



Highlights

- Non-farm payroll jobs still increasing, but growth slows
- Small-business confidence posted significant double-digit loss in January
- International travel to Ontario continued to increase in November but remains well below pre-pandemic levels.

Job growth slowing down, trend will likely continue once Omicron related restrictions are baked into the data

Alan Chow, Business Economist

The survey for employment, payroll, and hours (SEPH) was released this week and Ontario saw a small increase of 0.2 per cent or 10,000 jobs in the month of November. While this marks its sixth consecutive month of increases, it is the lowest growth seen in that time frame and the trend is moving lower and is expected to continue as the fifth wave of COVID-19 takes over.

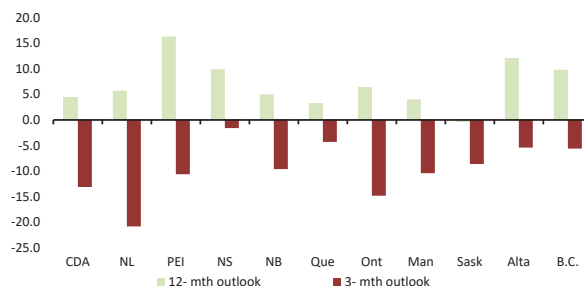
The sector that saw the largest gain was educational services, which increased by 10,000 jobs or 2.0 per cent. Capacity restrictions and distancing requirements were eased in October and, as a result, the accommodation and food services sector saw an increase of 4,000 jobs or 1.0 per cent and the arts, entertainment, and recreation sector saw an increase of 2,300 jobs or 2.4 per cent.

Trade (retail and wholesale) reported 3,600 fewer workers; a 0.4 per cent decline. Goods-producing industries also saw a loss of jobs, shedding 2,600 or 0.2 per cent with manufacturing shedding 3,400 jobs or 0.5 per cent. Balancing it out was growth in construction jobs and utilities, which saw an additional 600 jobs and 400 jobs respectively.

Average weekly wages moved down this month to \$1,156 with the service-producing industries dragging the overall average lower. Its average went from \$1,138

Omicron-related restrictions continued to eat away at short-term SME confidence

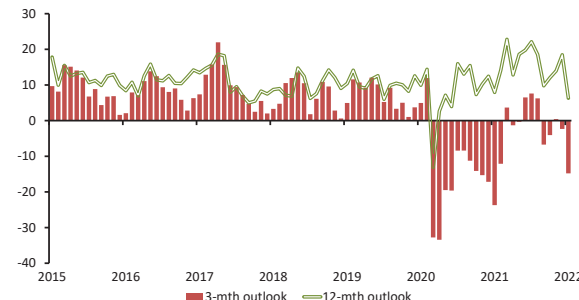
CFIB Business Barometer, Deviation from 50, January 2022



Source: CFIB, Central 1

Latest round of restrictions continues to batter SME confidence in Ontario

Ontario CFIB Business Barometer, Deviation from 50



Source: CFIB, Central 1

Latest: Jan.-22

in October to \$1,118 in November. Goods-producing industries, on the other hand, saw wages increase from \$1,306 to \$1,327 month over month. This is likely the result of lower paying positions being filled with the holiday shopping season approaching. Finally, increased hiring, particularly for the busy holiday season, saw job vacancies decline, falling from 5.6 per cent to 5.0 per cent.

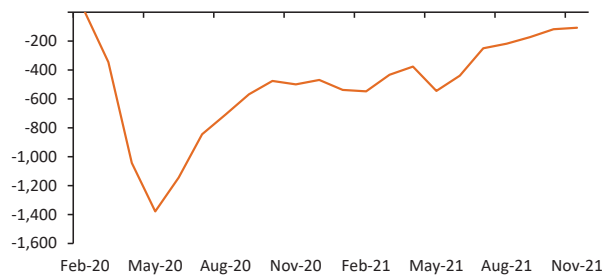
SME confidence levels fell dramatically in January as Omicron related public health measures really took hold

Edgard Navarrete, Regional Economist

Omicron related restrictions in Ontario showed up partially in the data when December's small-business confidence figures were released late last month but now with more time under public health restrictions and increased uncertainty faced once again by

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

Job difference compared to Feb 2020 (thousands)



Source: Statistics Canada, Central 1 CU.

Latest: Oct-21

small and medium enterprises, the concerns about the future appeared in the data. Both the short-term (three-month outlook) and the long-term (12-month outlook) indices fell by double-digit margins month-over-month with the short-term index losing 12.5 points to 35.2 points and the long-term index losing 12.2 points to 56.3 points. The dip in both indices in January 2022 was one of the strongest since the start of the pandemic.

Year-over-year, the short-term index remained 8.9 points ahead of last year's reading while the long-term index came in 1.6 per cent lower in January 2022 compared to a year ago.

The index is measured on a zero to 100 scale and any reading over 50 points means the majority of SMEs are expecting their business' performance to be stronger in the coming year. As expected, the short-term index has baked in a contraction of activity as many SMEs navigate the current round of restrictions, but once they get to the other side, the outlook improves as many businesses feel this has to be the last time they have to suffer this roller coaster of off-and-on restrictions. New medications (i.e., antivirals) and vaccines will likely ensure that the worst of the pandemic is finally over for Ontario businesses.

As expected, with businesses having to slowdown production or, in some cases, close their doors, average capacity utilization rates fell from mid-70 per cent in December 2021 to 58 per cent in January 2022. Ontario has signaled that the economy will start to reopen in late January and that society will have to learn to live with an endemic level of COVID-19¹. Continued easing of restrictions will help businesses ramp up production considerably moving forward.

¹ ['We have to learn to live with it': Ontario outlines loosening of COVID-19 restrictions | CityNews Toronto](#)

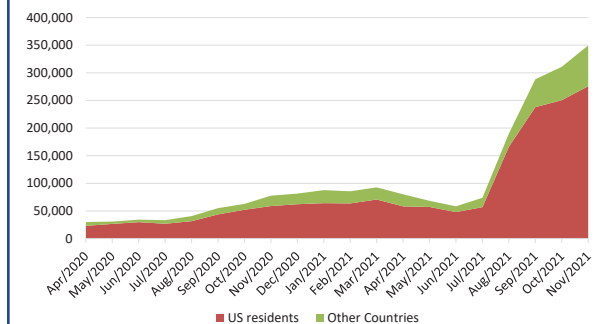
International travel in November at highest level since pandemic started

Ivy Ruan, Economics Research Associate

The number of international arrivals to Canada continued to rebound through November but remained well below pre-pandemic levels. A total of 349,626 non-resident travelers entered through Ontario, 4.5 times greater than the same month in 2020, but still only 25.5 per cent of the visitors received in November 2019. The influx of U.S. travelers, driven by the reopening of the Canadian border to fully vaccinated U.S. residents, continued to lead the overall travel increase while the number of travelers from countries other than the U.S. remained historically low throughout November. There were 275,731 American travelers entering Ontario in November, an almost fivefold increase from last year, and one quarter (25.1 per cent) less than the November 2019 level. The majority of U.S. travelers entering through Ontario did so by automobile (210,363 persons) with both same-day road trips and long-term visits (more than two days) by car popular.

International travel to Ontario continued to recover in November

Non-resident traveler entries through Ontario, seasonally - adjusted

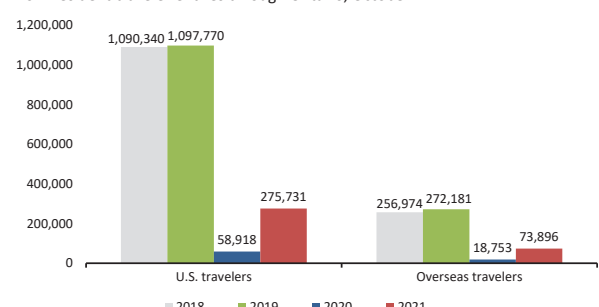


Source: Statistics Canada, Central 1

latest: November 2021

But levels remain decimated by pandemic

Non-resident traveler entries through Ontario, October



Source: Statistics Canada, Central 1

latest: November 2021

The total number of non-U.S. travelers entering Ontario in November numbered 73,896 persons. This was almost four times higher than November 2020; the highest monthly total since pandemic started. It was, however, still well below pre-pandemic levels, accounting for only 27.1 per cent of the travelers in November 2019. That said, November's travel data might not reflect the impacts of rising concerns due to the Omicron variant. Effective October 30, 2021, all air passengers departing from Canadian airports are required to be fully vaccinated to travel. For many Canadians who received their second vaccination, travelling during the holiday season became an option again, albeit many provinces resumed public health measures to control the spread of Omicron.

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