

News Release

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S&P Global Canada Manufacturing PMI[®]

Manufacturing sector stagnates in March

Key findings

Marginal declines in output, new orders and employment

High prices and tariffs continue to weigh on export sales

Confidence in outlook softens

March PMI[®] survey data from S&P Global pointed to a weakening in several measures of Canadian manufacturing sector performance in March. Production and employment both fell slightly, whilst new orders were down modestly amid reports that high prices, tariffs and generally softer demand had weighed on sales volumes. Purchasing activity was reduced fractionally as firms focused on inventory management.

Some firms also noted delays in the receipt of ordered inputs owing to supply chain disruption caused by the outbreak of war in the Middle East. The conflict also served to push up energy, fuel and supplier charges in general, according to panellists. Although firms sought to pass on increased costs to clients wherever possible, output charge inflation softened to a three-month low.

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, recorded 50.0 in March. That was down from 51.0 in February and overall signalled a stagnation of manufacturing sector performance.

Production fell for the first time in 2026 so far during March. Some firms noted delays in production due to slower delivery of inputs. This was reflected in data on supplier delivery times, which showed another marked lengthening. Overseas shipping delays and supply chain disruption were widely linked to war in the Middle East. This led firms to utilize existing inventories in production where needed and resulted in a fractional decline in stocks of inputs. Some firms also noted the deliberate use of existing inputs rather than buying in new items. This helped to explain a marginal contraction in purchasing activity.

Output was also negatively impacted by a drop in new order volumes. Tariffs remained a source of demand weakness, especially with clients based in the United States. New

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



Source: S&P Global PMI
Data were collected 12-25 March 2026

Comment

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

“Canada’s manufacturing sector again experienced subdued performance during March. Production declined marginally and new orders were down modestly, in part linked to tariffs on trade with the neighbouring United States.

“Firms also noted that high prices were a problem for clients, but with costs rising sharply again amid supply chain disruption and increased fuel prices stemming from the war in the Middle East, manufacturers saw little choice but to increase their own charges.

“The conflict in the Middle East, which had a relatively muted impact on the Canadian manufacturing sector compared to regions like Europe in March, has understandably raised the level of uncertainty in the outlook. With tariffs also still a concern for many firms, confidence regarding production in the year ahead fell to a three-month low and remained way below its average level.”

PMI[®]

by S&P Global

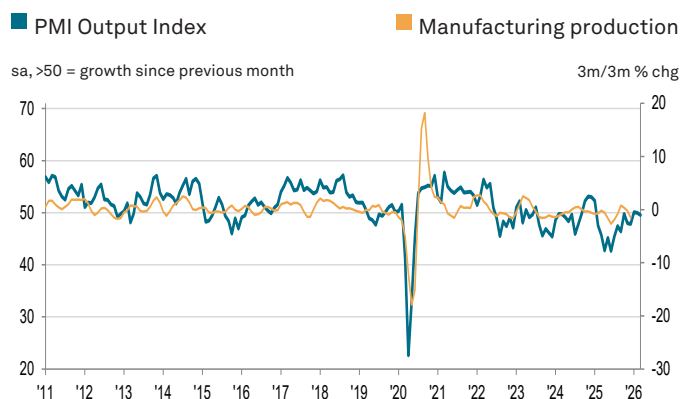
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export volumes declined for the fourteenth successive month and again to a marked degree.

High prices were noted in some cases to have weighed on demand in March. Despite this, output charges were raised again markedly and at an above average rate. Firms signalled efforts to pass on higher costs to clients wherever possible. Latest data showed a slight uptick in input price inflation to its highest level since last August, with fuel prices and supplier charges been driven higher by the war in the Middle East.

The uncertainty caused by the war and its adverse impact on the global economy was also reflected in firms' assessment of the outlook. Confidence overall fell to a three-month low and remained well below trend. Panellists noted ongoing concerns over the impact of tariffs, especially trade with the United States.

Some uncertainty in the outlook led to a reluctance amongst firms to replace any leavers at their plants during March. There were also reports of company restructuring and an adjustment of operational capacity to match subdued trends in orders and production. This led to a net fall in employment, albeit marginal, for the first time in three months.



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