

Highlights:

- Year-to-date, non-farm payroll employment in Ontario remained 2.0 per cent above pace
- Motor vehicle and parts manufacturing increased substantially in November
- Small businesses confidence recoiled in January

Strong services hiring substantially lifts net hiring in November

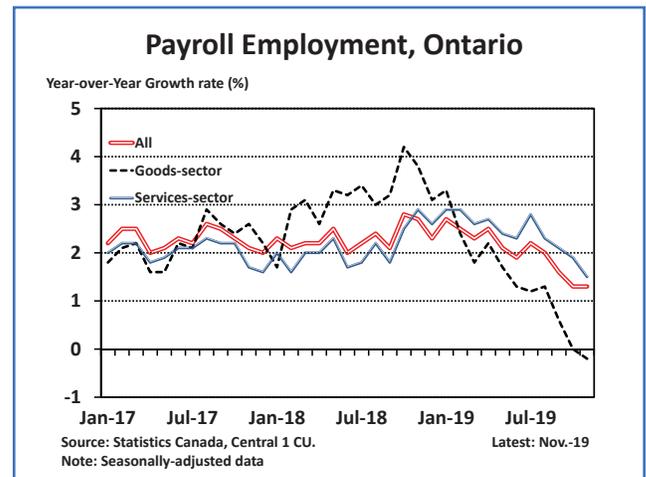
Ontario's economy continued to hire in November, with the services sector accounting for 91 per cent of all hiring. This was a continuing theme throughout last year; services sector hiring was relatively sustained while the goods sector faced headwinds given economic uncertainties throughout 2019. Increased population growth in the province is also a strong driver of employment growth in services.

The most recent statistics show that Ontario added an additional 3,127 net non-farm payroll jobs in addition to the 11,000 net jobs created in October.

Services sector hiring saw stronger numbers within administrative services, health and social assistance, educational services, accommodation and food services and public administration - which helped overall growth in the sector remain robust. Areas of weakness included trade (3,315 net jobs loss) due to weaker retail trade hiring; real estate, rental and leasing services (554 net jobs loss) and information and cultural activity services (638 net jobs loss).

Goods-sector hiring increased on the back of stronger construction, mining and oil and gas activities. Manufacturing (869 net jobs) and utilities (351 net jobs) shed jobs which kept a lid on stronger job hiring in this sector.

Over the first 11 months of 2019, non-farm payroll employment remained 2.0 per cent above the pace set in 2018. Goods and services sector hiring remained



1.4 per cent and 2.4 per cent above pace respectively.

Despite sustained hiring in November, average weekly earnings growth declined slightly by 0.2 per cent due to a 0.2 per cent contraction in wages in both the services and goods sectors. Year-over-year, the fixed-weight index grew by 2.5 per cent in November, a much slower pace of wage growth from the 3.2 per cent posted in October. This may be a signal that employers are hiring but cautiously; they are not overextending their capacity and are avoiding taking on more workers than needed in case of possible further economic shocks in 2020.

Trade uncertainty continues to be a dark cloud over Ontario's manufacturing sector.

Motor vehicle and parts manufacturing increased in November as labour disputes ended

Canadian seasonally adjusted at annual rate (SAAR) gross domestic product (GDP) moved up 0.1 per cent in November erasing the 0.1 per cent decline in October. November's growth came from increased activity in both the goods and services sectors. Within the goods sector manufacturing of transportation equipment increased substantially, moving up 3.4 per cent, in large part due to a surge of activity in the production of motor vehicles and parts which expanded by 5.0 per cent. The surge in this area was due to many establishments ramping up the pace of their activities following labour disruptions in previous months.

Despite the surge in activity in November, manufacturing has faced headwinds with over half of the first 11 months of 2019 reporting either lower month-over-

month activity or no change. Trade concerns, labour disputes and less consumer appetite for big ticket purchases such as a new car have all affected the sector in Canada. Year-to-date, this sector is 1.7 per cent off the pace set in 2018 over the same period.

Small-business confidence lowest of past three years

Small-business confidence fell by 2.6 per cent in January, reaching an index measure of 59.9 points after posting a lift in confidence of 4.3 points in December. Moreover, January's reading is the lowest reading since 2018. Year-over-year, small-business confidence fell slightly in January by 0.5 points.

Decreasing small business confidence in most provinces led to a recoil in the national small-business confidence index which dropped 0.8 points to 55.3 points from December.

Short-term employment plans are fairly stable with 17 per cent of owners looking to hire and 12 per cent looking to reduce staffing. About 43 per cent of respondents said their firms are in good shape, while 13 per cent reported that their businesses are in bad shape.

Edgard Navarrete

Regional Economist

Central 1 Credit Union

enavarrete@central1.com / P 905 282 8501

www.central1.com

