



## Highlights

- Manufacturing sales up 2.9 per cent in March but manufacturing sales volumes remain 3.5 per cent below pre-pandemic Feb 2020 levels;
- Public health restrictions and Suez Canal supply issues have hampered manufacturing growth;
- Sales will ebb and flow until the pandemic is brought under control.

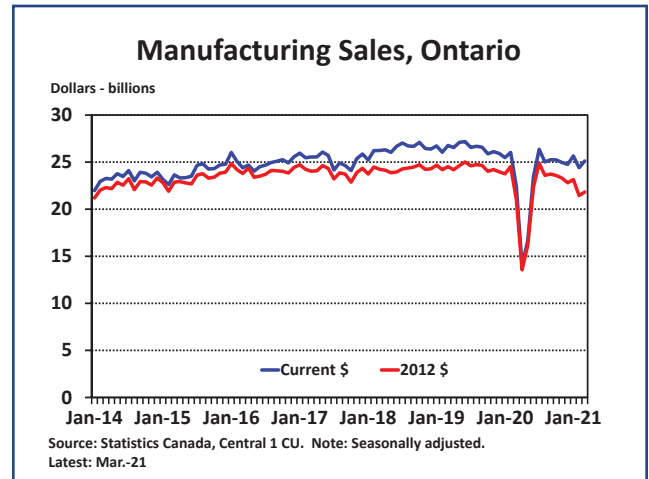
## Manufacturing sales rise 2.9 per cent in March

Manufacturing sales climbed back up in March by 2.9 per cent to \$25.1 billion after a fall of 5.3 per cent in February. Over the last three months manufacturing sales have ebbed and flowed with no real consistent pattern of growth. Sales of both durable (up 2.9 per cent) and non-durable goods (up 3.1 per cent) increased robustly. Of the 21 sectors surveyed only nine posted weaker manufacturing sales in the month, among them large sectors such as chemicals (down 1.2 per cent), fabricated metal products (down 2.2 per cent), and machinery (down 3.8 per cent).

Losses in those large sectors were offset by gains in food manufacturing (up 2.5 per cent), petroleum and coal products manufacturing (up 19.3 per cent), plastics and rubber products manufacturing (up 3.9 per cent), and transportation equipment manufacturing (up 7.7 per cent).

Year-to-date, manufacturing sales are ahead of last year's pace by 1.8 per cent with durable goods up 0.9 per cent and non-durable goods up 3.0 per cent. Compared to pre-pandemic activity in February 2020 manufacturing sales volumes are still 3.5 per cent below that level of activity.

Despite the March sales gains, recent disruptions to supply chains, health restrictions in supplier areas, and events including the Suez Canal blockages have hampered output and increased input prices.



The semiconductor chip shortage continues to affect auto sales manufacturing over the long-run current gains posted in March notwithstanding.

Food manufacturing sales rose in many areas led by meat, dairy, and grain and oilseed milling manufacturing. Increased prices for staples such as fruits and vegetables also contributed to the sales volumes increase in March.

Sales in Toronto increased for the second consecutive month, rising 22.2 per cent to \$10.6 billion in March, mostly on higher sales in the industries of transportation equipment, food and chemicals. On a year-over-year basis, sales in Toronto increased by 8.1 per cent.

Looking ahead, increased public health restrictions in Ontario aimed at controlling the third wave could hamper April manufacturing sales growth until restrictions ebb, although effects on the labour market have largely concentrated in restriction sensitive sectors like retail and hospitality.

The ebb and flow seen over the first quarter is expected to continue over the short-run until likely mid-summer or early autumn.

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