



## Highlights

- Ontario retail sales edged up in September following August minimal change, led by higher sales at motor vehicle and parts dealers
- Payroll employment edges up after August lull, wage growth comes in at 3.6 per cent
- International tourist visits up slightly

## Ontario retail sales edged up 1.0 per cent in September

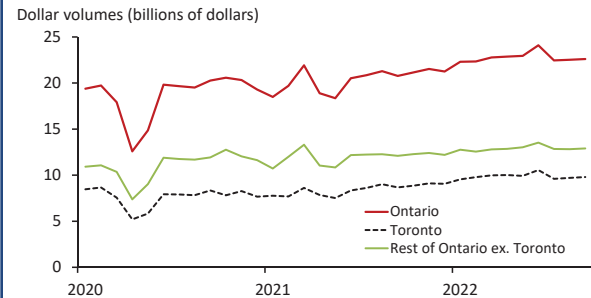
Ivy Ruan, Economic Analyst

In contrast with the national pattern, Ontario retail sales had a positive month for September. Total retail sales increased 1.0 per cent to a seasonally-adjusted \$22.6 billion. Year-over-year growth accelerated to 9.0 per cent, up from the 5.3 per cent seen last month. While higher sales at motor vehicle and parts dealers led gains, most other sectors reported declines. This could suggest weaker underlying performance as consumers face headwinds of higher prices and interest rates, and a weak housing market. That said, preliminary national October data from Statistics Canada for October suggests an increase in retail sales.

Within the census metropolitan area (CMA) of Toronto, retail sales increased 1.2 per cent, with year-over-year growth of 12.7 per cent.

Growth (2.8 per cent m/m) was seen in the automotive sector, which was the main driver for the provincial growth in sales this month, essentially offsetting all the declines seen in the rest of the sectors. Automotive sales were also 13.7 per cent higher than the same month in 2021. Ontario residents also spent more on food and beverages (0.8 per cent) than last month, as opposed to the national trend. Building materials and gardening sales had the largest proportional decline of 6.4 per cent from the previous month among all sectors. Falling gasoline prices led the lower sales in Ontario, with 5.4 per cent lower sales at the pump than last month. Sales remained higher than the same month last year in 10 of the 11 subsectors, and core retail sales (excluding automotive sector) reported 6.5 per cent year-over-year growth in September.

## Ontario retail sales edged up 1.0 per cent in September



Source: Statistics Canada, Central 1

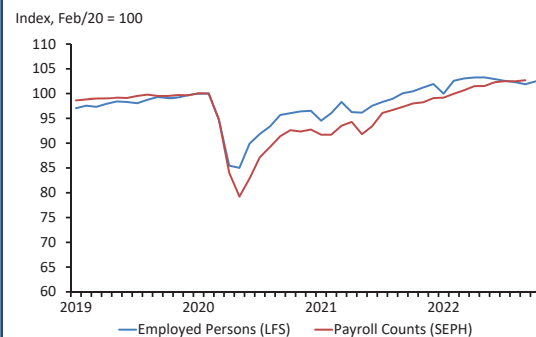
latest: Sep/22

## Payroll counts nudge higher after August lull

Bryan Yu, Chief Economist

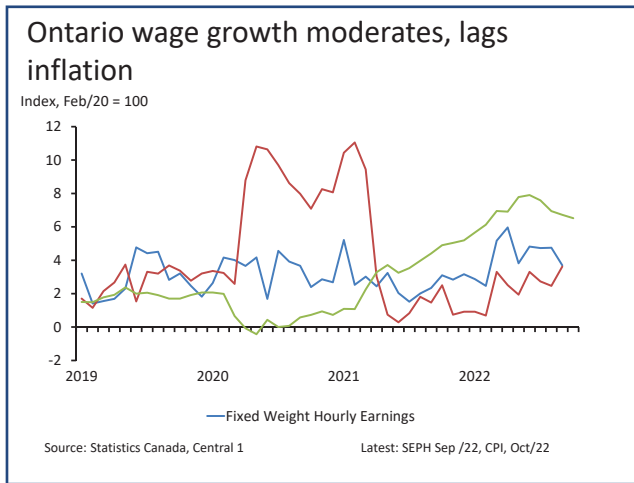
Ontario payroll counts nudged higher in September after an August lull. According to the latest results from the Survey of Employers, Payroll and Hours (SEPH), employers added more than 15,300 positions during the month representing a 0.2 per cent increase to re-establish an upward trend extending back to the first half of 2021. Rising payroll counts contrasted with a 0.4 per cent employment decline as estimated by the Labour Force Survey (LFS) of households. Various factors can create divergence between the surveys including timing of job losses as SEPH reflects payouts of salaries and/or benefits in a month in contrast to whether an individual worked and excludes farm work and self-employed workers. Broadly, the Ontario labour market, while showing signs of cooling with higher unemployment, remains tight with a job vacancy rate of 5.5 per cent, which is below the national rate, but still indicative of a tight market.

## Ontario hiring edges up but trend modest



Source: Statistics Canada, Central 1

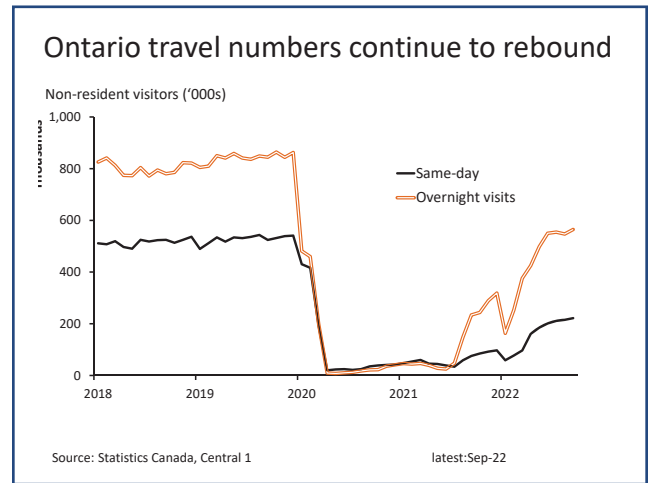
Latest: SEPH Sep /22, LFS, Oct/22



With the latest gain, payroll counts are 2.7 per cent higher than February 2020 with LFS employment growth of 1.8 per cent over the period.

A scan of the latest job gains for September showed the construction sector to be a strong contributor to growth with the addition of 6,658 positions (1.7 per cent). Meanwhile, other significant drivers included healthcare and social assistance which added 5,336 positions (0.7 per cent), accommodation/foodservices (up 3,457 positions or 0.7 per cent), and public administration (up 2,952 positions or 0.7 per cent). The main drag was educational services with a drop of 9,721 positions or 1.8 per cent. Most sectors have fully recovered from pre-pandemic levels, with robust employment in areas like professional/scientific/technical services, finance and insurance, technology and resources. In contrast, tourism-related sectors and hard-hit services have yet to fully rebound, although this partly owes to labour scarcity.

On the wage front, average weekly earnings rose another 0.8 per cent to \$1,206, contributing to acceleration in year-over-year growth to 3.6 per cent. The fixed hourly earnings index which controls for industry composition decelerated to 3.7 per cent from 4.6 per cent in August which is surprising modest given the high job vacancy rate. In comparison, LFS average hourly wage rose to 6.5 per cent year-over-year. While still lagging general inflation, wage pressures are showing signs of moderately strong gains in Ontario but short of a wage spiral. Upward pressure could abate as the economy slows.



## Number of International visitors continue to climb but growth slows

*Alan Chow, Business Economist*

Tourism numbers in Ontario were up slightly in September and have been increasing every month since January 2022. On a seasonally-adjusted basis, they increased 3.1 per cent over the previous month. The increase was evenly distributed between those who traveled for overnight visits and those on same day excursions, showing a 3.0 per cent and 3.1 per cent increase respectively.

U.S. visitors saw an increase of 4.0 per cent over the previous month with the biggest increase being those coming in for overnight visits (up 4.4 per cent). Same day excursions also climbed but by a slightly lower amount at 3.3 per cent. Visits from residents from other countries were down slightly. They fell 0.4 per cent with overnight excursions falling 7.2 per cent. Overnight visits on the other hand, which make up the bulk of visitors for those who are not American, remains relatively stable only decreasing 0.1 per cent.

Compared to the same period in 2019, the number of visitors to Ontario is still down 40.3 per cent. Same day excursions are the biggest drag, down 56.2 per cent but overnight tourists also remain down 30.6 per cent.

Overall, tourism numbers should improve with the loosening of restrictions. As of October 1, proof of vaccination, COVID testing, quarantining, and the use of the ArriveCan app is no longer required, along with health checks and wearing mask on planes and trains. That said, the expected slowdown in the economy and reduced demand could offset any gains from relaxed restrictions.

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