

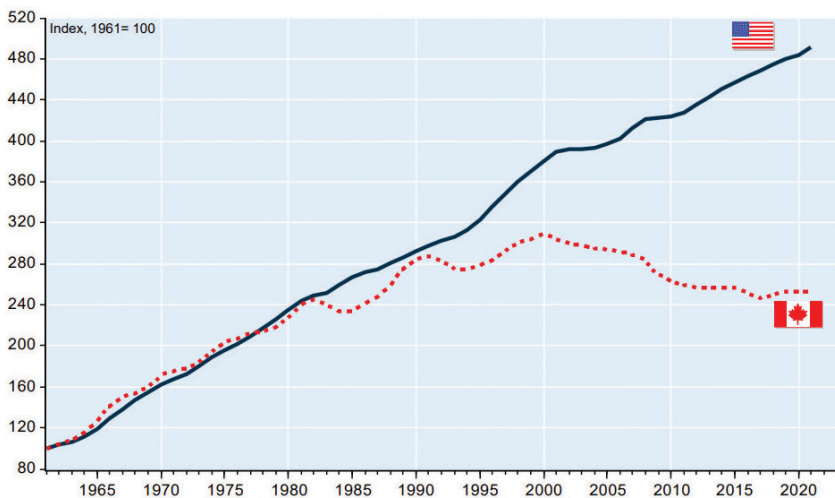
Canadian Investment in Manufacturing Severely Lagging US

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Presently, Canada has 15 free trade agreements in place with over 50 countries, representing 1.5 billion potential consumers around the world. Canadian companies need to invest in order to take advantage of opportunities to grow their business and sell their products globally. Unfortunately, they haven't been keeping pace with American counterparts in terms of investment. As shown in the chart below, Canadian investment in the manufacturing sector has been so low over the past few decades that it hasn't been enough to overcome depreciation to existing plants and machinery.

Canada: Manufacturing capital stock at its lowest level in over 30 years

End-year net stock of capital in manufacturing, Canada and the U.S. (chained 2012 dollars)



NBF Economics and Strategy (data via Statcan, table [36-10-0096-01](#) and BEA table [3.2ES1](#))

The current value of Canada's manufacturing sector is less than it was in 1989 when Canada first entered into a free trade agreement with the US. This contrasts with the US where the amount invested in manufacturing has reached a record high. A lack of investment in manufacturing has negative consequences for jobs growth, economic diversification and supply chain security as we saw during COVID when it became evident that Canada didn't have adequate resources to manufacture essential items.

Please call one of our advisors to discuss diversifying your portfolio to maximize your risk-adjusted returns.



**NATIONAL BANK
FINANCIAL**
WEALTH MANAGEMENT

Blaine Kunz, B.Mgt, CIM®
Senior Wealth Advisor
Portfolio Manager
403-488-4681
blaine.kunz@nbc.ca

Eric Van Enk, BComm, BA (Econ), CFA
Wealth Advisor
Associate Portfolio Manager
403-488-4685
eric.vanenk@nbc.ca

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