



MANUFACTURING REPORT

APRIL 2021



UNITED STEELWORKERS CANADIAN NATIONAL OFFICE



United Steelworkers

Guio Jacinto:

gjacinto@usw.ca

Patrick Rodrigues:

prodriques@usw.ca

Tel: 416-487-1571

234 Eglinton East, 8th Floor,
Toronto, Ontario, M4P 1K7

United Steelworkers Department
of Research, Public Policy,
Collective Bargaining Support

TABLE OF CONTENTS

CANADIAN MANUFACTURING	3
Employment Highlights	3
Monthly PMI	3
Capacity Utilization and Inventories	3
Median Manufacturing Wage Growth	3
MACROECONOMIC REVIEW	4
COMMODITY PRICES	5
Steel	5
Softwood Lumber	6
Panel Prices	6
Additional Forestry Price Information	7
MANUFACTURING AND TRADE INDICATORS	8
Manufacturing	8
Manufacturing Wage Settlements	9
Trade	9
Trade Balance	9
Trade Balance with US	9
Total Exports	9
Total Imports	9
MACROECONOMIC INDICATORS	11
Labour Market Indicators	11
Key Economic Indicators	11
Glossary	12

CANADIAN MANUFACTURING

Employment Highlights

The manufacturing sector added 400 jobs in April 2021 over March. On a year over year basis, employment in the sector increased by 21%. The unemployment rate declined to 5.1% from 5.2% in March.

Monthly PMI

Canadian PMI declined to 57.2 in April from 58.5 in March. This is the 10th straight month of expansion in the country's factory activity. New orders, output and employment continued to rise solidly, though the pace of growth eased slightly from March's recent peak. Meantime, delays in supplier deliveries and backlogs rose markedly amid material shortages.

Capacity Utilization and Inventories

Capacity utilization for March was 80.1%, an increase from 75.7% in February. The ratio of inventory to sales declined to 1.53 from 1.59 in March.

“For the 10th straight month, Canadian factory activity expanded while employment increased by 21% over April 2020.”

Median Manufacturing Wage Growth

The USW Research Department calculates the median manufacturing wage of non-management/supervisory occupations in manufacturing, such as processing, machine operators, production workers, assemblers and labourers. It covers approximately 600,000 workers. In April 2021 year over year nominal wage growth was 0.23%. The median wage was \$20.06.

MACROECONOMIC REVIEW

The Canadian economy took a step back in the recovery in April. Key economic indicators, such as labour force data were slightly negative, with a higher real and official unemployment rate

- The unemployment rate increased to 8.1% in April, from 7.5% in March. The real unemployment rate slightly increased from 11.4% to 11.7%. Employment declined by 207 thousand jobs, a -1.1% fall from March. On a year over year basis employment was 15.4% higher over April 2020. 12 thousand jobs were lost in April in the goods producing sector, led by construction (-12k). The service sector lost 195 thousand jobs, led by wholesale and retail trade (-89k)
- CPI for April 2021 increased by 3.4%. A significant proportion of this increase was attributable to a steep decline in prices in April 2020, as the monthly CPI rose 0.5% in April 2021. On a seasonally adjusted monthly basis, the CPI rose 0.6% in April. Excluding energy, the CPI was up 1.6% year over year in April, following a 1.1% increase in March. The price of gasoline rose 62.5% on a year-over-year basis in April, the largest year-over-year increase on record. The gain in gasoline prices was mainly driven by steep price declines in April 2020, when gasoline fell 15.2% month over month as a result of limited travel, temporary business closures, and lower levels of international trade, which created an oversupply of gasoline in the market.



Statistics Canada: Table 18-10-0004-01

COMMODITY PRICES

COMMODITY	APRIL	MARCH	3 YEAR AVERAGE
Iron Ore	\$173.23	\$169.32	-
Prem. Met Coal (HCC) Spot	\$140	\$130	-
Aluminum	\$2,335.52	\$2,213.62	\$1,891.66
Nickel	\$7.48	\$7.47	\$6.36
Copper	\$4.23	\$4.08	\$2.92
Gold	\$1,758.65	\$1,721.56	\$1,124.32
Lead	\$2,009.11	\$1,960.76	\$1,979.82
Zinc	\$2,825.81	\$2,792.13	\$2,529.17
Uranium	\$28.90	\$30.95	\$27.44
Potash	\$202.50	\$202.50	-
BCPI*	541.73	531.2	422.52
BCPI (Metals & Minerals only)	683.02	670.59	593.83

**The Bank of Canada Commodity Price Index is a an index of the spot price in US Dollars of 26 commodities produced in Canada and sold in world markets.*

Steel

USD/per metric tonne	US	CHINA	WESTERN EUROPE	WORLD EXPORT
Hot-rolled band	\$1,524	\$741	\$1,114	\$965
Cold-rolled coil	\$1,622	\$801	-	-
Standard plate	\$1,325	\$734	-	-
Rebar	-	\$664	-	-

*Prices for April 12th- April 26th ,2021

Softwood Lumber

					% CHANGE OVER 52 WK AVG
\$/per thousand board feet	7-MAY-21	30-APRIL-21	4-WK AVG	52 WK AVG	
2X4 Eastern Spruce Pine	\$1,960	\$1,745	\$1,723	\$1,081	81%
Composite	\$1,414	\$1,290	\$1,249	\$796	78%
2x4 Western Spruce #2	\$1,550	\$1,420	\$1,378	\$817	
2x4 Western Spruce pine Utility #3	\$1,360	\$1,240	\$1,203	\$677	101%

Panel Prices

					% CHANGE OVER 52 WK AVG
	7-MAY-21	30-APRIL-21	4-WK AVG	52 WK AVG	
Composite	\$1,489	\$1,427	\$1,401	\$798	87%
15/32" 4-ply ext. (south)	\$1,575	\$1,515	\$1,488	\$795	98%
9.5mm 4-ply exterior (west)	\$1,385	\$1,357	\$1,336	\$790	75%
7/16" oriented strand board (north central)	\$1,865	\$1,785	\$1,778	\$934	100%

*USD/\$1000 bd ft

Additional Forestry Price Information

	7-MAY-21	30-APRIL-21	PREVIOUS MONTH AVG	YTD MONTHLY AVG	2020 AVG	2019 AVG
SPF* 2x4	\$1,550	\$1,420	\$1,230	\$1,150	\$570	\$372
SPF Stud	\$1,416	\$1,316	\$1,172	\$1,112	\$505	\$272
SPF 2x10	\$1,542	\$1,412	\$1,219	\$1,107	\$528	\$350
Cedar 2x4	\$1,900	\$1,700	\$1,700	\$1,730	\$1,509	\$1,386

*SPF Prices-US\$/1000 bd ft

	PREVIOUS MONTH (APRIL)	2 MONTHS AGO (MARCH)	YTD AVG	2020 AVG	2019 AVG
Hemlock Squares	\$1,188	\$1,049	\$1,027	\$793	\$891

MANUFACTURING AND TRADE INDICATORS

Manufacturing

The Canadian PMI fell to 57.2 in April from 58.5 in March.

UNEMPLOYMENT RATE 5.1%↓ 5.2% (MARCH'21)	MEDIAN WAGE \$20.01 +0.23% YOY	PMI 57.2↓ 58.5 (MARCH'21)	CAN/USD EXCHANGE \$0.80
---	--	---	--

\$ In billions	RECENT MONTH	PREVIOUS MONTH	YEAR OVER YEAR CHANGE
GDP Goods Producing*	\$572.010	\$573.310	-2.2%
GDP Manufacturing*	\$187.983	\$189.783	-3.3%
Manufacturing Sales**	\$57.84	\$55.88	15%
Manufacturing Orders**	\$57.80	\$54.95	13%
Motor Vehicle Sales**	\$4.06	\$3.12	19%
Wood Product Sales**	\$4.5	\$4.3	88%
Petrol and Coal Sales**	\$4.5	\$4.3	25%
Ratio Inventory to Sales**	1.53	1.59	1.75
Manufacturing Employment	1,755.5	1,755.1	21.3%
Weekly Hours of Work*	36.4	36.4	37.0
Median Manufacturing Hourly Wage	\$20.06	\$20.30	0.23%
Capacity Utilization**	80.1%	75.7%	72.1%

*February 2021; **March 2021;

Manufacturing Wage Settlements

	MARCH 2021	FEBRUARY 2021	JANUARY 2021
Number of Agreements	1	0	1
Number of Employees	600	0	1,500
Duration of Agreements in Months	36	0	60
First Year % Adjustment*	3.0%	0	2.0
Annual % Adjustment*	2.5%	0	2.1

*includes COLA; major wage settlements 500+employees

Trade

In March, Canada's trade balance returned to a deficit position.

Trade Balance

-\$1,140.2

Trade Balance with US

+\$4,280.6

“Following two consecutive monthly trade surpluses, Canada's merchandise trade balance returned to a deficit position, moving from a surplus of \$1.4 billion in February to a deficit of \$1.1 billion in March.”

Total Exports

\$50,617.6

Total exports edged up 0.3% in March to \$50.6 billion, and were 14.4% higher than in March 2020.

Total Imports

\$51,757.8

Total imports rose 5.5% in March to \$51.8 billion, the highest level observed since May 2019.

	MARCH 2021	PREVIOUS MONTH	PREVIOUS YEAR
Trade Balance	-\$1,140	\$1,421	\$-4,464
Total Exports	\$50,618	\$50,490	+14.4%
Total Imports	\$51,758	\$49,070	+6.3%

Trade Balance with US	\$4,281	\$7,230	877
US Exports	\$36,534	\$37,981	+15.5%
US Imports	\$32,254	\$30,661	+4.8%
EXPORTS BY TYPE			
Metal Ores and Non-Metallic Minerals	\$2,099	\$1,578	+28.3%
Metal and non-metallic mineral products	\$6,173	\$5,893	-4.6%
Motor Vehicles and Parts	\$6,668	\$6,053	+5.1%
Energy Products	\$9,428	\$10,104	+77%
Forestry Products	\$4,503	\$4,331	+31.2%
Industrial Machinery, equipment and parts	\$3,002	\$3,040	-5.3%

MACROECONOMIC INDICATORS

Labour Market Indicators

	APRIL	MARCH	3 YEAR PEAK
Unemployment Rate	8.1	7.5%	13.7%
Employment Rate	59.6	60.3%	62.8%
Real Unemployment	11.7	11.4%	18.2%
Labour Force	64.9	65.2%	65.9%
Participation Rate			
FT/PT	82/18	81.7%/18.2%	84.3/15.7



Key Economic Indicators

	RECENT	PREVIOUS	CHANGE
Real GDP* Q42020	\$2,045,925tr	\$\$1,999,452	2.3%
House hold Consumption	\$1,135,859tr	\$1,137,117tr	-0.01%
Investment	\$158,899	\$157,280	1%
Net Exports	\$-2,356	\$5,967	
Labour Productivity Index*	112.07	114.35	-2%
Unit Labour Cost Index*	115.00	115.00	-

**GDP Expenditure, Productivity and Unit Labour cost data is quarterly; Investment comprises non-residential structures, machinery and equipment*

GLOSSARY

Purchasers Manager Index (PMI) - An indicator of economic health in the manufacturing sector. The PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. A PMI of more than 50 represents expansion of the manufacturing sector, compared to the previous month. A reading under 50 represents a contraction, while a reading of 50 indicates no change.

Inventory to Sales Ratio- measures the amount of inventory you are carrying compared to the number of sales orders being fulfilled. Calculate inventory to sales using the following formula:

$$(\text{Inventory value } \$) \div (\text{Sales value } \$);$$
 an increasing ratio indicates an increasing level of inventory

Real Unemployment Rate - refers to StatsCan's R8 supplementary unemployment rate, which includes discouraged searchers, waiting group, portion of involuntary part-time

Manufacturing Workers- category is composed of non-management/supervisory occupations in manufacturing, such as processing, machine operators, production workers, assemblers and labourers. It covers approximately 600,000 workers.

Capacity Utilization- measures the proportion of potential economic output that is actually realized. Displayed as a percentage, the capacity utilization level provides insight into the overall slack that is in an economy or a firm at a given point in time

Median Wage- captures the wage at the midway point of the distribution.

*Monthly data: Statistics Canada revises its data on a monthly basis. As a result, there are almost always some changes to the published data from the previous month. This will likely explain the discrepancies between the stats can data from the previous report and what is available in their tables [for example, we use the most recent monthly data available, which is the preliminary data; when we prepare the next month's report, the source data used in the previous report may have changed slightly, which will not be reflected in these updates.

Sources: Statistics Canada, SteelBenchmarker, Trading Economics, Global Steel Trade Monitor, Natural Resources Canada, Government of British Columbia, World Steel Association, Financial Post, BNN Bloomberg, Market Insider, Inside U.S. Trade



www.usw.ca

Unity and Strength for Workers