



## Highlights

- Canadian GDP rises in September pointing to improvement in Ontario's economy
- Ontario payroll counts dip in September following two monthly gains
- Payroll figures recede in both goods- and services-producing sectors
- International travel through Ontario increases in September

## Rebound in manufacturing likely bumped Ontario GDP higher in September

Bryan Yu, Chief Economist

Strength in Canada's national GDP numbers ([see commentary here](#)) pointed to improvement in Ontario's economy in September. Statistics Canada does not produce monthly industry GDP data at a provincial level. Industry GDP growth reached a solid 0.2 per cent during the month, including a rebound in manufacturing output.

Manufacturing jumped 1.6 per cent to reverse the 0.5 per cent decline in August. Noteworthy was machinery output, which rebounded 5.5 per cent after a 4.9 per cent drop, and transportation equipment, which rose 2.1 per cent after a 1.8 per cent drop in August. The latter was driven by motor vehicle production, although the sector continues to be hammered by direct tariff effects and uncertainty in the sector. Year-to-date, transportation equipment is 2 per cent lower, with motor vehicles and parts down nearly 3 per cent.

In other notable segments, national chemical manufacturing output reversed an August surge, declining 3.9 per cent m/m and 11 per cent year-to-date, while iron and steel rose 5.4 per cent but was still down 5 per cent year-to-date. The contribution from the federal government was flat with negligible change in the sector, and levels down from a year ago.

## GDP by Ontario - Related Industry, \$2017

| Sep/2025   | \$mil          | m/m %ch     | y/y %ch      | ann. m/m %ch | ann. 3m %ch | YTD %ch      | Month-to-month per cent change |             |             |
|--|----------------|-------------|--------------|--------------|-------------|--------------|--------------------------------|-------------|-------------|
|  |                |             |              |              |             |              | Jul/2025                       | Aug/2025    | Sep/2025    |
| <b>Manufacturing</b>   | <b>202,940</b> | <b>1.6</b>  | <b>-1.3</b>  | <b>21.4</b>  | <b>11.1</b> | <b>-2.2</b>  | <b>1.6</b>                     | <b>-0.5</b> | <b>1.6</b>  |
| <b>Machinery manufacturing</b>                                   | <b>20,636</b>  | <b>5.5</b>  | <b>6.1</b>   | <b>90.5</b>  | <b>34.9</b> | <b>2.8</b>   | <b>7.4</b>                     | <b>-4.9</b> | <b>5.5</b>  |
| Transportation equipment manufacturing                           | 27,456         | 2.1         | -0.1         | 28.1         | 17.6        | -2.0         | 3.8                            | -1.8        | 2.1         |
| Motor vehicles and parts manufacturing                           | 17,436         | 3.7         | 1.5          | 55.3         | 37.6        | -2.8         | 6.4                            | -1.9        | 3.7         |
| Motor vehicle manufacturing                                      | 6,920          | 8.4         | 2.0          | 162.6        | 76.0        | -3.9         | 5.9                            | 0.4         | 8.4         |
| Motor vehicle body and trailer manufacturing                     | 1,160          | 1.6         | -7.1         | 20.6         | -9.1        | -11.3        | -5.6                           | 1.8         | 1.6         |
| Motor vehicle parts manufacturing                                | 9,110          | 1.2         | 2.8          | 15.1         | 26.3        | -0.4         | 9.0                            | -3.9        | 1.2         |
| <b>Basic chemical manufacturing</b>                              | <b>4,388</b>   | <b>-3.9</b> | <b>-14.1</b> | <b>-37.6</b> | <b>33.9</b> | <b>-11.4</b> | <b>5.3</b>                     | <b>6.3</b>  | <b>-3.9</b> |
| Iron and steel mills and ferro-alloy manufacturing               | 2,965          | 5.4         | -0.7         | 88.0         | 5.6         | -5.0         | -6.8                           | 3.2         | 5.4         |
| <b>Federal government public administration (except defence)</b> | <b>46,800</b>  | <b>0.1</b>  | <b>-4.8</b>  | <b>1.3</b>   | <b>-4.7</b> | <b>-2.3</b>  | <b>-0.7</b>                    | <b>-0.6</b> | <b>0.1</b>  |

## Payroll counts roll back in Ontario

Bryan Yu, Chief Economist

Ontario payroll counts rolled back in September following two months of gains to drive the national pattern. Payroll counts in the province captured by the Survey of Employment, Payroll and Hours (SEPH) fell by 54k positions in September, marking a 0.8 per cent monthly decline and a drop of 0.4 per cent over the past 12 months. Ontario was responsible for almost the entirety of the net Canadian decline in payrolls from August. The trend in Ontario SEPH payroll count has held range-bound since mid-2023 which aligns with struggles in the economy from tariff shocks, weak business confidence, and a housing market downturn. Firms are reluctant to invest and hire.

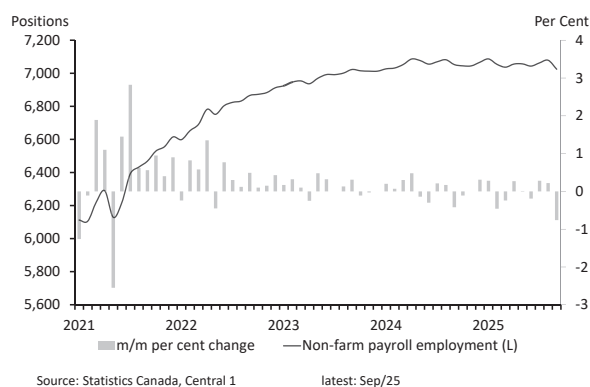
A scan of payroll counts for classified businesses pointed to deterioration in both the goods- and services-sectors over the latest month, but with deeper declines in the former over the past year.

Goods-producing sector declined on aggregate by 9.5k positions or 0.8 per cent in September, with a 2.5 per cent year-over-year change. Driving this drop was construction (-3.3k m/m) and manufacturing (-6.4k), with both down more than 2 per cent over the past year. Among services, there were broad declines that drove a 0.7 per cent drop from August, but steady year-over-year. Education was the main driver with an 18.4k (3.2 per cent) month-to-month decline, along with drops in the wholesale and retail trade sectors which could reflect dampening consumer demand.

Average weekly earnings rose 0.7 per cent over the month to \$1,354, but 12-month growth of 3.2 per cent was consistent with the 3.1 per cent national increase. Ontario's job vacancy rate at 2.5 per cent remained the lowest in the country, reflecting poor hiring conditions.

SEPH estimates should be juxtaposed to the Labour Force Survey (LFS) employment estimates, which is more widely watched and timely but based on a household survey rather than administrative data (SEPH). While there is some divergence, trends have generally aligned. 12-month LFS employment in August was flat compared to the 0.4 per cent decline in the SEPH reading. After a period of divergence in 2022, levels have since moved together. Both measures are up about 15 per cent from the beginning of 2021. Divergence can occur due to the number of multiple job holders, self-employed and farm workers that may be captured in one survey but not the other.

### Ontario payrolls sink, drive national decline

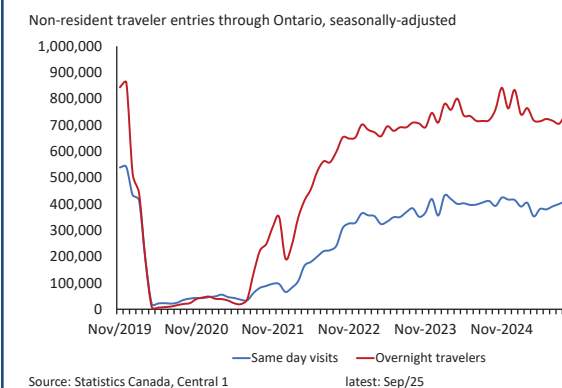


The key theme of the latest SEPH data is that the soft economy persists. Businesses are hesitant to hire with little to change that trajectory in the current environment, and surveys such as the CFIB Business Barometer point to a net decline in full-time hiring going forward.

## Visitors entering Canada via Ontario rose in September

Alan Chow, Business Economist

### Rise in same day and overnight travelers to Ontario

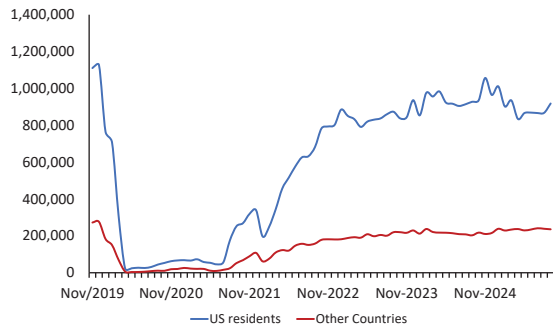


In August, the number of non-resident visitors entering Canada through Ontario rose. On a seasonally-adjusted basis, the number of entries rose by 4.3 per cent in September compared to the previous month. The rise was led by a 5.2 per cent increase in overnight tourist. The number of same day tourist also grew but by only 2.7 per cent.

The number of U.S. residents entering Canada via Ontario was up 5.8 per cent in September. This was the highest level since March when tariffs were introduced.

### More U.S. residents visit Ontario in September

Non-resident traveler entries through Ontario, persons, seasonally-adjusted

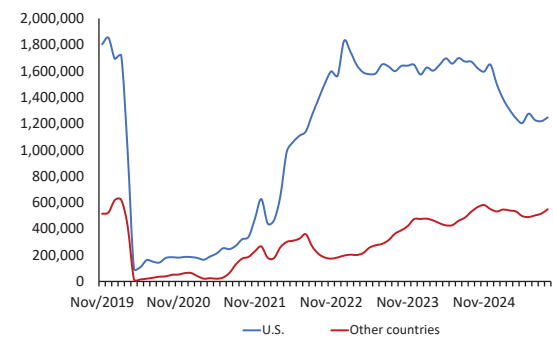


Unadjusted, the number of U.S. residents entering Canada via Ontario was 934,617 in September, down 2.0 per cent from a year ago. The number of residents of other countries visiting was 281,497, up 13.7 per cent from a year ago. The number of Canadians residents returning to Canada via Ontario from the U.S. was 1,171,186, down 25.7 per cent from a year ago. And the number of Canadians residents returning from other countries via Ontario was 477,516, up 4.7 per cent from a year ago.

Canadians are still firm on their desire to avoid U.S travel and are instead either remaining within the borders or heading to other international destinations.

### Number of Canadian residents returning from overseas rises

Canadian resident traveler entries through Ontario, seasonally-adjusted



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September's volume represents about 97.4 per of what the monthly average was last year. Visits by residents of countries other than the U.S was down 1.4 per cent but the numbers are still about 9.4 per cent higher than the monthly average last year.

Canadian residents returning to the country through Ontario increased by 3.5 per cent in September compared to the previous month. The number of residents returning from the U.S. was up by 2.3 per cent, representing about 75.9 per cent of the monthly average seen in 2024. Trade conflict with the U.S. continues to weigh heavily on the minds of Canadians when they make their travel plans. Meanwhile, Canadians returning from destinations other than the U.S. via Ontario grew 6.4 per cent in September. The month's numbers are about 11.8 per cent above the average seen in 2024.