

CANADA'S MANUFACTURING, WHOLESALE AND TRANSPORTATION SECTOR

December 2019

Trade Challenges and Sectoral Struggles Temper Growth in 2019

- Manufacturing, wholesale trade, and transportation and warehousing sector GDP growth declined to 0.8% year-to-date in 2019*.
- Transportation and warehousing services saw the most significant growth of the MWT sector's three pillars. All forms of transportation have posted year-to-date increases.
- Regionally, 6 provinces experienced growth in manufacturing and 3 contracted.
- Employment growth in MWT grew at a robust 2.4% so far this year, albeit slower than 2018's 3.0% pace.
- U.S.-China trade tensions have weighed on the U.S. and global industrial supply chains and represent an important risk for the Canadian MWT sector.
- Capacity pressures also remain a key impediment to growth.
- In Q3 there were early signs of a potential bottoming out of manufacturing sentiment in the U.S. and abroad. Nevertheless, the outlook for MWT industries continues to be at the mercy of global macroeconomic and trade volatilities.
- The Canadian dollar traded in a range between 74 and 77 U.S. cents, settling at 76 U.S. cents in Q3. RBC forecasts little change in the currency's trading range in 2020.

Growth in manufacturing, wholesale, and transportation sector real GDP (%)

	2011	2012	2013	2014	2015	2016	2017	2018	2019 ytd*
Manufacturing	3.5	1.3	-0.4	3.0	0.7	-0.2	4.1	2.7	0.6
Wholesale trade	7.4	3.4	4.2	2.6	-3.1	-0.2	5.0	0.8	2.0
Transportation and warehousing *	4.7	2.6	2.9	7.7	3.3	3.4	5.8	3.5	1.3
Total supply chains industries	4.7	2.1	1.4	3.6	0.0	0.4	4.7	2.3	-0.8

* Transportation consists of air, rail, water, trucking and support activities.

Source: Statistics Canada, RBC Economic Research



CURRENT TOPICS

Caught in the Crossfire: The Impact of U.S.-China Trade Tantrums

Tensions between Canada and China escalated alongside rising US-China trade tensions. China effectively banned all imports of Canadian canola and some prepared Canadian meat products earlier this year (although the ban on meat products has since been lifted). The specific targeted products make up a small share of Canadian exports. In 2018, Canadian farm, fishing, and intermediate food product exports to China only accounted for 1.7% of all exports. But a much larger share of Canada's exports have likely also been held back by slower industrial production in the U.S., which in turn was restrained by rising tariff costs on industrial imports from China. Not all international trade developments have been negative. This year also saw the cessation of U.S. tariffs on Canadian aluminum and steel (in May), and the reversal of Canada's reciprocal tariffs. Canadian tariff rates (paid by domestic purchasers) have declined year-to-date as a result.

Capacity Constraints Weigh on Oil & Gas Sector

In 2019, Western Canadian oil price spreads narrowed after transportation capacity constraints, alongside shutdowns at a number of US refineries, caused Canadian oil to sell at sharp discounts to global benchmark prices in the latter part of 2018. The mandated production cuts implemented in January 2019 by the Alberta government and increased oil-by-rail shipping capacity helped to alleviate transportation backlogs. The production curtailments have been extended to December 2020 when new pipeline capacity is expected to come online, although monthly output limits have gradually increased. Investment spending in the oil & gas sector ticked up for the first time in three quarters in Q3 2019 but was still below year-ago levels. Spending is likely to remain lacklustre as long as the outlook for future pipeline capacity remains unclear.

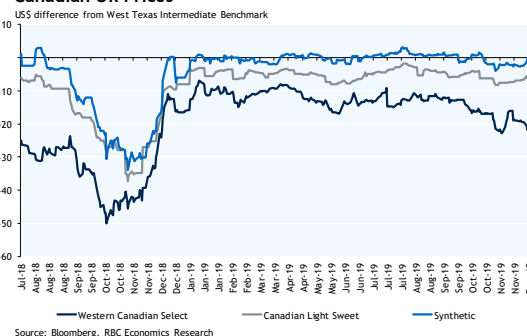
Curtailments have been insufficient to boost soft lumber markets

The BC forestry industry has continued to face challenges in 2019. US tariffs on Canadian softwood lumber haven't helped, but the Northern Pine Beetle has also decimated BC forests and fueled supply shortages. This coupled with lower demand due to muted U.S. homebuilding activity has spurred temporary curtailments at nearly a dozen mills this year, in addition to multiple permanent mill closures. That has resulted in hundreds of job losses. Canadian softwood and hardwood production has fallen 10.9%, and shipments have fallen 11.1% in 2019 year-to-date. Employment in forestry and logging in British Columbia contracted over 3.4%.

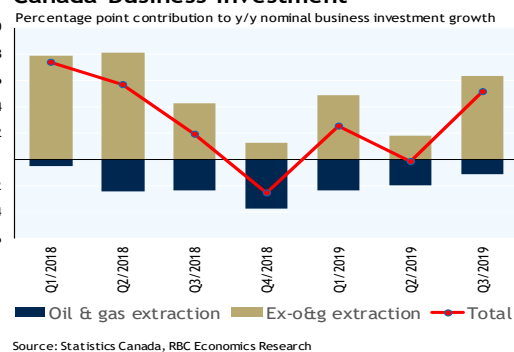
Dark clouds continue to linger over the automotive industry

Last fall, General Motors announced that it would close its Oshawa plant after 100 years of operation. The plant was set to close by the end of 2019. Although some activity will reportedly continue at the plant, 2300 jobs will still reportedly be cut.¹ But challenges in the auto sector are not new. Canadian auto production has declined steadily as a share of GDP - now directly accounting for about 1% of the total - and as a share of the all-important US import market. Still, broader trends in the transportation sector as a whole have not been as soft. Employment is up solidly in non-auto transportation industries like aerospace. Broader transportation sector jobs are up 2.4% year-to-date in 2019.

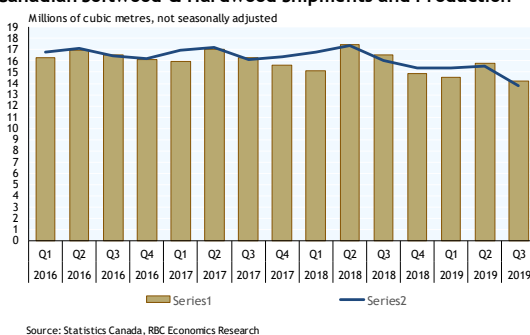
Canadian Oil Prices



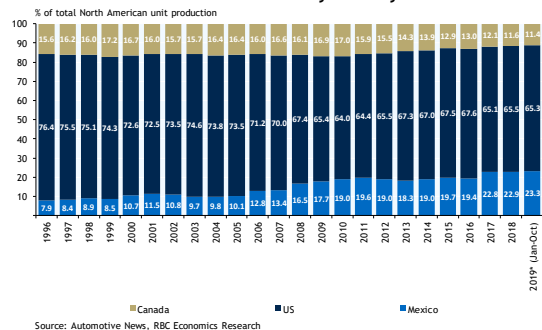
Canada Business Investment



Canadian Softwood & Hardwood Shipments and Production



North American Auto Production by Country



CURRENT TOPICS

RBC commodity price index succumbs to downward pressures in 2019

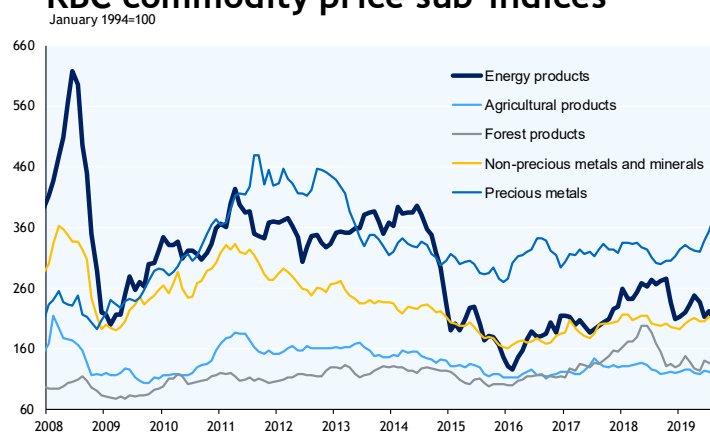
- The RBC commodity price index fell 9.5% in 2019 year-to-date (January to October).
- At the beginning of 2019, the index saw monthly gains, but these gains largely dissipated after May, when the index fell after downside risks associated with persistent global macroeconomic uncertainty and trade tensions weighed more heavily on global crude oil demand. Agricultural product prices and forest product prices also declined.
- July and September were the only months in H2 in which the index saw positive growth. These short-lived recoveries occurred when crude prices rebounded, in the former month due to OPEC curtailments (which seemed to affect prices, albeit very temporarily), and in the latter due to temporary crude supply disruption anxieties (which were subsequently abated).

RBC commodity price index



- The **energy products sub-index** fell 14.9% in the first 10 months of 2019 compared to the same period in 2018. The energy products sub-index started the year off on solid footing, with robust m/m gains until the index peaked in May and subsequently embarked on a path of weaker performance. Even after a short-lived price surge in September, following the attack on Saudi oil supply, the sub-index was off 24.1% as of October, as elevated prices resulting from short-term supply disruptions did not last for more than two weeks.
- The **agricultural products sub-index** declined 5.7% from January to October versus 2018. The index held up relatively well in the first quarter before plummeting in April, when wheat prices tumbled 12.4% due to excessive global supply coupled with declining demand for feed during the African Swine Fever outbreak in Asia. Canola prices also tumbled after China's imposed ban on Canadian products. In subsequent months, the sub-index displayed persistent volatility, although the general trajectory was downward. Corn prices displayed strength in the middle of the year as delayed corn plantings in the U.S. caused by inclement weather exerted upward pressure on prices, but prices have since fallen. The sub-index recovered in October, growing 1.5% due to global wheat and corn supply shortages.
- The **forest products sub-index** plunged 21.0% on average from January to October 2019. The general trend was monthly declines due to decreased demand caused by weak U.S. housing starts activity. Lumber prices have seen y/y declines each month, with the exception of October, when yearly gains were 11.83% as supply shortages caused by Northern Pine Beetle infestations, which have decimated BC forests spurring both permanent and temporary Canadian mill curtailments, bolstered prices.
- The **non-precious metals & minerals sub-index** fell 1.1% in the first 10 months of 2019. This modest decline reflected a recovery from the rough start at the beginning of 2019. In February, the sub-index surged a marked 4.6% on the back of substantial price gains seen in iron ore, nickel, and copper.
- The **precious metals sub-index** grew 7.3% so far in 2019, as investors gravitate to gold (and silver) due to increasing uncertainty. Year-over-year growth in the sub-index has been surging since June, with October growth of 23.0% y/y.

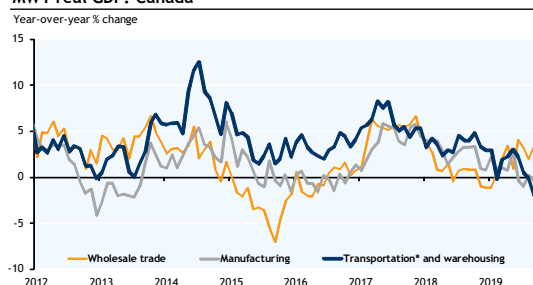
RBC commodity price sub-indices



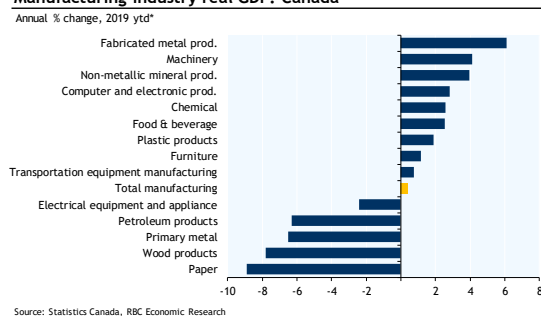


INDUSTRY TRENDS

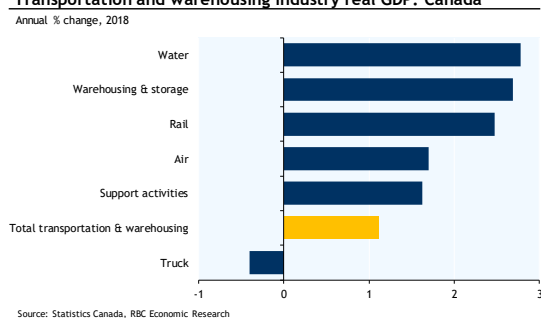
MWT real GDP: Canada



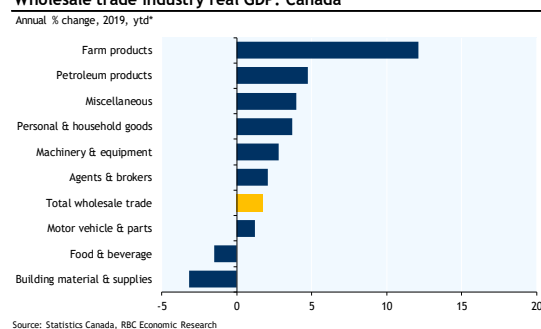
Manufacturing industry real GDP: Canada



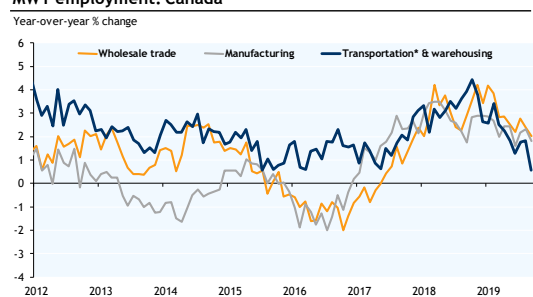
Transportation and warehousing industry real GDP: Canada



Wholesale trade industry real GDP: Canada



MWT employment: Canada



Real GDP growth in the **manufacturing, wholesale trade, and transportation & warehousing** industries contracted over the first nine months of 2019 to 0.8%. This was down from 2.6% in 2018. The most substantial slowing came in manufacturing, which was up only 0.6% y/y in the first nine months of 2019, compared to 3.1% in 2018. Transportation and warehousing output grew at a modest 1.1% so far in 2019, down from 3.5% last year. Wholesale trade saw the strongest gain of 2.0% y/y so far, up from 1.3% in 2018.

The **manufacturing** sector expanded in 9 of 14 sub-industries in 2019 year-to-date (as of September 2019). Fabricated metal product manufacturing real GDP growth led the pack again this year at a pace of 6.1% year-to-date, when compared to the same period last year. Machinery also exhibited strong growth of 4.1%. The weakest real GDP growth was seen in transportation equipment manufacturing, which increased only 0.7% y/y. The decline in paper manufacturing was the most significant, falling 8.9% y/y. Primary metal manufacturing and wood product manufacturing fell 6.5% and 7.8%, respectively.

Transportation & warehousing expanded in all but one sub-industries so far in 2019. Water transportation saw the most substantial real GDP growth again this year (2.8% y/y). Warehousing & storage also grew by 2.7% y/y. Air transportation, which saw impressive real GDP growth in 2018 (7.1% y/y) only grew by 1.7% so far in 2019. The weakest performance was in truck transportation, which posted a 0.4% y/y drop.

Wholesale trade experienced solid growth again this year, with wholesale real GDP growing 1.8% over the first nine months of 2019 relative to the same period last year. Seven of 9 sub-industries expanded. Farm product wholesaler-distributors' GDP soared 12.1% in the first nine months of 2019, up from 5.5% growth in 2018. Petroleum products wholesale trade output grew a robust 4.7%, while food, beverage, and tobacco wholesale trade output growth contracted by 1.5%. Building material and supplies wholesaler-distributors' GDP growth contracted a substantial 3.2%, in line with last year's decline, largely due to persistent weakness in the forestry sector.

Overall, **employment in MWT industries** grew 2.4% y/y in the first nine months of 2019, a modest slowdown from last year's 2.9% growth in the same reference period. **Wholesale trade employment** topped the category with 2.8% in 2019 (Jan-Sep), a touch slower than the same period last year. **Transportation and warehousing employment** grew at an average rate of 2.0%, down 1.2 percentage point from the same period in 2018, and **manufacturing employment** grew at 2.2%.

INDUSTRY TRENDS

Railway carloadings: Canada

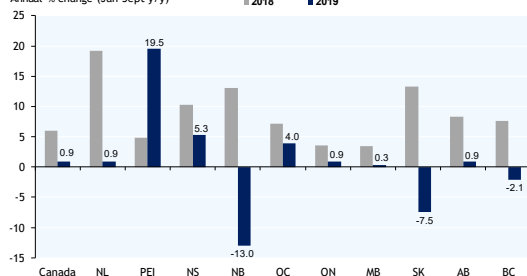
Traffic carried, million tonnes, SA



Source: Statistics Canada, RBC Economic Research

Manufacturing sales by province

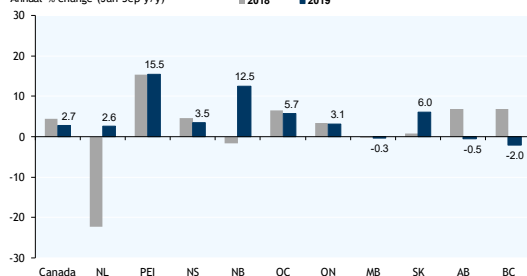
Annual % change (Jan-Sep y/y)



Source: Statistics Canada, RBC Economic Research

Wholesale sales by province

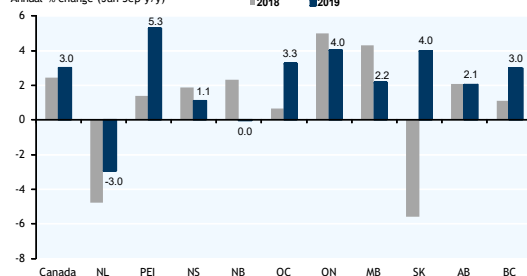
Annual % change (Jan-Sep y/y)



Source: Statistics Canada, RBC Economic Research

Transportation and warehousing employment by province

Annual % change (Jan-Sep y/y)



Source: Statistics Canada, RBC Economic Research

The volume of goods carried by railway fell 0.9% so far in 2019, down from 3.6% in 2018. Lumber and wood shipments by rail are down 9.4% after 12 BC sawmills closed over the past 10 months.² Grain shipments are also down. Petroleum product volumes shipped by rail, on the other hand, surged 17.2% in 2019 year-to-date. Crude by rail shipments are set to increase further with the Alberta government recently announced allowances for oil companies to increase above the curtailment limits if the increased oil produced is transported by rail.³

In 2019, growth in manufacturing sales slowed significantly to 0.9% y/y from January to September, down from 6.0% in 2018. Growth was positive in 7 provinces, with British Columbia, Saskatchewan, and New Brunswick seeing contractions in manufacturing so far in 2019. New Brunswick saw the most substantial contraction of 13.0% in the first 9 months of 2019. PEI saw a surge of 19.5% y/y. The increase in manufacturing sales in PEI was largely concentrated in the electrical equipment manufacturing sector.

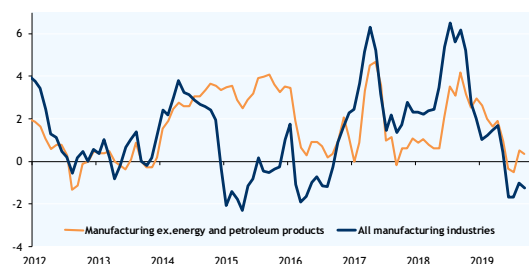
Growth in wholesale sales slowed to 2.7% in the first 9 months of 2019 relative to the same period last year, down from 4.3% y/y in 2018. Wholesale sales growth fell in half of the provinces. This year has proven to be a year of strength in wholesale trade for the Maritime provinces. In New Brunswick, growth in wholesale sales surged to 12.5% y/y, largely due to a 24.1% increase in food, beverage, and tobacco wholesale sales, which accounts for the largest portion of the province's total wholesale trade. PEI saw expansive 15.5% growth in 2019 year-to-date. The only Maritime province which saw slowed growth in wholesale sales was Nova Scotia, which still grew at a robust 3.5%. Sales surged 6.0% in Saskatchewan.

In 2019, Canadian transportation and warehousing employment grew by a robust 3.0% y/y. Four provinces saw higher employment growth in transportation and warehousing year-to-date than last year. Three provinces saw slowing growth, Alberta grew at the same rate, and New Brunswick experienced stagnant growth after growing 2.3% from January to September 2018. Newfoundland was the only province which saw a contraction in payrolls, down 3.0% after declining 4.8% last year. The decline was largely concentrated in declining employment in truck transportation. This is reflective of a widespread weakening of the Newfoundland labour force caused by outmigration. The most marked growth was exhibited in PEI, where annual growth more than quadrupled to 5.3% year-to-date in 2019. In PEI, truck transportation increased by 9.2% this year, as both manufacturing and exports were up.

INDUSTRY PRICES AND COSTS

Manufacturing prices: Canada

Year-over-year % change, Industrial Product Price Index



Source: Statistics Canada, RBC Economic Research

Wholesale sales prices: Canada

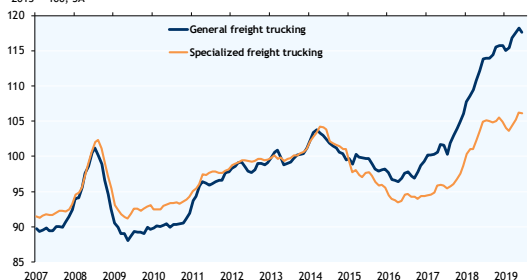
Year-over-year % change, Wholesale Sales Price Index



Source: Statistics Canada, RBC Economic Research

For-hire motor carrier freight service price index: Canada

2013 = 100, SA

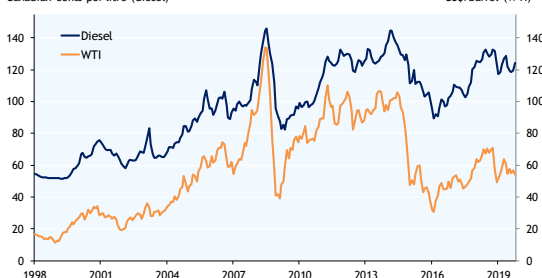


Source: Statistics Canada, RBC Economic Research

Diesel price: Canada

Canadian cents per litre (diesel)

US\$/barrel (WTI)



Source: Wall Street Journal, Haver Analytics, MJ Ervin & Associates Inc., RBC Economic Research

MWT hourly earnings: Canada

Year-over-year % change in 8-month trend



* Transportation consists of air, rail, trucking and support activities.
Source: Statistics Canada, RBC Economic Research

Industrial product prices in manufacturing were stagnant in the first nine months of 2019 overall, but grew 1.0% when energy and petroleum products were excluded. After rising early in the year, prices including energy started to decline. Petroleum and coal product manufacturing prices fell 5.9% in the first nine months of 2019. Wood product manufacturing prices also fell by 2.0% y/y. Food manufacturing prices grew by the most (2.1%), just slightly above the 10-year average growth. Beverage and tobacco product manufacturing prices grew 1.75%.

Prices received by Canadian wholesalers grew 1.6% in the first nine months of 2019 relative to the same period in 2018. Of all wholesale trade sectors, machinery and equipment/supplies saw the most significant growth of 5.3%. Building materials and supplies fell by a marked 3.2% on the back of declines in electrical, plumbing, and heating and cooling supplies, as well as lumber and hardware declines. Wholesale motor vehicle parts sales also saw a decline of just under half a percentage point from the same time last year.

In the first half of 2019, prices charged by Canadian for-hire motor carrier freight services rallied further, although less substantially than the surge in the first half of 2018. General freight trucking service prices increased by 5.7% in the first half of 2019 from 2018 H1. Specialized freight trucking rose by a more moderate 2.7%. These prices coincide with above average job-vacancy rates in truck transportation, with the number of vacancies in 2019 H1 up 19.0% from the first half of 2018. Average offered hourly wage rate of those employed in truck transportation is up 6.0% in H1 2019.

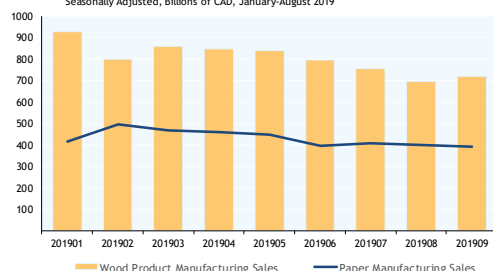
Diesel prices fell an average of 4.5% in the 12 months ending October 2019. Natural gas prices fell 11.3% at the same time. During this period, WTI price were down by 14.5% and Brent prices tumbled 11.3%. During the summer, natural gas prices plunged to their lowest level in over 3 years during peak summer travel season, amidst unseasonably low demand. In October, diesel prices rose 3.9% eclipsing the 1% monthly rise in September in the aftermath of the short-lived September oil price surge following the attack on Saudi oil supply. Diesel prices rose 3.1% in November.

Wages in manufacturing increased by 3.8% in the first eight months of 2019, relative to the same period last year. Wages in transportation and warehousing rose 2.9%, and wages in wholesale trade grew a subdued 0.7%, down from 3.9% growth in 2018 despite the fact that strong employment growth in wholesale trade (3.0% in the first 8 months of 2019, relative to the first 8 months of 2018) persisted through 2019.

PROVINCIAL TRENDS

BC Wood Product & Paper Manufacturing Sales

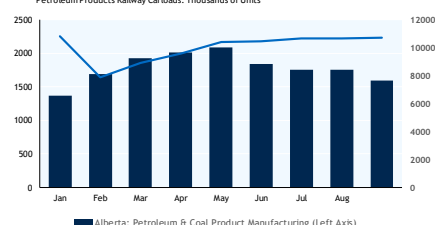
Seasonally Adjusted, Billions of CAD, January-August 2019



Source: Statistics Canada, RBC Economics Research

AB Petroleum & Coal Product Manufacturing and Canadian Petroleum Products Railway Carloads

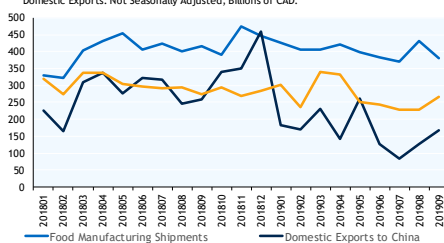
Petroleum and Coal Product Manufacturing: Seasonally Adjusted, Millions of CAD
Petroleum Products Railway Carloads: Thousands of Units



Source: Statistics Canada, RBC Economics Research

SK Food Manufacturing Sales and Farm, Fishing & Intermediate Food Product Domestic Exports (US & China)

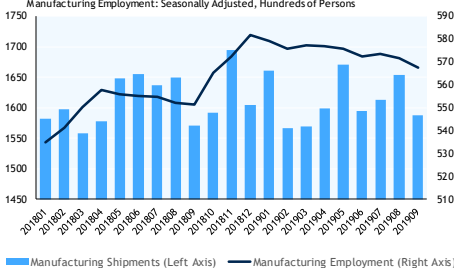
Food Manufacturing: Seasonally Adjusted, Billions of CAD
Domestic Exports: Not Seasonally Adjusted, Billions of CAD.



Source: Statistics Canada, RBC Economics Research

MB Manufacturing Shipments and Employment

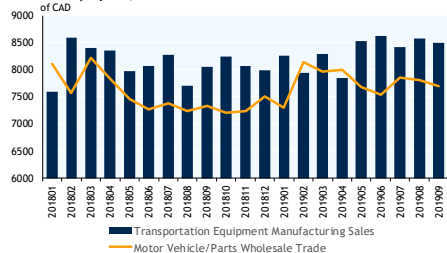
Manufacturing Shipments (All Industries): Seasonally Adjusted, Millions of CAD
Manufacturing Employment: Seasonally Adjusted, Hundreds of Persons



Source: Statistics Canada, RBC Economics Research

ON Transportation Equipment Manufacturing Sales and Motor Vehicle/Parts Wholesale Trade

Seasonally Adjusted, Millions of CAD



Source: Statistics Canada, RBC Economics Research

In 2019, 12 **British Columbia** mills imposed permanent curtailments, as wood product manufacturing sales slid 25.1% (from January to September) relative to the same 9 month period last year. This has been the most drawn out and marked decline since the financial crisis. At the same time, paper manufacturing sales are down 11.5% and building material/supplies wholesale trade is down 11.0% so far in 2019. Despite these challenges in the lumber and paper industry, employment in the manufacturing sector as a whole grew a robust 2.5%. Primary metal manufacturing, which accounts for 8.0% of manufacturing sales in BC, saw monthly growth in 5 of the first 9 months of 2019, although it fell 18.7% in September.

In **Alberta**, petroleum and coal manufacturing sales, which account for 28% of Alberta's shipments, were up 14.2% in the first 9 months of 2019. This is above the 10-year average growth rate, but slowing from year-to-date growth seen in 2017 and 2018. Machinery manufacturing sales grew a sluggish 0.1% and machinery and equipment wholesale trade also slowed to 0.5%. Sluggish trade was a reflection of slowing manufacturing production across the border in the face of trade tensions, as U.S. manufacturing has slowed. Three quarters of Alberta's M&E exports go to the United States. Overall, manufacturing employment grew 0.7% in the first 8 months of 2019. Manufacturing sales were up 2.5%, largely a reflection of robust petroleum and coal sales.

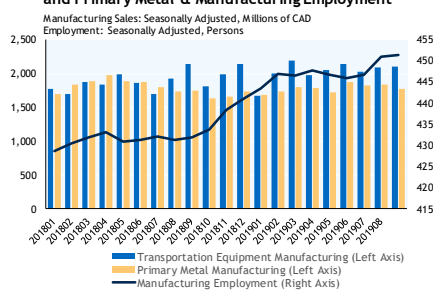
In **Saskatchewan**, shipments across all manufacturing industries declined by 7.5% in the first 9 months of 2019. Food manufacturing sales, which account for just over 1/4 of all sales, saw slower growth (0.9%), compared to last year's marked increase. This reflected declining exports in farm, fishing, and intermediate food products to both the U.S. and China. China's share of Saskatchewan's total food exports declined by 10 percentage points this year. Despite weakness in the food sector, employment in manufacturing rallied 6.1% y/y and transportation and warehousing was up 4.0%.

Manitoba has had a challenging year so far in 2019. Manufacturing sales were sluggish this year, with growth of 0.3%. That was below the 10-year average of 1.8%. Food manufacturing, which accounts for just over 1/4 of Manitoba's manufacturing sales, fell 1.6%. Farm, fish, and food product exports to China fell 44.3% over the first 9 months of 2019 relative to the same period last year, when China accounted for 14.0 % of Manitoba's food exports. In 2019, it has accounted for 8.0%. Despite slowing growth in sales, manufacturing employment growth rallied a whopping 4.4% year-to-date!

In **Ontario**, manufacturing shipments grew a modest 0.9% across all industries. Transportation equipment manufacturing sales (which account for 20% of Ontario's total manufacturing sales) grew 2.7% so far this year, picking up after declining growth in 2017 and 2018. Motor vehicles and parts wholesale trade picked up this year as well, after plummeting 8.6% in 2018. Primary metal manufacturing fell 2.8% and primary metal domestic exports to the U.S. saw consistent annual declines until July, after the U.S.'s elimination of steel tariffs in May had an effect. We saw robust employment growth in wholesale trade (3.7%) and transportation and warehousing (4.0%), and modest employment growth in manufacturing (1.2%).

PROVINCIAL TRENDS

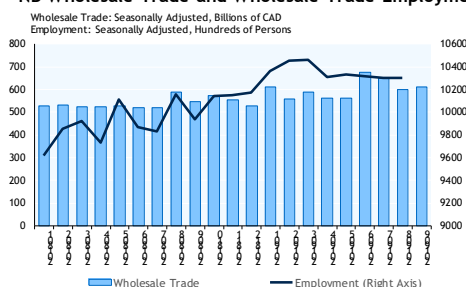
QC Manufacturing Sales: Transportation Equipment and Primary Metal & Manufacturing Employment



Quebec has continued to exhibit persistent strength in 2019.

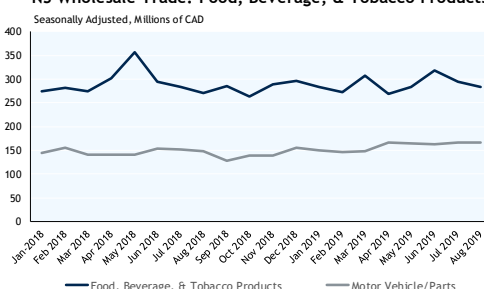
Manufacturing employment has continued to grow at a solid pace (the same pace as last year): 3.1% from January to September. This is significantly above the national average of 2.2%. Machinery manufacturing sales have surged 21.6%. Transportation equipment manufacturing grew 8.7%, and fabricated metal manufacturing was up 11.1%. Primary metal declined 2.5%, with marked annual declines from January to May, which appeared to have been abated by the lifting of steel tariffs. In August, Quebec saw 8.0% growth in primary metal sales.

NB Wholesale Trade and Wholesale Trade Employment



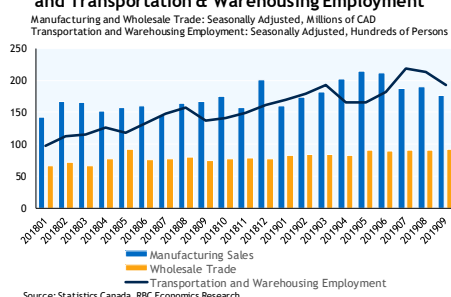
Manufacturing sales in New Brunswick declined 13.0% in the first 9 months of 2019. Petroleum output was impacted at the beginning of 2019 by the fire at a Saint John refinery last year.⁴ Wood product manufacturing fell 9.4% after experiencing substantial annual declines as the year progressed. Manufacturing employment, on the other hand, displayed strength in New Brunswick, up 5.4% this year-to-date. Employment in wholesale trade also grew a robust 4.5%. Wholesale trade sales surged 12.5%. Food, Beverage, and Tobacco Products, which account for slightly under 1/3 of New Brunswick's wholesale trade, surged 24.1%.

NS Wholesale Trade: Food, Beverage, & Tobacco Products



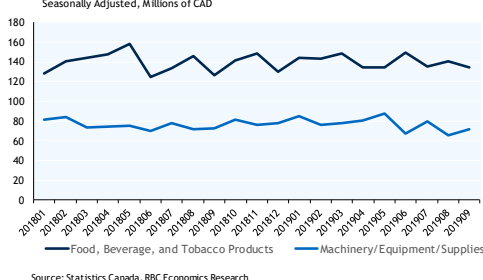
So far in 2019, Nova Scotia saw manufacturing employment and transportation and warehousing employment growth slow to 0.1% and 1.1% respectively. Wholesale employment, on the other hand, picked up to 4.1% after stagnating last year. Motor vehicles and parts wholesale trade surged 9.6%, with machinery and equipment wholesale trade rallying 9.8%. Food manufacturing sales are up 2.2%. Increasing seafood exports were bolstered by Chinese demand.⁵

PEI Manufacturing Shipments, Wholesale Trade, and Transportation & Warehousing Employment



Prince Edward Island saw robust growth in transportation and warehousing employment (5.3%) as well as in manufacturing employment (2.0%). The Atlantic Immigration Pilot helped PEI see the fastest population growth this year since 1973. That has bolstered labour supply growth. Both manufacturing sales and wholesale trade rallied 19.4% and 15.5% respectively. Electrical equipment manufacturing exports have more than tripled from January to September 2019 relative to the same period in 2018 due to higher prices. A challenging potato season, with lower yields than usual due to inclement weather, contributed to the decline in food, fish, and intermediate food product exports to the U.S., which were down 11.2% year to date.

NL Wholesale Trade: Food, Beverage, & Tobacco Products and Machinery/Equipment/Supplies



Newfoundland & Labrador saw manufacturing shipments grow 0.9% in the first 9 months of 2019, relative to the same period in 2018. Wholesale trade rose 2.6%, with main exports lagging behind last year's gains. Crude oil exports are down relative to a year ago, although iron ore exports have increased after last year's strike at a producer in Labrador.⁶ Food, beverage, and tobacco wholesale trade (which accounts for just under 40% of Newfoundland and Labrador's total wholesale trade) grew a weak 0.7% after rallying 4.2% last year. Employment growth in Newfoundland and Labrador was robust in wholesale trade, at 4.6%.



Manufacturing, wholesale, and transportation sector snapshot

	GDP		Employment		Business counts by firm payroll size*			
	Million \$**	% of economy	000s***	% of economy	1-9	10-99	100-499	500+
Manufacturing	194,243	10.0	1,507	9.4	28,098	19,677	3,347	299
Food	25,867	1.4	226	1.4	2,819	2,669	573	55
Beverage and tobacco	6,641	0.4	38	0.2	816	667	71	6
Textile, clothing and leather	2,529	0.1	40	0.2	1,664	701	82	2
Wood	8,646	0.5	93	0.6	1,669	1,378	292	5
Paper	7,808	0.4	55	0.3	140	244	166	13
Printing and related support activities	4,679	0.3	50	0.3	2,508	887	92	5
Petroleum and coal	11,795	0.6	19	0.1	169	153	23	9
Chemical	20,018	1.1	89	0.6	970	922	160	25
Plastics and rubber	10,295	0.6	97	0.6	746	1,082	277	15
Non-metallic mineral	6,346	0.3	52	0.3	982	1,125	115	3
Primary metal	11,922	0.6	56	0.4	203	234	99	29
Fabricated metal	14,846	0.8	155	1.0	4,012	3,384	308	11
Machinery	15,692	0.8	132	0.8	2,353	1,915	347	18
Computer and electronic	6,359	0.3	57	0.4	844	625	117	11
Electrical equipment, appliance and component	3,872	0.2	34	0.2	627	424	89	4
Transportation equipment	27,477	1.5	194	1.2	895	724	302	79
Furniture and related	4,754	0.3	65	0.4	2,551	1,218	144	7
Miscellaneous	4,698	0.3	57	0.4	4,130	1,325	90	2
Wholesale trade	97,989	5.3	784	4.9	37,349	19,308	1,211	73
Farm product	2,013	0.1	14	0.1	705	461	17	0
Petroleum product	3,532	0.2	16	0.1	526	335	13	0
Food, beverage and tobacco	10,932	0.6	113	0.7	4,575	2,292	299	18
Personal and household goods	15,563	0.8	107	0.7	4,911	1,955	185	20
Motor vehicle and parts	10,068	0.5	64	0.4	2,334	1,570	110	3
Building material and supplies	14,547	0.8	128	0.8	5,835	3,942	129	4
Machinery, equipment and supplies	27,518	1.5	215	1.3	9,127	5,489	259	14
Miscellaneous	10,994	0.6	94	0.6	5,635	2,608	148	8
Electronic markets, and agents and brokers	2,823	0.2	34	0.2	3,701	656	51	6
Transportation and warehousing	82,229	4.4	771	4.8	58,882	10,933	1,081	159
Air	8,446	0.5	71	0.4	597	384	75	17
Rail	7,972	0.4	37	0.2	77	126	51	14
Water	1,788	0.1	0	0.0	178	113	23	5
Truck	20,837	1.1	198	1.2	43,990	4,774	244	3
Transit, ground passenger, scenic and sightseeing	8,664	0.5	123	0.8	2,983	1,309	184	31
Pipeline	9,360	0.5	0	0.0	120	52	10	6
Support activities	15,703	0.8	113	0.7	6,605	2,374	229	24
Postal service and couriers and messengers	6,523	0.4	48	0.3	2,669	767	107	38
Warehousing and storage	2,937	0.2	49	0.3	1,663	1,034	158	21
Total supply chains industries	374,461	19.2	3,062	18.4	124,329	49,918	5,639	531

* Excludes firms with no employees. June 2019.

** In 2019 ytd, millions of 2012 dollars.

*** In 2019 ytd

Source: Statistics Canada, RBC Economics Research

¹ BNN Bloomberg. *Unifor signs closure agreements with firms hit by GM Oshawa plant shutdown*. October 30, 2019.² The Globe and Mail, *Tuesday's analyst upgrades and downgrades*. October 22, 2019.³ BNN Bloomberg, *Alberta oil exports curbed by delay in announcing rail contracts*. November 7, 2019.⁴⁻⁶ Atlantic Provinces Economic Council, *Atlantic Canada Economic Outlook 2020: Continued Growth Despite Trade Uncertainty*. November 4, 2019.

The material contained in this report is the property of Royal Bank of Canada and may not be reproduced in any way, in whole or in part, without express authorization of the copyright holder in writing. The statements and statistics contained herein have been prepared by RBC Economics Research based on information from sources considered to be reliable. We make no representation or warranty, express or implied, as to its accuracy or completeness. This publication is for the information of investors and business persons and does not constitute an offer to sell or a solicitation to buy securities.

®Registered trademark of Royal Bank of Canada

©Royal Bank of Canada