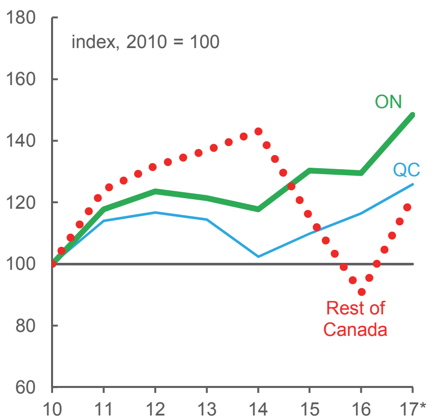
December 15, 2017

Solid, Albeit Easing Provincial Manufacturing Gains

- **Manufacturing shipments through October this year** indicate broad-based regional strength. Seven provinces are witnessing gains over 7% (nsa, y/y) (table 1), with increases across multiple industries. Shipments of food, wood, machinery and fabricated metal products are up more than 4% (nsa, y/y) in a majority of provinces (table 2, p.2).
- **The momentum in sales reported at points during the first half of 2017 has moderated** in a number of provinces since June. On a seasonally adjusted basis, the volatile month-to-month gains indicated for national shipments reflect considerable provincial shifts. BC is an exception, standing out for a relatively steady upward path to date this year.
- **Rising oil prices in 2017** have boosted the value of shipments in the provinces with refineries, notably Newfoundland & Labrador, New Brunswick, Quebec, Ontario, Saskatchewan, Alberta and to a lesser extent BC. Excluding petroleum & coal products, Ontario's cumulative ten-month gain (nsa) slows from 1.8% to 1.0% y/y and Alberta's growth cools from 13.8% to 10.6% y/y.
- **Motor vehicle assembly and parts,** which accounted for over 30% of the Ontario's shipments during 2014–16, are complicating the province's manufacturing profile this year. Shipments weakened with a production line in Oshawa discontinued late in the summer and a strike starting in September and lasting into October. Excluding motor vehicles & parts and petroleum & coal products, Ontario's shipments are up 5.1% y/y through October.
- **Machinery shipments** represent one area of significant growth, up a torrid 19.2% y/y through October, with gains across most provinces. In dollar terms, Ontario leads with a 38% share of the Canadian increase (chart 1). Alberta, however, is punching above its weight given repairs and new investment in the oil & gas sector and related industries (chart 2).

Chart 1

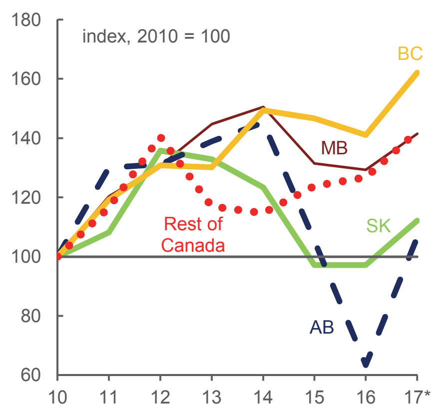
Machinery Shipments: Central Canada...



* Jan - Oct. Source: Statistics Canada.

Chart 2

... And the Other Provinces



* Jan - Oct. Source: Statistics Canada.

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Table 1

Manufacturing Shipments
% change

	2016	Jan.-Oct., 2017
		nsa, y/y
Canada	1.2	6.2
NL	-15.4	28.2
PE	4.8	7.3
NS	4.2	3.7
NB	-3.8	13.2
QC	-0.1	9.4
ON	4.0	1.8
MB	1.3	5.7
SK	0.8	12.6
AB	-8.0	13.8
BC	4.7	8.2

Source: Statistics Canada.

Table 2

Manufacturing Shipments by Industry, January-October, 2017*

not seasonally adjusted, year-over-year % change

	Canada	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
Total Manufacturing	**6.2**	**28.2**	**7.3**	**3.7**	**13.2**	**9.4**	**1.8**	**5.7**	**12.6**	**13.8**	**8.2**
Non-Durable Goods	**8.6**	31.5	8.8	4.0	15.2	9.0	6.3	5.5	14.3	10.9	5.5
Food	**5.2**	-	-	-3.5	-	5.4	5.9	4.8	9.7	3.2	4.8
Textile Product Mills	**1.3**	-	-	-	-	-	-3.9	-	-	-	-
Clothing	**1.0**	-	-	-	-	-	-	-	-	-	-
Paper	**5.8**	-	-	-	-	5.0	4.7	-	-	14.6	8.0
Printing & Related	**-1.2**	-	-	-	-	-3.4	1.0	7.4	-12.4	-9.7	-2.3
Petroleum & Coal	**23.8**	-	-	-	-	-	20.3	-	-	26.8	-
Chemical	**4.9**	-	-	-	-	8.5	1.7	4.8	-	5.4	6.0
Plastics & Rubber	**9.8**	-	-	14.8	-	14.6	6.4	-	-	12.2	-
Durable Goods	**4.1**	10.3	3.4	3.2	4.8	9.7	-0.7	5.8	8.8	21.0	10.2
Wood Product	**9.9**	-	-	3.7	7.1	8.1	15.8	-0.3	26.1	11.8	8.1
Non-Metallic Mineral Product	**10.5**	-	-	2.0	-	9.2	13.1	12.3	-	2.4	15.1
Primary Metal	**11.5**	-	-	0.0	-	13.6	7.9	6.5	-	-	20.1
Fabricated Metal	**5.7**	-	-	-4.0	24.7	9.4	4.2	9.2	1.5	7.4	5.7
Machinery	**19.2**	-	-	-16.5	-	8.1	14.6	9.4	15.4	68.1	14.9
Computer & Electronic Product	**-0.3**	-	-	-3.3	-	7.9	-2.5	-17.3	-	14.7	-4.6
Electrical Equipment & Appliances	**3.3**	-	-	-	-	3.9	0.1	8.9	-	0.0	19.0
Transportation Equipment	**-2.2**	-	-	-	-	9.7	-5.1	10.5	-	18.3	13.0
Furniture	**0.3**	-	-	-	-	8.4	-4.7	-	-	0.9	2.9
Miscellaneous	**-9.8**	-	-	-	-	2.4	-17.9	-23.4	-	-	8.7

* Hyphen (-) where data not available. Source: Statistics Canada.