

News Release

Embargoed until 0930 EDT (1330 UTC) 2 December 2024

S&P Global Canada Manufacturing PMI[®]

November sees strongest growth of manufacturing sector since early 2023

Key findings

Faster gains in both output and new orders signalled

Employment growth sustained

Delivery delays reported due to port strikes

Canada's manufacturing economy enjoyed a positive month in November, with output, new orders and employment all rising since October. Overall growth of the sector also picked up amid evidence of better market activity and demand. Confidence in the outlook was sustained, with firms forecasting that the recent strengthening of operating conditions will continue into 2025.

However, less positive were reports of delivery delays, linked in part to port strikes and railway delays. Input price inflation also picked up leading to the strongest rise in output charges for three months.

The seasonally adjusted S&P Global Canada Manufacturing Purchasing Managers' Index™ (PMI[®]) remained above the crucial 50.0 no-change mark for a third successive month in November. With the PMI improving to 52.0, from 51.1 in October, the rate of growth also improved to its highest since February 2023.

Underpinning the PMI in November were firmer gains in both production and new orders. For output, the increase was the best in two-and-a-half years, whilst growth in new work was the steepest for 21 months. Panellists reported that market activity was generally better, linked in part to recent reductions in interest rates. Growth was however centred on the domestic market as new export orders declined for a fifteenth successive month. Panellists reported that global manufacturing demand remained subdued.

Manufacturers reported inbound and outbound shipping delays in November, linked to strikes at ports and railway disruption. Supplier lead times were subsequently reported to have lengthened for a fifth successive month, and to a greater degree than in September and October. Warehouse stocks held by Canadian manufacturers also increased. It was the second successive month in which inventories have risen, with growth in November the strongest since June.

With output rising at a stronger pace than new orders, firms

Canada Manufacturing PMI
sa, >50 = growth since previous month



Source: S&P Global PMI
Data were collected 12-25 November 2024

Comment

Commenting on the latest survey results, Paul Smith, Economics Director at S&P Global Market Intelligence said:

"Despite port disruptions leading to both inbound and outbound shipping delays in November, Canada's manufacturing sector overall enjoyed a decent month, with the sector expanding at its best rate since February 2023. Output and new orders both rose at stronger rates when compared to October, with firms noting an uplift in domestic market activity, linked in part to recent reductions in interest rates. In contrast, subdued global demand continued to weigh on overall sales.

"Latest data also revealed stronger price pressures, linked in some instances to recent US dollar strength. However, rates of inflation remained comfortably below trend and broadly contained heading towards year end. As such firms retain a broadly positive outlook and continued to add to their staffing levels in November."

PMI[®]

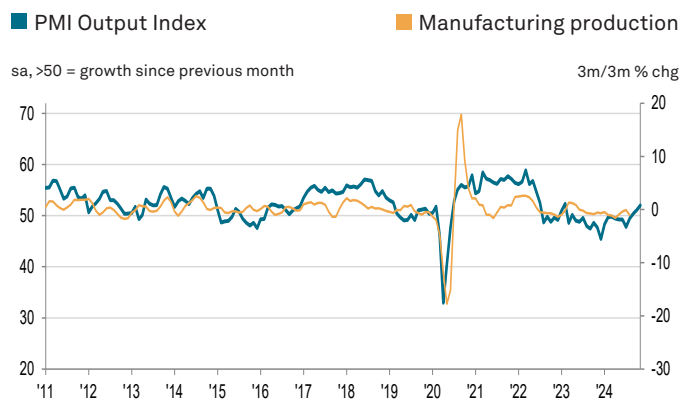
by S&P Global

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not only added to their inventories but also kept on top of overall workloads, with outstanding business declining for a twenty-eighth successive month. The modest contraction in backlogs was supported by a third consecutive increase in employment, with firms taking on staff to support higher production requirements.

On the price front, input cost inflation picked up since October, hitting its highest level for over a year-and-a-half. There were reports that the stronger US dollar had raised the cost of imported goods, whilst panellists specifically noted higher livestock and lumber prices. In response, firms increased their output charges, with inflation hitting a three-month high albeit to a level that remained well below its historical average.

Finally, panellists are confident of a further rise in output from present levels in 12 months' time. There are hopes that the improvement in demand and underlying market activity will be sustained. That said, optimism edged lower in November, dropping slightly to reach its lowest since July.



Sources: S&P Global PMI, StatCan via S&P Global Market Intelligence.

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Survey methodology

The S&P Global Canada Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in October 2010.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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