

## Highlights:

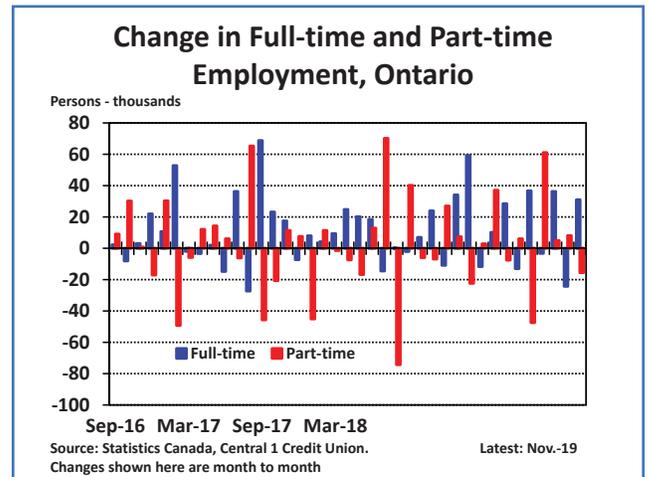
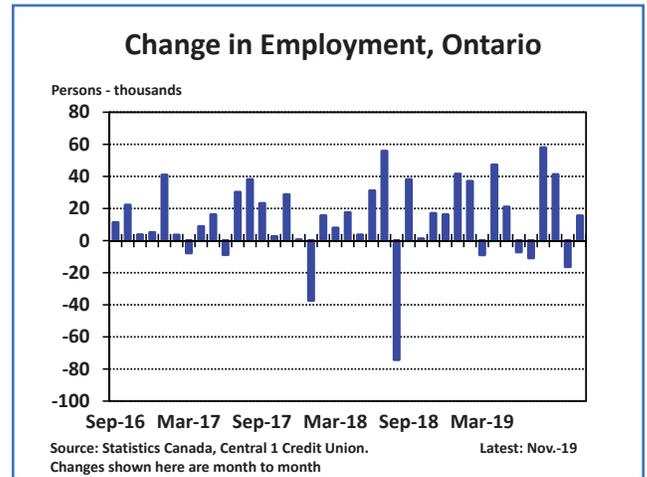
- Ontario created 15,400 net new jobs in November
- Slower global trade pulled down exports by 1.5 per cent in October
- New listings in Toronto fell by 11.0 per cent in November encouraging average price growth to climb by 7.1 per cent annualized

## Ontario's unemployment rate moves up from 5.3 per cent to 5.6 per cent

Ontario's economy created 15,400 net new jobs (2.5 per cent growth at annualized rate) in November with 80.5 per cent of those net new jobs occurring in metro areas. Given its sheer size Toronto created the most net new jobs at 6,900 while Guelph shed the most jobs at 2,100. The net gain in jobs in November was due to strong full-time job creation (30,900 net jobs) that more than offset the shedding of part-time jobs (15,500). Strong population growth and job creation attracted more people to the labour market with 35,100 net new potential workers making themselves available. With over two people entering the labour force to everyone obtaining a job, Ontario's unemployment rate moved up from 5.3 per cent in October to 5.6 per cent.

The public sector continued to hire in November, adding 12,800 new workers. This marked three consecutive months that public sector hiring has increased. Private sector hiring rebounded in November, adding 30,500 net new workers almost offsetting the nearly 35,000 shed jobs last month. Self-employed employment fell sharply losing 27,900 jobs after being on a streak of four consecutive months of job creation.

By industry, the services sector continued to chug along, adding 18,900 net new jobs in November which more than offset the 3,500 jobs shed in the goods sector. Significant job losses in manufacturing (3,300 jobs shed) and construction (4,200 jobs shed) pulled down overall net hiring in this sector despite job gains in all other sub areas. In the services sector there were job losses in key areas such as wholesale and retail trade



(6,300 jobs shed), professional, scientific and technical services (3,000 jobs shed), educational (3,100 jobs shed), and public administration (5,000 jobs shed). However, these losses were more than offset by other areas such as transportation and warehousing (8,300 net new jobs), business building (13,100 net new jobs), and accommodation and food services (7,300 net new jobs).

## Exports sales fell by 1.5 per cent in October

Ontario's exports declined by 1.5 per cent in October after posting very strong sales in September of over three per cent. A significant reason for the contraction in exports in October was due to fewer exports to Canada's two major trading partners: the U.S. and China, with the current malaise caused by trade tensions continuing to eat away at business activity. Despite this month-over-month drop in activity, exports remained above the pace set last year so far, with two

months of data yet to come, by 3.7 per cent. Over the first 10 months so far, exports have been up year-over-year all months except June.

The month-over-month drop in export sales was pretty broad-based with seven of the 12 broad categories surveyed each month posting lower sales figures. Among the major sectors, sales fell in the following:

- Metals and non-metallic mineral products (down 2.6 per cent)
- Forestry products and building and packaging materials (down 4.2 per cent)
- Industrial machinery, equipment and parts (down 4.2 per cent)
- Motor vehicle and parts (down 2.4 per cent)
- Aircraft and other transportation equipment and parts (down 15.5 per cent)

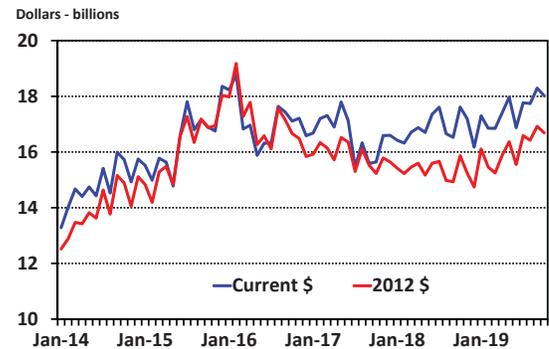
By region of the world, exports to the U.S. fell by 0.8 per cent in October, while exports to the rest of the world fell four per cent mostly on diminished trade with China. Year-to-date, exports to the U.S. are up two per cent while exports to the rest of the world, excluding the U.S., are up 10.1 per cent. Increased free trade deals with other nations has increased trade volumes with other nations.

## New listings continued to dry up in Toronto leading to strong price growth in November

A severe lack of supply in Canada's largest existing homes market is continuing to affect sales. In November over October, sales slipped a further 3.2 per cent, adding to the 1.9 per cent decline in the previous month. Population growth remains supportive of housing demand in Toronto and declining mortgage rates have also aided in the market's recovery but the inability of potential buyers to find housing to purchase may be keeping many empty-handed. Over the first 11 months of the year, sales in Toronto are 11.9 per cent above last year's pace. Moreover, such has been the recovery in this market that since about May, monthly sales activity in 2019 has been tracking higher than both previous years.

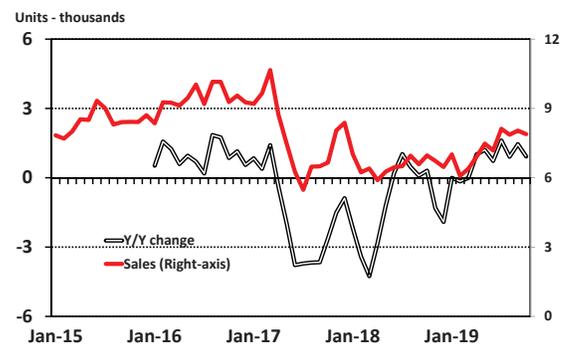
As mentioned at the beginning, supply has dried up. In November, new listings declined a further 11.0 per cent month-over-month, the largest overall swing up or down in new listings so far this year, adding to the already significant 6.0 per cent drop in new listings in October. With ever decreasing new listings and a

### International Merchandise Exports, Ontario



Source: Statistics Canada, Central 1 CU. Note: Seasonally adjusted. Latest: Oct.-19

### Existing Home Sales, Toronto REB



Source: TREB, Central 1 CU. Note: Seasonally adjusted. Latest: Nov.-19

recovery in demand, the market has tightened substantially, adding to average price growth as potential buyers have to enter into bidding wars. In November, average price increased 0.6 per cent per month or about 7.1 per cent annualized to \$851,942. Year-to-date, new listings are down 2.2 per cent from last year and average price is 3.7 per cent above last year's pace.

There could be two reasons for the recent drying up of supply in Toronto: one is the increased demand for housing driven by strong population growth, the other may be compositionally driven. Buyers may be looking at high-density housing in Toronto and the drying up of supply may be from low-rise homeowners unwilling to list their home and entertain offers below their expectations. Therefore, some may not list at all and others may decide not to list but put their homes in the secondary rental market until conditions change for low-rise housing demand in Toronto. The same-quality price-index from the Toronto Real Estate Board (TREB) for all housing increased 1.1 per cent month-over-month in November or 12.9 per cent annualized. The index for single detached homes moved up 0.9 per cent month-over-month (or 10.5 per cent annual-

ized) while index prices for townhomes and condo apartments increased equally by 1.3 per cent (or 15.8 per cent annualized) respectively.

Should supply continue to be so challenged in Toronto, price growth may escalate to a point where, regardless of the declining mortgage rates, affordability will really become an issue again and the market growth experienced this year will slow down or stop in December and into 2020. Given the housing sector's strong influence on consumption and gross domestic product (GDP) as slowdown in this sector could increase the drag already being felt through trade in Ontario.

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