

ECONOMIC NEWS

Canada: Manufacturing Sales More than \$5B Down in March Due to COVID-19

HIGHLIGHTS

- ▶ Manufacturing sales fell 9.2% in March, the biggest monthly decline since December 2008.
- ▶ The difficulties are widespread, with 17 out of the 21 main sectors racking up losses in March.
- ▶ Quebec's situation differs in that manufacturing sales were down 4.1%, or just under the national average. In contrast, Ontario posted a 14.3% decline.
- ▶ In real terms, Canadian sales overall declined 8.3%, while inventories increased 0.8%.

COMMENTS

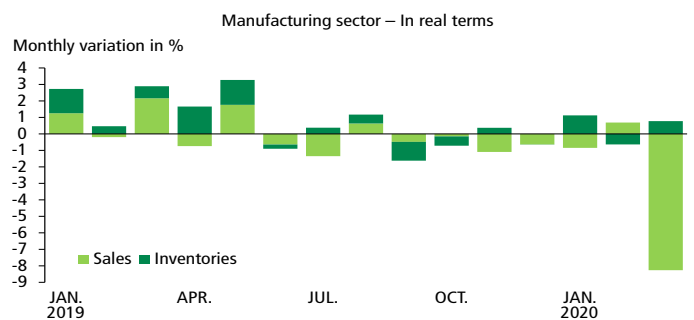
As expected, COVID-19 had a negative impact on the manufacturing sector in March. According to Statistics Canada, 78.3% of manufacturers appear to have been affected by COVID-19, with many factories closing or production dropping significantly as of mid-March.

The auto industry was especially hard hit, since all vehicle assembly plants gradually shut down production during the month. As a result of the sharp drop in oil prices and demand due to many activities stopping after lockdown measures were introduced, petroleum and coal product sales nosedived 32.2% in March.

IMPLICATIONS

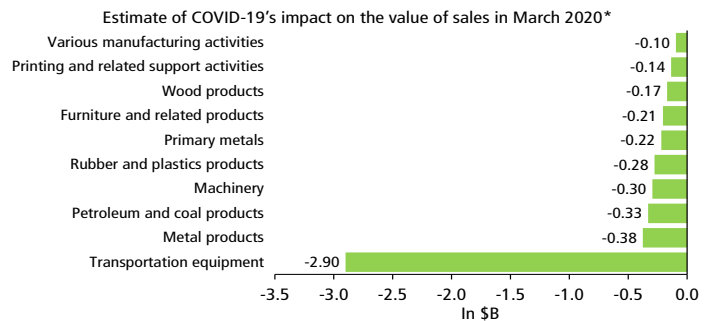
Unfortunately, suspicions are that the struggles continued well into April. Another sharp decline in Canadian manufacturing sales is expected in April as a result of the lockdown measures and global supply chain problems. Still, May promises to be better as many provinces and sectors begin to gradually lift the lockdown measures.

GRAPH 1
Manufacturing sales plunged in March



Sources: Statistics Canada and Desjardins, Economic Studies

GRAPH 2
Top 10 manufacturing sectors affected the most by the losses linked to COVID-19



* Not seasonally adjusted.

Sources: Statistics Canada and Desjardins, Economic Studies

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