

Manitoba’s Manufacturing Show of Strength

Manitoba manufacturing sales posted the second strongest gains of all Canadian provinces.

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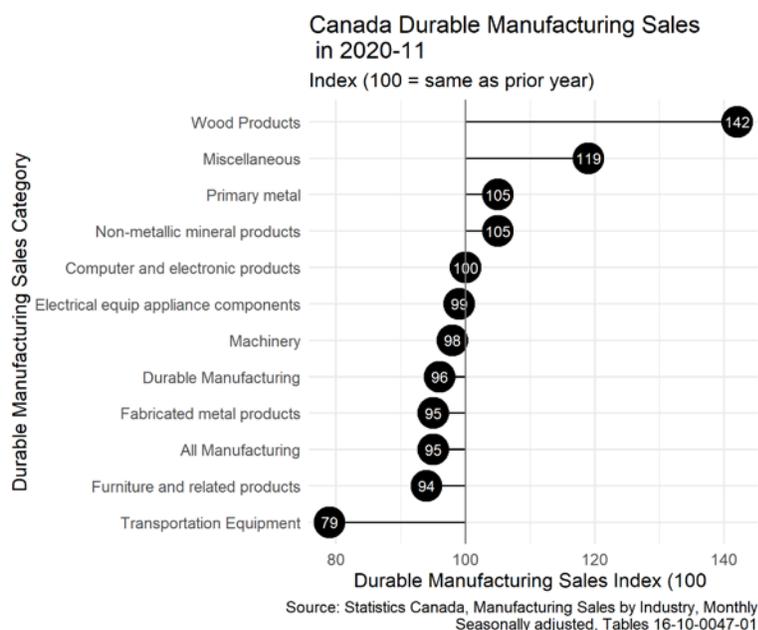
Bottom Line

Manitoba wood products, non-metallic minerals, chemicals, food, and machinery manufacturing subsectors continue to exhibit significant strength. Manitoba’s year-over-year overall manufacturing sales results are strongest of all the Canadian provinces except B.C. Statistics Canada released the November 2020 Monthly Survey of Manufacturing on January 19, 2021. Manitoba’s manufacturing sales in November 2020 were \$1.64 billion. While there is a small decline month-over-month, Manitoba manufacturing sales remained ahead of last year by **4.1 per cent**.

While Manitoba’s sales continue to be strong, **Canada’s manufacturing sales were** at \$53.7 billion in November 2020, which was down slightly on the month, and **down 4.8 per cent on the year**. Year-over-year, national sales continued to lag for **petroleum and related** (due primarily to weak crude prices), and **transportation equipment** (due to weakness in air passenger travel). At the same time, **wood products** are exhibiting significant y/y strength, driven by strong lumber prices.

Analysis of Canadian Manufacturing Sales in November 2020

Figure 1: Index of **Canada’s Durable Goods Manufacturing Sales** in November 2020 (100 = same as prior year)



Canada’s November 2020 manufacturing sales (current dollars, seasonally adjusted) fell 0.6 per cent month-over-month (m/m) to \$53.7 billion. On a year-over-year basis (y/y), national manufacturing sales are down 4.8 per cent, however if we exclude petroleum and related products that drop reduces to only 1 per cent.

The aggregate for durable goods is four per cent below its level y/y (**Figure 1**). **Wood product** manufacturing sales continue to outperform on a y/y basis (index of 142). As we

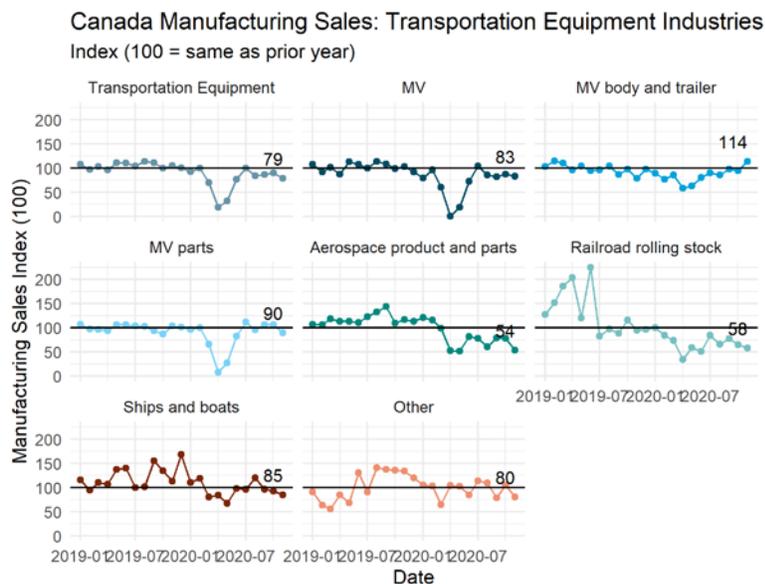
noted in [WED Vol.1, Issue 44](#), there is a strengthening price effect (**Table 1**). For

example, the March 2021 futures contract is up 28 per cent since December 16.¹ Strong Dec'20 and Jan'21 wood product sales are expected when they are released.

Table 1: *Futures Prices of Random Length Lumber* (US\$/mbf), where mbf = 1,000 board feet.

Quotation Date	US\$/mbf	Mar 2021 contract	May 2021 contract	Jul 2021 contract	Sep 2021 contract
Jan 27, 2021	Last Price	\$872.00	\$784.50	\$745.00	\$705.00
	Daily Change	+\$16.90	+\$12.50	+\$8.50	+\$12.00

Figure 2: Canada: *Transportation Equipment Industries Sales* (in November 2020 (100 = same as prior year))



Source: Statistics Canada, Manufacturing Sales by Industry, Monthly Seasonally adjusted, Tables 16-10-0047-01

Transportation equipment sales have weakened (index of 79) relative to last year.

When we look at the industries that comprise transportation equipment (**Figure 2**), we find that this is largely due to **aerospace products and parts** with a y/y index of 54. This is an area of ongoing concern, due to sharply reduced demand for passenger flights.²

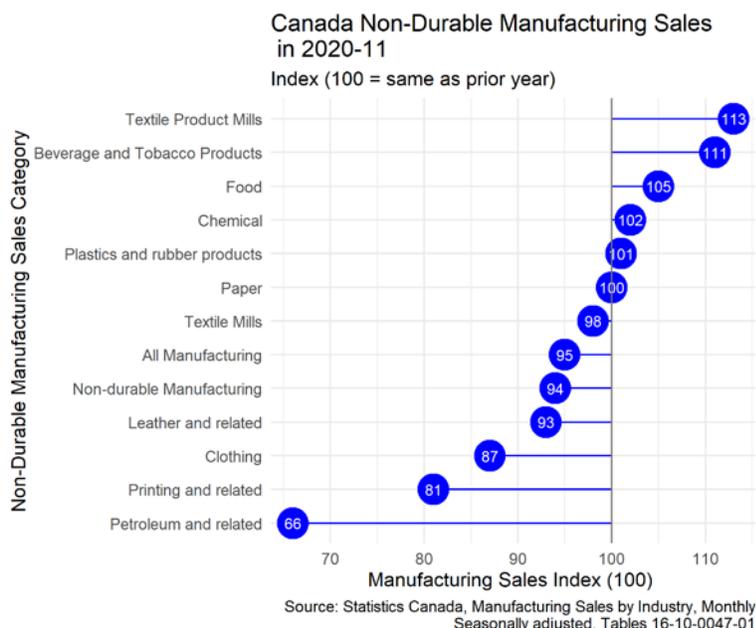
Also included in the transportation-equipment sales

results is **railroad rolling stock** manufacturing with a y/y index of 58. Unusually large orders of railroad rolling stock in 2019 form an unusually large comparison base, so we are less concerned about sales results in this industry.

¹ The forward curve of random length lumber futures contracts continues to be **inverted**, indicating that market is attempting to attract more supply in the nearby.

² While the transportation-equipment sales at the industry level is suppressed for Manitoba, we can expect a similar challenge in Manitoba.

Figure 3: Index of **Canada's Non-Durable Goods Manufacturing Sales** in November 2020 (100 = same as prior year)

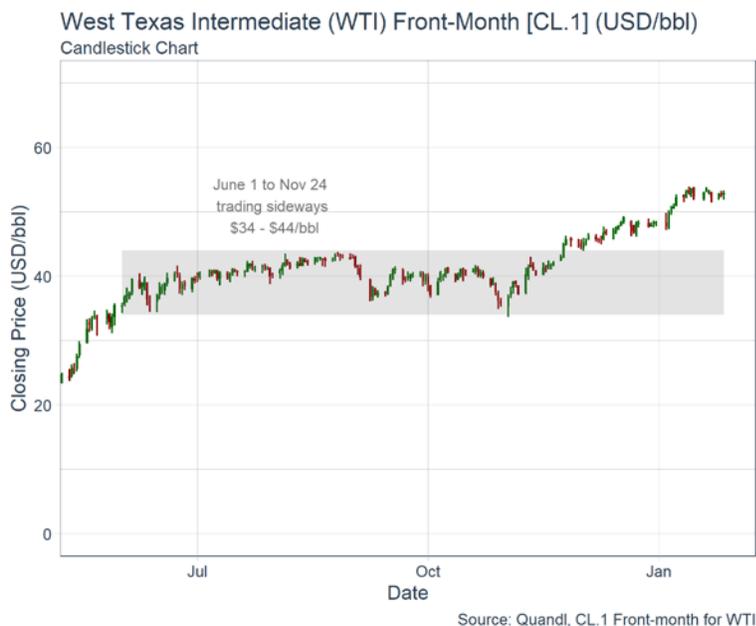


National aggregate, non-durable manufacturing sales continue to lag its durable counterpart (down 6 per cent y/y in November).

Manufacturing sales of **printing and related goods** (index of 81), and **clothing** (index of 87) continue to exhibit weakness (**Figure 3**).

The chief drag on nondurable sales is in **petroleum and related products** (index of 66).

Figure 4: WTI front-month (USD/bbl)

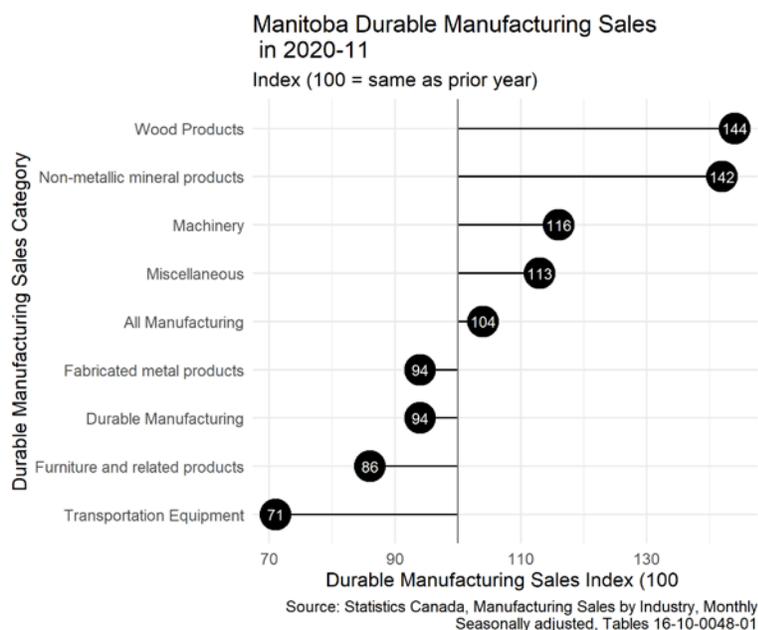


Canada can expect to see some strengthening of petroleum products sales in Dec'20 and January'21 due to the price effect of West Texas Intermediate (WTI). WTI futures front-month prices have remained above USD44/bbl since November 24, 2020. These prices closed at USD52.85/bbl on January 27, 2021 (**Figure 4**).

Analysis of **Manitoba Manufacturing Sales** in November 2020

On a y/y basis, Manitoba manufacturing sales posted the second strongest gains of all Canadian provinces, trailing only BC. **Manitoba's November 2020 manufacturing sales were \$1.64 billion, down 1.8 per cent m/m, but still up 4.1 per cent on the year.**

Figure 5. Index of **Manitoba's Durable Goods Manufacturing Sales** in November 2020 (100 = same as prior year)



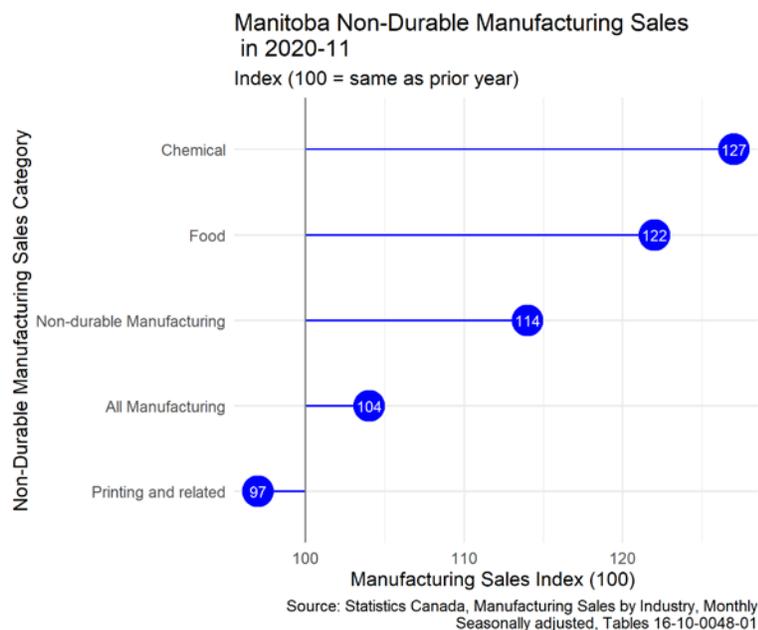
Manitoba's durable goods manufacturing sales are down 6 per cent on the year (**Figure 5**). The top y/y gainers in Nov'20 are:

- **Wood product** sales are up 44 per cent on the year,
- **Non-metallic mineral products** up 42 per cent on the year,
- **Machinery**, up 16 per cent on the year.

There is continued weakness in

- **Transportation equipment**³ (index of 71), and
- **Furniture and related products** (index of 86).

Figure 6: Index of **Manitoba's Non-Durable Goods Manufacturing Sales** in Nov'20 (100 = same as prior year)



The aggregate for Manitoba's non-durable goods manufacturing is up 14 per cent on the year (**Figure 6**). This y/y strength continues to come from two of Manitoba's largest manufacturing subsectors:

- **Chemicals** (Index of 127), and
- **Food** (Index of 122).

The large crops produced in Manitoba in 2020 are providing significant volumes for the Manitoba food processing industry to turn into products, which is helping support

increased food sales.

³ Transportation equipment is typically one of Manitoba's largest manufacturing subsectors.

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- **For Winnipeg businesses looking for help accessing government programs, please reach out to our Yes! Winnipeg Team** through our [Help us help you form](#) if you are not sure whom to contact on the YW team.
- For general inquiries please email wpginfo@edwinnipeg.com.
- For Marketing & Communications Inquiries, please email: marketingandbranding@edwinnipeg.com.