



Highlights

- Ontario services-producing sectors remained firm while goods production edged down in March
- Ontario employment insurance recipients grew despite strong labour market results

Transportation equipment manufacturing and banking sector slow in March

Bryan Yu, Chief Economist

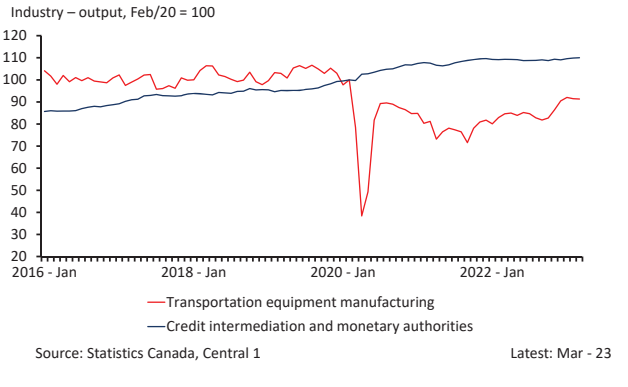
This week's release of industry-level output data was overshadowed by the release of the [quarterly expenditure-level gross domestic product \(GDP\)](#) for Q1 which was stronger than expected and triggered speculations that the Bank of Canada could hike rate again next week. While somewhat overlooked, the monthly industry data is a better indicator of trend and pointed to slowing momentum in the latter part of the quarter, albeit an uptick in preliminary April data.

March industry output was unchanged and followed a 0.1 per cent month-to-month gain in February as goods production edged down but services held steady. However, it looks like the economy picked up steam again in April with preliminary estimate for a 0.2 per cent gain.

While provincial level data is unavailable, Ontario likely experienced a drag from the vehicle production sector which had a disproportionate share of national activity. Nationally, transportation equipment manufacturing output slipped 0.2 per cent after a 0.6 per cent decline in February. The trend has remained positive since September and near pandemic highs, but still 8.6 per cent lower than February 2020. Motor vehicle parts production fell 1.5 per cent from February which offset a similar increase in vehicle production and increased aerospace-related activity. In other manufacturing sectors, equipment, electrical and appliance manufacturing fell 4.4 per cent.

On the finance and insurance side, credit intermediaries and monetary authorities recorded growth of 0.2

Auto production sector edges lower, banking sector slows



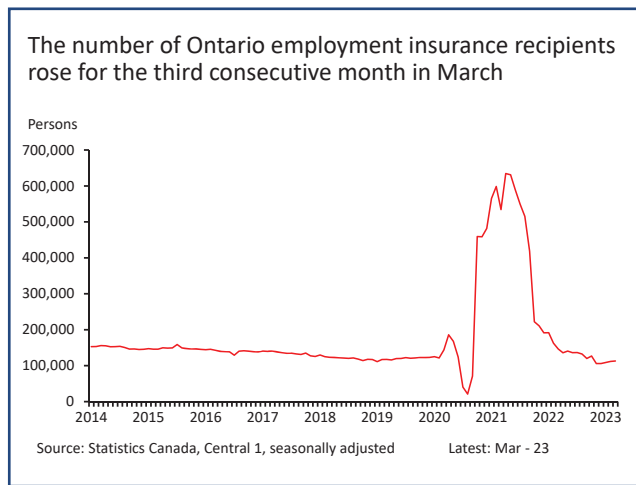
per cent after a 0.3 per cent increase in February. Momentum in this sector has slowed with weakness in the housing market.

The number of Ontario employment insurance recipients rose for the third consecutive month in March

Ivy Ruan, Economic Analyst

In March, the number of seasonally adjusted Employment Insurance (EI) recipients in Canada edged down 0.6 per cent following a prior month increase. Outside lows observed during the pandemic when households were supported by the Canadian Emergency Response Benefit in place from March to September 2020, this was among the lowest EI level on record since 1997. However, the number of regular EI beneficiaries in Ontario rose 1.0 per cent (+1,100) during the same period, the third consecutive monthly increase. This contrasted Labour Force Survey (LFS) employment where Ontario was a key driver of national employment growth in March with 21,700 persons (0.3 per cent) more people working from February. This marked the fifth consecutive monthly increase according to the LFS in February. In general, variations in numbers could be because EI figures lagged the labour performance.

Patterns differed by age cohort for EI statistics. The older age group (age 55+) reported 10.6 per cent more EI recipients, while the younger group (age 15-24) had 5.6 per cent fewer beneficiaries and the number of core-aged recipients dropped 1.4 per cent. The increase in EI recipients concentrated in the female group, which reported 10.6 per cent growth in num-



bers. The number of male EI recipients was down by 5.6 per cent.

Despite the monthly increase, Ontario EI counts were 21.9 per cent lower than the same month in 2022 without seasonal adjustment. Regionally almost all economic regions reported negative growth rates at an unadjusted year-over-year level. Among all of the regions, Northeast region reported the largest year-over-year decline at 28.8 per cent. Windsor-Sarnia reported 10.8 per cent more EI recipients than last

March. Among census metropolitan areas, the largest proportional decreases in regular EI beneficiaries were reported in Hamilton (-10.2 per cent). In contrast, the largest proportional increases in the number of beneficiaries were in Guelph (+16.7 per cent) and Kingston (+13.6 per cent).

March EI results in Ontario may reflect the lagged impacts from the large number of tech layoffs from the previous months. While the headline provincial labour figures were reported strong in March, the details were softer. Net growth was entirely driven by part-time work, which tends to be less secure and lacks benefits. Adjustments on EI readings to reflect the cyclical labour market performance are expected in the coming months.

For more information, contact economics@central1.com.

Summary Table: Ontario Employment Insurance Count Growth

	month-to-month % change		year-to-year % change		12-mth avg, y/y % change	
	2023M02	2023M03	2023M02	2023M03	2023M02	2023M03
Ontario - Seasonally Adjusted	2.7	1.0	-31.2	-22.9	**	**
Ontario - Actual	2.5	7.1	-28.0	-21.9	-68.6	-66.9
Ottawa	-1.7	2.0	-30.3	-21.5	-67.9	-66.2
Kingston-Pembroke	-2.9	2.1	-27.9	-22.7	-61.7	-60.7
Muskoka-Kawartha	-3.3	-2.8	-27.3	-22.9	-63.5	-62.1
Toronto	1.6	12.4	-32.6	-25.9	-72.7	-71.0
Kitchener-Waterloo Barrie	0.1	9.4	-27.0	-20.3	-67.9	-66.3
Hamilton-Niagara Peninsula	4.6	-2.6	-29.0	-26.4	-70.1	-68.7
London	-0.8	19.6	-23.6	-13.9	-64.7	-62.7
Windsor-Sarnia	33.5	4.2	1.2	10.8	-60.2	-57.2
Stratford-Bruce Peninsula	-2.6	1.9	-16.4	-11.3	-59.7	-57.8
Northeast	-2.9	3.7	-31.1	-28.8	-57.1	-56.6