



MANUFACTURING REPORT

MARCH 2021



UNITED STEELWORKERS CANADIAN NATIONAL OFFICE



United Steelworkers

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CANADIAN MANUFACTURING

Employment Highlights

The manufacturing sector added 8,200 thousand jobs in March 2021. On a year over year basis employment in the sector increased by 2.7%. The unemployment rate declined to 4.6% from 5.1% in February.

Monthly PMI

Canadian PIM rose to 58.5 in March from 54.8 in February. This is the 9th straight month of expansion in the country's factory activity. New orders, output and purchases posted solid increases amid easing of COVID-19 restrictions. Of note, the rate of input inflation was the steepest since August of 2018, driven by demand for raw materials, particularly steel and lumber.

Capacity Utilization and Inventories

Capacity utilization for February was 75.7%, a decline from 76.5% in January. The ratio of inventory to sales increased to 1.60 from 1.56 in February.

“For the 9th straight month Canada’s manufacturing sector expanded and employment increased by 0.5% from February to March 2021.”

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 March 2021 year over year nominal wage growth was 2.39%. The average wage was \$20.30.

MACROECONOMIC REVIEW

The Canadian economy continues to recover from the economic effects associated with the pandemic. Key economic indicators, such as labour force data were largely positive, with a lower real and official unemployment rate and improved labour force participation.

- The unemployment rate declined to 7.5% in March, falling from 8.1% in February. The real unemployment rate declined from 12.2% to 11.4%
- Employment increased by 303 thousand jobs, a 1.6% increase over February, and 3.9% higher over March 2020. 43 thousand new jobs were created in the goods producing sector, led by construction (25k). The service sector added 260 thousand jobs, led by wholesale and retail trade (92k)
- CPI for March 2021 increased by 2.2%. While some quarters have expressed worry over looming inflation, unemployment remains fairly high, and capacity utilization remains fairly low, indicating inflationary pressures, while present in certain sectors, remain muted.

The Federal Government announced its first budget in two years in April, with an estimated budget deficit of \$354bn and \$101bn in new spending, including \$30bn for childcare, \$17.6bn in green investments, and an increase in the federal minimum wage.



The Bank of Canada continues to provide a commitment to maintain a low interest rate environment, continuing to purchase \$3bn a week of Government of Canada bonds. The BoC projected real GDP growth to be around 6.5% in 2021. In the short term, the BoC expects inflation to rise to around 3%, but to subsequently fall by the end of 2021.

COMMODITY PRICES

COMMODITY	LATEST	PREVIOUS	3 YEAR AVERAGE
Iron Ore	\$169.32	\$160.51	-
Prem. Met Coal (HCC) Spot	\$130	\$109	-
Aluminum	\$2,213.62	\$2083.34	\$1,892.42
Nickel	\$7.47	\$8.10	\$6.32
Copper	\$4.08	\$3.83	\$2.89
Gold	\$1,721.56	\$1,814	\$1,161.69
Lead	\$1,960.76	\$2024.5	\$1,989.74
Zinc	\$2,792.13	\$2548.30	\$2,541.03
Uranium	\$28.26	\$28.66	-
Potash	\$202.50	\$202.50	\$272.
BCCPI*	531.2	516.87	419.93
BCCPI (Metals & Minerals only)	670.59	679.83	590.68

**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	\$1,455	\$721	\$1,026	\$911
Cold-rolled coil	\$1,683	\$787	-	-
Standard plate	\$1,254	\$722	-	-
Rebar	-	\$646	-	-

Softwood Lumber

\$/per thousand board feet	16-APRIL-21	9-APRIL-21	4-WK AVG	52 WK AVG	% CHANGE OVER 52 WK AVG
2X4 Eastern Spruce Pine	\$1,540	\$1,450	\$1,450	\$1,008	+53%
Composite	\$1,104	\$1,048	\$1,053	\$742	+48%
2x4 Western Spruce #2	\$1,210	\$1,130	\$1,110	\$754	+60%
2x4 Western Spruce pine Utility #3	\$1,050	\$1,000	\$990	\$622	+62%

Panel Prices

	26-FEB-21	19-FEB-21	4-WK AVG	52 WK AVG	% CHANGE OVER 52 WK AVG
Composite	\$1,315	\$1,249	\$1,236	\$737	+78%
15/32" 4-ply ext. (south)	\$1,400	\$1,325	\$1,307	\$729	+92%
9.5mm 4-ply exterior (west)	\$1,261	\$1,223	\$1,233	\$733	+72%
7/16" oriented strand board (north central)	\$1,675	\$1,600	\$1,575	\$848	+98%

*USD/\$1000 bd ft

Additional Forestry Price Information

	16-APR-21	9-APRL-21	YTD MONTHLY AVG	2020 AVG
SPF* 2x4	\$1,210	\$1,130	\$992	\$570
SPF Stud	\$1,126	\$1,040	\$842	\$505
SPF 2x10	\$1,182	\$1,112	\$919	\$528
Cedar 2x4	\$1,700	\$1,700	\$1,683	\$1,509

*SPF Prices-US\$/1000 bd ft

	PREVIOUS MONTH (MARCH)	2 MONTHS AGO (FEB)	YTD AVG	2020 AVG
Hemlock Squares	\$1,049	\$964	\$973	\$793

MANUFACTURING AND TRADE INDICATORS

Manufacturing

March was a positive month for the Canadian manufacturing sector.



\$ In billions	RECENT MONTH	PREVIOUS MONTH	YEAR OVER YEAR CHANGE
GDP Goods Producing*	\$572.87	\$564.48	-0.6%
GDP Manufacturing*	\$190.21	\$186.67	-1%
Manufacturing Sales**	\$55.35	\$56.27	-1%
Manufacturing Orders**	\$54.41	\$58.24	-6%
Motor Vehicle Sales**	\$3.26	\$3.8	-31%
Wood Product Sales**	\$4.27	\$4.10	69%
Petrol and Coal Sales**	\$4.71	\$4.42	-15%
Ratio Inventory to Sales**	1.60	1.56	1.57
Manufacturing Employment	1,755.1	1,746.9	2.7%
Manufacturing Unemployment Rate	4.6%	5.1%	-
Weekly Hours of Work*	36.3	35.7	36.7
Median Manufacturing Hourly Wage	\$20.30	\$20.49	2.39%
Capacity Utilization**	75.7%	76.5%	76.4%

*January 2021; **February 2021;

Trade

For the second month in a row Canada posted positive net exports.

Trade Balance

+\$1,039

Trade Balance with US

+\$6,756

“Canada's merchandise trade surplus with the world narrowed from \$1.2 billion in January to \$1.0 billion in February”

Total Exports

\$49,856

Exports of metal and non-metallic mineral products (-10.9%) contributed the most to the decline in total exports in February

Total Imports

\$48,816

Total imports decreased by 2.4% in February to \$48.8 billion, their lowest level since August 2020. Imports of motor vehicles and parts had the largest decline, followed by energy products.

	FEBRUARY 2021	PREVIOUS MONTH	PREVIOUS YEAR
Trade Balance	+\$1,039	+\$1,205	-\$2,361
Total Exports	\$49,856	\$51,221	\$47,885
Total Imports	\$48,816	\$50,015	\$50,247
Trade Balance with US	+\$6,756	+\$5,947	+\$2,959
US Exports	\$37,355	\$37,068	\$35,675
US Imports	\$30,599	\$31,120	\$32,715
EXPORTS BY TYPE			
Metal Ores and Non-Metallic Minerals	\$1,583	\$2,158	-11%
Metal and non-metallic mineral products	\$5,843	\$6,554	3.5%
Motor Vehicles and Parts	\$6,110	\$6,801	-18.7%
Energy Products	\$9,453	\$7,993	19.9%
Forestry Products	\$4,330	\$4,453	27.4%
Industrial Machinery, equipment and parts	\$3,044	\$3,055	-10.7%

MACROECONOMIC INDICATORS

Labour Market Indicators

	RECENT MONTH	PREVIOUS MONTH	3 YEAR PEAK
Unemployment Rate	7.5%	8.2%	13.7%
Employment Rate	60.3%	59.4%	62.8%
Real Unemployment	11.4	12.2%	18.2%
Labour Force	65.2%	64.7%	65.9%
Participation Rate			
FT/PT	81.7%/18.2%	82.1%/17.9%	84.3/15.7

UNEMPLOYMENT RATE 7.5% 8.2% (FEB'21)	MEDIAN WAGE \$27.13 +3.20% YOY	CPI 139.6 2.2% YOY
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Key Economic Indicators

	RECENT	PREVIOUS	CHANGE
Real GDP*	\$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*	112.07	114.35	-2%
Unit Labour Cost*	115.00	115.00	-
Median Hourly Wage	\$27.13	\$27.15	3.2%yoy
CPI	139.6	138.9	2.2%yoy

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



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