

Economic Development Winnipeg

WEEKLY ECONOMIC DIGEST



MANITOBA MANUFACTURING SALES MAY 2021

STRONG MANUFACTURING SALES PERFORMANCE CONTINUES

Chris Ferris, Senior Economist

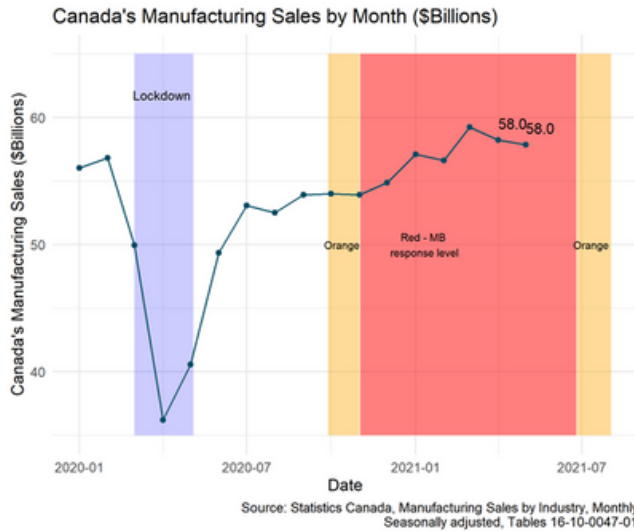
Bottom Line

Manitoba manufacturing sales were 1,655 million in May 2021 - down 7 per cent on the month, and up 6.2 per cent over Feb 2020. Manitoba manufacturing subsectors that increased the most compared to Feb 2020 are **chemicals**, **wood products**, and **furniture and related products**.

By comparison, **Canada's May 2021 manufacturing sales were \$57.9 billion** - down 0.6 per cent on the month, but **up about 2 per cent over Feb 2020**. **Transportation equipment** sales continue to be lower due to the shortage of computer chips curtailing motor vehicle sales, and the ongoing weakness for aerospace products and parts. **Wood products** continue to outperform due to strong prices, but we expect prices to weaken in June 2021 as futures prices continue to fall from their May high.

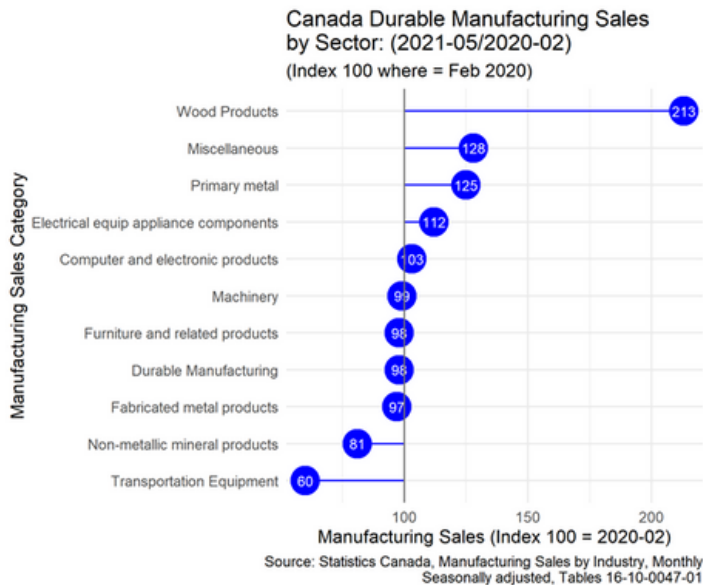
Forward look: Drought conditions on the Prairies are expected to reduce prairie crop volumes, reducing food processing inputs and likely sales volumes between Sep'21 and Aug'22.

MAY'21 CANADIAN MANUFACTURING SALES



Cdn Manufacturing Sales

Canadian manufacturing sales in May 2021 dipped slightly to \$57.9 billion in May 2021, down 0.6 per cent month-over-month from \$58.2 billion in April 2021. When we compare May 2021 sales to Feb 2020 sales, we see that sales are up about 2 per cent. /1



Cdn Durable Sales

Canada's durable goods manufacturing sectors for May 2021 compared to February 2020 saw the highest gains in:

- **Wood products (+113%)** – with a very strong price effect.
- **Primary metals (+25%)**.

The biggest decline is:

- **Transportation equipment (-40%)**.

Sources: Statistics Canada. Table 16-10-0047-01 Manufacturing Sales by Industry, Seasonally Adjusted.

/1 For March – June 2021 manufacturing sales, we will be comparing sales to pre-pandemic manufacturing sales (February 2020), in order to compare change against a normal situation. July 2021 analysis will resume annualized comparison.

MAY'21 CANADIAN MANUFACTURING SALES

The following subsectors of transportation equipment are down more than average:

- **Aerospace products and parts** are 46 per cent below February 2020 with continuing low activity in the air passenger space, and
- **Motor vehicle** production is 52 per cent below its level in Feb 2020, due to the tight supply of computer chips worldwide.

Date	Sep'21 close (US\$/mbft)	Nov'21 close (US\$/mbft)	Jan'22 close (US\$/mbft)	Jan'21 - Sep'21 close (US\$/mbft)
15-Jun-21	\$907.00	\$778.00	\$773.10	-\$133.90
22-Jul-21	\$647.00	\$634.00	\$645.50	-\$1.50
change	\$260.00	\$144.00	\$127.60	-\$132.40

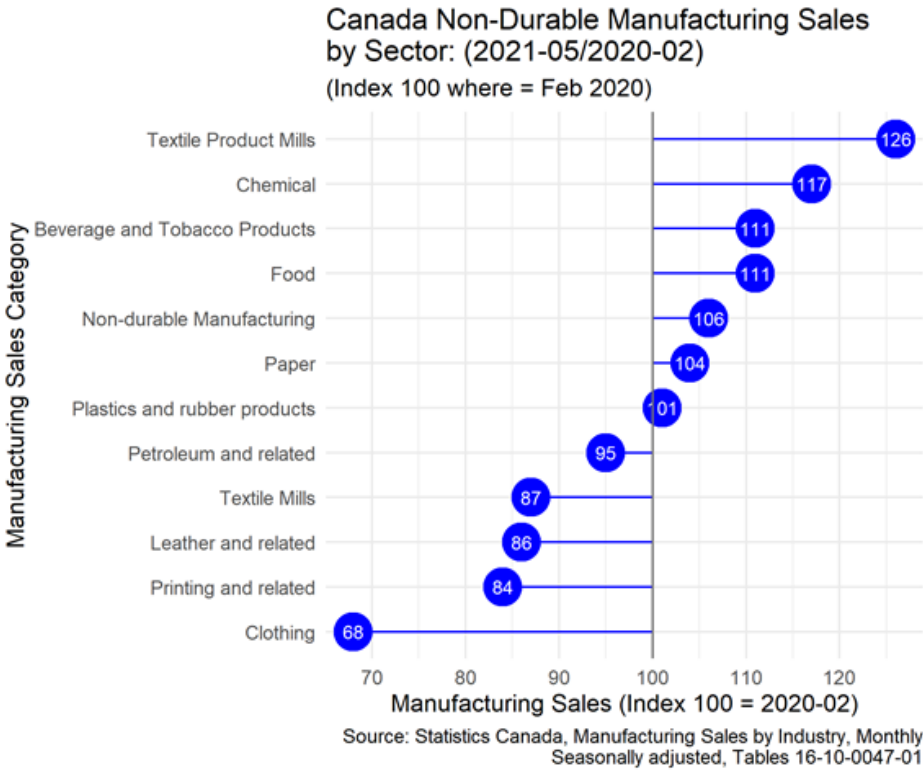
Lumber

Lumber futures continued to fall in June and into July. As of July 22, 2021, the forward curve has flattened out significantly (The Jan'22 – Sep'21 spread narrowed by \$132.40 over the last month to -\$1.50/mbft). The June 2021 manufacturing sales prices for wood products are expected to fall and will likely overwhelm any sales volume increases.

The continuous front-month for random length lumber futures closed at \$647/mbft on July 22, 2021, which is still 41 per cent higher than its level on February 21, 2020 of \$460.1/mbft.

Sources: CME Group LB (USD/mbft)

MAY'21 CANADIAN MANUFACTURING SALES



Cdn Non-Durable Manufacturing Sales

Canada's non-durable goods manufacturing sectors for May 2021 compared to February 2020 saw the highest gains in:

- **Textile product mills** up 26%, and
- **Chemicals** up 17%.

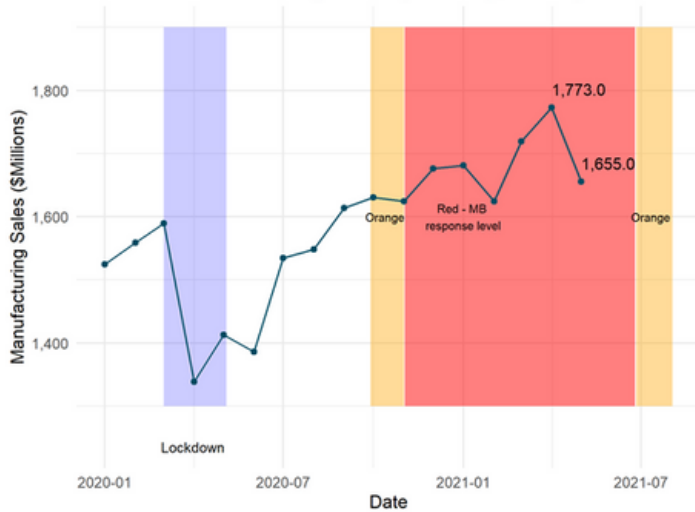
The largest declines are:

- **printing and related** (-16%), and
- **clothing** -32%.

Sources:
Statistics Canada. Table 16-10-0047-01 Manufacturing Sales by Industry, Seasonally Adjusted.

MAY'21 MANITOBA MANUFACTURING SALES

Manitoba's Manufacturing Sales by Month (\$Millions)



Source: Statistics Canada, Manufacturing Sales by Industry, Monthly Seasonally adjusted, Tables 16-10-0048-01

MB Manufacturing Sales

Manitoba's May 2021 manufacturing sales were **\$1,655 million**, down 7 per cent on the month. May 2021 manufacturing sales are **up 6.2 per cent over Feb 2020**.

Manitoba Durable Manufacturing Sales by Sector: (2021-05/2020-02)
(Index 100 where = Feb 2020)



Source: Statistics Canada, Manufacturing Sales by Industry, Monthly Seasonally adjusted, Tables 16-10-0048-01

MB Durable Sales

Manitoba's durable goods manufacturing sectors for May 2021 compared to February 2020 saw the highest gains in:

- **Wood product** sales were up 39 per cent over February 2020 – with a strong price effect.
- **Furniture and related products** +23%.

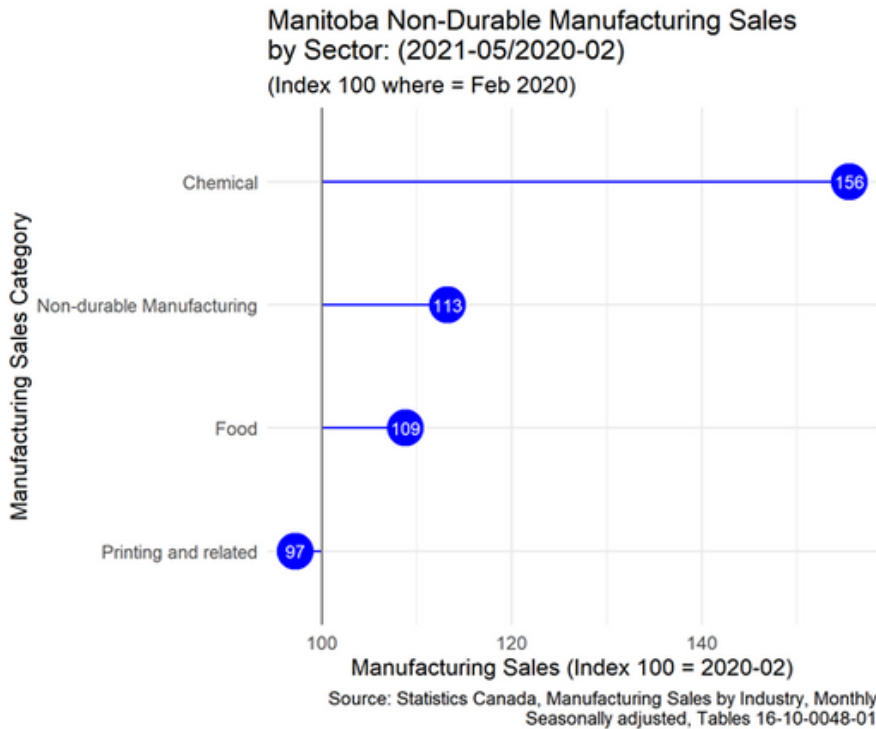
The biggest decline is

- **transportation equipment** (-28%).

Sources:

Statistics Canada. Table 16-10-0048-01 Manufacturing Sales by Industry, Seasonally Adjusted

MAY'21 MANITOBA MANUFACTURING SALES



MB Non-Durable Goods Manufacturing Sales

Manitoba's non-durable goods manufacturing sectors for May 2021 compared to February 2020 saw the highest gains in:

- **Chemicals** +56%

The biggest decliner is

- **printing and related** (-3%).

Looking Forward

Looking forward, given the current drought conditions on the prairies, we can expect a decrease in crop production vs. last year. This will weigh on the volume of food processing over Sep 2021 to Aug 2022 (Manitoba's largest manufacturing subsector). The price effect may offset some of the expected decline in volumes.

Cattle and beef production face short pasture over the summer, and likely expensive feed grains. Higher feed costs will influence hog production and profitability as well. The federal and provincial governments have announced relief for Manitoba farmers.

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