News Release

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S&P Global Canada Manufacturing PMI®

Slowest contraction of manufacturing sector since January

Key findings

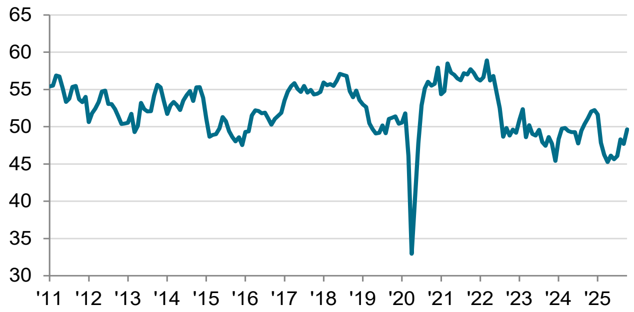
Output and new orders both fall at weaker rates

Marginal cut in employment

Sentiment improves to nine-month high

Canada Manufacturing PMI

sa, >50 = growth since previous month



Source: S&P Global PMI

Data were collected 11-27 October 2025

Canada's manufacturing sector moved closer to stabilisation in October, according to the latest PMI survey data from S&P Global. Whilst operating conditions worsened again, they did so only slightly with output and new orders both falling at noticeably slower rates. Job losses were also only marginal, although excess capacity in the sector was again prevalent as backlogs of work fell steeply.

International trade policies remained a challenge to navigate for manufacturers, with tariffs reportedly weighing on export sales, leading to delays at customs and keeping input price pressures elevated. Confidence in the outlook also remained subdued due to the unpredictable nature of trade policies, although sentiment improved since September to its highest level since January.

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 49.6 in October. That was up from 47.7 in September and pointed to only a marginal deterioration in operating conditions that was the weakest in the current period of contraction (nine months).

The relatively better performance of the PMI in October reflected noticeably slower falls in both production and new orders compared to September. Production fell fractionally, whilst new orders were down to the weakest extent since January and only modestly. That said, panellists continued to report that market conditions were challenging, especially in relation to international trade and notably the neighbouring United States. Export sales subsequently fell again in October, albeit only modestly and to the weakest degree in nine months.

Firms are also hopeful of a stabilisation of market conditions in the year ahead, with sentiment improving in October to its highest level since January. Firms reported planning to bolster R&D investment and expand product ranges, although

Comment

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

"October's survey pointed to a relative improvement in the performance of Canada's manufacturing sector. Although operating conditions continued to deteriorate, they did so only fractionally as both production and new orders moved towards stabilisation. Moreover, firms are hopeful that these positive signs will be built upon in the year ahead, with sentiment improving to a nine-month high.

"But the outlook remains highly uncertain, with the ongoing volatility in trade negotiations between Canada and the US only serving to highlight the difficulties that firms continue to face when trying to plan in such an unstable business environment.

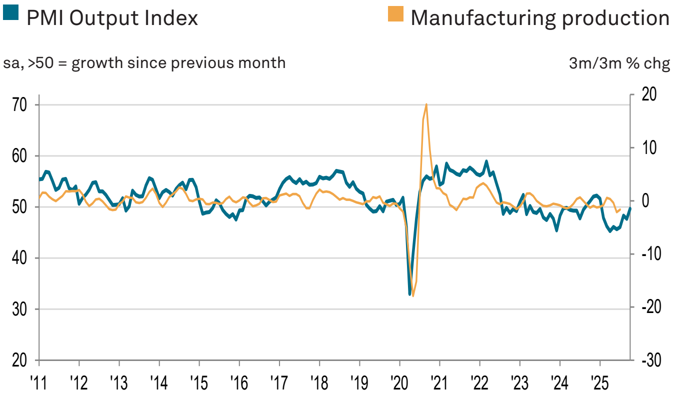
"Inevitably firms therefore remain cautious in their staffing and purchasing decisions, signalling a preference for not replacing leavers and using existing resources and stocks wherever possible."

inevitably the unpredictable nature of trade policies meant confidence overall remained below its trend level.

Moreover, uncertainty in the outlook led to a continued circumspect approach to staffing and purchasing decisions. Employment fell slightly as firms noted not replacing leavers, especially against a backdrop of excess plant capacity (backlogs of work again declined steeply over the month), whilst buying activity was cut to the steepest degree for three months. Instead, manufacturers signalled a preference for utilising input inventories, which in line with the trend since the start of the year, declined again in October.

Longer delivery times also encouraged greater stock utilisation, with latest data showing the greatest worsening of lead times since June. Firms reported a mix of supplier stock shortages and customs delays due to tariffs.

Input price inflation was also again influenced by tariffs during October, with latest data signalling an elevated and considerable increase in firms' input costs. A wide range of goods, especially those imported from the US or influenced by US trade policies, were reported to have risen in price. Wherever possible, manufacturers sought to pass on their higher costs to clients via an increase in their own selling charges. Although below rates seen earlier in the year, output price inflation also picked up noticeably on September's 11-month low.



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.

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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