



Highlights

- Real GDP decreased in June
- Increase in positions seen across service-producing industries
- Ontario short-term business confidence index fell in August while long-term expectation edged up

GDP slows, manufacturing and finance sectors flat

Alan Chow, Business Economist

Canada's real gross domestic product (GDP) declined slightly in the month of June. On a month-over-month seasonally adjusted basis, real GDP was down just 0.2 per cent after growing a little less than the downward revised 0.2 per cent in May. Goods-producing sectors experienced a decrease of just over 0.3 per cent while services-producing sectors saw decreases of just under 0.2 per cent. The advanced estimates for July suggest a continuation of the economic slowdown with minimal changes in output. Early indications show an increase in output for the public, financial and insurance, and professional scientific and technical service sectors, while manufacturing and transportation, and construction experienced a decline.

Turning back to June and sectors crucial to Ontario, the finance and insurance sector experienced almost no change in GDP from May to June. Year-over-year growth was also relatively stagnant, up only 0.7 per cent. Credit intermediation saw a monthly growth of just over 0.1 per cent and a year-over-year increase of 0.6 per cent. In contrast, insurance carriers saw a decrease of just over 0.2 per cent for the month of June but recorded a 1.3 per cent year-over-year increase. Financial investment services grew at around 1.0 per cent for the month but held flat on a year-over-year basis.

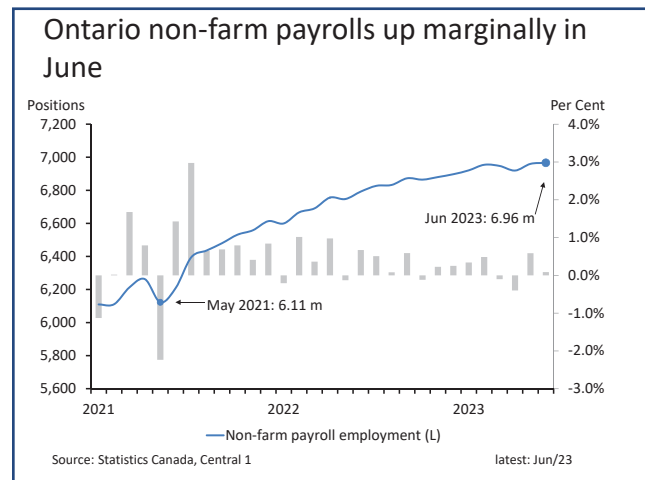
Manufacturing was also flat for the month of June, showing no growth in GDP. However, transportation equipment manufacturing did see a small increase, under 0.1 per cent. Motor vehicle parts manufacturing was down 4.4 per cent for the month, but it was offset by growth in motor vehicle body and trailer manufacturing, which increased 7.7 per cent, and motor vehicle manu-

facturing, which saw a 3.2 per cent rise. Chemical manufacturing recorded GDP growth for June of 5.0 per cent.

Ontario reported marginally higher payrolls in June

Alan Chow, Business Economist

For a second straight month, Ontario employers saw a marginal gain in their payrolls in June. From the latest Survey of Employers, Payroll and Hours (SEPH), June reported a seasonally adjusted 0.1 per cent (5,983 positions) monthly increase, bringing the total employment reading in Ontario up to 6.96 million positions. Estimates from the Labour Force Survey (LFS) reported an even larger increase in Ontario employment, an increase of 55,800 persons (2.8 per cent). In Ontario, the seasonally adjusted job vacancy rate held steady at 3.9 per cent in June. This rate matches the revised numbers for April and May, and represents 272,035 unfilled positions, marking the lowest vacancy rate since May 2021.



June's job changes reported by SEPH were marginal increases in both service producing industries and goods producing industries. In the service producing industries, an increase in employment was seen in health care and social assistance (7,507 positions), educational services (7,282 positions), and accommodation and food services (1,338 positions). Service-producing industries that saw fewer positions include trade (4,049 positions), administrative and support, waste management and remediation services (3,880 positions), and information and cultural industries

(1,853 positions). Within goods-producing industries, construction saw the largest increase (3,803 positions) while manufacturing saw the biggest decline (2,633 positions).

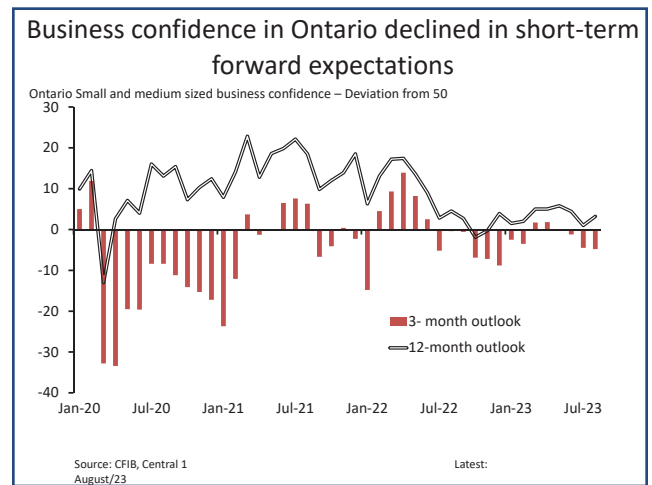
In terms of wages, seasonally adjusted average weekly earnings jumped 4.2 per cent year-over-year, reaching \$1,226.21. This marks an improvement from the revised year-over-year increase of 3.1 per cent recorded last month. However, month-over-month average weekly earnings saw a slight decrease of 0.4 per cent.

Ontario short-term business confidence fell again in August

Ivy Ruan, Economic Analyst

The Business Barometer survey released this week by the Canadian Federation of Independent Business showed mixed results amongst Ontario small and medium scale enterprises (SME). In July, the long-term index edged up to 53.2 points from 51.0 points, while the short-term three month index was down to 45.2 points from 45.5 points from the previous month, below the index's neutral benchmark of 50 points. Ontario remained the second lowest confident province in short-term forward expectations aside from B.C. Uncertain interest rate environment, persistent inflation and economic slowdown troubled many small business owners.

With regards to general business indicators, small businesses in Ontario reported their major cost constraints to be fuel/energy cost as well as insurance and wage costs amongst other expenses. A shortage of skilled labour and insufficient domestic demand continued to top the lists of limitations on sales or production growth for Ontario small businesses. Meanwhile, 32 per cent of provincial small businesses regard themselves to be in good business health, while 18 per cent report otherwise. Consistent with the results of the last two months, 17 per cent of respondents reported plans to expand full-time staff and 16 per cent of the businesses expected to see lower employment levels in the next three or four months.



On the national scale, long-term optimism edged up by 0.4 points in August while short-term forecast dropped 1.2 points to 47.9. Despite short-term pessimism, more small businesses reported themselves to be in good (35.9 per cent) and satisfactory (45.6 per cent) business situation in July compared to the previous month. Within business sectors, hospitality sector showed the largest drop in long-term confidence index of 3.7 points to 59.0 points, and the retail sector (47.1 points) continued to post the lowest business confidence in the next 12 months.

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