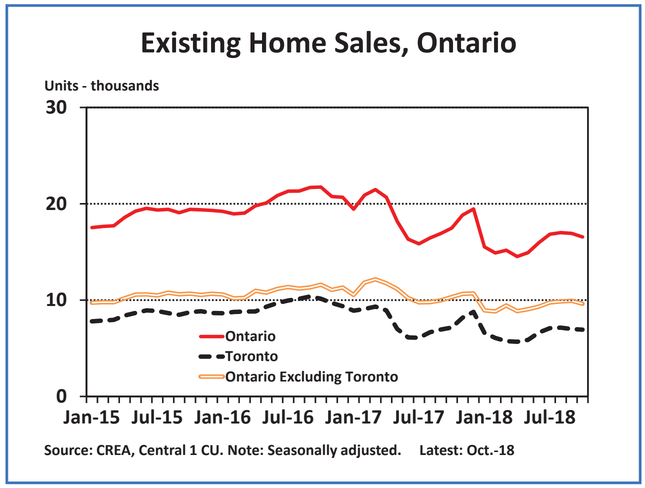
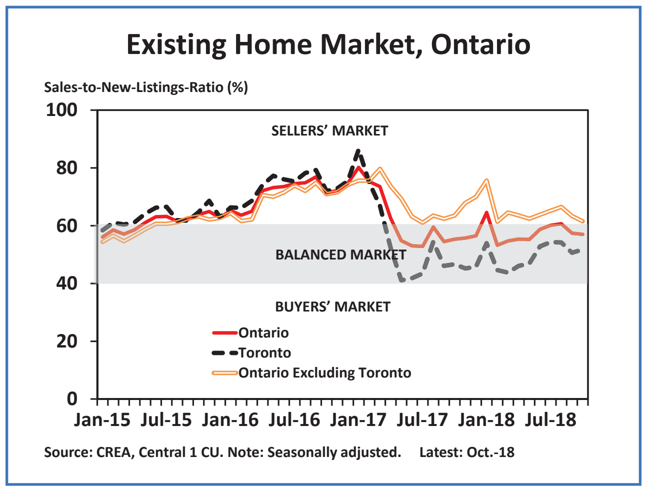
Ontario Economic Briefing

Volume 24 • Issue 46 • Week of November 12 - 16 2018 | ISSN: 1981-355

Highlights

- Existing home sales declined for the second consecutive month
- Manufacturing sales increased by 0.6 per cent





Ontario existing home sales declined by 2.2 per cent

The Canadian Real Estate Association (CREA) released its October data this week. Seasonally-adjusted home sales in Ontario declined by 2.2 per cent month-over-month to 16,551 units while new listings declined by 1.5 per cent month-over-month to 29,027 listings. This marks two consecutive months that seasonally-adjusted sales declined. The average price of an existing home in Ontario was virtually unchanged from September at about $580,000. With decreased sales and new listings, the market remains firmly balanced with a sales-to-new-listings ratio of 57 per cent—a decline of 0.4 points from September.

All metrics remain on track to be lower in 2018 compared to 2017. Year-to-date sales are 13.8 per cent lower, with new listings and average price down by 7.9 per cent and 2.8 per cent respectively.

By real estate board all but three posted month-over-month sales declines. The only regions to post gains in October were:

- London-St. Thomas (5.7 per cent increase)
- Peterborough (8.1 per cent increase)
- York Region (1.9 per cent increase)

A sales recovery from May to September was led by those who could buy a home, even with the new federal and provincial rules. As that pool of buyers dwindles; sales are affected. Households unable to buy remain on the sidelines as they continue to save funds for a down payment to qualify for the mortgage they wanted before the new rules.

Manufacturing sales growth modest

Ontario's manufacturing sales rebounded modestly in September increasing by 0.6 per cent to $26.7 billion (all figures seasonally-adjusted) following a contraction of 1.6 per cent in August. Nationally, manufacturing sales growth was negligible coming in at $58.5 billion. This is due to modest growth in Ontario, which accounts for nearly half of all sales in Canada, and a contraction in four provinces including Quebec that accounts for 33 per cent of total sales.

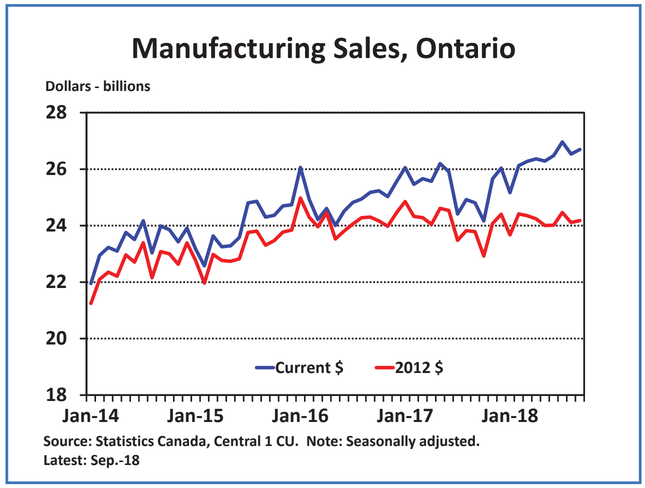
Non-durable goods sales growth came in nearly unchanged at $10.6 billion in September due to decreased sales growth in most sectors. Chiefly among them manufactured food sales and petroleum and coal products. Only the following three non-durable sectors posted gains:

- Leather and allied products (9.9 per cent growth and 0.1 per cent share)
- Print and related products (4.4 per cent growth and 1.7 per cent share)
- Chemical sales (3.9 per cent growth and 8.1 per cent share)

The modest rebound in manufacturing sales in September was due to a rebound of 0.8 per cent growth in durable good sales to $16.1 billion. Transportation equipment and manufacturing sales came back in a big way (4.4 per cent growth) to turn around durable sales growth in September, following the 3.1 per cent decline in August. Moreover, primary metals (6.3 per cent growth) and computer and electronic product sales (2.6 per cent growth) also contributed significantly to sales gains.

Manufacturing sales are 3.5 per cent above last year's pace due to strong year-to-date numbers in non-durables (6.4 per cent above pace) and modest growth in durables (1.7 per cent above pace).

Transportation equipment sales growth was due to strong gains in motor vehicle assembly and motor vehicle parts, reflecting increased production at plants after shutdowns in July and August. Sales in chemicals and petroleum and coal products increased in September due to higher prices charged for these goods, even though actual sales did not change dramatically.



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