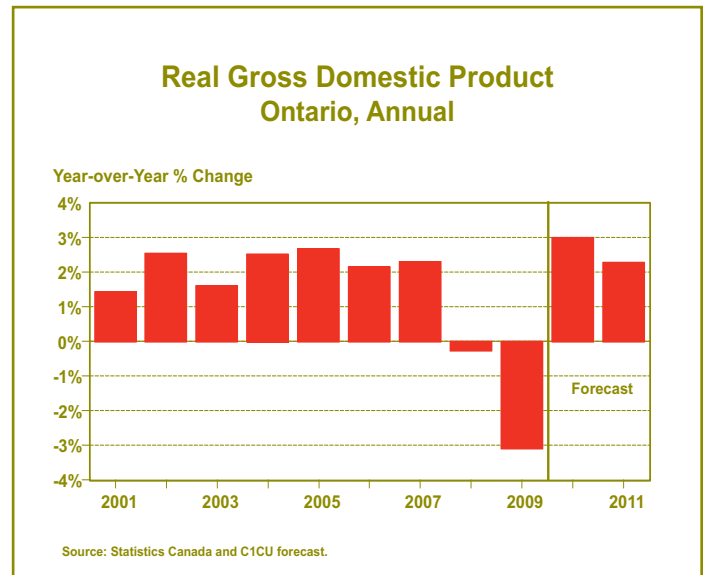


Gross Domestic Product

Statistics Canada released preliminary estimates for 2009 provincial **real gross domestic product** (GDP) this week. Ontario's industrial output shrank 3.1% last year, led by a manufacturing sector slowdown. Declining exports due largely to the U.S. recession severely curtailed automobile related manufacturing, which has declined for four straight years. Manufacturing output fell 15% in 2009, with primary/fabricated metal production down 30%, machinery manufacturing off 20%, motor vehicle production down 31% and automobile parts manufacturing off 25%.

Declines in the wholesaling, housing construction and utility industries also contributed to last year's drop in GDP. Most other industries saw modest declines in output. Industries with positive growth in real GDP last year were limited to finance/insurance/real estate services, health care/social assistance and public administration.

Central 1 Credit Union forecasts Ontario's real GDP will grow 3% this year as fiscal and monetary policies remain highly stimulative. The sharp contraction in exports, automobile-related manufacturing and housing construction last year will be reversed. Real GDP growth is forecast to slow to 2.3% in 2011 as the policy environment normalizes.



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