

Manufacturing: Manitoba's Sales Results and a Look into the Future

[Chris Ferris](#), Senior Economist
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Bottom Line

In this issue, we look at the March 2020 manufacturing sales results. Manitoba and Nova Scotia were the only two provinces with a net gain in manufacturing revenues month over month. **Manitoba's total manufacturing revenues (seasonally adjusted) for March were up eight per cent over February.** Manitoba's manufacturers saw mixed results across sectors. Chemicals, food, machinery, and electrical equipment exhibited month/month revenue gains greater than average.

The Winnipeg Census Metropolitan Area (CMA)'s total manufacturing revenues (unadjusted) for March were up twenty-one per cent over February. Manufacturers in the Winnipeg CMA saw mixed results across sectors. Chemicals, food, machinery and transportation equipment exhibited month/month revenue gains greater than average.

COVID-19 has been disrupting Canadian manufacturers' flow of inputs and finished goods even before the Canadian lockdowns. Canadian provinces began their lockdowns in March, with a number of manufacturing plants having to furlough staff. The reasons include non-essential industry, rearranging their processes for public health/social distancing requirements, shipping issues, input shortages, or a drop in demand.

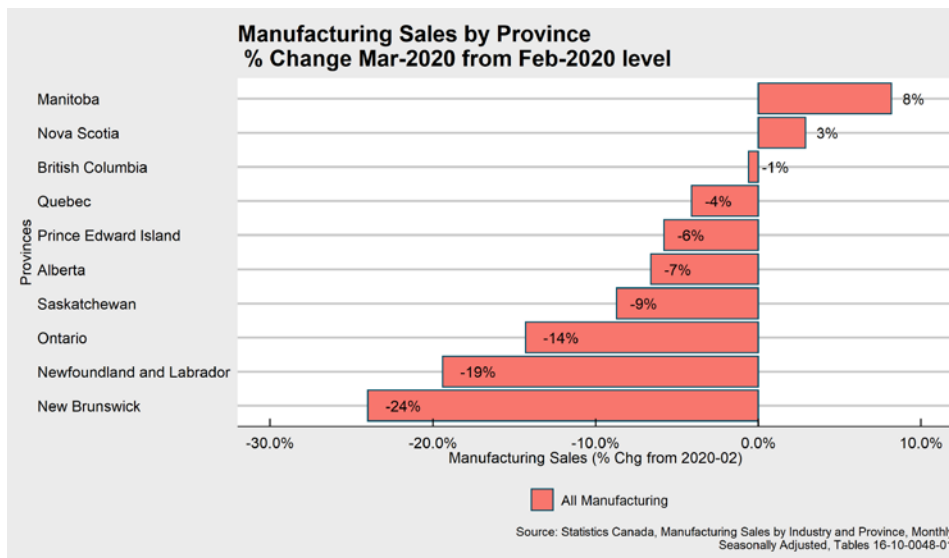
Companies in Manitoba have rapidly adapted, with a number pivoting to make supplies to help fight COVID-19. For example: Convicon, Precision ADM, Mondetta, PCL Construction, Price Industries, Canada Goose, Duha Group, Patent 5 Distillery, Capital K Distillery, and Acryl Design.

Analysis

Manufacturers in Canada have input supply chains that pull from a mix of domestic and international suppliers. They sell their goods into a mix of domestic and international markets. So similar to the commodity trade, they began seeing some effects of the COVID-19 pandemic affecting sourcing of inputs and shipping finished goods as early as January. With the arrival of Canada's March lockdowns, COVID-19 related shocks to supply chains were both domestic and international. The March 2020 manufacturing sales results will be exhibiting some of the domestic effect of COVID-19.

Manufacturing Sales by Provinces – A Focus on Manitoba

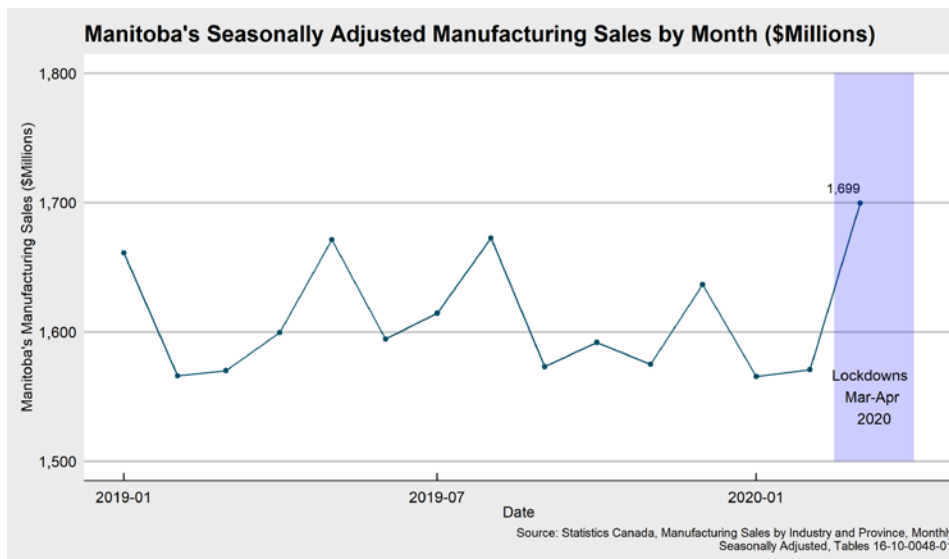
Figure 1: All Manufacturing Sales - Percentage Change from Feb 2020 level



Statistics Canada released its monthly manufacturing sales results for Canada, the Provinces, and selected Census Metropolitan Areas (CMA) on Thursday, May 14, 2020. This data release is for March 2020.

When we look at all manufacturing, only Manitoba and Nova Scotia saw their manufacturing sales rise from February to March 2020 (Figure 1).

Figure 2: Manitoba's Seasonally Adjusted Manufacturing Sales by Month (\$Millions)



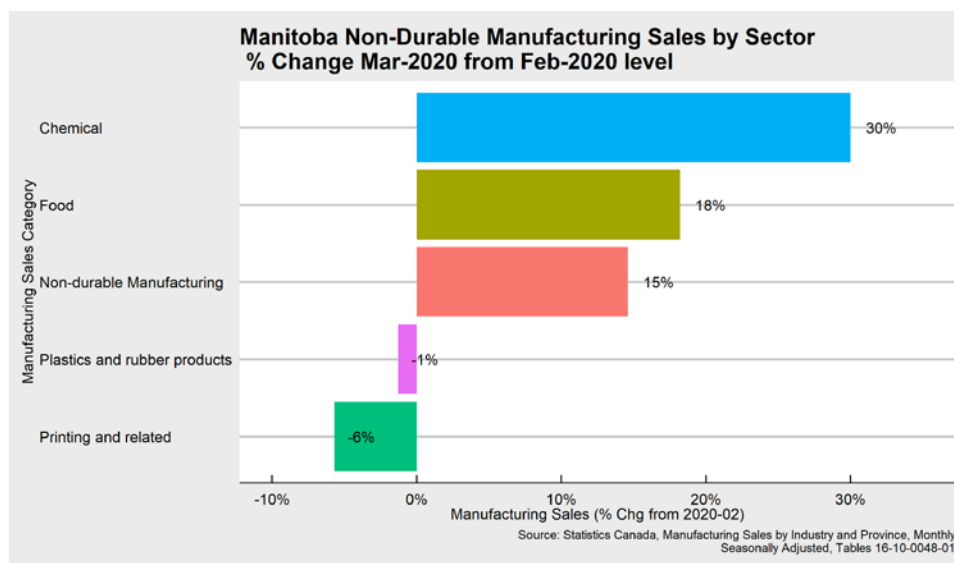
Manitoba saw its seasonally adjusted manufacturing sales (\$Millions) rise from February 2020 to March 2020 (Figure 2). **Manitoba's seasonally adjusted sales were \$1.7 billion in March 2020.**

Manitoba's non-durable goods manufacturing sectors combined rose 15 per cent March/February, while durable goods manufacturing sectors rose 1 per cent. For those unclear which manufacturing sectors produce non-durable or durable goods, see **Table 1**.

Table 1: Definition of Non-durable and Durable Manufacturing Sectors (Source: Stats Canada)

Manufacturing	[NAICS Code] and Description
Non-durable goods manufacturing	[311] Food, [312] Beverage and tobacco products, [313] Textile mills, [314] Textile product mills, [315] Clothing, [316] Leather and allied products, [322] Paper, [323] Printing and related, [324] Petroleum and coal product, [325] Chemical, and [326] Plastics and rubber products.
Durable goods manufacturing	[321] Wood product, [327] Non-metallic mineral product, [331] Primary metal, [332] Fabricated metal product, [333] Machinery, [334] Computer and electronic product, [335] Electrical equipment, appliance and component, [336] Transportation equipment, [337] Furniture and related product, and [339] Miscellaneous

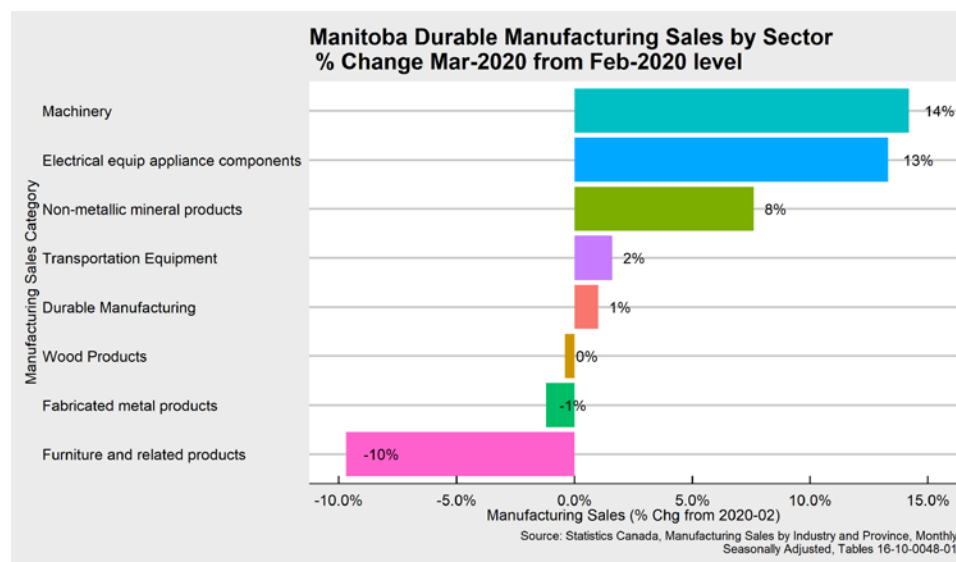
Figure 3: Manitoba **Non-Durable** Manufacturer Sales by Sector - percentage Change from Feb 2020 level



In March 2020, Manitoba's non-durable goods manufacturing sectors saw **chemicals** rise 30 per cent over February sales, and **food** rise up 18 per cent (**Figure 3**).¹

¹ Some manufacturing sectors (as defined by three-digit NAICS) did not have figures reported by Statistics Canada for February or March. In some cases, this may be due to confidentiality.

Figure 4: Manitoba **Durable** Manufacturing Sales by Sector - percentage Change from Feb 2020 level



At the same time, Manitoba's durable goods saw their revenues rise faster than the 8 per cent average for all manufacturing. **Machinery** rose 14 per cent, while **Electrical equipment and appliance components** rose 13 per cent. **Non-**

metallic mineral products, at 8 per cent tied with the average.

Winnipeg CMA

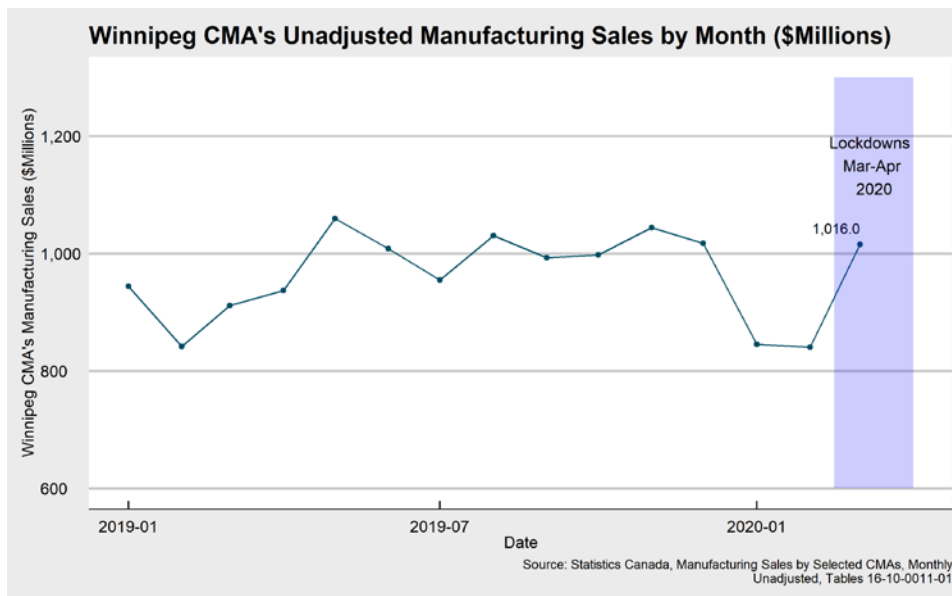
The Winnipeg CMA represents a large share of Manitoba's total manufacturing. We pulled the unadjusted manufacturing sales figures for the Winnipeg CMA. In the Winnipeg CMA, transportation equipment manufacturing is the largest manufacturing sector, followed by food, machinery, plastics and rubber products, chemicals, and fabricated metal (**Table 2**).

Table 2: Winnipeg CMA Top 6 Manufacturing Sectors by unadjusted manufacturing revenue (\$Millions) ²

Date	Transportation Equipment [336]	Food [311]	Machinery [333]	Plastics and rubber products [326]	Chemicals [325]	Fabricated metal product [332]
Feb 2020	193,061	137,775	100,932	66,276	43,142	60,776
Mar 2020	248,353	181,210	131,308	73,309	69,748	64,774

² The sectors are classified by their 3-digit North American Industry Classification System (NAICS) codes.

Figure 5: Winnipeg CMA's Unadjusted Manufacturing Sales by Month (\$Millions)

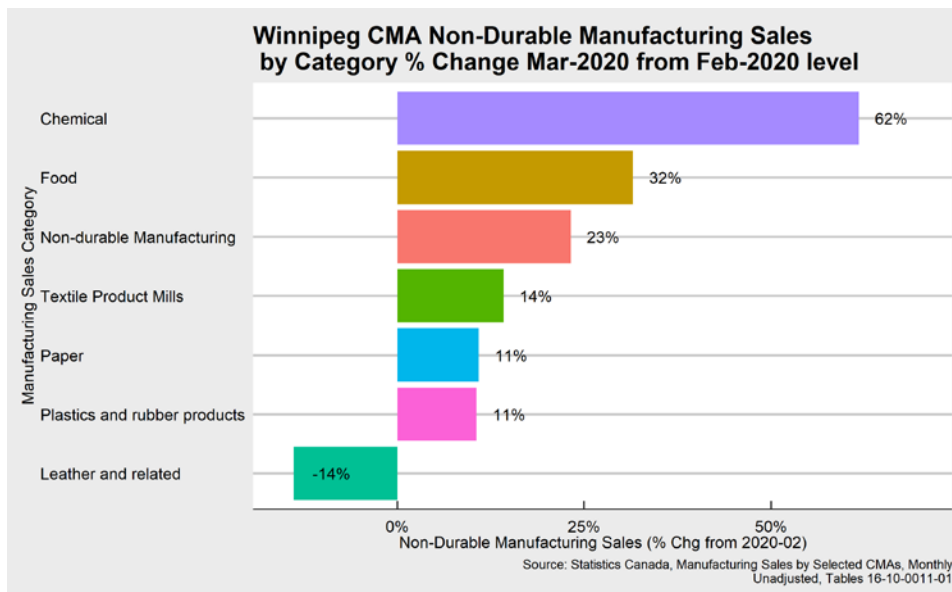


Unadjusted total manufacturing sales in the Winnipeg CMA rose 21 per cent Mar/Feb to just over \$1 billion. This is subject to the caveat that Jan and Feb 2020 sales were down a bit more than usual.

Non-durable sales were up 23% on average, while

durable sales were up 19 per cent.

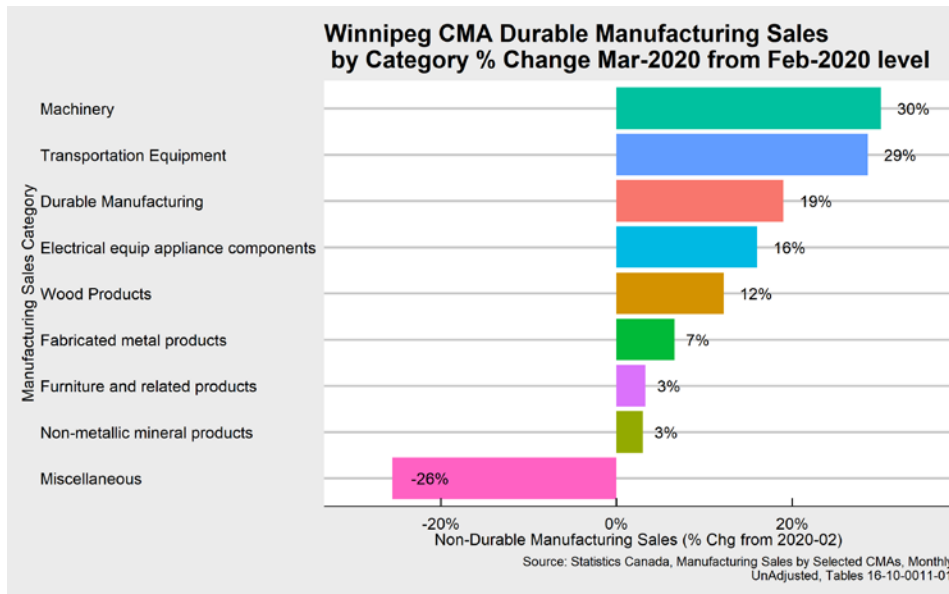
Figure 6: Winnipeg CMA **Non-Durable** Manufacturer Sales by Sector - percentage Change from Feb 2020 level



In March 2020, Manitoba's non-durable goods manufacturing sectors saw **chemicals** rise 62 per cent over February sales, and **food** rise up 32 per cent (**Figure 6**).³

³ Some manufacturing sectors (as defined by three-digit NAICS) did not have figures reported by Statistics Canada for February or March. In some cases, this may be due to confidentiality.

Figure 7: Winnipeg CMA **Durable** Manufacturing Sales by Sector - percentage Change from Feb 2020 level



At the same time, durable goods manufacturers in the Winnipeg CMA saw their revenues rise faster than the 21 per cent average for all manufacturing. **Machinery** rose 30 per cent, while **Transport equipment** rose 29 per cent (Figure 7).

Looking to the Future: May 2020 and onwards

We expect to see deeper effects on manufacturing revenues in April, particularly for manufacturing sectors considered non-essential. Even for essential industries, the need for social distancing, and some short-term shutdowns in some meat processing plants in Canada are likely to weigh on the April figures. **With provinces like Manitoba, beginning to exit the lockdowns in May, we expect that May and onwards will see some improvement in sales. Some sectors will likely take longer, due to demand weakness in their particular sector, or ongoing issues with getting inputs.**

Examples of Firms that have pivoted in the face of COVID-19

As EDW's President & CEO Dayna Spiring noted in last Friday's posting "[Our comeback will be fueled by Winnipeg businesses](#)," Winnipeg businesses are playing an important role in the fight against COVID-19. Some examples include:

- **Conviron**, whose innovative controlled environment chambers and control systems are being used to develop plant-based vaccines for viruses like COVID-19 and Ebola.
- **Precision ADM** recently signed a contract with the Manitoba government to produce 500,000 reusable silicon protective masks, with an option to produce 500,000 more over the next year.
- **Mondetta** is helping source reusable medical scrubs, disposable gowns and gloves for Canada's federal government.
- **PCL Construction** is building portable ICU/isolation units in Winnipeg that can be quickly shipped to remote worksites and communities.
- **Price Industries** is manufacturing a fan filter unit that can pull air out of an enclosed environment and safely filter it.

- **Canada Goose** is producing gowns, and other PPE for healthcare workers. They committed to producing 100,000 gowns for Manitoba healthcare workers alone.
- **Duha Group, Patent 5 Distillery, and Capital K Distillery** are all making hand sanitizer for use by local organizations.
- **Acryl Design** pivoted to manufacturing Plexiglas shields for pharmacy, post office and grocery store workers.

EDW Contacts for Assistance or Inquiries:

- **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 who to contact on the Y!W team.
- For general inquires please email wpginfo@edwinnipeg.com.
- For Marketing & Communications Inquiries, please email marketingandbranding@edwinnipeg.com.