and the cost of goods sold for these and other products, classifying them according to the North American Product Classification System (NAPCS).

In 2021, Canadian wholesalers sold \$1.3 trillion worth of commodities, resulting in an increase of 20.0% from the previous year. The increase was led by petroleum and petroleum products, lumber plywood and millwork products, and other building supplies products which accounted for 55% of the total dollar increase. Excluding petroleum and petroleum products, total sales of wholesale commodities in 2021 increased 13.9% from 2020 values. Higher sales were seen in 60 of the 66 commodity subclasses.

The cost of goods sold increased at a higher rate (+21.2%) resulting in decreasing gross margins, which fell from 15.4% in 2020 to 14.6% in 2021. In 2021, 59 of the 66 commodity subclasses saw their cost of goods sold increase.

During the 2020 shutdown induced by the COVID-19 pandemic, manufacturing activity was reduced. This lack of production had a significant effect on the price of many commodities.

According to the [Industrial Product Price Index: 2021 Annual Review](#), the price for energy and petroleum products rose significantly in 2021. As a result of these increases, petroleum and petroleum products posted the largest increase in dollar terms, rising 42.2% to \$325.6 billion. Petroleum and petroleum products' share of total wholesale sales rose in 2021, reaching 25.7% and up from a 21.7% share in 2020. The cost of goods sold increased \$94.8 billion in 2021 to reach \$314.4 billion.

The second-largest increase in dollar terms was recorded in lumber, plywood and millwork products, which rose 51.8% to \$35.4 billion in 2021, driven by an increase in sales of softwood lumber (+63.0%). Cost of goods sold for lumber, plywood and millwork products increased 49.4%, moving from \$21.0 billion in 2020 to \$31.3 billion in 2021.

Sales of other building supplies posted the third-largest increase in dollar terms (+30.1%), moving from \$27.2 billion in 2020 to \$35.3 billion in 2021.

Wholesale trade e-commerce

Wholesale businesses are key in supporting all other industries in Canada. Additionally, international trade of wholesale products and services plays a key role in the global market. In 2021, [Canada's international trade exports rose 22.0%](#) from the previous year, moving to \$637 billion. Although much of that increase was attributed to price increases of raw materials, when the price effect is removed, exports in constant dollars rose 1.9% in 2021.

According to data from the 2021 [Survey of Digital Technology and Internet Use](#), 93.5% of Canadian wholesale businesses who received orders or made sales of goods and services over the Internet had customers located in Canada.

In 2021, 26.5% of wholesale businesses who had online sales had customers in the United States. Other regions where Canadian wholesalers reported having online sales included the European Union, the United Kingdom and China. Of all wholesale businesses that reported having online sales, 5.5% of them indicated having clients in the European Union, 4.5% of wholesale businesses reported customers from the United Kingdom, and 2.5% of wholesalers had sales originating in China.

Please note that due to technical issues, the *Daily* tables titled "Wholesale merchants' sales by industry – Seasonally adjusted" and "Wholesale merchants' sales by province and territory – Seasonally adjusted" could not be released in *The Daily* at 8:30.

These tables will be available as soon as possible.

Table 1
Wholesale merchants' inventories by industry – Seasonally adjusted

	January 2022	December 2022 ^r	January 2023 ^p	December 2022 to January 2023	January 2022 to January 2023
	millions of dollars			% change	
Total, wholesale inventories	106,784	126,666	128,622	1.5	20.5
Farm product	272	339	1,529	351.2	462.4
Food, beverage and tobacco	11,275	14,420	14,413	-0.1	27.8
Food	9,804	12,781	12,802	0.2	30.6
Beverage	901	850	829	-2.4	-7.9
Cigarette and tobacco product	350	509	513	0.8	46.4
Cannabis	220	279	268	-4.1	21.8
Personal and household goods	17,966	20,799	21,598	3.8	20.2
Textile, clothing and footwear	3,228	4,872	5,282	8.4	63.6
Home entertainment equipment and household appliance	1,233	1,452	1,386	-4.5	12.4
Home furnishings	1,773	2,177	2,266	4.1	27.8
Personal goods	2,318	2,957	2,965	0.3	27.9
Pharmaceuticals and pharmacy supplies	8,266	8,212	8,591	4.6	3.9
Toiletries, cosmetics and sundries	1,148	1,128	1,107	-1.8	-3.5
Motor vehicle and motor vehicle parts and accessories	11,762	14,073	13,609	-3.3	15.7
Motor vehicle	6,501	7,991	7,759	-2.9	19.4
New motor vehicle parts and accessories	5,151	5,963	5,730	-3.9	11.2
Used motor vehicle parts and accessories	F	F	F	F	F
Building material and supplies	21,291	24,199	24,924	3.0	17.1
Electrical, plumbing, heating and air-conditioning equipment and supplies	5,563	6,808	6,998	2.8	25.8
Metal service centres	6,392	6,787	6,827	0.6	6.8
Lumber, millwork, hardware and other building supplies	9,337	10,604	11,098	4.7	18.9
Machinery, equipment and supplies	29,641	35,025	35,304	0.8	19.1
Farm, lawn and garden machinery and equipment	5,755	6,782	6,963	2.7	21.0
Construction, forestry, mining, and industrial machinery, equipment and supplies	13,811	16,155	16,273	0.7	17.8
Computer and communications equipment and supplies	3,799	4,346	4,244	-2.3	11.7
Other machinery, equipment and supplies	6,275	7,742	7,825	1.1	24.7
Miscellaneous	14,577	17,812	17,245	-3.2	18.3
Recyclable material	1,289	986	967	-1.9	-25.0
Paper, paper product and disposable plastic product	1,178	1,506	1,489	-1.1	26.4
Agricultural supplies	6,506	8,207	8,218	0.1	26.3
Chemical (except agricultural) and allied product	1,634	2,132	2,010	-5.7	23.0
Other miscellaneous	3,970	4,823	4,321	-10.4	8.8

^r revised

^p preliminary

F too unreliable to be published

Note(s): Figures may not add up to totals as a result of rounding.

Source(s): Table 20-10-0076-01.

Note to readers

All data in this release are seasonally adjusted and expressed in current dollars unless otherwise noted.

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 [Section 2: Issues related to analysis and interpretation](#).

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 (see [Section 1: Concepts and definitions](#)) and provide information on longer-term movements, including underlying changes in direction in 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.

Total wholesale sales expressed in volume are calculated by deflating current dollar values using relevant price indexes. The wholesale sales series in chained (2012) dollars is a chained Fisher volume index, with 2012 as the reference year. For more information, see ["Deflation of wholesale sales."](#)

The Monthly Wholesale Trade Survey covers all industries within the wholesale trade sector, as defined by the North American Industry Classification System (NAICS), with the exception of business-to-business electronic markets, and agents and brokers (NAICS 419).

Starting with this release, the Monthly Wholesale Trade Survey uses the 2022 edition of the [North American Industry Classification System \(NAICS\)](#). The estimates are backcasted from December 2006 until now, meaning that the data released from the reference month of January 2023 is essentially a new dataset based on NAICS 2022.

The introduction of NAICS 2022 will enable the reorganisation of industries to better reflect the changes to the wholesale trade sector. Changes mainly impact the miscellaneous merchant wholesalers (NAICS code 418). This NAICS code continues to exist, but parts were transferred to other subsectors such as petroleum, petroleum products, and other hydrocarbons merchant wholesalers (412), personal and household goods merchant wholesalers (414), building material and supplies merchant wholesalers (416) and machinery, equipment and supplies merchant wholesalers (417).

Data users who would like to get more familiar with these changes can consult the [correspondence table](#) between the 2017 edition, version 3.0, and the 2022 edition, version 1.0.

This release also includes, for the first time, data on the oilseed and grain merchant wholesalers (NAICS code 41112) as well as the petroleum, petroleum products, and other hydrocarbons merchant wholesalers (NAICS code 412) which have been added to the Monthly Wholesale Trade Survey for increased coherence.

The content of the data tables was adjusted to reflect these additions.

Real-time data tables

Real-time data tables 20-10-0019-01, 20-10-0020-01 and 20-10-0005-01 will be updated soon.

Next release

Wholesale trade data for February will be released on April 17.

Available tables: [20-10-0015-01](#), [20-10-0076-01](#), [20-10-0003-01](#) and [20-10-0074-01](#).

Definitions, data sources and methods: survey number [2401](#).

The product "[Monthly Wholesale Trade Survey: Interactive Tool](#)" ([71-607-X](#)) is available online. This product is based on the data published in the tables of the Monthly Wholesale Trade Survey: [20-10-0074-01](#), [20-10-0076-01](#) and [20-10-0003-01](#).

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).