

Highlights:

- Services-sector job growth pulled up overall non-farm employment in May
- Small businesses in Ontario reported the largest drop in confidence among all provinces in July
- Strong contraction in new passenger vehicle sales pulled down total sales in May
- Tourist visits increased by 0.3 per cent in May

Non-farm payroll employment continued to grow on service sector strength

Non-farm payroll employment increased further in May by 0.2 per cent adding to the 0.1 per cent growth posted in April. Growth in service sector hiring offset jobs shed in the goods sector.

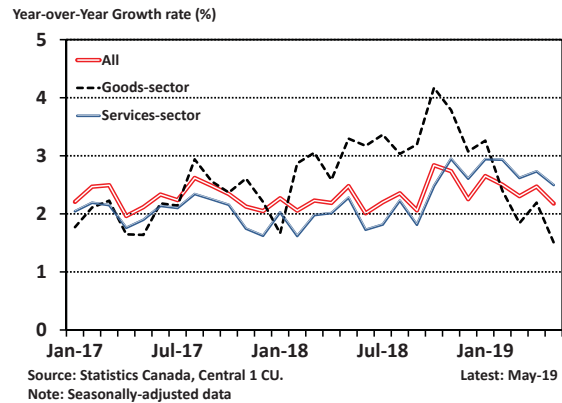
Total hiring in the goods sector was pulled down by job losses in mining, quarrying, oil and gas extraction, utilities and construction. In the service sector, growth in large areas of the economy such as health and social assistance, finance and insurance, transportation and warehousing and professional, scientific and technical services helped lift overall hiring in May.

Year-over-year overall non-farm hiring is up 2.2 per cent with goods sector hiring up 1.5 per cent and services sector hiring up 2.5 per cent.

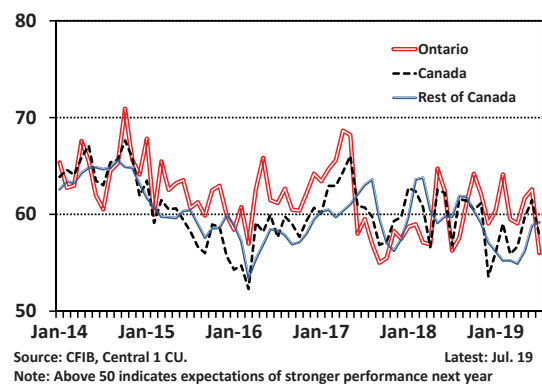
Average weekly earnings increased by 1.2 per cent in May, mostly due to higher wages in services (up 1.3 per cent or \$12.56 net). Goods sector average weekly earnings also increased supporting the upward movement in wages but at a slower rate (0.7 per cent or \$8.43 net). Year-over-year, the fixed-weight index increased by 2.8 per cent in May—a strong jump from the 1.7 per cent posted in April.

Employers continue to face shortages of talent in technical services, which has continued to put upward pressure on wages in hopes of attracting more talent either from other parts of Canada or abroad.

Payroll Employment, Ontario



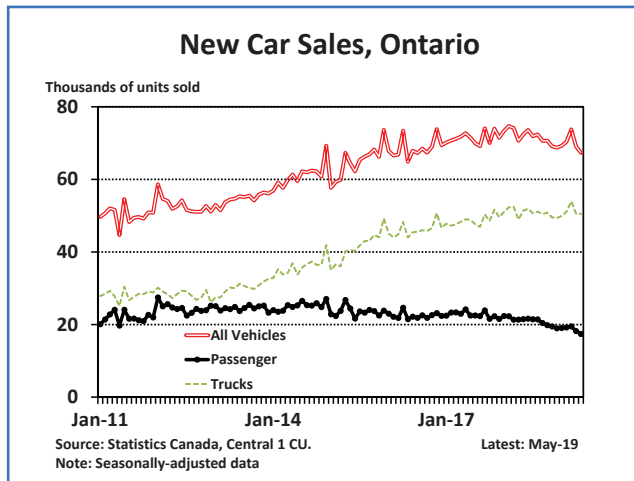
Small-business Confidence



Small-business confidence in Ontario fell sharply in July

Small business confidence took the biggest month-over-month downward turn of 2019 in June falling by 6.6 points from June's Canadian Federation of Independent Business' (CFIB) Business Barometer[®] survey to 56.0 points in July. With July's deep fall in consumer confidence, Ontario's small businesses are near the bottom compared to Canada's other nine provinces. Ontario's month-over-month drop is the largest fall in confidence in the country.

Employment plans are neutral with equal shares of entrepreneurs looking to hire as to cut back jobs. About 43 per cent of respondents said their firms are in good shape, while 10 per cent said their businesses are in bad shape.



Skilled-labour shortages continue to weigh on sales and production growth for the small businesses surveyed in Ontario. Fuel and energy costs continue to be a major constraint faced by businesses.

The inability of businesses to find talent is likely a reason, among others, for pulling down business confidence. An inability to find talent affects their production and expansion plans.

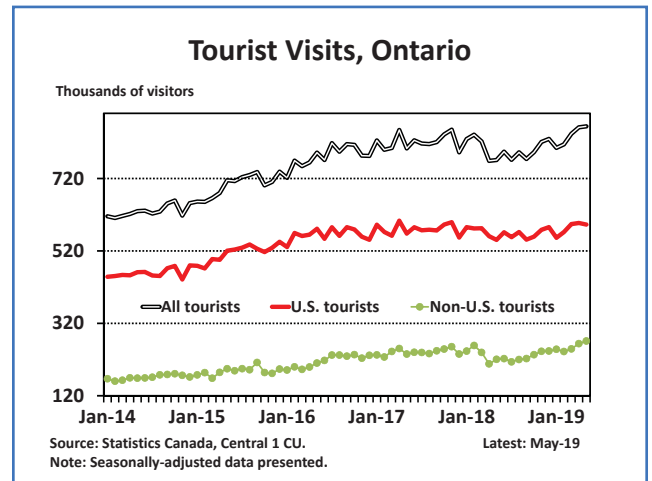
New car sales fell for the second consecutive month in May

The carbon tax on gasoline purchases and weaker consumer confidence continues to pull down new car sales in Ontario.

Total new car sales declined for the second consecutive month in May by 2.5 per cent adding to the 6.4 per cent decline in sales in April. The declines were due to a 4.4 per cent contraction in passenger vehicle sales, while truck vehicle sales remained relatively unchanged. With June's data, new car sales are lagging the monthly average from 2016 to 2019 by 0.9 per cent.

The average new car price increased by 1.1 per cent in June to \$43,690 mostly due to higher prices for trucks, which moved up 2.6 per cent to \$47,380. Passenger vehicles' average price inched up by 0.2 per cent to \$34,937.

Year-to-date, new car sales are down 4.2 per cent mostly due to weaker passenger vehicle sales which are down by 14.2 per cent. Truck vehicle sales are unchanged from last year. Average price growth for all new car vehicles is up 2.4 per cent with the average price of passenger vehicles up 1.8 per cent and the average price of trucks up 1.4 per cent.



Strong growth in non-U.S. tourist visits helped lift total tourist numbers in May

Tourist visits to Ontario increased for the fourth consecutive month in May by 0.3 per cent, or 864,085 total visitors. This was due to strong 2.7 per cent growth in non-U.S. tourist visits, which more than offset a 0.7 per cent loss in U.S. tourist visits. Stronger gains in non-U.S. tourist visits over the last few months has contributed largely to the month-over-month growth.

Over the first five months of the year, tourist visits to Ontario are 3.9 per cent above the pace set last year at 4.0 million total visitors. U.S. tourist visits and non-U.S. tourist visits are up 1.8 per cent and 8.9 per cent respectively. Non-U.S. visits accounted for 30.4 per cent of total visitors from January to May this year.

Increased visitors hailing from Europe and Asia helped lift non-U.S. tourist visits in May. Visitors from Europe increased by 9.2 per cent and visitors from Asia tourist increased by 1.0 per cent. Visitors from all other regions recoiled during the month. Over the first five months of 2019, strong growth in tourist visits from people hailing from Europe, Africa, Asia, North and Central America and the Caribbean contributed to year-to-date growth.

Edgard Navarrete

Regional Economist

Central 1 Credit Union

enavarrete@central1.com / P 905 282 8501

www.central1.com