

# Monthly Survey of Manufacturing, May 2014

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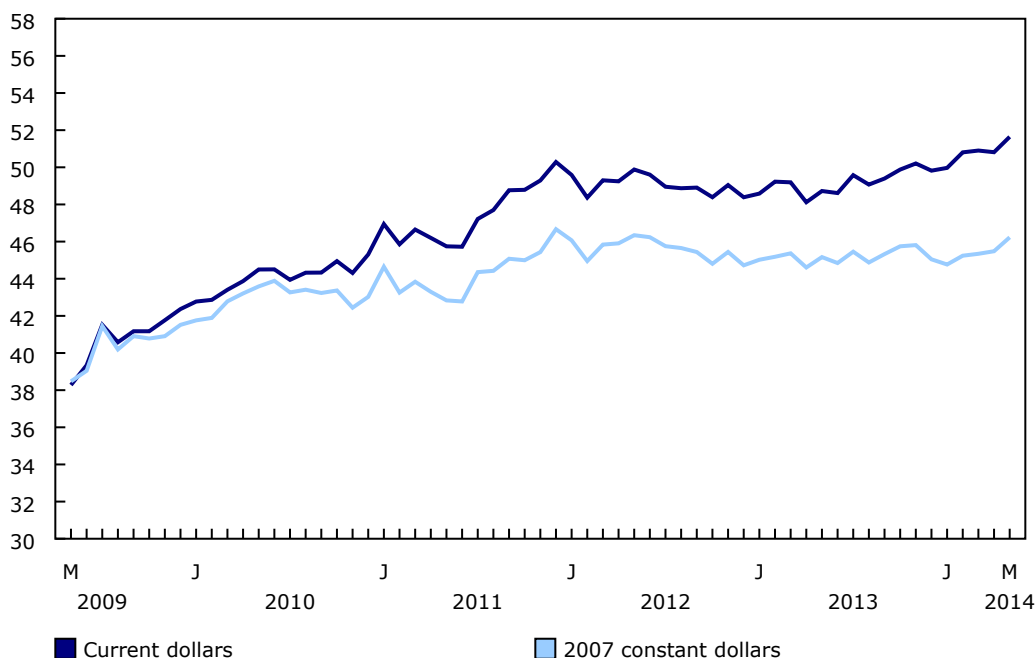
Manufacturing sales rose 1.6% to \$51.6 billion in May, the fourth increase in five months. The gain was largely due to higher sales in the petroleum and coal product and motor vehicle industries.

Sales rose in 11 of 21 industries, representing about 61% of the manufacturing sector.

Constant dollar sales were also up 1.6% in May, indicating a rise in the volume of goods sold.

## Chart 1 Manufacturing sales rise

billions of dollars



Note(s): Data are seasonally adjusted.

## Sales rise in the petroleum and coal and motor vehicle industries

In the petroleum and coal product industry, sales increased 7.2% to \$7.4 billion in May. The gain reflected a return to more normal sales levels at several refineries following partial shutdowns in April for maintenance and retooling work.

Sales in the motor vehicle industry increased 9.3% to \$4.9 billion, reaching the highest level since January 2012. Sales at some plants returned to normal levels after shutdowns for part of April.

Primary metal sales rose 2.4% to \$3.9 billion in May. Gains in the industry were widespread.

A 2.0% decline in the food industry offset some of the gains in May. One factor behind the decrease was lower than normal sales in the seafood product preparation and packaging industry.



## **Ontario manufacturing sales increase**

Manufacturing sales rose in six provinces in May, with almost two-thirds of the gain concentrated in Ontario.

In Ontario, sales rose 2.3% to \$24.1 billion, the fourth consecutive increase for the province. With the latest advance, sales reached their highest level since July 2008, before the last recession. Most of the gain in May was caused by higher sales in the motor vehicle industry.

Sales in New Brunswick rose 15.8% to \$1.6 billion, following six months of declines. Higher non-durable goods sales were the primary factor behind the gain.

The manufacturing sector in Alberta posted a 1.6% increase to \$6.7 billion in sales. The rise was the fifth consecutive monthly advance for the province. The gain in May stemmed from higher petroleum and coal product sales.

In Newfoundland and Labrador, sales declined 11.3% to \$488 million. Manufacturing sales in the province tend to be more volatile compared with other provinces. The decline reflected lower sales of non-durable goods.

Quebec manufacturing edged down 0.4% to \$11.8 billion in May. Declines in the food and paper industries were partly offset by higher primary metal sales.

## **Inventories decrease**

Inventories declined 0.6% to \$71.9 billion in May, the first decline in five months. The decrease in May was largely a result of lower inventories held by petroleum and coal product manufacturers.

In the petroleum and coal product industry, inventories dropped 7.1% to \$6.9 billion. Most of the decline reflected lower raw materials on hand at some plants.

Transportation equipment inventories declined 0.9% to \$12.8 billion in May. The decrease was caused by lower inventories in the motor vehicle as well as other transportation equipment industries.

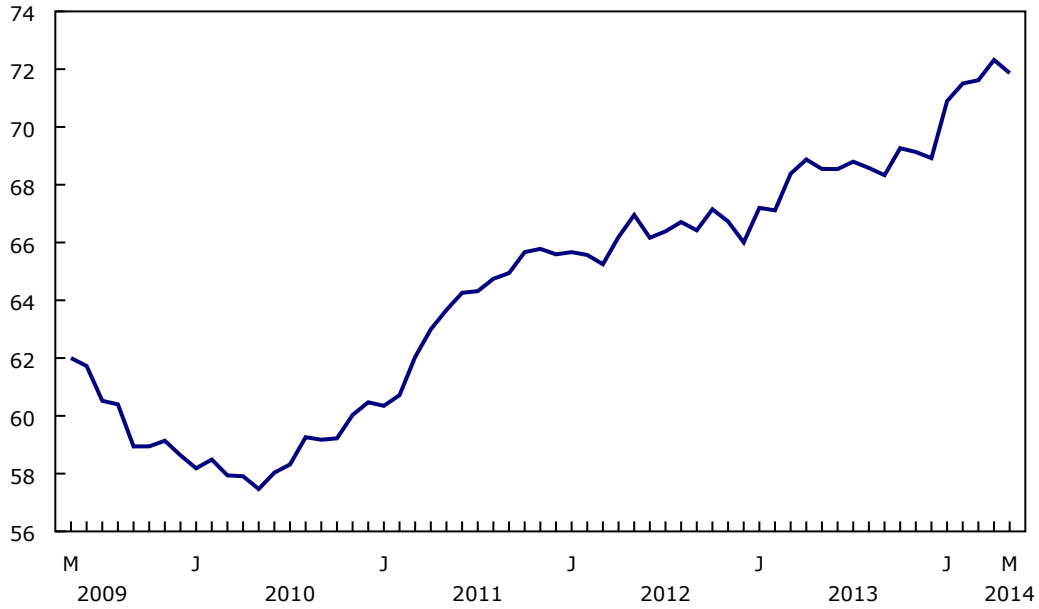
The declines were partly offset by a 1.4% gain in primary metal inventories and a 1.5% increase in the chemical industry.

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**Chart 2**  
**Inventories decrease**

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billions of dollars

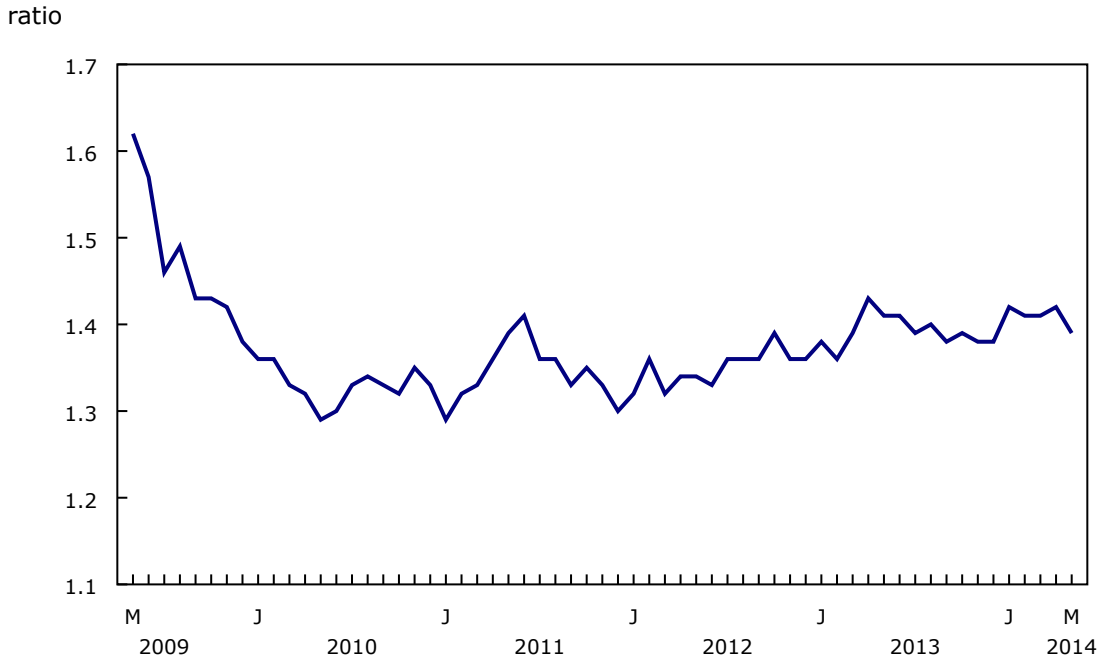


**Note(s):** Data are seasonally adjusted.

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The inventory-to-sales ratio decreased from 1.42 in April to 1.39 in May, its lowest level since December 2013. The ratio measures the time, in months, that would be required to exhaust inventories if sales were to remain at their current level.

**Chart 3**  
**The inventory-to-sales ratio declines**



Note(s): Data are seasonally adjusted.

### Unfilled orders decline

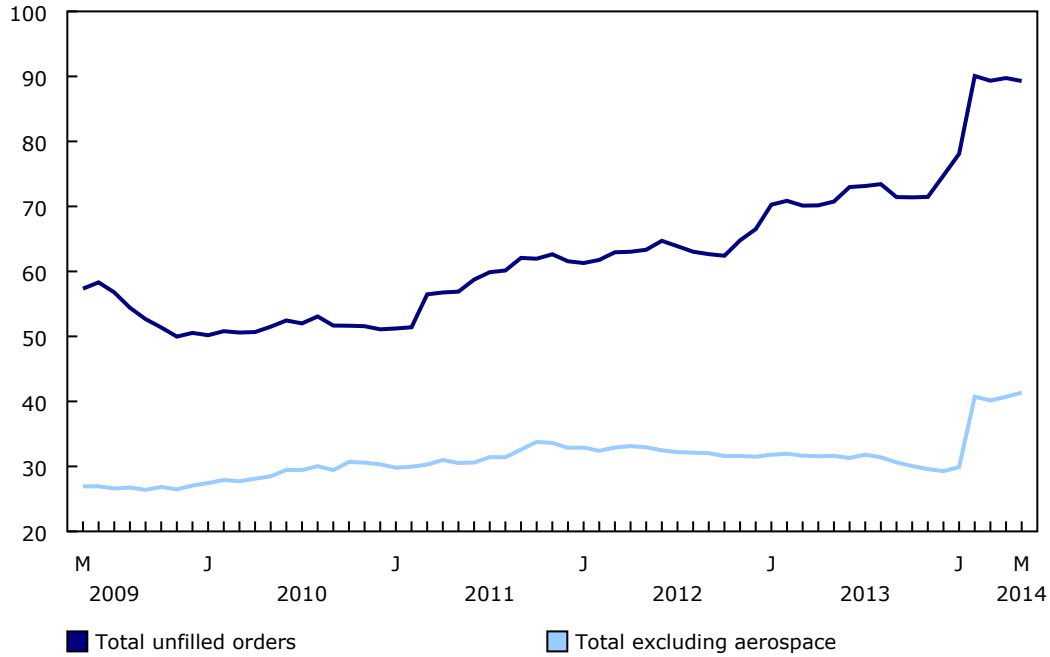
Unfilled orders were down 0.5% to \$89.3 billion in May as a result of a decline in the aerospace product and parts industry. Higher unfilled orders in the machinery and primary metal industries offset part of the decline.

In the aerospace product and parts industry, unfilled orders decreased 2.2% to \$47.9 billion in May. Part of the decrease reflected a 0.8% gain in the value of the Canadian dollar relative to the US dollar. Most unfilled orders in the aerospace industry are held in US dollars.

Unfilled orders rose 6.8% to \$7.2 billion in the machinery industry, the fourth increase in five months. With the advance in May, unfilled orders for the industry reached their highest level since July 2013. In the primary metal industry, unfilled orders advanced 20.1%, reaching their highest level since November 2008.

**Chart 4**  
**Unfilled orders decrease**

billions of dollars



**Note(s):** Data are seasonally adjusted.

New orders edged down 0.1% to \$51.2 billion. Declines in the transportation equipment and food industries were largely offset by gains in the petroleum and coal product and primary metal industries.

### **Note to readers**

Monthly data in this release are seasonally adjusted and expressed in current dollars unless otherwise specified. With this release, data for the previous three months have been revised.

**Non-durable goods industries** include food, beverage and tobacco products, textile mills, textile product mills, clothing, leather and allied products, paper, printing and related support activities, petroleum and coal products, chemicals, and plastics and rubber products.

**Durable goods industries** include wood products, non-metallic mineral products, primary metal, fabricated metal products, machinery, computer and electronic products, electrical equipment, appliances and components, transportation equipment, furniture and related products and miscellaneous manufacturing.

### **Production-based industries**

For the aerospace industry and shipbuilding industries, the value of production is used instead of sales of goods manufactured. This value is calculated by adjusting monthly sales of goods manufactured by the monthly change in inventories of goods in process and finished products manufactured.

**Unfilled orders** are a stock of orders that will contribute to future sales assuming that the orders are not cancelled.

**New orders** are those received whether sold in the current month or not. New orders are measured as the sum of sales for the current month plus the change in unfilled orders from the previous month to the current month.

### **Manufacturers reporting in US dollars**

Some Canadian manufacturers report sales, inventories and unfilled orders in US dollars. These data are then converted to Canadian dollars as part of the data production cycle.

For sales, based on the assumption that they occur throughout the month, the average monthly exchange rate for the reference month (noon spot rate) established by the Bank of Canada is used for the conversion. The monthly average exchange rate is available in CANSIM Table 176-0064.

Inventories and unfilled orders are reported at the end of the reference period. Therefore, for these variables, the noon spot exchange rate on the last working day of the month is used for the conversion. The noon spot exchange rate is available in CANSIM Table 176-0067. Note that because of exchange rate fluctuations, the monthly average exchange rate can differ substantially from the exchange rate on the last working day of the month.

**Table 1**  
**Manufacturing: Principal statistics – Seasonally adjusted**

	May 2013	April 2014 <sup>r</sup>	May 2014 <sup>P</sup>	April to May 2014	May 2013 to May 2014
	millions of dollars			% change <sup>1</sup>	
Manufacturing sales (current dollars)	48,723	50,813	51,641	1.6	6.0
Manufacturing sales (2007 constant dollars)	45,165	45,481	46,229	1.6	2.4
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	42,370	44,140	44,532	0.9	5.1
Inventories	68,547	72,320	71,864	-0.6	4.8
Unfilled orders	70,749	89,746	89,291	-0.5	26.2
New orders	49,312	51,226	51,185	-0.1	3.8
Inventory-to-sales ratio <sup>2</sup>	1.41	1.42	1.39	...	...

<sup>r</sup> revised

<sup>P</sup> preliminary

... not applicable

1. Percent change calculated at thousands of dollars for current dollars, and millions of dollars for constant dollars.

2. The ratio measures the time, in months, that would be required to exhaust inventories if sales were to remain at their current level.

**Table 2**  
**Manufacturing sales: Industry aggregates – Seasonally adjusted**

	May 2013	April 2014 <sup>r</sup>	May 2014 <sup>P</sup>	April to May 2014	May 2013 to May 2014
	millions of dollars			% change <sup>1</sup>	
Food manufacturing	7,374	7,901	7,740	-2.0	5.0
Beverage and tobacco product	1,006	1,011	1,013	0.2	0.7
Textile mills	113	120	119	-1.3	4.9
Textile product mills	135	139	143	2.9	6.0
Clothing manufacturing	209	194	193	-0.5	-7.9
Leather and allied product	39	40	37	-8.2	-4.9
Wood product	2,012	2,029	2,033	0.2	1.0
Paper manufacturing	1,925	2,175	2,141	-1.6	11.2
Printing and related support activities	756	744	748	0.5	-1.0
Petroleum and coal product	6,282	6,872	7,364	7.2	17.2
Chemical	4,019	4,029	4,003	-0.6	-0.4
Plastics and rubber products	2,074	2,110	2,128	0.9	2.6
Non-metallic mineral product	1,029	1,060	1,057	-0.3	2.7
Primary metal	3,608	3,803	3,893	2.4	7.9
Fabricated metal product	2,804	2,848	2,864	0.5	2.1
Machinery	2,860	2,844	2,824	-0.7	-1.3
Computer and electronic product	1,037	1,145	1,115	-2.7	7.5
Electrical equipment, appliance and component	862	868	869	0.0	0.8
Transportation equipment	8,577	8,996	9,494	5.5	10.7
Motor vehicle	4,427	4,468	4,885	9.3	10.3
Motor vehicle body and trailer	301	307	304	-0.9	1.2
Motor vehicle parts	1,926	2,205	2,225	0.9	15.5
Aerospace product and parts	1,473	1,520	1,573	3.5	6.8
Railroad rolling stock	104	60	69	15.7	-34.0
Ship and boat building	103	91	85	-6.5	-17.6
Furniture and related product	902	903	916	1.4	1.5
Miscellaneous manufacturing	1,098	981	949	-3.3	-13.6
Non-durable goods industries	23,933	25,335	25,629	1.2	7.1
Durable goods industries	24,790	25,478	26,012	2.1	4.9

<sup>r</sup> revised

<sup>P</sup> preliminary

1. Percent change calculated at thousands of dollars.

**Table 3**  
**Manufacturing sales: Provinces and territories – Seasonally adjusted**

	May 2013	April 2014 <sup>r</sup>	May 2014 <sup>p</sup>	April to May 2014	May 2013 to May 2014
	millions of dollars			% change <sup>1</sup>	
<b>Canada</b>	<b>48,723</b>	<b>50,813</b>	<b>51,641</b>	<b>1.6</b>	<b>6.0</b>
Newfoundland and Labrador	512	551	488	-11.3	-4.7
Prince Edward Island	118	121	103	-14.8	-12.0
Nova Scotia	887	593	573	-3.3	-35.4
New Brunswick	1,653	1,389	1,608	15.8	-2.7
Quebec	10,754	11,817	11,766	-0.4	9.4
Ontario	22,639	23,533	24,065	2.3	6.3
Manitoba	1,297	1,279	1,294	1.2	-0.2
Saskatchewan	1,391	1,423	1,458	2.4	4.8
Alberta	6,096	6,589	6,694	1.6	9.8
British Columbia	3,372	3,514	3,586	2.0	6.3
Yukon	2	2	2	7.2	-6.6
Northwest Territories and Nunavut	2	3	3	1.9	20.8

<sup>r</sup> revised

<sup>p</sup> preliminary

1. Percent change calculated at thousands of dollars.

**Available in CANSIM: tables 304-0014, 304-0015 and 377-0009.**

**Definitions, data sources and methods: survey number 2101.**

Data from the June Monthly Survey of Manufacturing will be released on August 15.

For more information, contact us (toll-free 1-800-263-1136; 514-283-8300; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)).

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