

### Highlights:

- Decelerating goods prices kept headline inflation unchanged in October
- Weaker sales in several durable and non-durable goods sectors kept overall manufacturing sales growth nearly unchanged in September
- Tourist visits nearly unchanged for the second consecutive month in September
- Retail sales rebounded slightly in September after posting weaker sales in the previous month

### Headline inflation remained unchanged in October at 1.7 per cent

Headline inflation remained unchanged in October over September at 1.7 per cent. Price growth for goods continued to slow down, posting 1.1 per cent growth after a 1.3 per cent growth in September. The slowdown in goods prices was driven by decelerating growth of durable and semi-durable goods. Non-durable goods posted modest price acceleration, moving up to 2.1 per cent from 1.9 per cent in the previous month. Service prices ramped up, coming in at 2.1 per cent up from 1.9 per cent in September.

Food prices increased by 3.5 per cent in October and have remained at this pace for three consecutive months after a period of price acceleration resulting from higher prices of food purchased from restaurants.

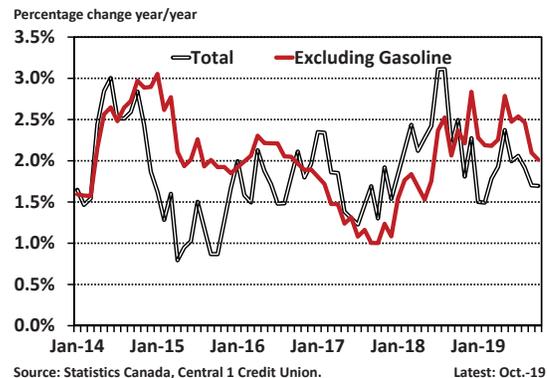
Shelter prices sped up from 2.9 per cent in September to 3.2 per cent in October, mostly as a result of gains to rental housing.

Clothing and footwear prices slowed down, posting 1.5 per cent growth, slower than the 2.6 per cent posted in October. Much of the slowdown in this segment was due to slower price growth of clothing and clothing accessories watches.

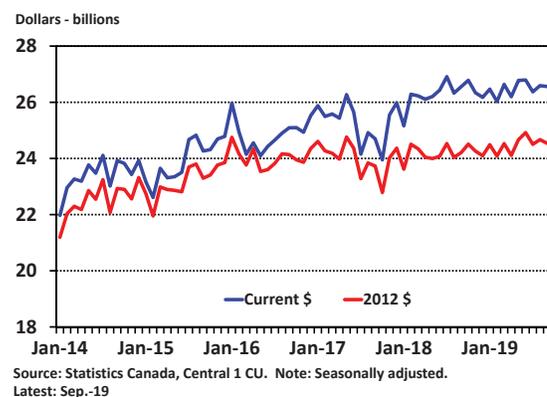
Transportation prices increased slightly, moving up to 2.0 per cent from 1.8 per cent in October due to an uptick in private transportation prices, while public transportation prices slowed down sharply.

Energy prices fell 1.7 per cent in October, while gasoline prices fell 4.7 per cent.

### Consumer Price Index, Ontario



### Manufacturing Sales, Ontario



General prices increased by 1.1 per cent in Thunder Bay (up 0.2 percentage points), while prices in Toronto remained unchanged (1.7 per cent) and prices in Ottawa-Gatineau slowed down slightly to 2.0 per cent (down 0.1 percentage points).

### Ontario's manufacturing sales remained nearly unchanged in September after posting 0.8 per cent growth in August

Ontario's manufacturing sales remained nearly unchanged in September, edging down only 0.1 per cent to \$26.6 billion after posting 0.8 per cent growth in August. Nationally, manufacturing sales also edged down in September over August by 0.2 per cent to \$57.4 billion.

Weaker sales of non-durable goods and muted sales of durable goods kept overall sales activity in Ontario very modest in September. Sales of non-durable goods fell by 0.9 per cent in September and sales

of durable goods edged up only 0.3 per cent. Year-to-date, manufacturing sales remained 0.9 per cent above last year's pace. Durable sales remained 2.6 per cent above pace while non-durable sales remained 1.7 per cent below last year's pace.

In September, the following large sub-sectors posted activity, either up or down:

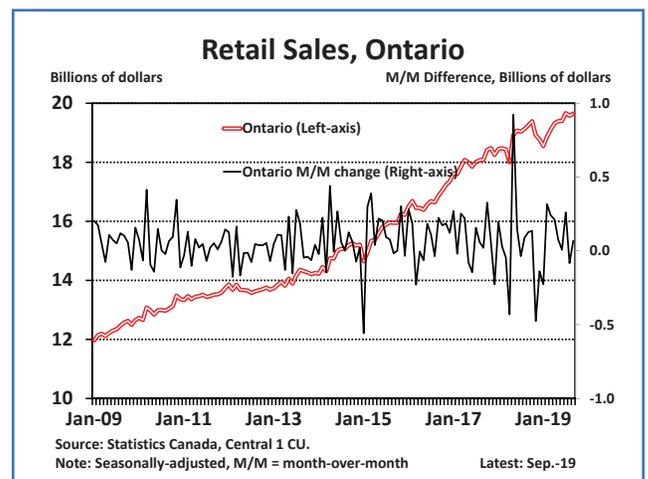
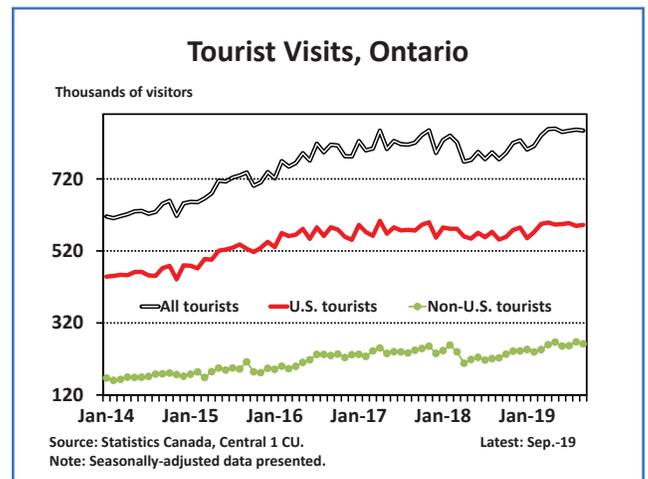
- Food manufacturing (up 0.3 per cent)
- Plastics and rubber products manufacturing (up 5.3 per cent)
- Primary metals manufacturing (up 6.2 per cent)
- Machinery manufacturing (up 4.2 per cent)
- Fabricated metal products manufacturing (up 2.0 per cent)
- Transportation equipment manufacturing (down 1.0 per cent)
- Paper manufacturing (down 3.9 per cent)
- Petroleum and coal products (down 9.5 per cent)

Shutdown at refineries and higher prices contributed to significantly lower sales of petroleum and coal products. Transportation equipment manufacturing sales volumes contracted due to the continued United Auto Workers (UAW) strike in the U.S. which disrupted production in Canada with plants having to scale back or totally stop production in September. Machinery manufacturing sales increased due to several large projects in commercial and service machinery industry and the metalworking machinery industries.

Year-to-date, manufacturing sales in the big three metro centres of Toronto, Hamilton, and Ottawa-Gatineau are still above last year's pace by 0.6 per cent. Together these three markets account for nearly 48 per cent of all manufacturing sales in Ontario and sales were 1.3 per cent above last year's pace. Difficulties in auto manufacturing, metal production and slower business investments have weighed on sales stemming from Ontario's three large markets.

### Tourist visits remained nearly unchanged again in September over August

Ontario's tourist visits remained nearly unchanged in September, falling by 0.3 per cent month-over-month and marking two consecutive months of nearly no change. While visits from U.S. tourists increased very slightly (up 0.5 per cent), visits from all other parts of the world excluding the U.S. fell sharply (down 2.0



per cent) and this aided in keeping overall visits nearly unchanged.

Non-U.S. tourist visits declined in September over August due to fewer visits from all areas of the world. Among typically large tourist source regions of the world, Asian tourist visits declined 4.8 per cent, European tourists' visits declined by 0.8 per cent, and South American tourist visits declined by 3.1 per cent.

Year-to-date, total tourist visits remained 5.9 per cent above last year's pace. Visits from U.S. tourists remained 3.4 per cent above pace and all other tourist visits remained 12.0 per cent above pace.

### Retail sales rebound slightly by 0.3 per cent due to stronger sales in Toronto

After a slight slow down in retail sales, volumes sales in Ontario returned to the black in September, moving up 0.3 per cent to \$19.6 billion. Nationally, sales edged down slightly by 0.1 per cent in September due to weaker sales in other provinces. Sales in the Toronto metro area which accounts typically for over 40 per cent of all retail sales volumes in the province moved

up 1.5 per cent to \$8.1 billion which helped offset the 0.5 per cent weaker sales growth in all other parts of Ontario except Toronto.

Lower sales at new car dealers, which could not be offset by increased sales at used car lots, pulled down the motor vehicle and parts dealers subsector. Gasoline station sales fell on lower prices at pumps.

Increased sales at supermarkets and liquor stores lifted receipts at food and beverage stores.

Finally, sales at building material and garden equipment dealers rose due to stronger sales at home centres which typically sell building materials, hardware, paint, wallpaper and related supplies.

Year-to-date, retail sales in Ontario remained 2.8 per cent above last year's pace, while in Toronto sales remained 3.9 per cent above pace. In the rest of Ontario sales remained 2.0 per cent above pace.

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**Edgard Navarrete**

Regional Economist

Central 1 Credit Union

enavarrete@central1.com / P 905 282 8501

www.central1.com