

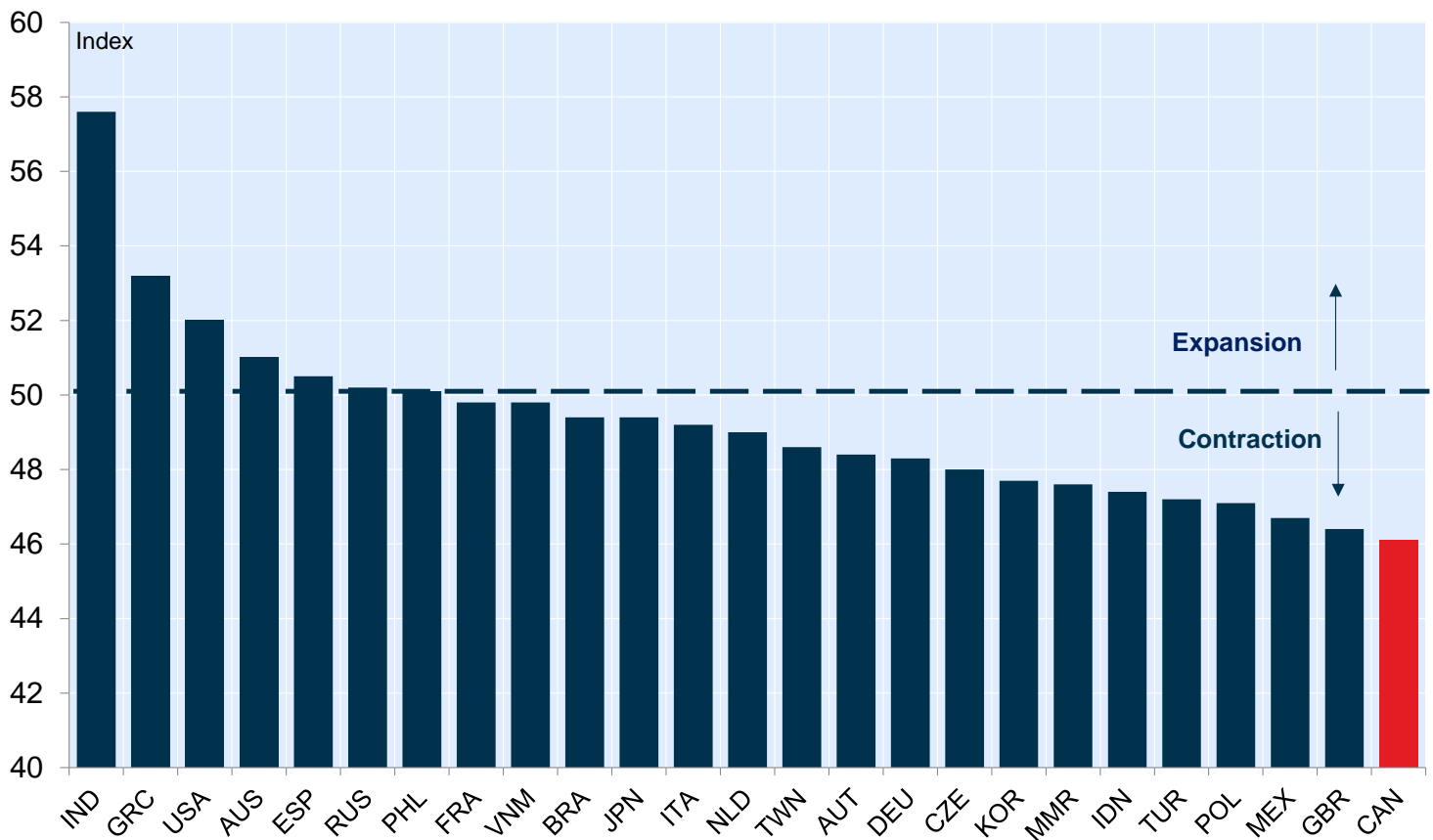
Canada Watch

By Matthieu Arseneau, Taylor Schleich and Noah Black

Yesterday, S&P Global provided a snapshot of state of the global manufacturing sector's, including Canada. The good news is that 15 out of 25 countries saw their indices improve as global trade tensions eased between April and May. However, factory activity continued to contract in 18 out of 25 countries (below 50 print). Canada finds itself in both situations, with its index rising from 45.3 to 46.1 — still well below the 50 mark that separates expansion from contraction. The most troubling aspect of this data is that Canada ranks last among the countries covered by S&P Global, as illustrated by today's Hot chart. After experiencing strong demand from its US customers prior to the imposition of tariffs, this sector was bound to experience a slowdown thereafter. There is reason to be worried in the medium term as well, given repeated threats from the US administration on Canadian factories. We eagerly await the May services index, which will be released tomorrow. In April, this index was also the lowest among all countries covered (at 41.5), reflecting the widespread weakness of the Canadian economy amid the current tariff uncertainty.

Canada: The manufacturing sector was in the worst shape in May

S&P Global manufacturing index by country in May



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