



## Highlights

- Canadian retail spending continued declining in February
- Ontario retail sales saw no change in February; motor vehicle and parts sales down on a year-on-year basis
- Ontario non-farm payroll decreased in February; job vacancy rate remained low

## Ontario monthly retail sales flat in February

*Eloho Ennah, Economic Analyst*

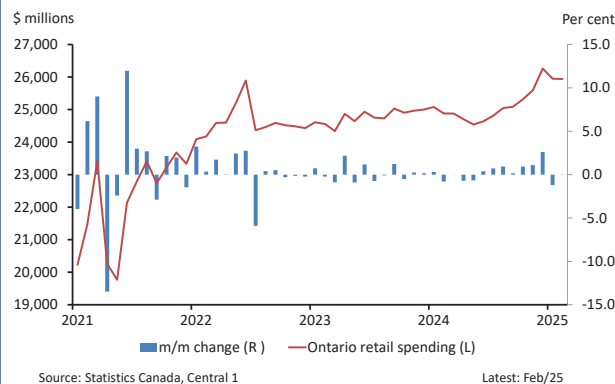
Canadian retail sales fell by 0.4 per cent to \$69.3 billion on a seasonally adjusted basis in February, largely due to lower sales at motor vehicle and parts dealers, following a 0.6 per cent dip in January. Core retail sales, which exclude gasoline stations and fuel vendors, motor vehicle and parts dealers, increased by 0.5 per cent.

Price-adjusted retail sales decreased by 0.4 per cent during the month. In February, tariff threats and the likelihood of US-Canada trade dispute escalation had raised uncertainty and dampened consumer sentiment. Early March estimates suggest a 0.7 per cent gain in retail sales in the month, likely due to a ramp up in consumer purchases of high-priced goods and essential items in the face of impending tariffs. In addition, price changes from tariff pass-through might be reflected in March data. However, the growth is likely to be temporary as consumer confidence remains significantly subdued in the near term.

Ontario saw no change in retail spending during the month, sitting at \$25.9 billion, after the 1.2 per cent decline in January. That said, unadjusted retail sales in Ontario were up 0.9 per cent compared to the same month in 2024.

Subsector data is unadjusted for seasonality, but year-over-year figures showed lower sales at motor vehicle and parts dealers, down by one per cent. Building material and garden equipment and supplies sales decreased by nearly 10.0 per cent year-over-year. Gasoline and fuel vendors also reported a 2.8 per cent drop in the same period. In contrast, food and beverage retailers' sales increased by 1.6 per cent while furniture, home furnishings, electronics and appliance retailers saw sales grow by 4.3 per cent.

## Ontario retail sales flat in February



Regionally, the Toronto metro area saw seasonally adjusted retail sales fall by 0.9 per cent on a month-over-month basis in February. Compared to a year ago, unadjusted sales were up 3.2 per cent. Ottawa unadjusted retail sales pulled back significantly by 8.9 per cent year-over-year.

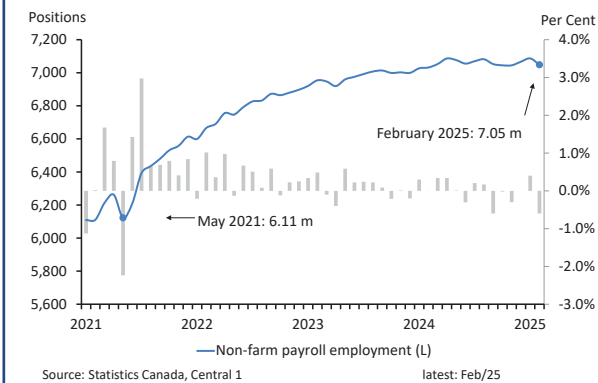
## Ontario payroll counts dropped in February

*Ivy Ruan, Senior Economic Analyst*

Ontario employee headcount dipped in February, reversing a notable increase observed in the prior month. According to the latest Statistics Canada Survey of Employers, Payroll and Hours (SEPH), payroll counts decreased 39,022 positions (-0.6 per cent), and the total payroll count reached 7.05 million in the province. Services sector payrolls lost 32,061 positions (-0.6 per cent) while the goods sector recorded a decrease of 7,368 positions (-0.6 per cent). Tariffs were not in effect during the month, although uncertainty undoubtedly weighed on business sentiment.

Ontario's job vacancy rate edged up to 2.8 per cent in February, representing 194,620 vacant positions. The job vacancy rate has seen a sustained downtrend since early 2024, falling towards pre-pandemic levels and remaining flat since the second half of 2024. Modest economic growth and economic uncertainty has maintained job market slack. Surveys from both the Canadian Federation of Independent Business and the Bank of Canada point to persistence of soft hiring environment going forward.

### Ontario non-farm payrolls fell in February



The Labour Force Survey (LFS) recorded an increase in employment of 0.2 per cent (month-over-month (16,900 persons) and 0.1 per cent labor force increase in February. It is important to note that while multiple job holders are counted once in the LFS, they appear as multiple entries in payroll records. That said, trends from both the SEPH and LFS align in the long run.

Amongst the goods producing industries, the manufacturing sector reported a decrease of 3,554 positions or 0.5 per cent, representing half of the decline in the goods producing category. The construction sector also had a 0.8 per cent (3,071 positions) decline in

employee headcount. Within the services sector, the educational services sector led the overall decrease, with a decline of 11,329 fewer positions (-2.0 per cent), offsetting the growth seen in the previous month. The accommodation and food services and trade sectors reported decreases of 7,047 positions (-1.5 per cent) and 7,686 positions (-0.7 per cent), respectively. There was mostly negative change in the remaining sectors.

On the wage front, seasonally adjusted average weekly earnings in Ontario edged up 0.2 per cent to \$1,340.21 in February. On a year-over-year basis, February's average earnings in Ontario were 6.6 per cent higher. Going forward, hiring momentum will continue to slow as businesses temper investment and expansion, and remain cautious due to economic uncertainty.

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