

Highlights:

- Lower average weekly earnings growth in services put a lid on overall average weekly wage growth in December
- Transportation equipment manufacturing falls robustly to close out 2019
- February's small-business confidence index reached highest level in a year

Despite uncertainty for much of 2019 payrolls expanded by two per cent

Hiring in December stalled with over 7,200 job shed in the province nearly erasing the robust hiring in November. Strong job shedding in both the services and goods sector pulled down December's tally.

Construction and manufacturing shed significant jobs in December offsetting very modest hiring in mining, oil extraction, utilities, and forestry. Dampened business confidence stemming from trade-related uncertainty has affected business investments.

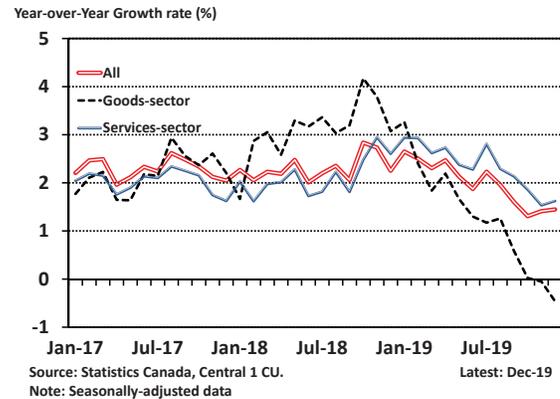
In the services sector most segments shed jobs with only a handful of exceptions adding to their payrolls with new employees. Large sectors that shed jobs in services in December were:

- Trade (down over 6,500 net jobs)
- Finance and insurance (down over 750 net jobs)
- Education services (down over 1,400 net jobs)
- Administrative and support, waste management and remediation services (down over 1,100 net jobs)

The ongoing labour dispute between the province and the teachers' unions has meant less hiring of support staff at schools. With a sustained level of uncertainty in the air overall trade growth, retail and wholesale, has dampened as consumers keep a closer eye on their budgets.

In 2019, despite much of the year being mired in uncertainty overall payroll hiring expanded by 2.0 per

Payroll Employment, Ontario



cent with hiring in services up 2.3 per cent and hiring in goods up 1.3 per cent.

In December average weekly earnings in services declined by 0.3 per cent month-over-month on a general decline across many of its sectors. Despite the 1.8 per cent jump in wages in the goods-sector the slide down by services kept a lid on overall wage growth. Average weekly earnings in Ontario remained nearly unchanged in December moving up only 0.1 per cent over November. Year-over-year, overall average weekly earnings increased three per cent with services increasing by 2.6 per cent and goods increasing by 4.8 per cent.

A general trend in Ontario is the issue of skilled labour shortages in many regions. The strong gains in average weekly earnings in the goods sector signals employers' need to find skilled workers and trying to attract them via bigger paycheques.

Year-over-year, the fixed-weight index grew by 1.3 per cent in December, a much slower pace of wage growth from the 2.5 per cent posted in November and the 3.2 per cent posted in October.

Transportation equipment manufacturing fell significantly in December

Canadian seasonally adjusted at annual rate (SAAR) gross domestic product (GDP) moved up 0.3 per cent in December adding to the 0.1 per cent growth in November. Growth in both services and goods sectors contributed to overall SAAR GDP moving up. The manufacturing sector did especially well overall moving up 0.4 per cent on strength in other areas of manufacturing except transportation equipment

manufacturing which fell a robust 2.9 per cent month-over-month nearly erasing the 3.1 per cent growth from November.

Transportation equipment manufacturing fell due to strong recoils in both motor vehicle manufacturing (fell five per cent) and motor vehicle parts manufacturing (fell 3.2 per cent). Motor vehicle manufacturing increased by 6.9 per cent but the relative size of this sub-sector's contribution could not offset the losses in the other two.

Motor vehicle and parts manufacturing fell on lower production mostly attributable to longer seasonal plant shutdowns, and to a lesser extent, the closure of the General Motors Oshawa assembly plant contributed to declines in motor vehicle assembly and motor vehicle parts manufacturing.

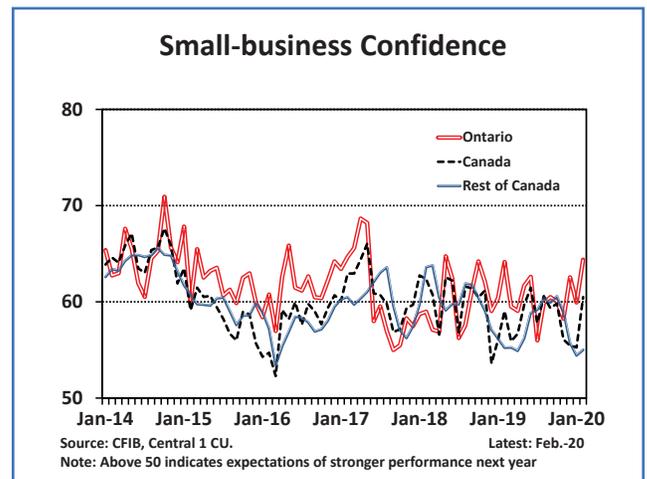
Small-business confidence has best monthly result in a year.

Small-business confidence in Ontario took a strong turn up in February. The index gained 4.4 points settling in at 64.4 points nearly equaling the best showing in all of 2019. Year-over-year, the index gained 0.2 points.

Nationally, small-business confidence posted also a very strong gain in February supported by growth in Ontario and a few other large provinces. The Canadian index settled at 60.5 points a jump of 5.2 points from January and 1.4 points year-over-year.

Short-term employment plans remained stable: 17 per cent of owners looking to hire (unchanged from January) and 10 per cent looking to reduce staffing (down from 12 per cent in January). About 42 per cent of respondents say their firms are in good shape (down from 43 per cent in January), while 10 per cent say their businesses are in bad shape (down from 13 per cent in January).

Small businesses in Ontario continue to have top of mind skilled labour shortages and lack of demand as issues affecting the expansion of their businesses. Despite very strong intake of immigrants an aging population's increased retirements continues to put downward force on growth.



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