

Ontario's economic recovery generated further gains in the labour market during March. Employment edged higher and the unemployment rate slid lower. The two of the most cyclical industries, construction and manufacturing, account for much of the employment gains during this recovery. The near-term outlook is reasonably positive, though an economic slowdown in the second half of this year and into 2011 is a real possibility.

Total **employment** edged up in March 0.2% and, while the result was statistically insignificant due to the small **Labour Force Survey (LFS)** sample, it was the eighth monthly gain since the low in May 2009. The **unemployment** rate dipped to 8.8% in March from 9.1% in February and is the lowest since the recovery began. March's dip, though, could easily be reversed in April if there is a gain in the labour force, unlike the drop in March.

Since the beginning of the year, the labour market outside of the **Toronto CMA** has seen improvements, whereas during the second half of 2009 almost all of the employment gains were in Toronto. The unemployment rate **outside Toronto** fell to 8.5%, its lowest point since early 2009. Gains in the auto manufacturing sector account for some of the improvements in the labour market outside of Toronto.

The **construction and manufacturing industries** have contributed the most jobs during this recovery. From the May 2009 low in total employment, construction jobs are up 4.6% or 18,400 persons on a seasonally adjusted basis. Manufacturing employment is up 4.3% or 33,100 persons. These compare to the 1.6% or 102,000-person increase in total employment.

Two other industries have posted large gains on the same comparative basis. However, the 24,200-person jump in March in professional, scientific and technical services employment is likely a LFS sample vagary and will be partly retraced in April. Nonetheless, this industry has been a notable job creator during this recovery.

The other such industry is education services, which is showing a 10% or 45,500-person gain since May 2009. Education is typically less cyclical, but the gains are substantial in this case. Whether they hold up remains to be seen in the context of tight government budgets, and again a change in the next LFS sample may simply unwind some of these gains, with employment reverting to its longer-term trend growth rate.

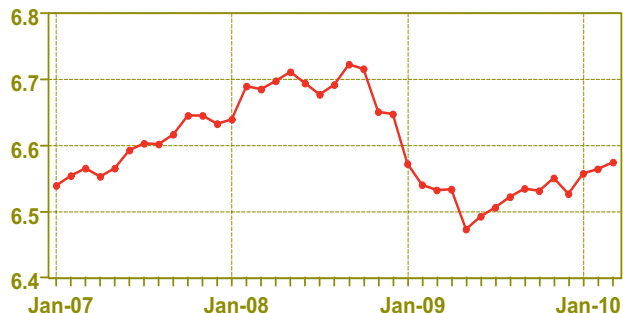
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Employment, Ontario

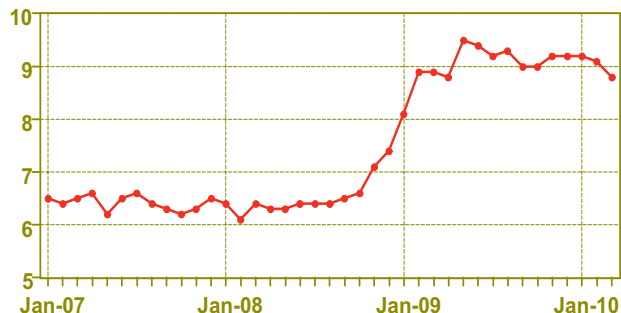
Persons - millions



Source: Statistics Canada. Note: Seasonally adjusted. Latest: Mar-10

Unemployment Rate, Ontario

Per cent of labour force



Source: Statistics Canada. Note: Seasonally adjusted. Latest: Mar-10

Toronto CMA Employment and Unemployment Rate

Persons - millions

Per cent

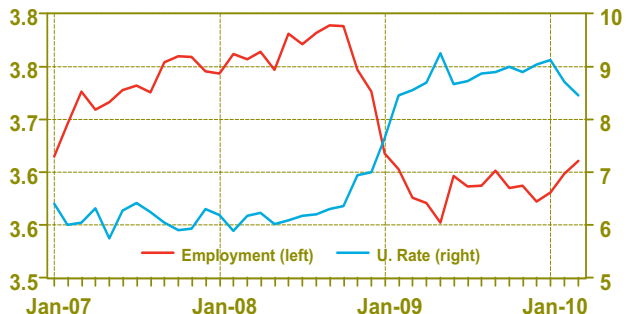


Source: Statistics Canada. Note: Seasonally adjusted. Latest: Mar-10

Rest of Ontario Employment and Unemployment Rate

Persons - millions

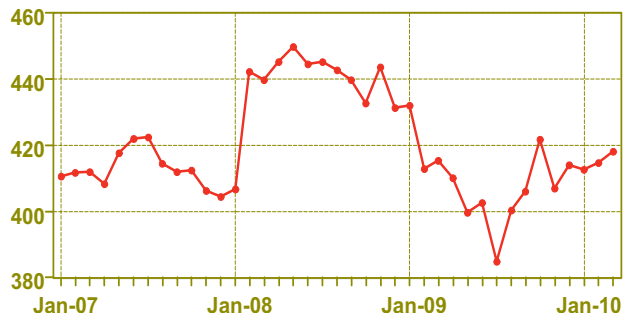
Per cent



Source: Statistics Canada. Note: Seasonally adjusted. Latest: Mar-10

Construction Employment, Ontario

Persons - thousands



Source: Statistics Canada. Note: Seasonally adjusted. Latest: Mar-10

Manufacturing Employment, Ontario

Persons - millions



Source: Statistics Canada. Note: Seasonally adjusted. Latest: Mar-10