

Highlights:

- Motor vehicle and parts manufacturing had the largest month-over-month increase since September 2018
- Only two sectors posted stronger month-over-month export growth in June

Motor vehicle and parts manufacturing rebounded strongly in May following lower April activity

Canada's gross domestic product (GDP) advanced 0.2 per cent at a seasonally adjusted annual rate (SAAR) in May adding to the 0.3 per cent growth in April. Both the goods and services sectors contributed to GDP growth, advancing 0.6 per cent and 0.1 per cent respectively.

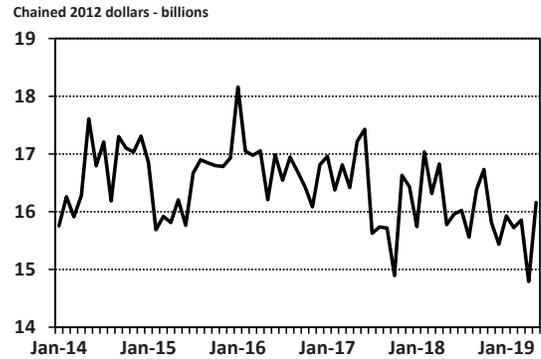
After posting a 0.6 per cent drop in activity in April, the manufacturing sector woke up in May posting 1.2 per cent growth, which more than gained back the lost activity. The jump in manufacturing activity came in part from transportation equipment manufacturing, specifically, motor vehicle and parts manufacturing, which increased by 9.2 per cent in May over April. The month-over-month gain in this sector was the largest since September 2018 when this sector posted 5.2 per cent growth.

Motor vehicle production returned to normal levels in May, following temporary shutdowns and atypical production schedules at some plants in April.

All sub-sectors of motor vehicle and parts manufacturing grew in May and the two largest sub-sectors posted strong gains:

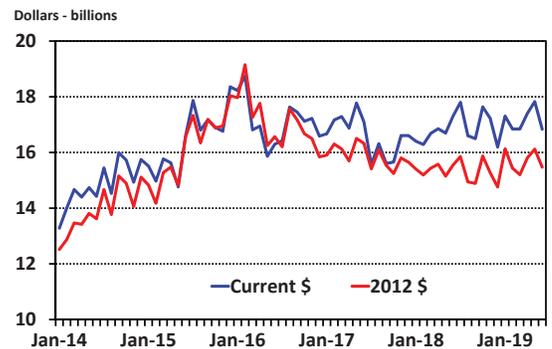
- Motor vehicle manufacturing (increased 11.7 per cent)
- Motor vehicle parts manufacturing (increased 7.9 per cent)

Motor Vehicle and Related GDP, Canada



Source: Statistics Canada. Note: Includes motor vehicles, parts, and body and trailer manufacturing. Seasonally adjusted at annual rate. Latest: May-19

International Merchandise Exports, Ontario



Source: Statistics Canada, Central 1 CU. Note: Seasonally adjusted. Latest: Jun-19

- Motor vehicle body manufacturing (increased 2.7 per cent)

Exports fell considerably in June after posting strong numbers in May

After the province posted strong results for exports and imports in May, both retracted considerably in June by 5.6 per cent (to \$16.8 billion) and 4.3 per cent (to \$29.3 billion) respectively. A larger contraction to imports relative to exports meant that net exports increased.

Imports and exports are above the pace set last year over the first half of 2019, with imports above by 3.8 per cent to \$183.6 billion and exports above by 2.9 per cent to \$104.3 billion.

Several sectors posted weaker exports in June. Of the 12 categories surveyed only two posted month-over-month gains in June. Among the large sectors, the following contributed to June's contraction:

- Metal and non-metallic mineral products (4.8 per cent decline)
- Motor vehicle and parts (9.3 per cent decline)
- Consumer goods (4.6 per cent decline)
- Industrial machinery, equipment and parts (8.2 per cent decline)
- Basic and industrial chemical, plastic and rubber products (1.8 per cent decline)

Lower exports to the U.S., Saudi Arabia (transportation equipment) and Hong Kong (gold) contributed to the month-over-month slowdown.

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