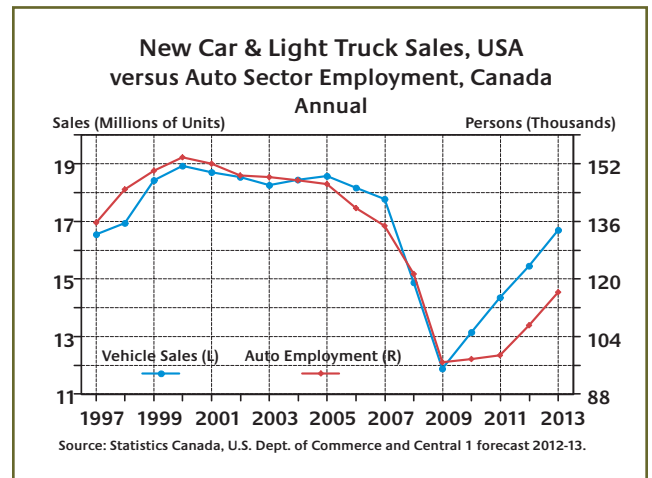
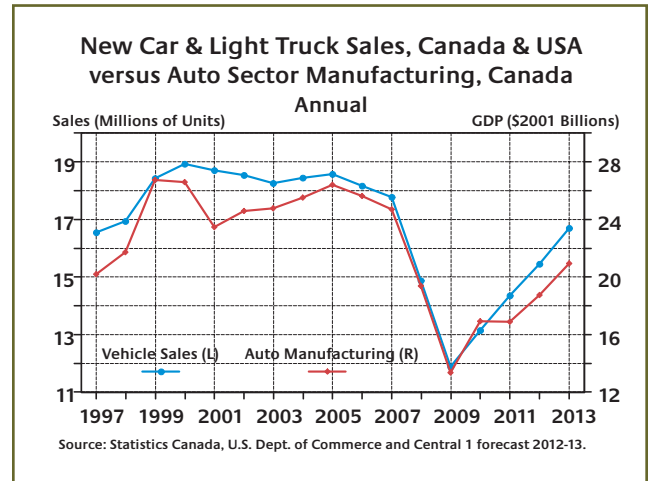
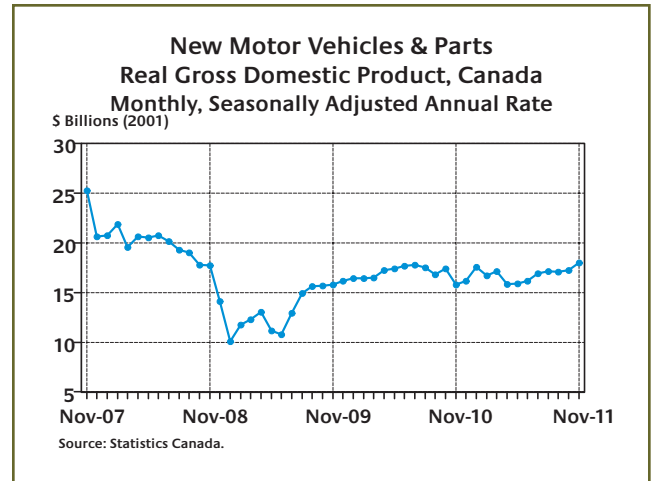


Employment in Ontario totaled 6.75 million persons in January, effectively unchanged from December, according to the results of Statistics Canada’s latest Labour Force Survey. The labour force increased by an estimated 21,300 persons, which drove the unemployment rate up to 8.1% from 7.7% in December. All numbers are seasonally-adjusted, unless otherwise noted.

Unemployment increased in January among younger workers and adult men. By industry, employment declined in professional-technical services and health-social services, offset by job growth in educational services and agriculture. Regionally, recent job declines were concentrated in the Toronto economic region, offset by growth in the Hamilton-Niagara and Ottawa regions.

Central 1 forecasts average employment in Ontario will increase 1.5% this year and 2.1% in 2013, following growth of 1.8% last year. Industries where forecast job growth is highest include retail-wholesale trade, construction, professional-technical services, transportation, health-social services and accommodation-food services. Little job growth is forecast in public administration and utilities. Ontario’s unemployment rate is forecast to average 7.5% in 2012 and 6.9% in 2013, down from 7.8% last year.

Real gross domestic product (GDP) of Canada’s **motor vehicle manufacturing** sector totaled \$18.0 billion in November at a seasonally adjusted annual rate (SAAR), up 4.5% from October. That is a post-recession high, although output remains well below



pre-recession levels. In the first 11 months of 2011, the sector’s production inched down by just under 1% year-over-year.

U.S. sales of new automobiles and light trucks are forecast at 13.8 million units in 2012 and 15 million in 2013, following sales of 12.74 million last year. Recovering consumer confidence, pent-up demand to replace aging vehicles and price discounts will drive growth. Canadian sales of new motor vehicles are forecast at 1.65 million in 2012 and 1.69 million in 2013, following estimated sales of 1.62 million last year.

Based on these new vehicle sales forecasts, Central 1 forecasts Ontario's auto sector real GDP will grow 11% this year and 12% in 2013, following virtually no change last year. Even so, forecast production in 2013 will be 15% below output just prior to the great recession. Forecast growth in U.S. new automobile sales is also projected to raise employment in auto sector manufacturing in Canada by 8% per year through 2013. The vast majority of Canada's auto-related manufacturing production is located in Ontario.

David Hobden

Economist, Central 1 Credit Union
dhobden@central1.com
www.central1.com
905.238.9400, extension 5063