



MANUFACTURING REPORT

NOVEMBER/DECEMBER 2021

UNITED STEELWORKERS CANADIAN NATIONAL OFFICE



UNITED STEELWORKERS
USW
MÉTALLOS

Guio Jacinto:
gjacinto@usw.ca
Patrick Rodrigues:
prodrigues@usw.ca

United Steelworkers Canadian National Office
Research, Public Policy, Collective Bargaining Support
Department
234 Eglinton East, 8th Floor, Toronto, Ontario, M4P 1K7
Tel: 416-487-1571

TABLE OF CONTENTS

CANADIAN MANUFACTURING _____	5
Employment Highlights _____	5
Monthly PMI _____	5
Capacity Utilization and Inventories _____	5
Median Manufacturing Wage Growth _____	5
MACROECONOMIC REVIEW _____	6
COMMODITY PRICES _____	7
Steel _____	7
Softwood Lumber _____	8
Panel Prices _____	8
Additional Forestry Price Information _____	9
MANUFACTURING AND TRADE INDICATORS _____	10
Manufacturing _____	10
Trade _____	11
Trade Balance _____	11
Trade Balance with US _____	11
Total Exports _____	11
Total Imports _____	11
MACROECONOMIC INDICATORS _____	12
Labour Market Indicators _____	12
Key Economic Indicators _____	12
APPENDIX _____	13
Nickel _____	13
Copper _____	13
Aluminum _____	14
Steel _____	14
Real Unemployment Rate _____	15
Official Unemployment Rate _____	15
Labour Force Participation Rate _____	16
Employment Rate _____	16
GLOSSARY _____	17

CANADIAN MANUFACTURING

Employment Highlights

Employment in the manufacturing sector increased by 10.5 thousand jobs in December 2021 over November. On a year over year basis, employment increased by 1.1%. The unemployment rate in the sector declined to 2.9% from 3.4% in November. This is the lowest level of unemployment in the sector since December 2017.

Monthly PMI

Canadian PMI slightly declined to 56.5 in December from 57.2 in November. This is the 18th straight month of expansion in the country's factory activity-although the lowest reading in five months. Output grew at a moderated pace, despite strong demand, as firms struggled with staff shortages. Meanwhile, new orders significantly advanced, as manufacturers recorded the fastest uptick in pre-production inventories in 11 years and exports increased for the 11th consecutive month

Capacity Utilization and Inventories

Capacity utilization for October was 77.1%, an increase from 74.7% in September. The ratio of inventory to sales declined to 1.63 in October.

“The manufacturing sector added 10.5k jobs in December and the unemployment rate declined to 2.9%. Meanwhile the sector posted its 18th straight month of expansion.”

Weighted Average Median Manufacturing Wage Growth

The USW Research Department calculates the weighted average 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 December 2021 year over year nominal wage growth was 0.63%. The average median wage was \$20.72.

MACROECONOMIC REVIEW

The Canadian labour market continued to tighten in December, with the unemployment rate declining to 5.9%.

- The unemployment rate declined to 5.9% in December, from 6% in November. The real unemployment rate remained at 7.6%
Employment increased by 54.7 thousand jobs, a 0.3% increase from November. On a year over year basis employment was 4.8% higher over December 2020. The goods producing sector added 44k jobs, led by construction (27k) and manufacturing (10.5k). Despite recent gains, employment in goods producing industries in December 2021 remains 1.6% below its pre-pandemic level. The service sector gained 10.6k thousand jobs.
- CPI for December 2021 increased by 4.8% up from a 4.7% gain in November. Excluding gasoline, the CPI increased by 4% year over year. Food prices increased 5.2%, passenger vehicles 7.2%. Goods prices increased by 6.8%, while service prices increased by 3.4%- higher compared to November (2.9%)
- The Bank of Canada released its [Business Outlook Survey](#) and [Survey of Consumer Expectations](#) for Q42021 this month. Survey results in the BOS pointed to a broadening recovery in demand, while more firms responded they were facing impacts from labour shortages (74% reported more intense labour shortages y/o/y while 41% reported they were facing labour shortages) and supply chain disruptions (41%). While firms reported they expect to address capacity pressures with increased investment and higher wages, inflationary expectations for the next two years continued to increase. The SCE found that workers were “more likely than every to want to change jobs” and that despite expecting “significant price increases in the near term, they believe their wage increases will be relatively stable.”
 - 17% of respondents indicated they had formal cost of living adjustments while 66% reported that their pay is not adjusted for inflation.

“While Canadians anticipate significant price increases in the near term, workers think wages will remain moderate. This suggests that Canadians do not expect to see a link between higher inflation and higher wage growth.”

-Business Outlook Survey, Q42021

COMMODITY PRICES

COMMODITY	DECEMBER	NOVEMBER	3 YEAR AVERAGE
Iron Ore	\$109.40	\$94.58	-
Aluminum	\$2,695.36	\$2,641.41	\$1,988.09
Nickel (lb)	\$9.11	\$9.06	\$6.92
Copper (lb)	\$4.33	\$4.43	\$3.12
Gold	\$1,788.63	\$1,821.90	\$1,653.08
Lead	\$2,304.79	\$2,347.57	\$2,007.71
Zinc	\$3,407.88	\$3,317.30	\$2,606.77
Uranium	\$42.05	\$45.75	\$30.22
Potash	\$221.00	\$221.00	-
BCPI*	622.85	633.98	-
BCPI (Metals & Minerals only)	750.45	754.45	-

**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 ton	US	CHINA	WESTERN EUROPE	WORLD EXPORT
Hot-rolled band	\$1,763	\$639	\$1,045	\$800
Cold-rolled coil	\$2,130	\$746	-	-
Standard plate	\$2,025	\$678	-	-
Rebar	\$1,330	\$632	-	-

*Prices for December 27th ,2021

Softwood Lumber

\$/per thousand board feet	DEC 17, 2021	DEC 10, 2021	4-WK AVG	52 WK AVG	% CHANGE OVER 52 WK AVG
2X4 Eastern Spruce Pine (CDN)	\$1,260	\$1,075	\$1,033	\$1,146	10%
Composite	\$915	\$786	\$746	\$840	9%
2x4 Western Spruce #2	\$950	\$750	\$764	\$876	8%
2x4 Western Spruce pine Utility #3	\$770	\$630	\$635	\$739	4%

Panel Prices

	DEC 17, 2021	DEC 10, 2021	4-WK AVG	52 WK AVG	% CHANGE OVER 52 WK AVG
Composite	\$834	\$761	\$730	\$1,007	21%
15/32" 4-ply ext. (south)	\$795	\$705	\$661	\$983	24%
9.5mm 4-ply exterior (west)(CDN)	\$700	\$630	\$627	\$946	35%
7/16" oriented strand board (north central)(CDN)	\$775	\$700	\$680	\$1,130	46%

*USD/\$1000 bd ft

Additional Forestry Price Information

	DEC 17 2021	DEC 10, 2021	PREVIOUS MONTH AVG (NOV '21)	YTD MONTHLY AVG (NOV 21)	2020 AVG	2019 AVG
SPF* 2x4	\$950	\$750	\$629	\$883	\$570	\$372
SPF Stud	\$740	\$595	\$420	\$778	\$505	\$272
SPF 2x10	\$875	\$675	\$534	\$837	\$528	\$350
Cedar 2x4	\$1,900	\$1,900	\$1,900	\$1,829	\$1,509	\$1,386

*SPF Prices-US\$/1000 bd ft

	PREVIOUS MONTH (NOV'21)	2 MONTHS AGO (OCT '21)	YTD AVG	2020 AVG	2019 AVG
Hemlock Squares	\$1,748	\$1,785	\$1,487	\$793	\$891

MANUFACTURING AND TRADE INDICATORS

Manufacturing

The Canadian PMI slightly fell to 56.5 in December from 57.2 in November.

UNEMPLOYMENT RATE 2.9%↓ 3.4% (NOV'21)	MEDIAN WAGE \$20.72 0.63% YOY	PMI 56.5↓ 57.2 (NOV'21)	CAN/USD EXCHANGE \$0.79 \$0.79 (NOV'21)
---	---	---	---

\$ In billions	RECENT MONTH	PREVIOUS MONTH	YEAR OVER YEAR CHANGE
GDP Goods Producing**	\$568.8	\$559.697	3.1%
GDP Manufacturing**	\$186.533	\$183.260	0.8%
Manufacturing Sales**	\$61.2	\$58.69	13%
Manufacturing Orders**	\$61.12	\$60	20%
Motor Vehicle Sales**	\$3.18	\$2.14	-31%
Wood Product Sales**	\$3.54	\$3.47	1%
Petrol and Coal Sales**	\$6.89	\$6.73	79%
Ratio Inventory to Sales**	1.63	1.67	-
Manufacturing Employment	1,770.4	1,759.9	1.1%
Weekly Hours of Work**	36.9	37	-
Median Manufacturing Hourly Wage	\$20.72	\$20.66	0.63%
Capacity Utilization**	77.1%	74.7%	-

*September 2021; **October 2021;

Trade

In November, Canada's trade surplus widened from \$2.3 billion to \$3.1 billion.

Trade Balance

\$3.1 billion

Total Exports

\$58.6 billion

Trade Balance with US

\$9.82 billion

Total Imports

\$55.4 billion

"Following a record high in October, total exports rose 3.8% in November to \$58.6 billion, the fifth increase in six months. Gains were observed in 8 of the 11 product sections. In real (or volume) terms, total exports rose 3.5%."-Statistics Canada

	NOVEMBER 2021	PREVIOUS MONTH	PREVIOUS YEAR
Trade Balance	\$3.13	\$2.26	-\$3.40
Total Exports	\$58.57	\$56.42	\$46.83
Total Imports	\$55.43	\$54.15	\$50.23
Trade Balance with US	\$9.82	\$8.76	\$2.47
US Exports	\$45.22	\$42.52	\$33.30
US Imports	\$35.40	\$33.76	\$30.82
EXPORTS BY TYPE			
Metal Ores and Non-Metallic Minerals	\$2.48	\$2.50	24%
Metal and non-metallic mineral products	\$6.70	\$6.50	8.1%
Motor Vehicles and Parts	\$6.31	\$6.0	-10.1%
Energy Products	\$14.6	\$14.2	111.%
Forestry Products	\$4.45	\$4.17	17.8%
Industrial Machinery, equipment and parts	\$3.26	\$3.29	5.8%

MACROECONOMIC INDICATORS

Labour Market Indicators

	DECEMBER	NOVEMBER	3 YEAR PEAK
<u>Unemployment Rate</u>	5.9%	6%	13.7%
<u>Employment Rate</u>	61.5%	61.4%	62.8%
<u>Real Unemployment</u>	7.6%	7.6%	18.2%
<u>LF Participation Rate</u>	65.3%	65.3%	65.9%
FT/PT	81.6%/18.4%	81.2%/18.8%	84.3%/15.7%

UNEMPLOYMENT RATE 5.9%↓ 6% (NOV'21)	MEDIAN WAGE \$26.07 0% YOY	CPI ↑144.0 +4.8% YOY
---	--	--

Key Economic Indicators

	Q3 2021	Q2 2021	CHANGE
Real GDP*	2,130,208	2,096,220	1.6%
House hold Consumption	1,204,304	1,155,288	4.2%
Investment	165,484	165,652	negligible
Labour Productivity Index*	109	110.66	-1.5%
Unit Labour Cost Index*	120.63	118.40	1.9%

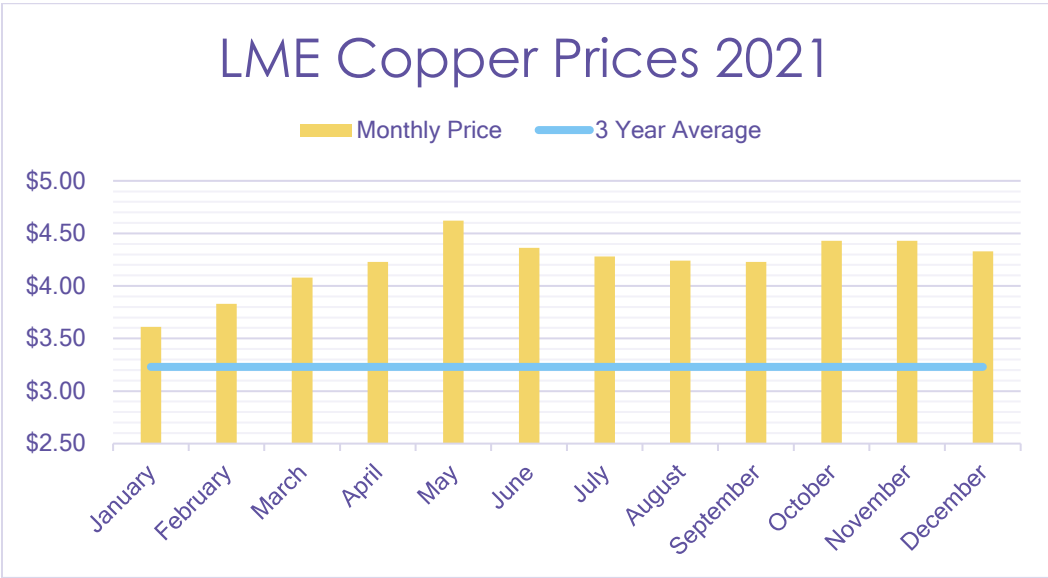
**GDP Expenditure, Productivity and Unit Labour cost data is quarterly; Investment comprises non-residential structures, machinery and equipment*

APPENDIX

Nickel



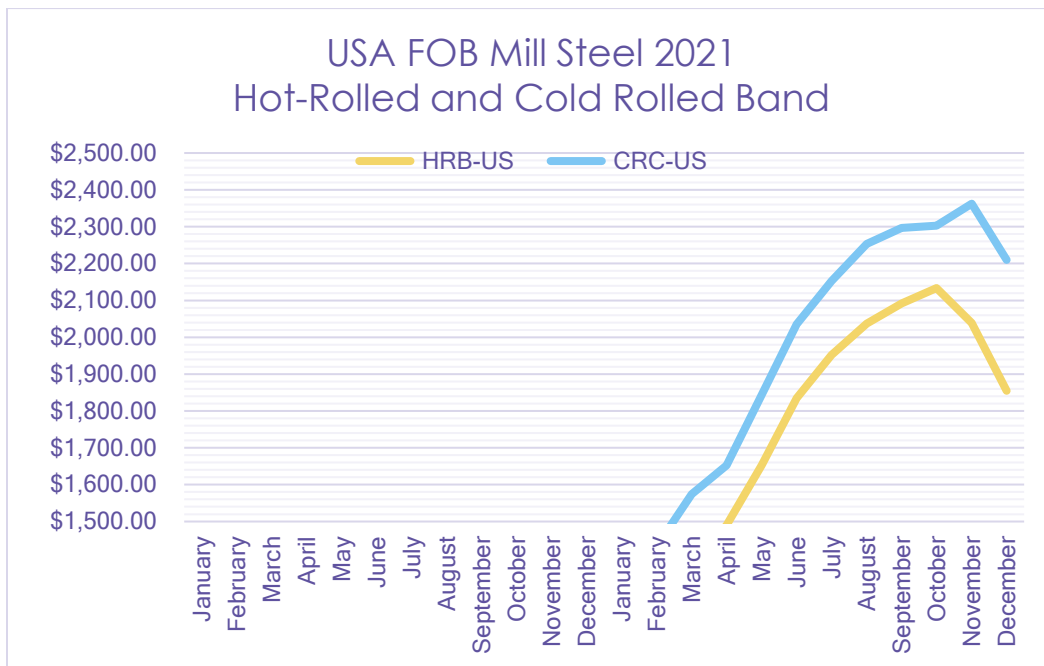
Copper



Aluminum



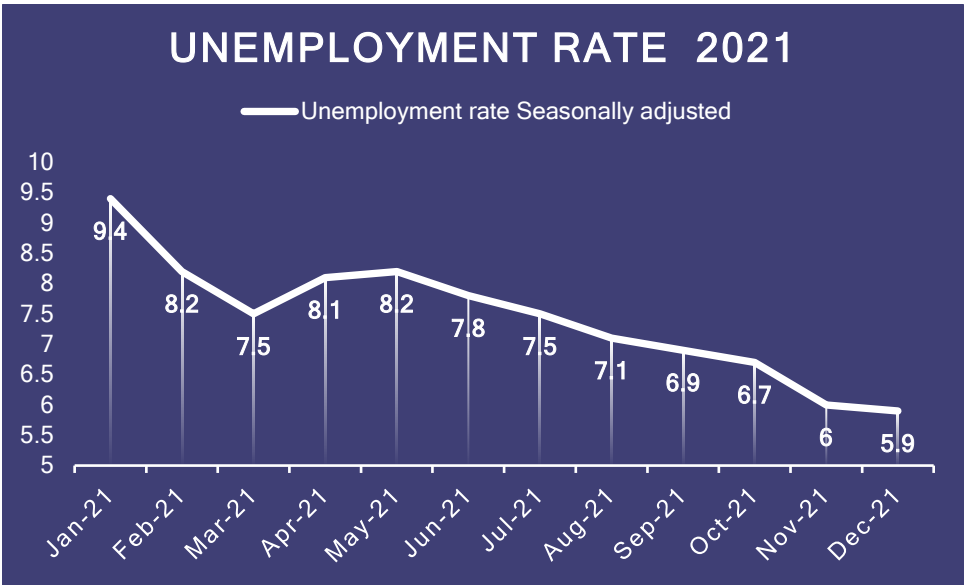
Steel



Real Unemployment Rate



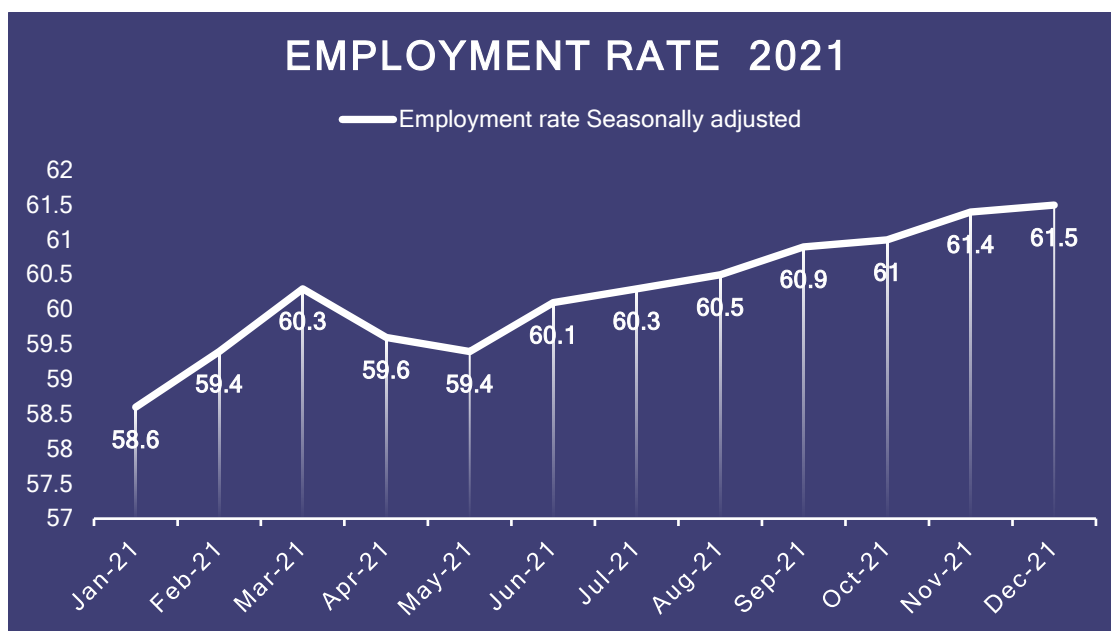
Official Unemployment Rate



Labour Force Participation Rate



Employment Rate



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.

Labour Force Participation Rate- Percentage of population 15 or older that are unemployed or employed $(\text{Employed} + \text{Unemployed} / \text{Population} = \text{Labour Force Participation rate})$

Employment Rate- Percentage of population 15 or older that are employed $(\text{Employed} / \text{Population} = \text{Employment Rate})$

*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