

Highlights:

- Shedding of jobs in goods and services sectors meant over 23,800 jobs were cut in September
- Small businesses continue to feel uneasy about future potential business prospects
- Canadian GDP continued to climb in September despite manufacturing posting weaker numbers

Non-farm payroll employment shed over 23,800 jobs in September across many categories

Ontario shed over 23,800 jobs in September due to a 0.4 per cent contraction in non-farm payroll employment, ending two consecutive months of job growth. The contraction in September came from both the goods sector (contraction of 0.4) and services sector (contraction of 0.2 per cent).

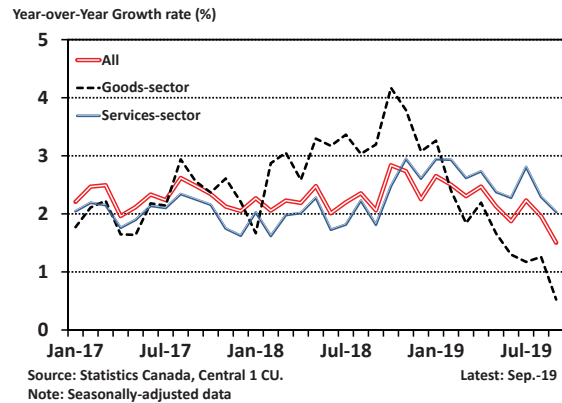
The shedding of 4,500 jobs in construction and manufacturing (two key areas in the goods-sector) - combined with 175 job losses in mining, quarrying, oil and gas extraction and utilities - contributed to the drag in this sector.

Services, an area that has for the most part been spared from the turbulence in the economy, also posted some strong job losses. Of the 15 categories surveyed each month, eight posted fewer jobs. Among the large sectors: retail trade; transportation and warehousing; real estate, rental and leasing; education and healthcare and social assistance experience deep job cuts.

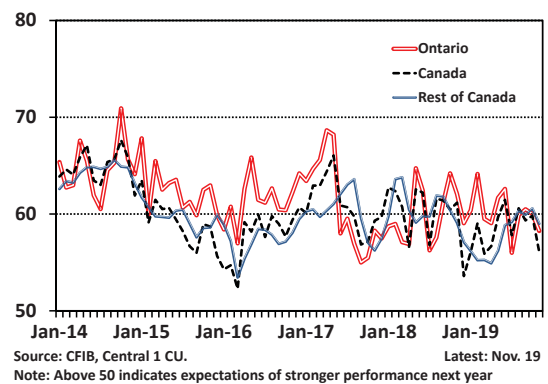
Year-to-date, non-farm payroll employment is 2.2 per cent above last year's pace, with services and goods up 2.6 per cent and 1.7 per cent, respectively.

Average weekly earnings increased by 0.7 per cent in September, a tad slower than the 0.9 per cent growth posted in August, due to slower growth in both the goods sector (0.4 per cent). Average weekly earnings in the services sector (0.8 per cent up 0.1 percentage points from August) sped up slightly. Year-over-year,

Payroll Employment, Ontario



Small-business Confidence



the fixed-weight index grew by 3.2 per cent in September, a much slower pace of wage growth from the 4.5 per cent posted in August.

The reduction of jobs in September is likely a symptom of lacklustre business and consumer confidence stemming from continued economic uncertainty. Several areas in the services sector posted job losses as consumers tighten their belts further.

Small-business confidence continued to slide, November marked three straight months of year-over-year weaker confidence

Small-business confidence in Ontario fell for the second consecutive month from 60 points in October to 58.3 points in November. Year-over-year, small business confidence fell for the third consecutive month, dropping an additional 3.8 points in November. Moreover, over the last two months, the year-over-year

declines in small-business confidence have been the largest of 2019 so far.

Nationally, small-business confidence also fell in November, dropping 3.7 points to 56.1 points after remaining nearly unchanged in October. The drop in confidence nationally came from falling confidence in seven of Canada's 10 provinces.

Employment plans have seen little movement but currently, 15 per cent of employers are thinking of hiring full-time over the next few months, while 12 per cent are expecting cutbacks (unchanged from October's survey). The general state of business indicator has seen a small deterioration: about 43 per cent of respondents said their firms are in good shape (down from 47 per cent of those surveyed in October), while 15 per cent reported their businesses in poor shape (up from 11 per cent of those surveyed in October).

Trade tensions continue to affect small-business confidence in Ontario. With shaky business prospects abroad, businesses are likely holding back on expansion plans.

Motor vehicle and parts manufacturing remained 1.1 per cent off last year's pace

Canadian seasonally adjusted at annual rate (SAAR) gross domestic product (GDP) moved up an additional 0.1 per cent in September, marking seven consecutive months of SAAR GDP growth. During this seven-month period of growth, much of that has come from the services-sector while the goods-producing sector has faced some headwinds over this time due to trade-related issues. In September, the services sector increased a further 0.2 per cent, while the goods-producing sector contributed 0.1 per cent to the month's growth.

The manufacturing sector contracted 0.2 per cent in September, the third decrease in four months, as growth of 0.3 per cent in durable manufacturing was offset by a 0.7 per cent decline in non-durable manufacturing.

The rise in durable manufacturing was led by an increase in machinery manufacturing (up 3.3 per cent), the first increases in furniture and related products (up 8.0 per cent) and primary metal (up 2.6 per cent) in four months. The 0.6 per cent decline in transportation equipment came mainly from lower activity at motor vehicle and parts manufacturers, with some parts plants in Canada impacted by the United Auto Workers strike in the United States. The decline in non-durable manufacturing came mainly from

declines in the chemical (down 3.7 per cent), paper (down 3.4 per cent) and printing and related support activities (down 5.8 per cent) subsectors.

Year-to-date, motor vehicle and parts manufacturing are 1.1 per cent below last year due to plant closures and trade-related issues hampering production and sales.

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