



Highlights

- Ontario non-farm payroll back on the rise in July
- Economy growth continues in July
- Short and long-term business optimism in Ontario falls in September
- Number of travelers entering Ontario declined in July

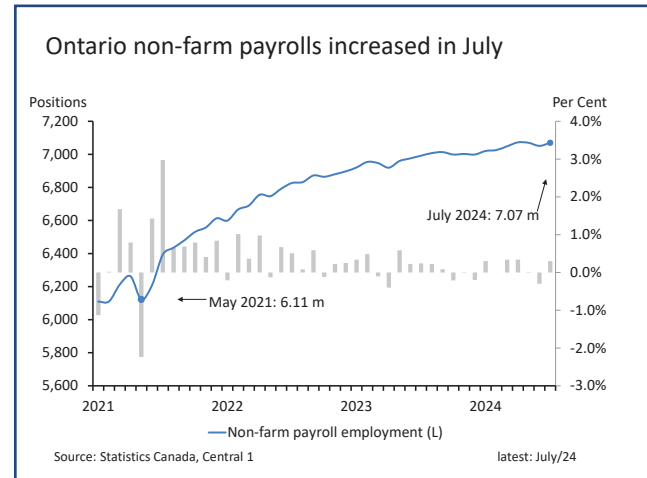
Ontario notes higher payroll counts in July

Eloho Ennah, Economic Analyst

Ontario businesses increased their employee head-count in July, making up for the prior month's losses. According to the latest Survey of Employers, Payroll and Hours (SEPH), payroll counts increased by 0.3 per cent or 18,555 positions, bringing the total number of payrolls to 7.07 million positions in the province. This month's gains were in the services sector, which saw 19,900 more positions (0.3 per cent), while the goods sector saw a loss of 2,666 positions (-0.2 per cent). The job vacancy rate in Ontario edged down from 2.8 per cent to 2.7 per cent in July, representing 183,215 unfilled positions. The job vacancy rate has seen a sustained downtrend since early 2024, highlighting reduced job openings due to economic uncertainties.

The Labour Force Survey (LFS) also showed a gain in employment of 0.3 per cent month-over-month (22,400 persons) but very little labor force growth in July. It is important to note that while multiple job holders are counted once in the LFS, they appear as multiple entries in payroll records. But over longer periods, employment trends generally align between the SEPH and LFS results.

Amongst the goods producing industries, the manufacturing sector suffered the most losses with 2,996 less positions (-0.4 per cent) in July. Mining, quarrying, oil and gas extraction and forestry, logging and support also saw fewer positions. In contrast, payroll counts increased in both the utilities and construction sectors. Within the services sector, the educational services



and healthcare, and social assistance sectors saw an increase of 7,449 positions, or 1.3 per cent, and 6,460 positions, or 0.8 per cent, respectively, in July. That said, accommodation, transportation and warehousing, and information and cultural industries reported higher losses during the month.

On the wage front, seasonally adjusted average weekly earnings in Ontario went up 0.8 per cent to \$1,289.43 in July. On a year-over-year basis, July's average earnings in Ontario were 4.8 per cent higher.

Financial services continue with robust growth in July

Alan Chow, Business Economist

Canada's real industry gross domestic product (GDP) growth saw a surprise increase in July of 0.2 per cent, after experiencing some stagnation in June. Goods producing industries showed growth of around 0.1 per cent, while the service producing industries were able to edge up 0.2 per cent. Advanced estimates for August are that things will remain essentially unchanged, though with higher output from oil and gas extraction and the public sector, offset by some weakness in manufacturing and transportation and warehousing.

This July, manufacturing saw a monthly increase in output of 0.3 per cent. Chemical manufacturing saw a healthy gain of 4.1 per cent to its highest monthly output in two years, however, plastics and rubber products manufacturing declined by 1.5 per cent to its lowest monthly output this year. Also seeing some weakness was electrical equipment, appliance and

components manufacturing and computer and electronics products manufacturing, which was down 3.0 per cent and 6.2 per cent respectively. Both were also at a low month for the year. Transportation equipment manufacturing though saw a monthly increase of 0.2 per cent with growth seen in all subsectors.

The finance and insurance sectors were up 0.5 per cent in July with 0.3 per cent growth in credit intermediation and 1.8 per cent growth in financial investment services. Insurance carriers and related activities GDP was essentially flat with a 0.2 per cent decline in insurance carriers, offset by a 0.6 per cent increase in agencies, brokerages, and other insurance related activities. This sector has been growing steadily in the past three years with growth spread out through all the subsectors.

Business optimism worsens in Ontario in September

Eloho Ennah, Economic Analyst

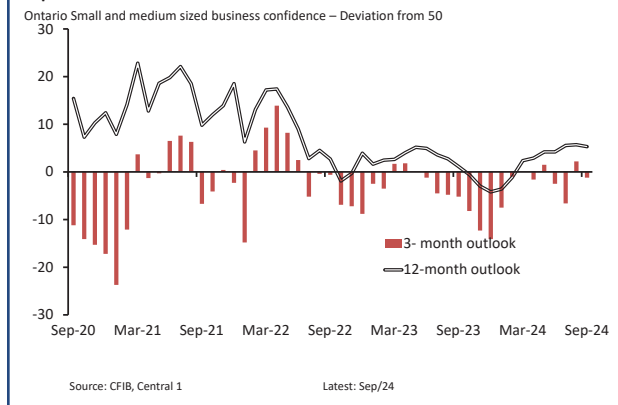
Small and Medium-sized Enterprises (SMEs) business optimism worsened slightly across the country in September as reported by the Canadian Federation of Independent Business (CFIB) Barometer Survey. The long-term 12-month index fell by 1.9 points to 55.0 points, while the short-term index lessened by 1.7 points to 50.3 points, just a little over the 50-point benchmark. The general state of business health reported by most SMEs was “satisfactory,” a consistent post-pandemic trend, as factors such as insufficient domestic and foreign demand and labour shortages hamper sales growth. That said, the number of small businesses reporting lower sales due to labour shortages fell to the lowest point in two years. This month’s results signal still-mediocre confidence is widespread amongst small business owners in Canada and is in line with the slowing economy.

The CFIB survey also stated both the average price and wage increase indicators at 2.3 per cent. Both have been trending down since mid-2024. More employers also expect full-time employment levels to decline in the near term. Reduced hiring is a consequence of budget trimming plans by small businesses that are facing higher costs and lower revenues, while they look forward to more rapid rate cuts.

Like most provinces, Ontario experienced a tapering in business confidence in September. The long-term index fell 0.4 points to 55.3 points, while the short-term index declined by 3.4 points to 48.8 points, now below the index’s neutral benchmark of 50 points.

More businesses reported better business health during the month while plans to increase full-time staff

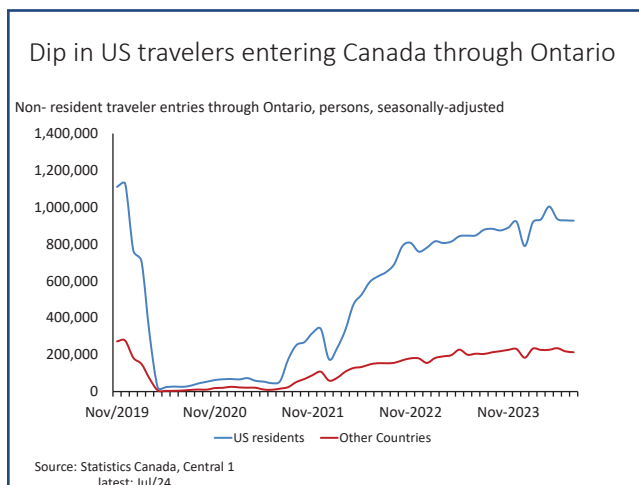
Small business optimism in Ontario down in September



dwindled amongst the businesses. Insufficient demand and shortages of skilled and unskilled labour were top of the list of constraints to sales or production growth for businesses in the province. Limited working capital and physical space also limited sales growth. Tax/regulatory costs, Insurance, and wage costs were the top input cost constraints, while fuel, occupancy and borrowing costs were also on this list of constraints.

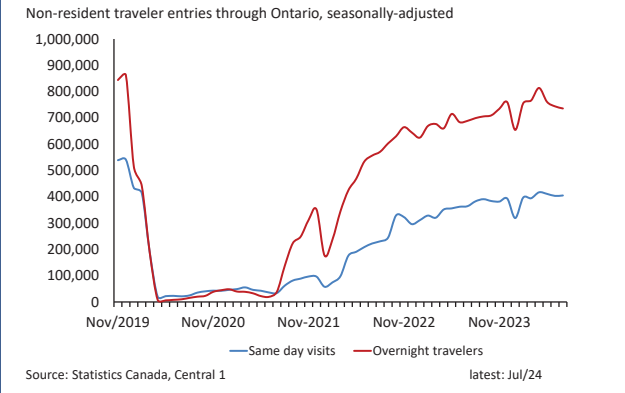
Fewer visitors arrive in Canada through Ontario

Alan Chow, Business Economist



The number of non-resident visitors entering Canada through Ontario fell in July. On a seasonally adjusted basis, there were 0.6 per cent fewer non-resident visitors in July than in June, decreasing from 1.17 to 1.14 million people. This was the second month in a row that the number of non-resident visitors declined. The number of overnight tourists fell by 1.1 per cent to 735,772, but the number of visitors doing same day excursions went up by 0.4 per cent to 404,962. Year to date, the total number of non-resident visitors entering Canada via Ontario is up 12.1 per cent over the previous year, with U.S residents up 11.9 per cent and residents of other countries up by 13.1 per cent.

Decline in overnight and same day travelers to Ontario



The number of U.S residents visiting Canada through Ontario fell 0.2 per cent from June to July and represents 927,149 persons. Over the same period, the number of residents from other countries other than the U.S. fell by 2.1 per cent to around 213,467 persons. Amongst the U.S. residents, there was a decline in overnight tourists of around 0.8 per cent to 534,667, that was partially offset by a 0.6 per cent increase in same day excursions to 392,600. Air travel from U.S. residents to Ontario fell 1.7 per cent and other modes fell by 11.9 per cent. On the other hand, U.S. residents who came by automobile increased by 0.9 per cent. Residents from countries other than the U.S. saw a 2.1 per cent decrease, with same day excursions falling 6.4 per cent, and overnight excursions falling 1.8 per cent. There was a decline of 0.6 per cent in the number of non-residents from other countries, other than the U.S., that came via air during the month and a decline of 7.0 per cent in those who came via land and sea.

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