



Highlights

- Ontario drives national retail spending higher in April
- Ontario job vacancies ease, hold below national pattern
- Number of visitors entering Ontario increased in April

Ontario pushes national retail spending higher, but headwinds likely

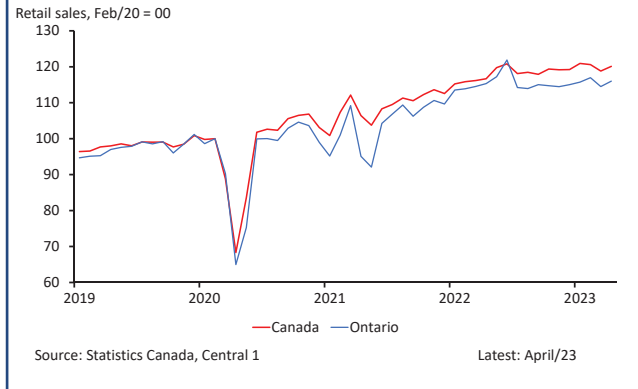
Bryan Yu, Chief Economist

The resilience of the Canadian consumer remained a key theme in April even as higher interest rates and inflation continued to take a bite out of household wallets. A firm labour market and high levels of population growth have contributed to growth. Nationally, dollar-volume spending on goods rebounded 1.1 per cent to \$65.9 billion after dipping 1.5 per cent in March, lifting year-to-date sales growth to 3.6 per cent. Much of the gain was owed to inflationary pressures as real spending increased 0.3 per cent during the month and 1.7 per cent year-to-date.

Based on store-segment, Canadians increased their spending at food and beverage stores (1.5 per cent), clothing retailers (2.9 per cent) and general merchandisers (3.3 per cent). In contrast, modest gains were observed in motor vehicle and parts dealer sales (0.5 per cent) and building materials (0.7), while furniture and furnishings related spending fell 1.6 per cent. Despite the net increase in activity, there are signs that interest-rate sensitive sector gains are slowing.

Ontario was a key driver of the national bounce back with sales up 1.3 per cent to \$24.8 billion, following a 2.1 per cent decline in March. However, with sales up only 0.6 per cent over a 12-month period, and 1.3 per cent year-to-date, real retail trends are negative after adjusting for retail pricing and general consumer price inflation. Toronto-area sales rose 1.4 per cent during the month, with a year-over-year decline of 0.8 per cent. Subdued retail spending patterns reflect the drag from high household debt levels. Next to B.C., Ontario's debt-to-income ratio is the highest among provinces, suggesting greater sensitivity to higher interest rates. June's Bank of Canada rate hike and the

Ontario drives national retail spending higher in April



prospect of another next month will continue to pinch consumer demand.

Store-segment data is unadjusted for seasonality, and year-over-year came in at -0.7 per cent, but patterns have remained mixed. Motor vehicle and parts dealers' sales were 3.5 per cent higher than a year ago but slowed from a near seven per cent pace in March. Dragging on sales was 12 per cent year-over-year decline in building material sales, electronics and appliance store sales fell 4.9 per cent, and home furniture and furnishings sales fell 9.6 per cent, reflecting low housing market volumes. Gasoline sales declined 18.3 per cent. In contrast, food and beverage sales rose 2.4 per cent, clothing and apparel retailers recorded growth of nearly 11 per cent.

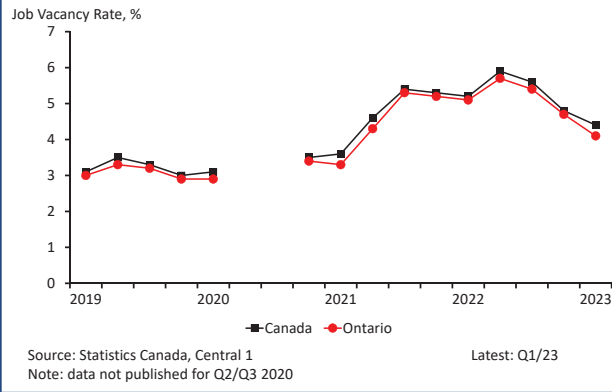
Unadjusted for seasonal factors, Toronto sales fell 1.8 per cent year and on a year-to-date basis fell 0.5 per cent. Ottawa sales rose 0.4 per cent year-over-year, with a year-to-date increase of 2.2 per cent.

Job vacancy rate in Ontario slips to 4.1 per cent, but remains above pre-pandemic level

Bryan Yu, Chief Economist

The severity of labour shortages in Canada looks to be abating based on the latest job vacancy data from Statistics Canada. Nationally, unadjusted job vacancies fell for a third consecutive quarter to 781,205 positions in Q1, although remaining 50 per cent higher than pre-pandemic levels. The job vacancy rate (or unfilled positions relative to total positions) declined to 4.4 per cent which was the lowest since Q4 2021 of 3.6 per cent. This suggests employers may be slowing

Ontario job vacancies ease, hold below national pattern



the pace of growth due to weaker economic prospects and higher interest rates, which should temper the pace of wage growth.

Among provinces, the job vacancy rate was highest in British Columbia and Quebec at (4.9 per cent) and down sharply from a year ago when the rate reached six per cent. Ontario's job vacancy rate sat at 4.1 per cent, with the lowest rate observed in Newfoundland and Labrador at 2.9 per cent.

In Ontario, there were 279,725 estimated job vacancies during the first quarter and consistent with the national picture marked a third straight decline. Vacancies have fallen 17 per cent from a year ago but still 44 per cent above same-quarter 2019. The rate of job vacancies has dropped to 4.1 per cent compared to 5.1 per cent a year ago. This is still the highest rate since Q1 2021 and well above pre-pandemic trends, but the downtrend signals easing of labour shortages.

Among Ontario regions, job vacancy rates are highest in the Muskoka-Kawarthas (5.3 per cent) and Northwest at 5.6 per cent. In contrast, the lowest job vacancy rates are in Toronto (3.8 per cent), supported by elevated levels of immigration and Windsor-Sarnia at 3.4 per cent.

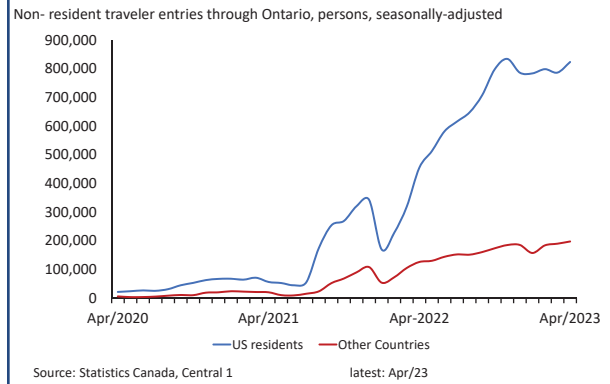
Industry-level data shows healthcare (6.5 per cent), accommodation/foodservices (6.0 per cent) and construction (4.6 per cent) as having the most challenging time finding workers. In contrast, lower vacancy rates can be found in education (1.5 per cent) and public administration (2.4 per cent), retail/wholesale trade (3.2 per cent) and real estate (2.7 per cent).

Greater number of visitors from both U.S. residents and other countries

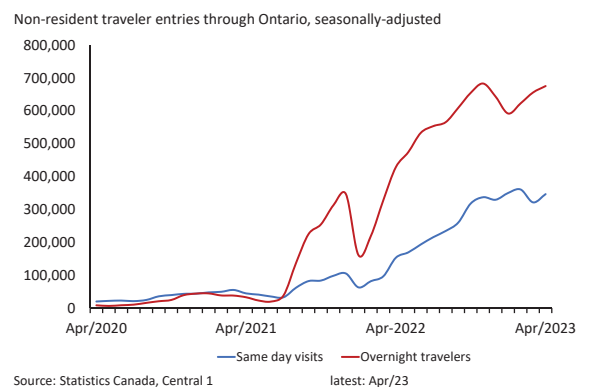
Alan Chow, Business Economist

The number of non-resident visitors entering Canada through Ontario increased in the month of April. On a seasonally adjusted basis, the number has increased

Non-resident travel to Ontario up in April



More Overnight tourists visits Ontario.



by 4.6 per cent to around 1,021,000. Same day excursions increased by 7.8 per cent to 346,000 while overnight tourism was also up, but by only 3.0 per cent to 675,000.

The number of U.S. residents increased by 4.7 per cent to around 823,000. Same day excursions increased by 8.0 per cent while overnight tourism also increased but by only 2.4 per cent. All modes of travel saw increasing numbers. Air travel increased by 3.2 per cent and automobile travel increased by 4.8 per cent. Other modes of travel saw an increase of 10.7 per cent but remains by far the lowest proportion of overall travelers. Travelers from other countries besides the U.S. entering Ontario increased as well in April, up slightly at 4.0 per cent. Those who traveled by air increased 5.2 per cent while those who came via land or other modes was virtually unchanged with 41,400 travelers, the same as in March.

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