



Highlights

- Ontario topline payroll employment increased 1.8 per cent in March.
- Services sector hiring increased in March supported by some lifting of public health restrictions
- Increased rate of vaccinations lifts small businesses' long-term outlook.
- Three-month outlook remains range-bound given continued public health restrictions despite many Ontarians now partially vaccinated and public health metrics gradually trending down.

Lifting of public health restrictions in March led to strong hiring and rehiring

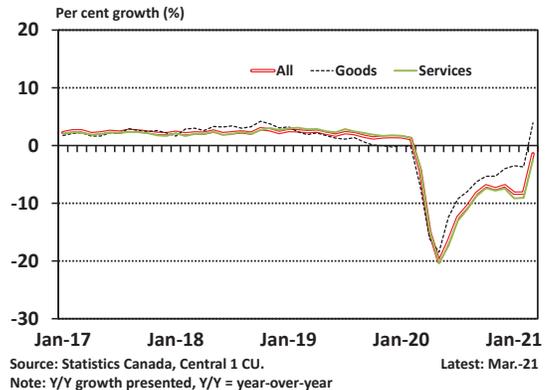
Ontario topline payroll employment increased 1.8 per cent in March, the largest month-over-month gain since October 2020, driven by the lifting of public health measures.

Nearly all the hiring in March occurred in the services sector (up 2.1 per cent) with the remainder coming from the goods sector (up 0.6 per cent). Over the first three months of 2021 payroll employment remained 6.1 per cent below last year's pace with hiring in the service-sector (down 6.9 per cent) and the goods sector (down 1.2 per cent), lagging last year's respective paces as well.

Strong hiring occurred in the following sectors in March:

- Construction (over 2,300 hires)
- Manufacturing (over 3,800 hires)
- Retail trade (over 35,000 hires)
- Education (over 15,000 hires)
- Health care and social services (over 7,700 hires)
- Accommodation and food services (over 19,000 hires)

Non-farm payroll employment, Ontario

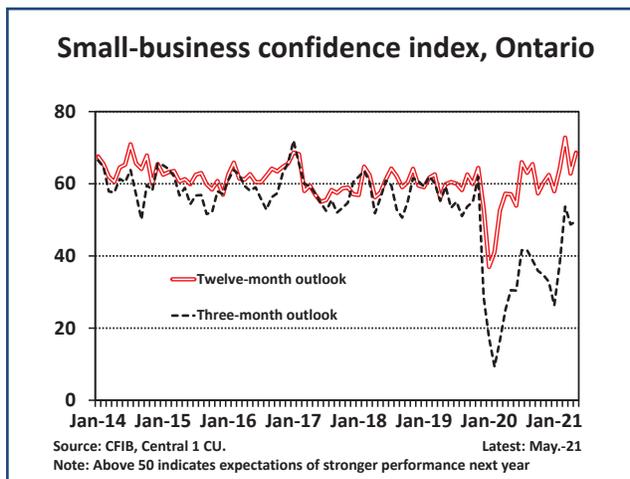


Average weekly earnings decreased in March by 0.9 per cent. Service sector average weekly earnings fell 1.4 per cent while average weekly earnings in the goods sector inched up 0.2 per cent. Increased hiring of non-salaried employees in the services sector tamped earnings growth.

Long-term outlook is strong for many Ontario small businesses.

Short-term (three-month outlook) small business confidence in Ontario moved up minimally in May to 49.7 points (up one point from last month) while the long-term outlook, 12 months out, moved up to 68.6 points (up 5.8 points from last month). Continued public health restrictions in the short-run continue to keep the short-term outlook range-bound but increased vaccination rates, particularly in areas of the province hard hit by the virus, provides tangible hope for small businesses that the worst of the pandemic may be in the rear-view mirror and by end of the third quarter the economy can begin to fully open.

Measured on a scale between 0 and 100, an index above 50 means owners expecting their business' performance to be stronger in the next year outnumber those expecting weaker performance. The long-term outlook as mentioned above stands at 68.6 points suggesting the impending sturdy growth for many sectors of the economy once things open and most, or all restrictions lifted.



Compared to pre-pandemic confidence registered in February 2020, the short-term index remains 12.3 points down while long-term confidence has rebounded and currently stands 4.2 points above pre-pandemic.

After increasing to 65 per cent in April the average capacity utilization decreased to 61 per cent in May. Supply-chain issues, especially in electronics and new auto manufacturing may be slowing down these areas. In May, 18 per cent of businesses are fully up and running down from 22 per cent in April.

Over the next three months, 19 per cent of businesses do not expect to increase full-time hiring slightly down from last month (20 per cent). 34 per cent of respondents feel that the general health of the economy is bad – up one per cent from April.

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