



## Highlights

- Ontario sees GDP rebound in manufacturing and steel sectors in December
- Ontario payroll counts fall by 0.4 per cent in December
- International travel through Ontario increases in December

## Key Ontario sectors show mixed activity in December

Bryan Yu, Chief Economist

Canada's industry GDP estimates for December were published alongside the expenditure accounts. Monthly growth came in at 0.2 per cent, with full-year growth of 1.6 per cent.

Among industries key to Ontario, there was a notable rebound in the manufacturing sector of 1.2 per cent during the month after 2 months of contraction. Machinery equipment rebounded sharply by 6.6 per cent but remains relatively weak and within the range of the past year. The transportation equipment sector GDP was flat

(-0.1 per cent), with a drag from parts manufacturing (-3.7 per cent), and vehicle body and trailer manufacturing (-3.5 per cent), but offset by a strong gain (5.8 per cent) in full vehicle production. Broadly the motor vehicle and parts sector was flat in December, but down 2.1 per cent year-over-year, and on a full-year basis fell on average by 1.5 per cent. Continued U.S. tariffs on non-U.S. components on American auto imports remains a drag on Canadian output.

Similarly, there was a bounce in the hard-hit steel sector, with iron and steel mill manufacturing up 3.3 per cent after recent declines, but still 6.2 per cent lower than a year ago, with average output down 5.8 per cent on the year. The beleaguered sector needs relief from U.S. section 232 tariffs which may not be forthcoming.

In the services segment, banking and monetary authorities, while not exclusive to Ontario, saw output growth of 0.3 per cent month-to-month and 3.0 per cent year-over-year. Federal government public administration expanded 0.5 per cent but fell 3.8 per cent year-over-year. Reductions in public service will likely to be a drag going forward.

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

Dec/2025	\$mil	m/m %ch	y/y %ch	ann. m/m %ch	ann. 3m %ch	YTD %ch	Month-to-month per cent change		
							Oct/2025	Nov/2025	Dec/2025
<b>Manufacturing</b>	<b>198,010</b>	<b>1.2</b>	<b>-2.5</b>	<b>15.4</b>	<b>-7.7</b>	<b>-2.6</b>	<b>-1.5</b>	<b>-1.7</b>	<b>1.2</b>
Machinery manufacturing	19,429	6.6	-2.5	115.8	-14.6	1.1	-7.2	-2.8	6.6
Transportation equipment manufacturing	26,595	-0.1	-2.3	-1.4	-15.4	-1.4	0.3	-4.3	-0.1
Motor vehicles and parts manufacturing	16,448	-0.3	-2.1	-3.0	-25.3	-1.5	0.8	-7.6	-0.3
Motor vehicle manufacturing	6,787	5.8	3.4	97.1	-22.8	-0.3	-1.5	-10.1	5.8
Motor vehicle body and trailer manufacturing	1,102	-3.5	-13.1	-34.8	-18.8	-11.6	-2.8	1.2	-3.5
Motor vehicle parts manufacturing	8,351	-3.7	-3.6	-36.3	-28.2	-0.4	3.1	-7.2	-3.7
<b>Basic chemical manufacturing</b>	<b>4,622</b>	<b>0.4</b>	<b>1.6</b>	<b>5.3</b>	<b>13.5</b>	<b>-8.9</b>	<b>6.6</b>	<b>-3.6</b>	<b>0.4</b>
Iron and steel mills and ferro-alloy manufacturing	2,810	3.3	-6.2	47.1	-18.0	-5.8	-2.3	-5.7	3.3
<b>Banking, monetary authorities and other depository credit intermediation</b>	<b>89,263</b>	<b>0.3</b>	<b>2.7</b>	<b>4.0</b>	<b>2.1</b>	<b>3.0</b>	<b>0.4</b>	<b>-0.2</b>	<b>0.3</b>

## Ontario payroll counts continued to decline in December

Eloho Ennah, Economic Analyst

Ontario payroll counts pulled back even further in December. Payroll counts (including unclassified businesses) captured by the Survey of Employment, Payroll and Hours (SEPH) decreased by 0.4 per cent (-25.6k positions) in December, following the 0.2 per cent dip in November. Ontario SEPH payroll figures have been largely range-bound since mid-2023 but deteriorated in the late stages of 2025, underscoring persistent weakness in hiring amidst downbeat business sentiment and ongoing trade instability.

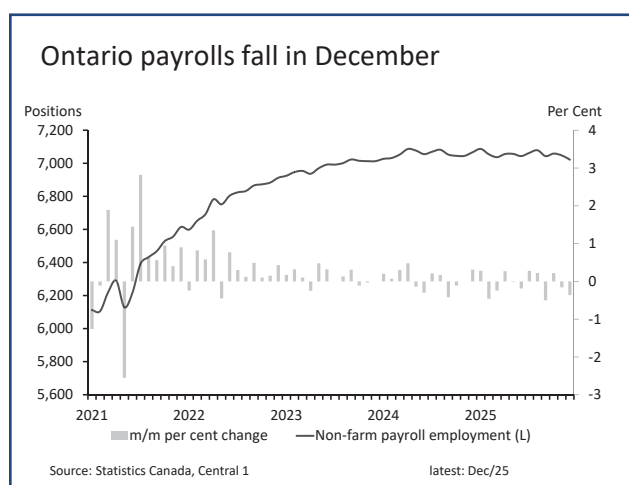
Excluding unclassified businesses, payroll counts in the goods-producing sector declined by 0.7 per cent, while those in the services-producing sector fell by 0.3 per cent.

Payroll counts in the goods-producing sectors continued their downtrend noted since early 2025, with declines in all subsectors except utilities. The majority of losses were from fewer manufacturing positions (-1.0 per cent or -6.3k). The sector has seen a sustained decline in employment since the start of 2025 which, for the most part, reflects the detrimental impact of elevated U.S. tariffs. Construction also saw payroll counts fall by 0.4 per cent (-1.7k positions).

Services payroll figures were broadly rangebound in 2025. December's losses were concentrated in the educational services subsector (-0.9 per cent or -4.7k positions), transportation and warehousing (-1.3 per cent or 4.1k persons), and accommodation and food services (-0.7 per cent or -3.1k positions). Payrolls also fell in the trade subsector (-0.3 per cent or -3k), mostly due to declines in the wholesale trade (-0.9 per cent or -3.3k positions), but a minor gain in retail trade countered some of these losses.

Average weekly earnings edged down in December by 0.4 per cent to \$1,345.80 month-over-month and 12-month growth of 1.6 per cent was lower than the national increase of 1.9 per cent. Ontario's job vacancy rate at 2.6 per cent remained one of the lowest in the country, reflecting subdued hiring intentions from businesses.

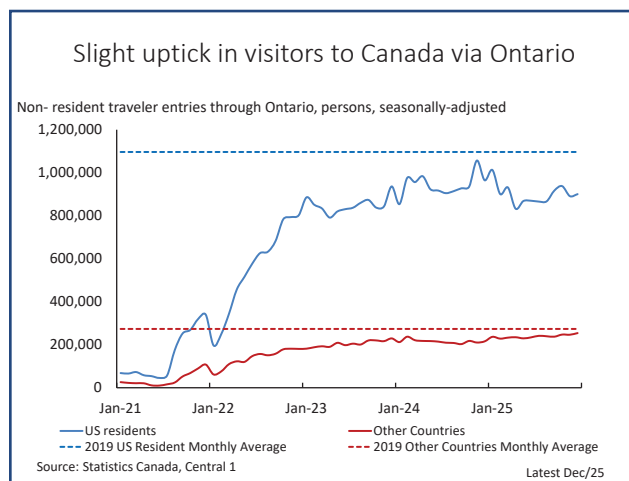
SEPH estimates should be analyzed in conjunction with the Labour Force Survey (LFS) figures, which is more widely watched and timely, but based on a household survey rather than administrative data like SEPH. Although the two surveys differ in coverage,



including multiple job holders, self-employed individuals and farm workers, employment trends from both surveys have generally aligned historically. SEPH and LFS continue to point to softness in Ontario's labour market as businesses continue to grapple with the uncertain economic environment and shaky trade relations.

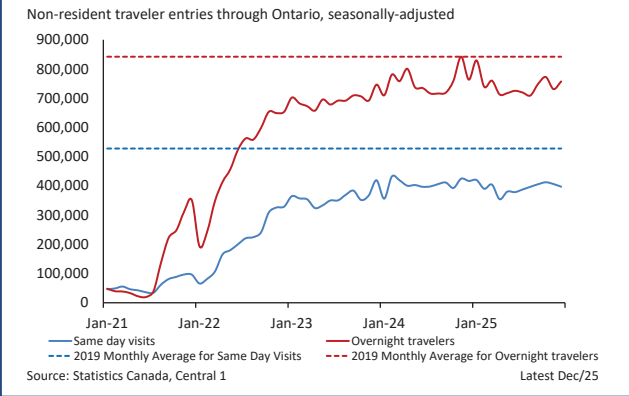
## Visitors entering Canada via Ontario rose in December

Alan Chow, Business Economist

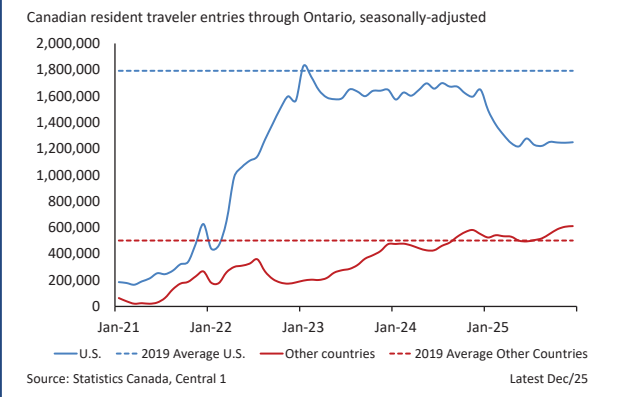


In December, the number of non-resident visitors entering Canada through Ontario rose. On a seasonally-adjusted basis, the number of entries increased by 1.5 per cent in December to 1.15 million, which is about 1.2 per cent higher than the trailing 12-month average. This rise was driven by a 3.6 per cent rise in overnight tourist to 757,000, which is 1.8 per cent above the trailing 12-month average. In contrast, same day tourists declined by 2.2 per cent to 397,000, though this is 0.2 per cent above the trailing 12-month average.

### Higher overnight travelers offset fewer same day vistors



### Number of Canadian residents returning from overseas rises



U.S. residents entering Canada via Ontario increased by 1.0 per cent in December to 900,000 and was 0.5 per cent below the average for the previous 12-months, although it was the third highest month since the U.S. introduced tariffs in March. The number of residents of countries other than the U.S rose 3.0 per cent to 254,000, which is about 7.9 per cent above the trailing 12-month average.

Canadian residents returning to the country through Ontario increased by 0.5 per cent in December to 1.86 million. This is the fifth consecutive monthly increase and is the highest level seen since February 2025 with 1.92 million returnees. The number of residents returning from the U.S. was up by 0.3 per cent to 1.25 million, which was the third highest month since March 2025 but is only about 95 per cent of the trailing 12-month average. The trade conflict with the U.S. continues to weigh heavily on the mind of Canadians when they make their travel plans. Meanwhile, Canadians returning from destinations other than the U.S. via Ontario grew 0.8 per cent in December to 610,000. The month's numbers are about 13.8 per cent above the trailing 12-month average.

Unadjusted, the number of U.S. residents entering Canada via Ontario sat at 766,178 in December, a 5.5 per cent decline from a year ago. On the other hand, residents of other countries visiting was 216,355, up 17.5 per cent from a year ago. 1,248,109 Canadian residents returned to Canada via Ontario from the U.S., down 22.6 per cent from a year ago, while Canadians residents returning from other countries via Ontario was 564,514, rising by 14.2 per cent from a year ago.

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

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