

Economic Outlook for Manufacturers

September 28, 2026

EMC

bdc

Poll Question

What are Your Top 3 Challenges for 2026 / 2027

EMC



Economic Outlook

Agenda – September 28, 2026

- Welcome & Introductions
- **BDC - Economic Outlook**
- **EMC – Issues Affecting Manufacturing and Workforce Capabilities**
- Q&A / Discussion
- Next Steps / Adjourn

Meet our Speakers



Jean-Pierre Giroux
President / Président
Excellence in Manufacturing Consortium (**EMC**)



Pierre Cléroux
Vice President, Research, and Chief Economist
Business Development Bank of Canada (**BDC**)

Economic Outlook

Pierre Cléroux
Vice President, Research, and Chief Economist, BDC



Growth despite troubled waters

Pierre Cléroux

Chief Economist and Vice-President, Research, BDC

September 2026

Agenda

1. The impact of the tariffs
2. What to expect in the next 12 months?
3. How companies adapting?

1

The impact of tariffs

New tariffs took effect

More than 500 products in over 100 sectors are affected:

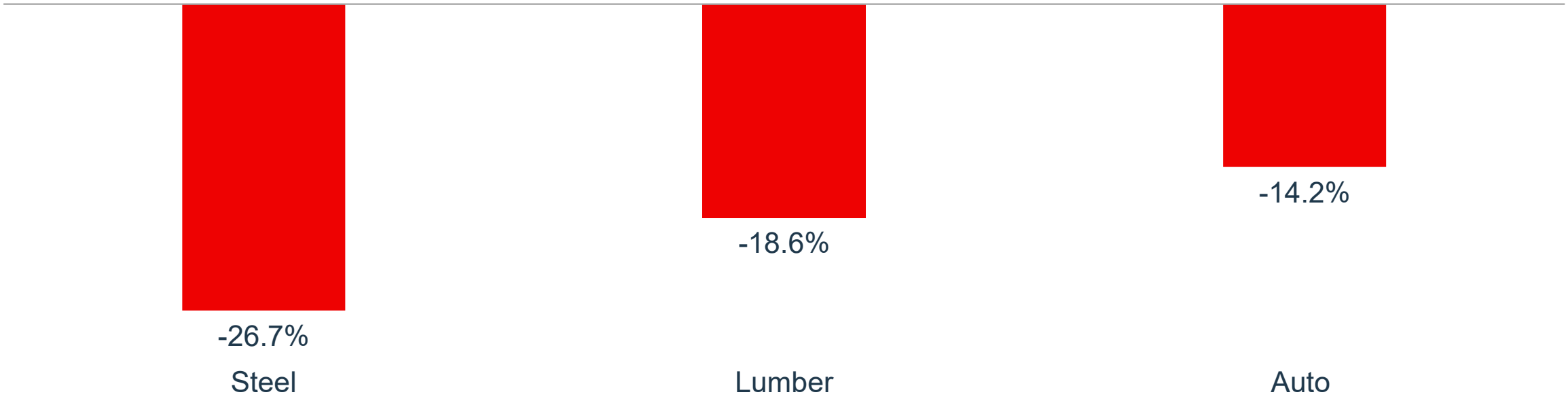
- Mechanical equipment (machinery and mechanical equipment)
- Electrical machinery (electrical equipment, appliances and components)
- Plastic products (plastics and packaging)
- Beverages (alcohol including beer, wine, cider, spirits and distilled products)
- Paper products (paper and packaging including printing, packaging and tissue products)
- Furniture
- Other products (jewelry, precious metals, beauty, personal care, dairy products, textiles, consumer goods, leather and footwear)

Key lessons learned from tariffs

1. The impact on the affected sectors is real
2. The overall economy proved more resilient than expected
3. Regional exposure varies widely

Exports of targeted industries continue to decline

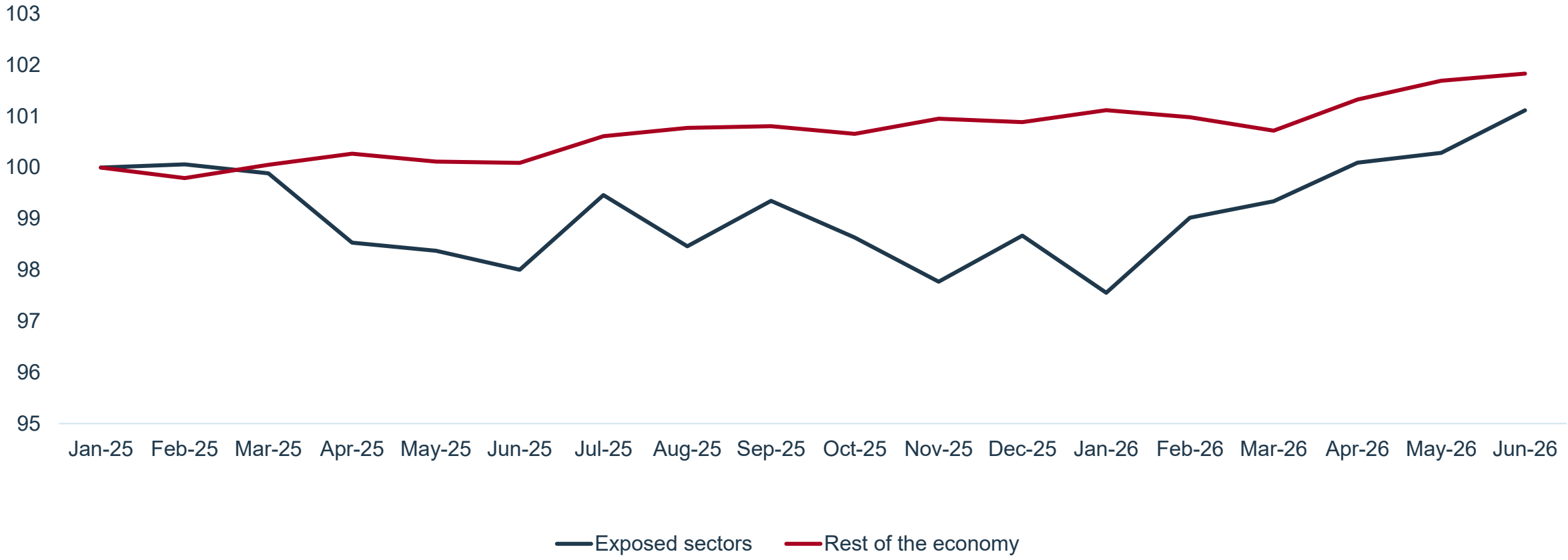
Exports change, January to July 2026 vs same period last year, (%)



Source: via Haver Analytics, BDC

Exposed sectors are slowly recovering and less exposed continued to grow

Real GDP growth, by industry, Jan2025=100, Canada



Source: Statistics Canada, BDC.
Exposed sectors: Manufacturing, wholesale trade, transportation and warehousing

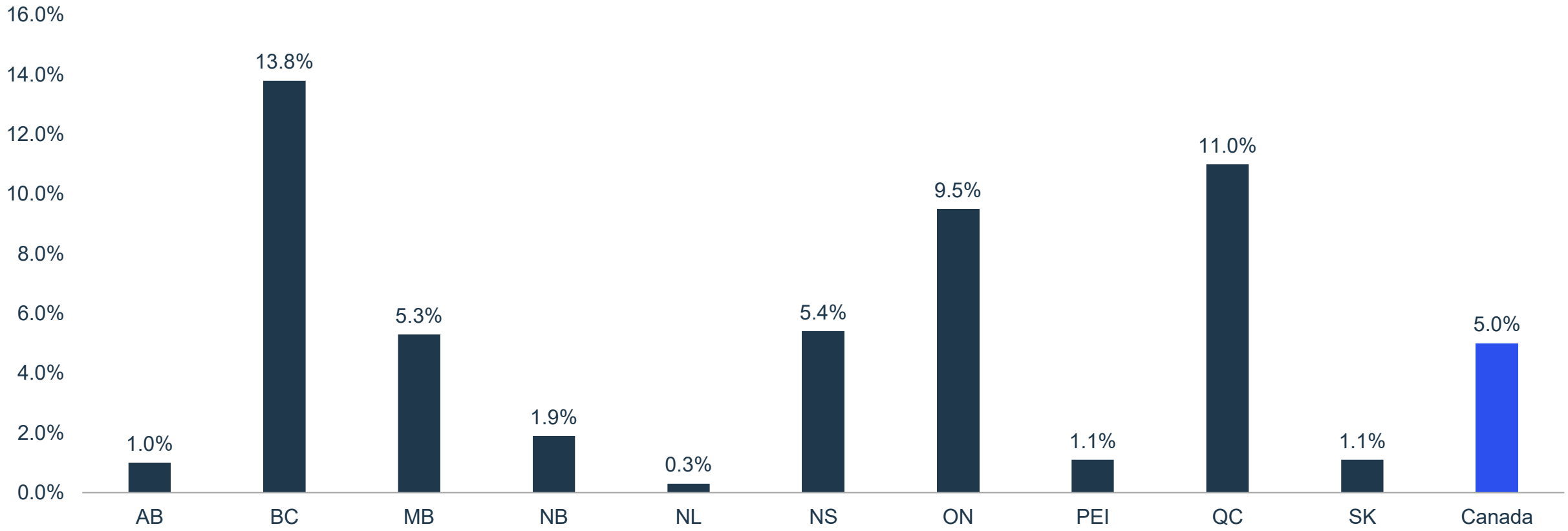
Despite tariffs, Canada continued to grow in 2025

- Real GDP increased by 1.9%
- Consumption increased by 2.4%
- The job market added on average 226,000 jobs
- Household disposable income increased by 3.9%

Source: Statistics Canada, BDC.

Tariffs will affect around 5% of Canada's exports

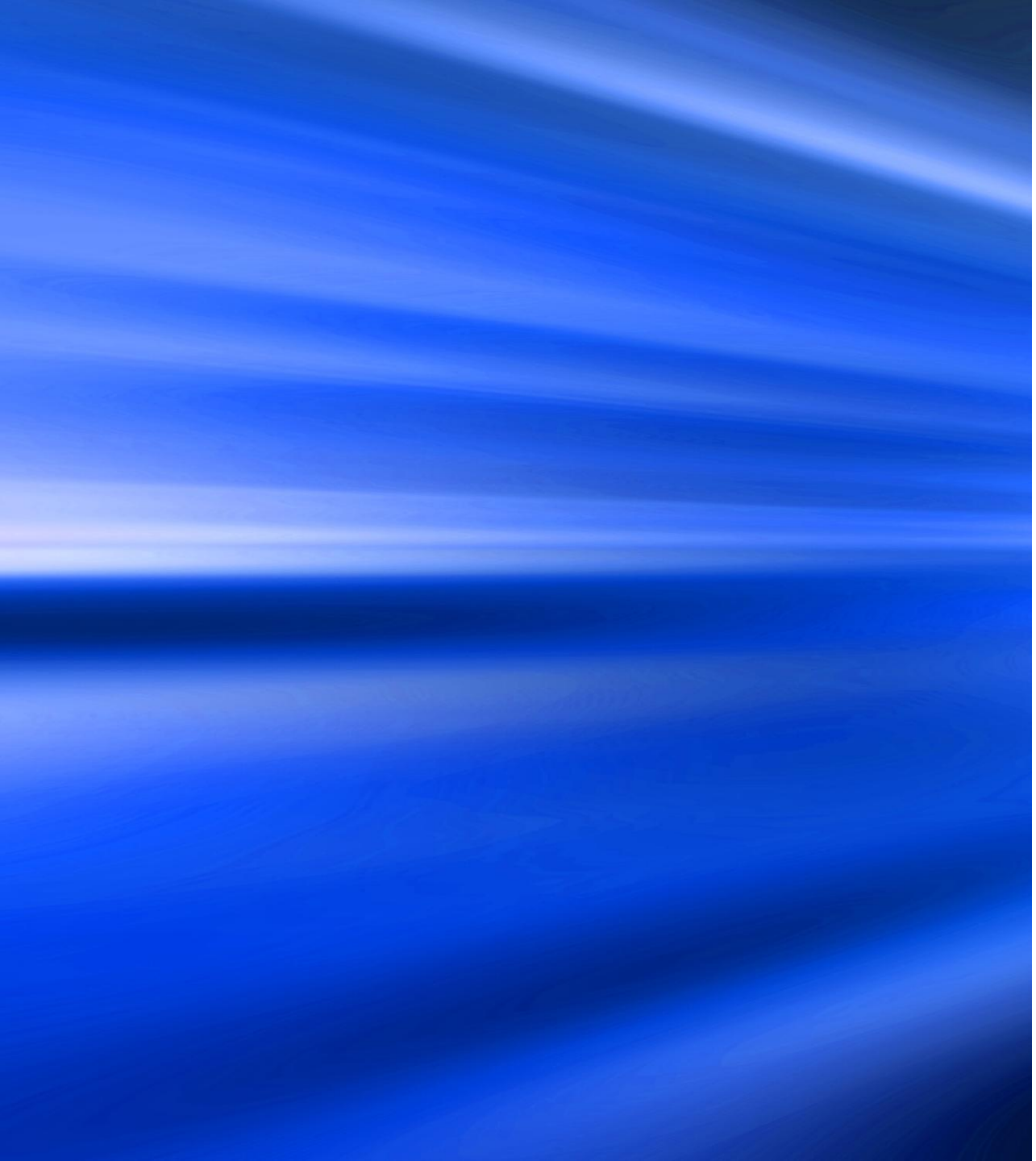
Share of US exports tariffed at 50%



Source : BDC Economics.

2

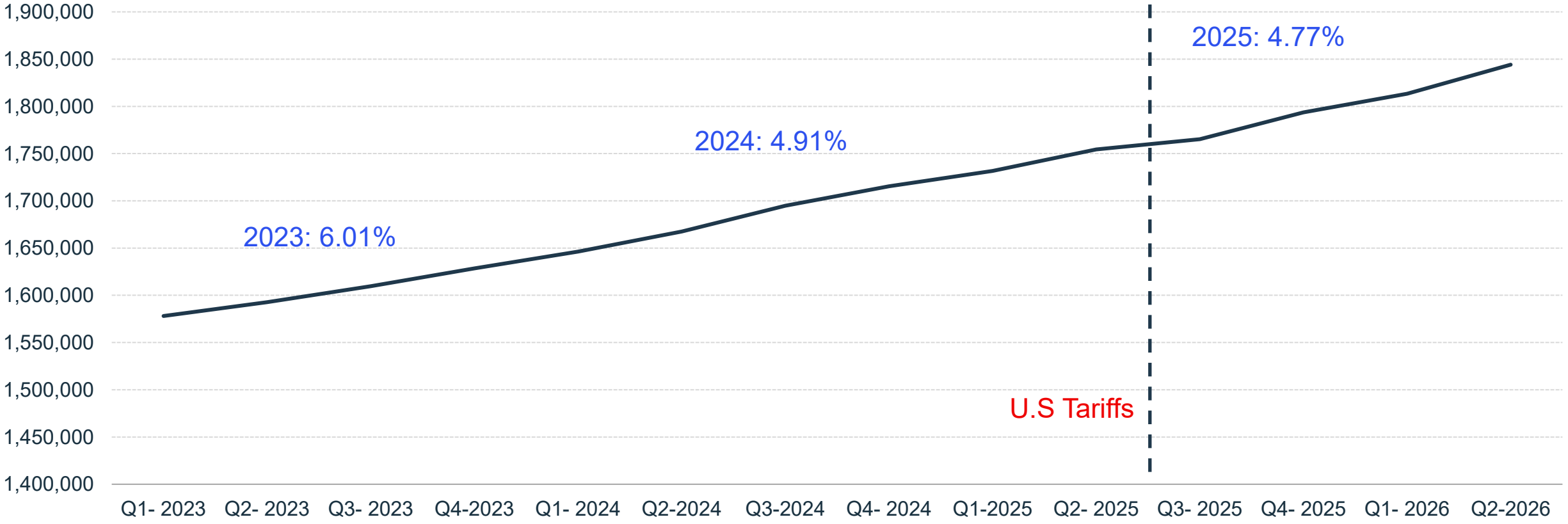
What to expect in the next 12 months



Consumption will drive growth

Consumption was solid in Q1 and Q2

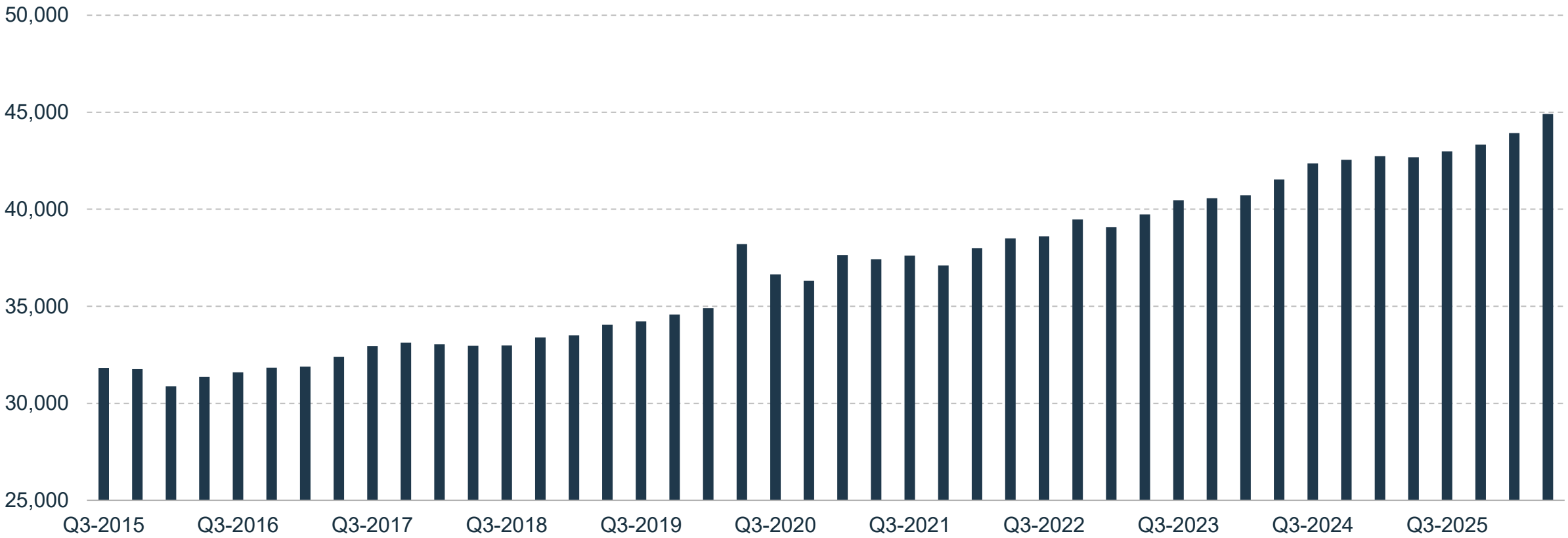
Household Consumption Expenditure, SAAR millions $, Canada



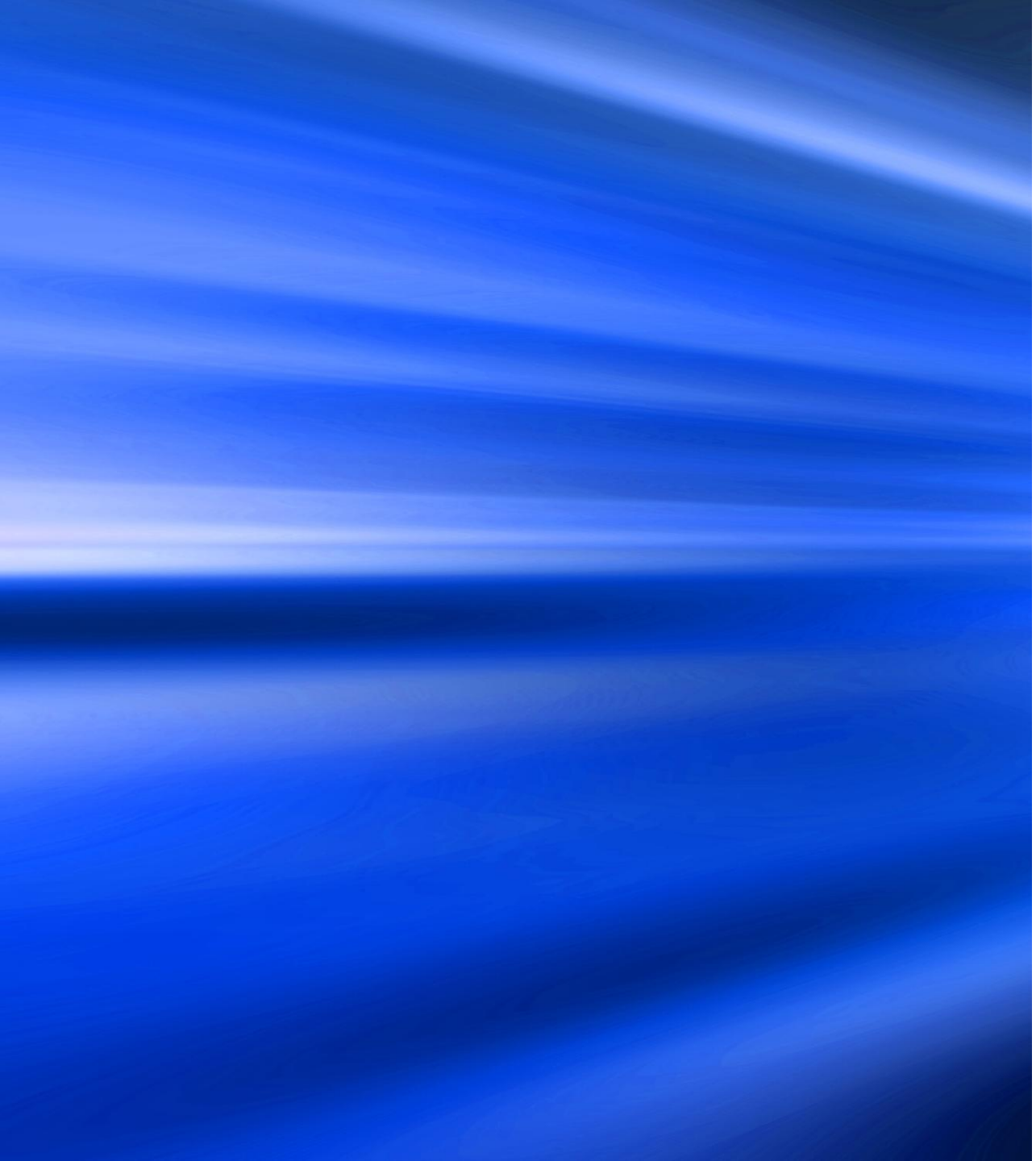
Source : Ontario economic accounts, BDC.

…and will continue to be supportive of growth

Households' disposable income per capita, in dollars, Canada



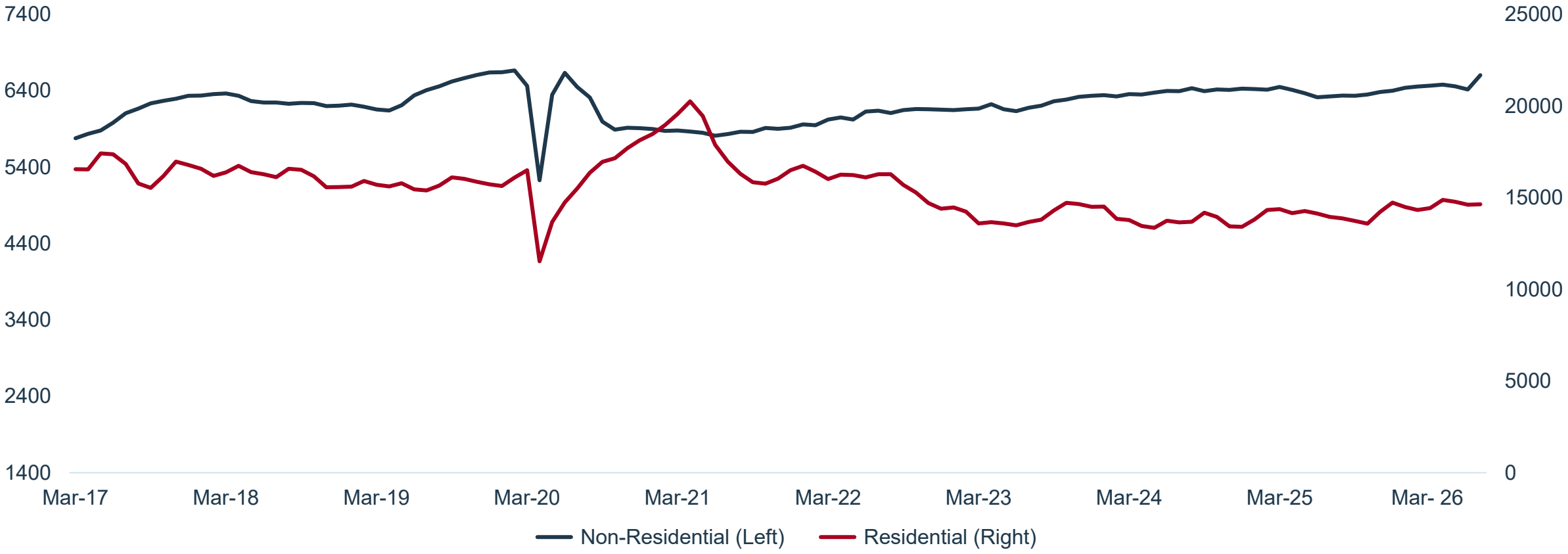
Source : via Haver Analytics, BDC.



Non-residential investment is growing

Non-residential investment is increasing

Construction investment, in millions of dollars, Canada

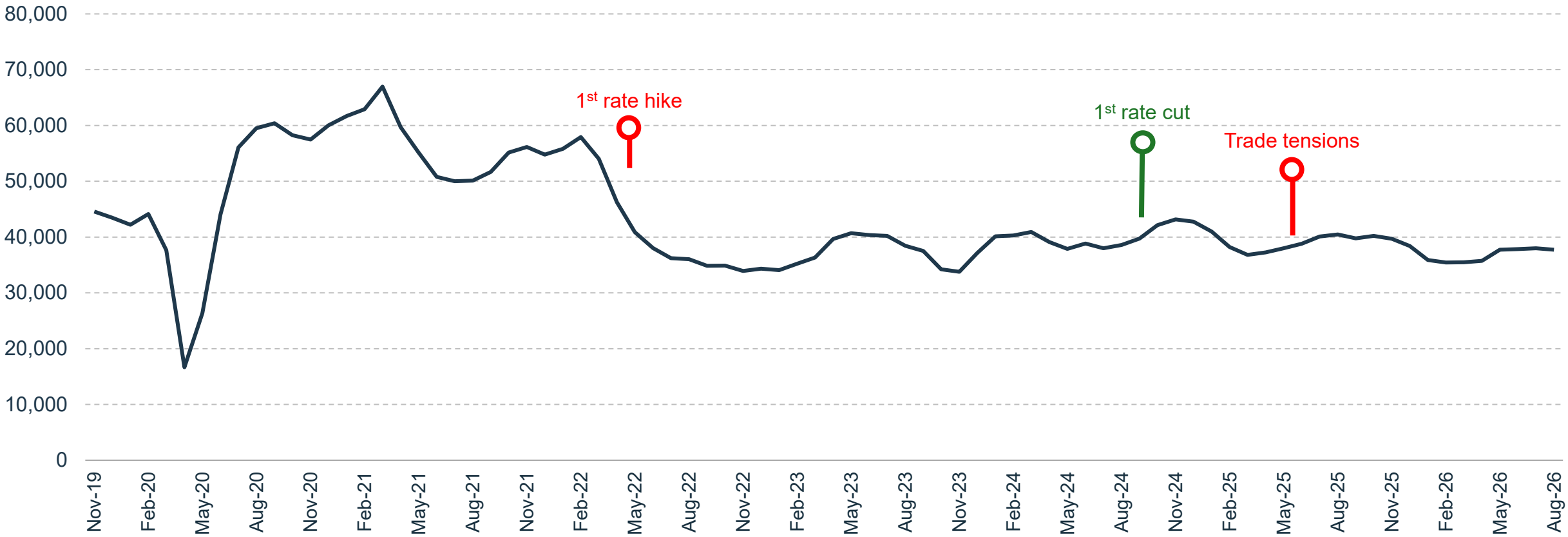


Source : via Haver Analytics, BDC.

Home sales are still struggling to recover

Home sales, in units, Canada

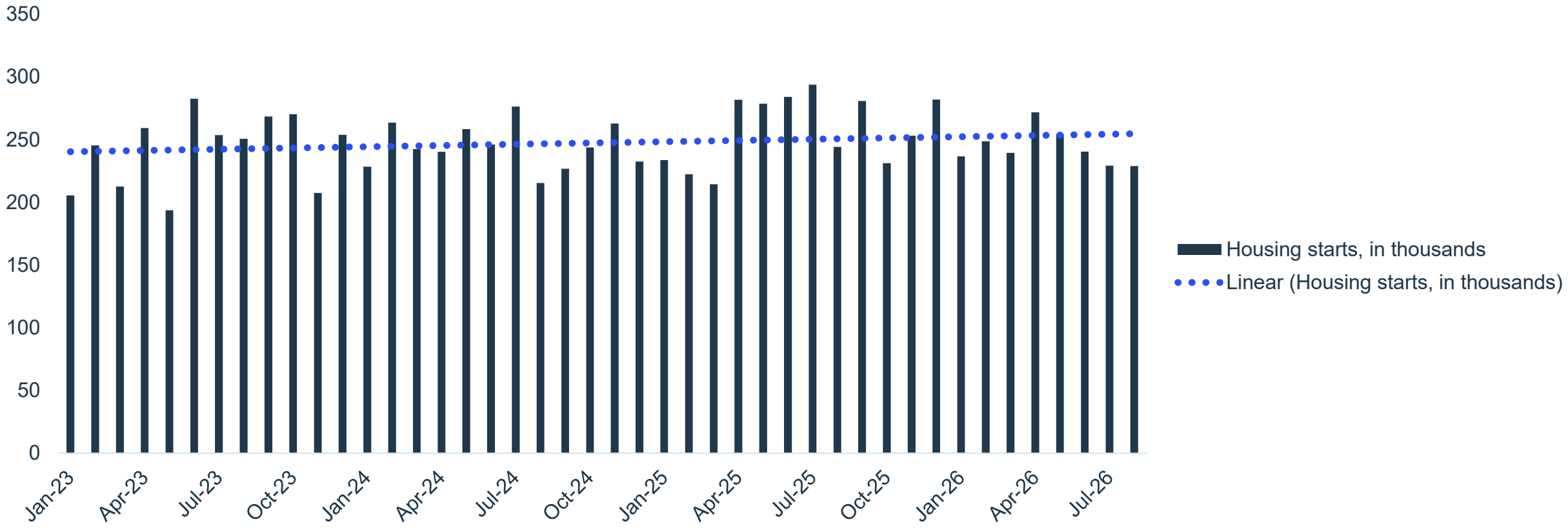
-5.15%
Year-to-date



Source : via Haver Analytics, BDC.

Housing starts growth is mostly flat

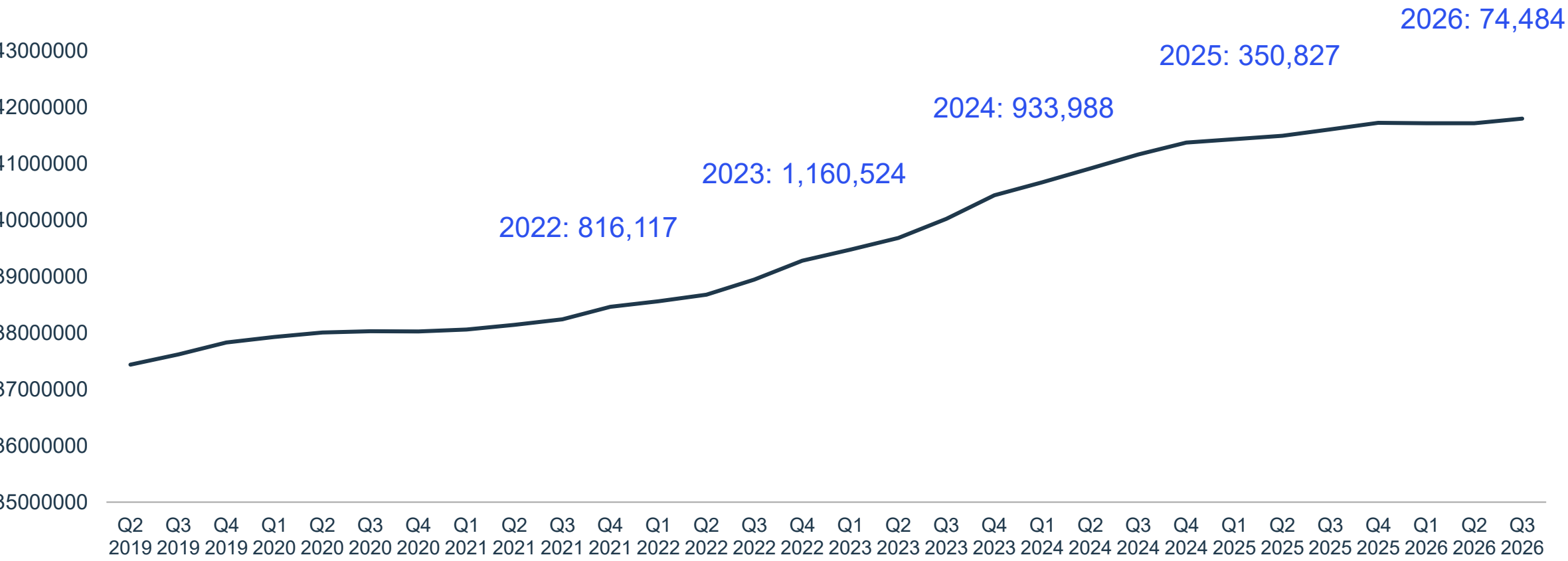
Housing Starts: All Areas, Canada, (SAAR, Thous.Units)



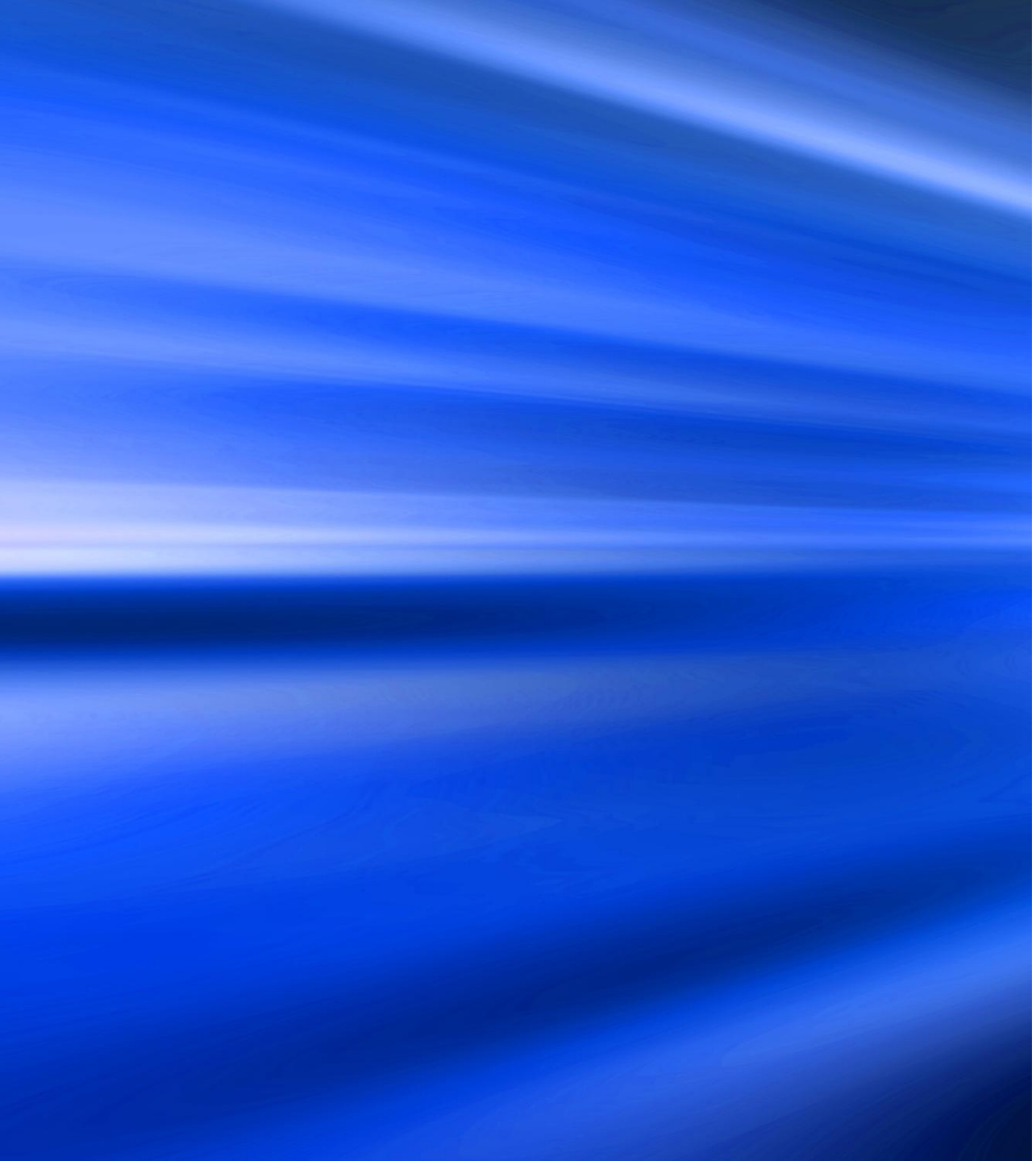
Source : via Haver Analytics, BDC.

Population growth is slowing in Canada

Population, Canada



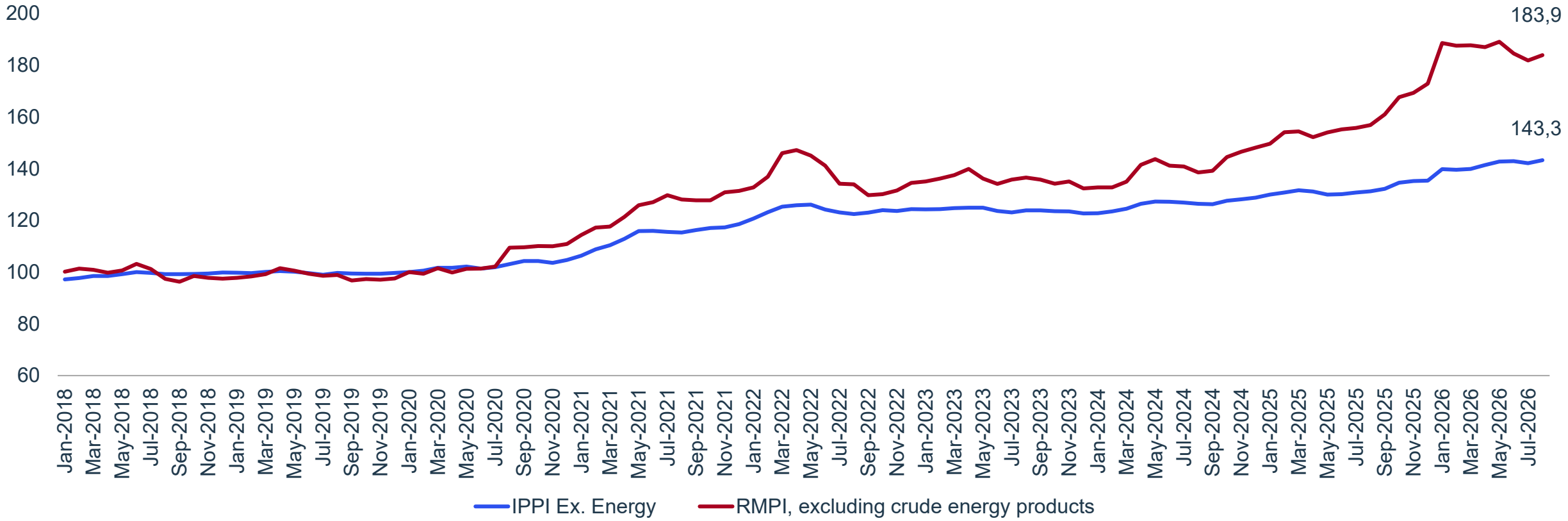
Source : via Haver Analytics, BDC.



The cost of doing business is increasing

Businesses face higher costs

Industrial Product Price Index, Raw Materials Price Index, excluding energy, Canada



Source : via Haver Analytics, BDC.

Canada's Retaliatory Tariffs on U.S Imports ($27.6B of U.S. Imports) will add pressure

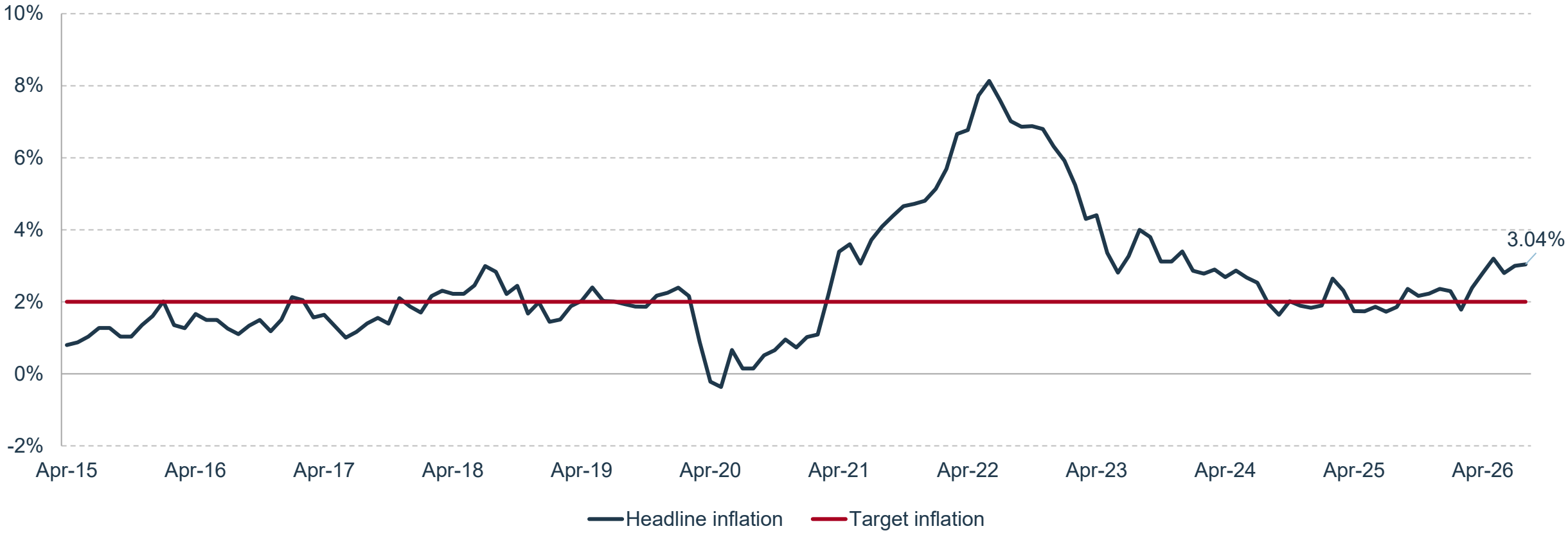
Main products affected:

- Dairy products (milk, cream, cheese, whey products)
- Agricultural equipment and machinery
- Wood and forestry products
- Pulp, paper, and tissue products
- Plastics and electronics
- Selected household appliances

Source: Government of Canada

The higher price of gasoline has impacted inflation…

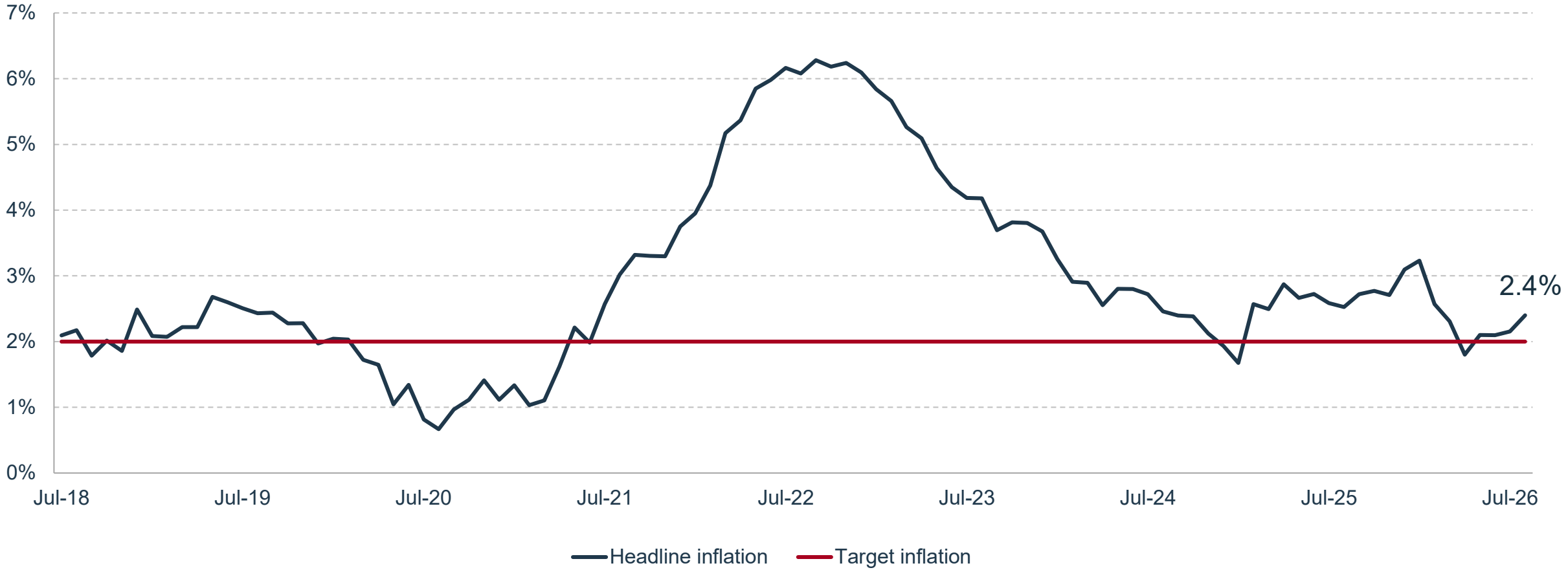
Inflation rate (%), Canada



Sources: Bank of Canada, BDC

… however, inflation excluding gasoline is 2.4%

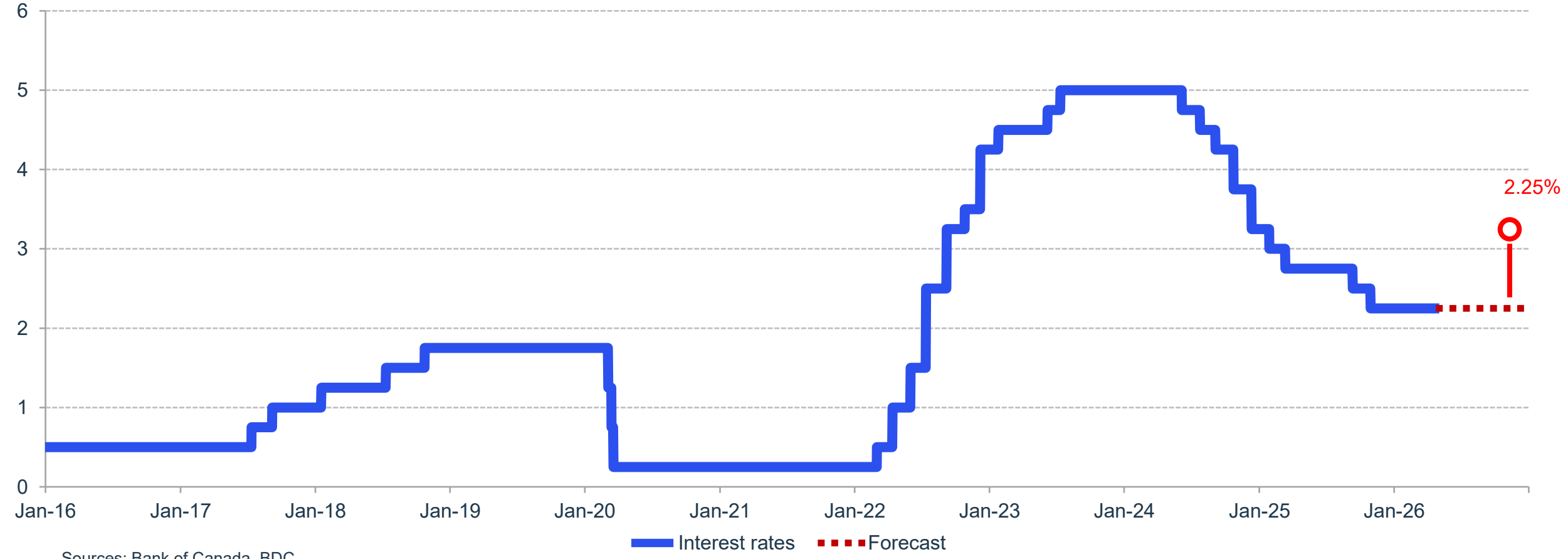
Inflation excluding gasoline (%), Canada



Sources: Bank of Canada, BDC

Interest rate levels are more uncertain

Policy rate (%), Canada

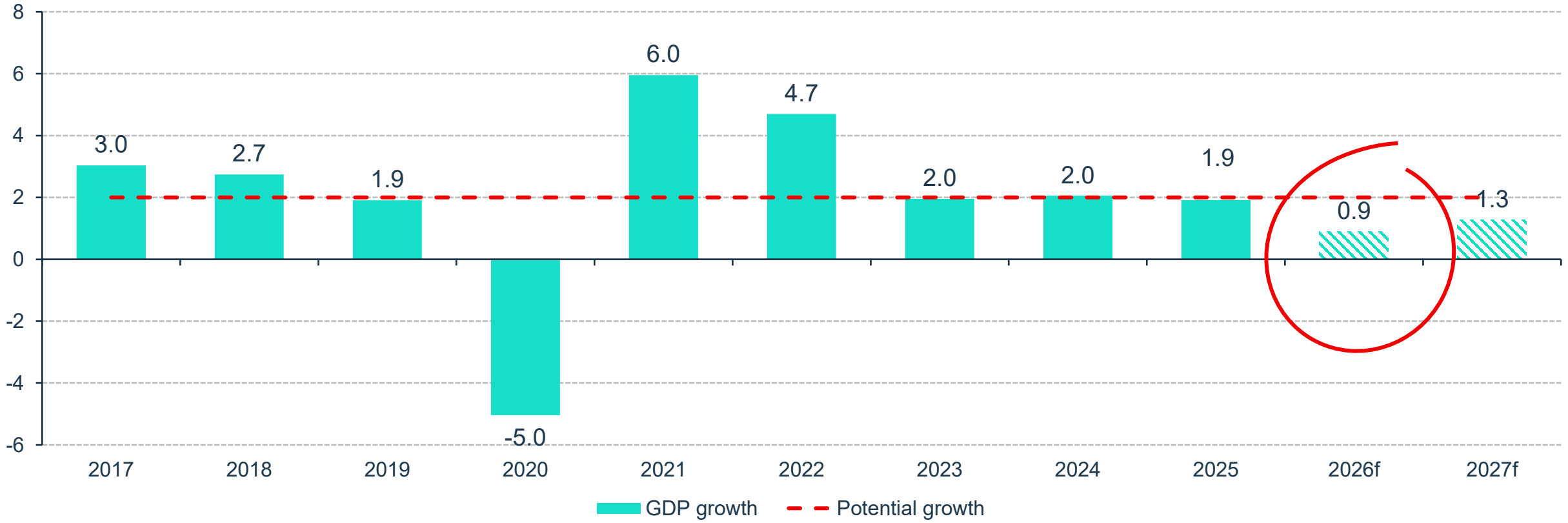


Sources: Bank of Canada, BDC

Disclaimer: The forecast presented is based on information available as of September 25th, 2026, and may be revised as economic conditions, market dynamics, and business assumptions evolve.

The economy will slow down but growth will remain positive

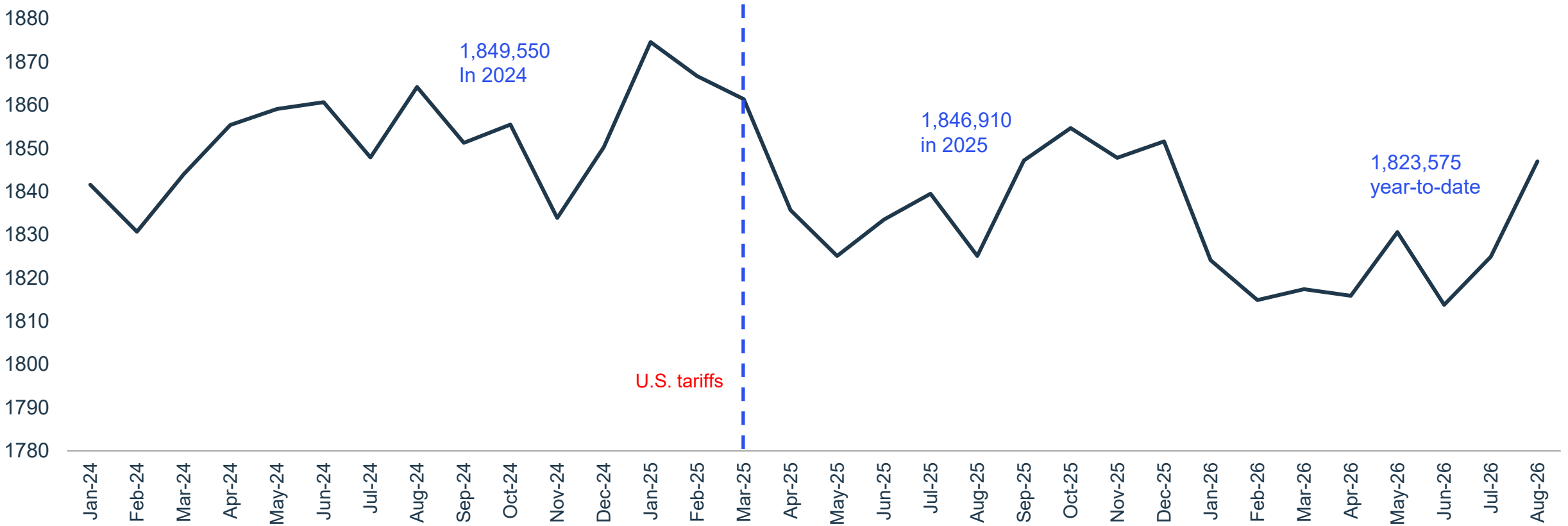
Annual real GDP growth in Canada, (%)



Source: based on Haver Analytics, BDC.
f: forecasts
Disclaimer: The forecast presented is based on information available as of September 25th, 2026, and may be revised as economic conditions, market dynamics, and business assumptions evolve.

Employment in the manufacturing decline but rebounded

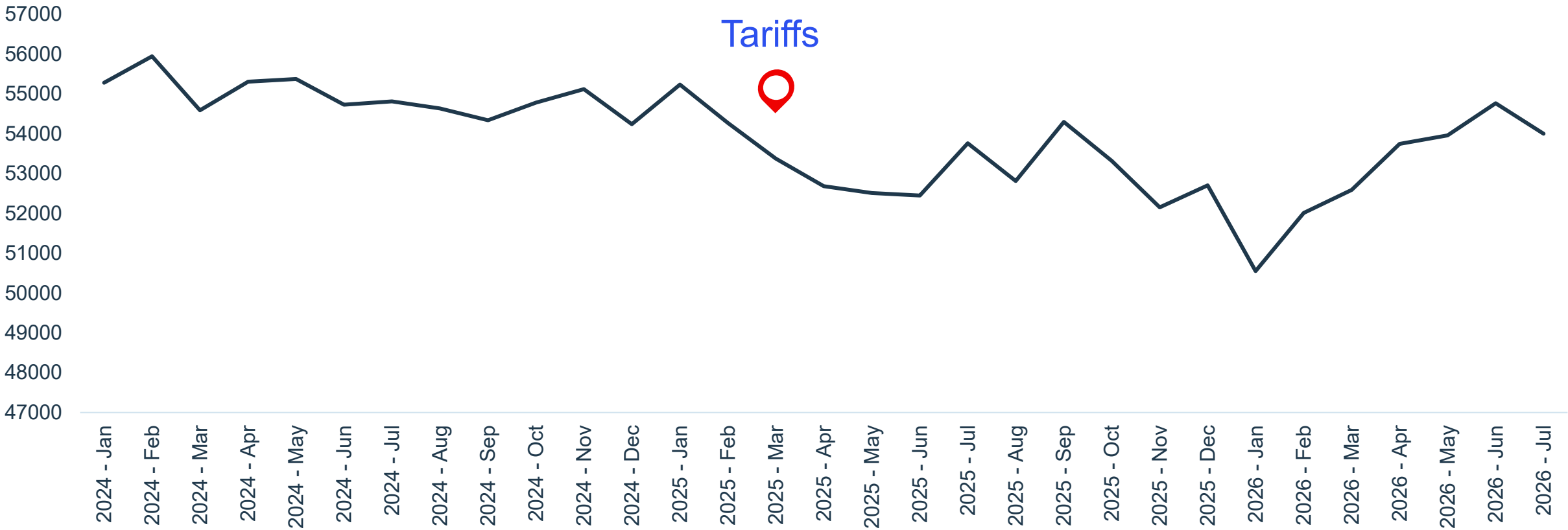
Average number of people employed, Canada



Source : via Haver Analytics, BDC.

Manufacturing sales recovring after 2025 tariff shock

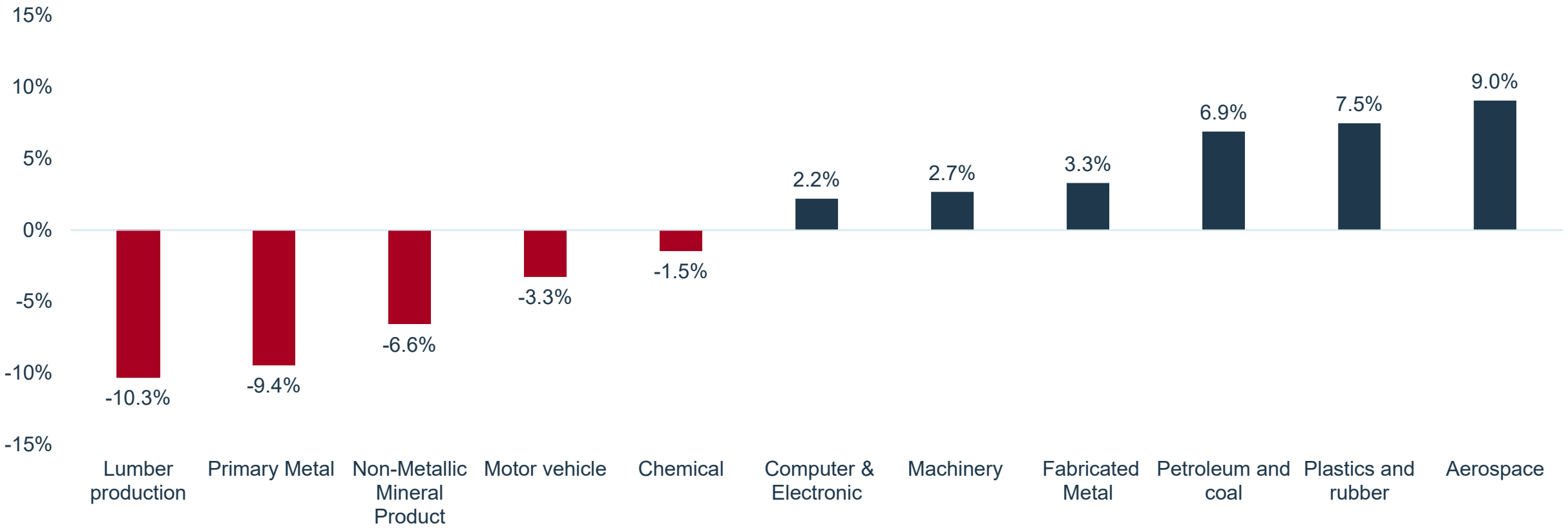
Real Shipments: All Manufacturing Industries (SA, Mil.2017.C$), Canada



Source : via Haver Analytics, BDC.

Supported by Aerospace, plastics and rubber and Petroleum and coal products Manufacuring

Sales change, year-to-date (July 2026), (%)



Source : via Haver Analytics, BDC.

3

How companies adapting?

Business challenges

Higher cost of doing business

More competition

Tariffs

Businesses are taking actions



PROTECT THEIR PROFITABILITY



DIVERSIFY

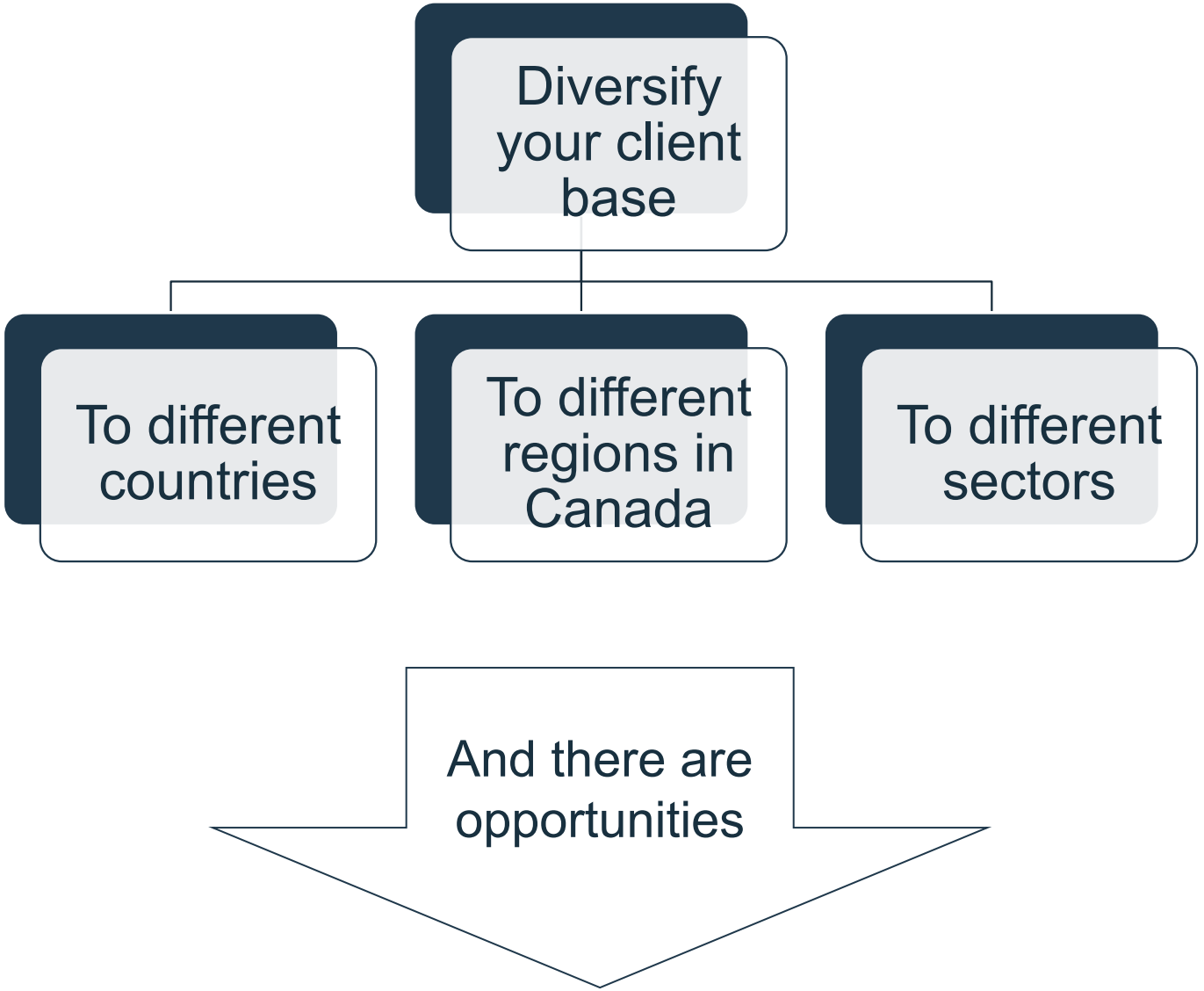
Companies are taking actions to improve their productivity to safeguard their profitability *

1. Investing in technology (AI, robotisation, etc.)
2. Reviewing business processes: reducing inefficiencies
3. Diversify your supply chain



Diversify,
diversify,
diversify

Canadian businesses are diversifying their client base

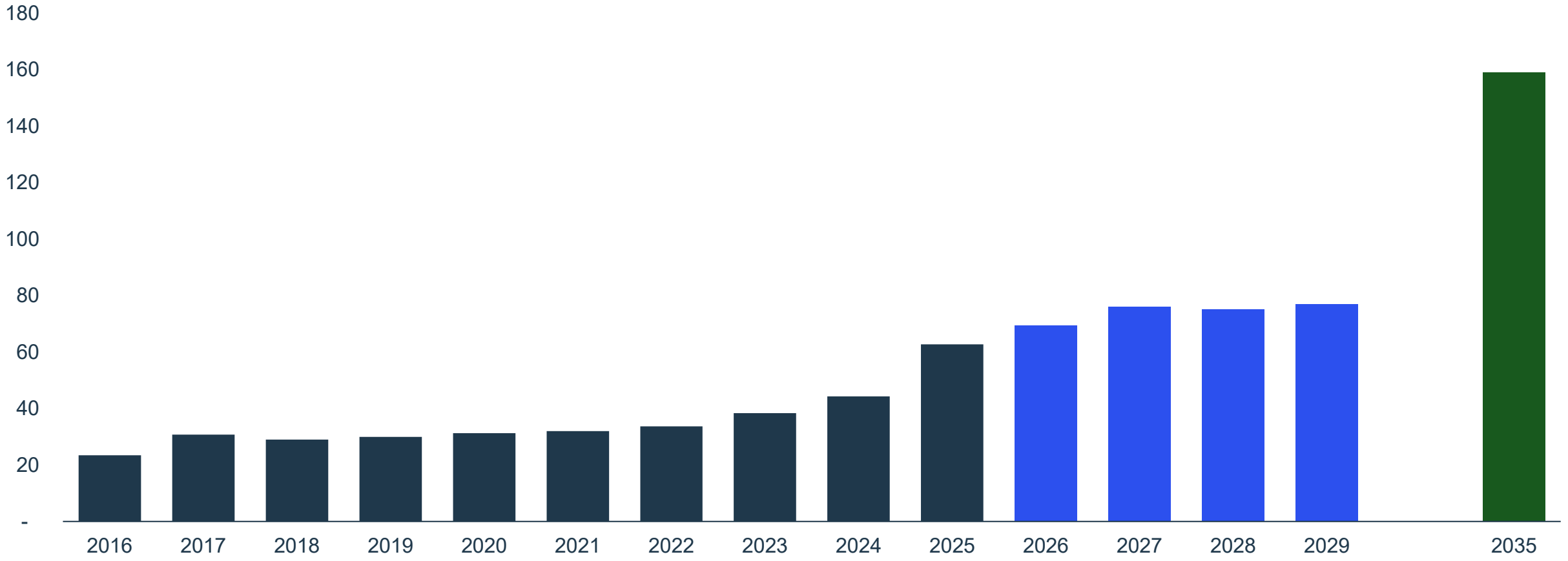


Major projects will add $670B in new spending

$670B in new spending	
Defence	$140B
Housing	$115B
Civil infrastructure	$106B
Electricity	$106B
Mining	$35B
LNG	$34B
Nuclear	$23B
AI	$11B
New exports	$100B

Defence spending will increase significantly, and even more is needed to hit 2035 target

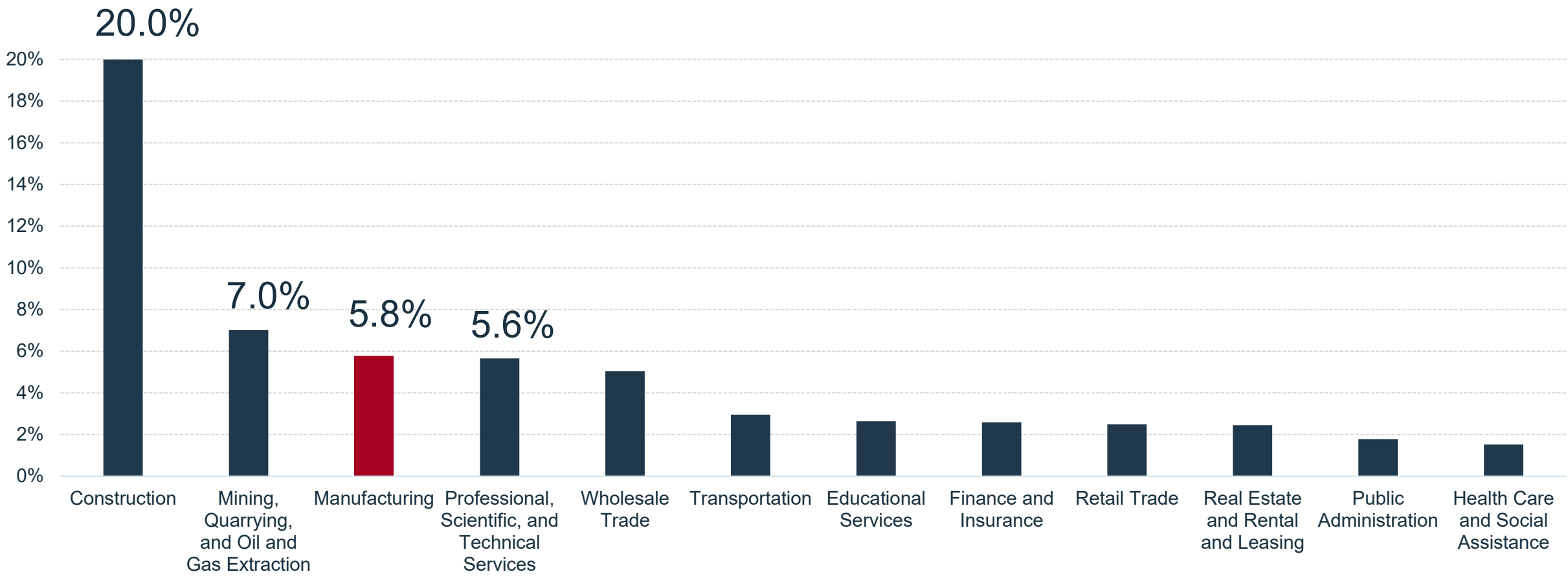
Budget of the Canadian Department of National Defence ($ billions)



Sources: Historical: NATO, Defence Expenditure of NATO Countries (2014-2025). Forecast: BDC estimates based on spending growth rate from the Department of National Defence and the Canadian Armed Forces 2026-27 Departmental Plan. Pledged: PBO, Fiscal Implications of Meeting NATO's 5% Commitment. The year refers to the beginning of the fiscal year : 2025 is for fiscal 2025-2026.

Some sectors will experience significant growth.

Added growth by industry from major projects, 2026 to 2030



Source: Statistics Canada, Oxford economic model, BDC

…and a wide range of manufacturing subsectors will benefit

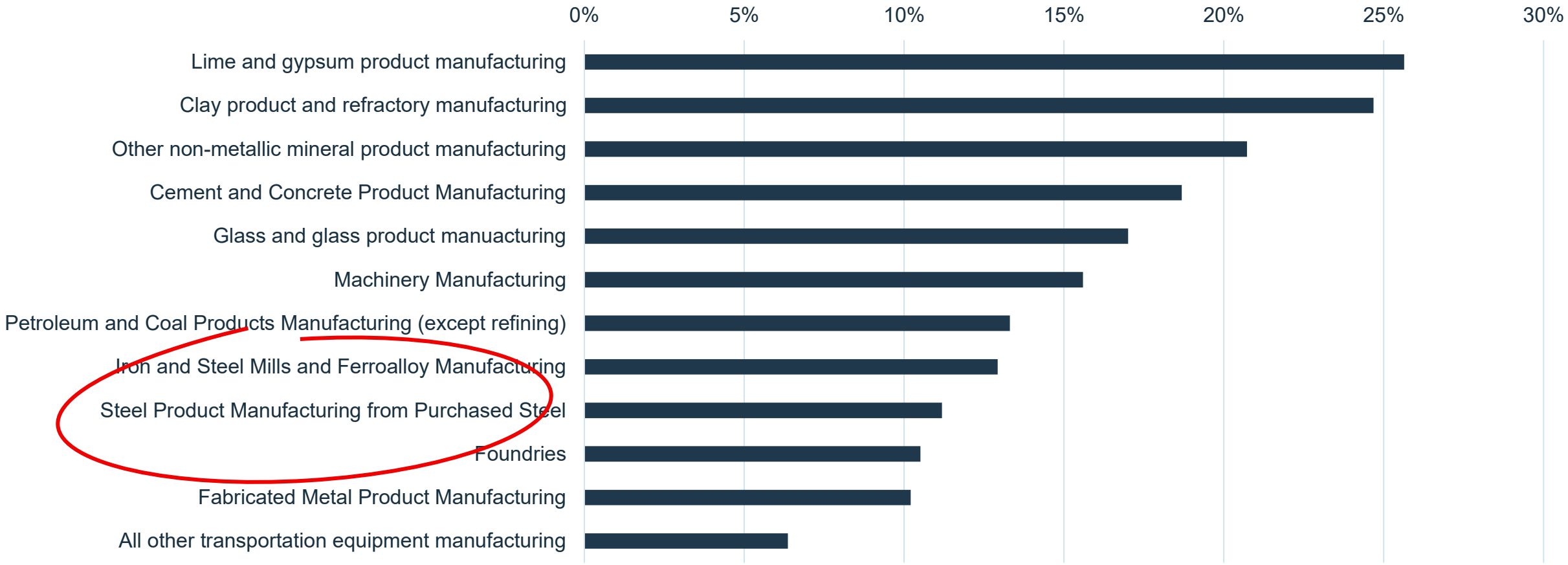
Added growth by sub-industry from major projects, 2026 to 2030



Source: Statistics Canada, Oxford economic model, BDC

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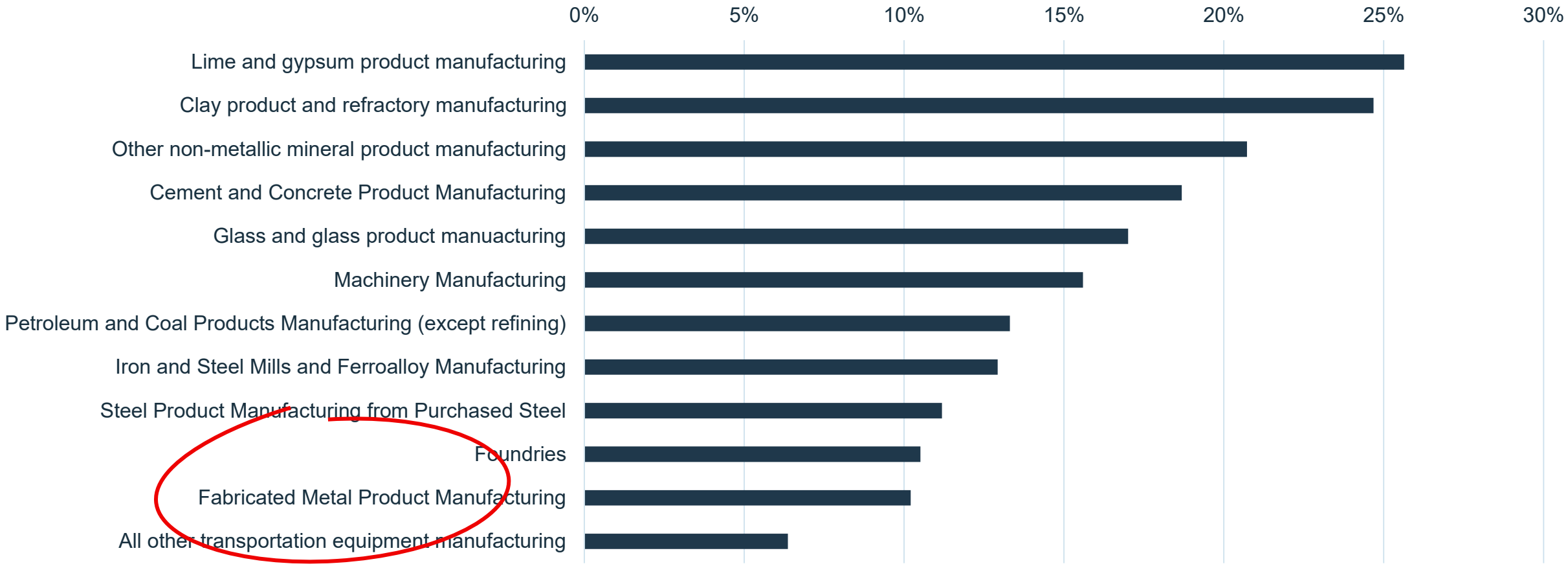
Added growth by sub-industry from major projects, 2026 to 2030



Source: Statistics Canada, Oxford economic model, BDC

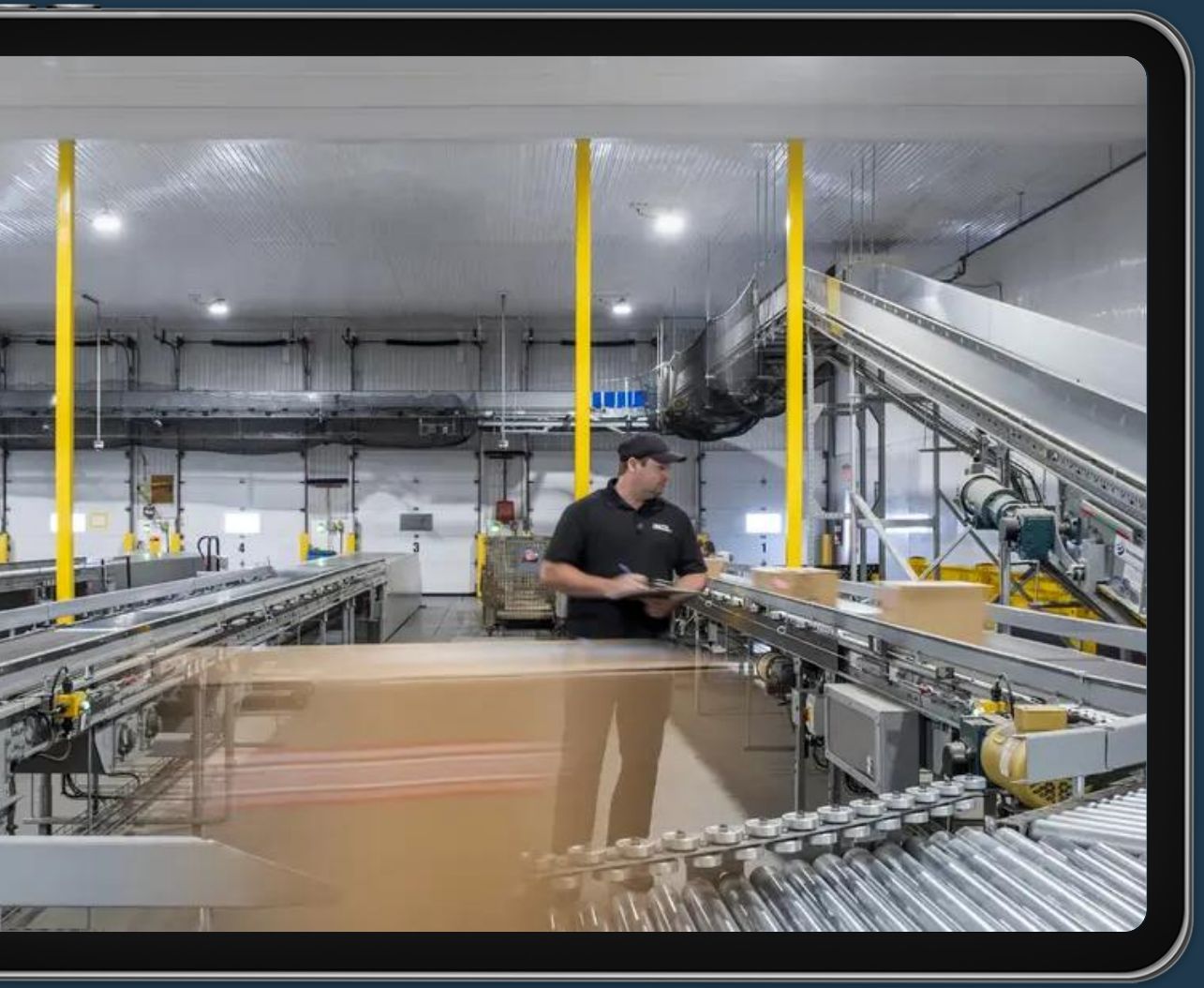
…and a wide range of manufacturing subsectors will benefit

Added growth by sub-industry from major projects, 2026 to 2030



Source: Statistics Canada, Oxford economic model, BDC

And BDC can help



Pivot to Grow Program

Financing for trade support

Canada-based exporters to the U.S. with $1M+ annual revenue can get up to $5 million

Conclusion

- Uncertainty isn’t going away. Tariffs hurt trade and related businesses, but the Canadian economy will remain resilient in 2026.
- The business environment is facing new challenges in the form of shifting demographics, rising input costs and evolving trade conditions.
- Canadian businesses are taking action to improve their productivity and diversify their markets.

Questions?

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Issues Affecting Manufacturing and Workforce Capabilities

Jean-Pierre Giroux
President / Président, EMC



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Our Network is Coast to Coast

EMC stands out today as an inclusive and diverse not-for-profit organization supporting the growth and success of more than **18,000** manufacturing companies representing over 700,000 of their employees across Canada.



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CANADA'S LARGEST MANUFACTURING CONSORTIUM

www.emccanada.org

EMC's Trade Impact & Tariff Relief Programming

Nationally:

- **Canada / US Trade Relations – Member Needs Help**
- **National SIGs (October 2 – ESDC + ISED)**
- **Customs Broker Access - Webinars**
- **National MFG Defence Consortium**
- **Industry Connect (Supply Chain)**

- Wage Subsidy and Workforce Development Programs
- SR&ED
- Energy Program
- AI Adoption
- Labour Market Information – to inform industry needs / solutions
- Peer to Peer Support

Provincially:

- Alberta Tariff Impact Study
- BC Make it Here Initiative
- Regional SIGs and Forums

Listen-Connect-Support: EMC is helping manufacturers address both the immediate cost impacts of tariffs and the longer-term changes needed to become more resilient, productive and globally competitive.



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Unlocking Domestic & Defence Market Opportunities

Manufacturing Excellence Forums

EMC Fall Schedule – 2026

Atlantic	September 22, 2026
Surrey	September 24, 2026
London	October 1, 2026
Calgary	October 27, 2026
Edmonton	October 29, 2026
Brampton	November 10, 2026
Simcoe	November 17, 2026
Saskatoon	November 24, 2026

Issues Affecting Manufacturing

Top Challenges for 2026 / 2027



- **Trade Exposure – Supply Chain / Exports**
- **Skills and Labour Shortages**
  - Identifying and Growing New Sources for Workforce Supply
- **Increasing Cost of Manufacturing**
  - Labour Costs / Workforce Capabilities Costs
  - Rising and Volatile Energy Costs
  - Cost of Regulation, such as Low-Carbon Economy Costs
- **Acceleration of Advanced Manufacturing & Clean Technologies**
- **Finding New Customers** and Access to Markets
- **Increased Competition** (Canada, USA and Global Markets)

What Manufacturers Are Telling Us

THE TOP MANUFACTURING ISSUES / CHALLENGES

1. Find & Grow Markets

- Tariffs and trade exposure
- Finding new customers / market diversification
- Domestic and export market development
- Increased Canadian / U.S. / global competition



What Manufacturers Are Telling Us

THE TOP MANUFACTURING ISSUES / CHALLENGES

2. Control the Cost to Compete

- Manufacturing input costs
- Labour / Workforce Capabilities Costs
- Rising and Volatile Energy Costs
- Regulatory and Low-Carbon Economy Costs



What Manufacturers Are Telling Us

THE TOP MANUFACTURING ISSUES / CHALLENGES

3. Build Resilient Capacity

- Supply-chain mapping
- Domestic and sovereign capability
- Workforce supply
- Supplier / customer diversification



What Manufacturers Are Telling Us

THE TOP MANUFACTURING ISSUES / CHALLENGES

4. Accelerate Productivity

- Advanced manufacturing
- Automation and AI
- Clean technologies
- Workforce capabilities to support technology adoption



Overall Employment Trends

1.89M

- Total manufacturing jobs in August 2026 — the highest level this year

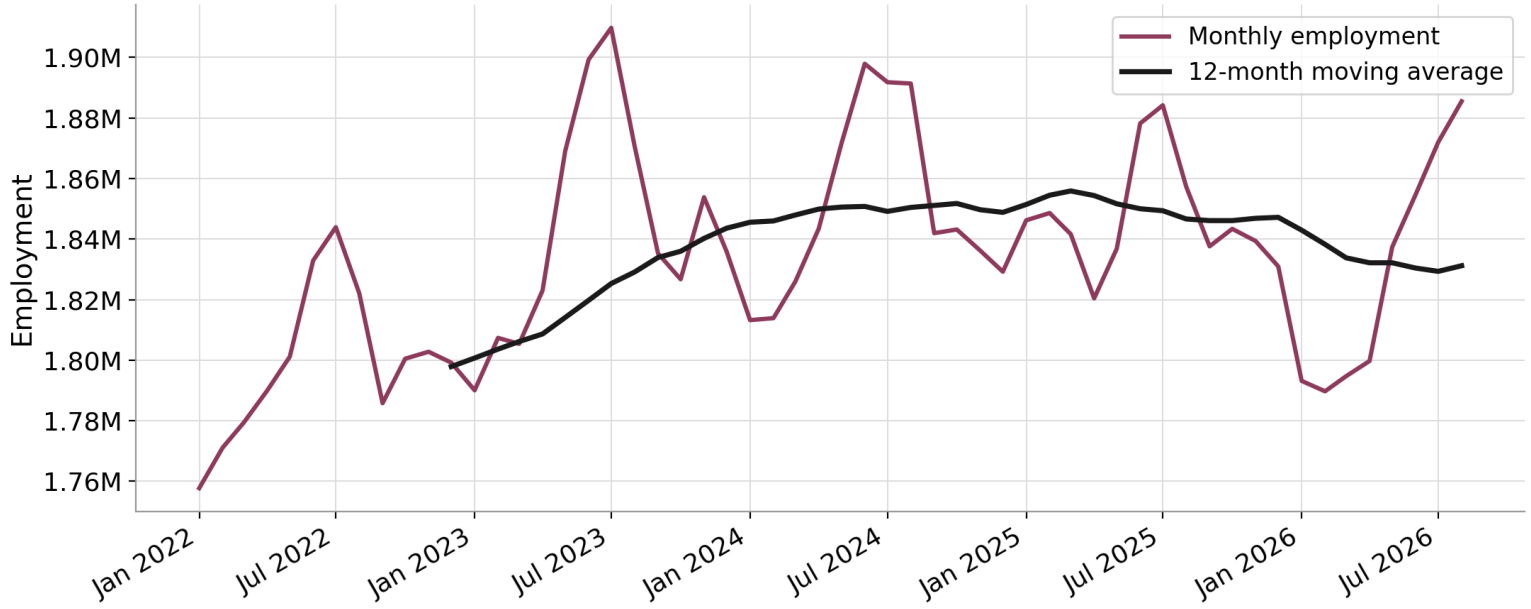
+0.8% m/m · +1.5% y/y

- vs July 2026 and vs August 2025

−0.5%

- Still below August 2024, before the tariff-war shock
- Monthly peak of ~1.92M was reached mid-2023

Figure 1: Total Manufacturing Employment



Source: Labour Force Survey (LFS) – Unadjusted



Recent momentum and resilience but softness persists

- Employment has rebounded sharply from the early-2026 but the 3-month rolling average is still down year over year (0.2%).
- The 12-month moving average has drifted lower since mid-2025.

Source: EMC and Statistics Canada, Labour Force Survey (LFS) — unadjusted

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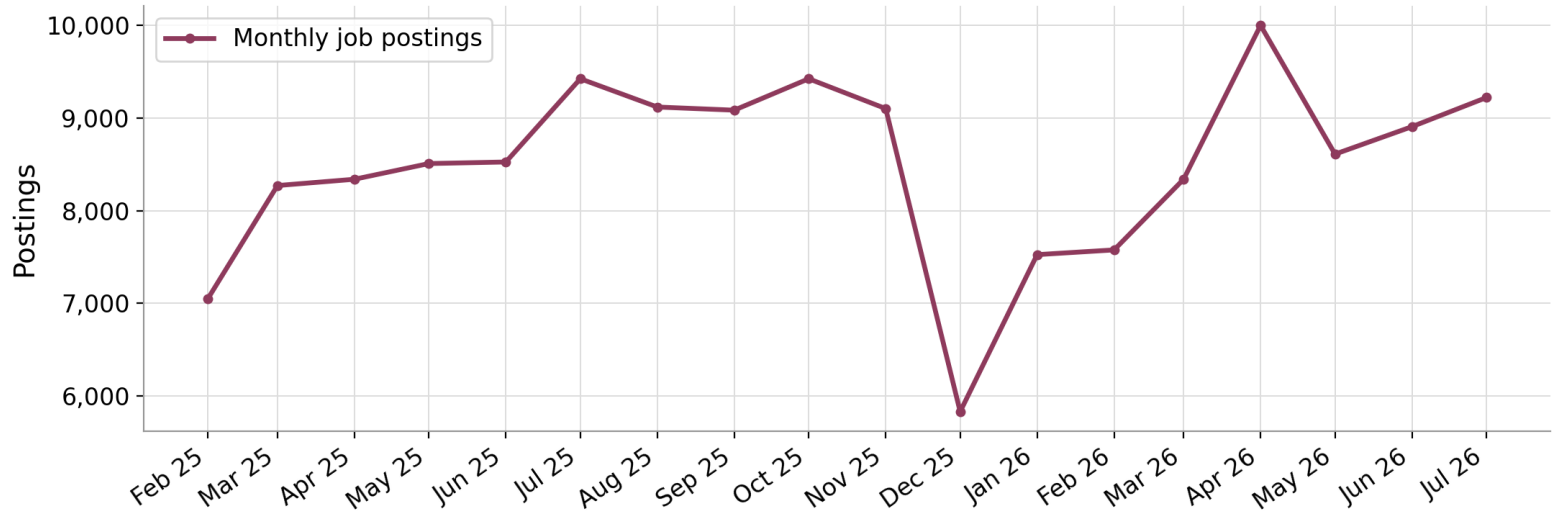
Labour Demand: Job Postings

9,221 postings

- in August 2026, down from ~9,462 a year earlier — demand cooled after the April 2026 spike
- Online job postings for production supervisors and workers have trended down – but a modest bump recently among the latter.

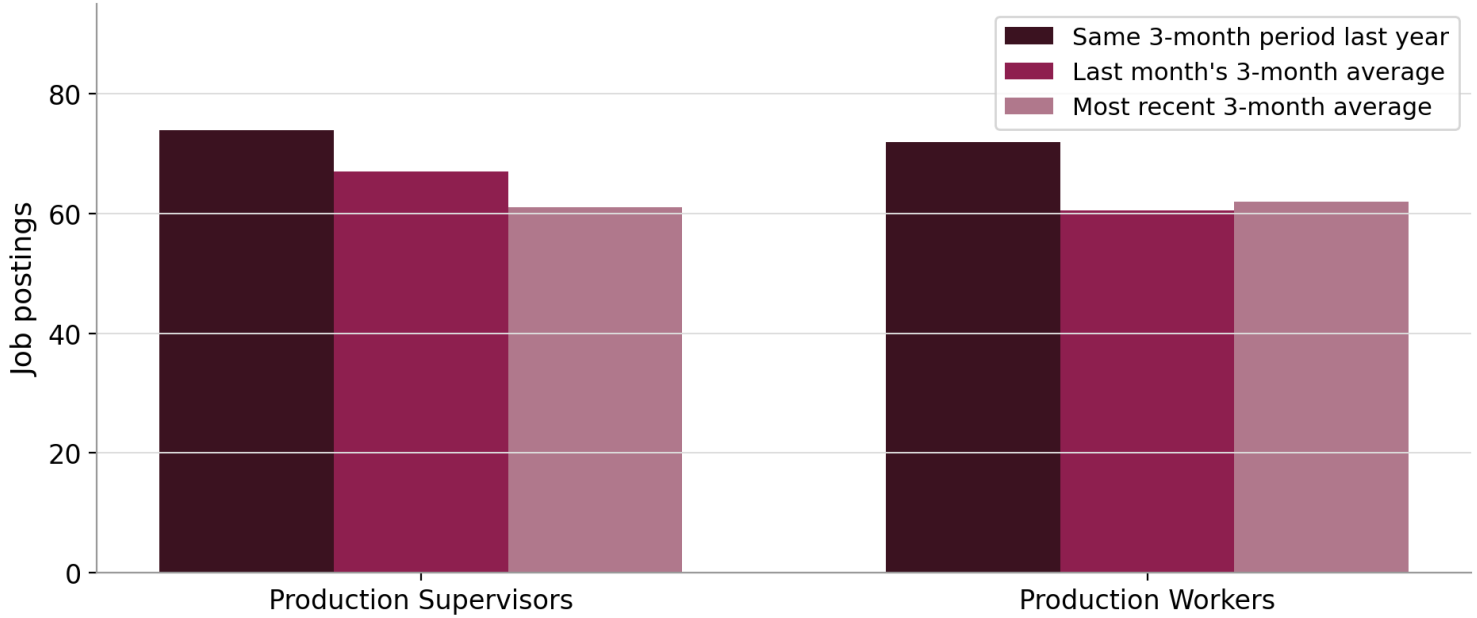


Figure 4: Total Manufacturing Job Postings



Source: Vicinity Jobs Hiring Demand System

Figure 5: Three-Month Average Comparison — EMC Production Occupations



Source: Vicinity Jobs Hiring Demand System

Key Manufacturing Occupations: August 2026 vs. August 2025

Employment — 6 of 10 key occupations up year-over-year

- Largest gains: other labourers in processing, manufacturing & utilities (+56.9%), logistics coordinators (+31.2%), material handlers (+14.6%).
- Largest declines: construction millwrights & industrial mechanics (−18.7%), manufacturing managers (−9.7%).

Wages — 7 of 10 key occupations up year-over-year

- Largest gains: mechanical engineers (+7.5%, $57.00/hr), machinists & tooling inspectors (+6.2%). Manufacturing managers earn the highest hourly wage ($61.00, +5.2%).
- Largest decline: production & transportation logistics coordinators (−7.9%, $35.00/hr).

Notable divergences: employment fell for managers and millwrights even as their wages rose — consistent with tightening supply in skilled roles. In contrast logistics coordinators added headcount at lower pay.

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Source: EMC and Statistics Canada, LFS — unadjusted. Wages are usual hourly earnings.

We Want to Hear From You

EMC is conducting a national workforce survey to better understand the hiring, retention, training, and workforce challenges facing manufacturers today.

Your Input Will Help

- Benchmark workforce trends across Canadian manufacturing
- Inform EMC programs and industry solutions
- Support workforce planning and policy development
- Ensure manufacturers' perspectives are reflected
  In national findings

Quick Facts

- Confidential responses
- Approximately 10 minutes to complete
- Open to manufacturing employers across Canada
- Industry findings will be shared upon completion

EMC's 2026 Employer Survey

Take the survey today

ManufacturingGPS



EMC

Supported by Employment and Social Development Canada (ESDC)


Q & A

Thank You!

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