

**HIGHLIGHTS:**

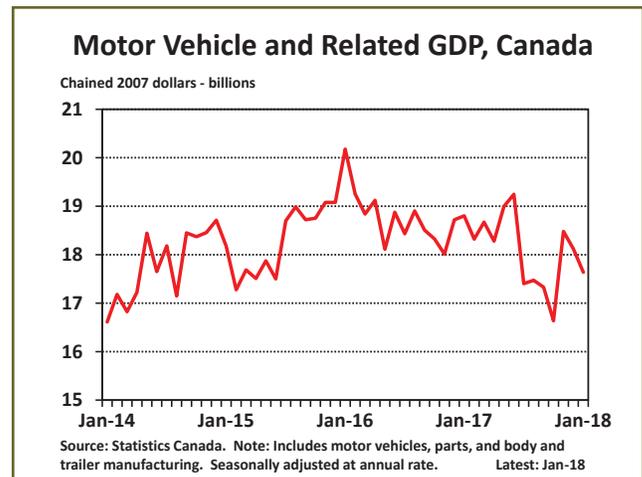
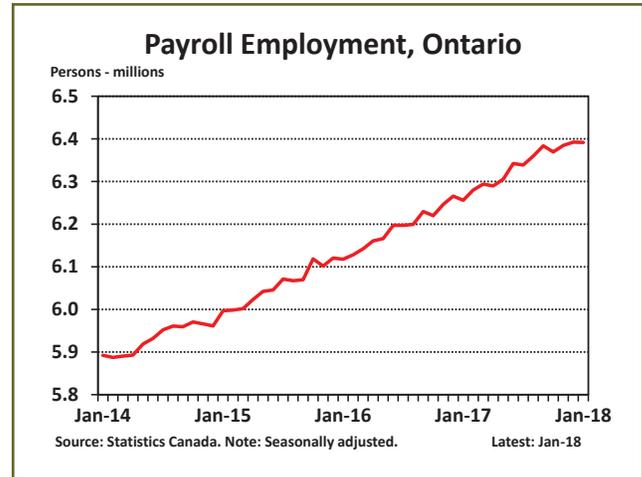
- Goods-sector payroll employment contracted in January due to a decrease of jobs in manufacturing and construction
- Sharp decline in motor vehicle manufacturing pulls down transportation equipment sector growth in January

**Ontario payroll employment decreased slightly in January; average weekly earnings increased due to growth in both goods and service sector job earnings**

Payroll employment decreased slightly in January over December, shedding 756 jobs (-0.1 per cent). Compared to the same period last year employment is up 2.2 per cent.

After posting strong job gains last month, goods and services sector employment diverged this month. Goods-sector jobs decreased by 0.52 per cent while the services sector expanded by 0.15 per cent. The gains in the services sector mostly offset the losses in the goods sector and kept employment relatively flat in January.

By specific sectors, manufacturing and construction shed significant jobs in January, causing the goods sector to contract. In the services sector, job gains in health and social services, finance and insurance, accommodation and food services, administrative and support, waste management and remediation services all helped the services sector to expand.



Average weekly earnings increased in January by 0.2 per cent after increasing 0.4 per cent the previous month. Both goods-sector and services-sector average weekly earnings increased in January. Services-sector earnings outpaced goods-sector earnings slightly. Year-over-year, the fixed weight index increased by 4.1 per cent.

In last week's briefing, we mentioned that the auto plants had atypical plant closures which increased Employment Insurance (EI) claims. This was likely a contributor to lower manufacturing employment during the month. The contraction to construction was also out of the ordinary and mostly due to the severely cold temperatures posted in January. Again, employers had to send workers home rather than have their employees work in those conditions.

## **Motor vehicle parts and manufacturing growth declined in January on the heels of a decline in December**

The January industry Gross Domestic Product (GDP) report for manufacturing recorded seasonally-adjusted at annual rate (SAAR) growth of 0.7 per cent in the month. This is a rebound after a dip last month of 0.4 per cent, which halted two consecutive months of growth. However, motor vehicle parts and manufacturing SAAR growth continued to retrench in January, declining 2.7 per cent after a decline of 1.9 per cent last month. The overall decline is mostly due to a robust drop in SAAR growth of 6.5 per cent to motor vehicle manufacturing that could not be offset by gains to motor vehicle body and trailer manufacturing.

Those atypical plant stoppages mentioned in the Survey of Payroll Employment and Hours (SEPH) that affected manufacturing are also showing up in the GDP numbers by industry. Sales of new automobiles in Ontario remain robust, particularly trucks, so it is not a lack of domestic demand causing this month's moderation in production and sales volumes. As the plants get back to full capacity, supply will catch up with demand. A potential longer-term issue for the sector is U.S. auto demand. The latest SAAR sales are pointing to a moderation; the latest numbers for the first two months of 2018 peg sales below the monthly SAAR average for the last two years. If this were to continue, it would put downward pressure on automobile manufacturing, which hopefully would be offset by continued domestic demand.

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