

News Release

Embargoed until 0930 EDT (1330 UTC) 1 October 2024

S&P Global Canada Manufacturing PMI[®]

PMI signals slight growth of manufacturing sector in September

Key findings

Marginally higher sales and employment registered

Output levels close to stabilising

Cost inflation strengthens to 17-month high

Supported by marginal gains in new orders and employment, operating conditions in Canada's manufacturing economy strengthened during September. Confidence in the outlook also improved and output showed signs of stabilising. Amid reports that market demand conditions remained subdued overall, however, purchasing activity fell slightly. On the price front, input cost inflation accelerated to its highest level for nearly a year-and-a-half. Output charges increased only modestly, however.

Registering 50.4, up from 49.5 in August, the seasonally adjusted S&P Global Canada Manufacturing Purchasing Managers' Index™ (PMI[®]) edged back above the critical 50.0 no-change mark in September to signal a first improvement in operating conditions since April 2023.

The PMI was supported by a slight rise in new orders, the first in nearly a year-and-a-half. Growth was reported to be reflective of an uplift in market demand and the release of new product lines. However, there were still many reports that underlying demand conditions remained subdued, especially from foreign clients. Indeed, new export orders declined again in September, and to a greater extent than in August. Latest data marked the thirteenth successive month in which a fall in new export work has been registered.

Production levels were only fractionally lower in September, with the Output Index rising to a seven-month high and indicating a near-stabilisation. Output was weighed down to some degree by efforts to meet sales directly from stock wherever possible. September's survey showed that inventories of finished goods declined for the first time in five months.

Manufacturers also remained reticent to buy-in new inputs as evidenced by a drop in purchasing activity for the twenty-sixth successive month. Inventories of inputs were instead utilised, as signalled by a decline in stocks of purchases for the second time in the past three survey

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



Source: S&P Global PMI
Data were collected 12-24 September 2024

Comment

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

"The latest PMI data provided some encouraging signs for the health of the manufacturing economy, with new orders, employment and confidence in the outlook all improving since August. Panellists pointed to slightly better market demand at home as a factor underpinning growth, which served to offset a further deterioration in foreign sales.

"Indeed, global demand remains subdued, in part linked to geopolitical uncertainties and this continues to bear down on production and buying activity. Firms are therefore looking towards the forthcoming US elections as an opportunity to see some much-needed stability, whilst also noting that falling interest rates should help to stimulate growth in the year ahead."

PMI[®]

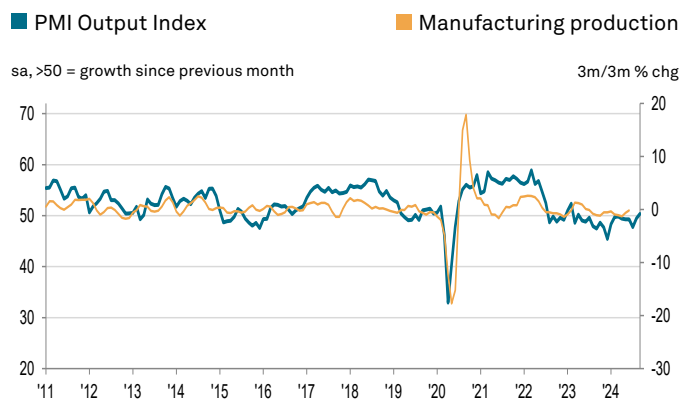
by S&P Global

© 2024 S&P Global

periods. A lengthening of delivery times also encouraged stock depletion. Firms continued to report bottlenecks on transportation routes, especially those involving sea freight.

Average input prices meanwhile rose again in September. The rate of inflation picked up, reaching its highest level since April 2023 as a wide range of goods were reported to have increased. However, with market conditions still subdued, manufacturers had limited pricing power to pass on these higher input costs to clients. Overall, output charges rose only modestly and at a noticeably slower degree than in August.

Confidence in the outlook picked up since August, reaching its highest level since May. There are hopes of an improvement of market conditions in the months ahead, with the upcoming US election results forecast to provide some much-needed geo-political stability. Lower interest rates should also help to stimulate growth. Positive projections for the future helped to explain why firms took on extra staff in September. Employment overall increased for the second time in the past three months, albeit only marginally, and helped firms to comfortably keep on top of their overall workloads during September.



Contact

Paul Smith
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-1038
paul.smith2@spglobal.com

Katherine Smith
Corporate Communications
S&P Global Market Intelligence
T: +1 (781) 301-9311
katherine.smith@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

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.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.

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. ihsmarkit.com/products/pmi.html.