

Status of Manufacturing in the NAFTA Region

June 2017

**American Iron and Steel Institute (AISI)
Steel Manufacturers Association (SMA)
Specialty Steel Industry of North America (SSINA)
Committee on Pipe and Tube Imports (CPTI)
Canadian Steel Producers Association (CSPA)
Mexican Steel Producers Association (CANACERO)**



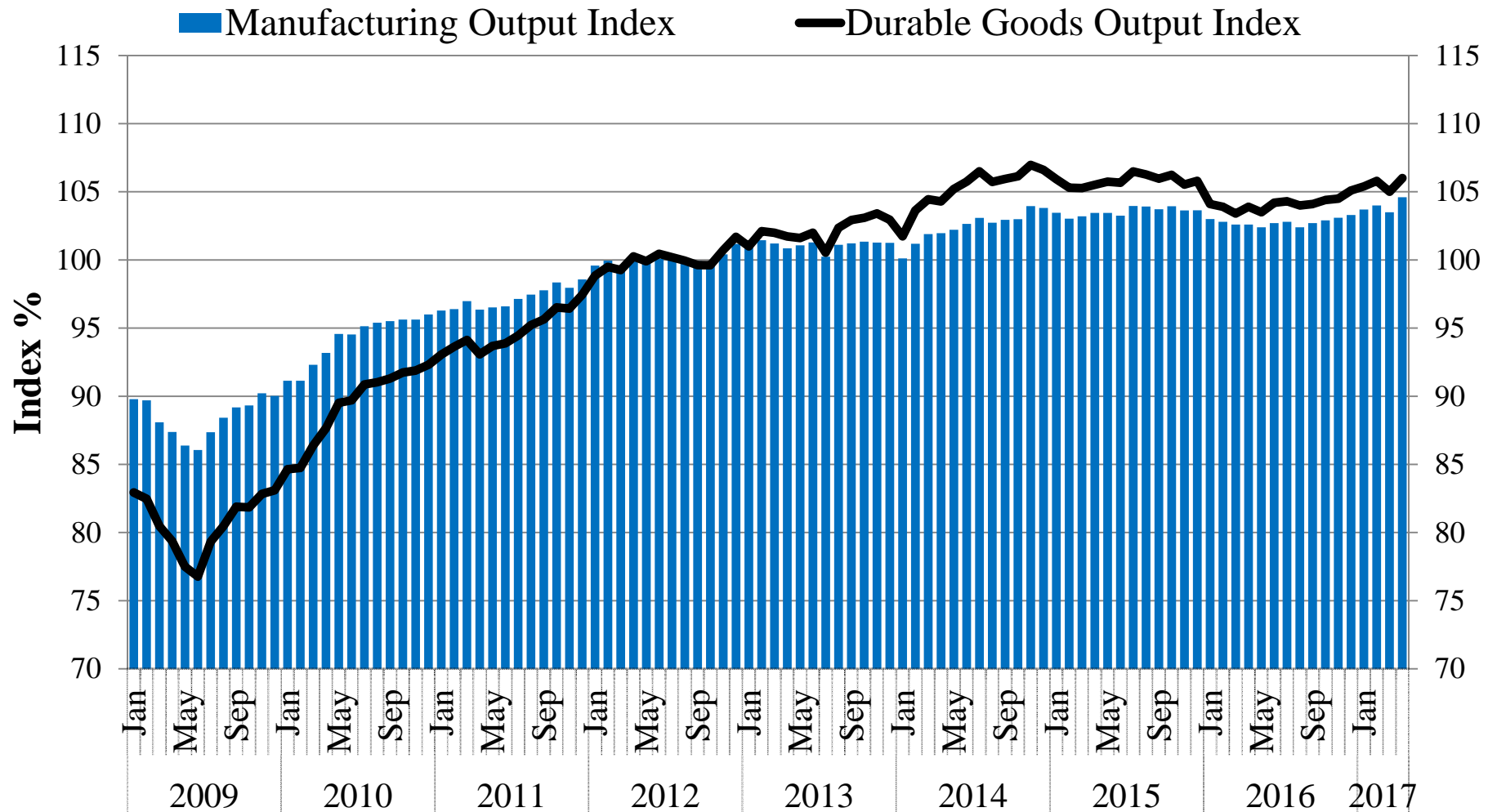
Update on the U.S. Manufacturing Sector

June 2017

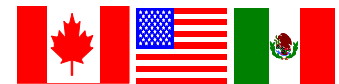


U.S. Manufacturing Output Up in April '17

Durable Goods Led by Automotive

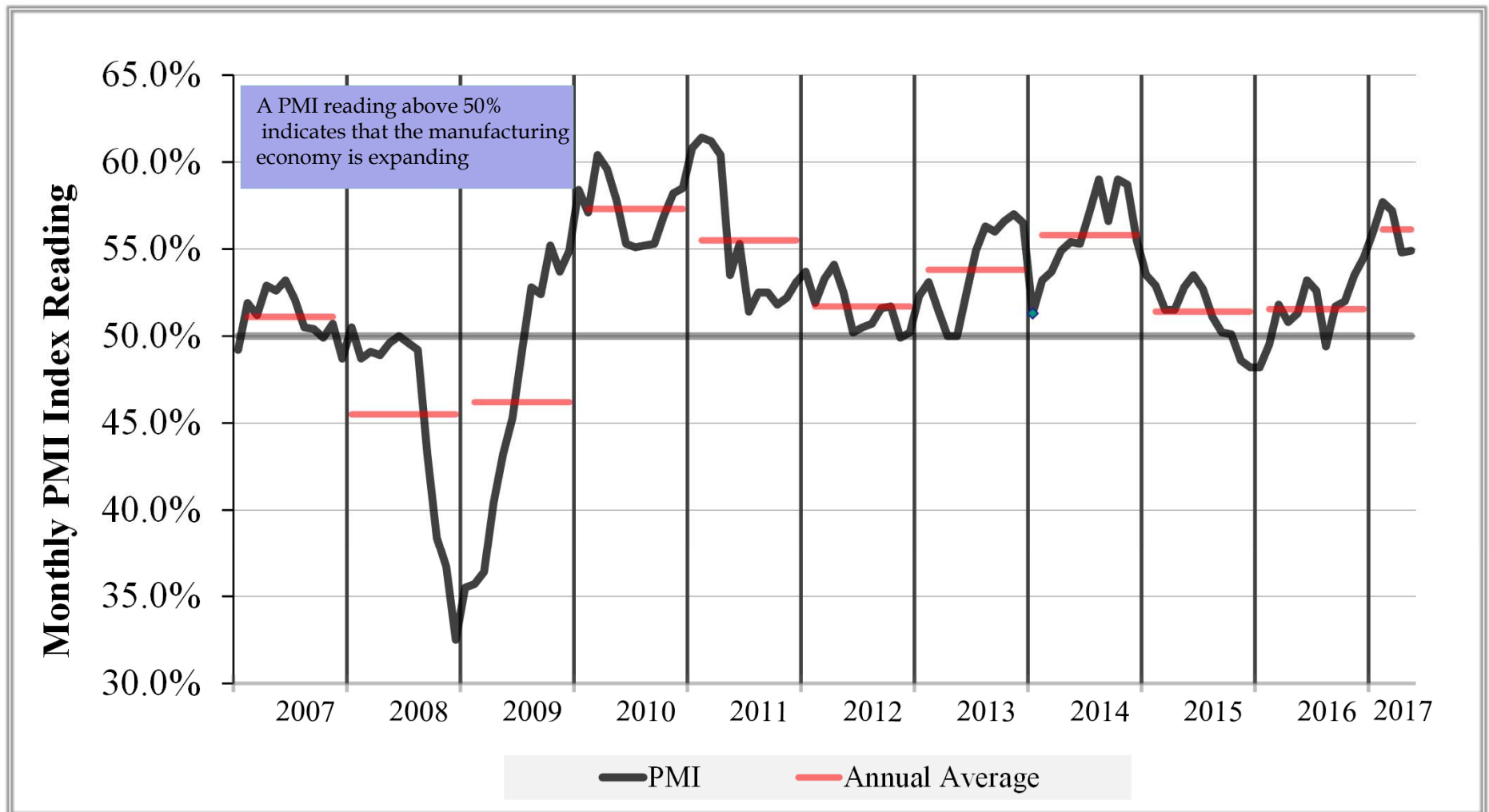


Source: Federal Reserve Board

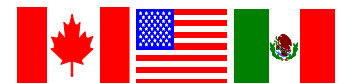


U.S. Manufacturing Sentiment Above 50 Percent

PMI Indicates Manufacturing Expects Return to Expansion

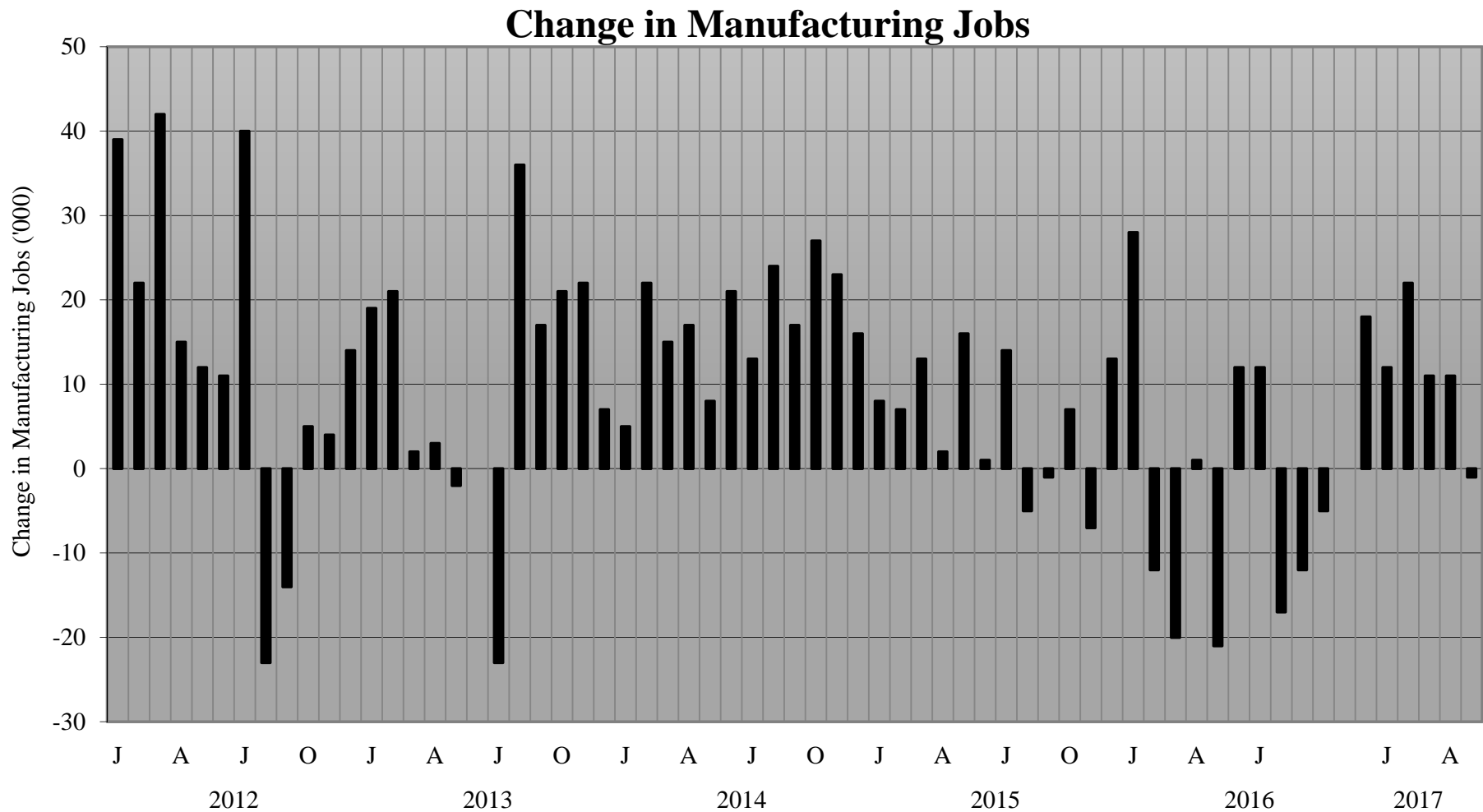


Source: Institute of Supply Management (ISM)

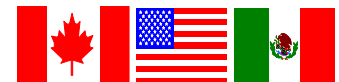


U.S. Manufacturing Job Growth Returns

Manufacturing Job Gains in 1Q17



Source: Bureau of Labor Statistics (BLS)



Manufacturing Trade Deficit in 2016 over \$800 billion

China records 43% share of deficit in manufactured goods

United States Trade w/ World

Period	Trade Deficit Manufacturing	Annual Increase in Deficit (\$ bill)	Manufacturing	
			Imports	Exports
2017 ann.	840.3	(28.2)	1,899.5	1,059.3
2017 4 mo.	280.1	n/a	633.2	353.1
2016	868.5	35.9	1,919.7	1,051.3
2015	832.6	69.3	1,945.0	1,112.4
2014	763.3	83.7	1,956.6	1,193.4
2013	679.6	(6.7)	1,862.3	1,182.6
2012	686.3	13.8	1,849.3	1,163.3

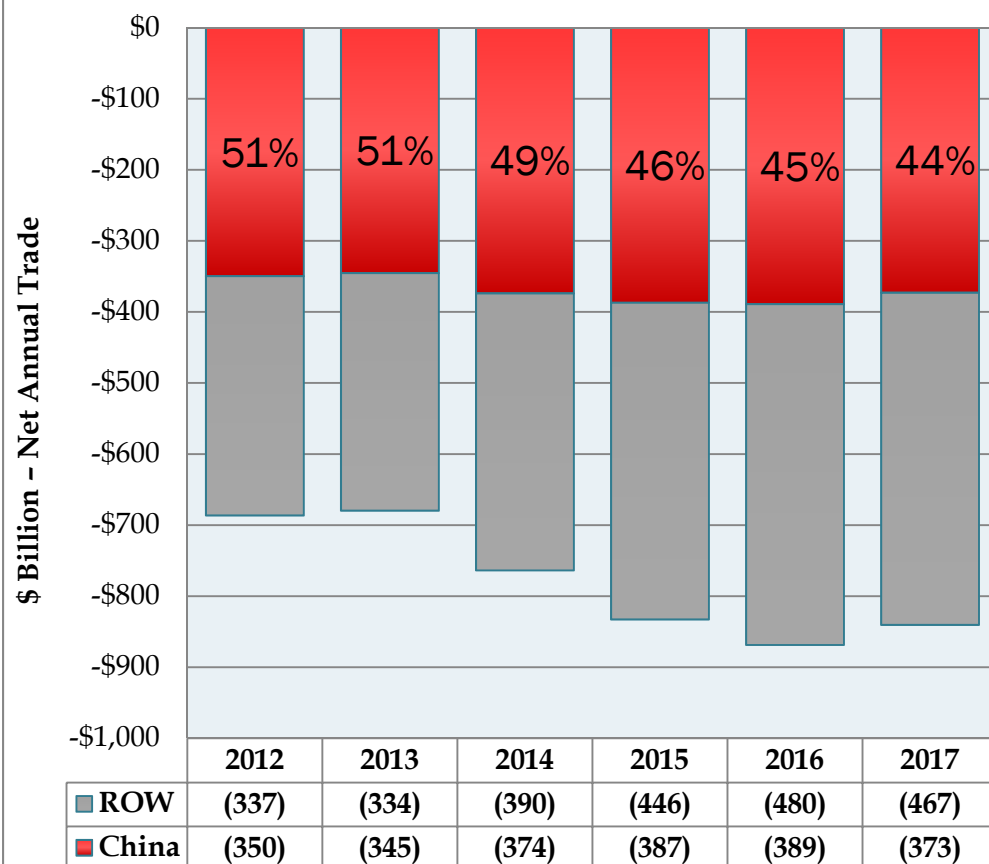
United States Trade w/ China

Period	U.S. Trade Deficit w/ China	Manufacturing Trade Deficit	Manufacturing w/ China	
			Imports	Exports
2017 ann.	319.5	372.9	428.1	55.2
2017 4 mo.	106.5	124.3	142.7	18.4
2016	347.1	389.4	453.4	64.0
2015	368.5	387.0	467.9	81.0
2014	345.4	373.9	457.1	83.3
2013	318.4	345.4	425.2	79.8
2012	321.4	348.6	415.3	66.7

U.S. Manufacturing Trade Deficit 2012-2017

Source: U.S. Census Bureau

Annual data/ \$ Billions *2017 Annualized



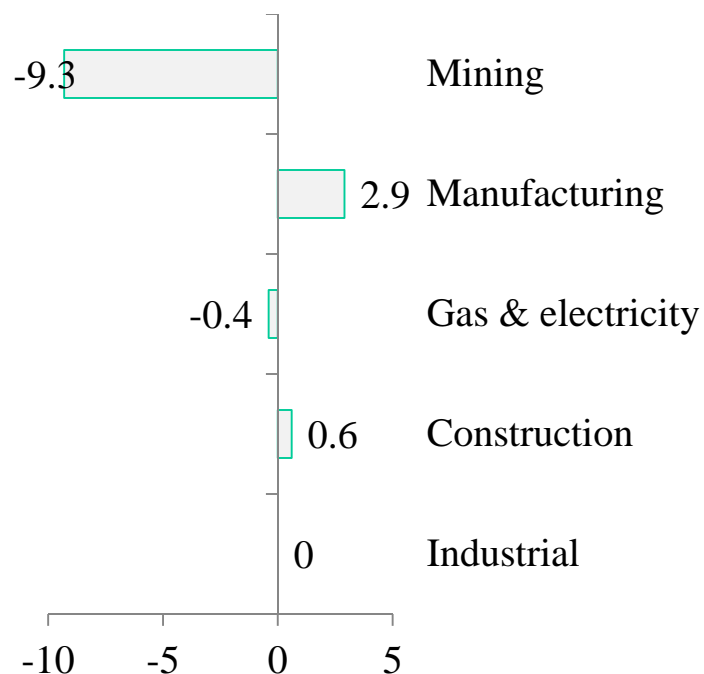
Update on Mexico's Manufacturing Sector

June 2017

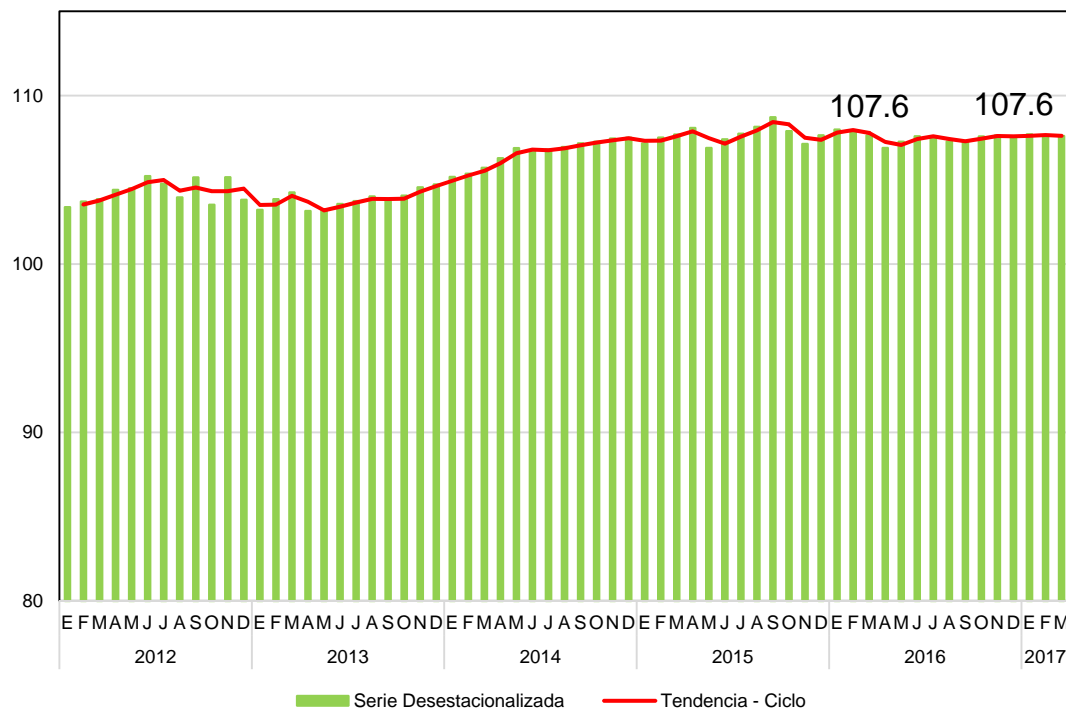


Mexico Industrial Production has not had any variation to real terms in March 2017 compared to same month one year ago

**Industrial Production
By component
(% Y-Y)**



**Industrial Production
Index 2008=100**



Source: INEGI

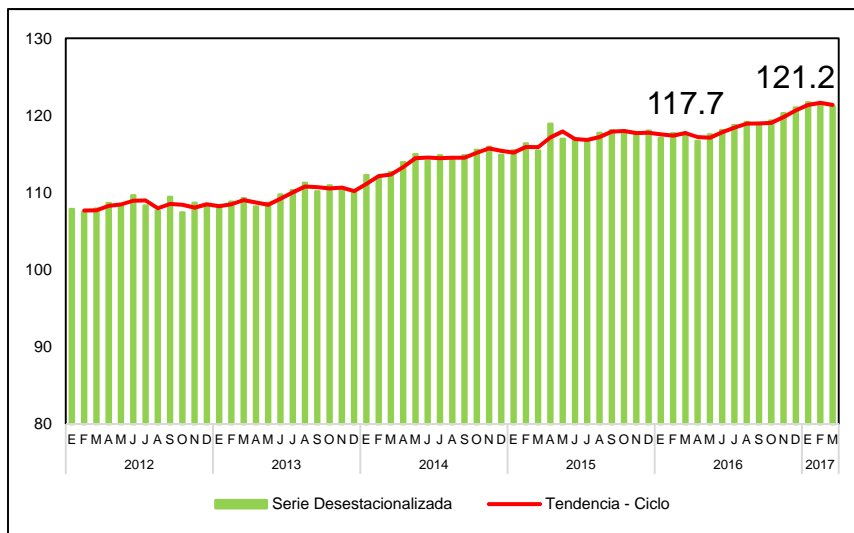


Mexico's Manufacturing & Construction grew to march: 2.9 % and 0.6 % respectively compared to the same month of 2016.

Industrial Production: March 2017

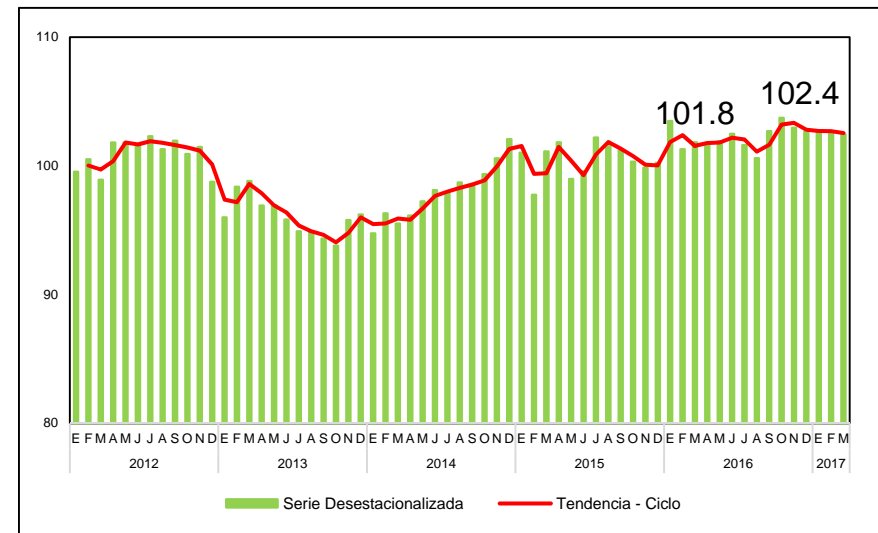
MANUFACTURING: Average growing: 2.9 % y-y

2008=100



CONSTRUCTION: Average growing: 0.6 % y-y

2008=100



Source: INEGI

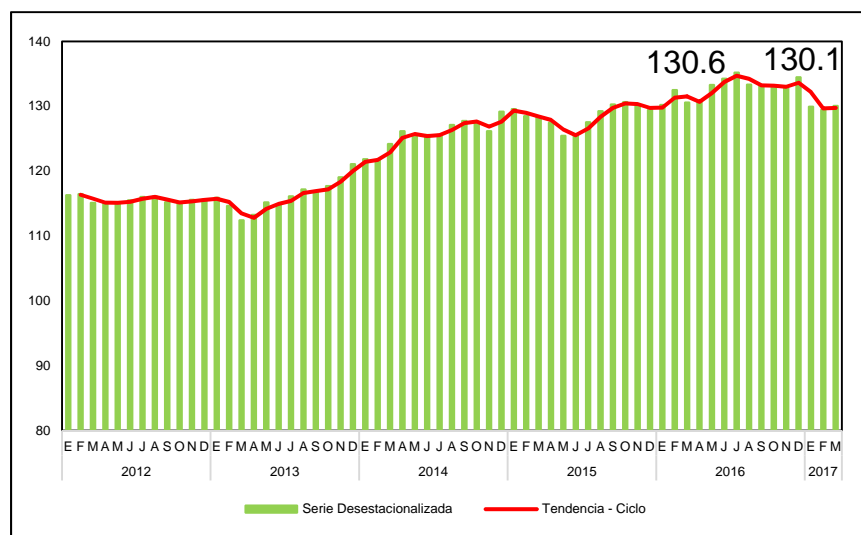


Mexico's Gas & Electricity fell: -0.4 % and the Mining fell: -9.3 % compared to the same month of 2016.

Industrial Production: March 2017

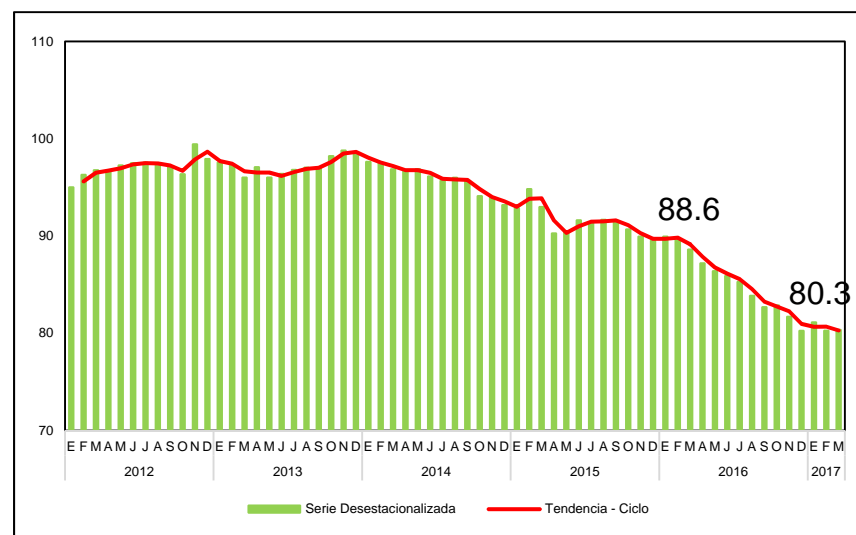
GAS & ELECTRICITY: decreasing: - 0.4 % y-y

2008=100



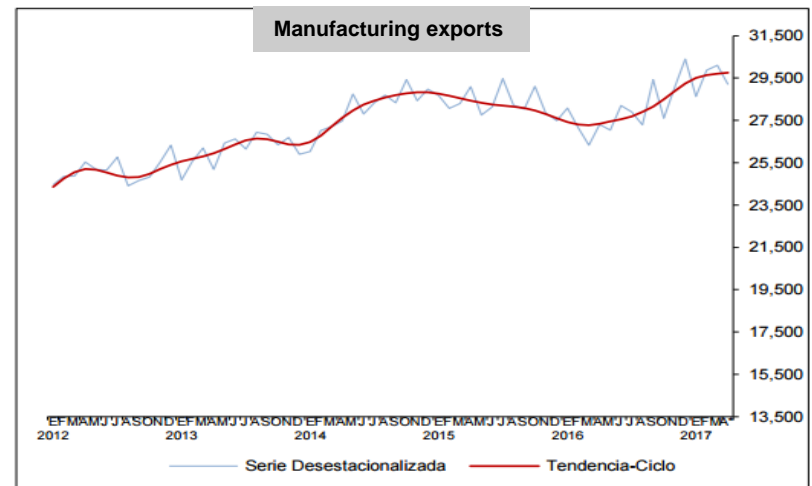
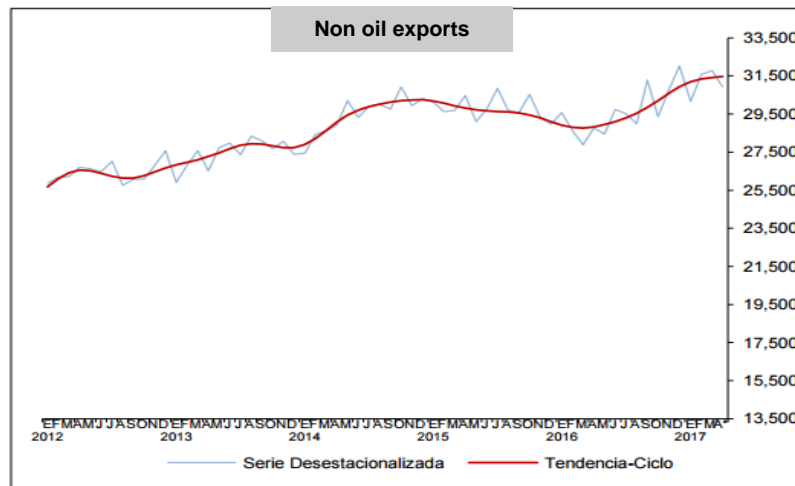
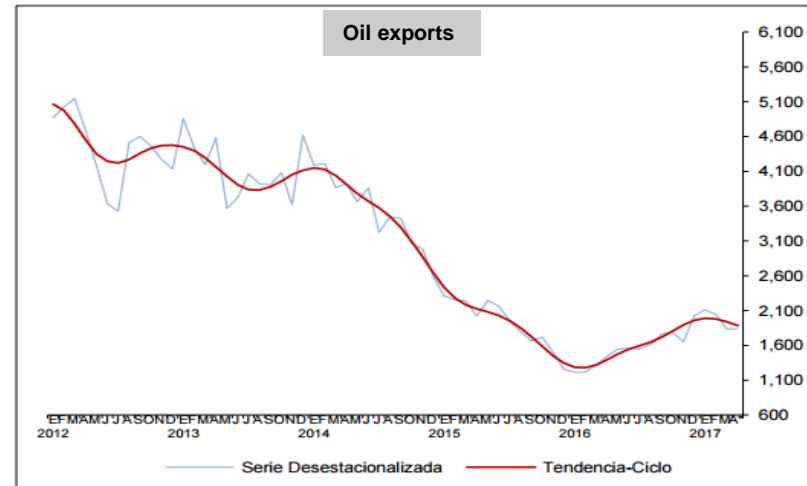
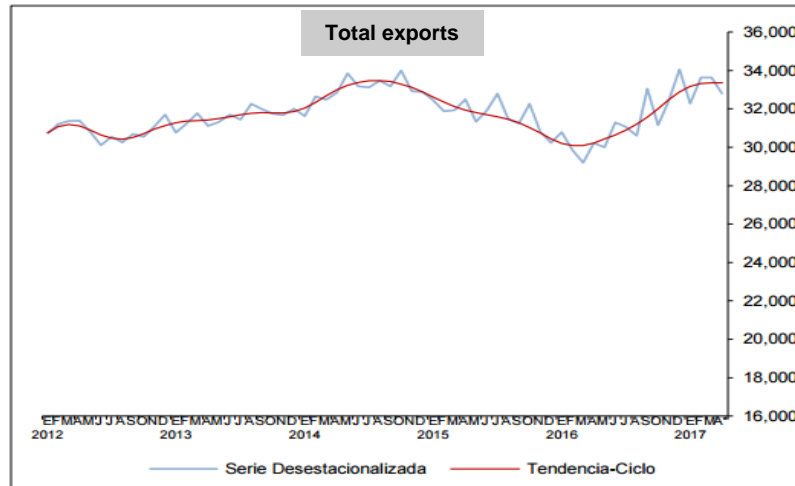
MINING: decreasing: - 9.3 % y-y

2008=100

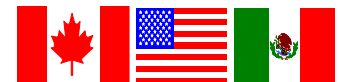


Mexico Manufacturing Exports

Manufacturing Exports, Monthly 2012 – 2017
- Million Dollars / Updated: April 2017

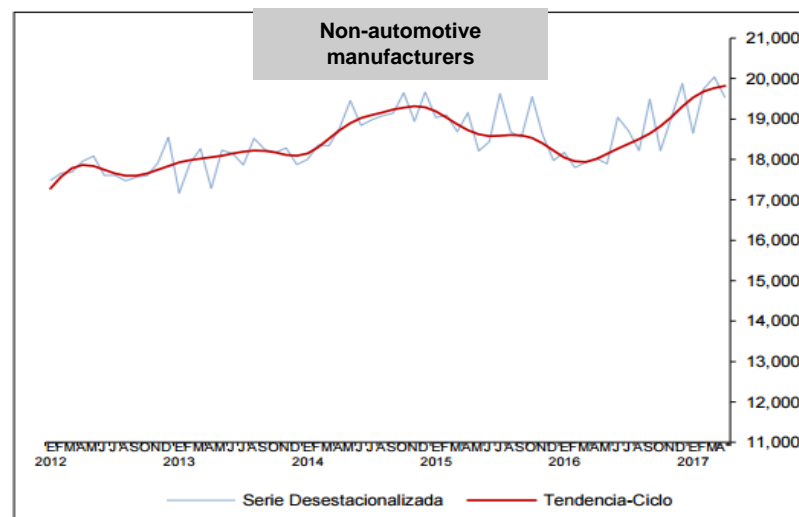
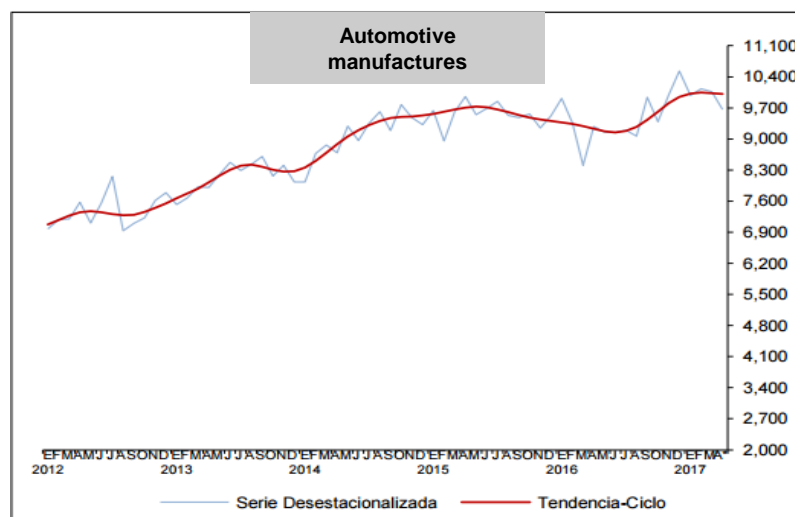


Source: INEGI



Mexico Manufacturing Exports

Manufacturing Exports, Monthly 2012 – 2017 - Million Dollars / Updated: April 2017

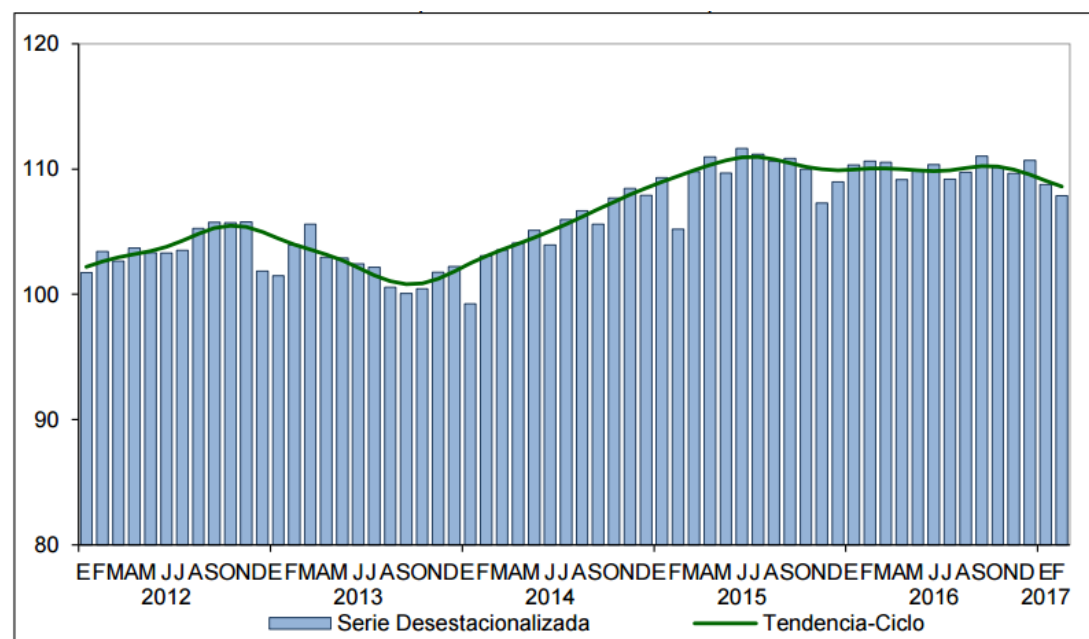


Mexico Investment

Mexico investment fell -0.8% in February 2017 compared to the month before.

Investment: february 2017

2008=100



Source: INEGI



Mexico Investment

Negative growth: -2.5 % where Machinery and Equipment grown: 3.7 % and construction fell: -4.1%

Investment: february 2017

(% y-y)

Concept	Var %
<u>Investment</u>	-2.5
• Machinery & Equipment	3.7
• Domestic	10.3
• Imported	0.7
• Construction	-4.1
• Residencial	5.1
• Other	-11.7

Source: INEGI



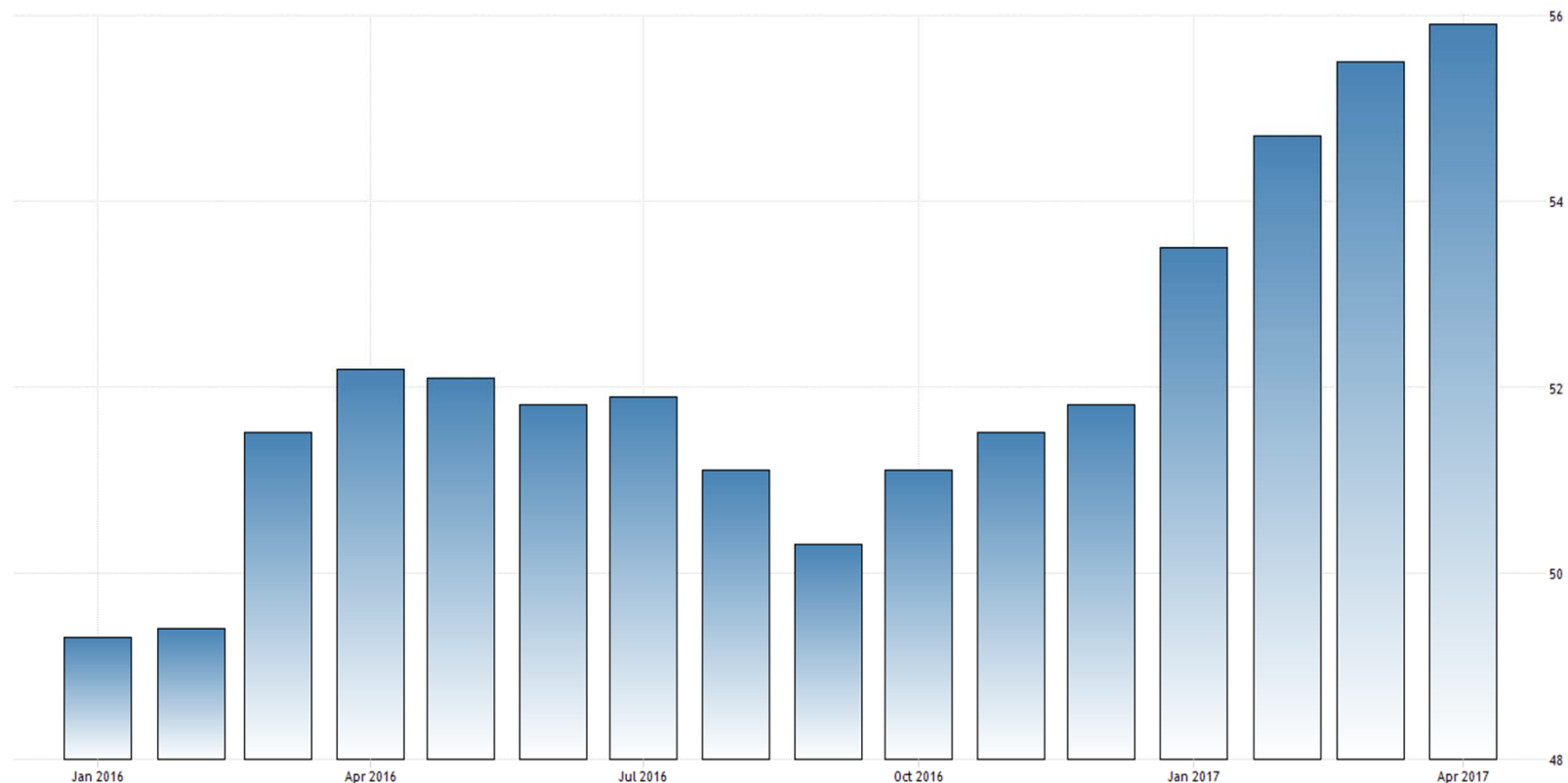
Update on Canada's Manufacturing Sector

June 2017



Canadian manufacturers have seen positive growth in the last several months, with overall business conditions improving at the **fastest pace for six years** and the PMI rising to **55.9** in April. This growth is being driven by robust increases in production volumes and a sustained rebound in input buying and inventory building along with indications of recovery in demand from the oil and gas sector.

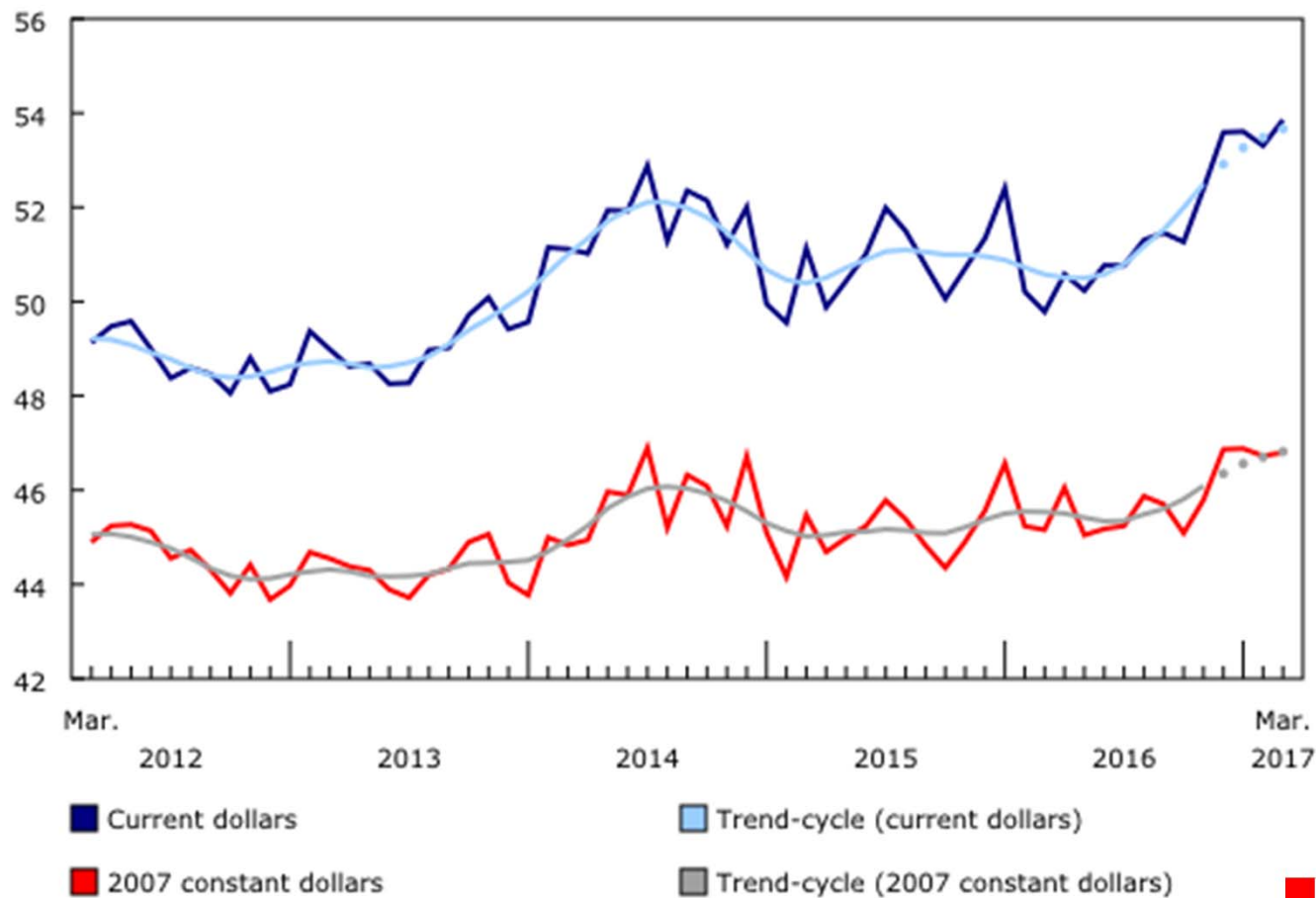
Canada Manufacturing Purchasing Managers' Index (PMI)



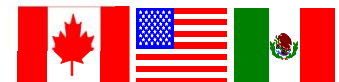
Manufacturing sales increased **1.0%** to a record **\$53.9 billion** in March 2017, reflecting higher sales in the transportation equipment and food industries. Overall, sales were up in **16 of 21** industries, representing 71% of the Canadian manufacturing sector. There were notable gains in the motor vehicle (+4.5%) and the motor vehicle parts (+1.8%) industries, reflecting higher volumes and prices.

Canadian Manufacturing Sales

billions of dollars



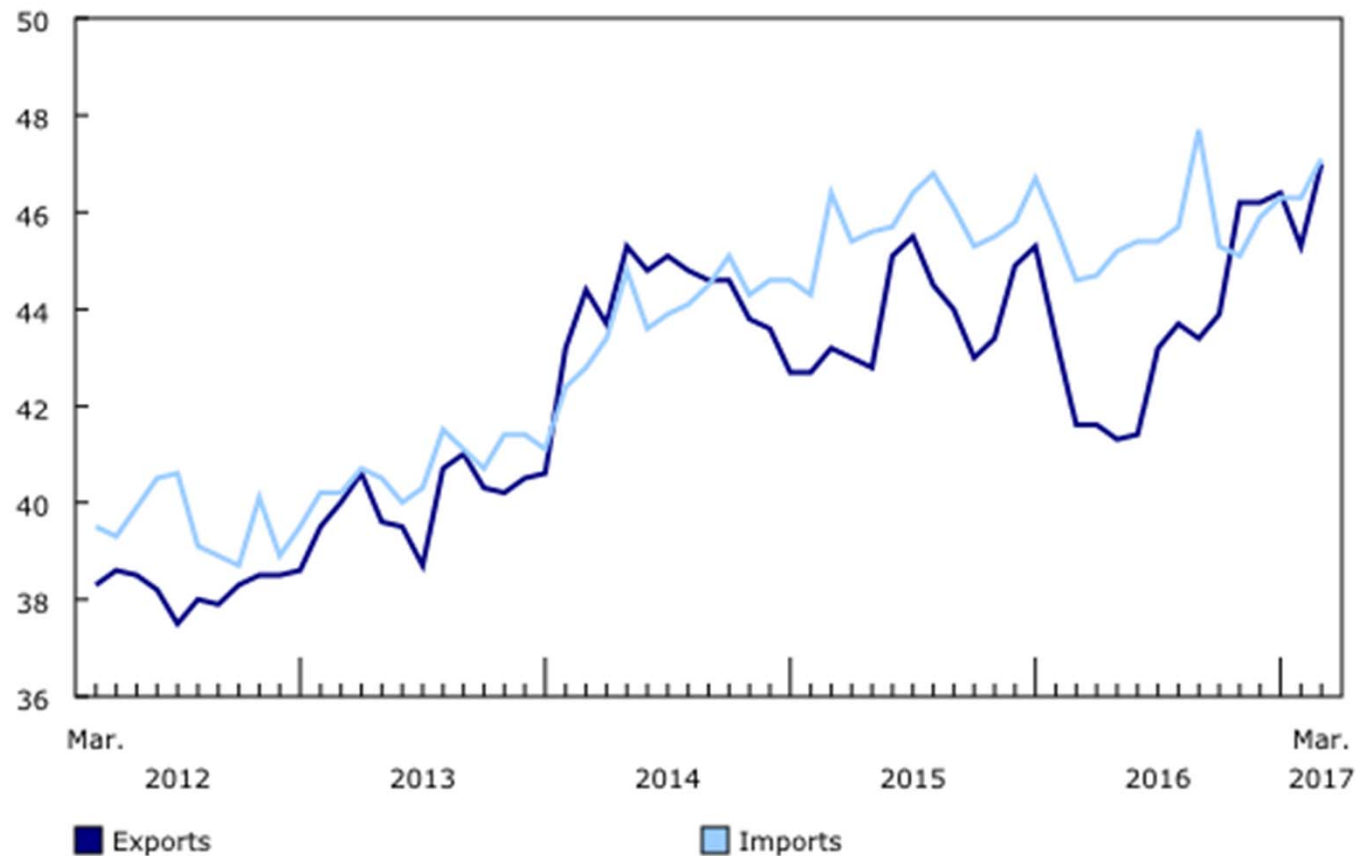
Source: Statistics Canada



Canada's merchandise trade balance with the world posted a slight **\$135 million** deficit in March 2017. Exports rose **3.8%** to a record high **\$47.0 billion**, due to stronger exports of Energy products, consumer goods, and metal and non-metallic mineral products. March imports were up **1.7%** to **\$47.1 billion**.

Canadian International Merchandise Trade

billions of current dollars



Source: Statistics Canada

