



Highlights

- Ontario manufacturing sales rose in October, led by non-durable goods' sales
- Canadian permits fell in October by 3.1 per cent as non-residential permits decline
- Ontario led non-residential permit declines in October; overall permits issued down during the month

Transportation equipment sales led the October increase in manufacturing sales

Ivy Ruan, Economic Analyst

Ontario manufacturing sales reported a notable in October increase by 1.65 per cent and reversing some of the decline in trend since June. On a seasonally adjusted basis, sales rose to \$30.6 billion driven by gains in both manufacturing of durable goods industries (0.7 per cent) and non-durable goods industry sales (3.0 per cent). On a year-over-year basis, Ontario manufacturing sales were still 2.3 per cent lower than last October.

Within the durable goods industries, the monthly growth in manufacturing sales was led by a 5.2 per cent increase in transportation equipment manufacturing, the largest manufacturing segment in the province. October marked the second consecutive monthly gain in transportation equipment manufacturing after successive declines since April. Increased sales (2.5 per cent) were also seen in primary metal manufacturing. However, fabricated metal product manufacturing had a 7.1 per cent decline in sales, and machinery manufacturing recorded a 4.3 per cent decline. On a yearly basis, durable goods (-4.4 per cent) industries in Ontario posted lower sales while non-durable goods recorded a 1.0 per cent yearly growth.

Manufacturing sales across Ontario's metro areas were generally positive. Windsor recorded a large increase of 15.3 per cent, reaching the highest sales level since this May. Kitchener-Cambridge-Waterloo experienced a 4.8 per cent growth, marking the fourth consecutive month of growth. Manufacturing sales in Toronto rose

Ontario manufacturing sales rose in October



with an increase of 1.7 per cent. Despite the monthly gain, Toronto's sales level was still down 7.6 per cent compared with last October.

Going forward, Ontario's manufacturing sector faces uncertainty due to potential U.S. tariffs. The province's manufacturing base is highly integrated with that of the U.S. supply chain and tariffs could lead to significant import substitution, demand destruction and reduced output in the sector.

Ontario construction sector notes reduced permit issuances in October

Eloho Ennah, Economic Analyst

Canadian building permits declined in October, following the increase in the prior month, driven by lower non-residential permits issued in Ontario and Manitoba. Total permits issued fell by 3.1 per cent (-\$399.1 million) during the month though October's \$12.6 billion in permits issued remains the fourth highest on record. Unadjusted for seasonality, year-to-date permit issuances are up by 5.9 per cent, mostly driven by greater permits issued in the residential construction sector (7.0 per cent), particularly in multi-family housing construction sector. The multi-family housing sector continues to see higher investment as noted in record-high levels of permits and housing starts in 2024 so far, partly due to government policies and incentives to alleviate housing supply issues in Canada. Non-residential permits are higher as well, up by 4.2 per cent year-to-date.

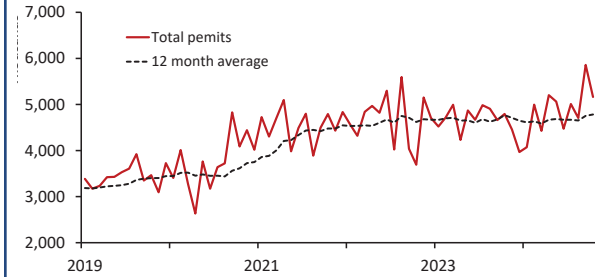
While the overall country-wide results in 2024 have been positive, with the 12-month moving average trending higher, the construction sector - impacted by two years of reduced activity due to high borrowing and input costs – continues to await a more significant recovery. A larger pick-up in activity could materialize with further rate cuts anticipated in 2025. That said, the effects of the recent cuts are still propagating through the economy.

Ontario was one of two provinces to lead the national decline in building intentions during the month. Permit issuances fell by 11.9 per cent to \$5.2 billion due to lower permits issued in both residential and non-residential categories. Ontario permit issuances swung higher in several prior months in 2024, similar to the national landscape. That said, construction activity still suffers from the consequences of contractionary monetary policy. The province's 12-month moving average stayed flat for most of the year, only starting to trend upward in the final months. Year-to-date permit issuances are up by 5.5 per cent.

Residential building permits in Ontario decreased by 12.2 per cent to \$2.9 billion due to substantially lower multi-family dwelling permits issued in October, down by 21.5 per cent, in contrast, single dwelling permits increased by 7.3 per cent. Multi-family building intentions had previously grown by 56.1 per cent in September and are slightly higher year-to-date in the province.

Building permits in Ontario dip in October

Building permit volumes (MM \$) – Ontario



Source: Statistics Canada, Central 1

latest: Oct/24

Non-residential permit values declined by 11.5 per cent to \$2.3 billion due to reduced permits in all subcategories, with Institutional/governmental permits falling the most, down by 29.6 per cent. That said, this decline followed record-high figure in the category in September. Commercial permits decreased by 4.6 per cent while industrial permits receded by 1.4 per cent.

Within the census metropolitan areas, most saw reductions in October. Total permits in Toronto declined by 5.3 per cent but was up by 37.0 per cent year-over-year. Conversely, permit volumes in Ottawa jumped 60.6 per cent from the prior month while falling by 31.8 per cent year-over-year.

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