



## Highlights

- Small and medium enterprise (SME) confidence soars in March but will be negatively impacted by a potential third provincial lockdown.
- Ontario's population growth below trend in fourth quarter 2020 as Ontario experiences lowest annual population growth since 1917.
- Population increased to 14.8M in fourth quarter, up 0.5 per cent from year ago estimates.

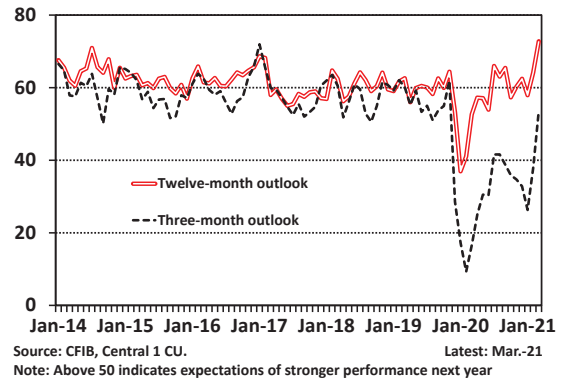
### SME business confidence soars in March

Long-term (12-month outlook) SME confidence soared in March as noted by the most recent data from the Canadian Federation of Independent Business' Business Barometer®. The latest reading came in at 72.8 points, up 8.7 points from February and 19.6 points from March 2020. Moreover, the current long-term outlook in Ontario is stronger than the national average (68.2 points) and Ontario's current long-term reading has not surpassed 70 points since October 2014.

Short-term (3-month outlook) SME confidence has also soared in March, registering the highest level since February 2020. Current short-term confidence stands at 53.7 points, up 15.8 points from last month and 25.1 points up from March 2020. Despite the strong gains the current reading is still lower than the historical average (55.2 points) pointing to the substantial risk in the short-term still prevalent.

News of vaccine shipments and the administration ramping up and the gradual lifting of some public health restrictions to allow for greater commerce seems to be lifting both the short-term and long-term outlooks in Ontario. Some difficulties and risks remain to the outlook though as some sectors remain battered. For example, businesses in arts and recreation are presently still closed and almost none are operating at full capacity. Furthermore, public health experts in Ontario signaled the start of COVID-19 third wave in Ontario as variants of concern (VOC) rise. It is very possible that even with increased vaccinations starting to occur to insulate the province's health systems from being completely strained, a third general lockdown

### Small-business confidence index, Ontario

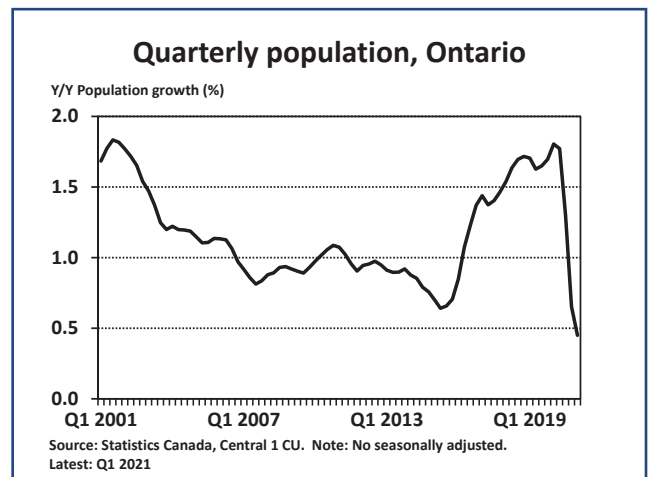


is quite possible. This scenario would snuff out short-term confidence gains.

Average capacity utilization growth has increased in March to 63 per cent from 55 per cent in February. A slightly greater number of SMEs are at full capacity. In March 15 per cent are fully up and running up from 12 per cent in February.

Over the next three months, 20 per cent of businesses do not expect to increase full-time hiring. This is less than the 27 per cent which expressed this sentiment in February. Three in ten respondents feel that the general health of the economy is bad – down from 37 per cent in February.

### Fourth quarter population increased 0.5 per cent



In 2020, Ontario had its lowest population growth since 1917; a result of pandemic-induced border closures and less immigration to Canada.

Ontario's quarterly population estimates were released recently by Statistics Canada, showing a 0.5 per cent (66,136 residents) year-over-year increase in the fourth quarter of 2020, which is much less than the pre COVID-19 average year-over-year growth of 1.5 per cent growth. Quarter-over-quarter, Ontario's population increased by 21,705 new residents.

Breaking out the quarter-over-quarter increase by its components natural increase grew by 4,025 residents, international migration (permanent immigrants and non-permanent immigrants) increased by 18,020, and interprovincial migration declined by 340 residents. From year-ago estimates natural increase fell 35.1 per cent, interprovincial migration decreased by 184.6 per cent and immigration fell by 45.6 per cent and non-permanent migration fell by 83.7 per cent.

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