

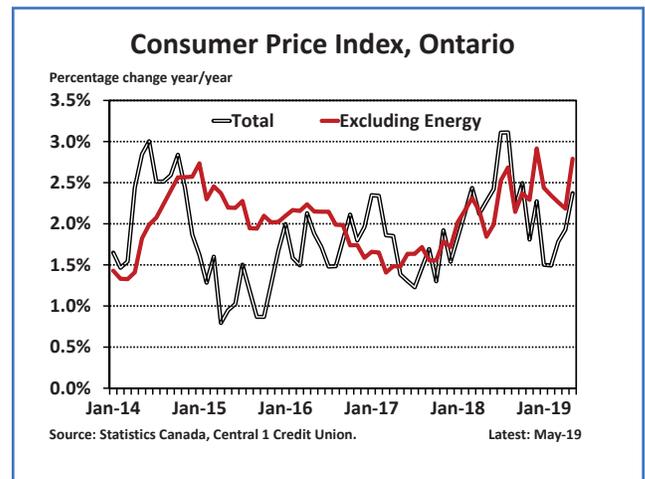
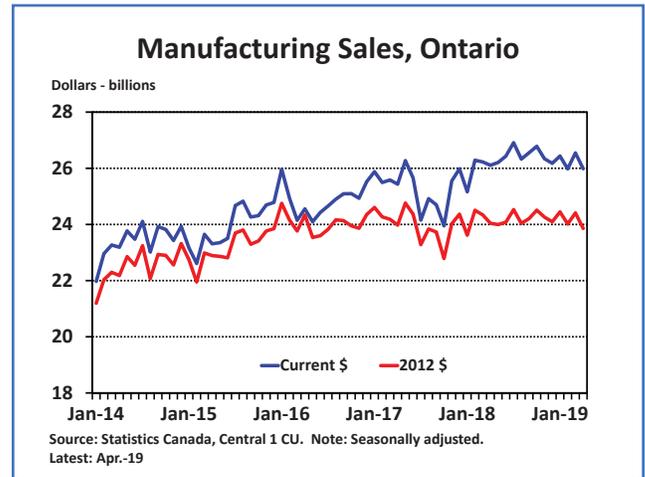
Highlights:

- Manufacturing sales declined in April
- Ontario's job vacancy rate stood at 3.0 per cent in the first quarter of 2019
- Inflation increased to 2.4 per cent in May from 1.9 per cent in April
- Ontario's population increased by 43,692 people over the first quarter of 2019
- Employment Insurance (EI) beneficiaries fell in Ontario in April
- Retail sales in Ontario increased for the third consecutive month in April

Manufacturing sales volumes declined in April by 2.1 per cent

Manufacturing sales declined in Ontario in April by 2.1 per cent to \$26 billion and by 0.5 per cent year-over-year. Increased economic uncertainty seems to have flattened manufacturing sales over the last four months, even with flip-flopping up and down from month-over-month. Nationally, manufacturing sales volumes declined by 0.6 per cent to \$57.8 billion largely due to the drop in activity in Ontario and in four other provinces, including Quebec, which makes up a sizeable portion of manufacturing sales volumes. However, year-over-year sales volumes were up 3.1 per cent.

By industry, motor vehicles (-8.7 per cent), primary metals (-13.1 per cent) and motor vehicle parts (-4.4 per cent) were the main contributors to the provincial decline. These declines were moderated by a 6.2 per cent increase in food manufacturing sales. The gains in food manufacturing sales volumes may be a result of increased food prices while unit sales have not changed dramatically. With metal tariffs still in effect at the time of this data being collected, this was a likely culprit for putting downward pressure on primary metals and auto and parts sales. Decreased demand for new cars in Ontario and outside of its borders is another factor contributing to the decline. The introduction of the carbon tax may have reduced demand for auto and parts demand as more people plan to use public transportation.



Over the first third of the year, manufacturing sales volumes remained 1.1 per cent above last year's pace. Food manufacturing sales volumes remained up by 2.7 per cent while transportation equipment sales remained 2.7 per cent below last year's pace.

Ontario's job vacancy rate continued to trend up year-over-year in the first quarter of 2019

Ontario's job vacancy rate has continued to trend up year-over-year. New data from the *Job Vacancy and Wage Survey* from Statistics Canada puts the first quarter 2019 job vacancy rate at 3.0 per cent up slightly from 2.9 per cent in the first quarter of 2018. Moreover, the job vacancy rate has been trending up year-over-year each quarter since the fourth quarter 2017.

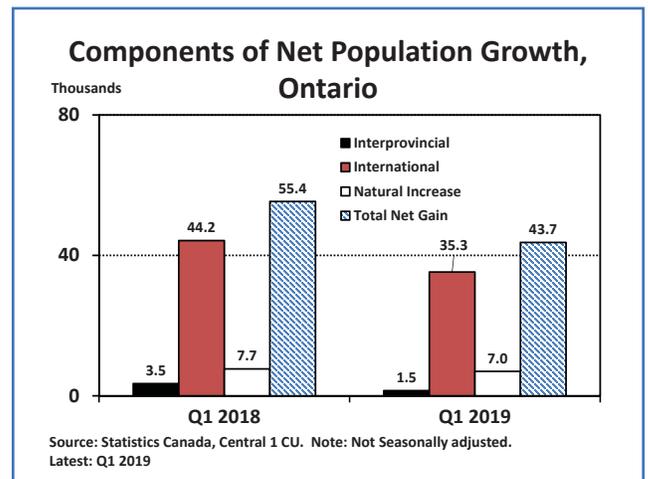
Payroll employees increased by 2.8 per cent year-over-year in the first quarter of 2019 up from 2.6 per cent in the last quarter of 2018. Companies have hired more workers, but job vacancies remain persistent and robust even though their year-over-year rate of growth has slowed down. In the first quarter of 2019 job vacancies increased by 6.9 per cent, which was significantly less than the 14.1 per cent increase in the fourth quarter of 2018. The 6.9 per cent jump in vacant jobs was driven by gains in health care and social assistance, retail trade, professional, scientific and technical services, and accommodation and food services. At the same time, growth was tempered by declines in job vacancies in transportation and warehousing, finance and insurance, real estate and rental and leasing. With a skill gap still present for most employers, average offered hourly wage growth remained above inflation at 3.2 per cent, but down from 7.6 per cent in the fourth quarter of 2018.

By economic region, the highest hourly wages were paid in Toronto and Ottawa in the first quarter of 2019, at \$24.20 and \$23.10 respectively. The lowest hourly wages were paid in Stratford-Bruce Peninsula at \$18.00 largely due to a 2.7 per cent reduction in pay year-over-year. Kitchener-Waterloo-Barrie region also posted a 1.0 per cent year-over-year wage reduction. With this region's strong population growth increasing the demand for services for new residents—it is bizarre to see wages fall. The Stratford-Bruce Peninsula region is seeing some investments that should start to prop up labour demand and push up wage growth. Many regions in Ontario, even with substantial year-over-year wage growth firmly above inflation, cannot seem to lower the job vacancy rate substantially. A reason for this could be the skills-shortage.

Headline inflation picked-up in May

Headline inflation picked-up from 1.9 per cent in April to 2.4 per cent in May (all figures year-over-year unless otherwise noted). While energy prices fell 2.0 per cent due to a 6.0 per cent drop in gasoline prices, other areas saw their prices climb, which lifted headline inflation. This included:

- Food (4.1 per cent increase)
- Shelter (3.2 per cent increase)
- Transportation (2.2 per cent increase)
- Alcoholic beverages, tobacco products and recreational cannabis (2.5 per cent increase)
- Electricity (2.1 per cent increase)



- Water (3.1 per cent increase)
- Natural gas (6.7 per cent increase)

Food prices increased mostly from food purchased at stores. Fruit and vegetable prices continued to climb an additional 12.5 per cent adding to the bill for consumers. Shelter costs continued in both rental and owned shelter. Increased flows of new residents into Ontario continue to lift demand for shelter. Transportation costs increased due to a strong lift of 6.5 per cent to public transportation costs. Alcoholic beverages increased by 1.6 per cent and tobacco products and recreational cannabis prices increased by 5.5 per cent.

Gasoline prices at self-serve pumps continued to decline in Ottawa-Gatineau and Toronto despite the presence of the carbon tax. In Toronto prices stood at 127.7 cents per litre, down 7.0 per cent year-over-year, while in Ottawa-Gatineau prices stood at 127.8 cents per litre, down 6.6 per cent year-over-year. In Thunder Bay, gasoline prices stood at 145.3 cents per litre, up 2.5 per cent year-over-year. Thunder Bay prices lagged only Vancouver and Victoria in terms of most expensive among metro centres surveyed.

Net population growth slowed down year-over-year in Ontario in the first quarter of 2019

Ontario's population increased by 43,692 net new Ontarians to over 14,420,000 at the start of the second quarter. Despite quarter-over-quarter net growth of 0.3 per cent, the rate of population growth year-over-year has slowed down to 1.7 per cent from 1.8 per cent in the fourth quarter of 2018. At the start of the second quarter of 2018, Ontario's population increased by 55,355 net new Ontarians, which equates to a 21.1 per cent drop in net population growth year-over-year. At the start of the second quarter of 2018, Ontario's

net population gain accounted for 53.1 per cent of Canada's net population gain. In 2019, this figure fell to 44.4 per cent.

International migration accounted for an 80.7 per cent share of the net population growth in the first quarter of 2019. Permanent residents made up 66.9 per cent of the international migration growth while non-permanent residents made up the remaining 33.1 per cent. Natural increase accounted for 15.9 per cent and interprovincial migration accounted for 3.4 per cent.

In the first quarter of 2019 all components of population growth posted weaker numbers compared to the first quarter of 2018. Interprovincial migration declined 57.7 per cent, international migration declined 20.3 per cent and natural increase declined 9.0 per cent.

With a slowing economy due to trade-related uncertainty, people are choosing not to relocate, and families are potentially holding off on adding to their families until the economic landscape clears up.

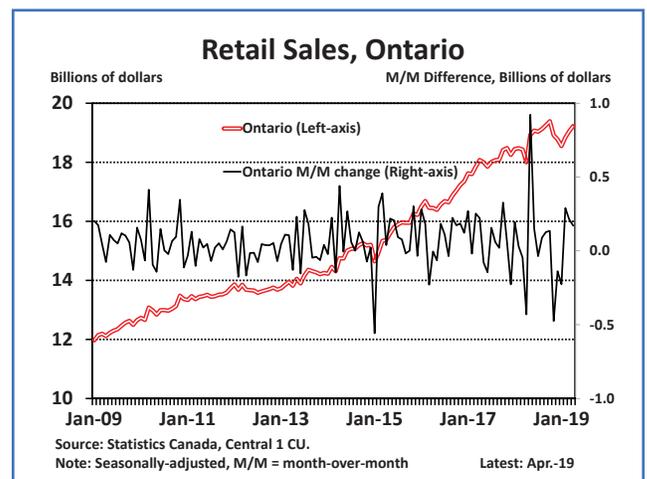
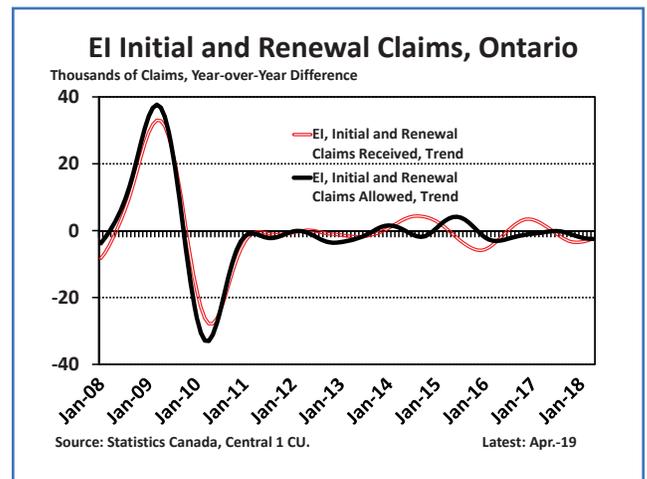
Employment Insurance beneficiaries fell by 1.2 per cent in April

Employment Insurance (EI) beneficiaries decreased by 1.2 per cent, or 1,340 net beneficiaries, in April after two consecutive months of no change or gains. The month-over-month decline in beneficiaries came from a broad-based decline in census metropolitan areas (CMA) (1.4 per cent drop or 1,150 net beneficiaries), census agglomerations (1.2 per cent drop or 160 net beneficiaries) and rural areas (0.2 per cent drop or 30 net beneficiaries). Almost all CMAs posted lower EI beneficiaries with a few exceptions, including:

- Ottawa-Gatineau (2.6 per cent increase or 140 net beneficiaries)
- Windsor (4.7 per cent increase or 160 net beneficiaries)
- Greater Sudbury (1.5 per cent increase or 30 net beneficiaries)
- Thunder Bay (4.5 per cent increase or 60 net beneficiaries)

Like the drop in beneficiaries across all geographical areas, a large broad-based drop by occupation occurred in April with few exceptions, including:

- Management occupations (net increase of 40 beneficiaries)
- Health Occupations (net increase of 20 beneficiaries)



- Sales and Service Occupations (net increase of 10 beneficiaries)
- Manufacturing and Utilities Occupations (net increase of 120 beneficiaries)

By age group, all but the youngest workers (15 to 24 years of age), posted less people on EI benefits in April.

Finally, seasonally adjusted initial and renewal EI claims decreased by 3.5 per cent to 74,090 total claims in April.

Retail sales increased by 0.9 per cent in Ontario in April

Ontario's retail sales increased by 0.9 per cent in April to \$19.2 billion and marked three consecutive months that retail sales have increased (all figures seasonally adjusted unless otherwise stated).

Retail sales in the Toronto CMA increased by 1.1 per cent to \$8.0 billion while sales in other parts of Ontario increased by 0.8 per cent to \$11.2 billion. Sales in Toronto accounted for 41.9 per cent of total retail sales

in Ontario—a slight increase from the 41.8 per cent share in March.

Month-over-month retail sales were lifted by increased sales at motor vehicle and parts retailers (2.0 per cent increase), health-related retail sales (1.8 per cent increase) and gasoline station sales (0.8 per cent increase).

Over the first four months of 2019, Ontario's retail sales were up 3.5 per cent to \$67.4 billion from the same period in 2018. Sales in the Toronto CMA are up 5.2 per cent to \$28.2 billion and sales in all other parts of Ontario are up 2.2 per cent to \$39.2 billion.

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