



## Manufacturing Sales Analysis – May 2016

### Sales dip in May on lower auto production

Manufacturing sales fell for the third time in the last four months in May, driven down once again by lower motor vehicles production. Overall sales fell by just under 1.0 per cent in May, dropping to \$49.9 billion. That decline offset a similar-sized increase in April, returning output back to March levels.

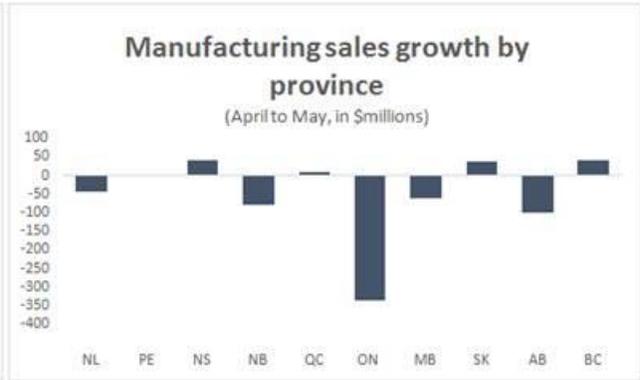
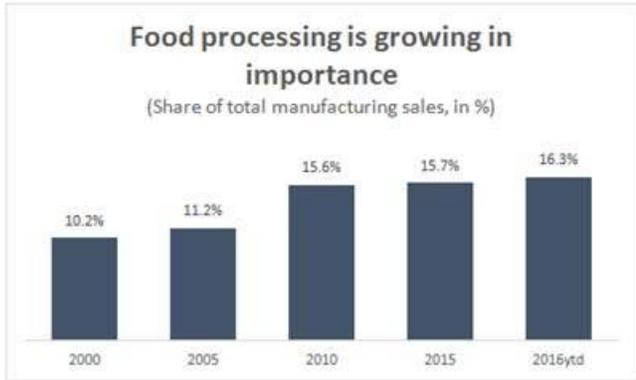
Although manufacturing sales have been falling through most of 2016, year-to-date output is still tracking slightly higher than last year. Thanks to a strong January, overall sales through five months are 0.8 per cent higher than they were over the same period last year.



The outlook for future production activity remained stable in May. New non-aerospace orders for manufactured goods fell slightly compared to April, but are keeping pace with last year's levels. For their part, aerospace orders received a boost in April and May from Delta Airlines' purchase of 75 CSeries jets from Bombardier. The additional purchase of 45 more planes by Air Canada will trigger another jump in aerospace orders in June.

May was a down month for most manufacturers. Of Canada's eleven largest manufacturing industries, only four recorded higher sales, while the rest were lower. On the positive side, aerospace sales rose by 4.6 per cent, helping to offset two months of relatively weak activity. The story was much the same in plastics- and rubber-producing industries, where May's 3.2 per cent increase brought overall sales back to March levels after a weak April. Sales were also up in wood products industries (2.6 per cent) and food processing (0.8 per cent).

While much of the focus in Canadian manufacturing tends to be on industries like auto parts, aerospace, machinery and fabricated metals, the country's food products businesses have quietly grown into a manufacturing powerhouse. Food processing sales are regularly at or near record levels and are becoming a larger and larger part of the manufacturing story in Canada. Food processing accounts for about 16.3 per cent of all manufacturing activity in Canada so far in 2016, up from 15.7 per cent last year and 11.2 per cent ten years earlier.



At the provincial level, activity was mixed with five provinces recording lower sales and the other five higher or stable. However, Canada's largest manufacturing province was sharply to the negative, driving down national totals. Manufacturing sales in Ontario were 1.4 per cent lower in May (\$335 million), accounting for about two thirds of the decrease nation-wide. On the positive side, manufacturing activity was notably higher in BC, Saskatchewan and Nova Scotia.

Although manufacturing sales in Ontario have been on a downward trend since January, they remain well about 2015 totals. Through five months, Ontario leads all other provinces with sales 7.1 per cent higher compared to the January-May period last year. Nova Scotia is also enjoying a good year so far, with 2016 sales up 6.2 per cent.

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