

Highlights:

- Strong hiring which offset labour force growth continues to pull the unemployment rate lower
- Exports increased by 3.5 per cent in 2019 due to strong exports to non-U.S. clients
- Despite very modest supply growth in January Toronto's housing market remained suffocatingly tight

Ontario's private and self-employed sectors led all the growth in hiring in January

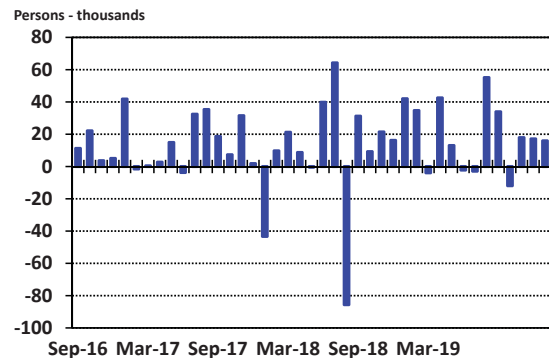
January marked three consecutive months of robust job creation in Ontario and the first where full-time growth made up the majority (62.8 per cent) of net new jobs. Ontario's unemployment rate continued to trend down in January coming in at 5.2 per cent, down from 5.3 per cent in December and down from 5.8 per cent in January 2019. The drop in the unemployment rate came from the creation of 15,900 net jobs which more than comfortably outstripped growth in the labour force of 7,800 net new entrants. Greater opportunity in the economy and population growth as a result of immigration has resulted in a higher participation rate as more people previously on the sidelines are being enticed back to the labour market.

Of the 15,900 net new jobs created in January, most came from self-employed workers (12,700 net new jobs), followed by the private-sector (9,300 net new jobs). The public sector continued to shed jobs in January, losing an additional 6,000 net jobs on top of the 3,500 net jobs lost in December.

The goods-producing sector provided the growth in January creating 18,400 net new jobs to offset the 2,500 net jobs shed in services. This is a slight reversal from the trend of 2019, when the goods-producing sector faced headwinds while the services sector kept churning out more jobs.

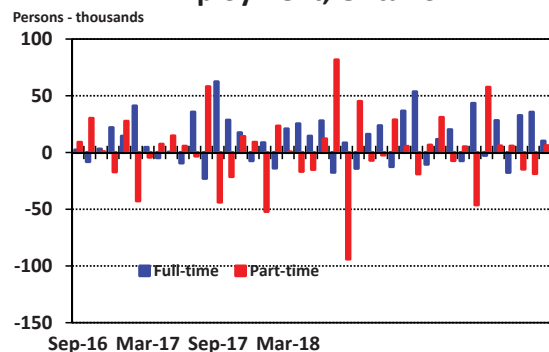
Within the goods sector, manufacturing, utilities, and construction created most of the jobs. This was due

Change in Employment, Ontario



Source: Statistics Canada, Central 1 Credit Union. Latest: Jan.-20
Changes shown here are month to month

Change in Full-time and Part-time Employment, Ontario



Source: Statistics Canada, Central 1 Credit Union. Latest: Jan.-20
Changes shown here are month to month

to a rebound in auto manufacturing in the province after labour disputes in the U.S. which affected supply chains at plants in Ontario were finally resolved and increased residential and non-residential investments in Ontario.

Most industries within services shed jobs in January. The exceptions were:

- Wholesale and retail trade (11,800 net new jobs)
- Finance, insurance, real estate, and leasing (2,000 net new jobs)
- Professional, scientific, and technical services (10,700 net new jobs)

With a thriving tech sector in Kitchener-Cambridge-Waterloo, Ottawa and Toronto many entrepreneurs are going at it alone, starting up tech companies as evidenced by sustained growth in the professional services segment. Increased housing and population growth supported increased hiring in trade services and finance services.

Two areas in services that posted robust job cuts were educational services (7,700 jobs shed) and accommodation and food services (2,800 jobs shed). The ongoing dispute between teachers' unions and the province is affecting hiring of support staff at schools and the current coronavirus issue has dampened activity in the tourist industry particularly for Ontario that receives a large share of its tourism dollars from Chinese tourists.

Exports finish 2019 strong

Ontario exports finished off 2019 strong posting a gain of 2.3 per cent in December after sluggish sales in October and November. Very strong export activity to the U.S. of 5.5 per cent, which represents the biggest export market for Ontario goods, comfortably offset export sales declines to the rest of the world. With December in the books over 2019, Ontario exports increased by 3.5 per cent over 2018 with exports to the U.S. increasing by 1.4 per cent and exports to the rest of the world increasing by 11.3 per cent.

In December, export gains came from several sectors. Motor vehicle and parts exports, a significant area for Ontario, posted 3.4 per cent growth. Other areas that posted significant changes included:

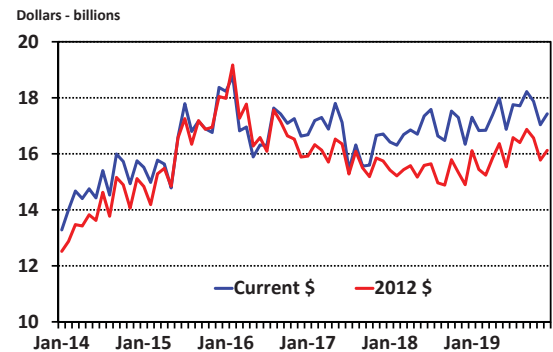
- Metal and non-metallic mineral products (declined 13.7 per cent)
- Consumer goods (increased 3.2 per cent)
- Industrial machinery, equipment and parts (increased 8.6 per cent)
- Basic and industrial chemical, plastic and rubber products (increased 9.0 per cent)
- Forestry products and building and packaging materials (increased 3.5 per cent)
- Electronic and electrical equipment and parts (increased 0.1 per cent)

Toronto's housing market starts 2020 with a bang

With increased supply in the market, albeit a very modest increase, sales came back slightly as well, moving up 0.6 per cent in January and almost erasing completely the 0.9 per cent sales drop in December. As noted at the top, new listings also came back moving up 0.9 per cent but not enough to erase the 2.7 per cent drop in new listings in December.

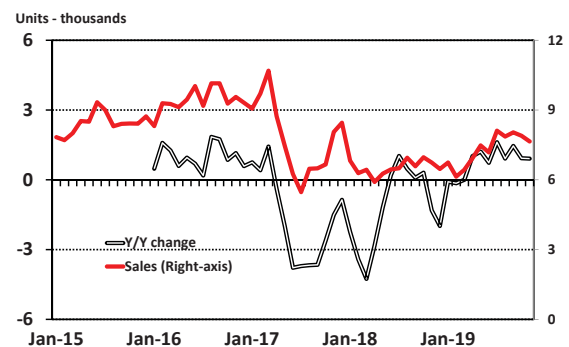
Even with the slight slack provided in the market by greater supply to start 2020, the market remained

International Merchandise Exports, Ontario



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

Existing Home Sales, Toronto REB



Source: TREB, Central 1 CU. Note: Seasonally adjusted. Latest: Jan-20

very tight. In January the market was well within a sellers' market with a sales-to-new-listings-ratio (SNLR) of 70.9 per cent, well above the 60.0 per cent threshold between a balance and a sellers' market. Despite a tight market, average price growth remained relatively unchanged, in fact, moving down slightly by 0.4 per cent to \$875,241.

The constant-quality housing price index continued to increase in January moving up 1.0 per cent due to broad based price growth across housing types. Single-detached homes increased 0.9 per cent, townhomes/rows increased 0.9 per cent and condo apartments increased by the largest margin moving up 1.7 per cent.

Year-over-year, sales and price were 13.1 per cent and 12.2 per cent respectively above last January's tallies. New listings fell sharply by 17.7 per cent from last January's pace.

The Toronto market has started 2020 in strong fashion compared to the same period last year. Sales and price growth posted double-digit growth while new listings posted double-digit declines. Potential buyers are coming back from hibernation imposed on them

by demand-restrictive policies. They have taken the time to work on padding their down payment funds and are now returning to market to take advantage of attractive mortgage rates and in some cases help from the government in the form of the Canada Mortgage and Housing Corporation's First-time Home Buyer Incentive Program. Moreover, immigration has also remained strong as skilled immigrants land in greater numbers, many of these immigrants are able to buy homes upon landing or relatively soon upon landing, this population segment, has also helped keep the market tight.

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