

Highlights:

- Eroding business confidence dampened new hiring in June
- Small businesses regained half of the optimism lost last month in August
- Motor vehicle and parts manufacturing increased by 1.4 per cent in June

Non-farm hiring declined in June, halting several consecutive months of growth

Non-farm payroll employment declined in June by 0.1 per cent halting five months of growth. Hiring in services was nearly unchanged and grew by 0.03 per cent month-over-month in June, while the goods sector contracted by 0.4 per cent. June's contraction in the goods sector marked two consecutive months of less hiring in this sector.

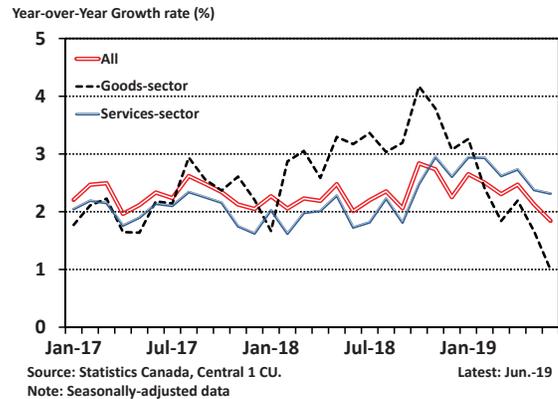
In June, all good sectors surveyed posted fewer new hires. Among the large areas in this sector, construction shed 877 jobs and manufacturing shed 2,412 jobs. In the services sector, trade shed 4,026 jobs, transportation and warehousing shed 790 jobs, accommodation and food services shed 1,266 jobs and public administration shed 1,544 jobs, which kept hiring in this sector nearly unchanged.

Year-over-year, non-farm hiring is up 1.8 per cent with goods sector hiring up 1.0 per cent—slower than the 1.7 per cent posted in May. Services hiring is up 2.3 per cent from 2.4 per cent posted in May.

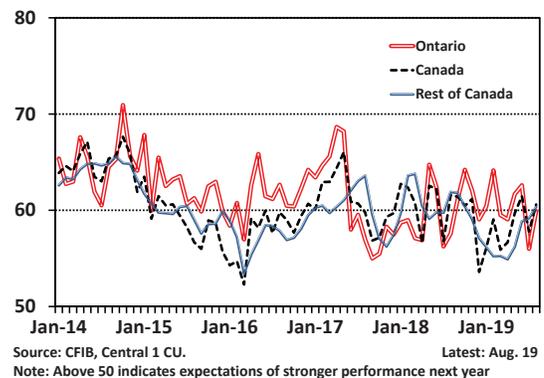
Average weekly earnings declined by 0.9 per cent in June to \$1,041.77 due to declines in average weekly earnings in both the goods and services sector. Average weekly earnings in the goods sector declined by 0.9 per cent to \$1,236.61 and average weekly earnings in the services sector declined by 0.8 per cent to \$1,000.38. Year-over-year, the fixed-weight index grew by 5.0 per cent in June, a very strong jump from the 2.3 per cent posted in May.

Business confidence has eroded and this has tempered hiring in many sectors. The ongoing China and U.S. trade spat is keeping many hiring managers tense and unable to expand their operations.

Payroll Employment, Ontario



Small-business Confidence



Businesses more optimistic in August

Small businesses in Ontario were more optimistic in August recouping half the confidence points lost in July with the index moving up from 56.0 points to 59.9 points according to the latest Canadian Federation of Independent Business' Barometer index. With the surge in optimism, Ontario placed middle of the pack among the ten other provinces. Canadian small business confidence moved up 2.8 points in August to 60.6 points due to gains in eight of ten provinces.

Despite the month-over-month momentum over the longer-term, optimism in 2019 remains lower than the long-term monthly average of the index. Over the first eight months of the year, Ontario's index values lagged the average six of the first eight months.

Employment plans remained in neutral with equal shares of employers looking to add staffing as to cut back. Despite the gain in optimism, the general state-of-business deteriorated slightly. About 40 per cent of respondents said their firms are in good shape

(down from 43 per cent in July), while 9 per cent said their businesses are in bad shape (down from 10 per cent in July).

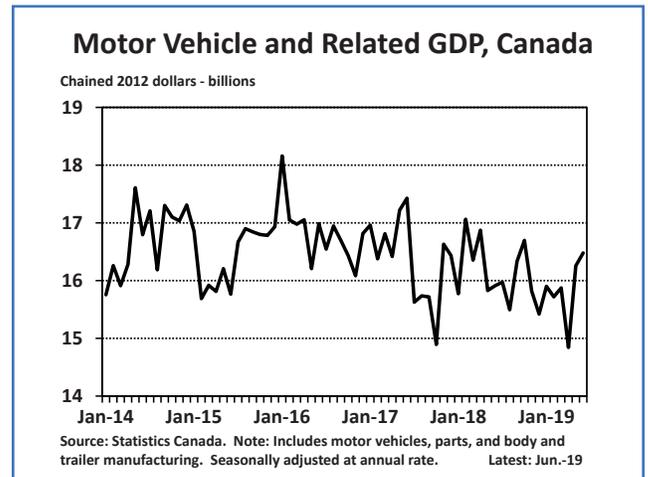
Skilled labour shortages continue to weigh on sales and production growth for the small businesses surveyed in Ontario. Fuel and energy costs continue to be a major constraint faced by businesses.

Total manufacturing declined in June, but motor vehicle manufacturing and parts posted growth

Canadian goods domestic product (GDP) advanced an additional 0.2 per cent in June adding to the 0.2 per cent growth in May (figures are seasonally adjusted at annual rate). Moreover, Canadian GDP has now expanded four consecutive months. The expansion in June came from growth in services (0.3 per cent) while the goods sector declined (0.2 per cent) after three consecutive months of growth.

Manufacturing continued to flip flop in June. Since the start of 2019, this sector continues to post one month of growth and a claw back the next. June represented a decline of 1.4 per cent. Not all areas of manufacturing declined though, others, like transportation equipment manufacturing, posted 0.1 per cent growth. Motor vehicle and parts manufacturing moved up 1.4 per cent in June due to growth in motor vehicle manufacturing (0.4 per cent) and motor vehicle parts manufacturing (3.1 per cent). Motor vehicle body manufacturing declined in June by 5.3 per cent.

The Toronto Raptor's run for the championship had positive spillover effects, particularly in the services sector and thus the GDP growth in June. Overall manufacturing continued to flip flop, likely due to shaky business confidence keeping investment in check.



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