Economics | Current Economic Trends

Ontario Economic Briefing

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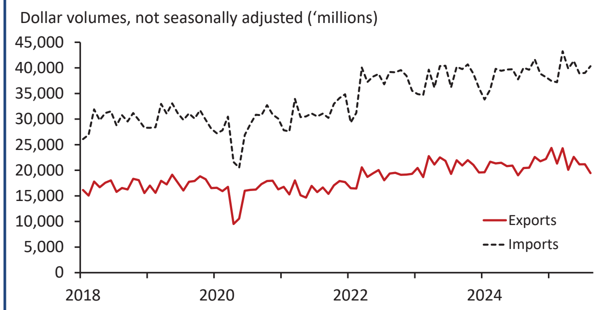
Highlights

- Ontario merchandise exports reported decline
- Ontario saw small positive change in employment in September
- The unemployment rate rose to 7.9 per cent

Ontario exports decline while imports climb



Source: Statistics Canada, Central 1 latest: Aug/25

Ontario merchandise exports to U.S. declines back down

Alan Chow, Business Economist

Canada's merchandise exports fell by 3.0 per cent in August to a seasonally-adjusted $60.5 billion. This is the second lowest month of the year after April. Imports, meanwhile, rose by 0.9 per cent to a seasonally-adjusted $66.9 billion. Consequently, the trade defi cit widened to $6.3 billion, up from a revised $3.8 billion in July.

The overall fall in exports was led by a decline to the U.S., which fell by 3.4 per cent in August. There were also lower exports to European Union (down 4.5 per cent) and China (down 4.3 per cent). In contrast, exports increased to the United Kingdom by 16.4 per cent. Imports from the U.S. declined by 1.4 per cent in the same month. The value was the lowest monthly value since March 2022. The growth in imports was due to a large spike in the value of imports from Switzerland, which increased 148.5 per cent or $1.1 billion. This was due in part to a large volume of precious metals imported.

The average from the last nine months in exports to the U.S. (Nov 2024 – Aug 2025) is now lower than the average of the previous 12 months (Nov 2023 – Oct 2024). Trade volumes may be stabilizing at these lower levels unless activity picks up in the coming months to replenish inventory. Other substitutes are likely to have been found by consumers and businesses. If more goods traded with the U.S. become CUSMA compliant the volumes could improve.

Province data though unadjusted for seasonality, showed that Ontario saw an 8.2 per cent decline in merchandise exports in August to $19.4 billion. Nine out of the 11 categories saw a decline in exports. It was led by a 17.3 per cent decline in metal and non-metallic mineral products and 7.4 per cent decline in consumer products. Marginally offset by this was a 5.8 per cent increase in motor vehicle and parts. Imports rose 3.4 per cent although only 3 out of the 11 categories saw an increase. It was largely driven by higher metal and non-metallic minerals, which mirrors the national data. Partially offsetting this rise was a decline in imports of electronic and electrical equipment and parts (-7.1 per cent), energy products (-17.7 per cent), and metal ores and non-metallic minerals (-9.6 per cent).

Year-to-date, exports are still up 5.6 per cent or $9.1 billion with metal and non-metallic minerals, up 23.4 per cent or $8.5 billion with motor vehicles and parts slightly offsetting this, down 3.6 per cent or $1.7 billion. Year-to-date imports are up 3.7 per cent or $11.3 billion with consumer goods up 5.6 per cent or $3.6 billion, and metal ore and non-metallic minerals up 43.1 per cent or $3.6 billion. The only category seeing significant decline in year-to-date imports is Industrial machinery, equipment and parts, down 1.1 per cent.

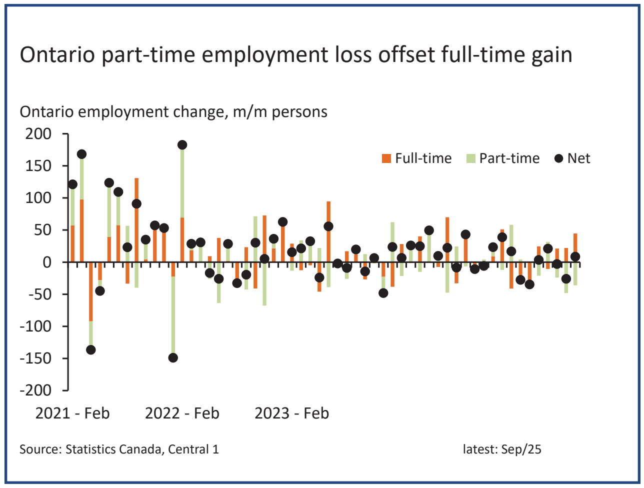
Exports to the U.S from Ontario declined by 9.0 per cent in August after seeing a similar rise in July. Imports rose by 4.4 per cent on a monthly basis. Although the average for April to August 2025 have seen exports to the U.S. down 7.9 per cent compared to the average from the year before the Trump Administration was elected (Nov 2023 – Oct 2024), the average monthly volume from November 2024 to August 2025 is up 1.8 per cent compared to the same period. For imports, they are down 5.4 percent for the last five months and down 1.5 per cent from November 2024 to August 2025. Monthly average exports to the UK in 2025 are still significantly higher than on average last year, up 52.1 per cent.

Ontario labour market results flat in September

Ivy Ruan, Senior Analyst

Ontario's labour market reported modest change in employment in September, with employment edging up 8,800 persons, after a decline during the last month, while the unemployment rate increased to 7.9 per cent from 7.7 per cent in August—almost a full percentage point above the national rate of 7.1 per cent. The increase in Ontario's unemployment rate was the result of growth in the labour force (29,300 persons or 0.3 per cent). The national labour market performance was largely led by core-aged employment gains in September, with the largest provincial increases seen in Alberta, New Brunswick and Manitoba. While the average summer (May to August) youth unemployment rate reached a historical high at 17.9 per cent this year, the September rate also remained elevated at 14.7 per cent, the highest level for a September since 2010 outside the pandemic period.

Ontario's year-over-year employment growth remained subdued in September, showing virtually no growth from a year earlier and lagging behind the national performance of 1.1 per cent. The working age population edged up from August in Ontario (0.1 per cent), while the provincial labour participation rate in September edged up to 64.8 per cent. Full-time hiring continued to increase following the gain in August, up 0.7 per cent or 44,700 persons, offsetting the decrease in part-time employment (-2.5 per cent or - 36,100 persons).



Among the Census Metropolitan Area (CMA), labour market results were mixed in September. Ottawa experienced a monthly decrease in employment (based on three-month average data), falling by 1.7 per cent (-11,500 persons). London reported a 1.1 per cent (3,700 persons) growth in employment during the same period. In Toronto CMA, three-month-average employment reported a consecutive monthly decline at 0.2 per cent (7,700 persons) in September, while the unemployment rate remained at 8.9 per cent. While Windsor reported consecutive monthly increases in September (1.7 per cent or 3,900 persons), it still recorded an unemployment rate of 10.4 per cent as it continued to face the tariff related uncertainty to its manufacturing sector.

In Ontario's goods-producing sectors, the overall employment level reported 0.7 per cent growth from the previous month. The employment gain in the manufacturing (1.5 per cent or 11,800 persons) sector was partially offset by the decline in the construction (-1.3 per cent or 7,300 persons) sector. The service-producing sectors reported virtually no change in employment levels. Six out of the eleven industry classifications saw employment losses with the decline led by wholesale and retail trade, where employment fell by 12,500 people (-1.1 per cent). A notable decline was also seen in public administration (-1.5 per cent or 7,100 persons). On the other hand, employment continued to grow in business, building and other support services following August's gain (3.7 per cent or 9,800 persons).

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