



Highlights

- Ontario non-farm payroll edged up in May
- Long- and short-term business optimism continues decline in Ontario
- Number of travelers entering Ontario declined in May

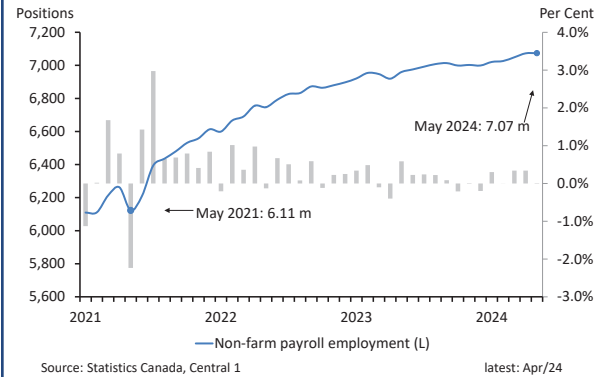
Services producing sectors saw gains in non-farm payroll

Ivy Ruan, Economic Analyst

Ontario employers reported a fifth consecutive monthly gain in non-farm payrolls in May. From the latest Survey of Employers, Payroll and Hours (SEPH) job counts edged up by 1,054 positions bringing the total number of payrolls to 7.07 million positions in Ontario. Goods-producing industry losses (-1,400 persons or -0.1 per cent) were offset by the service producing industries reporting 2,655 more positions (0.05 per cent). The job vacancy rate in Ontario dropped to 2.8 per cent from 2.9 per cent in April, representing 184,605 unfilled positions. The job vacancy rate has remained steady since mid-2023, suggesting the fading of the job shortage problem in the labour market. The Labour Force Survey (LFS) also indicated positive hiring momentum in May, showing a 0.6 percent month-over-month increase and a 0.6 percent expansion in the labor force. Over longer periods, employment trends generally align between the SEPH and LFS results. However, it's important to note that while multiple job holders are counted once in the LFS, they appear as multiple entries in payroll records.

The construction sector (-1,296 persons or -0.3 per cent) contributed to the loss in payrolls of goods producing industries in May. Among the service producing industries, hiring was concentrated in a few sectors. Larger service producing sectors, such as educational services (2,417 more positions) and health care services, (3,378 more positions) reported more payroll positions in May. A decline in administrative and support, waste management and remediation services was reported, falling by 0.4 per cent or 1,323 positions.

Ontario non-farm payrolls edged up in April



On the wage front, seasonally adjusted average weekly earnings in Ontario went up 0.8 per cent to \$1,282.06 compared to April, continuing robust growing momentum. On a year-over-year basis, May's average earnings in Ontario were 4.2 per cent higher than last May.

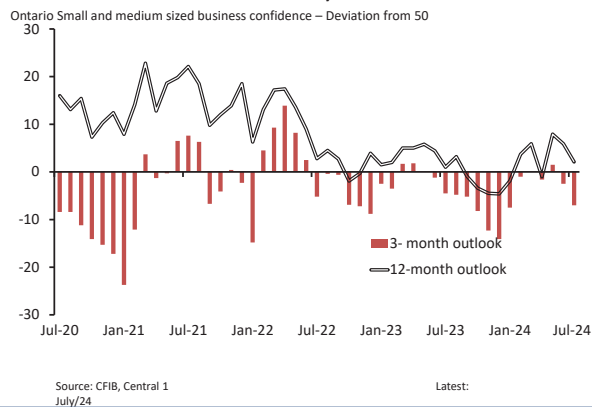
Small business optimism falters in Ontario

Eloho Ennah, Economic Analyst

The Canadian Federation of Independent Business Barometer Survey showed further declines in optimism amongst Ontario small business owners in July. The long-term 12-month index was down from 55.9 points to 52.1 points, while the short-term three-month index decreased by 4.5 points to 43.0 points, still below the index's neutral benchmark of 50 points. As a balance-of-opinion survey, this means on net more businesses are pessimistic than optimistic about short-term conditions. The figures have fluctuated in recent months, although similar to values from a year ago. The CFIB survey results were consistent with the Bank of Canada's business Outlook Survey.

Insufficient demand, labour shortages and limited working capital remained the most common limitations to expanding production and sales growth. Limited physical space and product distribution constraints were also factors subduing sales and production growth. Tax/regulatory costs, wage and insurance costs were high on the list of input cost constraints along with fuel, occupancy and electricity costs. Compared to June, fewer businesses planned on increasing hiring with 28 per cent of small businesses reporting good business health, down from 29 per cent.

Small business optimism in Ontario falls further in July



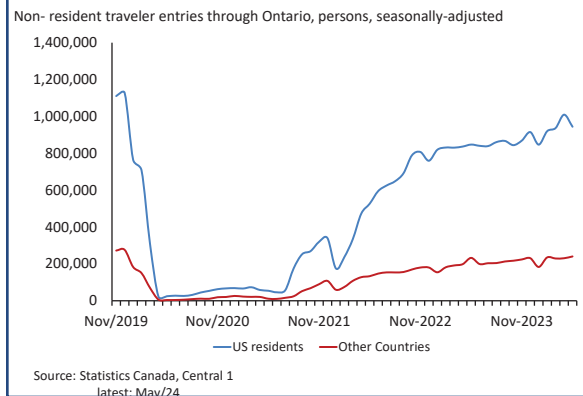
Ontario's readings were consistent with Canada-wide sentiment, which waned in July. Fewer businesses reported good business health and more businesses anticipate performance to be worse in the coming months. The long-term index was stable at 55.4 points, but the short-term index receded by 4.1 points to 47.0 points, now below the neutral benchmark since April. Optimism in the information, arts and recreation sector was the highest in Canada, with the long-term index up 8.3 points to 71.8 points and the short-term index hovering above 62 points. The agriculture sector had the lowest optimism nationwide. The average price increase indicator went up by 0.1 points to 2.6 per cent, just below Canada's inflation value in June (2.7 per cent). Average wage increase plans remained at 2.5 per cent.

Fewer visitors from the U.S. arrive

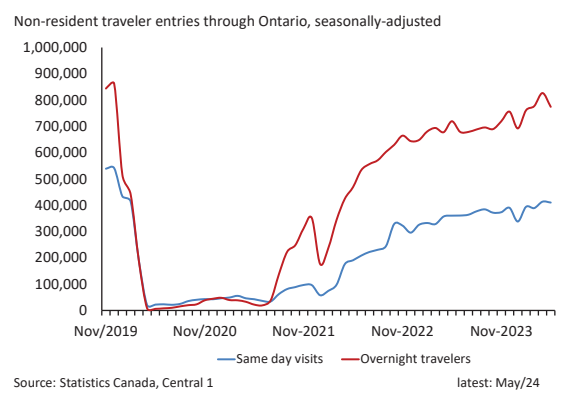
Alan Chow, Business Economist

The number of non-resident visitors entering Canada through Ontario decreased in May. On a seasonally adjusted basis, there were 4.5 per cent fewer non-resident visitors in May than in April, decreasing from 1.24 to 1.18 million people. Despite the decline, this month was still the second highest number of non-resident visitors entering Canada since the pandemic. The number of same-day excursions declined slightly by 0.8 per cent to 410,237, below the 2019 monthly average of 527,835. The number of overnight tourists declined by 6.3 per cent to 774,249, which is slightly above the 2019 average of 842,055.

Dip in US travelers entering Canada through Ontario



Decline in overnight and same day travelers to Ontario



The number of U.S. residents visiting Canada through Ontario was down 6.5 per cent from April to May, representing an increase to 944,023 persons. Over the same period, the number of residents from other countries (other than the U.S.) increased by 4.2 per cent to around 240,464 persons. Amongst the U.S. residents, there was a decrease in overnight tourists of around 10.0 per cent to 546,701. U.S. residents going on same-day excursions saw a smaller decrease of 1.1 per cent to 397,321. Air travel from U.S. residents to Ontario declined 5.8 per cent, while automobile and other modes declined 4.6 per cent and 31.1 per cent respectively. On the other hand, residents from countries other than the U.S. saw a 10.0 per cent increase in same-day excursions and a 3.9 per cent increase in overnight tourists. There was an increase of 1.7 per cent in the number of non-residents from other countries, other than the U.S., that came via air during the month. Over the same period, there was a 12.9 per cent increase in those who came via land and sea.

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