

## Manitoba Manufacturing Sales – January 2021

*Non-durable goods continue to support sales growth in this sector*

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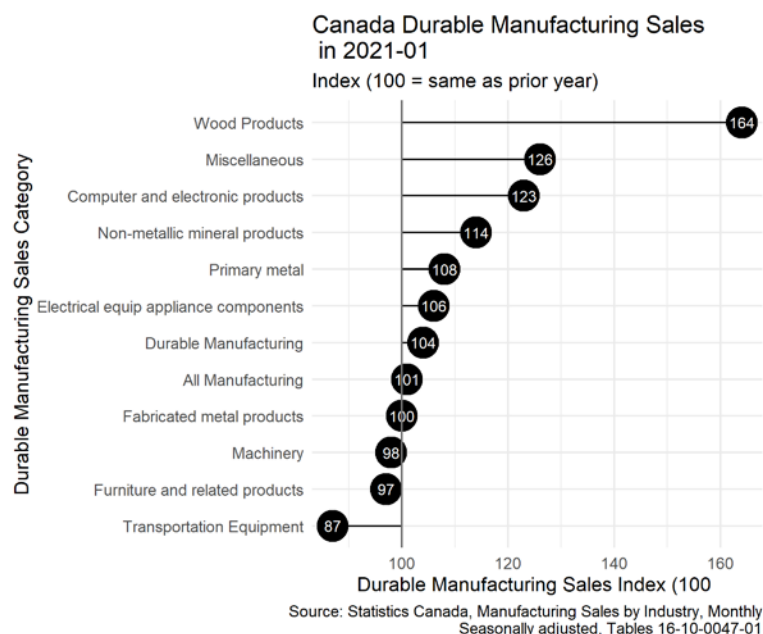
### Bottom Line

**Manitoba manufacturing sales were \$1.71 billion in January 2021** – flat on the month **but up 9.1 per cent on the year**. This was the third strongest of all Canadian provinces. Manufacturing subsectors doing well are those that supply **machinery, wood products, chemicals, and printing and related**.<sup>1</sup> **Transportation equipment** continues to show weakness, driven mainly by weakness in the aerospace products and parts industry.

By comparison, **Canada’s manufacturing sales rose to \$56.2 billion** – up 3.1 per cent – **but was up only 1.1 per cent on the year**. Transportation equipment sales continue to suffer, due to sharply curtailed air passenger traffic that have curtailed sales by the **aerospace products and parts** industry. **Wood products** continue to outperform, with strong lumber prices buoying sales figures.

### Analysis of Canadian Manufacturing Sales in January 2021

Figure 1: Index of Canadian *Durable Goods* Manufacturing Sales in January 2021 (100 = same as prior year)



Canada’s January 2021 manufacturing sales (seasonally adjusted) were \$56.2 billion, up 3.1 per cent month-over-month (m/m). On a year-over-year basis, they were up only 1.1 per cent.

Durable goods manufacturing sales were up 4 per cent on the year (**Figure 1**). **Wood product sales** continue to outperform on a y/y basis (index of 164). The lumber price effect is still strong (**Table 1**), with a strongly inverted forward curve as buyers try to pull more supply forward. The expired March

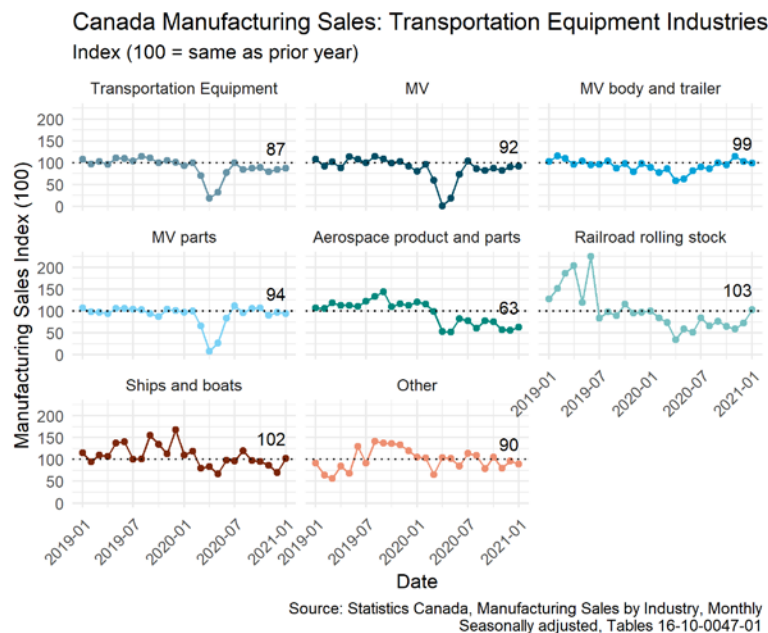
contract was at US\$992/mbf on February 16, 2021.

<sup>1</sup> Printing and related is doing well, with growing revenues after a weak March – May 2020.

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

Quotation Date	US\$/mbf	May 2021 contract	Jul 2021 contract	Sep 2021 contract	Nov 2021 contract
February 16, 2021	Last Price	\$846.50	\$775.90	\$730.00	\$700.00
<b>March 24, 2021</b>	<b>Last Price</b>	<b>\$947.40</b>	<b>\$840.00</b>	<b>\$770.00</b>	<b>\$711.00</b>
	<b>Change</b>	<b>+\$100.90</b>	<b>+\$64.10</b>	<b>+\$40.00</b>	<b>+\$11.00</b>

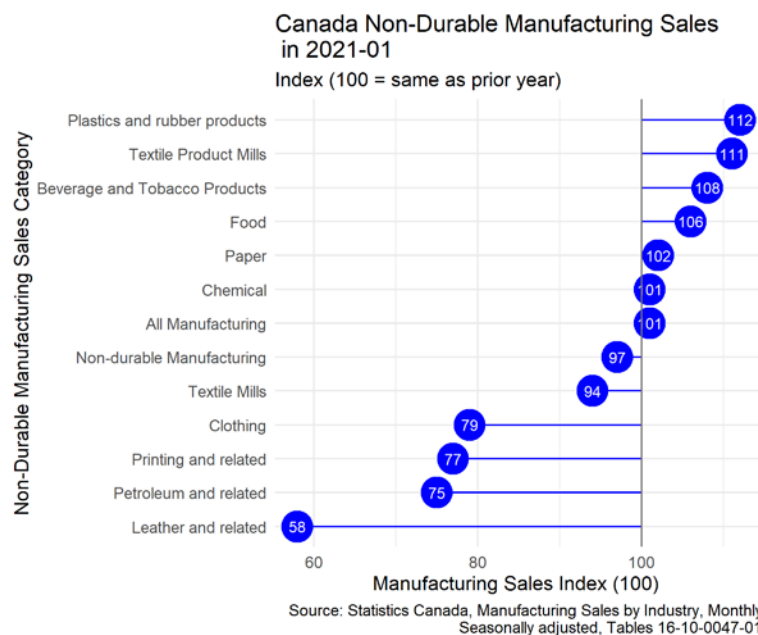
Figure 2: *Canada - Transportation Equipment Manufacturing Sales in January 2021* (100 = same as prior year)



**Transportation equipment** manufacturing sales increased on the month, as most industries in the subsector continue recovering.

The main outlier is still the **aerospace products and parts** manufacturing sales (**Figure 2**) have an index of 65 (still down 37 per cent on the year). This is due to the ongoing constrained demand for passenger flights.

Figure 3: *Index of Canadian Non-Durable Goods Manufacturing Sales in January 2021* (100 = same as prior year)



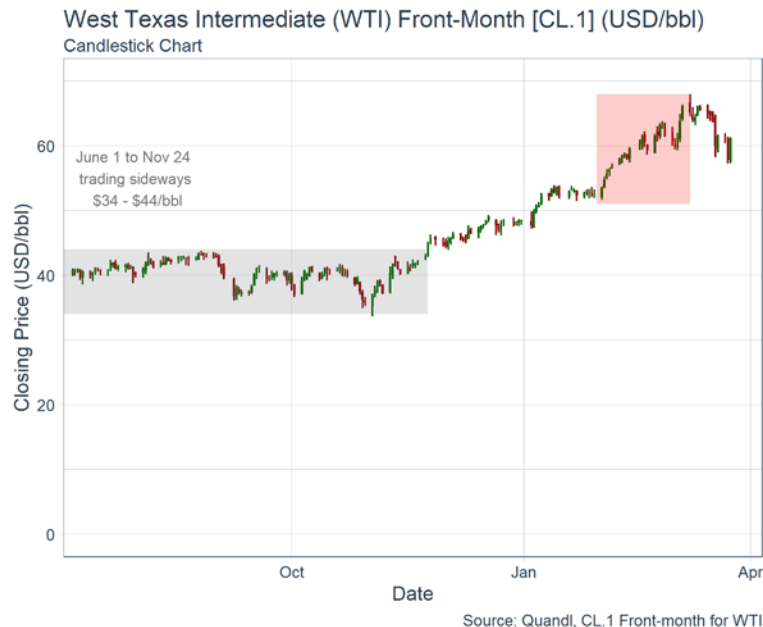
Canada's non-durable manufacturing sales in January 2021 were down 3 per cent on the year.

Plastic and rubber products are showing strength on the year (+12 per cent y/y).

Petroleum and related is still down 25 per cent on the year (**Figure 3**). The WTI crude oil futures price improved during February 2021, supporting the m/m improvement. It looks like the March 2021 price will average at or above that of

February 2021, so we should see strength in both the February and March 2021 manufacturing sales of petroleum.

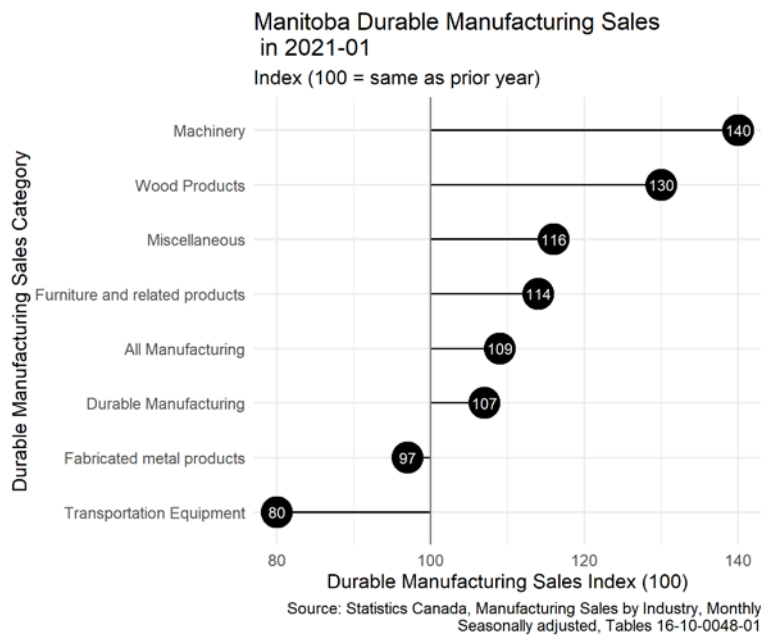
Figure 4: WTI front-month (USD/bbl)



Last month we had expected a weakening price of crude oil once crude oil producers, shippers, and refiners shook off the effect of the polar vortex. Low-and-behold, the price peaked at US\$67.98/bbl on March 8, 2021 and has since shed about US\$10/bbl. West Texas Intermediate (WTI) settled at US\$57.76/bbl on March 23, 2021. This was down from February 16, 2021's settlement of US\$60.05/bbl (Figure 4).

## Analysis of Manitoba Manufacturing Sales in January 2021

Figure 5: Index of **Manitoba Durable Goods** Manufacturing Sales in January 2021 (100 = same as prior year)



In contrast, Manitoba manufacturing sales in January 2021 were \$1.71 billion, up 0.2 per cent on the month, but up 9.1 per cent on the year.

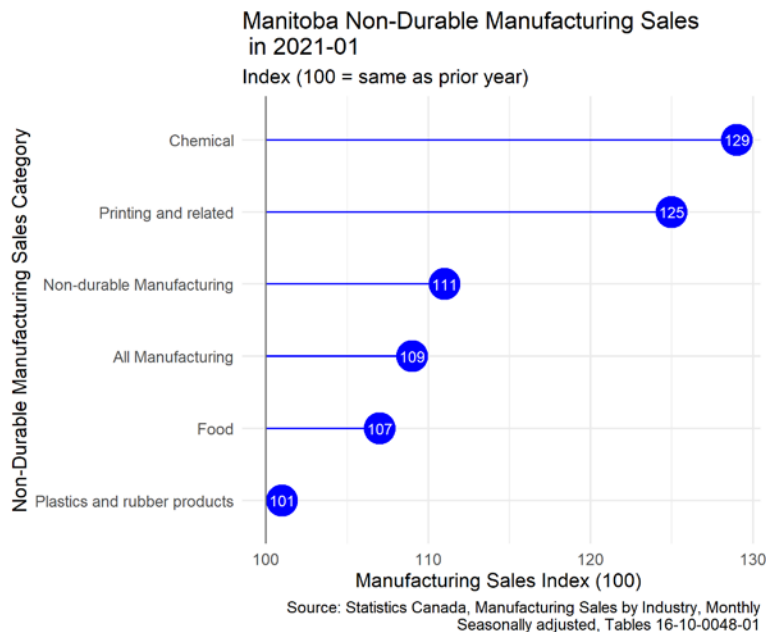
Manitoba durable goods were up 7 per cent on the year. On the year, durable goods manufacturing sales were pulled up by:

- **Machinery** (+40%)
- **Wood products** (+30%),
- **and, furniture** (+14%).

Transportation equipment is still 20 per cent below its level one

year ago.

Figure 6: Index of **Manitoba Non-Durable Goods Manufacturing Sales** in January 2021 (100 = same as prior year)

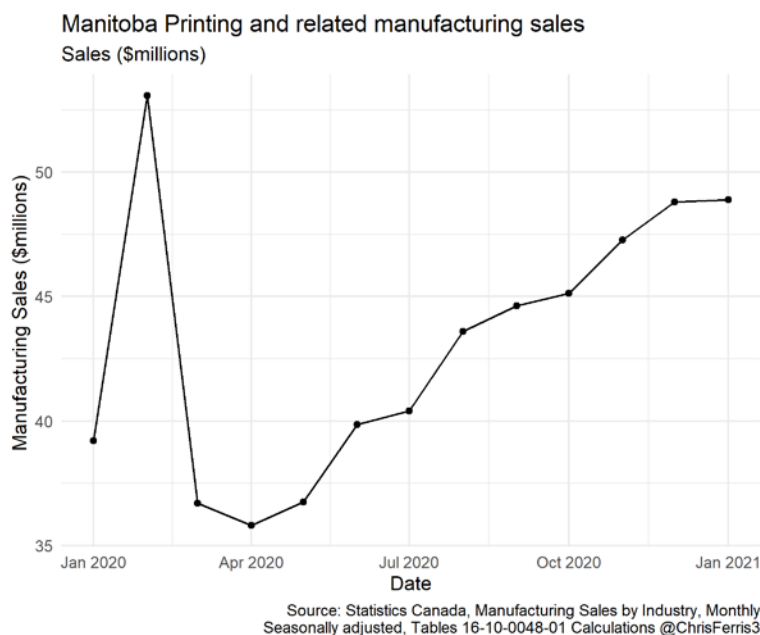


On average, Manitoba non-durable manufacturing sales are up 11 per cent on the year.

On the year, non-durable goods manufacturing sales were pulled up by:

- **Chemical sales (+29%),** and,
- **Printing and related (+25%).**

Figure 7: Manitoba Printing and related manufacturing sales (\$millions)



**Printing and related** saw a strong February 2020, followed by a very weak March – May 2020 (**Figure 7**). Since then, the sector has been slowly growing its revenue again.

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