

Highlights:

- Retail sales rebounded in November moving up 1.6 per cent
- Ontario prices increased by 1.9 per cent in 2019
- Year-to-date total manufacturing sales in Ontario remained only 0.4 per cent above pace
- Tourist visits remained 6.0 per cent above last year's trend over the first eleven months of 2019

Stronger sales in several large sectors lifted retail sales in November

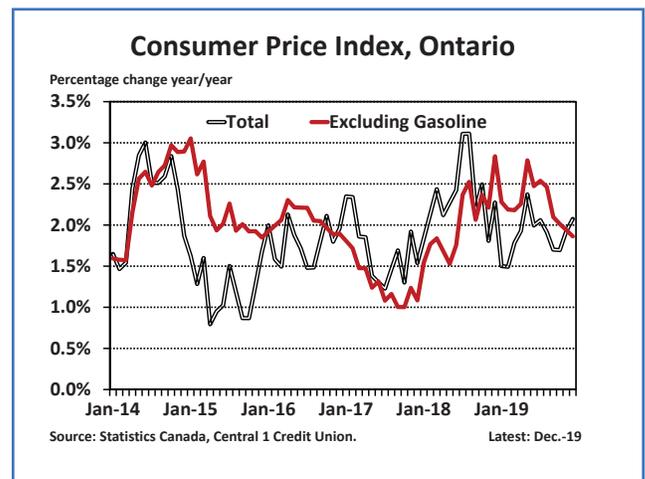
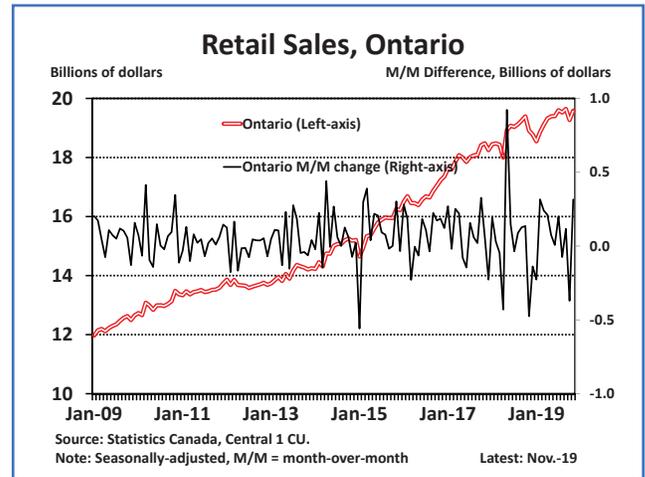
Retail sales in Ontario increased by 1.6 per cent in November, a rebound from the 1.9 per cent drop posted in October. Sales in the Toronto metro area also rebounded strongly in November, increasing by 2.6 per cent nearly erasing the 3.0 per cent drop posted in October. Retail sales in other areas of Ontario excluding the Toronto metro area moved up 0.9 per cent in November. Nationally, sales moved up 0.9 per cent in November due to weaker sales in four provinces, among them Alberta which accounts for nearly 13 per cent of national sales.

Several key sectors contributed to stronger retail sales in November. Motor vehicle and parts sales were up due to increased sales at car dealerships; food and beverage sales increased because of stronger supermarket sales; and gasoline station sales lifted as a result of higher gasoline prices for consumers.

Year-to-date, retail sales in Ontario remained 2.5 per cent above 2018. Toronto sales and sales in Ontario (excluding Toronto) remained 3.2 per cent and 2.0 per cent above 2018 respectively.

Ontario's overall inflation slowed in 2019 on weaker energy prices

Headline inflation moved up slightly in December to 2.1 per cent from the 1.9 per cent posted in November. This was due to a slight acceleration in prices for both goods and services. In particular - within the goods



sector - semi-durable goods posted the strongest gains in prices in December, moving up to 2.1 per cent from 1.1 per cent.

With December data now available, price growth in Ontario came in at 1.9 per cent in 2019, 0.5 percentage points slower than 2018. Goods prices slowed down from 1.4 per cent in 2018 to 1.2 per cent in 2019 while service prices slowed down slightly more, coming in at 2.4 per cent in 2019 from 3.0 per cent in 2018.

In 2019, basic necessities such as food, shelter, and clothing continued to appreciate in price: each food posted growth of 3.5 per cent (up from 2.9 per cent), shelter posted growth of 3.0 per cent (up from 1.6 per cent) and clothing posted growth of 1.7 per cent (up from 0.6 per cent). Energy prices, particularly gasoline, posted strong price growth declines which made transportation costs cheaper but also pulled down overall price growth in the province. Energy prices slowed down by 2.8 per cent in 2019 after posting 3.3 per cent growth in 2018.

In December, general price growth slowed down in Thunder Bay, coming in at 1.0 per cent (down 0.1 percentage points), while prices in Toronto increased by 1.9 per cent (up 0.1 percentage points) and prices in Ottawa-Gatineau also increased slightly to 2.7 per cent (up 0.2 percentage points).

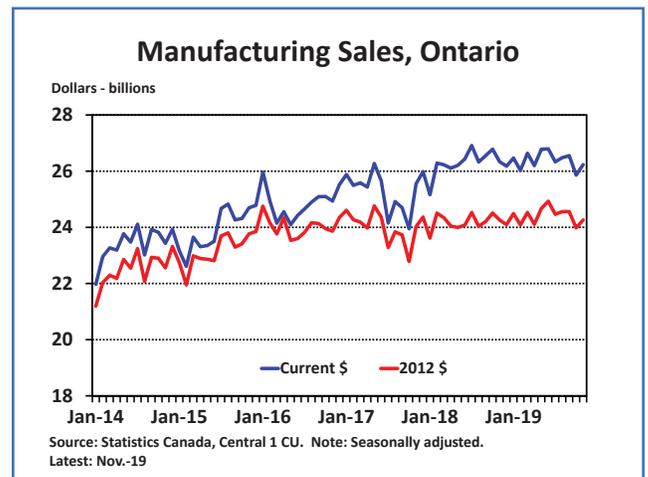
In 2019, general price growth slowed down all three metro centres. In Toronto, prices increased by 2.0 per cent (down 0.5 percentage points); in Thunder Bay prices increased by 1.4 per cent (down 0.5 percentage points); and in Ottawa-Gatineau prices increased by 2.0 per cent (down 0.5 percentage points).

Growth in durable goods lifted total manufacturing sales in November

Ontario's manufacturing sales rebounded in November by 1.4 per cent after falling by 2.6 per cent in October. The rebound in sales in November was mainly driven by a strong surge in durable good sales which increased by 2.2 per cent. Non-durable sales remained nearly unchanged in November moving up 0.1 per cent. Year-to-date, total manufacturing sales have had a difficult year given trade-related uncertainty which has affected growth. Over the first 11 months of the year, total manufacturing sales are nearly unchanged from last year - only 0.4 per cent above last year's pace. Non-durables are 2.0 per cent off last year's pace, while durables are 1.8 per cent above pace.

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

- Food manufacturing (up 2.3 per cent)
- Plastics and rubber products manufacturing (up 9.6 per cent)
- Primary metals manufacturing (down 7.0 per cent)
- Machinery manufacturing (up 0.6 per cent)
- Fabricated metal products manufacturing (up 12.8 per cent)
- Transportation equipment manufacturing (up 4.1 per cent)
- Paper manufacturing (up 2.4 per cent)
- Petroleum and coal products (down 5.8 per cent)
- Chemical manufacturing (down 5.1 per cent)



Examination of the swings in activity in November shows that sales of primary metals were down, marking the largest monthly decline since December 2008 due to the rail transportation disruptions that affected shipments. Chemical sales declined due to weaker activity in the following areas: pharmaceutical and medicine manufacturing, resin, synthetic rubber, artificial and synthetic fibres and filaments, and basic chemical manufacturing. Food manufacturing sales were weighed down mostly due to weaker seafood and meat product sales. In the transportation equipment industry, sales rose due to increased shipments following labour disruptions in September and October. Production of aerospace product and parts increased as both sales and inventories were up.

Year-to-date, combined manufacturing sales in the big three metro centres of Toronto, Hamilton, and Ottawa-Gatineau are down by 0.2 per cent. Together, these three markets account for nearly 48 per cent of all manufacturing sales in Ontario. While year-to-date sales in Hamilton remained 2.2 per cent above, pace sales in Toronto declined by 0.6 per cent and sales in Ottawa remained nearly unchanged, moving up only 0.8 per cent. While transportation equipment sales rose in the province, the U.S. General Motors strike affected supply chains at their plant in Oshawa and this helped depress transportation equipment sales in the Greater Toronto Area and anchored the big three centres surveyed.

Fewer tourists to Ontario in November from key source areas of the world lowered total visits by 2.7 per cent

Tourist visits to Ontario posted a 2.7 per cent decline in November after posting a robust gain of 1.9 per cent the previous month. The decline in tourists was driven

by declines in U.S. tourists (fell by 2.0 per cent) and non-U.S. tourists (fell by 4.3 per cent).

Moreover, the robust decline in non-U.S. tourists was broad-based, with all non-U.S. source regions of tourists attracting fewer visitors to Ontario. European and Asian - the two regions that attract the most tourists to Ontario - fell by 2.3 per cent and 3.2 per cent respectively in November.

Over the first 11 months of 2019, total tourist visits to Ontario remained 6.0 per cent above the same period in 2018. U.S. and non-U.S. tourist visits remained 3.6 per cent and 11.9 per cent respectively above the same period in 2018.

The declining energy prices, particularly fuel, may have been a reason for the increased number of visitors to Ontario given some of the fuel savings by air carriers being transferred onto passengers.

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