

### Highlights:

- Retail sales fell a further 1.0 per cent month-over-month in January
- Inflation remained unchanged in February
- Employment Insurance (EI) beneficiaries fell by 5.6 per cent in January
- Tourist visits fell in January due to fewer visits from U.S. residents
- Modest growth in total new car sales in January driven by increase in truck sales

### Retail sales continued to slide in January

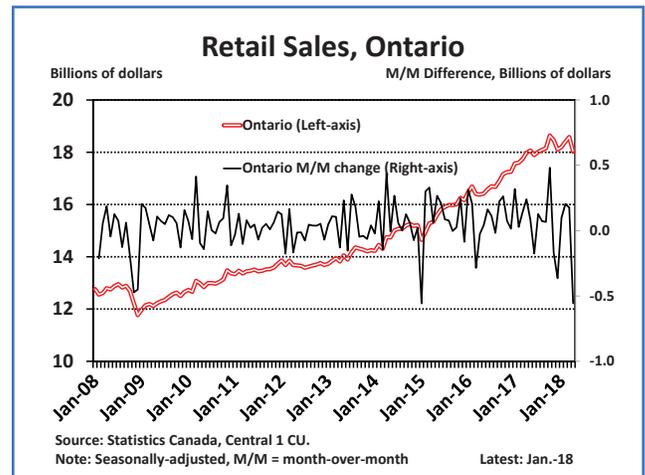
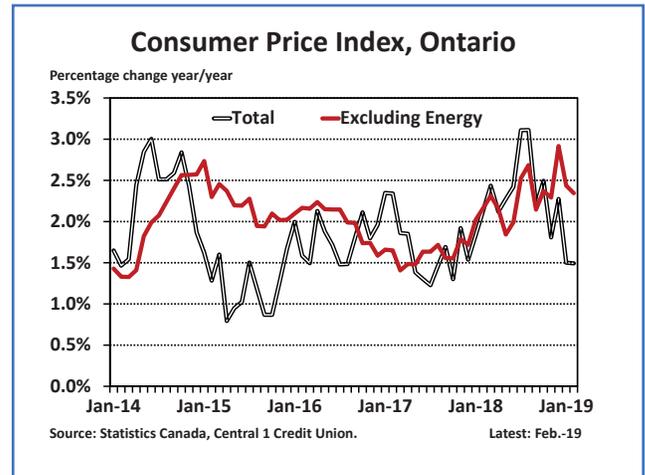
Retail sales continued to slide in January marking three straight month-over-month declines in Ontario. In January, retail sales slid 1.0 per cent to \$18.5 billion (all figures are seasonally-adjusted unless otherwise stated). Furthermore, the slide in sales was concentrated in both Toronto, which posted a month-over-month decline of 1.5 per cent to \$7.6 billion, and areas outside Toronto. Markets outside of Toronto posted 0.7 per cent fewer month-over-month sales to \$10.9 billion. Among Canada's three largest centres—Toronto, Montreal, and Vancouver—only Vancouver posted increased retail sales activity.

In January, motor vehicle and parts dealers (4.1 per cent growth in sales) and food and beverage stores (2.1 per cent growth in sales) posted strong month-over-month sales. Meanwhile, gasoline stations (1.7 per cent drop in sales), furniture and home furnishing stores (1.0 per cent drop in sales) and electronics and appliance stores (5.2 per cent drop in sales) posted declines that pulled down the province's numbers.

Gasoline sales fell based on lower prices for gas at the pumps in January, while sales in the other areas fell as consumers continued to tighten belts on spending.

### Headline inflation remained unchanged

Headline inflation remained unchanged in February over January at 1.5 per cent (all figures are year-over-year growth rates unless otherwise stated). Modest growth in goods (0.3 per cent) due to modest growth in durable goods (0.3 per cent) and declining growth in prices of non-durable goods (0.5 per cent drop) helped



keep prices unchanged. Semi-durable goods and service prices increased by 2.4 per cent respectively.

Energy prices continued to moderate declining a further 10.2 per cent. Electricity and water prices increased by 1.2 per cent and 2.4 per cent respectively. Gasoline prices fell 18.1 per cent, natural gas fell 3.9 per cent and fuel oil and other fuel prices fell 6.9 per cent. With gasoline prices declining transportation costs fell by 0.6 per cent. The average price of regular fuel at self-serve gas stations declined significantly in Ottawa-Gatineau (19.6 per cent drop to 96.1 cents per litre) and Toronto (17.4 per cent drop to 102.4 cents per litre). In Thunder Bay, gasoline prices declined by 4.9 per cent to 118.2 cents per litre.

Overall prices continued to climb in Ontario's metro markets. Overall, Toronto and Ottawa-Gatineau prices increased 1.9 per cent and 1.7 per cent respectively, while Thunder Bay prices increased 1.0 per cent.

Food prices continued to increase and were up by 3.6 per cent in February due to price growth in food purchased from stores and restaurants. Fresh fruit and vegetable prices increased a robust 11.4 per cent, likely adding to the jump in overall prices.

## Employment Insurance numbers dropped robustly across almost all occupations in January

January's Employment Insurance (EI) numbers bucked the trend as EI beneficiaries fell across many categories such as occupation, regions, and age cohorts.

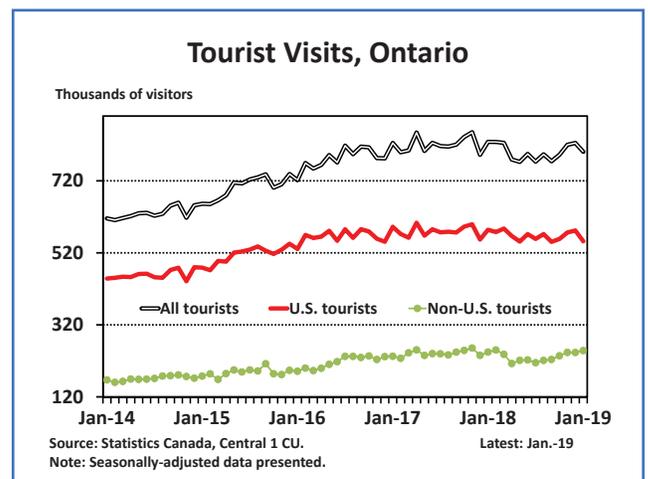
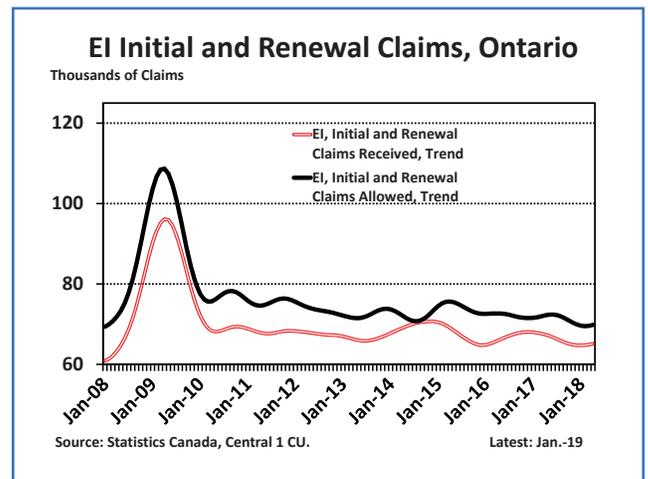
EI beneficiaries fell 5.6 per cent month-over-month or 6,350 net fewer beneficiaries in Ontario (all figures are seasonally-adjusted unless otherwise stated). The decline in beneficiaries was broad-based with 5.2 per cent or 4,210 net fewer beneficiaries in Census Metropolitan Areas (CMAs), 5.2 per cent or 690 net fewer beneficiaries in Census Agglomerations (CAs) and 7.6 per cent or 1,470 net fewer beneficiaries in rural areas. EI beneficiaries fell across all of Ontario's CMAs in January.

EI beneficiaries fell across all occupations, except art, recreation, culture and sport, which increased 1.6 per cent or 40 net beneficiaries. Occupations with significant EI declines included:

- Trades, transport and equipment operators and related occupations (3,330 net fewer beneficiaries)
- Occupations in manufacturing and utilities (630 net fewer beneficiaries)
- Natural and applied sciences and related occupations (540 net fewer beneficiaries)
- Natural resources, agriculture and related production occupations (520 net fewer beneficiaries)

All age cohorts reported fewer EI beneficiaries. EI beneficiaries fell significantly for workers between 15 and 24 years of age (15.4 per cent drop or 1,440 net fewer beneficiaries) and between 25 and 54 years of age (6.0 per cent drop 4,520 net fewer beneficiaries).

Seasonally-adjusted initial and renewal-received claims increased 1.3 per cent in January to 71,450 beneficiaries. January's total is 6.6 per cent lower than the long-term monthly average number of beneficiaries.



## Tourist visits in January fell by 3.0 per cent after three months of growth

Tourist visits to Ontario reversed trend to start 2019. After three straight months of tourist visit growth, visits declined by 3.0 per cent in January over December to 800,679 visits (all figures are seasonally-adjusted in this section). A pull-back in visitors from the U.S. of 5.1 per cent could not offset a 2.2 per cent increase in visitors from other parts of the world.

Year-over-year, total tourist visits are 3.3 per cent lower than last year's pace. U.S. visits are down 5.4 per cent while non-U.S. visits are up 1.7 per cent.

By region of origin, excluding the U.S., visits increased significantly from Asia and Africa, while visits from all other parts of the world decreased in January.

Slower than accustomed U.S. growth may be motivating Americans to start tightening their belts and postpone big ticket expenditures, such as leisure travel, in 2019. Moreover, a heavy winter season may have kept more tourists at home. Our view that travel and tourism will increase during 2019 remains unchanged, given

the lower Canadian dollar relative to the U.S. dollar. Year-over-year, the U.S. dollar has appreciated relative to the Canadian dollar for five months.

## New car sales and average price growth remained modest in January

Total new car sales increased modestly in January over December by 0.7 per cent to 68,936 units (all numbers quoted are seasonally-adjusted unless otherwise noted). This follows two consecutive month-over-month declines to finish 2018. The slight increase in total new car sales was due mostly to robust growth in trucks, which increased by 4.0 per cent in January to 49,747 units. Passenger vehicle sales increased modestly by 0.3 per cent month-over-month to 18,916 units or 27.4 per cent of all new vehicle sales in the province in January. Trucks continued to account for most new car sales in Ontario—a position they have held every month since November 2009. Total new car sales in Ontario in January are up 14.5 per cent relative to the February average sales from 2010 to 2019—the post financial crisis recover phase.

The average price of a newly sold car in Ontario inched up by 0.7 per cent in January over December to \$42,253. The modest growth in price was due to a large decline in the average truck price of 4.6 per cent to \$45,459. The decline more than offset the 4.0 per cent gain in the price of passenger vehicles to \$33,606, as more trucks are sold at lower prices compared to passenger vehicles sold at higher prices.

Year-end rebates on last year's models of trucks helped attract consumers looking to buy a truck rather than a passenger vehicle.

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