

Highlights:

- Tourist visits grew very modestly in August due to a large drop in U.S. visitors
- A general drop in retail sales, not only in Toronto, pulled down Ontario sales in August
- Over 1,700 fewer people on Employment Insurance benefits in August

A rebound in Chinese tourist visits helps offset large drop in U.S. visitors

Tourist visits to Ontario remained fairly unchanged in August over July moving up only 0.4 per cent mostly due to a large contraction in visits from U.S. tourists. In August visitors hailing from the U.S. fell sharply by 1.2 per cent halting two consecutive months of modest growth. Visits from non-U.S. tourists increased significantly by 4.3 per cent in August which was able to offset the losses in U.S. visitors.

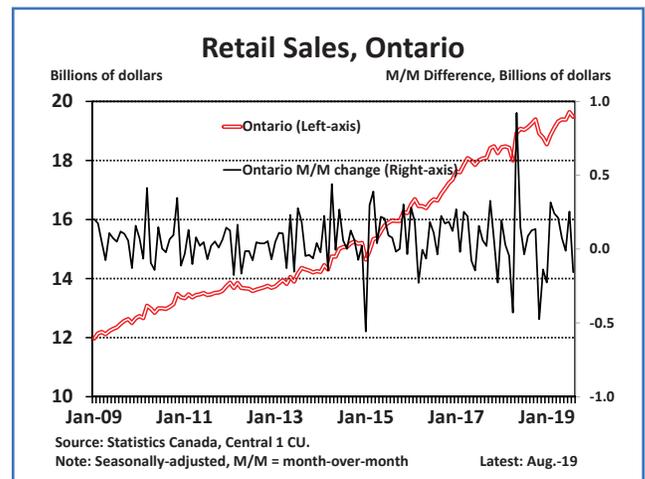
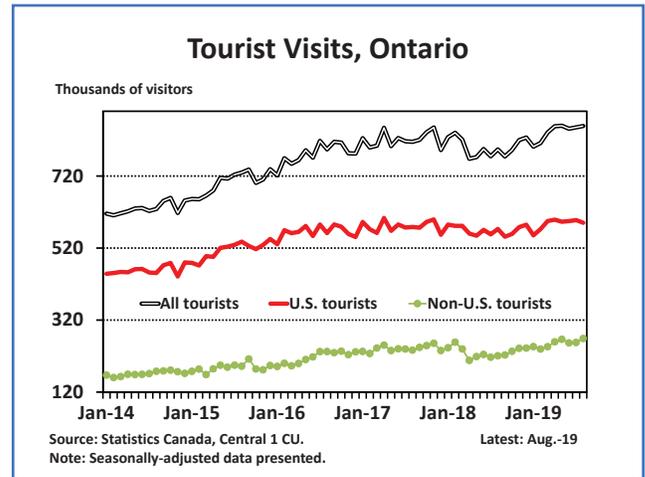
Strong gains in non-U.S. visitors from Asia (up 8.1 per cent), North America and the Caribbean (up 2.5 per cent) and South America (up 7.3 per cent) helped lift total non-U.S. visitor numbers in August. In particular, visits from Chinese tourists picked-up again after a couple of weak months and visits from Brazilian tourists, which picked-up in August, helped lift overall non-U.S. visits.

Year-to-date, total tourist visits to Ontario remained 5.4 per cent above last year's pace with U.S. visits up 2.9 per cent and non-U.S. visits up by 11.5 per cent.

Retail sales slowed down in August by 0.8 per cent

After posting gains in July Ontario's retail sales fell back in August by 0.8 per cent to \$19.5 billion. Nationally, retail sales also recoiled by 0.1 per cent to \$51.5 billion due to lower retail sales in four provinces and much slower sales growth in several others.

Lower sales in large retail areas such as motor vehicle and parts, building materials, and health-related goods



or services dampened overall sales in August.

Sales in the Toronto Census Metropolitan Area (CMA) fell significantly by 1.5 per cent in August to \$8.0 billion, sales in all other regions in Ontario excluding the Toronto CMA also declined by 0.3 per cent to \$11.5 billion.

Year-to-date, retail sales in Ontario remained 2.8 per cent above last year's pace. In Toronto CMA sales remained 4.1 per cent above pace while in areas excluding the Toronto CMA sales also remained 2.0 per cent above pace.

A large drop in Employment Insurance beneficiaries in urban centres helped pull down Ontario's totals by 1.4 per cent

Ontario's Employment Insurance (EI) beneficiaries dropped dramatically in August over July by 1,730 net beneficiaries or 1.4 per cent due to a general fall of

people using this benefit in Ontario with most of the drops occurring in urban centres. In Census Metropolitan Areas (CMAs) net beneficiaries fell by 1,450 while in Census Agglomerations (CAs) net beneficiaries fell by 110.

Of the 1,730 net fewer beneficiaries in August the largest drop in users of EI came from those workers between 25 and 64 years of age, over 94 per cent of the net drop came from this age cohort. People on EI between 25 and 44 years old have posted two consecutive months of declines in EI use, while older workers 45 to 64 years old posted a robust drop of 2.5 per cent in August after moving up 2.0 per cent in July.

By occupation, over half of the 11 categories surveyed reported fewer people on EI benefits. Among the large occupation sectors in Ontario of the total net drop in users in August the following reported significant declines:

- Trades, transport and equipment operators and related occupations (down 650 net beneficiaries)
- Occupations in manufacturing and utilities (down 830 net beneficiaries)
- Business, finance and administration occupations (down 120 net beneficiaries)
- Management occupations (down 140 net beneficiaries)

With non-residential investment intentions still strong in Ontario, particularly due to growth in commercial and institutional projects, the need for labour such as trades has increased and thus the drop in people on EI benefits. Increased production in Ontario auto plants, after a period of typical summer layoffs to retool, has pulled back people who work in manufacturing to the labour force.

It was mentioned at the start of this section that most of the drop in net beneficiaries occurred in urban centres. The following CMAs posted significant drops to net beneficiaries in August over July:

- Toronto (down 920 net beneficiaries)
- Windsor (down 230 net beneficiaries)
- Kitchener-Cambridge-Waterloo (down 100 net beneficiaries)
- Ottawa-Gatineau (down 90 net beneficiaries)

Seasonally adjusted initial and renewal claims decreased by 2.7 per cent in August to 73,220 total claims. August's total claims were 4.2 per cent lower than the long-term monthly average.

Edgard Navarrete

Regional Economist

Central 1 Credit Union

enavarrete@central1.com / P 905 282 8501

www.central1.com