



## Highlights

- Ontario small business confidence continues to trend upwards
- Non-farm payroll jobs continue to increase in September
- Non-essential travel for fully vaccinated foreign nationals resumed lifting international travel in September.

## Small-business confidence records another month of growth in November

*Edgard Navarrete, Regional Economist*

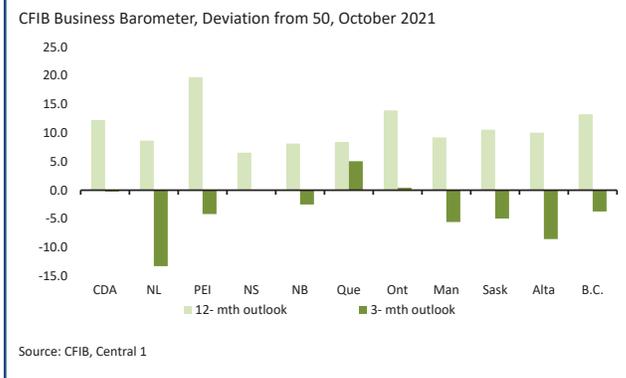
The Canadian Federation of Independent Business (CFIB) released November figures for small-business confidence in Ontario this week. According to the latest figures, small-business confidence continues to slowly trend back up again after a very severe downturn in September. The Ontario long-term outlook (12-months) came in at 63.9 points in November, up from 62.0 points in October and up 3.7 points from a year ago. The short-term outlook (3-months) came in at 50.4 points, up 4.5 points from October and up 15.7 points from a year ago.

Measured on a scale between 0 and 100, an index above 50 means the share of business owners are expecting their performance to be stronger in the next year outnumber those expecting weaker performance.

Despite the rebound in confidence in both October and November, both the short-term and long-term outlooks are still lower than August.

Recovery at the sectoral level is mixed. Technical sectors and those which continue to offer remote or hybrid work for their employees have weathered the pandemic better and with much less uncertainty. Other areas such as client facing services (especially hospitality) still face some uncertainty, and this continues to keep the confidence rebound range bound, thereby affecting the overall provincial estimate.

## Short-term outlook remains uncertainty for many regions



Among the small and medium enterprises (SMEs) surveyed in November, 19 per cent are expecting to decrease full-time hiring over the next three months (down from 20 per cent in October) and 24 per cent feel the general state of business health is bad (down from 27 per cent in October). Average capacity utilization has moved up to 76 per cent in November, the highest level since the start of the pandemic. 26 per cent of SMEs in Ontario surveyed are back up to full capacity utilization (up from 16 per cent in October).

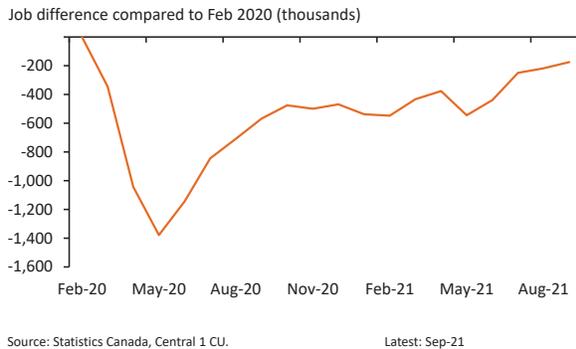
With flu and Covid-19 infections expected to rise as we enter the winter months, there are some risks to the economy, particularly for client facing businesses. Ontario has now started to inoculate children against COVID-19 and to provide booster shots for those at highest risk. These measures should hopefully mean no lockdowns are needed, unlike what is currently happening in parts of western Europe, but with COVID-19 case counts slowly creeping up, further lifting of restrictions in Ontario may be put on hold until spring.

## September sees fourth consecutive month of employment growth

*Alan Chow, Business Economist*

Ontario saw a small increase in hiring (0.7 per cent or 43,000 jobs) in the month of September over the previous month, according to the latest survey for employment, payroll, and hours. This is the fourth straight month of growth and is slightly higher than

## Non-farm payrolls up but still below pre-pandemic levels



August's increase of 0.5 per cent but still slower than the average growth seen since the bottom was reached in May 2020. This brings the total to 6.476 million, a pandemic-era high but still about 170,000 below pre-pandemic levels.

Growth was broad across most sectors. Accommodations and food services led the way with 8,500 new positions, giving it a 2.2 per cent increase over the previous month. Other sectors include public administration, which is up 8,100 or 1.9 per cent; finance and insurance, which is up 7,700 new positions or 2.2 per cent; and trades, which is up 7,100 new positions or 0.7 per cent. This compares to transportation and warehousing, which is down 6,100 positions or 2.2 per cent to 279,000 positions and now the second straight month of declines and pulling it further down from pre-pandemic levels, which hovered around 290,000.

Compared to pre-pandemic levels, most industries still lag and have yet to recover. Arts, entertainment, and recreation is still down 29.7 per cent or about 27,000 jobs. Accommodation and food services is also still down 20.9 per cent or 86,000 jobs. And despite the hot housing market that occurred in late last year and has continued for most of 2021, real estate and rental and leasing professions are still down 11.8 per cent or 12,000. This is likely tied to the slowdown in the commercial and office space, which is experiencing a very slow recovery.

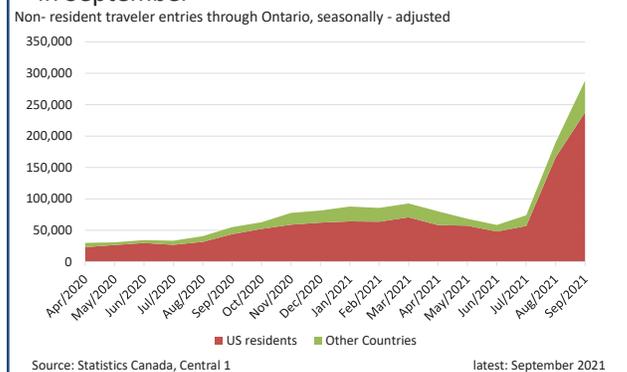
Average weekly earnings on the other hand took a small dip, down 0.4 per cent over the previous month. Despite the dip, it remained above the level from a year ago, up 1.6 per cent. Sectors that are experience high growth in wages include mining, up 8.3 per cent, information and cultural industries, up 11.2 per cent, and management of companies and enterprises, which is up 13 per cent. Accommodation and food services, which is experience high vacancies, is also experiencing wage growth, up 4.9 per cent from a year ago as employers in this sector raise wages to try and attract workers back to the sector.

## International travel to Ontario continued to recover in September

Ivy Ruan, Economic Research Associate

The number of international arrivals to Canada continued to increase in September but remained well below pre-pandemic levels. The number of non-resident travellers entering through Ontario was 288,322 persons, over five times greater than the same month last year, yet only 20.8 per cent of the number from September 2019. The inflow of U.S. travellers since the reopening of Canadian border to fully vaccinated U.S. residents continued to lead the increase in the number of travellers entering Ontario in September. There were 237,848 American travellers entering Ontario in September, a fivefold increase from a year ago, but remains a small portion (21.5 per cent) of the September 2019 level. That said, the number of U.S. vehicles entering Ontario was 172,012, nearly 6,600 less than last month's influx. Despite the decline, the number of U.S. vehicles entering Ontario this month was almost twice the counts than September 2020.

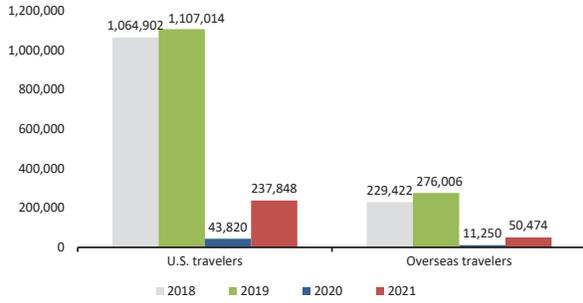
## International travel to Ontario continued to recover in September



As most provinces continued to ease restrictions, Canada began allowing entry to fully vaccinated foreign nationals for discretionary travel on September 7, 2021. The number of total travellers from countries other than the U.S. entering Ontario in September was 50,474 persons. This was almost five times higher than September 2020, and the highest number since the pandemic began in April 2020. However, it was still well below the pre-pandemic level in September 2019, counted only 18.3 per cent of the travellers back then. European travellers led the increase in the number of non-U.S. travellers coming into Ontario in September, given that Canada was on EU's safe travel list. With Toronto's Pearson International Airport being one of the primary hub airports where international travellers can enter Canada, Ontario would continue see an uptick in recovery of its tourism.

## But levels remain decimated by pandemic

Non- resident traveler entries through Ontario, September



Source: Statistics Canada, Central 1

latest: September 2021

Total Canadians returning from abroad through Ontario were 472,572 in September. With the U.S. reopening its land border to fully vaccinated non-essential travelers in November, Ontarians will be able to enjoy day trips after a year-and-half closure. This new policy will likely increase further the number of total Canadians returning through Ontario, especially via ground transportation, in the coming months to pre-pandemic level.

*For more information, contact [economics@central1.com](mailto:economics@central1.com).*