



Highlights

- Employment growth continued in Ontario
- Unemployment rate edged up to 7.6 per cent
- Canadian merchandise exports up more than imports in December; first trade surplus noted since February '24
- Canadian merchandise trade surplus with the US lessened in 2024
- Ontario sees higher exports, up 1.9 per cent, while imports decline by 1.1 per cent

Ontario labour market reported a large increase in full-time employment in January

Ivy Ruan, Economic Analyst

Ontario's labour market grew in January following the increase in the previous month as employment rose by 39,000 persons (0.5 per cent). Year-over-year employment growth of 2.2 per cent outpaced the national performance (2.0 per cent). Ontario's working-age population continued to grow (0.2 per cent), and the provincial labour participation rate rose slightly to 65.4 per cent from a revised 65.2 per cent in December. The province's unemployment rate edged up 0.1 per cent to 7.6 per cent as the labour force also expanded by 0.5 per cent from last month. January marked the first gain in the employment rate in the province (0.2 per cent to 60.5 per cent), the first increase since June 2023.

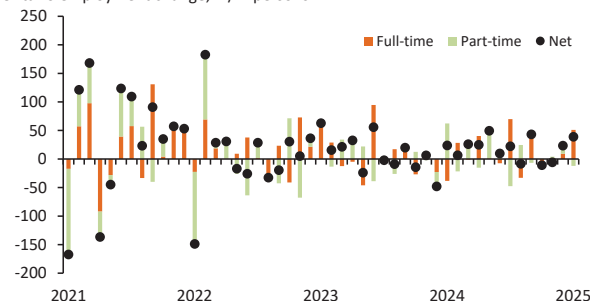
In the Toronto Census Metropolitan Area, a noticeable labour force expansion of 1.0 per cent came along with an increase in hiring (0.8 per cent) during the same period, resulting in the unemployment rate rising to 8.7 per cent in January from 8.5 per cent in December. During the same month last year, Toronto Census Metropolitan Area reported an unemployment rate of 6.2 per cent.

Full-time hiring in Ontario rose by 0.8 per cent (51,000 persons) in January, partly offset by a 0.8 per cent (12,100 persons) drop in part-time employment.

On an industry level, notable employment growth was reported in the goods-producing sectors (1.4 per cent or 22,500 persons), while the services-producing sectors

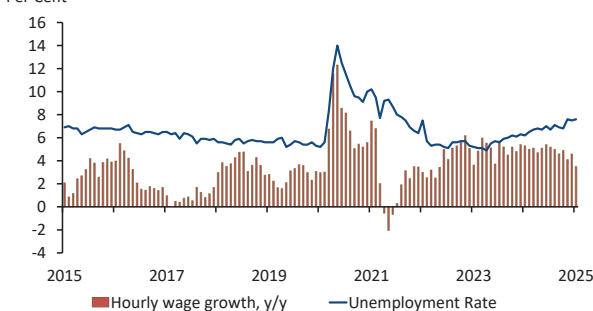
Ontario full-time employment led overall growth

Ontario employment change, m/m persons



Ontario unemployment rate remained steady

Per Cent



reported a smaller increase in employment (0.2 per cent or 16,500 persons). Specifically, employment increased in manufacturing (1.3 per cent or 11,000 persons) led the growth in goods-producing industry. In the services-producing sector, five out of the 11 industry classification saw employment growth with the increase led by healthcare and social assistance, where employment gained 16,100 people (1.6 per cent). January's increase recovered the decline in employment in the healthcare sector in December. Another classification with notable employment growth was also reported in the accommodation and food services (3.0 per cent or 12,500 persons). Partially offsetting the growing sectors was a decline in employment in finance, insurance, real estate, rental and leasing (-1.4 per cent or -9,900 persons) and the other services (except public administration) (-2.8 per cent or -8,000 persons)

Merchandise trade balance positive in Canada in December; Ontario notes higher exports

Eloho Ennah, Economic Analyst

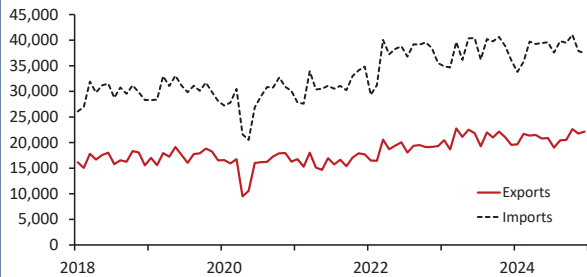
Canada's merchandise trade balance shifted from a deficit to a surplus on a monthly basis in December, the first to be reported since February 2024. December's surplus of \$708 million followed a \$986-million deficit in the prior month. Merchandise exports rose by 4.9 per cent on a seasonally adjusted basis, marking a third consecutive rise, while imports also increased by 2.3 per cent. It should be noted that Statistics Canada cautions on the use of recent import data as the Canada Border Service Agency Assessment and Revenue Management system transition initiative has delayed the receiving of receipts. Estimate values were used for October to December and future revisions are likely. In addition, since most of the trade is conducted in USD then converted to CAD for reporting purposes, the depreciation of the Canadian dollar against the US dollar translates to a higher monthly trade value. In December, the CAD fell sharply against the USD. In USD, Canadian exports and imports were up by 3.0 per cent and 0.4 per cent, respectively.

Yearly, total merchandise exports increased by 1.0 per cent following a dip of 1.8 per cent in 2023. This was mostly because of higher exports of metal and non-metallic mineral products (11.3%) and unwrought gold, silver, and platinum group metals, and their alloys (37.5%). Imports also increased by 1.9 per cent given larger imports of consumer goods and farm, fishing, and intermediate food products.

The United States remains Canada's top trading partner, accounting for 75.9 per cent of total Canadian exports in 2024 and serving as the source of 62.2 per cent of imports. Canada's merchandise trade surplus with the US also shrunk in 2024, decreasing from \$108.3 billion to \$102.3 billion, with energy products making up a key component of the surplus. That said, Canada typically sees deficits with the US in terms of trade in services. Monthly, merchandise exports to the US increased by 5.0 per cent in December due to higher exports of energy products, while imports declined by 1.5 per cent. The future of Canada-US trade relations appears uncertain, as US' 25 per cent tariffs on Canadian products has been suspended for a month. If reimposed, these tariffs from a major trading partner would stifle economic momentum, threatening Canadian jobs and businesses in highly exposed sectors and provinces.

Ontario exports grow in December, imports down

Dollar volumes, not seasonally adjusted ('millions)

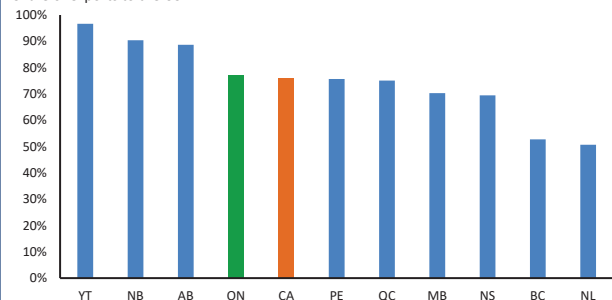


Source: Statistics Canada, Central 1

latest: Dec/24

Share of exports to the US higher in Ontario compared to most provinces

Share of exports to the US



Source: Statistics Canada, Central 1

latest: 2024

Among the provinces, Ontario noted higher merchandise exports in December, up by 1.9 per cent after a drop of nearly 4.0 per cent in November. On a 12-month basis, overall exports were up by 0.1 per cent. The monthly growth was driven primarily by a rise in exports of aircraft and other transportation equipment and parts, which rose by 85.1 per cent (\$269.4 million). Energy product exports were up by 24.0 per cent (\$53.3 million), while metal and non-metallic mineral products increased by 4.4 per cent or \$225m. On the other hand, motor vehicle and parts exports fell by 6.2 per cent (\$353.3 million).

Imports decreased by 1.1 per cent in December as motor vehicle and parts imports fell by 20.2 per cent (\$1.8 billion). Metal and non-metallic mineral products also decreased by 12.0 per cent (\$334.8 million), while forestry products, building and packaging materials imports declined by 9.6 per cent (\$145.2 million). However, farm, fishing and intermediate food product imports increased by 2.6 per cent (\$34 million) and energy product imports also grew by 24.0 per cent or (\$99 million).

Ontario has strong trade ties to the US, as the major destination for province's exports (77.5 per cent in December), growing by 2.1 per cent during the month. Imports from the US also increased by 1.6 per cent in December. Ontario's economy would take a substantial hit from US tariffs as exports from the province's dominant manufacturing industry are impacted. Other sectors with high exposure also include agriculture and raw materials, putting businesses and jobs in these sectors at higher risk of redundancy.

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