

Highlights

- The economy hit several historical monthly highs in June
- Increased consumer sentiment in the U.S. supported exports growth
- Business confidence declined 2.3 points month-over-month in June
- Toronto’s resale market remained balanced but tightened up significantly in June

Over 34,000 jobs created in June

Ontario’s unemployment rate continued to trend up in June, moving up an additional 0.2 points to 5.9 per cent due to slightly more people entering the labour force to look for work, versus those that secured jobs. In the month, over 34,900 jobs were created with close to one-third of those new jobs created coming from full-time work. The economy surpassed new monthly highs for labour force, employment, and full-time employment in June.

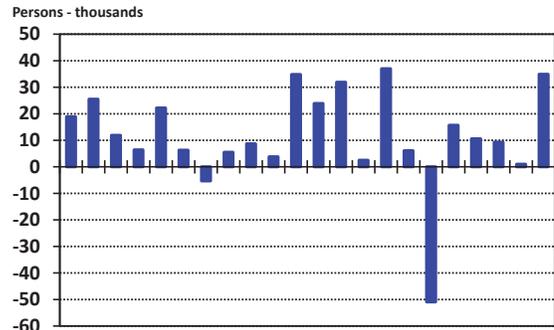
By sector, the goods-producing sector created 37,700 jobs in the month with significant gains coming from construction (18,500 jobs) and manufacturing (16,900 jobs) while the services-producing sector shed 2,800 jobs due to the loss of jobs in over half of the sub-sectors.

As mentioned in the small-business confidence section below, employers remain bullish on hiring and this month’s report aligns with that survey result. Moreover, with many students now on summer holidays and looking for seasonal work, employment numbers should continue to rise throughout the summer months.

Exports increased in May for the third straight month

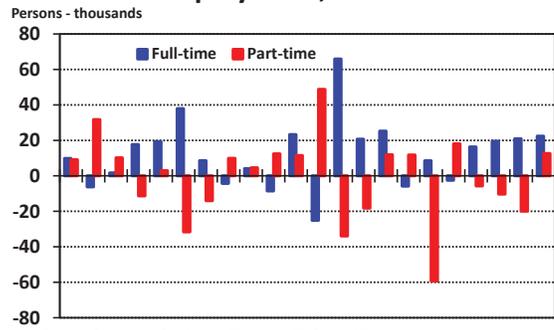
Ontario’s trade deficit with the world declined further in May due to stronger exports growth relative to imports growth. In the month, exports increased by almost twice the rate of imports. This marked three straight months of exports growth in Ontario.

Change in Employment, Ontario



Sep-16 Dec-16 Mar-17 Jun-17 Sep-17
 Source: Statistics Canada, Central 1 Credit Union. Latest: Jun.-18
 Changes shown here are month to month

Change in Full-time and Part-time Employment, Ontario



Sep-16 Dec-16 Mar-17 Jun-17 Sep-17
 Source: Statistics Canada, Central 1 Credit Union. Latest: Jun.-18
 Changes shown here are month to month

Over the first five months of 2018, exports are down 3.4 per cent while imports are slightly up by 0.7 per cent compared to the same period last year. Even with the growth in exports over the last three months, monthly exports over the first five months of 2018 continued to track lower than the same corresponding month last year, while imports were higher three out of the first five months of the year.

Of the twelve export categories, only four posted declining exports with two large sectors posting negative exports: motor vehicle and parts (down 3.3 per cent) and consumer goods (down 1.6 per cent). Together these two sectors made up over half of Ontario’s exports in the month. Of the sectors that posted significant gains, a few are worth mentioning:

- Metal ores and non-metallic minerals
- Electronic and electrical equipment and parts
- Aircraft and other transportation equipment and parts

Motor vehicle and parts exports fell in the month due to a supply-chain disruption in the U.S. that slowed down production this side of the border. Overall, increased consumer sentiment in the U.S. continued to drive export gains in Ontario.

Business confidence down in June but still higher than national average

Ontario's small and medium enterprise (SME) confidence uptick in May was short lived. June's business confidence declined by 2.3 points, settling at an index value of 62.4, a hair above the national index of 62.2. Canada's index also declined in the month by 0.3 points due to SME confidence gains in only four provinces.

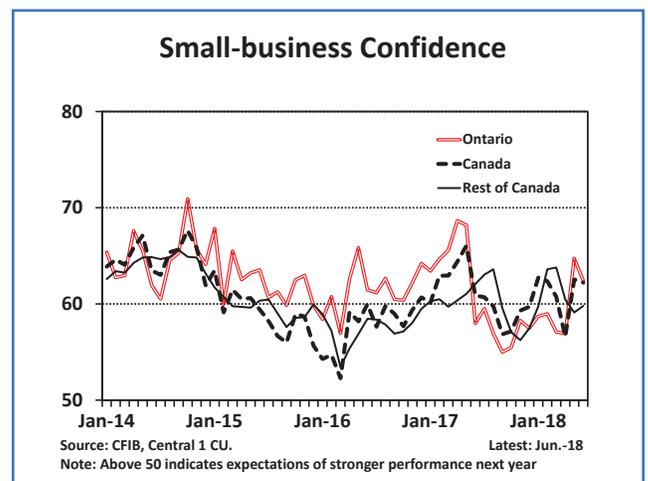
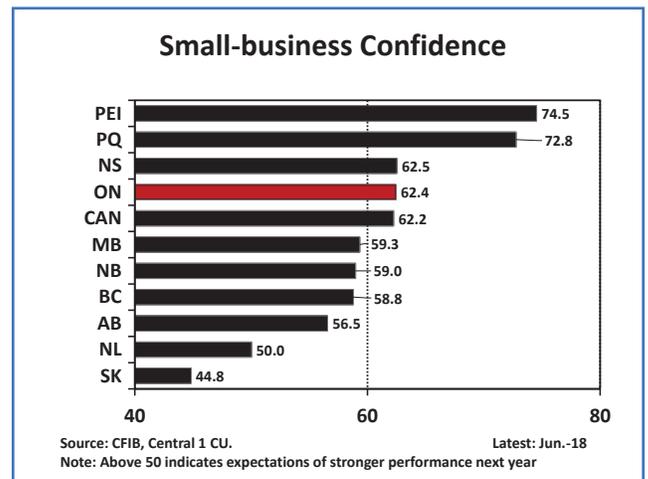
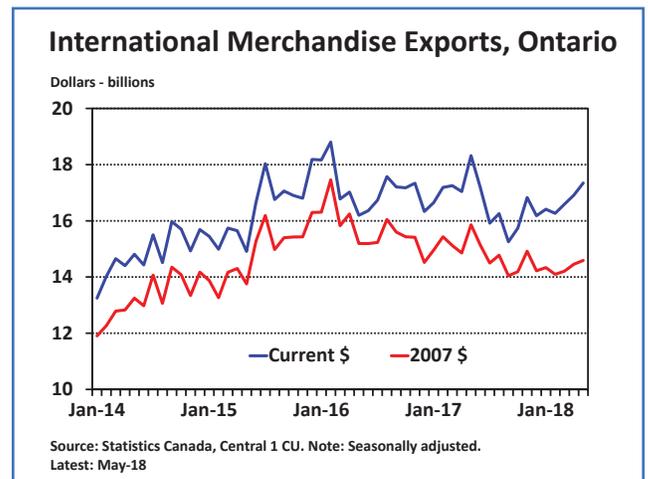
Year-over-year, Ontario's SME confidence reversed trend and was up 4.4 points in June after posting twelve consecutive months of year-over-year declines. Canada's SME confidence growth also reversed trend in June, but by a smaller margin than Ontario, only climbing 1.3 points year-over-year.

According to June's survey, most SME owners feel good about the prospects of their businesses and are bullish on hiring intentions. June's decline in confidence could be a blip in the data related to the uncertainties surrounding trade.

Toronto's resale market posted robust month-over-month sales growth in June

According to the Toronto Real Estate Board (TREB), seasonally-adjusted home sales increased by 3.1 per cent month-over-month in June to 6,064 units. Year-over-year sales in Canada's largest housing market also turned the corner, increasing by 2.4 per cent. This marked the first month of sales being in the black, after 14 consecutive months of year-over-year sales declines following the introduction of the first set of policy changes in Ontario in April of last year. New listings did not follow the lead of sales and decreased in June by 8.3 per cent month-over-month and year-over-year by 18.9 per cent. Year-over-year new listings continued to trend down year-over-year for the fourth consecutive month in June. Compared to the monthly average since January 2014, both sales and new listings are significantly down in June by 25.5 and 10.6 per cent respectively.

On balance, Toronto's resale market tightened up significantly in June. Robust sales growth and a



correspondingly robust decline in new listings lifted the sales-to-new-listings-ratio (SNLR) to 50.4 per cent, up 5.6 percentage points from May, and the first time the SNLR has been above 50 per cent since January of 2018. According to the SNLR the market remained balanced.

June's average resale home price in Toronto increased by 3.3 per cent month-over-month and by two per cent

year-over-year to \$782,779. This marked the largest month-over-month price gains since March 2017 and two consecutive months of average price growth being in the black. Moreover, like year-over-year sales growth, June's year-over-year price growth reversed several months of negative price gains. Seasonally-adjusted benchmark home values, a measure of quality-adjusted prices, increased month-over-month by 0.2 per cent due to gains in benchmark prices of townhomes and apartments, while single-detached homes declined. Year-over-year benchmark prices declined a further 4.8 per cent on the heels of 5.4 per cent decline in May due to continued moderation in benchmark price growth of low-rise homes such as single-detached and townhomes. Apartment benchmark prices advanced a further 7.5 per cent in June.

With half the year in the books, Toronto's existing home sales in 2018 remained 27.1 per cent down, compared to the halfway point last year with average price lagging by nine per cent and new listings by 12 per cent. The SNLR stood at 49.3 per cent, 10.1 per cent off the same metric last year.

We had said that it would take at least half the year for the market to adapt to the new rules of the game when purchasing a home in Ontario and this month's sales and price growth numbers may point to that, but it is still too early to make that call. There remain sufficient uncertainties in the economy that could knock the wind out of the sails of the resale market in Toronto, such as a contracting economy and increased debt loads hampering households desire to purchase a home.

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