



### Highlights:

- Non-farm payroll hiring increased in September but remains 9 per cent below pre-pandemic levels;
- 24 per cent of employers expect full-time hiring to decrease over next three months;
- Long-term business confidence up due to vaccine news;
- Good weather allowed more businesses to stay afloat in August but strong month-over-month drop in business openings ;
- Average price of a new car slid 4.7 per cent in September

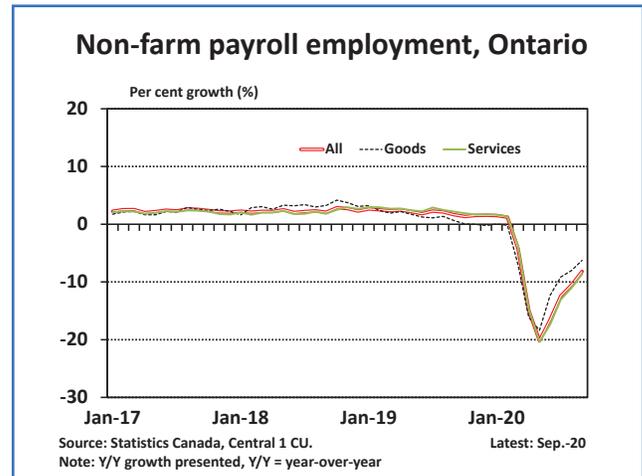
### Non-farm payroll hiring increased 2.4 per cent in September

Ontario's payroll employment total remains 566,000 workers below end-of-February totals and nine per cent below pre-pandemic levels, despite a 2.4 per cent increase (142,000 net new hires) in September.

September marked four straight months of robust hiring growth since the pandemic's first wave but hiring is expected to decline in coming months as the province grapples with more restrictions.

Year-over-year, total payroll hiring was down 8.2 per cent in September which was an improvement on August (down 10.5 per cent). As expected, given the nature of this economic shock, the goods sector has recovered much quicker than the services sector. Goods sector hiring in September increased by 1.7 per cent, with construction hires up 2.4 per cent and manufacturing hires up 1.4 per cent. Services sector hiring increased 2.6 per cent and nearly all subareas increased hiring except education which declined by 0.5 per cent. Trade (retail and wholesale) hiring increased 1.7 per cent, healthcare and social assistance hiring increased 2.7 per cent and arts, entertainment (up 8.2 per cent) and accommodation and food services (up 6.8 per cent) each increased hiring substantially also.

The rebound in hiring in September would have been likely higher were it not for new restrictions imposed in



Ontario to curb the spread of the virus as the second wave got underway. Limits on social gatherings were tightened for the hot spots of Toronto, Peel and Ottawa on September 17 and for the rest of the province on September 19. Now in November, with many regions in the red category and the City of Toronto and the Region of Peel in lockdowns, a tough fourth quarter is expected for businesses with likely very minimal hiring or rehiring. Even with some good news on vaccines and therapeutics released in November it will take time for these medicines to reach the public as demand will greatly exceed supply for some time. At the current pace, it will be a very difficult period for businesses to traverse until spring or summer 2021.

Average weekly earnings were little changed in September, moving up 0.1 per cent. Average weekly wages for goods sector workers moved up 0.8 per cent which helped to offset a 0.2 per cent average weekly wage decline for services workers. Difficulties faced by service sector employers particularly in areas with frequent face to face contact with customers is likely keeping wages down for workers even though they are being recalled.

The average hourly fixed-weight earnings index moved up 4.1 per cent year-over-year in September – an increase from 3.9 per cent growth in August.

### Small business sentiment moved up in November

Ontario's small business confidence index, which provides a 12-month outlook, increased in November moving up 2.9 points to 60.3 points. While the longer-

term outlook index increased, the three-month index remained unchanged likely suggesting the struggles businesses expect over the last quarter of 2020 facing increased restrictions and, in some regions, outright lockdowns. The 12-month outlook likely moved up on positive news on the COVID-19 vaccine and therapeutics front. Ontario's long-term index value in November posted the strongest gain among all regions and was the second highest value just behind British Columbia. Year-over-year, Ontario's long-term index came in two points ahead.

Over the next three months, 24 per cent of employers expect full-time hiring to decrease (from 26 per cent in October) and 32 per cent of respondents feel the general state of business in the province is bad (up from 29 per cent in October). Both measures have been gradually sliding since September coinciding when COVID-19 case counts really started climbing back up. Many small businesses aware of the difficulties ahead have curtailed investments and hiring plans.

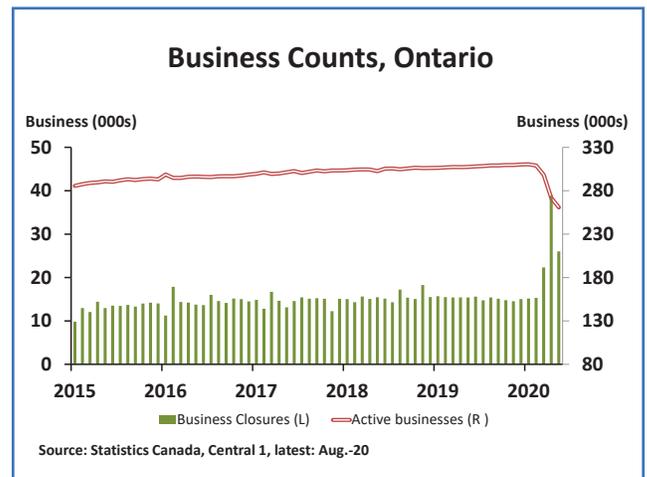
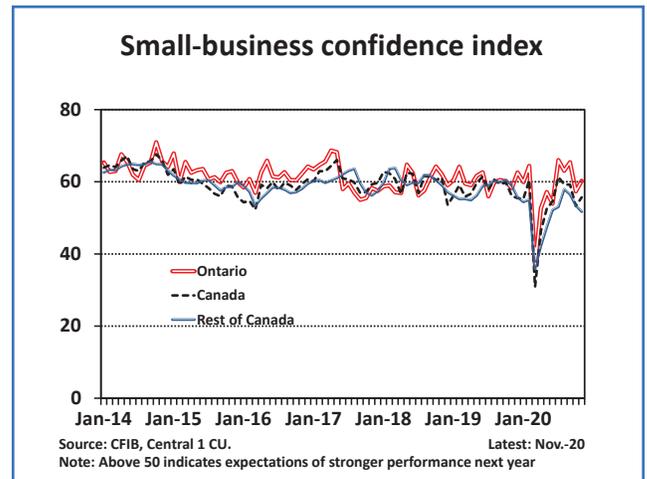
Average capacity utilization growth has stalled in November remaining at 70 per cent. Sixteen per cent of businesses surveyed were back to full output down from 21 per cent in October.

## Business closures slowed down further in August

Business closures in Ontario continued to decline albeit at a slower rate than early in the restart. August saw 13,501 business closures, a decline of 4.6 per cent from July and 12.4 per cent down from year ago totals. Compared to the long-term monthly average, business closures remained 12 per cent below trend.

Business openings numbered 17,485 in August, down 23.4 per cent from July and halting four consecutive months of growth. Year-over-year business openings are 15.5 per cent above year ago totals. Relative to the long-term monthly average business openings are 14.4 per cent above trend.

The summer months have allowed current businesses to recoup some much-needed revenues and stay afloat and this slowed down the rate of business closures. Now with the fall and winter upon us and a stronger second wave of the virus several large regions of Ontario have had to face stronger restrictions or lockdowns to stem the rate of infection. Looking ahead businesses will face strong headwinds in the last quarter of 2020 and possibly up until the second half of 2020. It all depends how quickly vaccines reach Canada and are deployed to create substantial



rebounds in consumer and business confidence. The strong month-over-month drop in business openings is something to keep an eye on, it may be a blip or it could signal a negative trend with fewer entrepreneurs willing to take a risk and open new ventures during such an uncertain time.

Nearly 87 per cent of all active businesses are in metro areas where 1.5 per cent more businesses remained active in August. The number of active businesses increased in several metro areas among them Toronto (up 1.6 per cent), Ottawa-Gatineau (up 1.9 per cent), St. Catharines-Niagara (up 2.0 per cent), and Kitchener-Cambridge-Waterloo (up 1.5 per cent). Year-over-year active businesses are still down 11 per cent in metro areas but up from nearly 13 per cent down in July.

## New car sales increased 4.1 per cent in September

New auto sales have faced a tough 2020 and the roller coaster ride continues in September. The latest from Statistics Canada points to an increase in total sales of 4.1 per cent after sliding 1.8 per cent in August. While

sales of new passenger vehicles slid down 1.8 per cent in September sales of trucks moved up 5.8 per cent and easily offset the net loss of passenger vehicle sales. Despite September's sales jump over the first nine months of 2020 the sector has not been able to get back to last year's pace. Low interest rates and the desire for many people not to use public transportation, especially in dense urban areas in the City of Toronto and other parts of the Greater Toronto Area, has supported demand for new vehicles but many potential buyers remain on the sidelines likely affected by layoffs or reduced hours and pay if they are back on the job. Total sales are down 25.4 per cent from 2019, passenger vehicle sales are lagging last year's pace by 39.1 per cent and truck sales are down 20.6 thus far this year compared to last year.

With only three months' worth of data to arrive this year the sector would have to perform above and beyond trend to even return to last year's total sales. With lockdowns in areas such as Peel Region and the City of Toronto and the cold weather arriving fewer potential buyers will likely be enticed to go searching for good deals.

The average price of a new car fell 4.7 per cent in July to \$44,411. The average price for trucks fell 1.8 per cent (to \$46,387) and the average price of a passenger vehicle fell 4.3 per cent (to \$35,442).

New auto dealerships attempting to create business are likely offering significant discounts to buyers to move more inventory and try to recoup losses suffered during the pandemic's first wave lockdown in the spring. Also, buyers possibly purchasing less expensive new car models, to not overextend themselves financially during such an uncertain time, may be dampening average price growth too.

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