

# News Release

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## S&P Global Canada Manufacturing PMI<sup>®</sup>

### Steepest drop in new orders since May 2020 drives further deterioration of manufacturing sector

#### Key findings

Tariff uncertainty leads to drop in new work

Production, purchasing and employment all reduced

Inflation accelerates as confidence in outlook tumbles

Continued uncertainty related to tariffs on goods crossing the border between Canada and the United States weighed heavily again on the performance of the manufacturing sector during March. New orders declined to the greatest degree since the height of the COVID-19 pandemic, whilst production, purchasing and employment were all reduced noticeably. Confidence in the outlook slumped to its lowest level in the respective series history.

On the price front, tariffs already applied on metals products, plus uncertainty over when customs surcharges could be levied on a wider range of goods, resulted in input costs and output charges rising at noticeably steeper rates.

The S&P Global Canada Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>) registered 46.3 in March, down from 47.8 in February. Posting below the crucial 50.0 no-change mark for a second month running, the PMI signalled a further deterioration in operating conditions that was the greatest since the end of 2023.

New orders fell considerably during March and to a greater degree than in February. Overall, the contraction was the steepest since May 2020 and therefore amongst the fastest recorded in the survey history (data were first collected in October 2010). Panellists widely attributed the reduction in new orders to the application of tariffs and ongoing uncertainty around their scope over the coming weeks. Export trade especially suffered, with latest data signalling the joint-second steepest reduction in exports in the survey history (surpassed or equalled only by the falls registered in April-May 2020).

The lack of incoming new work meant firms pared back production during March. Overall, the decline was the steepest recorded since the end of 2023 and the second in successive months. Purchasing activity was also lowered, and to a degree unseen since the height of the COVID-19 pandemic in the spring of 2020. Job losses also intensified as

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



Source: S&P Global PMI  
Data were collected 12-25 March 2025

#### Comment

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

"Canada's manufacturing economy endured a challenging month in March as the spectre of tariffs being applied on a wider range of goods and services continued to weigh heavily on the sector. Product markets were again broadly paralysed, with clients unwilling to commit to new work given the considerable and enduring uncertainty related to tariffs that is weighing on business decisions.

"Unsurprisingly, export trade suffered especially, and firms are growing increasingly pessimistic about the outlook, typically now expecting to see output decline from present levels over the coming year. Not surprisingly, firms are cutting back on purchasing, lowering their inventories and not replacing leavers or filling previous vacancies.

"Adding to the gloomy picture, and again a direct consequence of trade tariffs, inflationary pressures have picked up, with input costs rising to a degree not seen since the summer of 2022."

PMI<sup>®</sup>

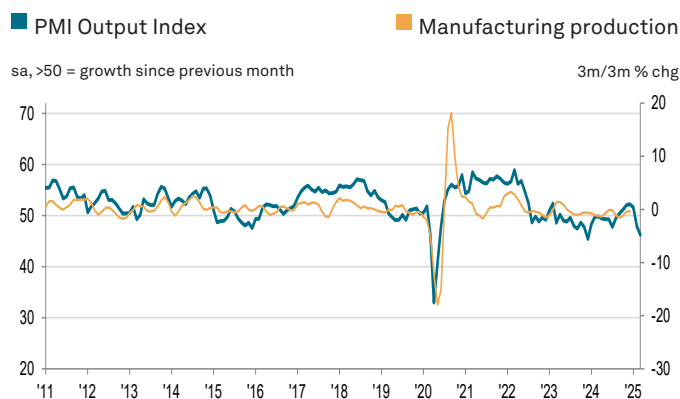
by S&P Global

firms chose to not replace leavers or fill previous vacancies at their plants. This in part reflected current order book trends and a lack of capacity pressure: latest data showed that work outstanding declined at the sharpest rate since last August during March.

An uncertain outlook also weighed on purchasing and staffing decisions. Firms remained outright pessimistic about their expected level of production in 12 months' time, with output typically forecast to be lower than present in 12 months' time. Moreover, the degree of pessimism was unprecedented as firms signalled noticeable uncertainty about the size and scope of tariffs on goods and services traded between Canada and the US in the coming months.

With tariffs being applied on goods like aluminium and steel, input price inflation accelerated noticeably since March to reach its highest since August 2022. Adding to upward pressure on input cost inflation, panellists also reported that vendors were raising their prices ahead of expected tariff changes and/or reducing inventories at their plants. Subsequently, vendor delivery delays intensified, with transportation challenges on railways and at ports resulting in the steepest lengthening of lead times since December 2022.

Manufacturers themselves also raised their charges in March, again largely in response to tariffs. Overall, output charge inflation was noticeably higher than in February, accelerating to its highest level since the end of 2022.



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](mailto: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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