

# News Release

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## S&P Global Canada Manufacturing PMI<sup>®</sup>

### Manufacturing sector stabilises in January

#### Key findings

Output rises slightly, ending 11-month downturn

Employment up for first time in a year

Tariffs continue to impact trade and drive input costs higher

Canada's manufacturing sector experienced a relatively positive start to 2026. Output stabilised and job numbers improved amid signs of an uplift in confidence amongst manufacturers about the future. Although new orders continued to fall, they did so only marginally and at the weakest rate in 12 months.

However, tariffs continued to weigh on sector performance as exports fell again, especially to the neighbouring United States. Tariffs also underpinned a sharp rise in input costs and manufacturers responded to a further squeeze on margins by increasing their own charges to the greatest degree since March 2025.

The S&P Global Canada Manufacturing Purchasing Managers' Index<sup>™</sup> (PMI<sup>®</sup>), a composite index designed to provide an overview of the health of the manufacturing sector, edged above the critical 50.0 no-change mark in January for the first time in a year to signal an improvement in overall operating conditions. After accounting for seasonal factors, the index recorded 50.4, up from 48.6 and a 12-month high.

Latest data showed that output stabilised in January having previously declined on a consecutive monthly basis since February 2025. Growth reflected a combination of clearing backlogs of work, which fell again at the start of the year, and the release of new products. Some firms also pointed to benefiting from new orders, although overall demand conditions remained challenging. Latest data showed that new order inflows declined marginally in January, in part driven lower by sustained export weakness especially to the neighbouring United States. Manufacturers reported that tariffs continued to negatively impact trade.

Manufacturers indicated some confidence in the outlook during January, with sentiment improving to a three-month high amid expectations of an upturn in demand and broader economic growth in the year ahead. This fed through positively to employment decisions, with the latest data

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



Source: S&P Global PMI

Data were collected 12-26 January 2026

#### Comment

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

*“Following a challenging 2025, PMI data suggested that Canada’s manufacturing sector started the new year on a more positive footing. Output stabilised, after nearly a full year of continuous contraction, whilst confidence in the outlook improved and marginal jobs growth was recorded for the first time in 12 months.*

*“However, reflecting the underlying fragility of the upturn, new orders fell again as tariffs continued to disrupt trade especially with the neighbouring United States. Moreover, operating margins remained under some pressure following a further acceleration of input price inflation, although firms were able to raise their own charges to the greatest degree since last March.*

*“The latest survey data overall points to an underlying resilience in the manufacturing economy, with some positive output growth recorded and a marginal recovery in the labour market following a prolonged downturn. However, ongoing inflation and trade uncertainties seem set to remain dominant themes in 2026 and therefore the primary challenges to navigate for many manufacturers in the coming year.”*

PMI<sup>®</sup>

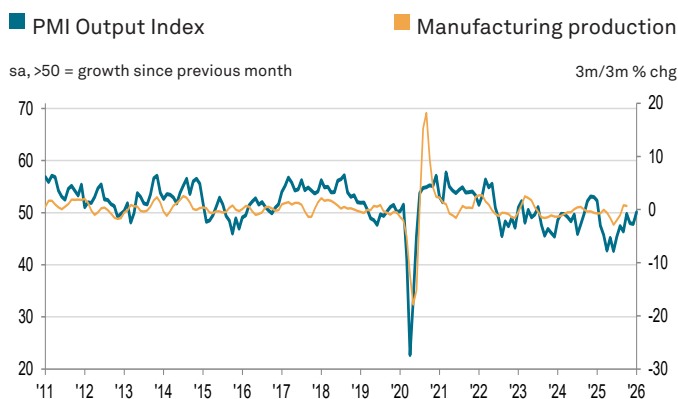
by S&P Global

showing a net gain in staffing levels for the first time in a year (although growth was marginal). Some firms noted taking on staff in expectation of higher output and new orders in the coming 12 months.

Firms were a little more circumspect when it came to purchasing activity, with latest data showing a thirteenth successive monthly decline at the start of the year. The modest contraction, which was the softest in the current downturn, was linked in some instances to already having sufficient stock on hand to meet production requirements with input inventories overall stabilising in January, following a year long period of contraction.

On the price front, tariffs remained a key driver of cost inflation, which accelerated noticeably during January to a five-month high. Metals like aluminium and steel were again frequently noted to have increased in price.

Responding to the latest round of input price inflation, manufacturers increased their own changes markedly and to the greatest degree since March 2025.



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](mailto:economics@spglobal.com).

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### About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

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