

# News Release

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

### Stronger growth of manufacturing sector signalled in October

#### Key findings

Solid rise in output as market demand continues to stabilise

Employment numbers up again

Inflationary pressures weaken

Canada's manufacturing economy expanded at a faster rate in October, underpinned by a first rise in output in over a year. Amid reports of steadily improving market demand, new business rose marginally, and firms continued to take on additional workers. Confidence in the outlook was also positive, though firms remained cautious when it came to buying activity, instead preferring to utilise existing input stocks wherever possible. Inflationary pressures weakened, with costs rising at a slower pace and output charges only marginally higher in October.

The seasonally adjusted S&P Global Canada Manufacturing Purchasing Managers' Index™ (PMI<sup>®</sup>) signalled a second successive monthly improvement in operating conditions during October. Moreover, growth was firmer, as signalled by the headline PMI improving to 51.1. That was up from 50.4 in September and a 20-month high.

Underpinning growth in October was a solid rise in manufacturing production. It was the first time since July 2023 that output has increased, and the uplift was the best registered by the survey in over a year-and-a-half. Some panellists reported that market demand had improved, leading to a net increase in total new orders. Growth was however marginal and centred on the domestic market: new export business continued to fall during October, extending the current downturn to 14 months.

With output rising at a noticeably faster pace than new work manufacturers added to their stocks of finished goods. Growth reflected a mixture of positive expectations for orders, but also some delays in shipping from warehouses. It was the fifth time in the past six months that a rise in inventories has been recorded.

Meanwhile, backlogs of work outstanding declined for a twenty-seventh successive month. This primarily reflected higher output, but also an expansion of productive capacity. Workforce numbers rose in October for the second month in

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



Source: S&P Global PMI  
Data were collected 10-25 October 2024

#### Comment

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

"October marked a relatively positive month for Canada's manufacturing economy, with solid increases in output and employment both stand out statistics from the latest survey data. Firms bolstered their production in anticipation of growth in the months ahead, with warehouse inventories increasing marginally ahead of expected order gains.

"However, firms retained a degree of caution, with buying activity cut again as underlying demand remains soft – despite showing signs of stabilising. This highlights that the sector has some way to go before getting onto a firmer growth trajectory. With latest data also pointing to a dissipation of inflationary pressures, the survey overall provides further support to the Bank of Canada's current focus on moving quickly towards a more neutral monetary policy stance."

PMI<sup>®</sup>

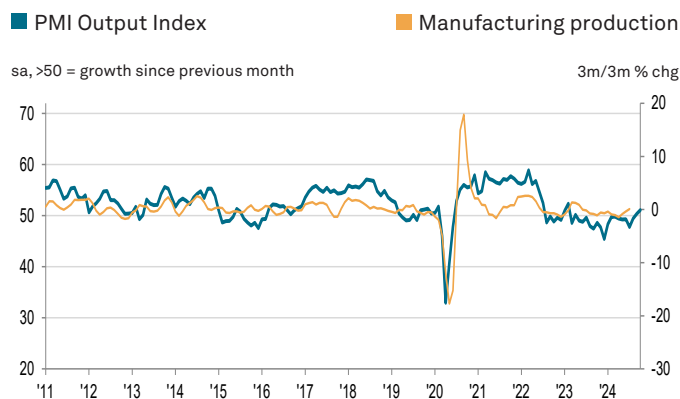
by S&P Global

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a row, with growth the best since April 2023. Extra workers were also hired in anticipation of increased production in the coming months. Although confidence was a little down since September it remained comfortably above trend. An improvement in sales and market demand, supported by the release of new products, should underpin growth in the year ahead.

On the price front, input cost inflation softened during October, though was still marked amid reports of higher prices for metals and related products. Vendor performance also deteriorated again marginally. Ocean freight delays were commonly reported, linked to a mixture of poor weather and disruption in the Panama and Suez canals.

Finally, output charges were raised in October, but only marginally and to the slowest extent for five months. Whilst firms sought to pass on higher input costs to clients, competitive market pressures tended to limit pricing power.



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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