

Highlights:

- Manufacturing sales increased by 1.7 per cent in January
- Ontario existing home sales decreased 14.4 per cent in February

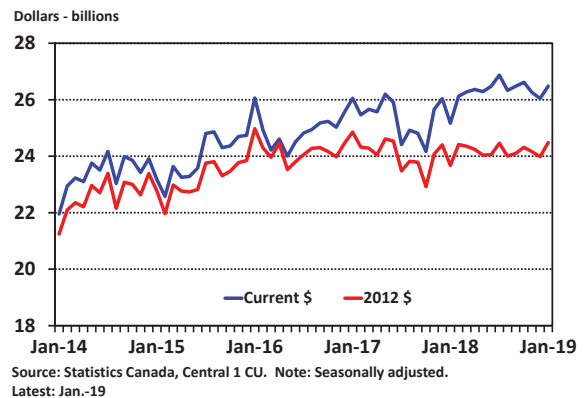
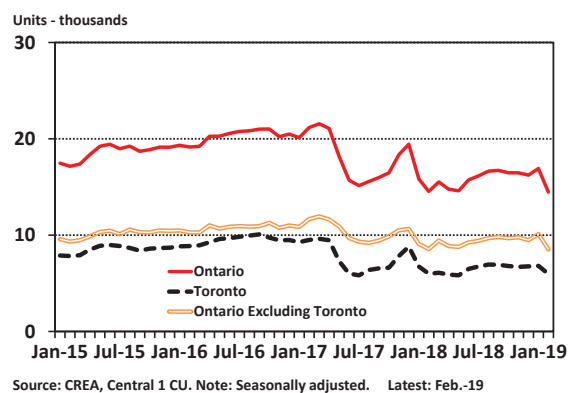
Manufacturing sales increased to start 2019

Ontario manufacturing sales entered 2019 on a positive note after two consecutive months of manufacturing sales declines to end 2018. In January, manufacturing sales moved up by 1.7 per cent to \$26.4 billion – all figures in this section are seasonally-adjusted. Ontario's increased sales helped lift Canadian sales in January. Nationally, sales also increased by 1.0 per cent to \$57.1 billion. Of the big four provinces, increased sales in Ontario, Alberta, and British Columbia helped off-set declining sales in Quebec.

January's increased came from durable goods which posted 3.5 per cent month-over-month growth to \$16.6 billion off-setting the drop to sales of non-durable goods of 1.2 per cent to \$9.8 billion. The following large sectors posted either significant increased or decreased sales:

- Food (0.5 per cent drop)
- Plastics and rubber products (3.3 per cent drop)
- Paper (2.6 per cent increase)
- Transportation equipment (3.7 per cent increase)
- Primary metal (1.7 per cent increase)
- Fabricated metal (1.0 per cent increase)
- Machinery (0.8 per cent increase)

Food prices increased in January mainly from higher sales in the meat product; grain and oilseed; and other food manufacturing industries. Increased sales in transportation equipment particularly auto parts manufacturing led higher sales of inputs such as primary metals and fabricated metals.

Manufacturing Sales, Ontario**Existing Home Sales, Ontario**

After a few couple of months of sluggish activity manufacturers stepped up production in January which saw inventories increase and unfilled orders decrease particularly in the aerospace product and parts industry, as well as the other transportation equipment industry.

Despite the increased activity to begin 2019 our view remains unchanged. Due to external factors such as ongoing trade-related concerns and decreased domestic household consumption manufacturing activity and sales will moderate in 2019 from 2018.

Ontario resale market activity plummets in February

The Canadian Real Estate Association (CREA) released its February figures this week which revealed that after posting strong sales numbers to begin 2019

last month February sales plummeted in comparison. Month-over-month – all data in this section is seasonally-adjusted unless otherwise stated – sales fell sharply 14.4 per cent to 14,472 units. February's sales are 15 per cent lower than the average for all February sales from 2010 to 2019. New listings also fell in February but by a relatively modest 1.0 per cent to 26,346 units in comparison. An eight-fold drop in net sales in February compared to the net drop in new listings further lowered the sales-to-new-listings-ratio (SNLR) from 63.5 per cent last month to 54.9 per cent in February.

The average price of an existing home remained nearly unchanged in February inching up ever so slightly by 0.1 per cent to \$572,946. Since January 2018, when the mortgage stress tests were implemented, month-over-month price appreciation has averaged -0.1 per cent.

Potential home buyers continue to remain on the sidelines and should continue to do so until they regain confidence, significant worries for many remain regarding the evolution of the economy this year and in 2020.

Over the first two months of the year, all metrics, sales, new listings, and average price are up from last year's pace on the strength of January's numbers. Sales are up 3.4 per cent, new listings are up 4.0 per cent, and average price is up 1.6 per cent.

All major real estate boards posting lower month-over-month sales in February. Among the large boards with significantly less sales included:

- Toronto (12.6 per cent drop)
- Durham (12.8 per cent drop)
- Ottawa-Carleton (19.7 per cent drop)
- London-St. Thomas (10.8 per cent drop)
- Windsor (18.0 per cent drop)
- York Region (4.5 per cent drop)
- Thunder Bay (10.2 per cent drop)

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