

This week's indicators of Ontario's economic activity reveal an absence of growth. Employment remained essentially flat in July, while building permit values were little changed in June. Non-resident international traveller entries continued to slip in May.

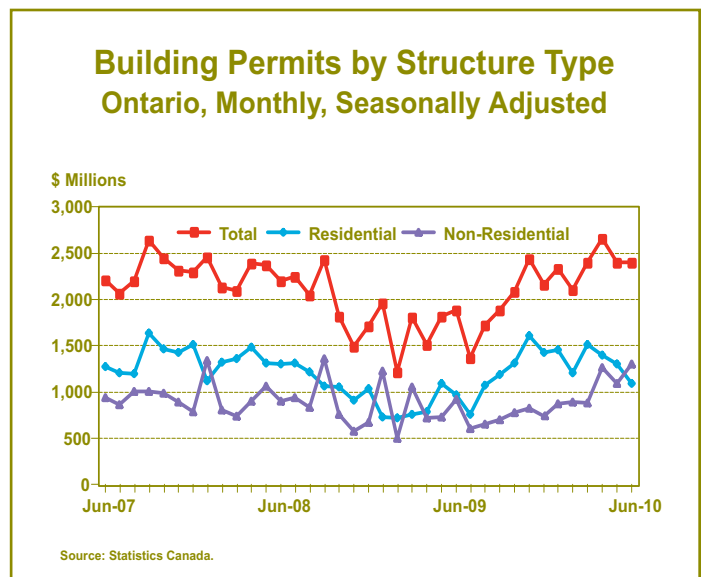
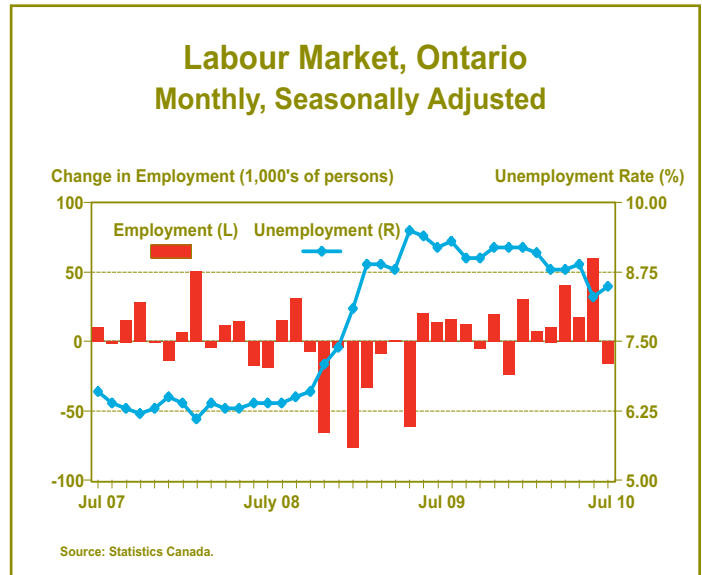
Employment in Ontario saw little change in July, according to the latest seasonally adjusted estimates from Statistics Canada. The number of people working declined by an estimated 15,000 (0.2%) compared with June, which is too small to be statistically significant. The unemployment rate inched up 0.2% to 8.5% of the labour force. Employment has been trending upward and the unemployment rate trending down in Ontario since mid-2009 and these trends will very likely continue.

Full-time employment fell by an estimated 30,000 persons (0.6%) in July, partly offset by an increase in part-time work. Younger persons aged 15 to 24 years saw declines in both employment and the labour force. Unemployment rose among men aged 25 years and over, while the labour force increased among women of that age group.

Industry-wise, employment declined in July in finance/insurance/real estate and educational services. This was partly offset by job growth in health/social services and manufacturing. Employment inched up in Metropolitan Toronto in July.

Central 1 Credit Union forecasts the average level of employment in Ontario will rise 1.7% this year, following a 2.4% decline in 2009. The provincial unemployment rate will average 8.7% in 2010 compared with 9% last year. More favourable economic conditions next year will lead to 1.9% growth in employment and an 8.4% unemployment rate.

The value of **building permits** issued by local governments in Ontario was little changed in June,



as gains in non-residential permits offset declines in residential permits. Nonetheless, the upward trend that began around April 2009 was preserved. June's increase in non-residential permits was led by public sector and commercial buildings, while permits for industrial buildings dropped sharply.



Building permits issued in June in Ontario totalled \$2.4 billion, according to the latest seasonally adjusted measurement from Statistics Canada. Less than half of these permits were for residential buildings, which dropped \$212 million (16%) from May. Non-residential building permits were up by \$211 million (19%), permits for government-industrial buildings jumped \$278 million (89%) and permits for commercial buildings grew by \$157 million (40%). But permits for industrial buildings dropped by \$223 million (57%) following an upward spike from March through May.

In the first six months of 2010, building permits totalled \$14.3 billion in Ontario, up 40% from the same period a year ago. The rise has been led by residential buildings (up 58%) and industrial buildings (up 93%), while government-institutional and commercial buildings have increased much less robustly.

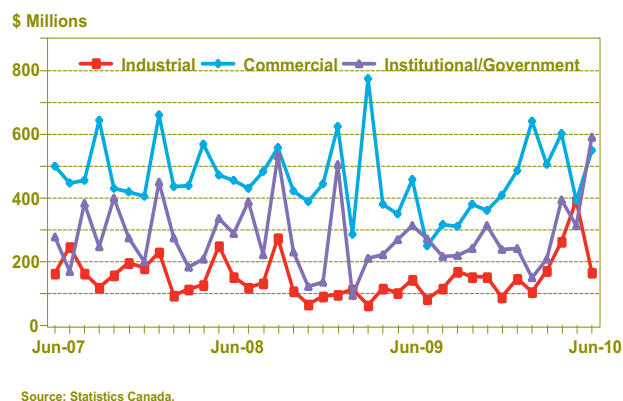
Among Ontario's larger urban areas, Kitchener, Guelph, London, St. Catharines-Niagara, Thunder Bay and Oshawa have seen the fastest rate of year-over-year growth in year-to-June building permits. Hamilton, Windsor, Peterborough, Toronto and Ottawa-Gatineau have also seen fairly strong gains. Meanwhile, year-to-date building permits are down compared to last year in Sudbury, Barrie and Kingston.

Central 1 Credit Union forecasts residential investment spending will total \$41.5 billion in Ontario this year, up 12.1% from 2009. Gains will be largely due to new housing construction, while renovation spending remains more or less level. Non-residential construction spending is forecast to total \$12.6 billion, down 11.6% from 2009. Business investment spending is usually the last sector to recover after a recession and growth in Ontario's non-residential construction is not forecast until 2012.

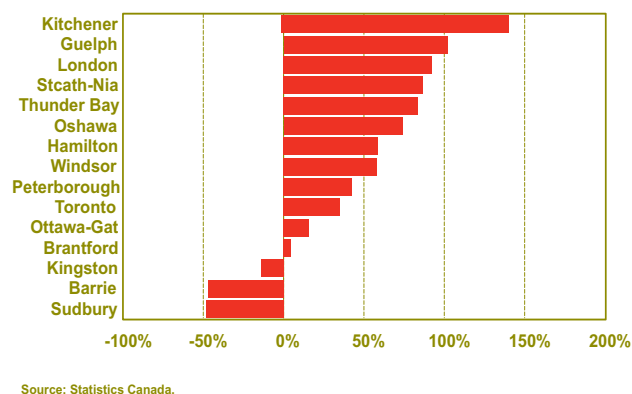
International non-resident traveller entries to Ontario declined again in May, continuing the downward trend that began in early 2001. May's drop was led by fewer visitors from the United States, although visitors from other countries also declined.

Entries totalled 582,689 persons in May, seasonally adjusted, down 5,995 persons (1.0%) from April, according to the latest estimates from Statistics Canada. Visits from the U.S. dropped by 5,303

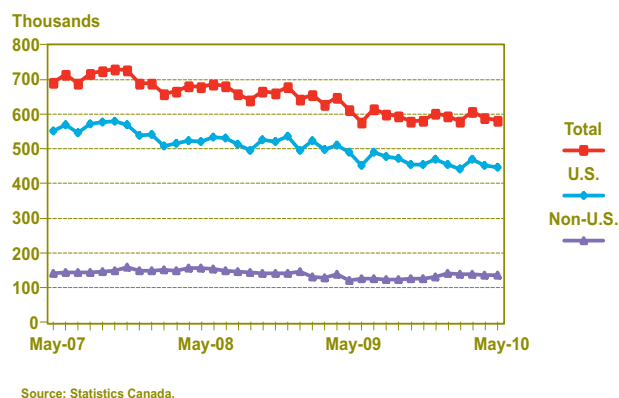
Non-Residential Building Permits Ontario, Monthly, Seasonally Adjusted



Year-to-June Building Permits by Area Per Cent Change, 2010-over-2009



International Non-Resident Traveler Entries Ontario, Seasonally Adjusted, Monthly



persons (1.2%) month-over-month, while visits from other countries declined by 692 persons (0.5%). So far this year, total entries are down 147,019 persons (6.7%) from the same period last year.

International tourism will likely continue to struggle for some time yet. The global economic recovery will slowly lift business travel in the coming years, but discretionary travel spending is likely to remain weak due to high household and government debt. The relatively low \$CA/\$US exchange rate also dampens the flow of visitors from the U.S.

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