

News Release

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S&P Global Canada Manufacturing PMI[®]

Tariffs lead to sharpest falls in output and new orders since height of COVID-19 pandemic

Key findings

Production and new work deteriorate at historically steep rates

Unpredictable nature of trade policies weighs on demand and outlook

Prices rise sharply as supply-side disruption

Canada's manufacturing economy endured its most challenging month in nearly five years during April. Output and new orders both deteriorated to the greatest extents since the height of the COVID-19 pandemic as tariffs and unpredictable US trade policies weighed heavily on the sector. Job losses were also registered, whilst firms reduced purchasing and inventories given the uncertain outlook.

Tariffs also led to more supply delays and resulted in input costs rising at a historically elevated pace. Output charges were generally increased in response.

The S&P Global Canada Manufacturing Purchasing Managers' Index™ (PMI[®]) recorded 45.3 in April. That was down from 46.3 in March and, with the index remaining below the crucial 50.0 no-change mark, represented a third successive monthly deterioration in operating conditions. Moreover, it was the lowest reading since May 2020, the height of the global COVID-19 pandemic.

The primary drivers of April's low PMI reading were steep reductions in both production and new orders. In each case, contractions were also the sharpest since May 2020. Firms widely noted the impact of tariffs, especially uncertainty over the direction of US trade policy. This was especially the case for investment goods producers, where output and new work continued to fall particularly steeply.

New export orders were inevitably impacted by tariffs, with latest data showing the greatest reduction in exports for five years. Again, uncertainty over US trade policy was largely reported to have led to hesitancy and delays in decision-making amongst clients.

Against a backdrop of falling output and new orders, manufacturers reduced their staffing levels for a third successive month in April. But capacity remained more than sufficient to keep on top of overall workloads as evidenced by the steepest reduction in backlogs of existing orders since May 2020.

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



Source: S&P Global PMI
Data were collected 09-24 April 2025

Comment

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

"The Canadian manufacturing sector had another difficult month in April, with output and new orders declining at rates not seen since the height of the global COVID-19 pandemic in 2020. The uncertainty regarding the future direction and implementation of tariffs was again especially damaging, with markets characterised by hesitancy and delayed decision making. Indeed, reflective of the unpredictable environment firms are operating in, capital goods producers again reported especially steep falls in output and new work.

"Tariff impacts were again also evident in price and supply developments. Firms reported delays at ports and at customs points, which led to a further lengthening of supplier delivery times despite a noticeable reduction in demand for manufacturing inputs. Prices also rose steeply, especially for metals products.

"Whilst some firms are hopeful of a more settled economic and political environment in a year's time, the outlook remains especially uncertain with the unpredictable direction of trade protectionism policies again weighing heavily on confidence in April."

PMI[®]

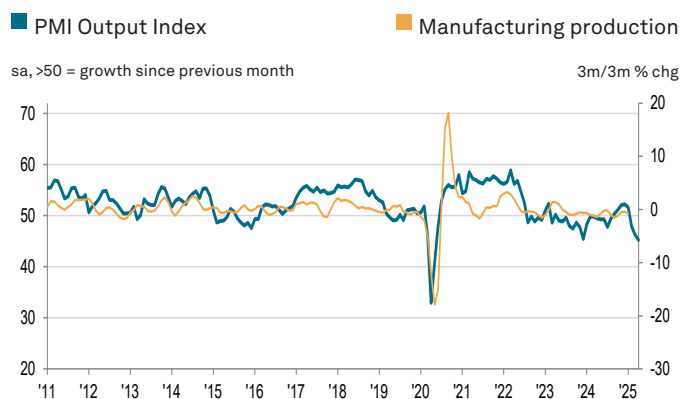
by S&P Global

Firms were also keen to reduce any excess stocks at their plants, cutting both inputs and finished goods inventories during the latest survey period. Cost considerations and the uncertain outlook were instrumental in stock management decisions, with firms adjusting inventories downwards in accordance with current and expected production levels.

Tariffs led to higher input prices during the month, especially for metals like aluminium and steel. Overall input price inflation was down on March's recent high, but nonetheless historically steep. This encouraged firms to raise their own output charges, again at an above-average rate despite inflation easing since March.

Supply-side delays were also apparent during April, despite firms recording the steepest reduction in purchasing activity since May 2020. Panellists commented on unstable supply chains, characterised by delays at ports and customs in general. These were, in the main, reflective of tariffs.

Finally, confidence amongst manufacturers regarding the year ahead remained subdued overall. US trade policy and its unknown direction resulted in an unusually uncertain outlook according to panellists. However, some firms are hopeful that, in 12 months' time, a more stable economic and political picture will have emerged. This helped to explain why confidence rebounded since March to a three-month high.



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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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.