



MANUFACTURING REPORT

JULY 2021

UNITED STEELWORKERS CANADIAN NATIONAL OFFICE



UNITED STEELWORKERS
USW
MÉTALLOS

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CANADIAN MANUFACTURING

Employment Highlights

Employment in the manufacturing sector increased by 8.8 thousand jobs in July 2021 over June. On a year over year basis, employment increased by 4.2%. The unemployment rate declined to 3.9% from 4.6% in June.

Monthly PMI

Canadian PMI fell slightly to 56.2 in July from 56.5 in June. This is the 13th straight month of expansion in the country's factory activity. New orders, output and employment rose at a fast pace as virus related restrictions eased. Although there were improvements on the supply front, manufacturers faced strong inflationary pressures with both input and output price inflation at record levels.

Capacity Utilization and Inventories

Capacity utilization for June was 79.4%, an increase from 77.5% in May. The ratio of inventory to sales remained at 1.56 in June.

“The unemployment rate in the manufacturing sector declined to 3.9% in July from 4.6% in June, while the sector posted its 13th straight month of expansion.”

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 July 2021 year over year nominal wage growth was -0.61%. The median wage was \$20.07.

MACROECONOMIC REVIEW

The Canadian economy continued its recovery in July and is expected to grow by 6% in 2021. Recent inflationary pressures remain of a temporary nature and are expected to subside to the target of 2% in 2022.

- The unemployment rate decreased to 7.5% in July, from 7.8% in June. The real unemployment rate, however, increased to 11% from 10.1%.
Employment increased by 94 thousand jobs, a 0.5% increase from June. On a year over year basis employment was 6.1% higher over July 2020. One thousand jobs were added in July in the goods producing sector, led by manufacturing (8.8k). The construction and agricultural sectors lost 3.9 and 4.2 thousand jobs. The service sector gained 92.9 thousand jobs.
- CPI for July 2021 increased by 3.7% up from a 3.1% gain in June. Excluding gasoline, the CPI increased to 2.8% year over year. Prices rose at a faster pace year over year in six of the eight major components in July, with shelter prices contributing the most to the all-items increase.
- In July, the Bank of Canada maintained the overnight lending rate at 0.25%. The BoC also released its *Monetary Policy Report* indicating that “**employment should continue to rebound over the next few months as the reopening process continues. The job gains we saw in June are encouraging, particularly for workers in the service sector who bore the brunt of lockdowns. But to get back to the pre-pandemic employment rate, we still have more than 500,000 jobs to recoup...plans to hire staff are widespread as firms prepare for rising demand—but finding workers with the right skills can be difficult and will take time.**” Further, the BoC expects the economy to expand by 6% in 2021, 4.5% in 2022 and 3.25% in 2023. In addition the BoC’s view on recent increases in inflation remains of temporary nature due largely to base year effects and supply shocks.

“...inflation is now projected to be somewhat above the target band through 2021. But these temporary effects are forecast to dissipate near the end of this year and inflation is forecast to ease back toward 2 percent in 2022.”
~July Monetary Policy Report, Bank of Canada

COMMODITY PRICES

COMMODITY	JULY	JUNE	3 YEAR AVERAGE
Iron Ore	\$214.76	\$211.46	-
Aluminum	\$2,491.95	\$2,439.09	\$1,890.72
Nickel (lb)	\$8.54	\$8.14	\$6.50
Copper (lb)	\$4.28	\$4.36	\$3.02
Gold	\$1,805.87	\$1,833.43	\$1,574.91
Lead	\$2,336.98	\$2,188.98	\$1,968.62
Zinc	\$2,942.98	\$2,950.07	\$2,518.69
Uranium	\$32.40	\$32.25	\$28.24
Potash	\$202.50	\$202.50	-
BCPI*	590	606.61	-
BCPI (Metals & Minerals only)	719.56	720.94	-

**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	\$1,966	\$757	\$1,350	\$981
Cold-rolled coil	\$2,193	\$859	-	-
Standard plate	\$1,676	\$740	-	-
Rebar	-	\$690	-	-

*Prices for July 26th ,2021

Softwood Lumber



\$/per thousand board feet	AUG 13 2021	AUG 6 2021	4-WK AVG	52 WK AVG	% CHANGE OVER 52 WK AVG
2X4 Eastern Spruce Pine (CDN)	\$615	\$670	\$665	\$1,225	-50%
Composite	\$432	\$463	\$465	\$909	-52%
2x4 Western Spruce #2	\$439	\$539	\$506	\$952	-54%
2x4 Western Spruce pine Utility #3	\$278	\$344	\$362	\$795	-65%

Panel Prices

	AUG 13 2021	AUG 6, 2021	4-WK AVG	52 WK AVG	% CHANGE OVER 52 WK AVG
Composite 15/32" 4-ply ext. (south)	\$606	\$668	\$780	\$1,033	-41%
9.5mm 4-ply exterior (west)(CDN)	\$493	\$528	\$618	\$1,009	-51%
7/16" oriented strand board (north central)(CDN)	\$670	\$710	\$761	\$998	-32%
	\$650	\$800	\$888	\$1,231	-47%

*USD/\$1000 bd ft

Additional Forestry Price Information



	AUG 20 2021	AUG 13, 2021	PREVIOUS MONTH AVG (JULY '21)	YTD MONTHLY AVG (JULY' 21)	2020 AVG	2019 AVG
SPF* 2x4	\$390	\$439	\$624	\$1,093	\$570	\$372
SPF Stud	\$270	\$243	\$533	\$1,043	\$505	\$272
SPF 2x10	\$342	\$330	\$606	\$1,066	\$528	\$350
Cedar 2x4	\$1,900	\$1,900	\$1,900	\$1,779	\$1,509	\$1,386

*SPF Prices-US\$/1000 bd ft

	PREVIOUS MONTH (JULY)	2 MONTHS AGO (JUNE '21)	YTD AVG	2020 AVG	2019 AVG
Hemlock Squares	-	\$1,743	\$1,212	\$793	\$891

MANUFACTURING AND TRADE INDICATORS

Manufacturing

The Canadian PMI fell slightly to 56.2 in July from 56.5 in June.

UNEMPLOYMENT RATE 3.9%↓ 4.6% (JUNE'21)	MEDIAN WAGE \$20.07 -0.61% YOY	PMI 56.2↓ 56.5 (JUNE'21)	CAN/USD EXCHANGE \$0.79 \$0.81 (June'21)
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\$ In billions	RECENT MONTH	PREVIOUS MONTH	YEAR OVER YEAR CHANGE
GDP Goods Producing*	\$580,773	\$583,336	15.1%
GDP Manufacturing*	\$187,665	\$189,238	22.7%
Manufacturing Sales**	\$59.2	\$57.9	20%
Manufacturing Orders**	\$60.4	\$54.4	29%
Motor Vehicle Sales**	\$3.1	\$2.4	-27%
Wood Product Sales**	\$5.1	\$5.42	104%
Petrol and Coal Sales**	\$5.6	\$5.35	79%
Ratio Inventory to Sales**	1.56	1.56	1.75
Manufacturing Employment	1,716.4	1,707.6	4.2%
Weekly Hours of Work*	36.4	36.6	-
Median Manufacturing Hourly Wage	\$20.07	\$20.40	-0.61%
Capacity Utilization**	79.4%	77.5%	-

*May 2021; **June 2021;

Trade

In June, Canada's trade balance returned to a surplus position of \$3.2 billion.

Trade Balance

\$3.23 billion

Total Exports

\$53,762 billion

Trade Balance with US

\$8,33 billion

Total Imports

\$50,531billion

"In June, a sharp increase in exports resulted in Canada's merchandise trade balance returning to a surplus position, reaching \$3.2 billion."

	JUNE 2021	PREVIOUS MONTH	PREVIOUS YEAR
Trade Balance	\$3,231	\$-1,576	-
Total Exports	\$53,762	\$49,444	30%
Total Imports	\$50,531	\$51,020	17.6%
Trade Balance with US	\$8,332	\$5,902	-
US Exports	\$39,713	\$36,693	34.5%
US Imports	\$31,381	\$30,791	18%
EXPORTS BY TYPE			
Metal Ores and Non-Metallic Minerals	\$2,173	\$1,918	17.6%
Metal and non-metallic mineral products	\$6,726	\$5,969	29.9%
Motor Vehicles and Parts	\$5,879	\$5,119	-2.8%
Energy Products	\$11,304	\$9,196	100.1%
Forestry Products	\$5,454	\$5,226	72.7%
Industrial Machinery, equipment and parts	\$2,974	\$2,914	13.9%

MACROECONOMIC INDICATORS

Labour Market Indicators

	JULY	JUNE	3 YEAR PEAK
Unemployment Rate	7.5%	7.8	13.7%
Employment Rate	60.3%	60.1	62.8%
Real Unemployment	11%	10.1	18.2%
Labour Force			
Participation Rate	65.2%	65.2	65.9%
FT/PT	81/19	81.0/19.0	84.3/15.7

UNEMPLOYMENT RATE

7.5%↓

7.8% (JUNE'21)

MEDIAN WAGE

\$26.71

0.08 % YOY

CPI

142.3↑

+3.7% YOY

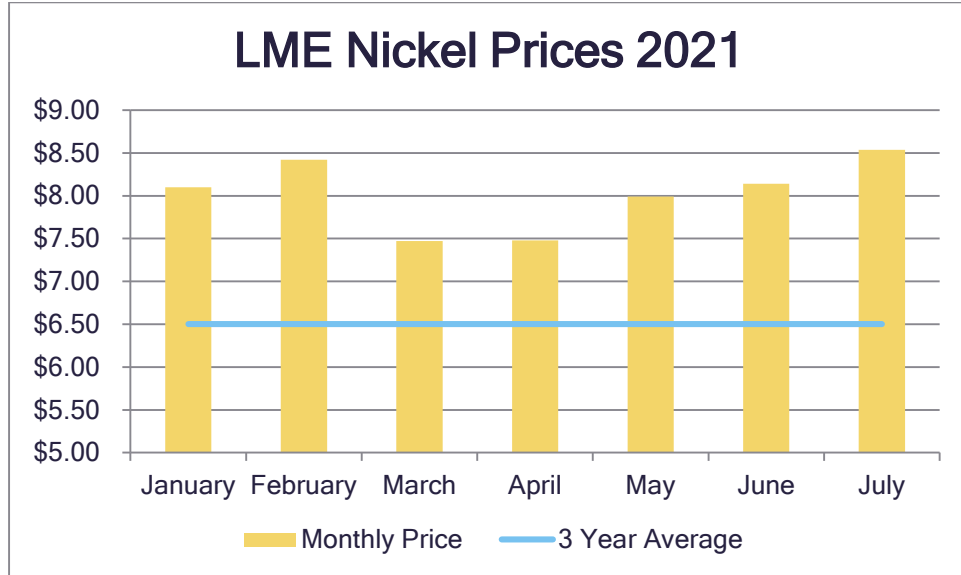
Key Economic Indicators

	Q1 2021	Q4 2020	CHANGE
Real GDP*	\$2.077	\$2.049	1.4%
House hold Consumption	\$1.148	\$1.140	0.7%
Investment	\$156.424	\$157.490	-0.7%
Labour Productivity Index*	110	112	-1.7%
Unit Labour Cost Index*	114	113.9	-

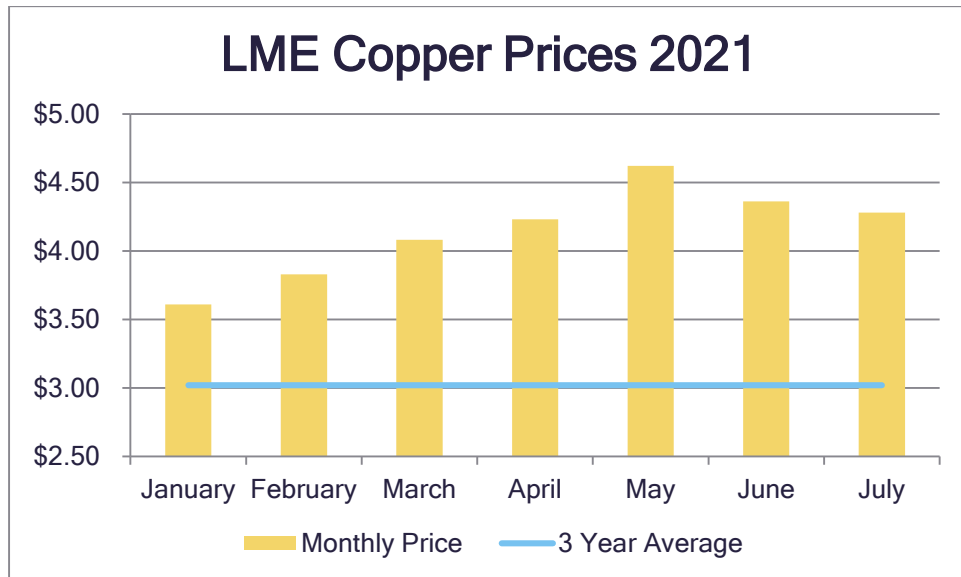
**GDP Expenditure, Productivity and Unit Labour cost data is quarterly; Investment comprises non-residential structures, machinery and equipment*

APPENDIX

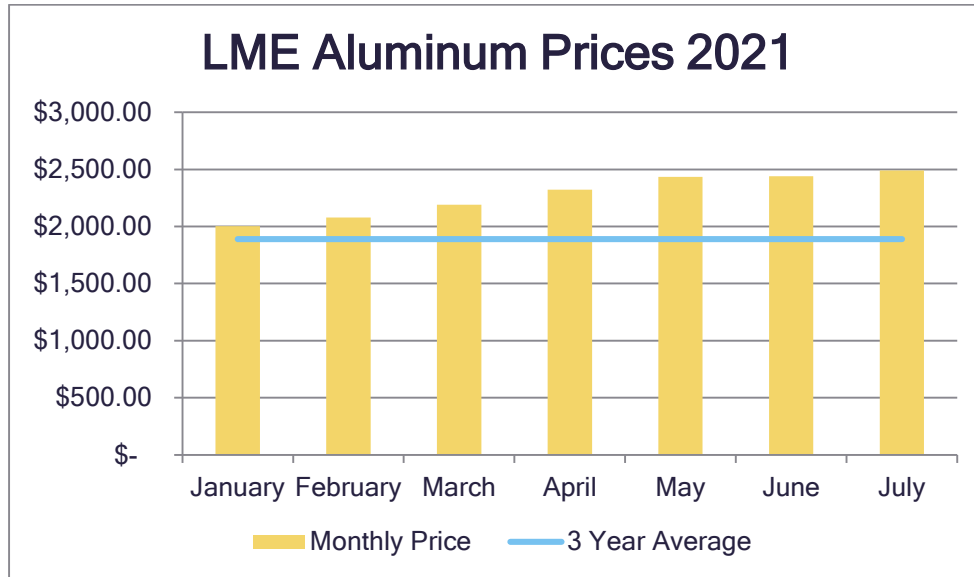
Nickel



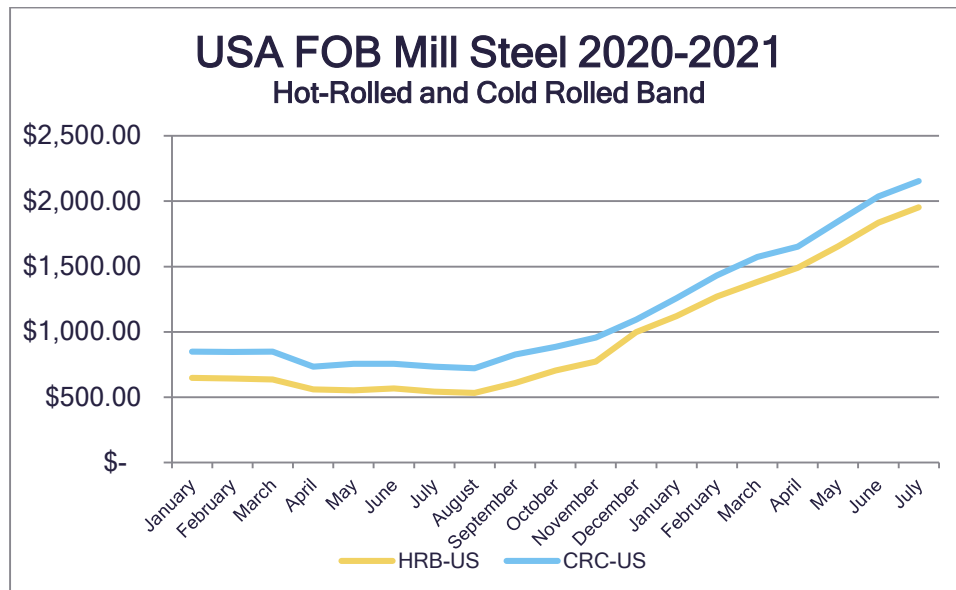
Copper



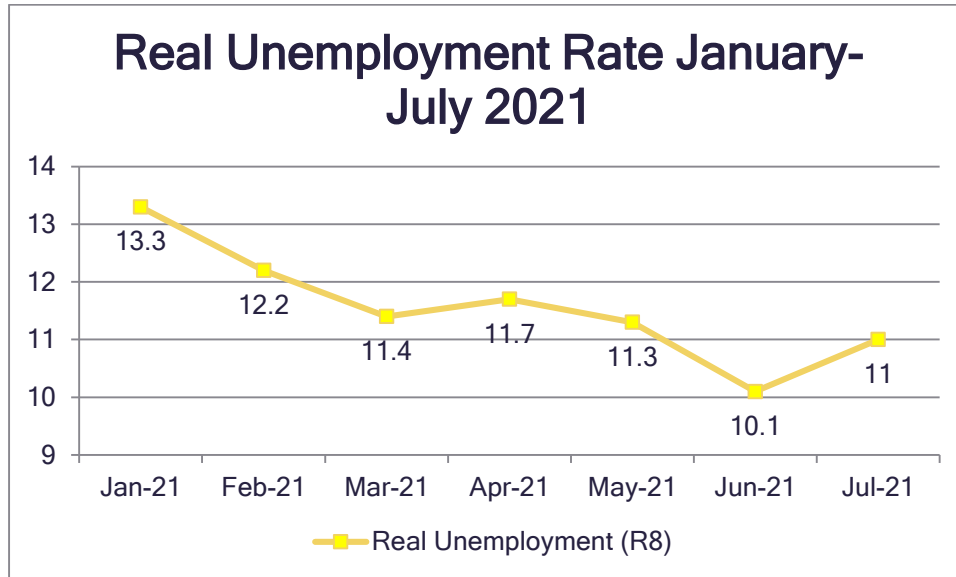
Aluminum



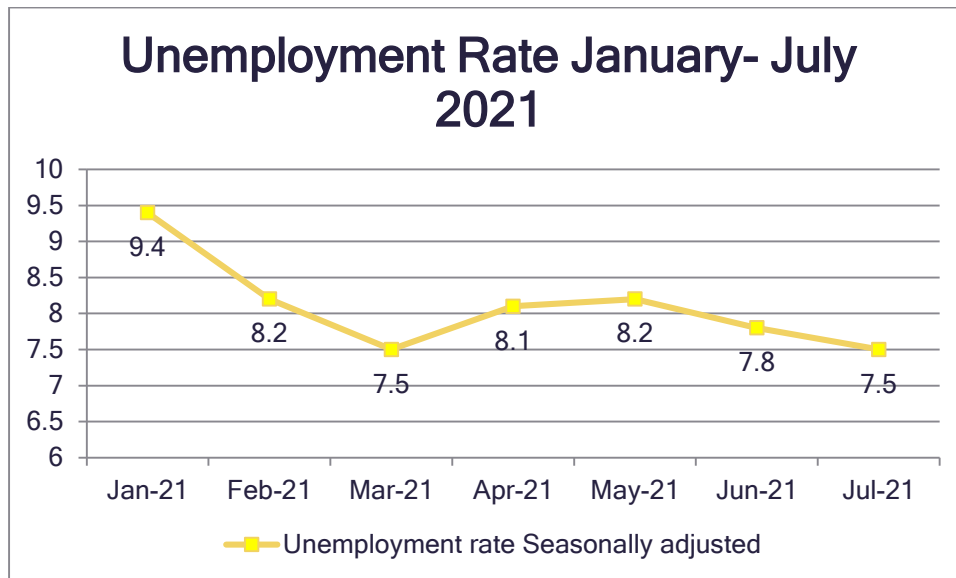
Steel



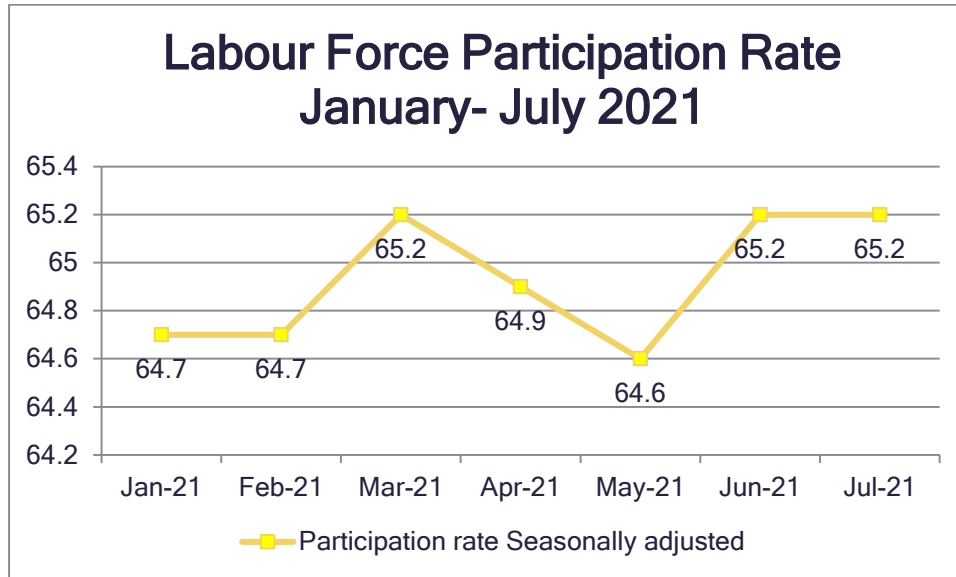
Real Unemployment Rate



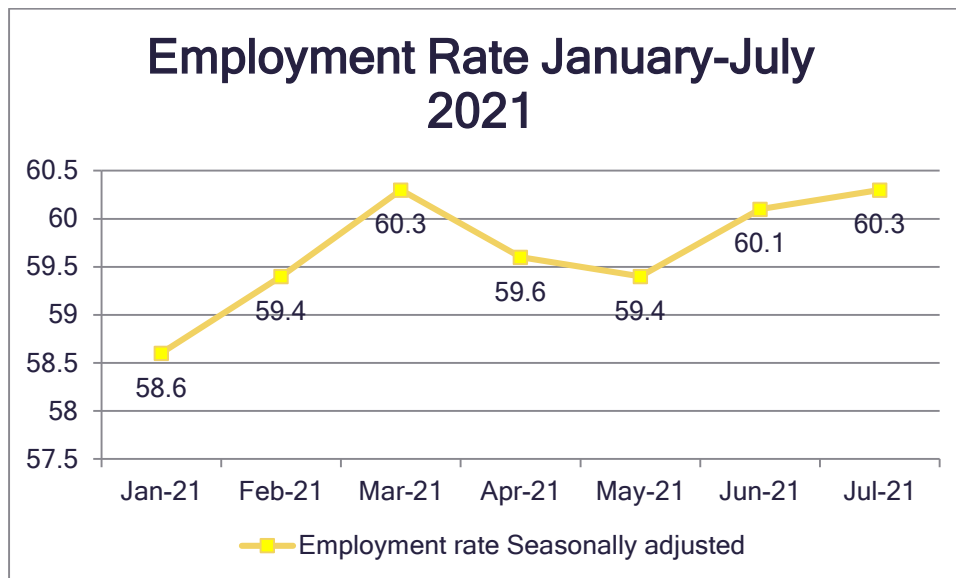
Official Unemployment Rate



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



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Unity and Strength for Workers