



## Highlights

- Economy edges up in September
- Payroll sizes little changed in September
- Full-time hiring gains offset part-time declines in November
- Employment growth in the energy sector led the growth in goods-producing sectors
- Both short-term and long-term business confidence dropped in Ontario as concerns over insufficient domestic demand mounted

## Overall manufacturing up, but finance sector and transportation manufacturing down

Alan Chow, Business Economist

Canada's real industry gross domestic product (GDP) was up 0.1 per cent in September, ending two months of no growth. Goods producing sectors led the increase with a growth of around 0.3 per cent while services producing sectors saw virtually no change. Advance estimates for the month of October suggest even higher growth of 0.2 per cent on strong mining, retail trade, and construction while being offset by a decline in wholesale trade.

The finance and insurance sector contracted in September — the third time in the past four months —dropping 0.3 per cent. We've seen a weakness in financial investment services — which decreased by 1.4 per cent — as well as credit intermediation, which was down 0.2 per cent. Year-over-year the sector is up 0.1 per cent.

Manufacturing experienced a monthly increase of 0.9 per cent, recovering somewhat from the decline we've seen over the past two months. Chemical manufacturing edged down 0.1 per cent, its third continuous month with a decline. Transportation equipment manufacturing was also down slightly, just under 0.1 per cent, with weakness in both motor vehicle part manufacturing and motor vehicle manufacturing, which were both down by approximately 0.1 per cent.

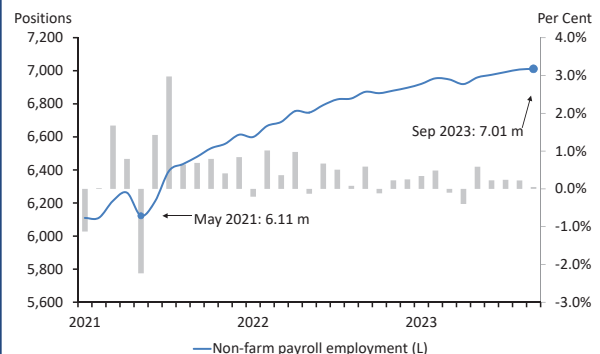
## Ontario vacancies rates fall and wage growth slows

Alan Chow, Business Economist

Ontario employers saw little change in September payroll sizes. From the latest Survey of Employers, Payroll and Hours (SEPH), September reported a seasonally-adjusted less than 0.1 per cent (3,433 positions) monthly increase, keeping the number of positions at around 7 million. Both goods producing industries and service producing industries showed a 0.1 per cent increase as the fewer positions were seen in unclassified businesses. In Ontario, the seasonally adjusted job vacancy rate moved down to 3.3 per cent (from 3.5 per cent) — the lowest rate since March 2020 (2.9 per cent). It represents 223,625 unfilled positions.

SEPH reported increases in positions in all goods producing industries except manufacturing. Construction saw 0.6 per cent (2,300 position) increase while utilities saw a 0.8 per cent (438 position) increase. Manufacturing saw a 0.1 per cent (1,113 position) decrease. Amongst the service producing industries, positions health care and social assistance were up 1.2 per cent (9,736 positions) and public administration was up 0.6 per cent (2,817 positions). Offsetting these gains, educational services declined 0.6 per cent (3,112 positions), information and cultural industries were down 1.7 per cent (2,540 positions), and accommodation and food services were down 0.4 per cent (1,765 positions).

## Ontario non-farm payrolls sees little change in September



Source: Statistics Canada, Central 1

latest: Sep/23

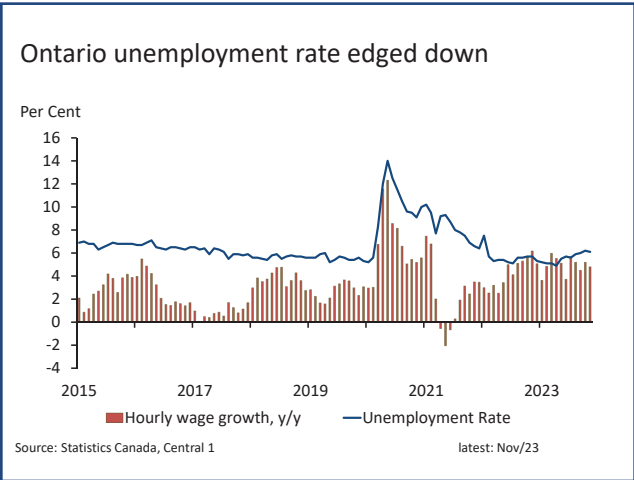
On the wage front, seasonally adjusted average weekly earnings jumped 3.5 per cent to \$1,244.95 on a year-over-year basis, a slowdown from the revised 3.8 per cent increase we saw in August. Month-over-month average weekly earnings were also up 0.2 per cent.

**Ontario labour performance flattened in November**

*Ivy Ruan, Economic Analyst*

In November, Ontario’s labour market recorded minimum growth, with a seasonally adjusted increase of 6,500 hirings (0.08 per cent) from October. Across Canada, there was little change in employment in November. It’s worth noting that provincial employment is 2.6 per cent higher than the same month last year and 6.0 per cent ahead of pre-pandemic levels from February 2020. The labour participation rate was almost unchanged at 65.3 per cent. The provincial unemployment rate edged down to 6.1 per cent, down 0.1 per cent from October. Meanwhile, the provincial labour force contracted slightly by 0.06 per cent, while population growth continued at 0.3 per cent.

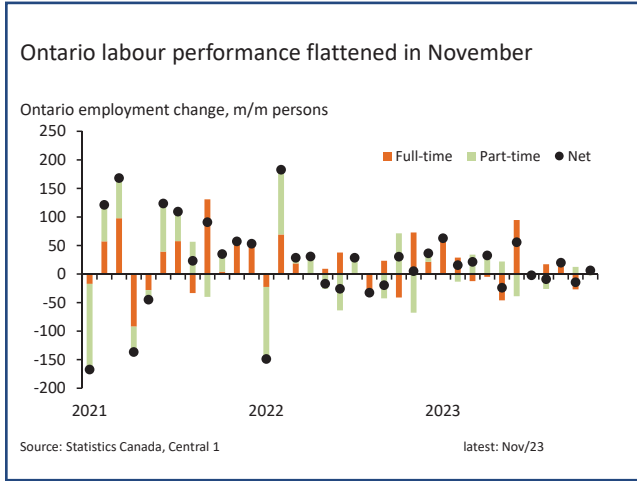
In the Toronto Census Metropolitan Area, a labour force contraction of 0.4 per cent came along with a 0.1 per cent hiring decline during the same period, pushing the unemployment rate down by 0.2 per cent to 6.6 per cent in November. Among the largest census metropolitan areas (CMAs) in Canada, St. Catharine’s–Niagara and Oshawa reported the largest increases in unemployment rate from April to November (three-month moving averages).



At the provincial level, the employment growth in November was driven by increases in full-time hirings, which offset the decline in part-time employment. Part-time employment decreased 2,100 people (-0.2 per cent), while full-time employment grew by 8,600 people (0.1 per cent).

On an industry level, employment growth was concentrated in the goods-producing sectors (0.5 per cent), while there was virtually no change in the services-producing sectors. Specifically, large hiring increase in natural resources (5.6 per cent) offset the decline in the agriculture sector (down 3.1 per cent). In the service-producing sector, notable increases were observed in business, building and other support services, where employment increased by 10,700 people (a 3.9 per cent increase) following October’s large decline in hirings. It is worth noting that these figures can be volatile, especially at the start or end of large construction projects. In contrast, hiring declines were reported among other services-producing sectors, such as finance, insurance, real estate, rental and leasing (down 1.2 per cent) and health care and social assistance (down 1.2 per cent).

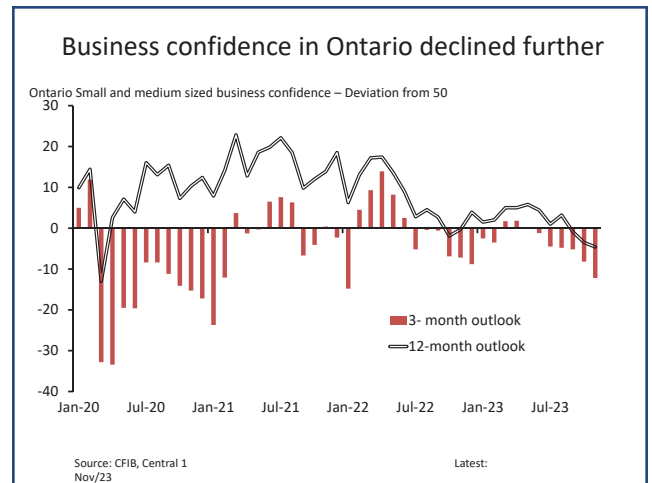
Ontario labour market performance in November was in line with the national picture, with negligible job gains yet a slightly positive trend over the past four months. That said, the trend has slowed sharply. The labour market is holding up better than we expected, and wage growth is still firm. We continue to see headwinds for economic activity and hiring into 2024.



## Ontario business confidence fell further in November

Ivy Ruan, Economic Analyst

The Business Barometer survey released this week by the Canadian Federation of Independent Business showed more pessimism amongst Ontario small and medium scale enterprises (SME). The long-term index fell to 45.4 points from the 46.6 points recorded in October, while the short-term three-month index was down to 37.8 points from 41.8 points from the previous month. Both short-term and long-term indices were well below the index's neutral benchmark of 50 points, suggesting negative views by SMEs in Ontario towards the future. Ontario continued to exhibit the lowest confidence among provinces in short-term forward expectations. This aligns with the national reading where long-term optimism dropped to 45.6 points following the modest decline last month. The short-term outlook saw a large decline of 3.4 points to 37.7 points, lowest reading in 2023.



With regards to general business indicators, small businesses in Ontario reported their major cost constraints to be tax, regulatory cost amongst other expenses. Insufficient domestic demand and shortage of skilled workers topped the lists of limitations on sales or production growth for Ontario small businesses. Meanwhile, only 25 per cent of the provincial small businesses regard themselves to be in good business health, while 29 per cent report otherwise. Moving into the holiday season, only 15 per cent of respondents reported plans to expand full-time staff, but 17 per cent of the business expected to see lower employment levels in the next three to four months.

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