

Economic Recovery Report Summary – May 25, 2020

Purpose of Report

- To provide the EOLC with the **‘best available information’** on the state of the regional economy and the impact (to date) of the COVID-19 pandemic. This will help the EOLC fulfill the part of its purpose related to *“tracking and reporting on the performance of the Eastern Ontario economy, as it relates to the strategic priorities of the Economic Development Strategy”*) Source: EOLC Terms of Reference, January 2018
- To describe the initiatives under way to assist the EOLC and its member organizations in **shaping economic recovery efforts and introducing strategies and tools** that will enable the region to be ‘nimble’ in monitoring significant economic changes and recovery measures in the near and medium term. This work helps to fulfill another part of the EOLC’s purpose: *“To function as a forum for thinking and acting regionally; enable decision-making and promotes effective collaboration between various agencies and organizations; and provides a focal point for the implementation and monitoring of the regional economic development; and strategy.”* Source: EOLC Terms of Reference, January 2018

The role of the EOLC is to lead the implementation of economic development initiatives that are more efficiently and effectively pursued on a pan-regional basis, and provide a platform for local action by businesses, local governments, economic development officials, post-secondary education institutions, and other organizations.

Source: Refreshed Regional Economic Development Strategy, 2019

Key Points for Regional Stakeholder Consideration

- **Levels of Economic Activity Going Into COVID-19:** Data from EMSI Analyst estimates that at June 2019, total annual sales from economic activity in Eastern Ontario was roughly **\$85 billion**. Updated statistics for the second half of 2019, which would be the baseline for COVID-19 economic recovery estimates are not expected to be released by the federal government until June of 2020. Statistics Canada has released *preliminary* data for March of 2020, indicating a severe drop in economic activity as lockdown protocols took hold across virtually all sectors.
- **National Labour Force Data Suggests Swift, Unprecedented Declines in Employment:** In evaluating the severity of the economic impact from COVID-19 and associated lockdown measures, federal authorities noted that in **one week in March** (16th to 22nd), as many people **applied for EI** as had applied in *all* of 2019: **929,000** (Source: Statistics Canada). The March data was double the number of applicants from the previous week. By early April, **3.18 million people** had applied for EI and/or CERB benefits.

Experts predicted that the combined **job losses in March and April would total 2.8 million**, or 15% of total employment (Source: Conference Board of Canada). *If this ratio held true for Eastern Ontario*, it would suggest **80,200 to 85,500** previously employed individuals are now not working or working much less than before. Economic modelling work currently under way with Limestone Analytics will provide better estimates of immediate employment impacts in the region and should be available in mid to late June of 2020. *Note: the preceding data does not include the City of Ottawa.*

Whether these job losses are temporary layoffs, significant reductions in hours, or permanent closures of workplaces, it is likely to take a long time for this group to re-enter the labour market. Labour market recovery --- as with overall economic recovery --- is highly dependent on the timing and nature of lifting COVID-19 restrictions. Labour market recovery may also be dependent on the type of unemployment (temporary or permanent layoff); an analysis of the 2008-2009 financial market 'meltdown' found that individuals on temporary layoff experienced more modest declines income as compared to those laid off permanently. In the latter case, income declines were more pronounced and career changes were more common. It is not clear yet if this will be the case in Eastern Ontario (Source: Fujita, Moscarini and Postel-Vinay (Yale University and University College London "*The Labour Market Policy Response to COVID-19 Must Save Aggregate Matching Capital*" – March 30, 2020)

- **Both Data Sources Show Declines in Job Postings:** The EOLC has access to EMSI Analyst economic and job postings information as well as job postings and job seeker information from Vicinity Jobs. While each service has its own methodology --- and therefore different numerical values --- there are common trends.
 - **EMSI Analyst job postings data** ('unique' postings) for Eastern Ontario shows a generally downward trend that started in August of 2019 continued to April 2020. At any moment in time, there are (now) between 8,500 and 9,000 job postings from employers in the region; hiring has not dried up entirely. The most common postings were for occupations in (descending order): 1. Sales and Service; 2. Business Finance and Administration; 3. Management; Trades, 4. Health Occupations, and 5. Transport and Equipment Operators and Related Occupations.
 - **Vicinity Jobs** posting data shows that there was a steady climb in postings across the region, followed by significant volatility and a sharp drop in April 2020. Vicinity Jobs data also demonstrates that hiring has not dried up entirely but is down significantly from April of 2019. Vicinity Jobs also tracks online employment profile postings and modifications by job seekers. EMSI Analyst does not currently offer this type of insight. In the graph below, the number of online profiles moved up sharply in the January 2016 to January 2018 period and thereafter appears to have fallen off. Jobseeker numbers appear to have climbed in Eastern Ontario since roughly October of 2019 then fell off in April 2020.

Figure 1 - Unique Job Postings for the Eastern Ontario Region from November 2017 to April 2020. Source EMSI Analyst

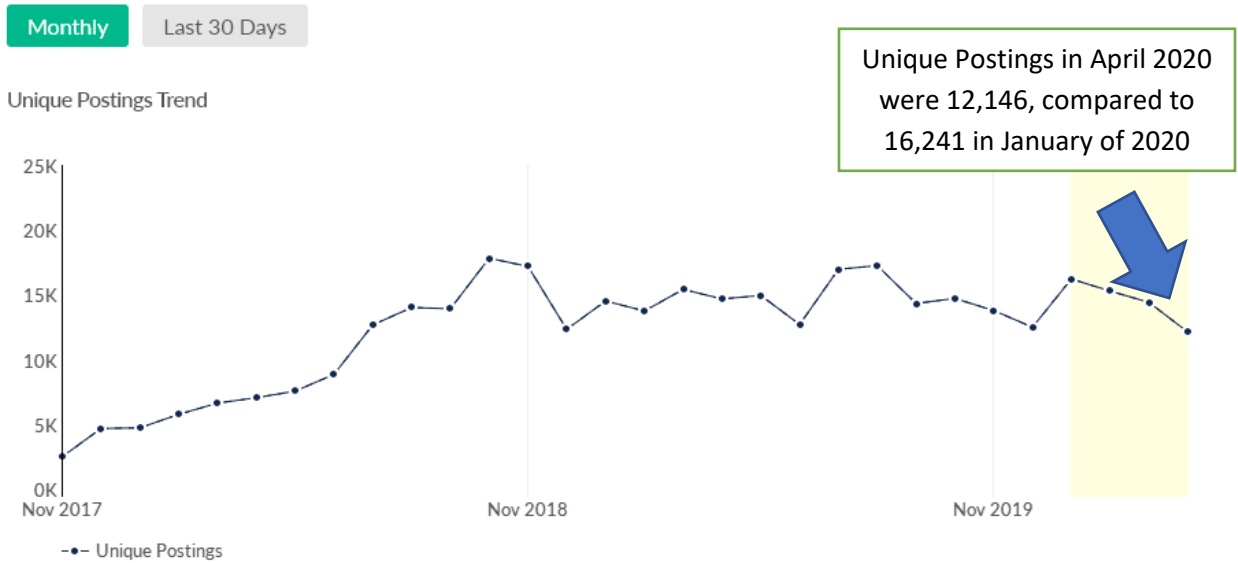


Figure 2 - Unique Job Postings for the Eastern Ontario Region in the April 25 to May 24 Period (Last 30 Days); Graph shows both 2019 and 2020 to allow 'same season' (year to year) comparison. Source: EMSI Analyst

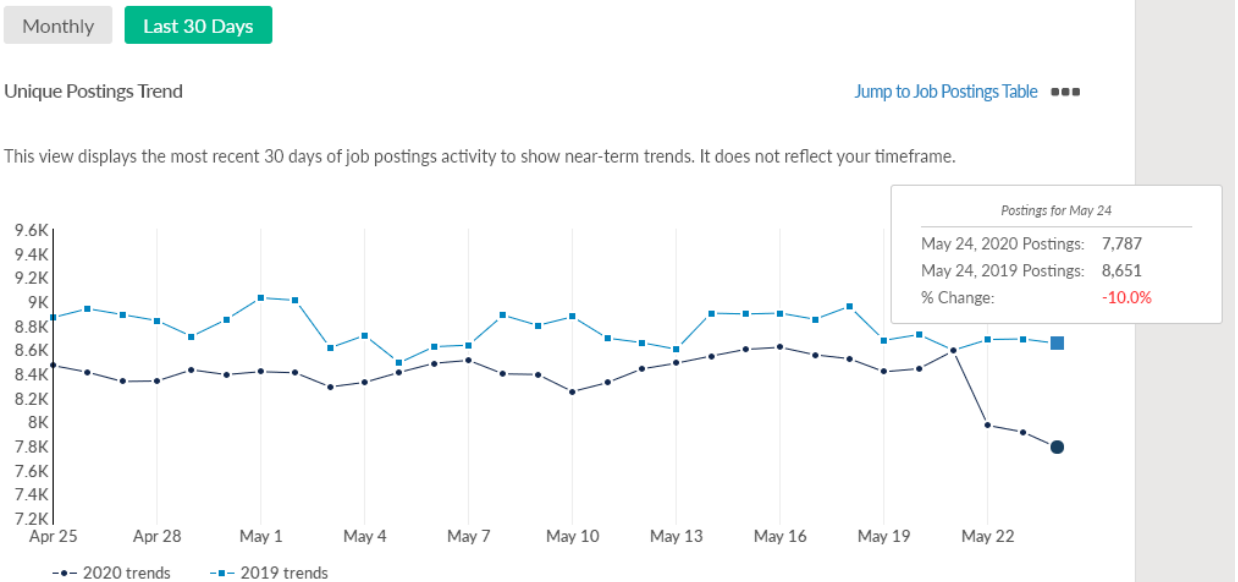


Figure 3 - Vicinity Jobs postings for Eastern Ontario = January 2026 to April 2020

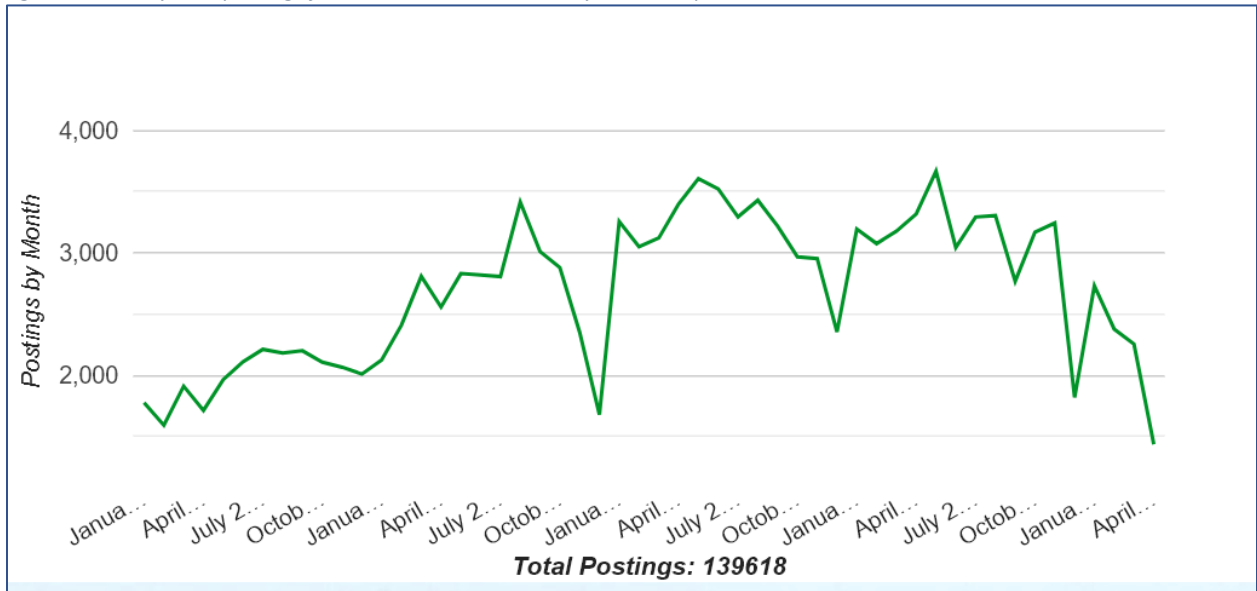


Figure 4 - Vicinity Jobs' job postings for the first four months of 2020 show a marked decline in posting activity --- from 2,732 postings in January to just 1,438 in April 2020.

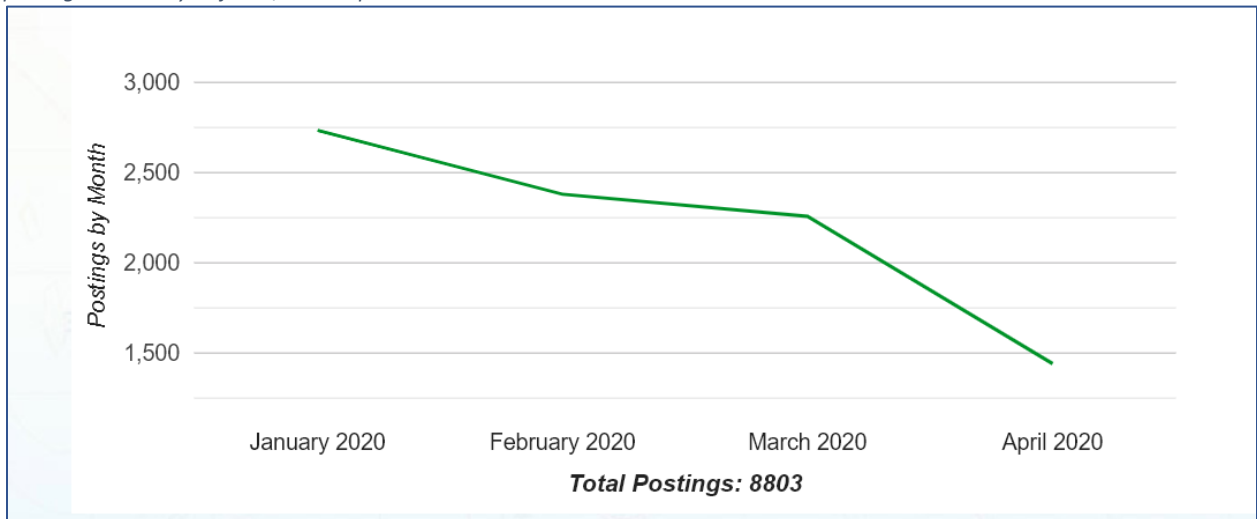
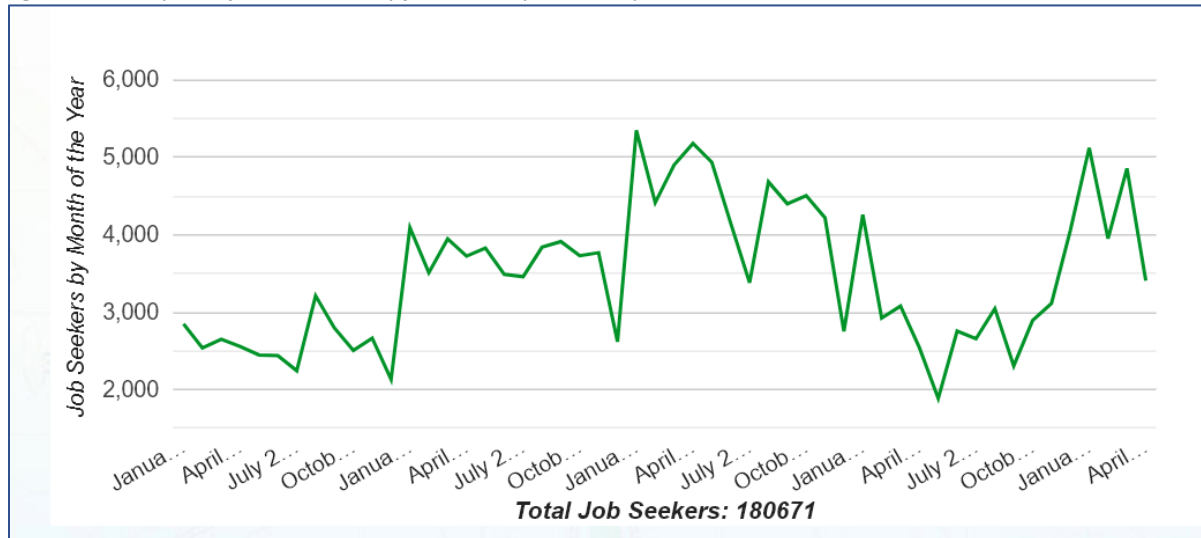


Figure 5 - Vicinity Jobs' jobseeker activity from January 2016 to April 2020



- Data and Report from Limestone Analytics:** Limestone Analytics has undertaken a fast-turnaround project for the EOLC that includes development of a methodology for estimating the overall economic and labour market impact of COVID-19 'so far' and a model that will allow the EOLC to execute 'what if' economic recovery scenarios for the next several years. This model is able to demonstrate GDP, wage income and job impacts down to a Census Division level as well as on a sector by sector basis and will paint a picture of sectoral recovery patterns based on specific assumptions about the pace at which constraints being lifted across the province and the region. It is expected that the first comprehensive review of the model and the regional insights it can produce will be at the June meeting of the EOLC.

Early reports suggest that the percentage change in employment varies across the region and by sector. Some communities and sectors have remained relatively stable to the end of April 2020 while others are taking a **6-7% 'hit' to their pre-existing levels of employment**. It is expected that most communities now have unemployment rates in the 15% range.

Appendix A: EMSI Analyst Data on the Size of the Regional Economy

NAICS	Industry	Sales	Wages/Payroll	Jobs	Average Wages
11	Agriculture, forestry, fishing and hunting	\$2,700,116,082	\$173,932,570	6,304	\$27,591
21	Mining, quarrying, and oil and gas extraction	\$468,762,700	\$70,980,161	1,179	\$60,204
22	Utilities	\$1,323,941,642	\$272,496,516	3,223	\$84,547
23	Construction	\$6,253,054,216	\$1,282,559,513	25,441	\$50,413
31-33	Manufacturing	\$33,034,255,966	\$2,153,791,335	41,985	\$51,299
41	Wholesale trade	\$2,464,966,930	\$713,969,611	14,300	\$49,928
44-45	Retail trade	\$3,695,421,457	\$1,417,967,106	60,120	\$23,586
48-49	Transportation and warehousing	\$2,709,090,160	\$627,331,964	15,004	\$41,811
51	Information and cultural industries	\$929,760,329	\$194,822,100	4,975	\$39,160
52	Finance and insurance	\$1,711,831,355	\$371,884,542	9,088	\$40,920
53	Real estate and rental and leasing	\$1,894,669,754	\$183,589,306	5,759	\$31,879
54	Professional, scientific and technical services	\$2,197,499,511	\$759,526,770	14,111	\$53,825
55	Management of companies and enterprises	\$68,818,267	\$27,285,810	555	\$49,164
56	Administrative and support, waste management and remediation services	\$1,860,503,891	\$601,216,888	20,224	\$29,728
61	Educational services	\$3,716,913,089	\$1,973,938,604	36,077	\$54,715
62	Health care and social assistance	\$6,574,780,283	\$2,857,531,445	64,649	\$44,201
71	Arts, entertainment and recreation	\$545,556,826	\$148,678,481	6,121	\$24,290
72	Accommodation and food services	\$2,325,117,834	\$568,020,310	35,689	\$15,916
81	Other services (except public administration)	\$1,489,025,051	\$483,794,791	16,457	\$29,398
91	Public administration	\$8,607,249,223	\$2,438,996,854	40,562	\$60,130
Total		\$84,571,334,564	\$17,322,314,677	421,820	\$41,066

Data from June 2019; for public services such as educational services, and health care and social assistance, it is believed that "sales" refers to the public funding/revenues used to provide these services.

NAICS	Industry	Exports
31-33	Manufacturing	\$21,362,116,413
91	Public administration	\$7,743,912,366
62	Health care and social assistance	\$4,343,104,661
61	Educational services	\$2,777,823,102
11	Agriculture, forestry, fishing and hunting	\$1,307,658,145
48-49	Transportation and warehousing	\$1,236,854,344
23	Construction	\$1,007,630,869
41	Wholesale trade	\$974,054,550
44-45	Retail trade	\$900,907,391
54	Professional, scientific and technical services	\$869,363,354
56	Administrative and support, waste management and remediation services	\$806,783,544
72	Accommodation and food services	\$705,063,757
52	Finance and insurance	\$556,547,441
22	Utilities	\$457,337,680
53	Real estate and rental and leasing	\$376,575,811
81	Other services (except public administration)	\$315,880,413
21	Mining, quarrying, and oil and gas extraction	\$292,560,030
51	Information and cultural industries	\$264,789,269
71	Arts, entertainment and recreation	\$153,170,271
55	Management of companies and enterprises	\$19,930,444
Total		\$46,472,063,857
Data as at June 2019; Consultation with EMSI Analyst has determined that "exports" refer to goods leaving the region, not the province or country.		