

News Release

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S&P Global Canada Manufacturing PMI®

Downturn in manufacturing sector continues to ease during August

Key findings

Slower falls in both output and new orders

Tariffs continue to impact sales, prices and supplier performance

Job losses sustained as outlook remains uncertain

Canada's manufacturing economy remained inside contraction territory during August, with output, new orders and employment all declining since July albeit at noticeably slower rates compared to earlier in the year. A lack of demand, especially from international markets due to tariffs, was again widely noted by manufacturers. Tariffs also continued to underpin inflationary pressures, with prices rising to a stronger degree than in July, whilst custom delays and logistical challenges led to a further lengthening of lead times.

Confidence in the future meanwhile improved but remained well below trend. Continued uncertainty in the outlook, plus present sales weakness, led firms to make further cuts to employment and purchasing activity.

The **S&P Global Canada Manufacturing Purchasing Managers' Index™ (PMI®)**, a composite index designed to provide an overview of the health of the manufacturing sector, recorded 48.3 in August. That was up from 46.1 in July and the highest PMI reading since January. However, by remaining below the critical 50.0 no-change mark for a seventh successive month, the PMI signalled continued sector contraction.

The relatively better PMI reading reflected slower falls in both output and new work. Production declined at the slowest rate since February, whilst new orders contracted to the weakest degree in the current seven-month downturn. However, firms again bemoaned a lack of market demand for their products, often commenting on the reticence of clients to commit to new contracts against the backdrop of trade tariffs. This was especially the case with US clients, who remained a key source of lower overall international sales in August.

The disruptive impact on trade of tariffs was also reflected in the latest data on prices and supplier performance. Regarding the latter, customs delays and logistical challenges

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



Source: S&P Global PMI
Data were collected 12-22 August 2025

Comment

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

"Canada's manufacturing economy continued to struggle in the face of tariffs and uncertainty in August although, somewhat positively, to a noticeably lesser degree than earlier in the year. Although continuing to decline, output, new orders and employment all recorded slower falls compared to July."

"Hopefully, the manufacturing economy will continue this broad underlying path towards stabilisation, but the outlook remains extremely uncertain, with confidence remaining way below its typical trend level – resulting in a significant downside risk to sector performance going forward. Moreover, adapting to the new international trading environment remains a challenge, with costs continuing to rise sharply, and customs and logistical challenges leading to further supply-side constraints."

PMI®

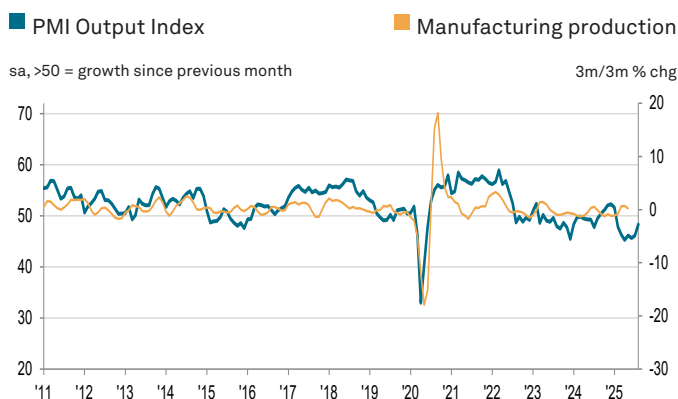
by S&P Global

due to tariffs were reported to have underpinned a further deterioration in supplier vendor performance in August, the fourteenth in as many months. On the price front, tariffs were overwhelmingly mentioned as having raised the cost of inputs, with metals like aluminium and steel especially impacted. Input price inflation overall was at its highest level for three months, and firms were keen to pass these on to clients wherever possible. This was reflected in a slightly firmer rise in output charges compared to July.

Looking ahead, trade and tariff uncertainty also remained a dominant theme in firms' assessment of the outlook. Despite improving to a seven-month high, confidence about production in the year ahead remained notably below trend with firms continuing to note significant uncertainty in relation to tariffs and their impact on trade, demand and prices.

The unusually uncertain outlook, plus continued underperformance in current sales, led firms to further trim labour capacity. Noting a combination of layoffs and the non-replacement of leavers, employment numbers overall declined for a seventh successive month (albeit to the weakest degree since April). Capacity was still nonetheless sufficient to enable a sharp reduction in backlogs of work.

Meanwhile, purchasing activity was also cut although, in line with the trend for output, to the weakest degree since January. A lack of new work meant firms were reluctant to buy in new inputs. With supply-side delays also noted, manufacturers subsequently continued to make use of inventories, with stocks of purchases declining in August for an eighth successive month.



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.

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