

Highlights:

- Shedding of construction and manufacturing jobs dampened goods-sector hiring in April
- Small business confidence increased for the second consecutive month in June
- Toronto's new apartment price index slowed down to 7.4 per cent in the first quarter of 2019
- Large boost in non-U.S. visitors lifted total tourism numbers by 2.1 per cent in April
- Canadian GDP increased in April, but transportation equipment manufacturing gave back significant growth

Payroll employment increased at a slower rate in April

Total payroll employment increased by 0.1 per cent in April, which is half of the 0.18 per cent growth posted in March. A total of 5,800 net workers were put on payroll in the services sector in April, while the goods sector continued to shed jobs for the second consecutive month. Within the goods sector, the job losses were in construction, manufacturing and utilities.

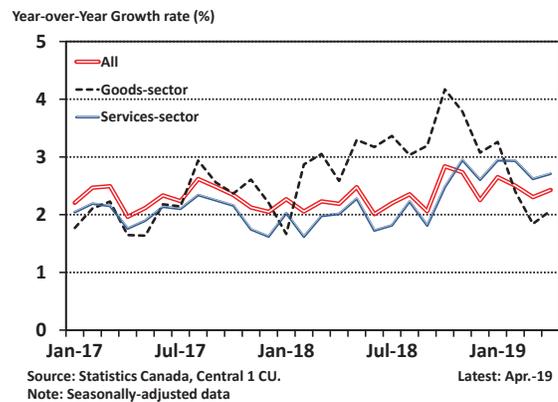
In the services sector, a few large sectors shed jobs including health and social assistance, administrative and support, waste management and remediation services, accommodation and food services, and trade. Yet, losses in these sectors were offset in other areas including information and cultural industries, finance and insurance, professional, scientific and technical services, management of companies and enterprises, and real estate and rental and leasing.

Year-over-year, hiring increased by 2.4 per cent in April up from 2.3 per cent in March due to stronger hiring in goods (up 2.1 per cent) and services (up 2.7 per cent)

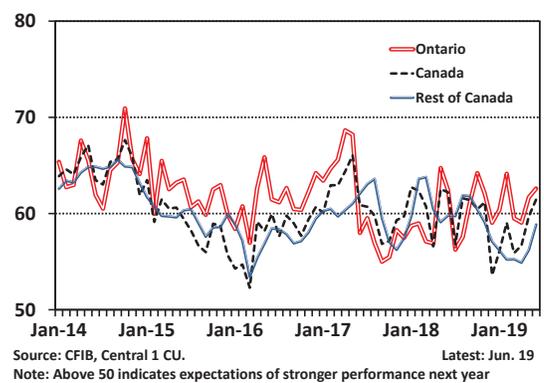
Average weekly earnings growth increased by 0.6 per cent in April due to a 1.1 per cent increase in the goods sector and a 0.5 per cent increase in the services sector. Year-over-year, the fixed-weight index increased by 2.5 per cent in April up from the 2.0 per cent posted in March.

A strong need for skilled labour, particularly in technical fields, may be the reason for the continued year-over-year jump in the fixed-weight wage index.

Payroll Employment, Ontario



Small-business Confidence



Decreased business investment and prudent home buying activity continued to affect construction and manufacturing jobs.

Small business confidence came in above the monthly long-term trend in June

Small business confidence in Ontario increased for the second consecutive month in June, although by a lesser margin, with an index reading of 62.6 points up from 61.7 points in May and 59.1 points in April. June's reading placed Ontario in fourth place for small business confidence, just behind Prince Edward Island, Quebec and Nova Scotia.

Employment plans weakened with 17 per cent of entrepreneurs looking to hire and 10 per cent expecting to cut staff. About 43 per cent of respondents said their firms are in good shape, while 11 per cent said their businesses are in bad shape.

Nearly half of the small businesses surveyed felt that skilled labour shortages affected sales and growth prospects. This in an issue that was cited in Statistics Canada's *Job Vacancy and Wage Survey*. Among major costs constraints for small businesses, more than half felt fuel and energy costs were a major issue. The introduction of the carbon tax in Ontario has continued to be a pressure point for businesses.

Year-to-date, June's reading was the first to correspond with its long-term monthly trend and was nearly identical to last year (up 0.2 points in 2019).

Toronto's new apartment price index slowed down in the first quarter of 2019

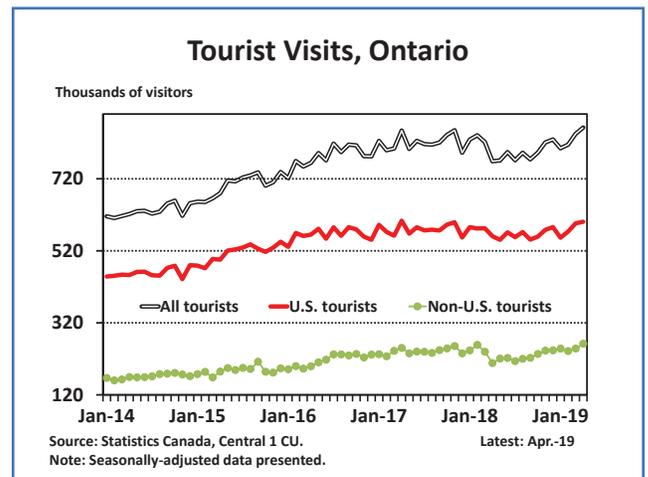
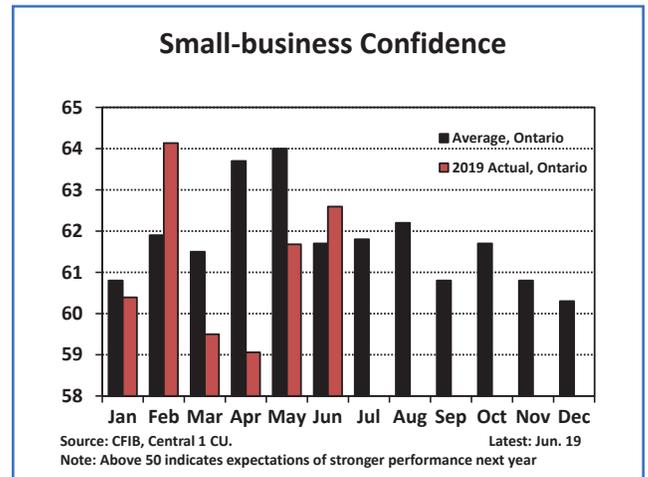
Statistics Canada's new apartment price index¹ continued to climb for the fifth consecutive quarter year-over-year. This is a new experimental index that surveys six major centres across Canada including the Toronto Census Metropolitan Area (CMA). In the first quarter of 2019, the overall index increased by 5.5 per cent up from 3.1 per cent in the fourth quarter of 2018. The gains were mostly driven by higher prices in the Toronto and Vancouver CMAs. Like the overall index, the Toronto CMA index has increased for five consecutive quarters. Yet, new apartment prices slowed in the first quarter of 2019 (down 7.4 per cent) over the last quarter of 2018 (down 8.2 per cent).

Toronto's new apartment construction is robust and has averaged 73.6 per cent of all new construction in Ontario over the last five quarters. Year-over-year, new apartment construction while still robust in the Toronto CMA, declined by 38.1 per cent year-over-year in the first quarter. Despite strong population growth supporting new housing demand, a slowing economy and tighter mortgage lending rules may be the reason for slower price growth and fewer sales.

Tourist visits to Ontario move up 2.1 per cent in April

Tourism to Ontario in April increased by 2.1 per cent or 17,608 net tourists over March (all figures are seasonally adjusted by Statistics Canada unless otherwise noted). The gain in visitors to Ontario came, almost wholly, from non-U.S. visitors. Non-U.S. tourists increased by 5.4 per cent, or 13,379 net tourists, while U.S. tourists increased by 0.7 per cent, or 4,229 net tourists. Despite the 2.1 per cent gain in total visits, the rate of growth slowed down from the 3.7 per cent in March. Regardless of the slower rate of

¹ Composite includes the CMAs of Montreal, Ottawa-Gatineau, Toronto, Calgary, Vancouver, and, Victoria



growth, tourist visits to Ontario increased for the third consecutive month in April.

Most of the non-U.S. visitors came from Asia, other parts of North America, Central America and the Caribbean. Visits from tourists hailing from Europe and Oceania declined by 2.1 per cent and 2.3 per cent month-over-month respectively.

Year-to-date, total tourism numbers are up 2.0 per cent from the same period last year. U.S. tourist visits are slightly up by 0.7 per cent, while non-U.S. visits are up by 5.3 per cent. Over the first four months of 2019, tourist visits to Ontario accounted for nearly half (46.4 per cent) of all tourist visits to Canada thus far.

Motor vehicle and parts manufacturing posted a strong GDP contraction in April

Canadian seasonally adjusted at annual rate (SAAR) gross domestic product (GDP) advanced an additional 0.3 per cent in April adding to the 0.5 per cent growth in March. Both the goods and services sectors contributed to GDP growth advancing an additional 0.4 per cent and 0.2 per cent respectively.

The manufacturing sector nearly erased all growth posted in March when it contracted by 0.8 per cent in April. Motor vehicle and parts manufacturing helped pull down overall manufacturing when it fell by 7.2 per cent. By sub-sector all areas of motor vehicle and parts manufacturing contracted month-over-month and year-over-year. The two largest sub-sectors posted steep declines:

- Motor vehicle manufacturing (fell 7.7 per cent month-over-month and 13.7 per cent year-over-year)
- Motor vehicle parts manufacturing (fell 7.6 per cent month-over-month and 11.6 per cent year-over-year)

Edgard Navarrete

Regional Economist

Central 1 Credit Union

enavarrete@central1.com / P 905 282 8501

www.central1.com

