

# Monthly Survey of Manufacturing, January 2014

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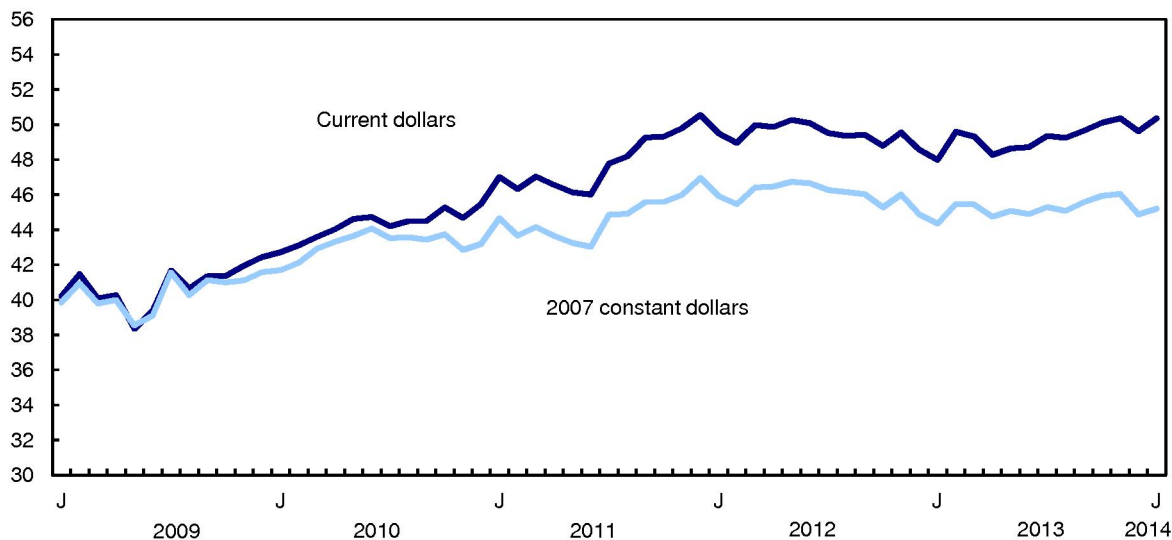
Manufacturing sales rose 1.5% to \$50.4 billion in January, the largest gain since February 2013. The increase mostly reflected higher sales in the primary metal, food and miscellaneous industries.

Sales were up in 12 of 21 industries, representing about 46% of the manufacturing sector sales in January. On the durable goods side of manufacturing, sales were up 2.0% while non-durable goods sales rose 1.0%.

Constant dollar sales increased 0.7%, indicating that just under half of the gain reflected higher volumes of goods sold.

## Chart 1 Manufacturing sales increase

billions of dollars



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

## Primary metal sales lead the gains

Sales advanced 8.0% to \$3.8 billion in the primary metal industry in January. The increase partly reflected higher sales by iron and steel mills and ferro-alloy manufacturers. Higher prices also contributed to the gain in the industry.

In the food industry, sales were up 2.7% to \$7.7 billion, the third increase in five months. The level in January was the highest since the current series began.

Miscellaneous manufacturing sales rose 20.3% to \$1.1 billion in January following an 11.8% decrease in December.

Chemical sales rose 2.7% to \$4.1 billion in January, reaching the highest level since October 2008. Computer and electronic product sales rose for the second time in nine months, up 11.0% to \$1.1 billion in January.



A 1.2% decline in transportation equipment sales offset a portion of the overall advance. The decrease was largely caused by lower motor vehicle sales (down 4.7% to \$4.4 billion).

## **Sales rise in Quebec**

Sales were up in four provinces in January, led by Quebec.

In Quebec, sales advanced 4.4% to \$12.1 billion. The increase was the largest since January 2011. Sales rose 12.0% in the primary metal industry and production was up 14.8% in the aerospace product and parts industry. Higher sales in the food industry also contributed to the provincial advance.

Alberta manufacturing sales rose 4.3% to \$6.5 billion, the highest level since November 2011. Sales rose in the petroleum and coal product industry as well as the chemical industry in January.

Sales in British Columbia increased 3.3% to \$3.5 billion. The gain reflected sales increases in 16 of 21 industries, led by the wood product industry. Sales in the wood product industry have returned to pre-recession levels over the past 12 months.

The largest provincial decline was in Newfoundland and Labrador, where manufacturing sales were down 14.5% to \$513 million.

## **Inventories increase substantially**

Manufacturing inventories advanced 3.6% to \$71.4 billion. The gain in January reflected higher inventory levels in almost all manufacturing industries, led by the aerospace product and parts industry.

Aerospace product and parts inventories rose 6.7% to \$8.1 billion in January, the largest percentage gain since July 2012. The gain partly reflected an increase in the value of the US dollar compared with the Canadian dollar. Most inventories in the aerospace industry are held in US dollars.

In the petroleum and coal product industry, inventories rose 6.2% to \$6.2 billion, the second highest level on record. Most of the gain reflected higher volumes of goods-in-process and finished product inventories at refineries.

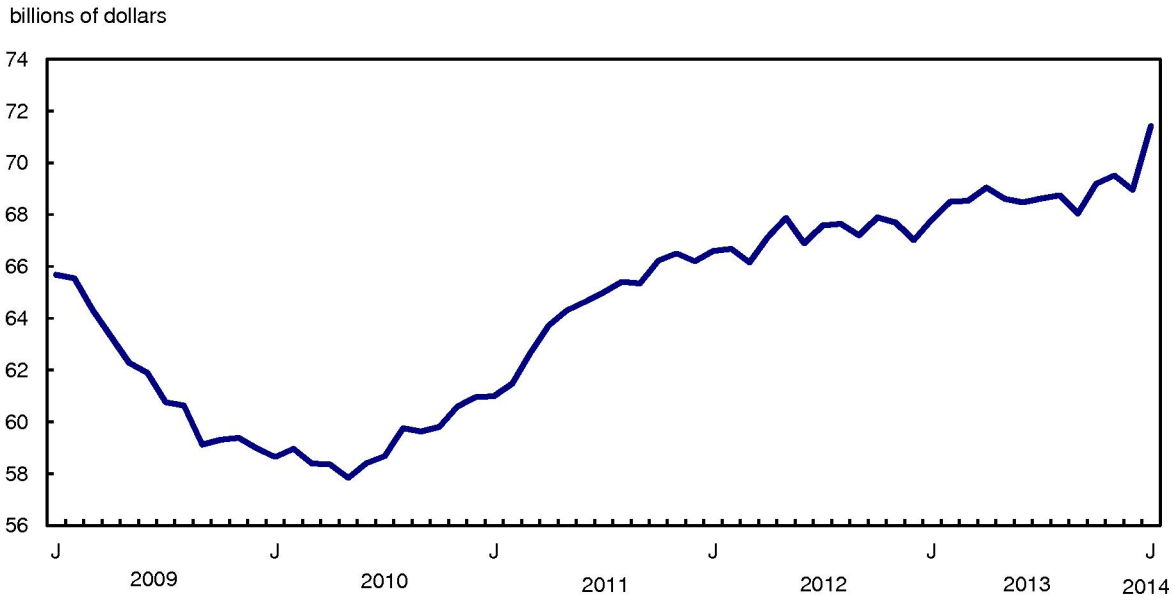
Inventories in the machinery industry rose 4.4% to \$6.9 billion in January. The gain reflected widespread increases reported by a large number of companies.

Inventories also advanced in the computer and electronic product (+6.9%), motor vehicle (+15.3%), and motor vehicle parts (+12.3%) industries.

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**Chart 2**  
**Inventories increase substantially**

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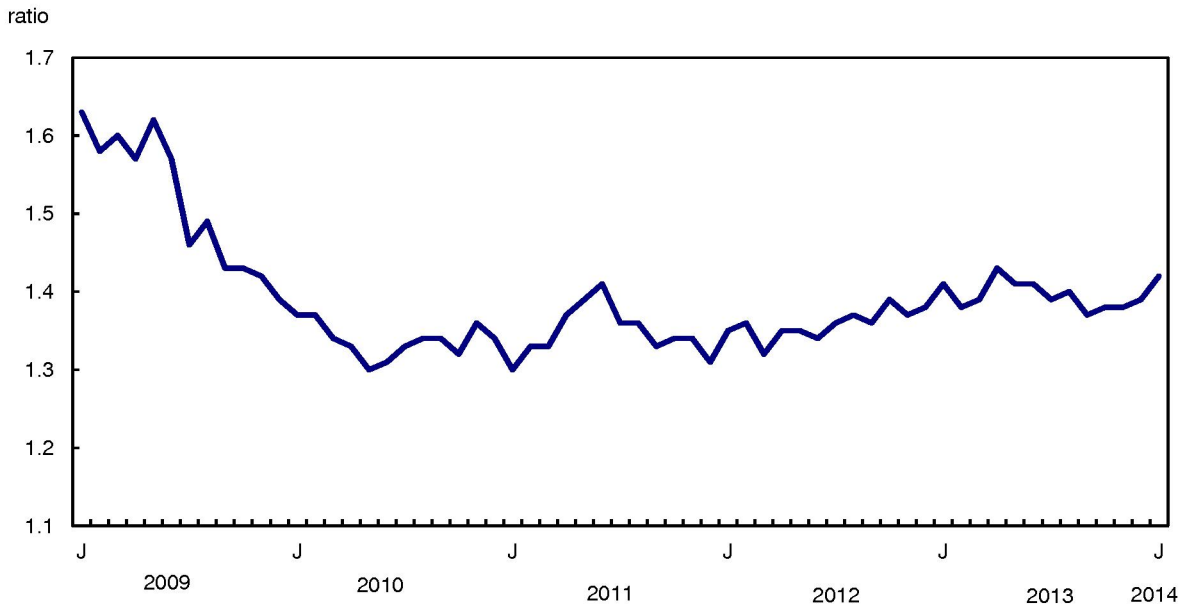


**Note(s):** Data are seasonally adjusted.

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The inventory-to-sales ratio rose from 1.39 in December to 1.42 in January, the highest level since April 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 rises**



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

**Unfilled orders continue to advance**

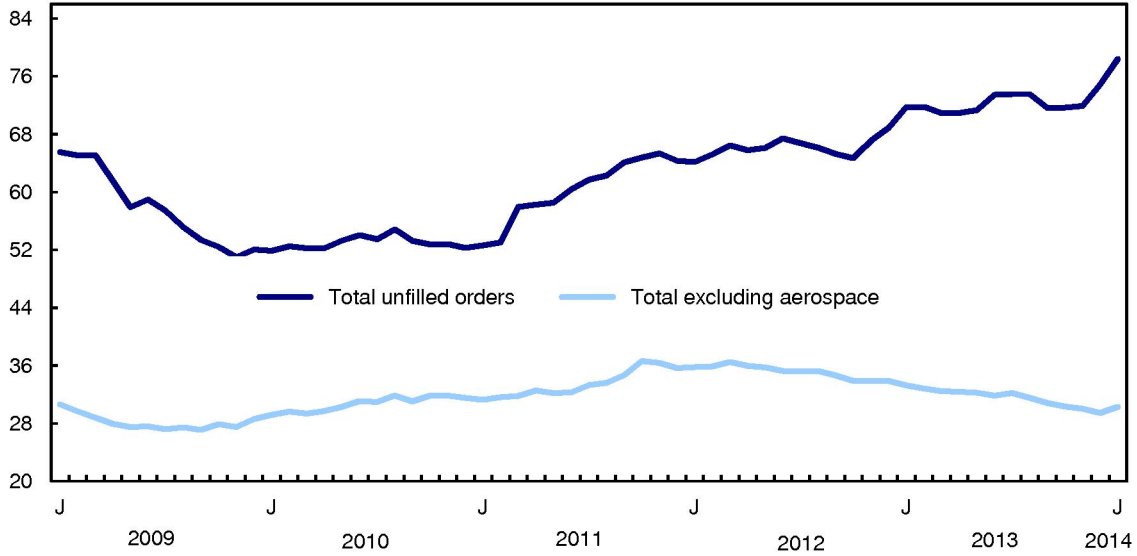
Unfilled orders rose 4.8% to \$78.4 billion in January, following a 4.1% increase in December. Over three-quarters of the increase in January was a result of higher unfilled orders in the aerospace product and parts industry. Unfilled orders were also up in the machinery industry.

In the aerospace product and parts industry, unfilled orders rose 6.0% to \$48.1 billion. The gain in January continued an upward trend over the past three years. Since reaching a low of \$20.7 billion in December 2010, aerospace unfilled orders have more than doubled. The latest increase mostly reflected a 4.5% advance in the value of the US dollar relative to the Canadian dollar in January. The majority of unfilled orders in the industry are held in US dollars.

Unfilled orders in the machinery industry increased 5.3%, following five months of declines. The gain in January stemmed from widespread increases reported by many companies.

**Chart 4**  
**Unfilled orders continue to advance**

billions of dollars



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

New orders rose 2.6% to \$53.9 billion, mostly reflecting gains in the machinery, primary metal and food industries.

### Note to readers

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

**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**

	January 2013	December 2013 <sup>r</sup>	January 2014 <sup>P</sup>	December 2013 to January 2014	January 2013 to January 2014
	millions of dollars			% change <sup>1</sup>	
Manufacturing sales (current dollars)	47,977	49,607	50,361	1.5	5.0
Manufacturing sales (2007 constant dollars)	44,347	44,878	45,199	0.7	1.9
Manufacturing sales (current dollars) excluding motor vehicles, parts and accessories	42,611	43,084	44,036	2.2	3.3
Inventories	67,802	68,959	71,415	3.6	5.3
Unfilled orders	71,726	74,860	78,423	4.8	9.3
Unfilled orders excluding motor vehicles, parts and accessories	70,413	73,432	76,886	4.7	9.2
New orders	50,844	52,573	53,925	2.6	6.1
New orders excluding motor vehicles, parts and accessories	45,466	46,128	47,490	3.0	4.5
Inventory-to-sales ratio	1.41	1.39	1.42	...	...

<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.

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

	January 2013	December 2013 <sup>r</sup>	January 2014 <sup>p</sup>	December 2013 to January 2014	January 2013 to January 2014
	millions of dollars			% change <sup>1</sup>	
Food manufacturing	7,318	7,516	7,719	2.7	5.5
Beverage and tobacco product	994	977	1,017	4.2	2.4
Textile mills	119	125	128	2.1	7.1
Textile product mills	133	134	145	7.6	8.6
Clothing manufacturing	199	199	189	-5.3	-5.2
Leather and allied product	32	33	41	24.3	27.3
Wood product	1,984	1,982	2,031	2.5	2.4
Paper manufacturing	1,965	2,040	2,034	-0.3	3.5
Printing and related support activities	771	749	746	-0.5	-3.3
Petroleum and coal product	6,983	7,314	7,253	-0.8	3.9
Chemical	3,891	3,983	4,092	2.7	5.2
Plastics and rubber products	1,983	2,079	2,048	-1.5	3.3
Non-metallic mineral product	1,003	1,014	1,040	2.6	3.8
Primary metal	3,764	3,558	3,841	8.0	2.1
Fabricated metal product	2,824	2,768	2,708	-2.2	-4.1
Machinery	2,788	2,971	2,958	-0.4	6.1
Computer and electronic product	1,090	974	1,081	11.0	-0.9
Electrical equipment, appliance and component	876	794	829	4.5	-5.3
Transportation equipment	7,327	8,654	8,549	-1.2	16.7
Motor vehicle	3,437	4,571	4,357	-4.7	26.8
Motor vehicle body and trailer	319	286	308	7.7	-3.4
Motor vehicle parts	1,929	1,951	1,967	0.8	2.0
Aerospace product and parts	1,192	1,437	1,484	3.3	24.5
Railroad rolling stock	86	101	81	-19.6	-5.5
Ship and boat building	89	89	100	12.3	11.4
Furniture and related product	861	867	858	-1.1	-0.3
Miscellaneous manufacturing	1,071	875	1,053	20.3	-1.8
Non-durable goods industries	24,389	25,150	25,412	1.0	4.2
Durable goods industries	23,588	24,456	24,949	2.0	5.8

<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**

	January 2013	December 2013 <sup>r</sup>	January 2014 <sup>p</sup>	December 2013 to January 2014	January 2013 to January 2014
	millions of dollars			% change <sup>1</sup>	
<b>Canada</b>	<b>47,977</b>	<b>49,607</b>	<b>50,361</b>	<b>1.5</b>	<b>5.0</b>
Newfoundland and Labrador	619	600	513	-14.5	-17.1
Prince Edward Island	107	126	121	-3.7	13.1
Nova Scotia	875	769	764	-0.6	-12.7
New Brunswick	1,632	1,719	1,704	-0.9	4.4
Quebec	11,413	11,557	12,069	4.4	5.7
Ontario	21,410	22,616	22,582	-0.2	5.5
Manitoba	1,266	1,242	1,261	1.6	-0.4
Saskatchewan	1,188	1,325	1,310	-1.1	10.3
Alberta	6,089	6,247	6,516	4.3	7.0
British Columbia	3,374	3,402	3,516	3.3	4.2
Yukon	2	2	2	-6.5	-8.3
Northwest Territories and Nunavut	2	2	2	-11.2	0.4

<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 February Monthly Survey of Manufacturing will be released on April 15.

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

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