

Highlights:

- Ontario payroll hiring increased by 2,956 net new workers in March but down 32 per cent from net hiring in February
- Small-business confidence remained below the long-term monthly average in May
- Canadian motor vehicle and parts manufacturing added 1.3 per cent to national GDP in March at seasonally adjusted at annual rate

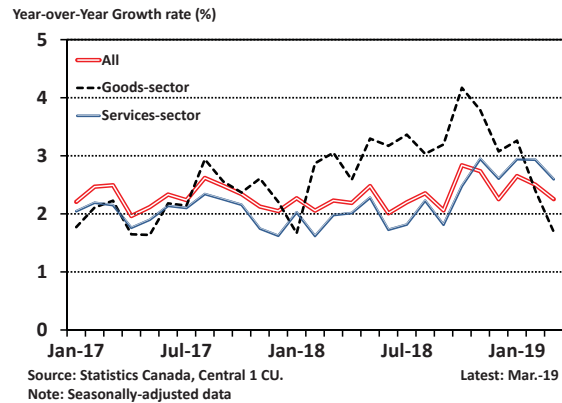
Payroll hiring continued to increased but at a slower rate, the goods-sector still facing challenges

Total payroll employment continued to increase in March but at a slower rate than February. In March, payroll employment increased by 0.05 per cent or 2,956 net new workers. This is 32 per cent less than net hiring in February. By sector, services did all the net hiring in March while the goods-sector lost workers due to decreased hiring in key sectors such as construction and manufacturing—two areas that have faced headwinds due to decreased business investments and weaker new housing demand.

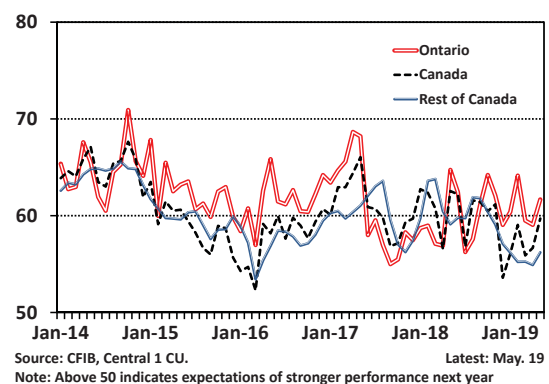
In the services-sector, key sectors such as educational services; health and social services; finance and insurance; and professional, scientific and technical services increased hiring. Retail trade shed workers as well as accommodation and food services. With increased uncertainty in the air and the pace of economic growth slowing down from last year, many consumers are continuing to tighten belts and spend less on non-necessities such as retail goods and food and travel. At the sub-sector, level hiring increased in health and social services due to gains to ambulatory health care services and hospitals, which contributed the most to the increase. Professional, scientific and technical services increased due to gains in the high-paying computer systems design and related industries. Increased hiring in universities contributed to gains to educational services payrolls.

Year-over-year, the pace of hiring in the goods-sector, while still positive, continues to slow down. For ex-

Payroll Employment, Ontario



Small-business Confidence



ample, hiring is up 1.7 per cent in March from last year but down from 2.4 per cent in February. The services-sector has fared much better with the pace of hiring declining slightly in March (2.6 per cent) from February (2.9 per cent).

Average weekly earnings growth increased by 0.9 per cent in March due to a 1.3 per cent increase in services-sector average weekly earnings that offset the 0.3 per cent decline in the goods-sector. Year-over-year, the fixed-weight index increased by 2.0 per cent in March up from the 1.4 per cent posted in February.

Month-over-month small-business confidence increased in May but remains challenged by trade-related issues.

Ontario's small business confidence improved in May from April moving up to 61.7 points from 59.1 points. Still, overall business confidence remains below values posted at the start of 2019 and well below monthly

averages from March to May. Significant trade-related uncertainty continued to affect small business. In particular, the ramped-up U.S. and China trade spat, which could turn into an all-out tariff war, affecting Ontario businesses and consumers directly through decreased U.S. demand for goods and services. We foresee small-business confidence continuing to underperform relative to the monthly historical averages until this trade spat gets resolved.

Short-term employment plans remained within seasonal norms with 22 per cent of owners looking to hire (up from 21 per cent in April) and 8 per cent expecting to cut jobs (down from 12 per cent in April). About 42 per cent of respondents said their firms are in good shape (down from 43 per cent in May), while 12 per cent said their businesses are in bad shape (up from 9 per cent in May).

Nationally, the barometer increased to 59.7 points (increase of 3.0 points) in May. Small-business confidence month-over-month gains in seven of the nation's ten provinces lifted the overall index.

Motor vehicle manufacturing continued to flip flop posting GDP gains in March after declining growth in February

Canadian industry GDP increased in March by 0.5 per cent due to growth in the goods and services-sectors of 0.7 per cent and 0.4 per cent respectively.

Manufacturing continued to flip flop and posted growth of 0.9 per cent in March after posting negative growth in February and positive growth in January. Within the manufacturing sector, motor vehicle and parts manufacturing posted 1.3 per cent growth due to growth to motor vehicle manufacturing (2.7 per cent) and motor vehicle parts manufacturing (1.2 per cent). Only motor vehicle body manufacturing posted decreased growth (7.0 per cent) in March. While this sub-sector posted a significant month-over-month decline, it represents a smaller share (7.0 per cent) of overall motor vehicle and parts manufacturing.

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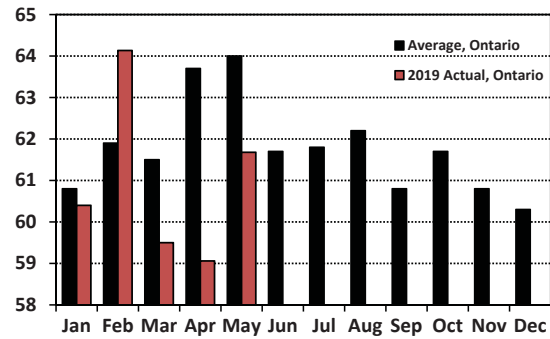
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Small-business Confidence



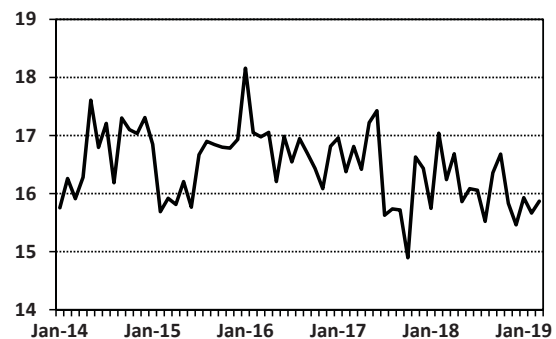
Source: CFIB, Central 1 CU.

Latest: May. 19

Note: Above 50 indicates expectations of stronger performance next year

Motor Vehicle and Related GDP, Canada

Chained 2012 dollars - billions



Source: Statistics Canada. Note: Includes motor vehicles, parts, and body and trailer manufacturing. Seasonally adjusted at annual rate. Latest: Mar.-19