Economics | Current Economic Trends

Ontario Economic Briefing

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Highlights

- Unemployment dips in November
- Goods sector output up 0.2 per cent and service sector output up 0.01 per cent

Full-time employment increases while part-time employment falls

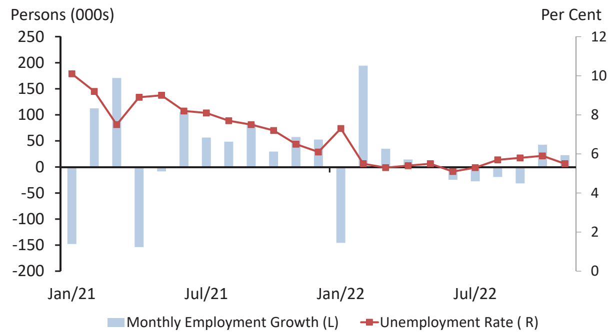
Alan Chow, Business Economist

The unemployment rate dipped in Ontario, falling from 5.9 per cent in October to 5.5 per cent in November on a seasonally adjusted basis. This was the first drop in five months and was a much bigger fall than at the national level, which dropped from 5.2 per cent to 5.1 per cent. In Ontario, the total employment rate rose by 0.3 per cent or by 22,600 persons to reach numbers similar to early summer and the rise resulted in an employment rate increase from 61.1 per cent to 61.2 per cent. Nationally, total employment rose less than 0.1 per cent or 10,100 persons. As a result, the employment rate in Ontario rose from 61.1 per cent to 61.2 per cent. The participation rate in Ontario fell slightly from 64.9 per cent to 64.8 per cent as the size of the labour force fell slightly by 0.05 per cent while estimates for the population saw an increase of 0.12 per cent.

Employment was driven by strong gains in full-time positions, which increased 0.3 per cent or 60,300 persons. Part-time positions on the other hand balanced out these gains by falling 2.8 per cent or 37,700 positions. These numbers match the decrease in the participation rate as part-time employment may be filled by persons who may not require work and/or a steady income.

On an industry basis and unadjusted for seasonality, increases were seen in both the service-producing and goods-producing sectors but led by the service-producing sectors which increased 0.7 per cent or 41,400 persons. The finance and insurance sector saw employment increase 2.3 per cent or 11,300 persons while educational services and healthcare saw

Ontario employment up again, unemployment rate trends lower



Source: Statistics Canada, Central 1 latest: Nov/22

increases of 1.45 per cent or 8,700 persons and 1.0 per cent or 9,500 persons, respectively. Accommodations and food services also saw increases of 2.6 per cent or 10,200 persons. Surprisingly the retail trade saw a decrease of 0.34 per cent or 2,800 persons despite the upcoming holiday shopping season. The goods producing sector saw a 0.2 per cent increase or 3,200 persons. Manufacturing was particularly strong, seeing gains of 10,300 persons. However, construction offset those increases with a fall of 1.0 per cent or 5,600 persons.

Labour demand remains strong and the market is still tight. Wages continue to increase to fill the high job vacancies that are in the economy. However, it's still anticipated that the market should ease in 2023 as rate hikes begin to propagate through and result in reduced global demand and a deceleration of the global economy . This slowdown in demand should result in a higher unemployment rate.

National real GDP slows in September

Alan Chow, Business Economist

National GDP at constant prices and at a seasonally adjusted annualized rate was essentially flat for the month of September. It was up by 0.07 per cent only. Service-producing industries , which make up almost three quarters of the economy, remain flat, up 0.01 per cent, while goods-producing industries were up 0.24 per cent.

Within the goods sector, construction saw a gain of 0.46 per cent in September, which is the fifth month of increases but still below the recent peak level seen in March of this year. In contrast, manufacturing was flat, decreasing slightly by 0.07 per cent. Within manufacturing, transportation equipment was down 2.74 per cent to its lowest levels since January of this year. Supply chain issues over the past two years continue to hamper the industry and production volume has yet to reach pre-pandemic levels. Food manufacturing was also down 1.14 per cent. On the other hand, chemical manufacturing was up 1.24 per cent and machinery manufacturing is up 3.46 per cent.

Within the service industries, real estate and rental and leasing remain stable, showing essentially no change from August to September and keeping it at the higher levels that were reached in late 2021. The finance and insurance industry was down 0.14 per cent, dragged down by lower numbers within the financial investment services, which was down 0.91 per cent.

For more information, contact economics@central1.com.