

### Highlights:

- Ontario sees highest Canadian employment increase in August; mainly in full-time jobs
- Province's unemployment rate declines to 10.6 per cent
- Non-residential permits increased in July by 21 per cent
- Exports increased by 14.7 per cent in July; volumes returned to pre-pandemic levels
- Imports and exports are lagging last year's pace despite the strong rebound over the last two months
- Supply growth outpaces demand growth in Toronto's home market for first time since lockdown

### Ontario regains 58 per cent of jobs lost between March and May

Employment in Ontario increased by 141,800 jobs (2 per cent) in August, the highest by province, with 80 per cent of gains in full-time employment.

Canada's August Labour Force Statistics (LFS) reflect the fact that many of those initially displaced by the pandemic are already back at work and the economy is as open as it can be for now.

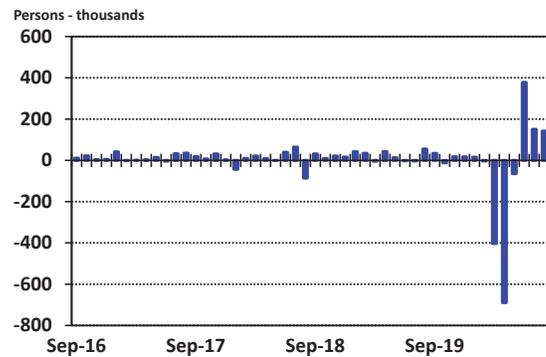
Ontario's labour force increased by 96,600 net potential workers (1.2 per cent) in August. Encouraging for the continued recovery was the fact that hiring growth outpaced labour force growth by 1.5 times.

August's job gains mean the province has now regained 58 per cent of the jobs lost from March to May and the unemployment rate has decreased from 11.3 per cent in July to 10.6 per cent.

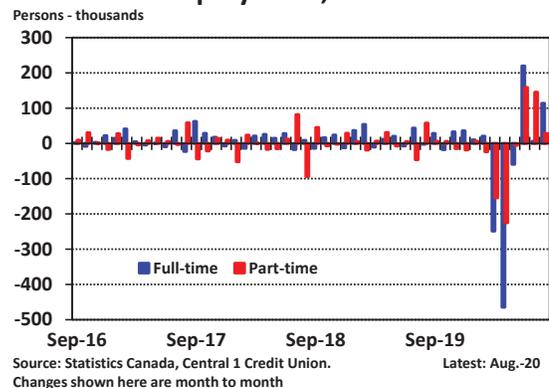
Hiring in the public and private sector increased by 2.8 per cent and three per cent respectively in August totaling over 169,000 net new jobs.

One concerning potential trend tucked inside August's good news is the continuing decline in the number of self-employed workers - falling by 27,600 net workers in August (2.4 per cent) and adding to the 18,700 drop in self-employed workers in July. Anecdotal evidence points to many small businesses facing strong

### Change in Employment, Ontario



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



headwinds during this recovery even with ample fiscal supports. Many are being forced to permanently shutter their businesses on weaker business investments and consumer demand, especially if their business revolves around close and continual contact with the public.

The services sector continued to rebound in August, adding over 146,000 net new jobs. For the first time since the start of the economic recovery in May, the goods sector shed jobs (4,800 net jobs). These were largely in construction (down 15,200 net jobs) and forestry, fishing, and mining (down 2,200 net jobs). These losses were somewhat offset by robust hiring or rehiring in some cases in manufacturing (up 12,500 net jobs) - likely in auto and parts.

The Fall and Winter seasons will be the true test of the ongoing economic recovery. Right now, the public can venture out and benefit from sitting on patios for example, which helps to minimize the risk of being infected with the virus. Once the weather gets colder

and people are forced inside many consumers may forgo risking infection and stay in their homes and revert to increased e-commerce activity. A ray of sun though is the potential for a couple of experimental vaccines for COVID-19 publishing preliminary data from phase 3 tests starting in mid-September at the earliest<sup>1</sup>. If preliminary data is strong enough to show at least one vaccine works this will be the needed key to unlock the economy over the next six to twelve months.

## Ontario non-residential permits increased by 21 per cent in July due to increased industrial and commercial volumes

Ontario non-residential permit volumes increased by 21 per cent in July to \$1.2 billion. In metro areas permit volumes increased 17.9 per cent and accounted for 85.7 per cent of July's overall volume. Industrial and commercial permit volumes increased by 5.7 per cent and 76.9 per cent respectively to offset the 45.2 per cent drop to institutional permit volumes. Year-over-year, non-residential permit volumes were 13.5 per cent lower.

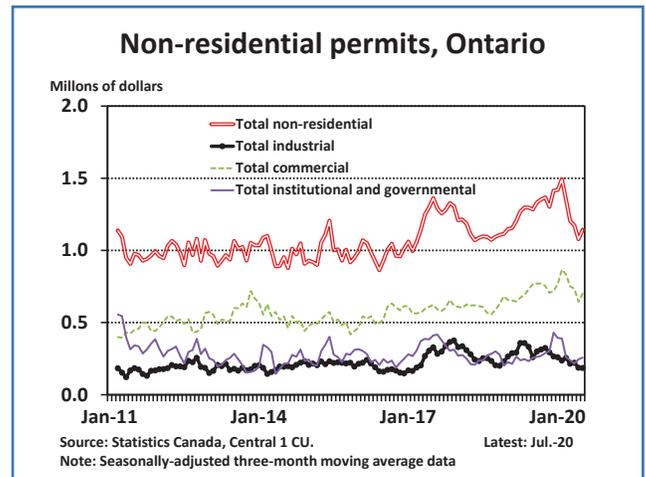
Over the first seven months of 2020, non-residential permit volumes remained 4.5 per cent behind last year's pace. Commercial volumes remained 6.4 per cent ahead of last year's pace while industrial and institutional volumes remained 30.7 per cent and 3.1 per cent behind last year's pace, respectively.

Volumes in metro areas declined for nearly all markets with a few exceptions. Of the 16 metro areas only Hamilton (up 19.5 per cent month-over-month), Kingston (up 600.6 per cent), Ottawa-Gatineau (up 319.8 per cent), and Thunder Bay (up 29.3 per cent) posted increased non-residential permit volumes in July over June. Below is a sample of some of the projects in these markets which helped lift volumes:

### Ottawa-Gatineau

- Light Rail Train stage 2 expansions
- Le Bretton Flats
- Orleans health hub
- Project Python – second Amazon distribution centre in the city

<sup>1</sup> <https://www.iol.co.za/news/world/covid-19-vaccine-could-be-available-by-mid-october-9d8b675d-7518-46dd-a0ac-cf0128f595fd>



### Kingston

- Eastern Ontario Regional Network (EORN) Cellular Gap Project
- Kingston Central Public Secondary School

### Hamilton

- Confederation GO station
- Hamilton Health Sciences Centre - Stem Cell Expansion

### Thunder Bay

- Broadband Infrastructure Development

With the construction sector gradually increasing capacity since the restart, the backlog of projects are moving from blueprints to permits and then gradually breaking ground.

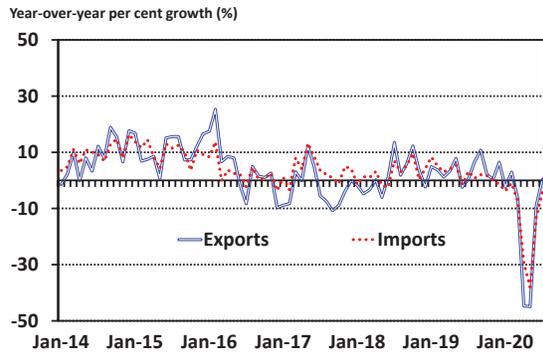
The activity since the restart is likely a pre-pandemic backlog. Business investments are expected to remain quite modest and reliant on economic recovery.

## Export trade volumes returned to pre-pandemic levels in July

Trade of goods in Ontario continued to climb in July supported by the economic restart. Both imports (up 18.1 per cent to \$29.5 billion) and exports (up 14.7 per cent to \$17.6 billion) increased for the second consecutive month bringing exports in line with pre-pandemic dollar volumes from February. July imports nearly returned to February volumes as well reaching 98 per cent of pre-pandemic levels.

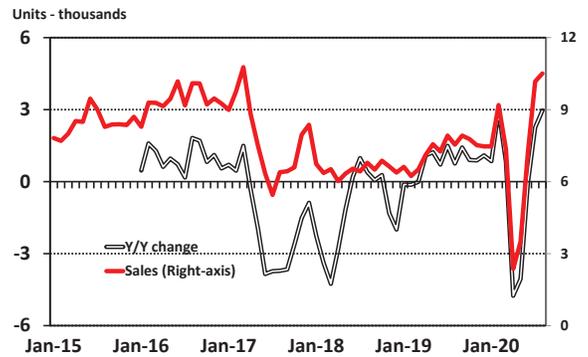
Trade with the U.S. has picked-up considerably (up 21.5 per cent in July) and is offsetting lower sales volumes to the rest of the world (down 5.5 per cent in

## International Merchandise Exports, Ontario



Source: Statistics Canada, Central 1 CU.  
Latest: Jul.-20

## Existing Home Sales, Toronto Region REB



Source: TRREB, Central 1 CU. Note: Seasonally adjusted. Latest: Aug.-20

July). Trade with the U.S. was supported by increased sales of motor vehicles and parts. The 10 per cent aluminum tariffs imposed in mid-August by the U.S. may hamper the strong rebound in trade with our closest trading partner in the months to come and could stunt the recovery in several sectors.

Year-to-date, both imports (down 14.3 per cent) and exports (down 15.7 per cent) are lagging last year's pace despite the strong rebound over the last two months.

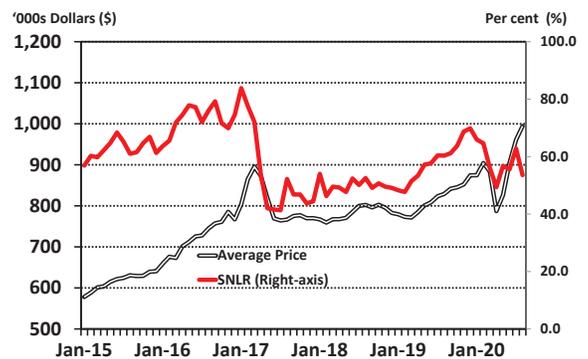
As noted above, trade in motor vehicle and parts picked-up considerably in July (up 33.5 per cent) and in consumer goods (up 4.5 per cent). The growth in consumer goods exports likely is linked to increased e-commerce. Forestry products and building and packaging materials posted 7.8 per cent growth likely linked to increased construction activity and the need for packaging products to ship goods purchased on-line. Metal and non-metallic mineral products fell 10.7 per cent in July.

## Greater slack in housing market slowed average price growth in August to 3.5 per cent

Home sales continued to increase in Toronto in August albeit at a slower rate of growth than July. Sales increased an additional 3.2 per cent to 10,505 units. Moreover, since June where sales increased over 106 per cent, month-over-month monthly sales have been still growing but at a decelerated rate. Likely the change signals that the rush of buyers to the market may be nearing an end. All that pent-up demand may be dwindling. Year-over-year sales were 39.3 per cent higher.

Year-to-date sales are now tracking slightly higher than last year up 1.7 per cent, the first time this year's pace has surpassed last year's activity. As mentioned

## Existing Home Sales, Toronto Region REB



Source: TRREB, Central 1 CU. Latest: Aug.-20  
Note: Seasonally adjusted data presented, SNLR = sales-to-new-listings-ratio

above, with dwindling pent up demand and the spectre of a muted economic recovery home sales will moderate for the remainder of 2020 and potentially come in slightly lower than last year, in the range of 2 to 4 per cent lower. Mortgage rates will remain attractive but uncertainty about job and wage growth will be too risky for many potential buyers to take the plunge to homeownership post-Summer.

Supply continues to increase and for the first time this year post Springtime lockdowns, new listings grew at a faster clip than sales adding more choice to potential markets and tempering average sale price growth slightly. New listings moved up 21.1 per cent in August. The sales-to-new-listings-ratio (SNLR) slid down to 53.6 per cent in August from 62.9 per cent in July. A reading between 40 per cent and 60 per cent places a market in a balanced market. With more choice in the market average price growth increased at a slower clip moving up 3.5 per cent to \$994,316.

Year-over-year new listings came in 56.9 per cent above last year and average home price came in 19.9 per cent above last year. Year-to-date, new listings remained 5.6 per cent off last year's pace. Average home price remained 14.7 per cent ahead of last year's pace.

The constant-quality housing price index from the Toronto Regional Real Estate Board (TRREB) increased 2 per cent in August slower than the 2.7 per cent growth posted in July. The rate of growth of all indices slowed down in August with the greatest deceleration in August over July reported by single-detached homes (up 2.9 per cent in August from 3.9 per cent in July) and townhomes (up 1.7 per cent in August from 2.6 per cent in July). The rate of growth for the condo apartment index also slowed down (up 0.2 per cent in August from one per cent in July).

Increased choice in the market, especially for condo apartments, has rebalanced the overall market at least for one month. Whether this is a blip or the start of a trend as the Summer rush ends and the rest of the year brings muted activity remains to be seen.

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