

Manitoba Manufacturing Sales - December 2020

Non-durable goods bolsters year-over-year sales growth.

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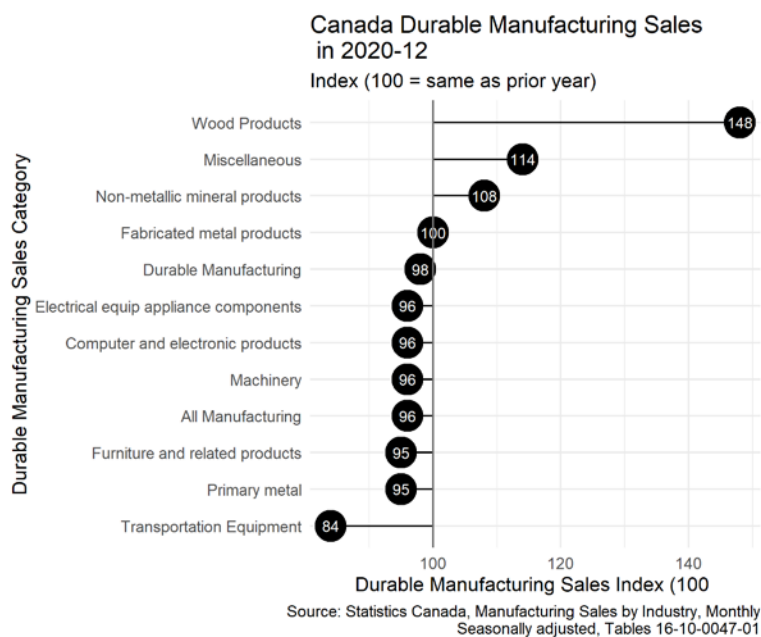
Bottom Line

Manitoba saw strong manufacturing sales of \$1.68 billion in December 2020 - up 3 percent on the month – and **up 4.4 per cent on the year**. This year-over-year sales growth was the second strongest of all Canadian provinces.¹ Manufacturing subsectors that supply **food**, and those supplying the construction/renovation sectors (**non-metallic minerals, and wood products**) are doing well, as are **fabricated metal, and printing**. **Transportation equipment** continues to show weakness.

By contrast, **Canada’s manufacturing sales of \$54.2 billion** - up only 0.9 per cent on the month - **were down 3.9 per cent on the year**. **Transportation equipment** sales continue to suffer, due to sharply curtailed air passenger activity reducing sales from the **aerospace products and parts** industry. Demand is still weak for **Petroleum** (commuting down), and **clothing**. **Wood products** continue to outperform, with strong lumber prices buoying sales figures.

Analysis of Canadian Manufacturing Sales in December 2020

Figure 1: Index of **Canadian Durable Goods Manufacturing Sales** in December 2020 (100 = same as prior year)



Canada’s December 2020 manufacturing sales (seasonally adjusted) were \$54.2 billion, up 0.9 per cent month-over-month (m/m). On a year-over-year basis (y/y), national manufacturing sales are down 3.9 per cent.

Durable goods were down only 2% y/y (**Figure 1**). **Wood products** sales continue to outperform on a y/y basis (index of 148). The lumber price effect continues to strengthen (**Table 1**).² As a result, we expect to see strong wood product sales for Q1 of 2021.

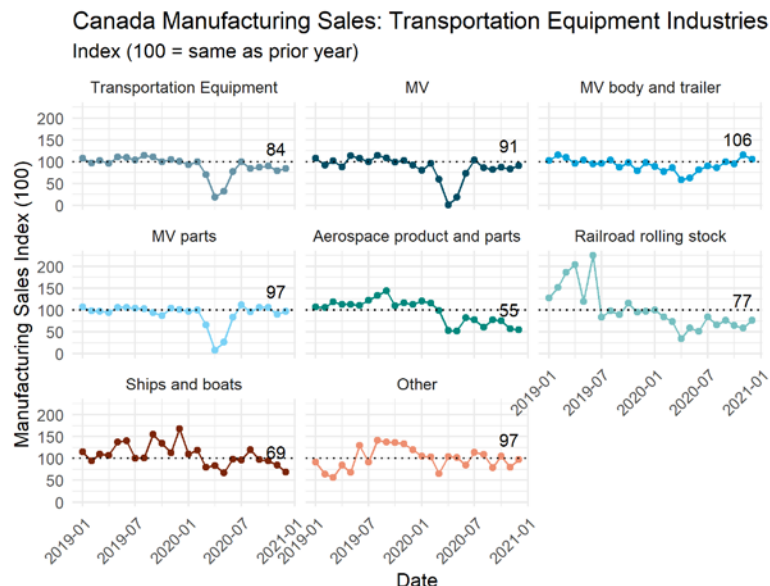
¹ Statistics Canada released the December 2020 Monthly Survey of Manufacturing on February 15, 2021.

² For example, the March’21 contract rose US\$120.40/mbf between January 27 and Feb 16, 2021.

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
Feb 16, 2021	Last Price	\$992.40	\$846.50	\$775.90	\$730.00
	Daily Change	+\$10.30	+\$15.60	+\$5.70	+\$5.00

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



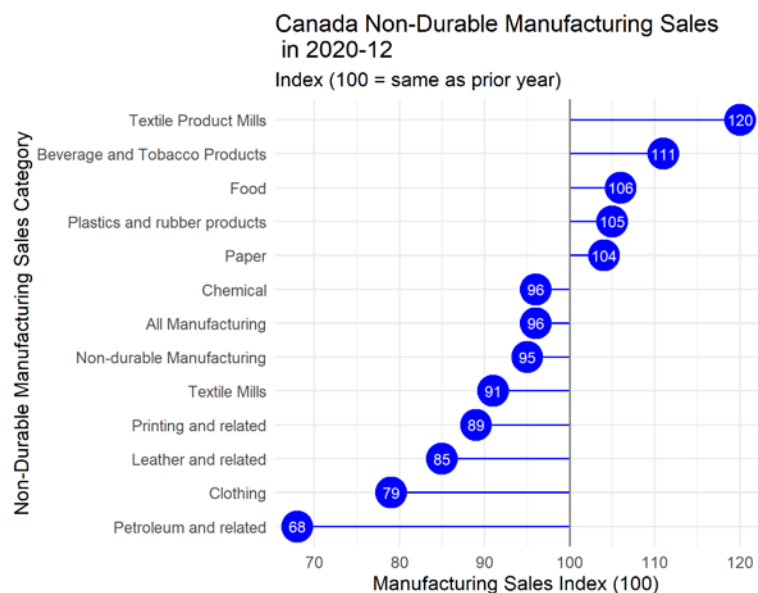
Source: Statistics Canada, Manufacturing Sales by Industry, Monthly Seasonally adjusted, Tables 16-10-0047-01

Transportation equipment manufacturing sales picked-up m/m but remain down 16 per cent on the year.

Aerospace products and parts sales (Figure 2) have an index of 55 (down 45% on the year). This is an area of ongoing concern, due to sharply reduced demand for passenger flights.³

Both **railroad rolling stock**, and **ships and boats** had unusually large orders in 2019, so we are less concerned about these two industries.

Figure 3: *Index of Canadian Non-Durable Goods Manufacturing Sales in December 2020* (100 = same as prior year)



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

Canada's non-durable goods sales in December 2020 are down 5 per cent on the year.

Two subsectors continue to show strength on the year:

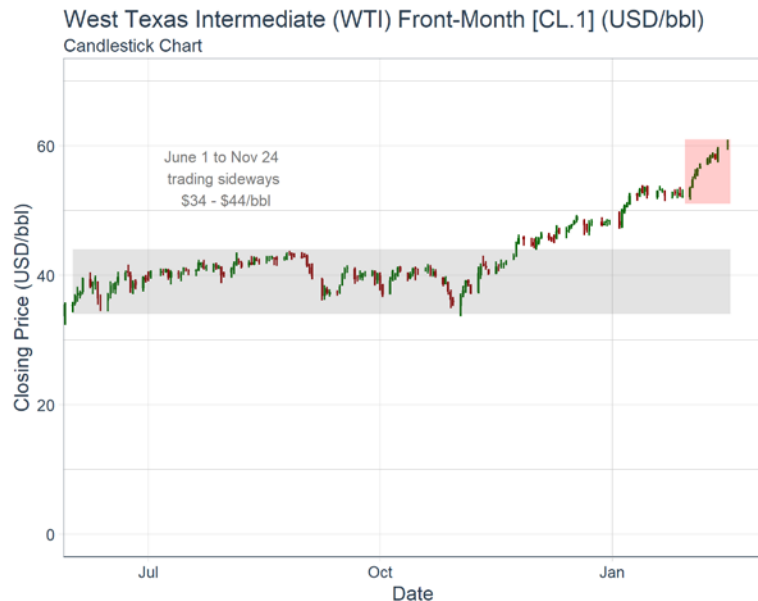
- **Textile product mills** (+20 per cent y/y), and
- **Beverage and tobacco products** (+11 per cent y/y).

Clothing (index of 79), and **petroleum and related** (index of 68) continue to show weakness y/y (Figure 3).

³ Efforts to contain COVID-19 have led to this reduction in air passenger traffic.

A February 17, 2021 [Barchart](#) article notes that crude oil and gasoline prices are climbing in the USA, which is supportive of Canadian gasoline prices.

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



Source: Quandl, CL.1 Front-month for WTI

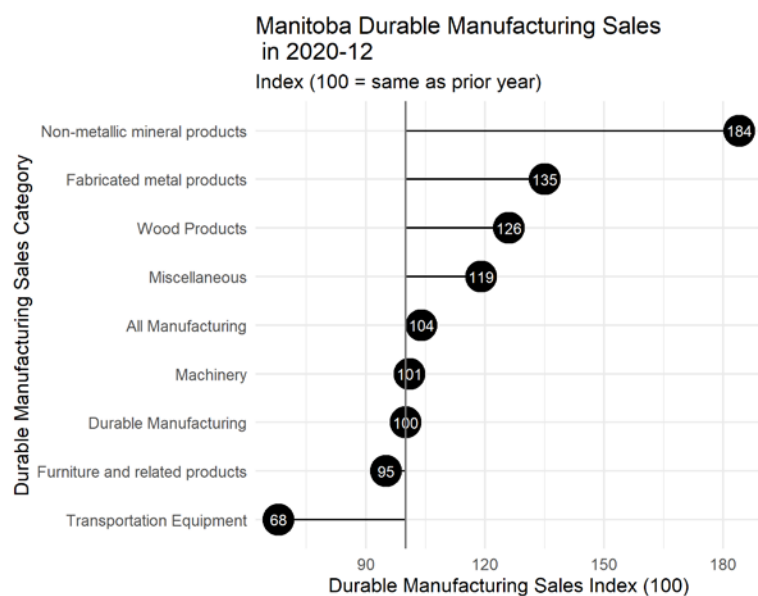
The [polar vortex](#) that continues to sit astride much of North America is curbing crude output and refining capacity. We expect to see crude oil and gasoline prices ease once temperatures are more seasonal.

West Texas Intermediate (WTI) settled at US\$60.05/bbl on February 16, 2021. This was up US\$7.85/bbl from its Jan 29, 2021 settlement of US\$52.20/bbl (**Figure 4**).

Analysis of Manitoba Manufacturing Sales in December 2020

Manitoba manufacturing sales in December 2020 were \$1.68 billion, up 3 per cent m/m, and up 4.4 per cent, y/y. Manitoba's sales gains are second highest amongst all Canadian provinces, behind PEI.

Figure 5: Index of **Manitoba Durable Goods Manufacturing Sales** in December 2020 (100 = same as prior year)



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

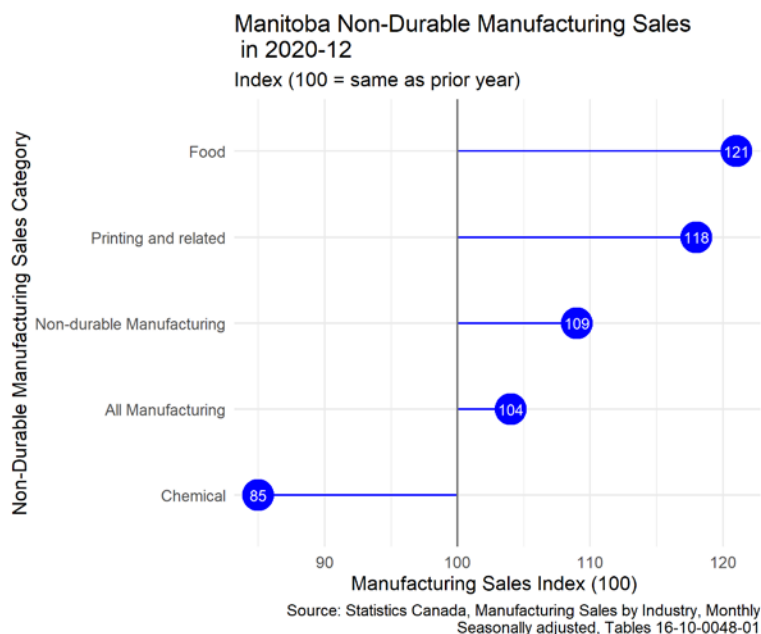
The aggregate for durable goods manufacturing is flat y/y (**Figure 5**).

The index of **Non-metallic mineral sales** is up sharply on the year (184). When looking at 2016 – 2020, Dec'19 sales were the weakest, and Dec'20 the strongest by a long shot (+71% over the next strongest sales). The particularly mild fall weather offered support for stronger than usual cement demand this December.

The strong **fabricated metal** sales in Dec'20 saw us making a comparison to a weak Dec'19 sales figure, helping to swing fabricated metal to a strongly positive y/y index of 135 this month. **Wood product** sales continued to be strong (index of 126), with the price effect noted above offering support.

Transportation equipment sales continue to be weak, due to its downstream clients continuing to experience sharply reduced air passenger demand. ⁴

Figure 6: Index of **Manitoba Non-Durable Goods Manufacturing Sales** in December 2020 (100 = same as prior year)



Manitoba's bright light in December 2020 continues to be non-durable manufacturing sales, which are up 9 per cent on the year (**Figure 6**).

Food sales are up 21 per cent y/y. The sector continues to benefit from abundant inputs due to a large crop available for processing this year.

Printing and related saw strong December 2020. Dec 2019 sales had been weak, so this pushed the y/year index to 118 this month. Still, sales have been steadily rising after a

March-May drop, so we may have a positive sales trend on our hands.

The opposite happened with **chemical sales**, which saw weaker December 2020 sales, compared to stronger December 2019 sales. This pushed the index down to 85 this month.

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 whom to contact on the YW team.
- For general inquires please email wpginfo@edwinnipeg.com.
- For Marketing & Communications Inquiries, please email: marketingandbranding@edwinnipeg.com.

⁴ Efforts to contain COVID-19 have led to this reduction in air passenger traffic.