



Highlights

- Non-farm payroll declined in November
- Long-term and short-term Ontario business confidence ticked higher in January
- Number of U.S. travelers entering Ontario fell in October

Ontario vacancies rates bounded back following two months of declines

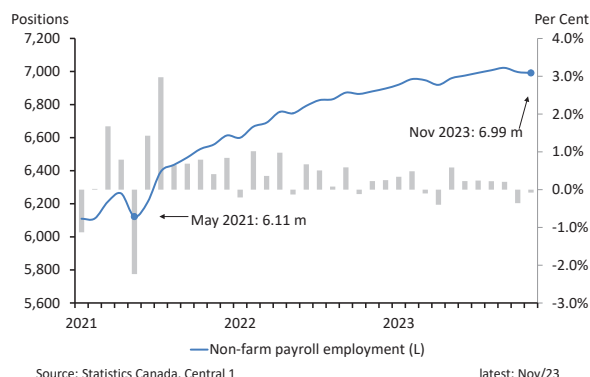
Ivy Ruan, Economic Analyst

Ontario employers experienced a decline in non-farm payrolls in November following the drop in October. From the latest Survey of Employers, Payroll and Hours (SEPH), November reported a seasonally adjusted decline of 0.08 per cent positions, bringing the numbers back to the level in July, and reversing the increases in summer. Both goods producing industries and service producing industries reported fewer positions, with goods producing industries reporting a 0.1 per cent reduction while service producing industries reported 0.05 per cent fewer positions. The seasonally adjusted job vacancy rate in Ontario rose to 3.4 per cent from 3.1 per cent and represents 237,135 unfilled positions.

SEPH reported fewer positions in all goods producing industries. The majority of the decline was concentrated in construction industries, which reported 0.3 per cent or 1,327 fewer positions. Amongst the service producing industries, fewer positions were reported in 8 of the 12 industries. Leading the way was trade industry (0.5 per cent or 5,740 fewer positions), followed by accommodation and food services (0.5 per cent or 2,324 fewer positions), finance and insurance services (0.8 per cent or 3,118 fewer). Slightly offsetting this was more positions reported in transportation and warehousing (0.6 per cent or 1,917 positions) and health care and social assistance (0.4 per cent or 3,664 positions).

On the wage front, seasonally adjusted average weekly earnings jumped 4.1 per cent to \$1,228 on a year-over-year basis, which is higher than last month's revised 3.9 per cent increase. Month-over-month, the average

Ontario non-farm payrolls edged down in November



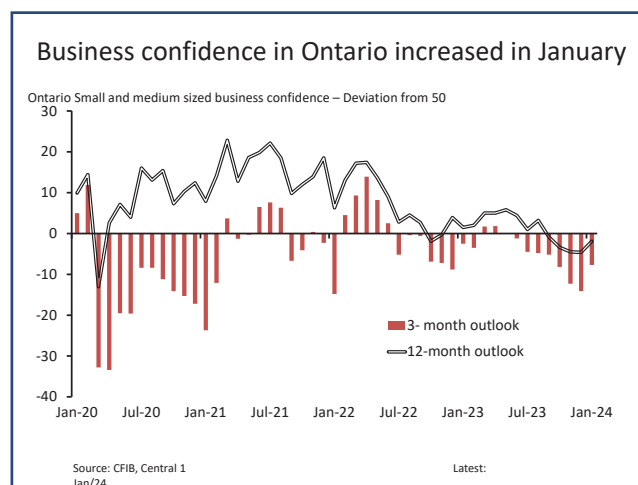
weekly earnings were up 0.6 per cent with notable increases seen in the finance and insurance (4.2 per cent m/m) and arts, entertainment and recreation (3.4 per cent m/m).

Small business optimism improved in Ontario in January

Eloho Ennah, Economic Analyst

The results of the January small and medium enterprises (SMEs) Business Barometer survey showed rising optimism amongst Ontario small businesses as both the long-term and short-term index increased during the month. The long-term index went up by 2.7 points to 48.1 points in January while the short-term index also nudged up 6.4 points to reach 42.3 points. Although an improvement from the prior month, a level of 50 and below still shows very low optimism as the barometer typically reads around 60 points in a normal operating environment. Small firm owners remain cautious amidst high interest rates and a slowing economy.

In January, fewer small businesses in Ontario cited plans to increase full time staff and 33 per cent of small business owners regarded their businesses to be in good. Survey respondents stated insufficient demand and the lack of skilled labour as the most concerning limitations for production growth. This is consistent with the Bank of Canada's Business Outlook Survey. Other production constraints included shortages of working capital, limited physical space and product distribution constraints. Tax and wage costs were the greatest input cost constraint amongst SMEs while insurance, fuel and borrowing costs were also on the growing list of costs constraints.



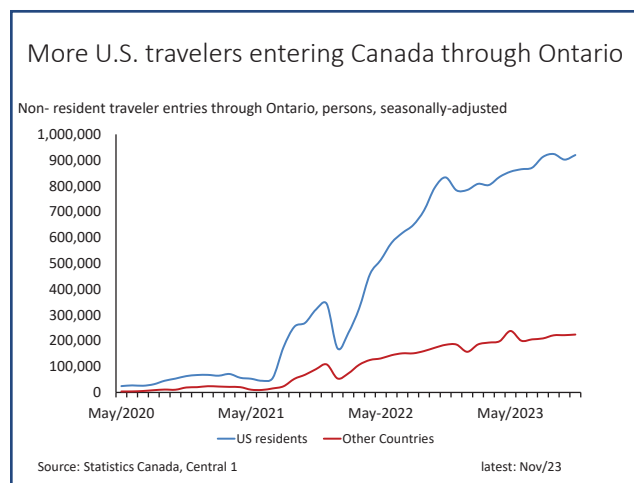
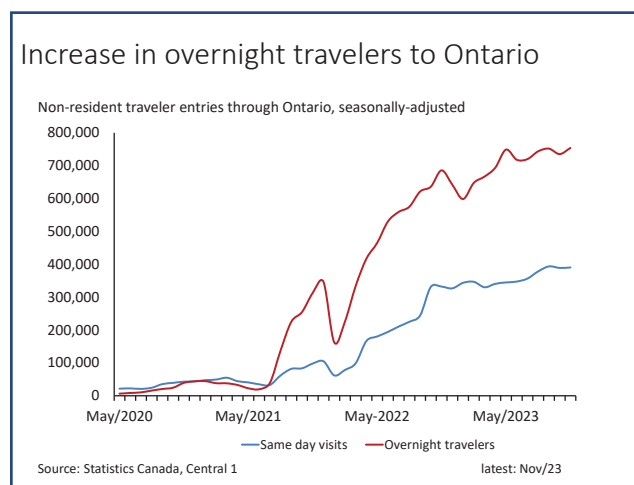
At the national level, optimism amongst Canadian small businesses improved in January with the long-term index rising by 1.6 points to 49.0 points while the short-term index increased 3.3 points to 43.0 points. At this level, firms are still very pessimistic likely due to factors such as high borrowing costs, weaker demand and CEBA loan repayment. More than 33 per cent of survey respondents rated their business' health to be "good", while the respondents who reported their general business situation as "bad" fell from 22.0 per cent to 20.2 per cent during the month. A greater proportion of firm owners expect stronger business performance in the next 12 months compared to their current performance while SMEs plan to increase the average price in the period by 2.8 per cent. This has been the smallest planned price increase since March 2021.

Non-U.S. travelers to Canada through Ontario declined in October

Alan Chow, Business Economist

The number of non-resident visitors entering Canada through Ontario increased in November, resuming the positive momentum recorded during previous few months. On a seasonally adjusted basis, there were 1.8 per cent more non-resident visitors in November than in October to reach 1.14 million people. The increase in November was driven mostly by overnight tourists, which were up 2.5 per cent while same day excursions were also up but by only 0.3 per cent. The count of non-resident visitors to Canada constituted 83.5 per cent of the average monthly seasonally adjusted figures in 2019.

The number of U.S. residents visiting Canada through Ontario was up 1.8 per cent from October to November and represents 919,858 persons, which is about 83.9 per cent of the monthly average seen in 2019. Over the same period, the number of residents from other countries edged up 1.0 per cent to represent



224,387 persons and is about 82 per cent of the monthly average seen in 2019. Amongst the U.S. residents, there was a decline in same day excursions of 0.2 per cent which was more than offset by the 3.5 per cent increase in overnight tourists. All modes of transportation saw increases with air travelers up 0.6 per cent and automobile travel up 2.0 per cent. All other modes were up 7.6 per cent. Residents from countries other than the U.S. saw a 1.1 per cent increase with all the gains through same day excursions, which was up 19.9 per cent. Overnight tourist numbers were unchanged from October to November. There was a decline of 4.6 per cent in the number of non-residents from other countries that came via air during the month while over the same period, there was a 22.6 per cent increase in those who came via land and sea.

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