

Highlights:

- Strong hiring in the services sector in July lifts non-farm payroll hiring in Ontario and reverses June job losses
- Small business confidence edges higher in
- New car sales increased in July on increased sales of passenger vehicles
- A surge in U.S. tourists lifts overall tourism numbers in June despite a drop in the number of tourists from Asia

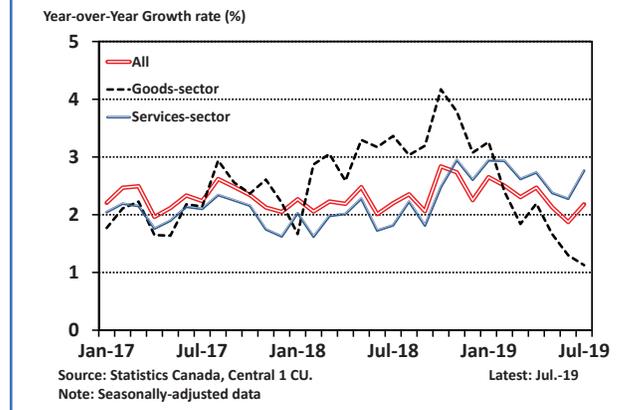
Services-sector hired over 28,000 new workers in July more than offsetting all the job losses in June

June's decline in non-farm payroll employment was reversed in July. After falling 0.1 per cent last month employment turned around by 0.4 per cent. The 4,000 plus shedding of jobs in June was more than off-set in July with nearly an eight-fold increase in hiring. The jump in hiring in July came mostly from the services sector which hired over 28,000 new workers, a month-over-month growth rate of 0.5 per cent. The goods-sector also contributed but at a much more modest rate. In July, over 1,300 new workers were hired in the goods-sector, a month-over-month growth rate of 0.1 per cent.

In the goods-sector manufacturing shed over 700 jobs in July over June which were more than off-set by gains to utilities (505 net new hires) and construction (1,581 net new hires). In the services sector only retail trade (1,069 jobs shed) and real estate rental and leasing (686 jobs shed) let workers go in July over June. All other areas hired more people among them: professional, technical, and scientific services (6,124 net new hires), health and social assistance (2,683 net new hires), and, educational services (2,645 net new hires).

Over the first seven months of 2019, non-farm payroll employment growth has averaged 2.3 per cent year-over-year per month slightly higher than the 2.2 per cent over the same period in 2018. By sector, growth in the services sector has averaged 2.7 per cent year-over-year per month in 2019, much higher than the 1.9 per cent monthly average over 2018. The goods-sector

Payroll Employment, Ontario



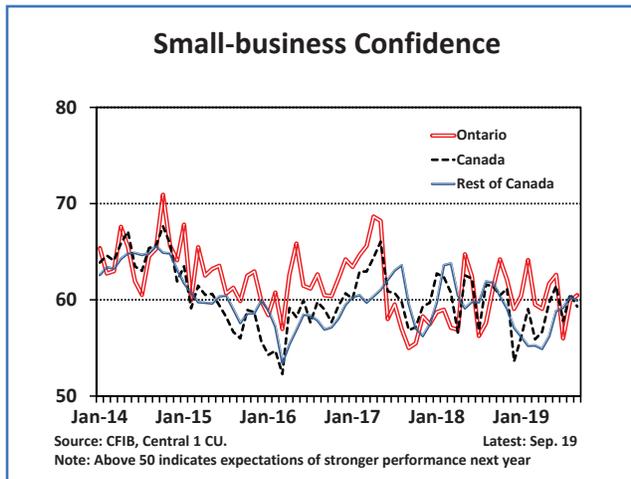
continues to lag growth posted last year. Year-to-date goods-sector hiring growth has averaged 2.0 per cent, well below the 2.9 per cent growth posted last year. Strong hiring, particularly in the services sector continues to pull down the job vacancy rate in Ontario. Despite slower wage growth many employers, especially those in not very technical industries, are able to take advantage of a continued influx of potential labour into Ontario; either from abroad or from other parts of Canada to fill much needed vacancies. The skilled labour shortage in Ontario is focused in highly technical roles such as professional and scientific services, health services, and, advanced manufacturing. These areas are hiring strongly, but their sector growth is so strong that despite increased hiring there is further hiring that is needed to fill all the roles. A changing economy dictates new skill needs and these highly technical roles are difficult to fill.

Continued trade uncertainty and steel and aluminum tariffs earlier in the year depressed production in the goods-sector particularly auto manufacturing and machinery manufacturing, two large sectors in Ontario and may have led to less hiring.

Average weekly earnings increased by 1.0 per cent in July due to growth in both the goods-sector (0.9 per cent) and the services-sector (1.1 per cent). Year-over-year, the fixed-weight index grew by 4.1 per cent in July, a slightly slower rate of growth from the 4.8 per cent posted in June.

Small business confidence boosted slightly in September

Small businesses confidence in Ontario continued moving up in September, although by a smaller margin



than the growth in August. After moving up 3.9 points in August to 59.9 points the index moved up an additional 0.6 points in September to 60.5 points. With that, Ontario's confidence reading is slightly above the national average of 59.3 points. Nationally, a drop in small business confidence in half the country's provinces pulled down the national average in September.

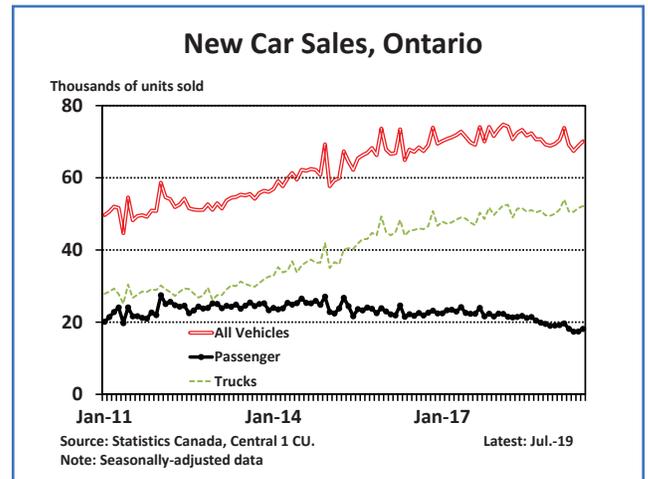
Similar to August, despite a month-over-month boost to confidence the index in September remains below what the long-term reading for this month is. Also, over the first nine months of the year Ontario's small business confidence has been higher than this long-term monthly average, only twice- in February and June.

Employment plans improved somewhat with 17 per cent of employers looking to hire and 13 per cent planning on layoffs. The general-state-of-business also had better readings this month. About 47 per cent of respondents said their firms are in good shape (up from 40 per cent in August), while 12 per cent reported their businesses in bad shape (up from 9 per cent in August).

A skilled-labour shortage remains the biggest barrier to sales and production growth. The results showed 26 per cent of respondents felt insufficient domestic demand was also a barrier to growth.

Strong passenger vehicle sales lifts total new car sales in July

New car sales continued to increase in July, moving up 1.8 per cent to 70,095 units, adding to the 2.1 per cent growth in June. Sales in July were supported mostly by passenger vehicles sales which increased by 4.2 per cent, while truck sales increased by 1.0 per cent. The sales activity in July is a reversal from a



long-standing trend where truck sales activity overshadows passenger vehicle sales.

The average new car price was nearly unchanged in July inching down 0.2 per cent to \$43,366. The average price for a new passenger vehicle saw a similar decline in July of 0.2 per cent to \$34,210 while the average truck price inched up slightly by 0.1 per cent to \$46,507. Year-over-year, the average new car price is up 3.0 per cent due to stronger growth to passenger vehicle prices (4.6 per cent) compared to trucks (1.0 per cent).

Year-to-date, total new car sales remained 4.2 per cent off last year's pace due to a strong 15.1 per cent drop to passenger vehicle sales that could not be offset by a 0.4 per cent increase in truck sales. Average new car price is up 2.6 per cent to \$43,158 due to 2.2 per cent growth in passenger vehicle prices to \$34,287, and a 1.5 per cent increase in truck prices to \$46,366.

Pick-up in U.S. tourists taking road trips to Ontario helped lift overall tourist visits in July

In July, tourist visits to Ontario rebounded very modestly by 0.4 per cent, or 3,495 net new visitors, after declining by 1.0 per cent in June. Of those net new visitors most came from the U.S. (2,675 net tourists) and with summer season in full swing took advantage of proximity with nearly 90 per cent visiting Ontario by car. Visitors from other parts of the world, except the U.S., made up the other net 820 visitors.

Over the first seven months of the year, strong tourist visits over the first few months of 2019 have kept total tourist visits to Ontario in 2019 comfortably above last year's pace. Year-to-date, total tourist visits remained

5.0 per cent above last year's pace with U.S. tourist visits 3.0 per cent above pace and non-U.S. visits 10.0 per cent above pace.

By source region, tourists from Europe and North American and the Caribbean (excluding the U.S.) contributed to tourist visit growth in July. European visits increased by 3.1 per cent in July while North American and Caribbean tourist visits increased by 1.4 per cent. Visits from Asian tourists, another large source area of tourists to Ontario, declined in July by 0.8 per cent. Gains in visitors from the other two previously mentioned regions though were able to offset declines from Asian tourists. The diplomatic spat between Canada and China is putting some downward pressure on movements of people from either country. For example, Canadian authorities are advising Canadian travelers to abstain from non-essential travel to China. Likely, China is advising the same to its citizens.

Over the first seven months of 2019, tourist visits remained above last year's pace for all regions of the world except South America which remains 3.6 per cent lower this year than the pace set last year at the same time.

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