

TOP TRENDS IN THE METAL FABRICATION INDUSTRY

GOING GREEN



Quieter HVACs – The Movement is Gathering Momentum

The demand for quieter and more efficient HVAC systems is growing, emphasizing the importance of innovative designs and manufacturing processes. The global HVAC market is forecast to grow on a compound annual rate of **4.34%** over the next six years (2016-2022), bringing the global market value of HVAC installations to **\$63.93 Billion** by 2022.

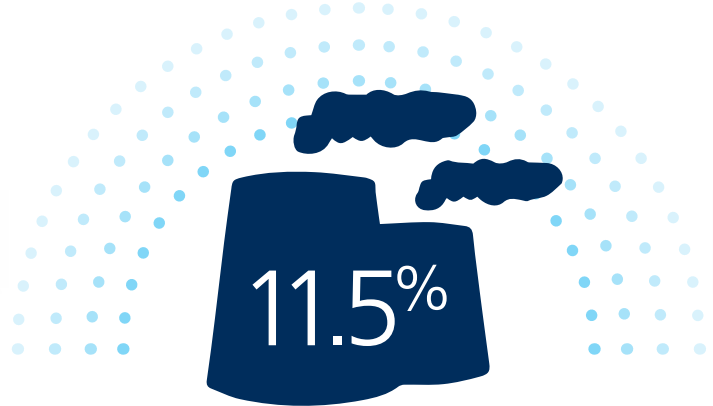
Source: Research and Markets - Global Heating, Ventilation and Air Conditioning (HVAC) Market - Forecast & Analysis, 2016-2022 – February 2016
http://www.researchandmarkets.com/research/hmvmrgm/global_heating



GREEN HOUSE GASES – THERE IS STILL WORK TO BE DONE

Buildings account for 11.5% of Green House Gas emissions – read HVAC CO2 discharge – in Canada. There is a strong trend to reduce this number substantially, with innovative HVAC designs and processes.

Source: Canadian Electricity Association – Canada's Electricity Industry (Report) – 2015
<http://www.electricity.ca/media/Electricity101/Electricity101.pdf>



RESHORING

Canadian manufacturers are seeing the domestic and U.S. markets as their main source of growth over the next few years. Therefore, it's not surprising that they are focusing their operations closer to home and reshoring their manufacturing.



WAGES:

Chinese wages have increased by more than **200%** compared to Canada at **3.2%** over the last 10 years.



QUALITY:

Canada and Mexico rank second only to the US in the least number of product recalls – China is in last place.



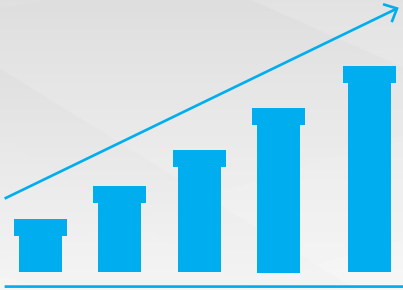
LABOUR:

Labour disputes and shutdowns can seriously disrupt a business operation. Canada scored **0-25** (Lowest Risk), whereas Mexico and most Asian Countries scored between **51-75** (High Risk).

RESHORING HELPS SUPPORT THE CANADIAN ECONOMY. For our full report and sources on reshoring please visit our article: [Keep It in Canada](#)

DIVERSIFYING

As one sector takes a downturn, there is always another opportunity up for grabs. Here is just a snapshot of growth markets to consider:



PUMPS, COMPRESSORS, TAPS AND VALVES

Domestic demand for pumps, compressors, taps and valves grew by 6% to C\$9.5 billion in 2013, fed by healthy growth of Canada's oil and gas industry and efficiency-oriented product development. This growth is expected to continue at 2% CAGR over 2013-2019.

Source: Euromonitor International - Pumps, Compressors, Taps and Valves in Canada - April 2015
<http://www.euromonitor.com/pumps-compressors-taps-and-valves-in-canada-isic-2912/report>

CUSTOMIZATION

The metal fabrication industry is experiencing growth in customized coating pan demand from customers that make smaller run, geographically customized chocolate and yogurt coated products, and health foods. Coating pans are starting to be used for health and pharmaceutical uses that have their own unique requirements for different pan sizes and shapes, as well as custom designs and configurations. Not surprising if you consider:

COMMERCIAL AIRCRAFT

The number of commercial aircraft in the world's skies will increase from **31,700** in 2016 to **42,660** aircraft by the end of 2025. That's over **\$3 Trillion** worth of aircraft that will be manufactured in the next decade - a lot of engineered parts.

Source: Aviation Week Network - Commercial Aircraft Deliveries to Exceed \$3 Trillion Through 2025 - November 2015
<http://aviationweek.com/commercial-aviation/commercial-aircraft-deliveries-exceed-3-trillion-through-2025>

Inferior overseas equipment is available but they can present a challenge as they carry long term higher production costs due to equipment failure and product damage.

Source: Nielsen - Global Snack Food Sales Reach \$374 Billion Annually - September 2014
<http://www.nielsen.com/us/en/press-room/2014/global-snack-food-sales-reach-374-billion-annually.html>



LENGTHEN THE ODDS FOR SUCCESS

25%

Fabricators have to deal with slow payments - 25% wait over a month for customers to settle their account.

INVENTORY CONTROL

Adding finished-goods inventory requirements on top of that can lead to cash flow problems. Unlike payments and customer inventory requirements, the manufacturing cycle is controlled by the fabricator. Shorten the manufacturing cycle to reduce the inventory burden.

Source: Fabricators & Manufacturers Association International - The Fabricator - 2016 capital spending forecast in metal fabrications - Dec 2015
<http://www.thefabricator.com/article/shopmanagement/2016-capital-spending-forecast-in-metal-fabrication-the-growth-continues>

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