



Highlights

- Ontario economy remained more exposed to tariff uncertainty
- Ontario non-farm payroll declines in June; job vacancy rate still low
- Fewer visitors from the U.S. visit Canada through Ontario

Key Ontario manufacturing sectors weakened more in June

Alan Chow, Business Economist

Canada's real industry gross domestic product (GDP) fell 0.1 per cent in June, marking the third consecutive monthly decline. Goods producing sectors declined in all three months, with GDP down 0.5 per cent for the month, while service producing industries saw a slight rise of 0.1 per cent. Advanced estimates for July though see GDP increasing 0.1 per cent but this number will likely be revised in September when more data arrives.

This June, manufacturing saw output decline 1.5 per cent for the second monthly decline. Average monthly output over the last three months was down 2.6 per cent from what it averaged last year. Output levels are the lowest they have been since the pandemic. Chemical manufacturing was down 10.4 per cent, the largest contraction seen in the past five years. Plastic and rubber products manufacturing was down 0.7 per cent. Transportation equipment manufacturing declined 4.4 per cent with most subsectors seeing a decline. Machinery manufacturing was down 1.6 per cent.

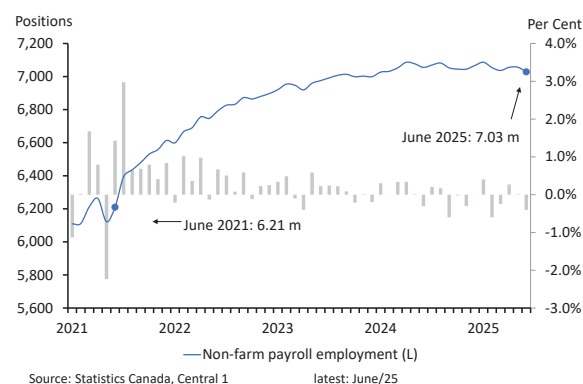
The finance and insurance sector was unchanged in June. Average monthly output for 2025 in this sector was up 2.3 per cent from 2024. Credit intermediation was up 0.4 per cent in June but insurance carrier and related activities was down 0.3 per cent and financial investment services was down 1.0 per cent.

Ontario payroll counts fall in June

Eloho Ennah, Economics Analyst

Ontario employee headcount decreased in June after the meagre change in May. According to the latest Statistics Canada Survey of Employers, Payroll and Hours (SEPH), payroll counts (including unclassified businesses) fell by 0.4 per cent to 7.0 million positions in the province. On a year-over-year basis, payroll headcounts continued declining, falling by 0.5 per cent. Excluding unclassified businesses, the employment headcount decreased by 29,944 positions (-0.4 per cent) to 6.9 million. Services sector payrolls declined by 20,953 positions (-0.4 per cent) while the goods sector recorded a decrease of 8,991 positions (-0.8 per cent).

Ontario non-farm payrolls fall in June



SEPH numbers were in line with recent results of the Labour Force Survey (LFS) with both pointing to softening of labour market conditions in the province. Persisting uncertainty in the face of tepid economic conditions and tariff impacts have led to job market slack. 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.

Among the goods producing industries, the manufacturing sector reported a decrease of 5,725 positions or 0.9 per cent, continuously impacted by the implementation of U.S. tariffs on automobile production. The construction sector also saw a notable decline of 0.8 per cent (-3,041 positions) in employee headcount. Within the service sectors, the healthcare and social assistance sector led the overall decline, falling by 5,862 positions (-0.7 per cent). Employment in educational services also decreased by 5,167 positions (-0.9 per cent), while accommodation and food services fell by 2,683 positions or (-0.6 per cent). On the contrary, public services employment rose by 3,741 positions (0.7 per cent).

Ontario's job vacancy rate rose from 2.5 per cent in May to 2.6 per cent in June, representing 176,635 vacant positions in the province. On the wage front, seasonally-adjusted average weekly earnings in Ontario increased by 0.6 per cent to \$1,334.55 in June. On a year-over-year basis, average earnings in June were 3.5 per cent higher. In the near term, hiring intentions will be tempered by broad economic uncertainty as businesses limit investment and expansion plans.

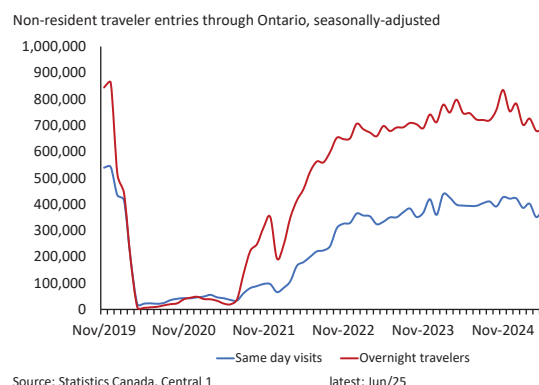
Slightly more Canadians returning from the U.S. in June but numbers still low

Alan Chow, Business Economist

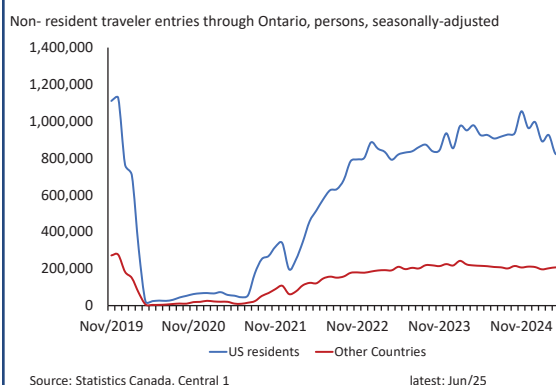
In June, the number of non-resident visitors entering Canada through Ontario was down slightly. On a seasonally-adjusted basis, entries fell by 1.3 per cent in June compared to May. The level was the second lowest levels since November 2023 and was only 92.5 per cent when compared to the previous 12-month average. The decline was largely driven relatively split between same day excursions (down 1.4 per cent) and overnight tourist (down 1.2 per cent).

The primary factor behind the decline was fall in U.S. visitors, which decreased by 2.0 per cent month-over-month — also reaching their second lowest point (lowest April 2025) since April 2023. Same-day visits by U.S. residents fell by 1.8 per cent and overnight visits fell by 2.2 per cent. The number of visitors from June though was still only 90.7 per cent of the average that which was seen over the previous 12 months.

Slight decline in travelers entering Canada through Ontario in June



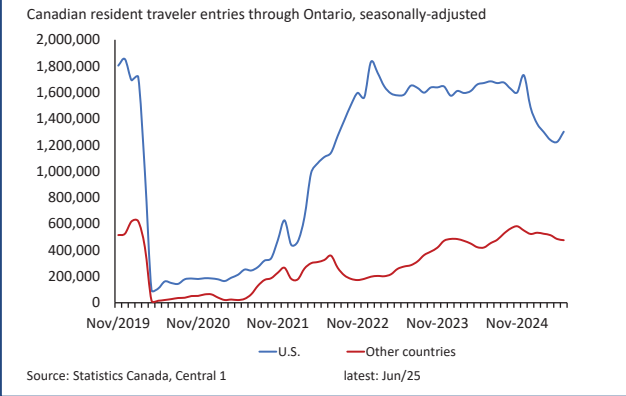
Fewer US travelers entering Canada through Ontario in June



In contrast, visitors from countries other than the U.S. marginally increased by 2.0 per cent in June with these arrivals represented 100.1 per cent of the 12-month average. Overnight visits from non-U.S. residents grew by 1.4 per cent, while same-day visits numbered jumped by 13.6 per cent.

Canadian residents returning to the country through Ontario increased by 4.0 per cent in June compared to the previous month — ending five consecutive monthly declines. The driver of this is the number of returning residents from the U.S., which grew by 6.3 per cent, although the level was 24.6 per cent lower when compared to the average over the last 12 months. Meanwhile, Canadians returning from destinations outside the U.S. via Ontario fell by 1.9 per cent in June to its lowest level since July 2024. June levels were down about 7.3 per cent from previous the 12-month average.

Number of Canadian residents returning from the US rises in June.



Persistent trade tensions with the U.S are expected to continue weighing on cross-border travel although they appear to be leveling off. The number of Canadians returning from the U.S. is likely to remain subdued. Travel returns from other countries are also starting to show some weakness as the slowly economy lowers discretionary spending.

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