

Highlights:

- Ontario small-business confidence index fell over 27 points in March due to COVID-19 impact
- COVID-19 impacts not yet fully evident in most recent hiring and tourism data

Small-business confidence slid further in second half of March; lower than the confidence during the Great Financial Crisis of 2008-09

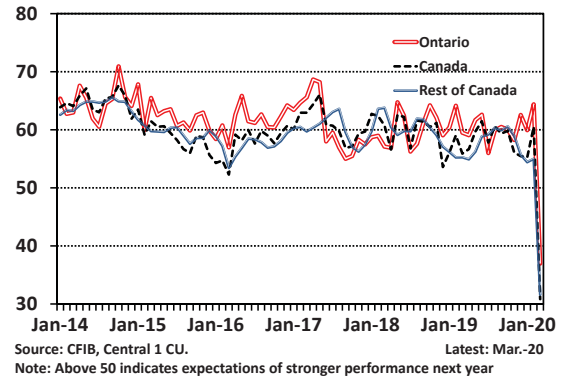
Ontario's small-business confidence continued to slide in March, down from 53.2 points in the first half of the month to 37 points following the implementation of social distancing measures.

Given the fluid and ever-changing nature of this COVID-19 crisis, reports are now being done twice a month until June.

In the first half March, the small-business confidence index had fallen 11.2 points to 53.2 points. At that point businesses were concerned, but any index reading above 50 points still points to business growth in the next year and beyond. The imposition of government directives in recent weeks to physically isolate and non-essential businesses being asked to close their doors to keep people at home, small-business confidence really started to slide. The index stands at 37 points, down 27.4 points from February. Year-over-year, Ontario's small business confidence index reading is 22.5 points down.

The situation is quite unprecedented and points to the broad-based slowdown in social and business activity to try and stem the spread of the virus. Unfortunately, in an attempt to protect public health, the economic costs are starting to mount. For example, full-time staffing intentions have declined. Forty four per cent of businesses surveyed in Ontario have noted they will not be hiring full-time employees in the next three months. Feelings about the current state of the economy have also darkened. Of the businesses surveyed, 36 per cent felt that the general state of business health is bad.

Small-business Confidence



Nationally, small-business confidence is much lower than Ontario (down 29.6 points to 30.8 points) reflective not only of the COVID-19 general shutdown in economic activity but also dramatically low oil prices affecting regions such as Alberta and Newfoundland and Labrador which is further compounding the current issues.

Governments and the Central Bank have taken extraordinary measures using fiscal and monetary stimulus to protect businesses as much as possible until this shock passes. This will help mitigate the crisis, but until we can effectively 'flatten the curve' or slow down the speed of transmission, businesses will continue to suffer and confidence will slide further. Current readings of confidence are lower than the readings from the 1990s recession and the Great Financial Crisis of 2008-09.

Tourist visit numbers still not fully reflective of COVID-19 crisis

Ontario's latest tourist numbers are not yet fully reflective of the current world situation with travel severely restricted, a closed border between the U.S. and Canada, only allowing for commerce and essential workers. February numbers will begin to reflect the reality on the ground especially the number of visitors from China and places in Europe such as France, Italy, and Spain.

That being said, Ontario tourist numbers in January fell 39.5 per cent over December with broad-based drop in visitors coming from the U.S. (down 51.8 per cent) and non-U.S. (down 10.9 per cent). Overall tourist traffic in Canada fell by 74.8 per cent.

By region of the world, tourist visits to Ontario fell from those hailing from South America (21.9 per cent) and other countries in North America, excluding the U.S., and the Caribbean (down 0.5 per cent).

Visits from Europe and Asia, two regions of the world key to Ontario's tourism industry, increased by 2.5 per cent and 1.3 per cent respectively in January over December.

Non-farm payroll hiring was strong in January

This month's data does not yet reflect the current COVID-19 crisis. We expect, with social distancing measures and business activity coming to a halt the data releases over the next few months to fully reflect the current conditions on the ground.

That being said, here are the details:

Hiring in January rebounded with over 38,000 net jobs created. Hiring was strong in both the services and goods sectors with services accounting for nearly 90 per cent of the net job creation.

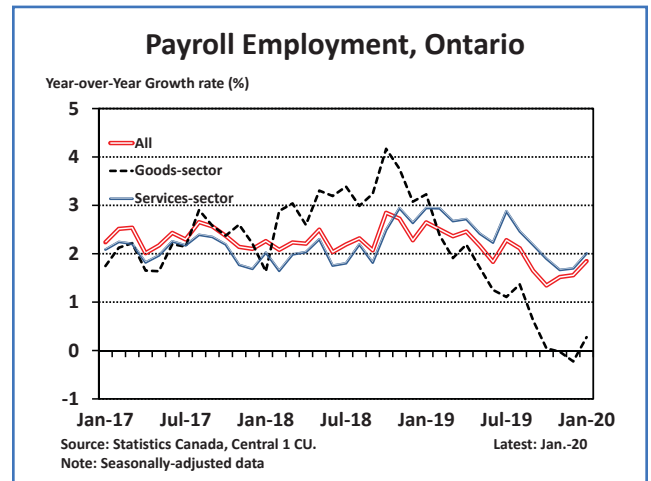
Year-over-year, hiring remained 1.8 per cent above last year's pace with services sector hiring up two per cent and goods-sector up 0.3 per cent.

Within the goods sector, manufacturing shed over 1,500 net jobs in January which were comfortably offset by gains in the following areas:

- Construction (up 4,386 net new jobs)
- Mining and oil and gas (up 706 net new jobs)

Services as mentioned above accounted for most of the job creation in January with strong gains in areas like: trade (up over 10,000 net new jobs), health care and social assistance (up over 4,000 net new jobs), professional and scientific services (up over 4,400 net new jobs), and transportation and warehousing (up over 1,500 net new jobs).

Average weekly earnings moved up an additional 0.3 per cent in January with goods sector wages moving up 0.4 per cent and service sector wages moving up 0.3 per cent. Year-over-year, average weekly earnings remained 3.8 per cent above last year's pace, goods and service sector wages remained 4.8 per cent and 3.6 per cent above last year's pace.



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