

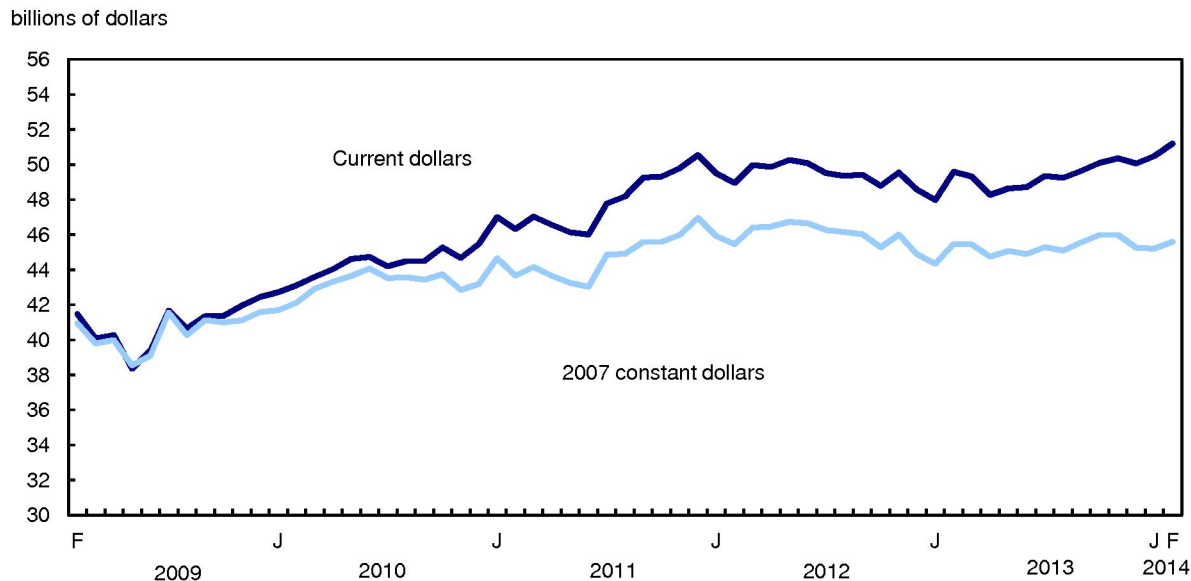
Monthly Survey of Manufacturing, February 2014

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, April 15, 2014

Canadian manufacturing sales increased 1.4% to \$51.2 billion in February. The sales level was the highest since July 2008, the peak that was reached before the last recession began. Manufacturing sales have risen in 8 of the past 10 months. The gain in February was largely attributable to higher sales in the transportation equipment industry and the petroleum and coal product industry.

Constant dollar sales rose 0.8%, indicating a rise in the volume of goods sold. In contrast to current dollar sales, constant dollar sales remained 8.2% below the July 2008 peak.

Chart 1
Manufacturing sales increase



Note(s): Data are seasonally adjusted.

Sales of transportation equipment and petroleum and coal products increase

Transportation equipment sales rose 4.3% to \$8.9 billion in February. The advance partly stemmed from a 6.4% increase in motor vehicle parts sales. The motor vehicle assembly and other transportation equipment industries also posted gains in February.

Sales in the petroleum and coal product industry increased 2.9% to \$7.5 billion, reaching their highest level since March 2012. Most of the gain reflected a 2.5% rise in prices for the industry, as reported by the February Industrial Product Price Index.

Lower sales in the food (-0.6%), computer and electronic product, (-3.8%) and wood product (-1.5%) industries partly offset these gains. Sales declines were widespread in these industries.



Sales gains concentrated in Ontario

While seven provinces posted higher sales in February, the bulk of the gain was concentrated in Ontario.

In Ontario, sales rose 2.9% to \$23.3 billion in February. About half of the provincial gain stemmed from a 4.8% advance in the transportation equipment industry. Sales rose 7.1% in the primary metal industry and 5.7% in the petroleum and coal product industry. A 5.5% decline in the computer and electronic product industry offset some of the gains.

Manufacturing sales in Newfoundland and Labrador advanced 16.2% to \$592 million in February, following a 14.9% decline in January. Sales in Newfoundland and Labrador are more volatile compared with manufacturing sales in other provinces.

In Manitoba, manufacturing sales rose 6.3% to \$1.3 billion, reaching the highest level since July 2012. Most of the gain reflected an increase in the transportation equipment industry.

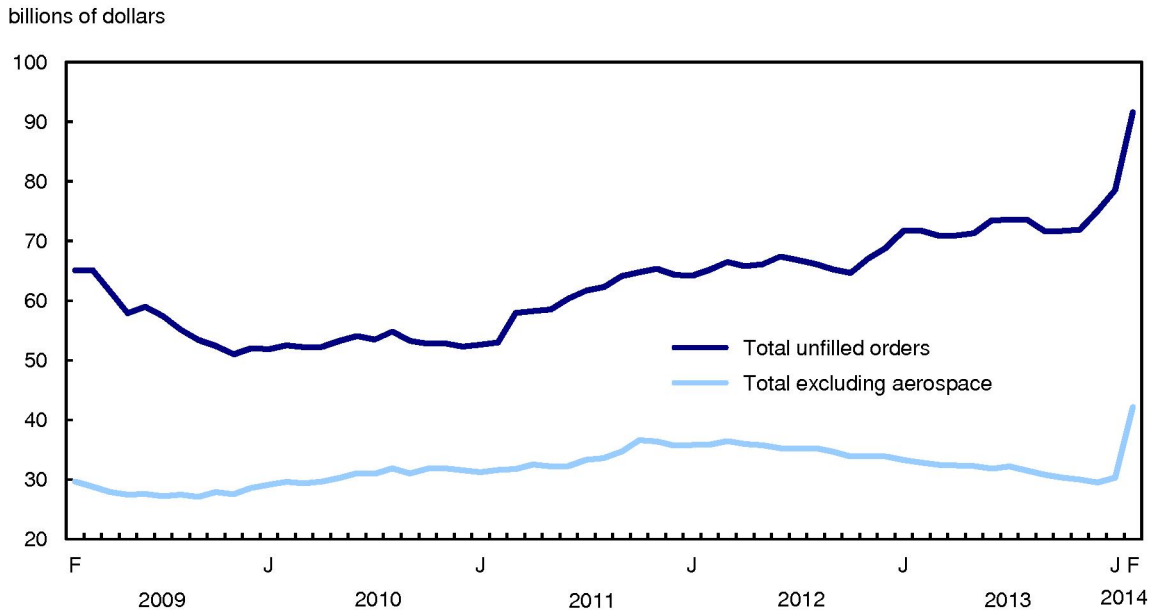
Sales in British Columbia declined 3.0% to \$3.4 billion in February. Approximately half of the provincial decline was the result of a 7.8% decrease in the wood product industry. Sales were also down in the food and machinery industries.

Unprecedented advance in unfilled orders

In February, unfilled orders posted the largest monthly increase since the current series began in 1992, advancing 16.5% to \$91.6 billion. The gain was attributable to orders received by transportation equipment manufacturers. Unfilled orders for the manufacturing sector have risen substantially over the past four years. The level reached in February was 79.6% higher than the post-recession low of \$51.0 billion posted in November 2009.

In the transportation equipment industry, unfilled orders jumped 23.4% to \$66.6 billion, reaching the highest level on record. Orders received in the other transportation equipment sub-industry as well as the aerospace product and parts sub-industry were responsible for the gain.

Chart 2
Unprecedented advance in unfilled orders



Note(s): Data are seasonally adjusted.

New orders for the manufacturing sector rose 18.8% to \$64.2 billion as a result of gains in the transportation equipment industry.

Inventories increase

Inventories rose 1.1% to \$72.3 billion in February, the sixth advance in eight months. The increase reflected higher inventory levels in the transportation equipment, wood product and fabricated metal product industries.

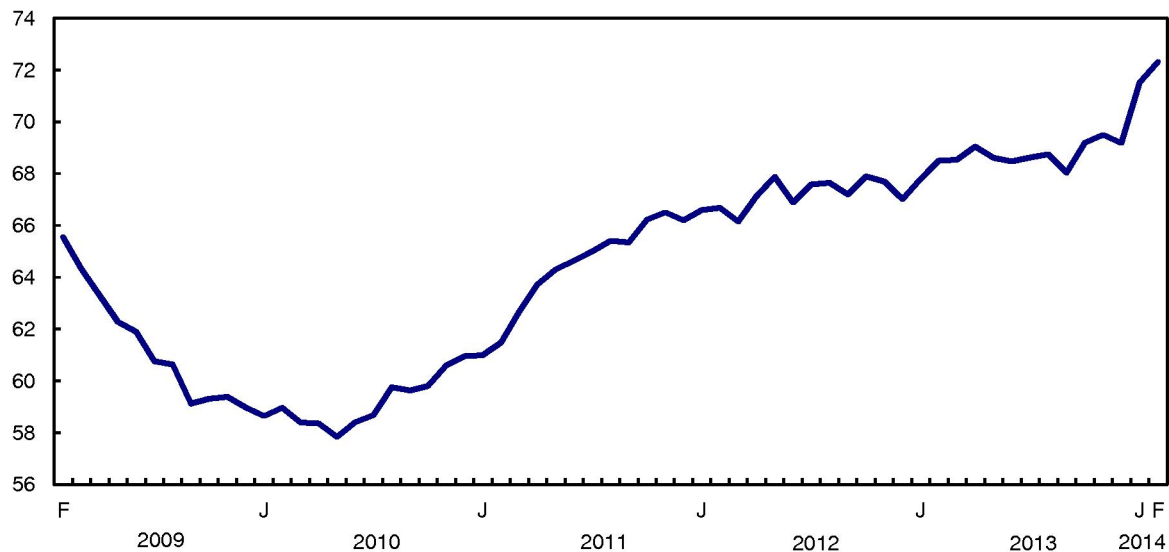
In the transportation equipment industry, inventories rose 1.7% to \$13.1 billion. The gain mostly stemmed from higher inventories of aerospace products and parts. Other transportation equipment inventories also rose in February.

Wood product inventories increased 4.2% to \$3.9 billion in February. Approximately 63% of the gain reflected higher raw materials on hand.

Inventories of fabricated metal products rose 1.6% to \$4.7 billion. This was the 4th increase in 12 months.

Chart 3
Inventories increase

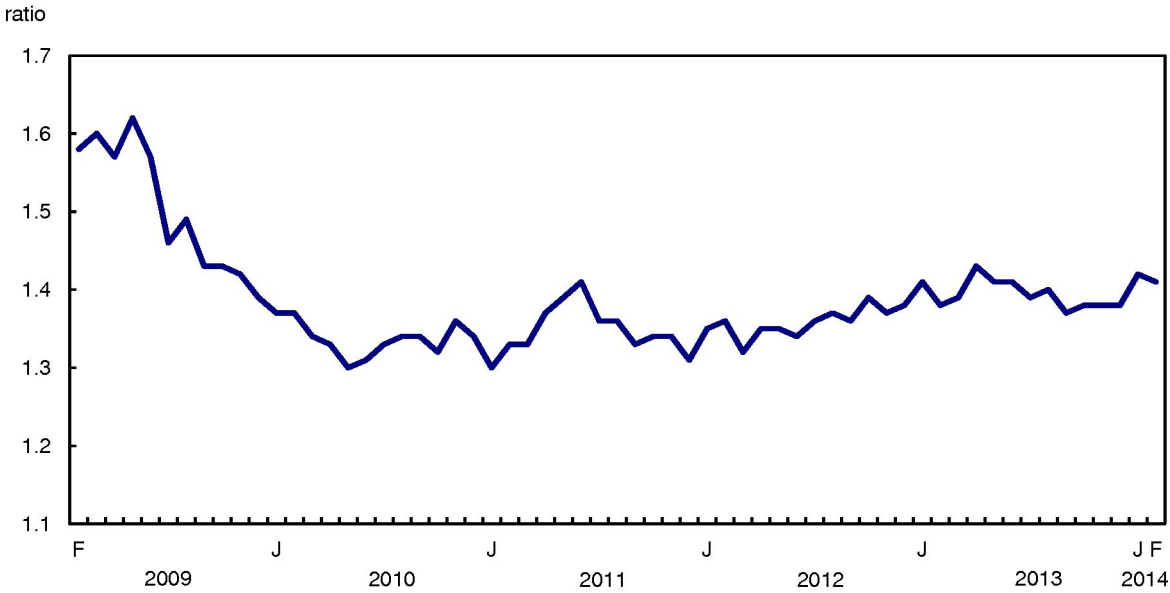
billions of dollars



Note(s): Data are seasonally adjusted.

The inventory-to-sales ratio edged down from 1.42 in January to 1.41 in February. The inventory-to-sales ratio measures the time, in months, that would be required to exhaust inventories if sales were to remain at their current level.

Chart 4
The inventory-to-sales ratio declines



Note(s): Data are seasonally adjusted.

Note to readers

Monthly data in this release are seasonally adjusted and are expressed in current dollars unless otherwise specified.

Statistics Canada will be releasing revised monthly manufacturing data on May 15, 2014, in accordance with standard practices. Sales of goods manufactured, inventories, and orders in current dollars will be revised back to January 2009 for unadjusted data and to January 2007 for seasonally adjusted and constant dollar data.

The revisions will be based on three sources. The monthly data are compared with the latest information available from the Annual Survey of Manufactures and Logging (ASML). Revisions are made based on new information from respondents, the availability of more up-to-date administrative data, and through reconciliation with the ASML data. The seasonal adjustment parameters will also be reviewed.

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 on 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 on 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

	February 2013	January 2014 ^r	February 2014 ^p	January to February 2014	February 2013 to February 2014
	millions of dollars			% change ¹	
Manufacturing sales (current dollars)	49,583	50,480	51,200	1.4	3.3
Manufacturing sales (2007 constant dollars)	45,475	45,211	45,593	0.8	0.3
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	43,327	44,212	44,705	1.1	3.2
Inventories	68,500	71,521	72,306	1.1	5.6
Unfilled orders	71,756	78,580	91,555	16.5	27.6
New orders	49,613	54,024	64,176	18.8	29.4
Inventory-to-sales ratio	1.38	1.42	1.41

^r revised

^p preliminary

... not applicable

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

Table 2
Manufacturing sales: Industry aggregates – Seasonally adjusted

	February 2013	January 2014 ^r	February 2014 ^p	January to February 2014	February 2013 to February 2014
	millions of dollars			% change ¹	
Food manufacturing	7,384	7,710	7,661	-0.6	3.8
Beverage and tobacco product	991	1,025	1,038	1.2	4.8
Textile mills	114	126	124	-1.0	9.1
Textile product mills	132	144	137	-5.0	3.2
Clothing manufacturing	196	219	225	2.8	14.8
Leather and allied product	33	36	35	-2.8	6.3
Wood product	2,050	2,023	1,992	-1.5	-2.8
Paper manufacturing	1,966	2,016	2,054	1.9	4.5
Printing and related support activities	791	758	774	2.2	-2.1
Petroleum and coal product	7,065	7,319	7,534	2.9	6.6
Chemical	3,949	4,043	4,055	0.3	2.7
Plastics and rubber products	1,969	2,031	2,048	0.8	4.0
Non-metallic mineral product	1,007	1,047	1,075	2.7	6.7
Primary metal	3,720	3,801	3,854	1.4	3.6
Fabricated metal product	2,782	2,742	2,753	0.4	-1.1
Machinery	2,980	2,995	3,005	0.3	0.8
Computer and electronic product	1,103	1,103	1,062	-3.8	-3.8
Electrical equipment, appliance and component	876	841	844	0.3	-3.8
Transportation equipment	8,440	8,553	8,925	4.3	5.7
Motor vehicle	4,337	4,258	4,356	2.3	0.4
Motor vehicle body and trailer	303	321	338	5.5	11.7
Motor vehicle parts	1,919	2,010	2,139	6.4	11.5
Aerospace product and parts	1,427	1,510	1,541	2.1	8.0
Railroad rolling stock	85	82	92	13.1	8.8
Ship and boat building	99	103	99	-4.4	-0.1
Furniture and related product	875	896	932	4.1	6.5
Miscellaneous manufacturing	1,159	1,054	1,072	1.8	-7.4
Non-durable goods industries	24,590	25,426	25,686	1.0	4.5
Durable goods industries	24,993	25,054	25,514	1.8	2.1

^r revised

^p preliminary

1. Percent change calculated at thousands of dollars.

Table 3
Manufacturing sales: Provinces and territories – Seasonally adjusted

	February 2013	January 2014 ^r	February 2014 ^P	January to February 2014	February 2013 to February 2014
	millions of dollars			% change ¹	
Canada	49,583	50,480	51,200	1.4	3.3
Newfoundland and Labrador	408	509	592	16.2	45.1
Prince Edward Island	114	121	127	5.1	11.4
Nova Scotia	853	779	778	-0.2	-8.8
New Brunswick	1,877	1,714	1,722	0.5	-8.2
Quebec	11,809	12,055	12,014	-0.3	1.7
Ontario	22,490	22,636	23,282	2.9	3.5
Manitoba	1,322	1,263	1,342	6.3	1.6
Saskatchewan	1,217	1,326	1,372	3.5	12.8
Alberta	6,175	6,538	6,540	0.0	5.9
British Columbia	3,314	3,533	3,426	-3.0	3.4
Yukon	3	2	2	17.9	-16.4
Northwest Territories and Nunavut	2	2	2	12.5	14.4

^r revised

^P 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 March Monthly Survey of Manufacturing will be released on May 15.

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

To enquire about the concepts, methods or data quality of this release, contact Michael Schimpf (613-951-9832; michael.schimpf@statcan.gc.ca), Manufacturing and Wholesale Trade Division.