



Highlights

- Hiring momentum returned in June after flat May
- Both short-term and long-term small business confidence indices increased in August

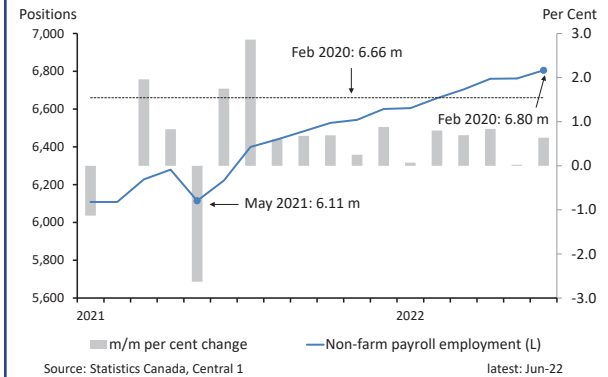
Hiring jumps again in June

Alan Chow, Business Economist

Ontario non-farm payroll counts increased in June. This marks the 13th month of increases with May numbers having been revised upward from the previous month to show a marginal increase (0.02 per cent). Payroll counts increased 43,000 or 0.6 per cent to 6.8 million. Service industries represented the bulk of those gains, increasing 0.6 per cent, while goods-producing industries also saw an increase, but only 0.3 per cent. Vacancies are also up to 5.5 per cent, nearing the recent high of 5.7 per cent seen in April 2022.

Increases in payroll hiring were observed in 9 of the 13 classified businesses service-oriented businesses. The strongest gains were seen in the educational services, which were up 2.6 per cent or around 13,600 positions. This is followed by the arts, entertainment, and recreation businesses, which was up 2.3 per cent or around 2,400 positions. Also increasing was the accommodation and foods services, up 1.8 per cent or around 8,000 positions, and other services, which is up 1.0 per cent or around 2,000 positions. Businesses that saw payroll decreases include management of companies and enterprises, down 1.6 per cent or around 700 positions, and public services, which is down 0.6 per cent or around 2,800 positions. Goods-producing industries saw strong absolute gains in constructions, up 1.2 per cent or around 4,600 positions and high relative gains in forestry, up 5.8 per cent or around 200 positions.

Ontario non-farm payrolls climb for 13th month in a row.



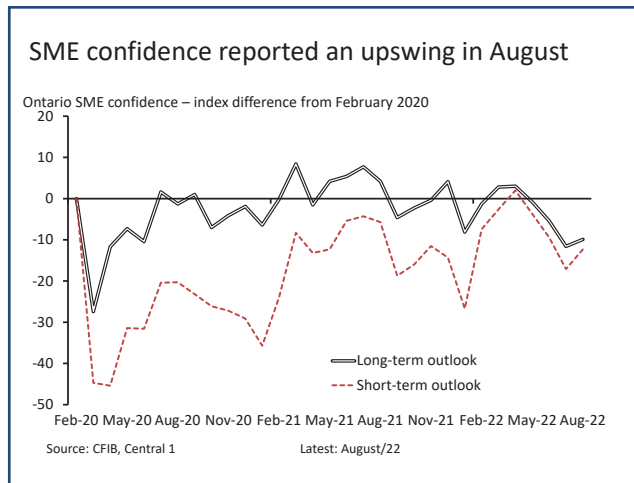
Despite the recent uptick in the entertainment sector and accommodations and foods services sector, they are still well below pre-pandemic figures numbers by 11.0 per cent and 7.7 per cent, respectively. This is likely to persist as these industries have salaries that are significantly lower than other areas and the current high cost of living will make finding workers harder for these areas. Vacancies in these two industries are also much higher than that seen pre-pandemic. Manufacturing is also still behind, but only by 1.3 per cent despite the continued supply chain issues affecting the automobile sector.

Average weekly dipped slightly in June. It is down 2.3 per cent to \$1,179. The decrease was not even across the industries though, with 9 out of the 19 seeing decreases and the other 10 experiencing gains.

SME confidence reported an upswing in August

Ivy Ruan, Economic Analyst

The Ontario August small and medium enterprise (SME) index estimates were released this week by the Canadian Federation of Independent Business. Following July's declines, both the short-term (3 months) and long-term confidence (12 months) recovered to 49.6 points (up 4.8 points m/m and down 6.7 points y/y) and 54.5 points (up 1.7 points m/m and down 23.0 points y/y), respectively. With August's figures, Ontario retained relatively healthy levels of business confidence over both time spans. Despite pressures on local businesses amid higher interest environment and



weaker consumer demand, Ontario SMEs seemed to regain business optimism from post-pandemic activities in sectors such as tourism and transportation. The summer tourism influx could boost the business optimism with most recent findings showing that international travelers made over 13 times more trips to Canada in June compared with the same period in 2021.

Average capacity utilization edged up to 78 per cent in August from July's reading (77 per cent). More SMEs surveyed (20 per cent) indicated additions to their full-time staffing plans, and more business owners considered themselves in a good state of business health (35 per cent). Even with rising wages to combat inflation and attract workers, business growth is expected to be disturbed due to ongoing labour shortages. Concerns over fuel and energy costs moderated, given lower prices observed globally in August.

With summer nearly over, Ontario businesses in the tourism and transportation sectors may start to see slower tourism traffic, as airport disruptions and higher cost of living may keep some travellers at home. Moreover, with more consumers struggling to keep up with the cost of living, SMEs' expectations for growth and profits may need to adjust to a changing environment over the coming months.

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