

### Highlights:

- Unemployment edged up to 6.0 per cent in April
- Housing starts up by 46.1 per cent in April
- Trade deficit declined in March due to less imports and unchanged exports
- Toronto home sales up but price growth meek, buyers remain selective

### Strong job creation in March mostly from part-time jobs

After losing employees in March, Ontario's economy rebounded strongly and created 47,100 net new jobs with the majority of those jobs created (37,000 net new jobs) being part-time. With robust jobs creation in April more people entered the labour market which lifted the unemployment rate slightly from 5.9 per cent to 6.0 per cent. Despite the slight move up in the unemployment rate, the province's unemployment rate is lower than the 6.4 per cent average from 2014 to 2019.

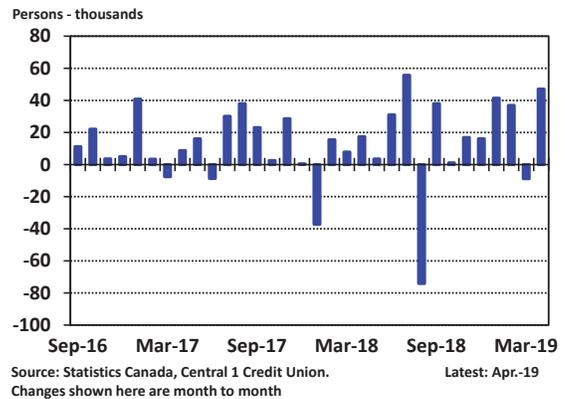
In Toronto, the unemployment rate fell from 6.8 per cent to 6.6 per cent due to stronger net growth in job creation (19,900 net new jobs) relative to the gains in new workers (15,700 more workers). Excluding Toronto, the unemployment rate in Ontario increased from 5.1 per cent to 5.4 per cent as more workers entered the labour market (41,000 more workers), offsetting the gains to employment (27,200 net new jobs).

April's job creation was mostly in the goods sector (1.7 per cent growth) with slight growth in services sector (0.4 per cent growth). Strong net job creation in the goods sector occurred in manufacturing and construction. While in the services sector, strong net jobs creation occurred in accommodation and food services, trade, finance, insurance and real estate.

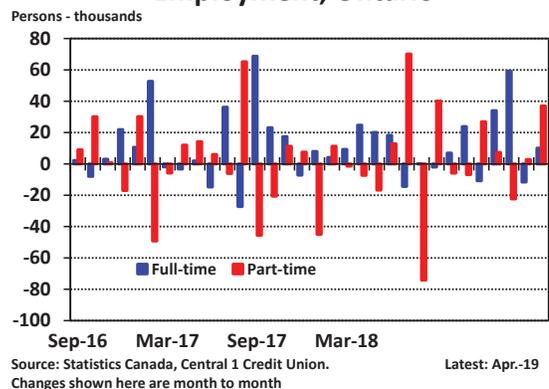
### Trade deficit shrank slightly, motor vehicle and parts exports rose due to increased new car exports

The trade deficit decreased in March given a 0.3 per cent drop to imports to \$30.3 billion and nearly un-

### Change in Employment, Ontario



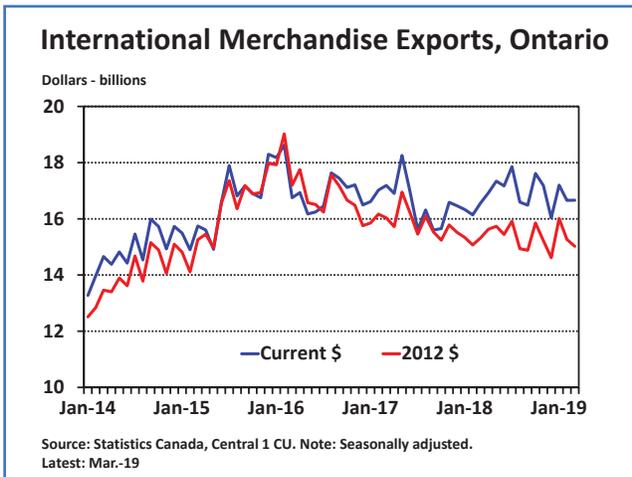
### Change in Full-time and Part-time Employment, Ontario



changed exports inching up to \$16.7 billion (all figures in this section are seasonally adjusted by Central 1 unless otherwise noted). In the first quarter of 2019, exports remained 3.0 per cent above last year's pace due to a very strong January while imports remained 5.1 per cent above last year's pace also given a stronger than expected January.

Export volumes increased in large sectors such as motor vehicle and parts (5.2 per cent growth); forestry products and building and packaging materials (0.6 per cent growth); and farm, fishing and intermediate food products (0.8 per cent growth) in March. That said, it was not enough to offset export volumes losses in other key sectors, including:

- Metal and non-metallic mineral products (4.5 per cent decline)
- Industrial machinery, equipment and parts (1.6 per cent decline)
- Consumer goods (0.5 per cent decline)

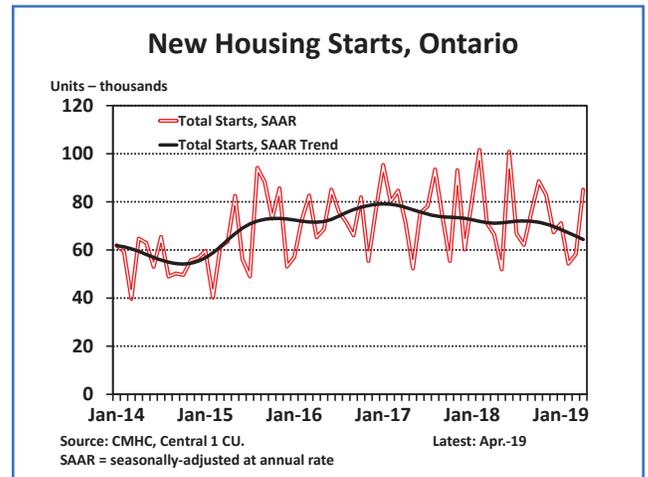


Both U.S. consumer confidence and domestic manufacturer confidence remained tepid affecting Ontario exports. For example, according to the University of Michigan's quarterly consumer sentiment index, the first quarter's index posted the largest year-over-year drop (4.4 points down to 94.5 points) since the first quarter of 2018. Increased trade war concerns are affecting world manufacturing—a space in which Ontario is a player through exports of goods and services. The IHS Markit® Purchasing Manager's Index (PMI®) for Canada—a leading indicator of future manufacturing product sales—pointed to a continued down trend in their manufacturing index.

### Housing starts increased significantly in Ontario particularly in large urban markets

The Canada Mortgage and Housing Corporation (CMHC) released April housing starts numbers this week. April housing starts roared back increasing by 46.1 per cent to 85,100 units at a seasonally adjusted annual rate (SAAR). The increase was due to strong double-digit month-over-month growth across all housing types, especially townhomes and condo apartments, which together accounted for 66,238 units SAAR of this month's total. Total starts are 39.4 per cent higher than the long-term average from January 1990 to April 2019.

Housing starts increased significantly in metro areas moving up 52 per cent to 77,015 units SAAR. Growth in Ontario's metro markets was supported by strong gains across most markets with a few exceptions including Oshawa (37.2 per cent lower starts), Peterborough (71.9 per cent lower starts) and Thunder Bay (12.8 per cent lower starts). Among Ontario's largest metro markets, Toronto posted 18.2 per cent higher starts, Ottawa-Gatineau posted 41.0 per cent higher starts, Kitchener-Cambridge-Waterloo posted 826.8



per cent higher starts and Hamilton posted 164.4 per cent higher starts.

Total starts in Ontario are down 16.0 per cent over the first four months of the year despite April's gains, due to strong declines across most housing types, except row and townhouse starts.

February's harsh weather conditions delayed many projects that are now being lumped into more recent projects hence the strong gains in total starts in April. High-density housing continues to dominate new home building particularly in denser markets as affordability concerns and available space for new construction continues to attract homebuyers to these housing types.

Despite this blip in month-over-month activity, we expect economic uncertainty to be a mitigating factor for new home demand, and that total housing starts will come in lower in 2019 compared to last year.

### Toronto home sales increased in April but remain significantly lower than recent averages

Existing home sales in Ontario's largest market moved up 7.7 per cent or 480 net sales to 6,737 units in April as reported by the Toronto Real Estate Board (TREB) in its monthly report released this week (all figures are seasonally adjusted by Central 1 unless otherwise stated). This marked two consecutive months that sales have moved up after February's deep freeze. The strong gain in sales in March motivated some homeowners to list their homes. New listings increased in April by 4.9 per cent or 607 net new listings to 12,906 units.

With a strong pick-up in sales, the market tightened slightly in April with the sales-to-new-listings-ratio (SNLR) moving up from 50.9 per cent in March to

52.2 per cent in April. Moreover, the average days on the market for a listing continued to trend down from 33 days in January to 19 days in April. Despite the market heating up somewhat, the 24.5 average days on the market over the first four months of 2019, lags the 24 average days on the market for 2018- and 17.9-days average days on the market for 2017. While the market has recovered somewhat from the weak numbers posted at the start the year, the market has not returned to full capacity as evidenced by average price growth.

In April the average price for an existing home moved up by only 0.6 per cent to \$768,761. The good news is after three consecutive months of declining average price growth April was the first month of positive price growth. The bad news is that the turnaround was meek.

Over the first four months of the year, sales are up 3.1 per cent above last year's pace, as well as new listings (1.6 per cent up) and average price (1.3 per cent up).

Benchmark home prices—a measure of quality adjusted prices—decreased by 0.2 per cent in April over March. The decrease came from a 0.1 per cent decline in the price of a single-detached home and a 0.4 per cent decline in the price of a townhome. Condo apartment prices remained unchanged.

Despite the growth in sales over the last two months, monthly TREB sales are still lagging the ten-year average. The gap from the average for April was 13.6 per cent. Even though the Central Bank's policy rate remained unchanged, keeping mortgage rates flat—buyers are remaining prudent and buying less expensive homes as evidenced by the meek average price growth this month. Given the economic uncertainty on the horizon, especially now that the U.S. and China trade spat is possibly ramping up, consumers are acting accordingly careful.

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