

News Release

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S&P Global Canada Manufacturing PMI[®]

Manufacturing PMI hits 13-month high amid renewed improvement in order books

Key findings

Total new work rises for first time since January 2025

Sustained increase in employment numbers

Business optimism highest since the end of 2024

Business conditions across the Canadian manufacturing sector improved for the second month running in February, albeit only marginally. This mainly reflected rising volumes of new work and a sustained upturn in employment, alongside stable production volumes.

However, goods producers continued to face challenges from weaker export sales and rising inflationary pressures. The latest increase in average cost burdens was the steepest since August 2025, which led to another robust rise in factory gate prices.

The seasonally adjusted S&P Global Canada Manufacturing Purchasing Managers' Index™ (PMI[®]), a composite index designed to provide an overview of the health of the manufacturing sector, registered 51.0 in February, up from 50.4 in January and slightly above the crucial 50.0 no-change threshold. Moreover, the latest reading was the highest since January 2025.

New orders were a bright spot in February, with growth recorded for the first time in 13 months. A renewed upturn in new business reflected improving domestic demand, which helped to offset a sustained decline in export sales. Latest data indicated a solid reduction in new work from abroad, although the rate of contraction eased to its least marked since October 2025. Survey respondents again widely commented on headwinds from US tariffs.

Manufacturing output was unchanged in February, which continued the stable trend seen so far in 2026. While some firms noted a boost from rising workloads, others cited caution about their production requirements and the impact of tight inventory strategies. Stocks of finished goods have decreased for 12 months in a row, although the latest reduction was only marginal.

Improved order books and long-term business expansion plans led to another marginal increase in staffing numbers. The rate of job creation edged up since January and was the

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



Source: S&P Global PMI

Data were collected 10-23 February 2026

Comment

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

"February data indicated a positive month for the Canadian manufacturing sector as new orders returned to growth despite a backdrop of softening export sales and ongoing challenges arising from US tariffs.

"Production volumes have stabilized so far in 2026, following a sustained downturn last year. Greater workloads and signs of a turnaround in domestic demand also contributed to the fastest rise in employment for 13 months and a marginal rebound in purchasing activity.

"Operating margins were squeezed during February amid another steep rise in purchasing prices. Many goods producers noted that suppliers had passed on rising metals costs, especially steel and aluminum. Factory gate charges consequently increased at the fastest pace since March 2025, although firms noted that competitive pressures had weighed on overall pricing power.

"Looking ahead, worries about US tariffs and trade frictions constrained manufacturers' business activity expectations in February. However, optimism levels have picked up in recent months, with goods producers pointing to the strongest growth projections since December 2024."

PMI[®]

by S&P Global

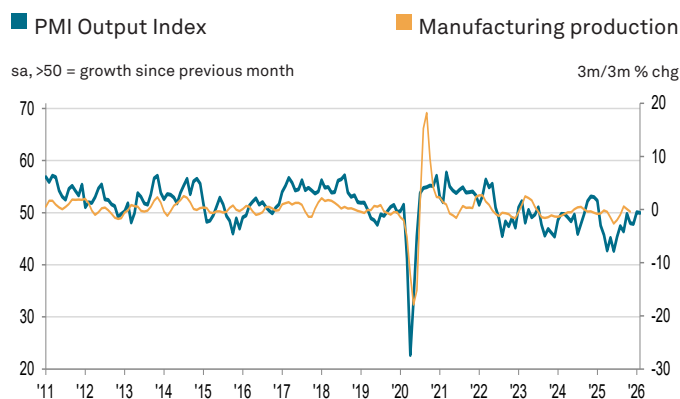
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strongest for 13 months.

Input buying also expanded slightly in February. The rise in purchasing activity was the first since December 2024 and contributed to stable stocks of purchases across the manufacturing sector. Meanwhile, transportation delays persisted in the latest survey period, which resulted in the sharpest downturn in supplier performance since May 2025.

February data indicated a sharp rise in purchasing costs, with many firms noting higher prices paid for aluminum and steel. The overall pace of cost inflation was the fastest for six months. Factory gate prices increased at the steepest rate since March 2025, which was linked to rising raw material prices and the impact of passing on reciprocal tariffs.

Finally, Canadian manufacturers were upbeat about their overall prospects for output growth during the next 12 months. Around 24% of the survey panel predicted an expansion, while only 9% foresaw a reduction. This translated to the highest overall level of optimism since December 2024. However, confidence levels remained much weaker than the long-run survey average. Some firms noted hopes of a turnaround in customer demand, but there were also widespread concerns about US tariffs and the prospect of continued trade frictions.



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

Contact

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

Florence Bogitsh
Senior Communications Manager,
Americas
S&P Global Market Intelligence
T: +1-646-460-7204
florence.bogitsh@spglobal.com
press.mi@spglobal.com

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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