



## Highlights

- Tighter public health restrictions pull down non-farm payroll hiring in January.
- Client-facing services hardest hit, hiring in services falls 1.4 per cent, goods sector hiring up 0.5 per cent.
- 1.1 per cent more business closed in Ontario in December.

## Non-farm hiring falls 1.1 per cent in January due to stronger public health restrictions.

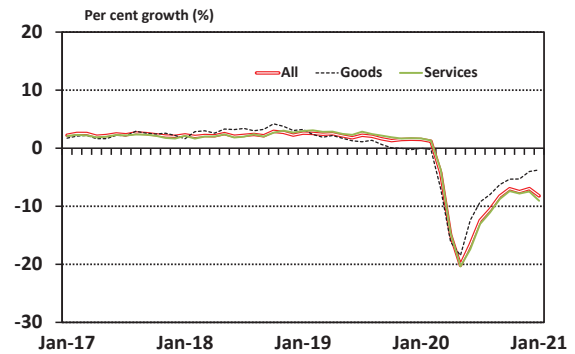
Non-farm payroll employment fell 1.1 per cent in January on tighter public health restrictions aimed at the services sector. Employment is down 1.4 per cent. Areas like retail trade, accommodation and food services, and arts, entertainment and recreation were hardest hit. Hiring in the goods sector increased by 0.5 per cent largely driven by increased hiring in construction and forestry. A large backlog of projects still to break ground continues to drive increased demand for skilled labour in construction.

Current non-farm hiring, compared to pre-pandemic in February 2020, remains 8 per cent lower. Services hiring is 8.9 per cent lower and goods sector hiring is down 3.5 per cent. The nature of work in the goods sector has allowed it to recover much quicker than services which continues to face significant headwinds, adding to any long-term scarring that may dampen overall economic recovery.

Job vacancies remained unchanged in January at 3.0 per cent despite a slight increase in labour demand likely from the goods sector of 0.9 per cent month-over-month. Closed borders are keeping employers unable to hire for highly skilled positions.

Average weekly earnings increased 2.7 per cent month-over-month. Earnings in the goods sector moved up 0.5 per cent while earnings in the services sector moved up 3.2 per cent. Average weekly earnings increased as most job losses have been largely in lower-paid hourly positions.

## Non-farm payroll employment, Ontario



Source: Statistics Canada, Central 1 CU.  
Note: Y/Y growth presented, Y/Y = year-over-year

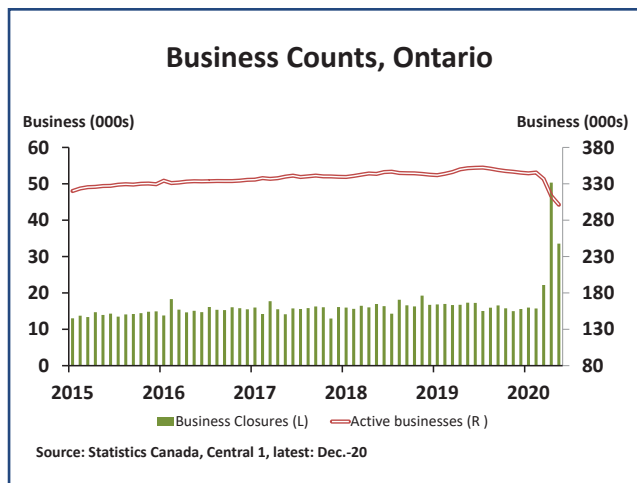
The average hourly fixed-weight earnings index moved up 4.4 per cent year-over-year in January, up from 2.7 per cent growth in December.

## Rate of business closures in Ontario continued to slow down in December

December 2020 business closures and openings data were released this week by Statistics Canada. At the time the statistics were gathered, the rate of business closures was slowing down, and business openings and active businesses were climbing modestly. Month-over-month business closures had increased 1.1 per cent, a slower rate of growth from November when closures increased 8.9 per cent. Moreover, business openings increased 0.8 per cent in December after falling 5.4 per cent in November. Active businesses increased 0.6 per cent in December adding to the 0.4 per cent growth in November. The next set of statistics will uncover how current restrictions across the province are affecting business closures and openings.

Relative to pre-pandemic, in February 2020, there remained 18,654 fewer active businesses in Ontario in December 2020. A couple of good bits of news related to business closures during this time and business openings. 932 fewer businesses closed, and 3,752 more businesses have opened.

New entrants are a recent addition to this data set from Statistics Canada. These are entirely new businesses that commence operations in the month surveyed. According to these estimates new entrants were growing consecutively in Ontario from June to



In December Ontario metro areas had 87.3 per cent of the province's active businesses. Active business counts in metro areas increased 0.6 per cent in December to 285,265. Active business counts increased across all metro areas with the four large metro areas of Toronto, Ottawa-Gatineau, Hamilton and Kitchener-Cambridge-Waterloo accounting for nearly 73 per cent of the growth in active businesses in metro areas.

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November, averaging at a growth of 7.0 per cent since August. In December, new entrants fell by 6.0 per cent putting an end to this run of six months of growth. A pessimistic short-term outlook by some small and medium enterprises in Ontario at the time this data was collected perhaps compelled them to hold off from opening their doors.

By sector, of the 18,654 fewer active businesses since February, 64.7 per cent of the losses are in the following sectors:

- Construction (down 1,577 businesses)
- Retail Trade (down 1,811 businesses)
- Transportation and warehousing (down 816 businesses)
- Real estate and rental and leasing (down 1,338 businesses)
- Administrative and support, waste management and remediation services (down 1,022 businesses)
- Accommodation and food services (down 2,484 businesses)
- Tourism (down 3,027 businesses)

While some sectors have seen the rate of fewer active businesses slow down in December other sectors like accommodation and food services and tourism-related services (i.e., tour guides, souvenir shops, etc.) have seen the rate of fewer active businesses increase.

At the time the data was collected in December Ontario had increased public health restrictions to slow down COVID-19 spread during the province's second wave. These restrictions had damaging effects on client facing businesses such as accommodation and food services as more clients stayed home.