Economics | Current Economic Trends

Ontario Economic Briefing

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Highlights

- Ontario employment level rose in September
- Full-time employment contributed to the hiring gain
- Canadian permits down in August by seven per cent
- Ontario was one of the provinces leading the national loss, with permits falling by 5.2 per cent
- Exports and imports rose

Ontario labour market growth resumed

Ivy Ruan, Economic Analyst

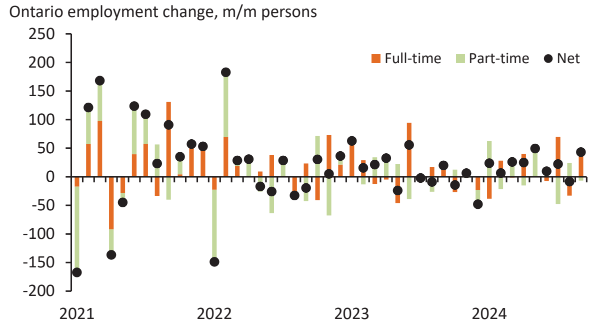
Ontario's labour market regained the growing momentum in September, following a brief pause as employment rose by 43,200 persons (0.5 per cent). The year-over-year employment growth of 1.9 per cent outpaced the national performance (1.5 per cent). The population continued to grow in Ontario (0.4 per cent), and the provincial labour participation rate in September remained at 65.0 per cent. The province's unemployment rate dropped 0.2 per cent to 6.9 per cent as the labour force rose 0.3 per cent from last month.

In the Toronto Census Metropolitan Area, a labour force contraction of oneper cent came along with a small increase in hiring (0.2 per cent) during the same period, resulting in the unemployment rate falling 1.1 per cent to 7.7 per cent in September. During the same month last year, Toronto Census Metropolitan Area reported an unemployment rate of 6.6 per cent.

At the provincial level, the decreases in part-time hiring (-0.5 per cent or 6,600 persons) was offset by growth in full-time employment. Full-time employment increased by 49,800 people (0.8 per cent).

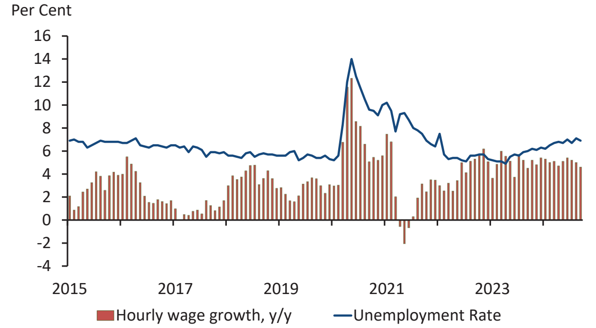
On an industry level, employment decline was concentrated in the good-producing sectors (-0.2 per cent), while the services-producing sectors reported increases in employment. Specifically, employment decreases in manufacturing (-0.6 per cent) and natural resources (-5.3 per cent) were partially offset by the increases in utilities (3.3 per cent) and construction (0.2 per cent). In the services-producing sector, increase was led by ffinance, insurance, real estate, rental and leasing, where employment grew by 11,300 people (1.6 per cent). Lower employment was reported in the health care and social assistance category (-1.0 per cent or 10,300 persons). Among the rest of the service-producing sectors, notable growth in employment were seen in the wholesale and retail trade sector (1.4 per cent or 15,200 persons) and professional, scientific and technical services sector (0.9 per cent or 8,400 persons).

Ontario labour market positive momentum resumed in September



Source: Statistics Canada, Central 1 latest: Sep/24

Ontario unemployment rate dropped



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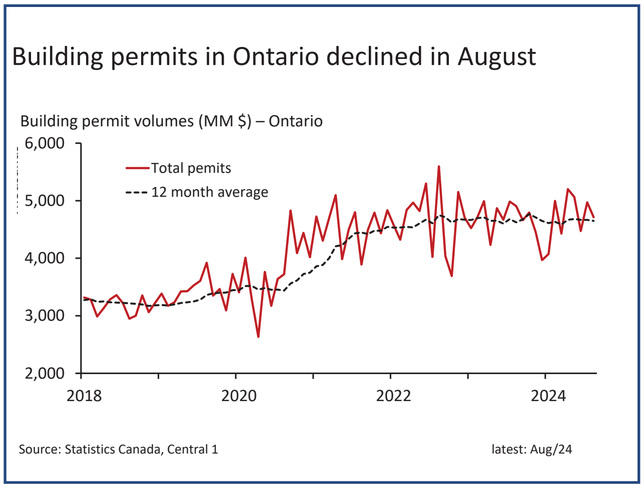


Ontario building permits fell in August

Eloho Ennah, Economic Analyst

Canadian building permits retreated in August following the uptick in the prior month. Total permit values issued in the country was down to $11.5 billion, a seven per cent drop from the value issued in July. The decline was as a result of lower permits issued in the residential and non-residential sectors. 18,500 new multi-family units and 4,700 single-family units were approved across the country in July. In addition, the 12-month cumulative sum of permits issued in the residential sector from September 2023 to August 2024 increased by 2.8 per cent, reaching268,200 units, compared to the same 12-month period in 2022-2023.

Ontario was one of the provinces contributing largely to the national monthly decline. Total building permits in the province fell by 5.2 per cent to reach $4.7 billion in August, after increasing by 11.1 per cent in July. This decrease was due to lower permits issued in the residential and non-residential sectors. That said, unadjusted for seasonality, the year-to-date total permits were up by 1.7 per cent.

Monthly permit numbers tend to fluctuate widely, but the 12-month moving average has remained tapered for several months, as still-high construction and borrowing costs continue to weigh on sector activity. Further rate cuts are needed to see a sustained growth in activity in the sector.

The residential sector saw an 8.6 per cent decrease in permit values during the month, reaching $2.5 billion. In the single-family sub-category, permits rose by 7.5 per cent. However, this gain was offset by the 18.0 per cent dip in multi-family unit permits.

The non-residential sector recorded a 1.1 per cent dip in permits issued in August to reach $2.2 billion, due to fewer permits issued in the institutional and governmental subcategory, which saw a decline of 50.3 percent. On the other hand, the industrial subcategory experienced a 21.5 gain in permits while the commercial subcategory saw a 12.9 per cent gain in the same period.

There were varying results amongst Ontario's census metropolitan areas. In Toronto, permit values fell by 2.4 per cent from July but increased by 20.8 per cent on a year-over-year basis. Declines were also noted in St Catharines-Niagara (-43.2 per cent), Oshawa (-69.4 per cent), Windsor (-32.1 per cent) and Barrie (-51.0 per cent). Ottawa permits were also down by 2.7 per cent. That said, permit increments were recorded in Brantford, with above 5 times the value of the prior month. Other notable increases were seen in Hamilton with more than twice the value from July, Kitchener-Cambridge-Waterloo (10.1 per cent), Kingston (16.6 per cent) and Guelph (18.1 per cent), amongst others.

Exports rose higher than imports

Alan Chow, Business Economist

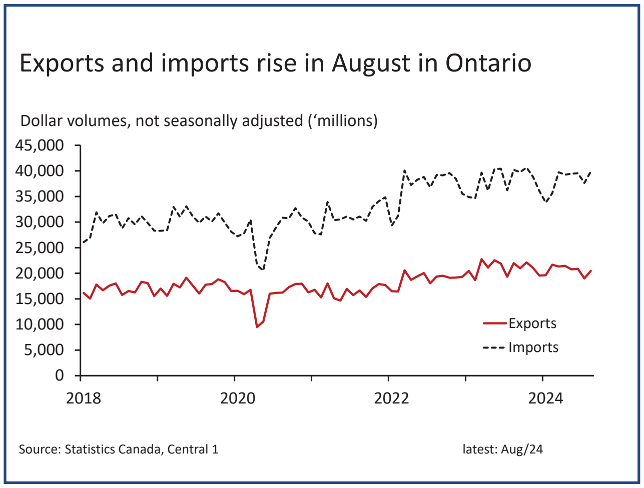
In August 2024, the value of Ontario exports rose 7.6 per cent on a monthly basis, reaching$20.4 billion while the volume of imports rose 5.8 per cent to $39.8 billion. As a result, the trade deficit rose to $19.3 billion and was the widest deficit since October 2022. Over the last 12 months, exports were up 1.3 per cent while imports were up 1.1 per cent. Year to date though, exports are down 2.1 per cent while imports are up by 0.8 per cent.

The increase in monthly exports was seen in five out of the 11 categories. Leading the way were:

- Motor vehicle and parts, up 23.3 per cent to $5.3 billion;
- Metal and non-metallic mineral products, up 16.7 per cent to $4.7 billion.

On the other hand, lower export volumes were seen in:

- Forestry products and building and packaging materials, down 7.7 per cent to $1.0 billion;
- Consumer goods, down 2.1 per cent to $3.6 billion;
- Industrial machinery, equipment and parts, down 4.3 per cent to $1.6 billion.



Year to date, only four categories are seeing higher volumes of exports: Metal ores and non-metallic minerals, up 7.9 per cent or $2.6 billion;

- Energy products, up 22.0 per cent or $400 million;
- Forestry products and building and packaging materials, up 3.6 per cent or $303 million.

Lower volume of exports year to date was seen in:

- Motor vehicles and parts, down 9.0 per cent or $4.5 billion;
- Consumer goods, down 3.5 per cent or $986 million;
- Industrial machinery, equipment and parts, down 5.5 per cent or $809 million.

On the imports side, five out of the 11 categories rose on a monthly basis. The largest increase was in :

- Metal and non-metallic mineral products, up 38.1 per cent to $4.3 billion;
- Motor vehicles and parts, up 14.2 per cent to $9.3 billion ;

On the other hand, lower import volumes were seen in:

- Consumer goods, down 7.2 per cent to $8.2 billion;

Year to date, seven categories are seeing higher import volumes. They are led by:

- Motor vehicle and parts, up 1.5 per cent or $1.1 billion;
- Consumer goods, up 1.7 per cent or $1.0 billion;
- Farm, fishing and intermediate food products, up 7.7 per cent or $738 million.

Lower import volumes were led by far and large by:

- Energy products, down 29.2 per cent or $1.9 billion.

For more information, contact economics@central1.com.