News Release

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S&P Global Canada Manufacturing PMI®

Downturn in manufacturing sector gathers pace in June

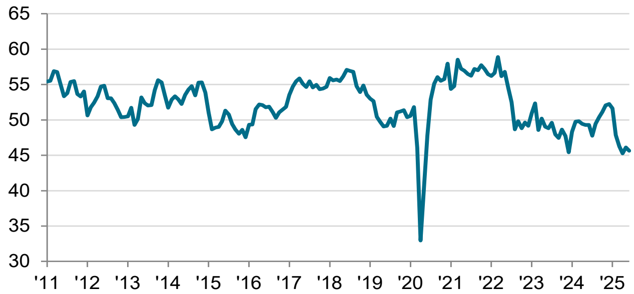
Key findings

Fastest decline in output for over five years

Tariffs again weigh heavily on demand and underpin inflation

Jobs and purchasing cut further

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



Source: S&P Global PMI
Data were collected 12-24 June 2025

Canada's manufacturing economy remained mired in contraction territory during June amid steep contractions in both output and new orders. Tariffs were again a dominant theme in the latest survey period, with firms noting a heavy impact on demand, the supply of inputs and their prices. With the outlook remaining uncertain, job losses were again registered whilst purchasing activity was lowered noticeably.

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 45.6 in June. That was down from 46.1 in the previous month and indicative of another steep deterioration in operating conditions. It was the fifth successive survey period in which the PMI has posted below the critical 50.0 no-change mark.

Production volumes were cut to the steepest degree in over five years in June amid a sharp decline in new work. Tariffs were widely reported to have adversely impacted market demand, and overall sales declined for a fifth successive month. International sales, especially from the neighbouring US, were especially weak. Latest data showed that new export orders declined in June at one of the steepest rates in the survey history.

Some panellists are hopeful that trade uncertainty caused by tariffs will recede in the coming year, whilst others are forecasting improved sales from domestic sources. This meant that confidence in the outlook improved to its highest level since January, strengthening noticeably since May. However, compared to the survey's historical average, confidence remained subdued. This was largely the result of difficulties in forecasting the direction of trade policies and tariff levels with the neighbouring United States.

The present downturns in both output and new orders meant firms continued to reduce their purchasing activity at a historically severe pace. Input inventories were also

Comment

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

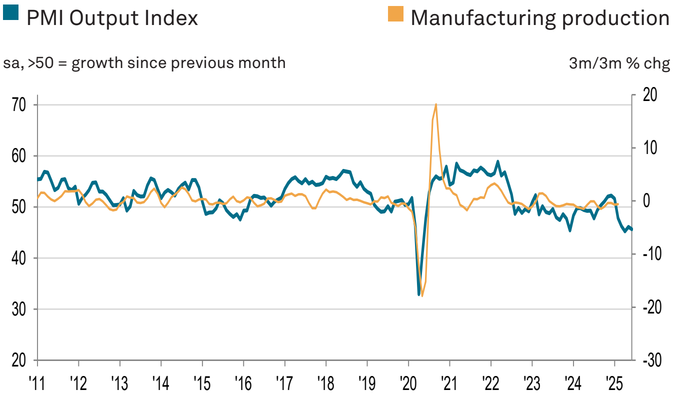
"Canada's manufacturing economy continued to struggle in the face of tariffs and the ongoing uncertainty related to future trade policies. A lack of new orders underpinned the latest downturn and helped to explain the steepest reduction in production since the height of the pandemic in the spring of 2020. International sales unsurprisingly were especially subdued, and, against this backdrop, firms chose to make further cuts to their employment and purchasing activity.

"Although sentiment improved on hopes of some stability in the year ahead, confidence in the outlook remains subdued and uncertain. And firms continued to face pressure on their operating margins as, despite easing since May, inflationary pressures were again evident. Tariffs again drove steep rises in prices and also exacerbated supply-side delays, which intensified during June."

run down, dropping at the steepest rate in five years. Apart from deliberate destocking efforts, delays in the delivery of bought-in inputs also encouraged firms to utilise their stocks of purchases. Average lead times once again lengthened in June, and again markedly. Supply chain delays reflected challenges related to tariffs and, in some instances, shipping container shortages.

Tariffs were widely reported to have also driven up input costs during June, dominating the anecdotal evidence provided by those manufacturers which experienced a rise in prices. Although the rate of inflation softened during June to a four-month low, it remained elevated compared to the survey trend. Manufacturers sought to pass on their higher input costs to clients via a rise in their own selling prices during June. Similarly, the rate of inflation remained marked, despite easing to a four-month low.

Finally, with production and new order volumes deteriorating sharply, there remained little pressure on capacity during June. This was highlighted by another steep, and accelerated, fall in backlogs of work. Manufacturers subsequently also registered a decline in staffing volumes. It was the fifth successive month in which overall employment fell and reflected a mixture of redundancies and the non-replacement of leavers.



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.

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