

Ontario Population Growth Steady in Second Quarter

According to Statistics Canada, Ontario’s estimated population reached 13,210,667 residents as of July 1, 2010, up 0.38 % from April. On a seasonally adjusted basis, population growth remained steady relative to the first quarter, advancing at an annualized rate of 1.1%.

Population growth in Ontario is highly dependent on international immigration and natural births as Ontario has observed a consistent net outflow of residents to other provinces for most of the last decade. 2010 has not been any different, as Ontario has lost 4,700 more residents than it has gained from other parts of the country. In contrast, international immigration has improved over the first two quarters of the year. Net international migration reached 39,534 individuals during the second quarter. On a seasonally-adjusted basis, this represented a 4% increase from the first quarter and a second consecutive increase.

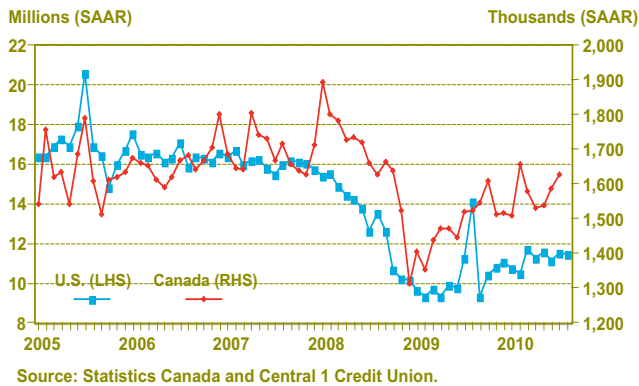
Moving forward, no material change in Ontario’s population growth trajectory is forecast over the next few years. Growth is expected to hover near 1%. Net interprovincial migration is forecast to remain negative but improve with the economy. Net international migration will remain the main source of growth at above 100,000 individuals per year.

Motor Vehicle Manufacturing GDP Continues Upward Trend

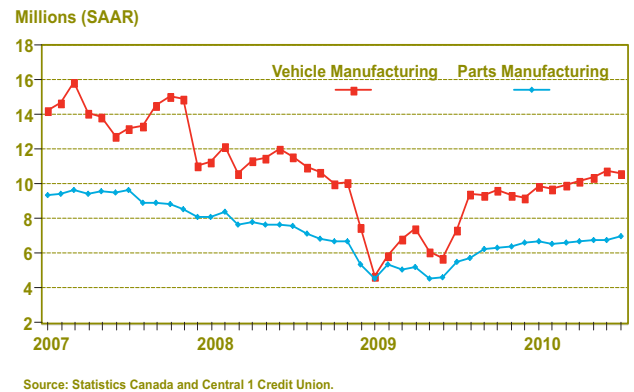
Real gross domestic product (GDP) in Canada’s transportation equipment manufacturing industries rose for the fifth consecutive month in July, extending the general upward trend in output observed since the beginning of 2009. In contrast to total GDP, which contracted 0.1% in July, transportation equipment manufacturing GDP advanced 0.8%. Driving this gain was stronger growth in the parts manufacturing sector (+3.6%) and body/trailer manufacturing (+6.1%). Motor vehicle manufacturing slipped 1.5% in July after rising 3.6% in June. The vast majority of this vehicle-related production is based in Ontario.



New Vehicle Sales Monthly



Automotive Gross Domestic Product Canada, Monthly



Moving forward, auto manufacturing output will be driven by final demand for autos. Ontario manufacturers' sales of motor vehicles and parts have followed an upward trend in 2010, although growth trends have shown signs of slowing. While domestic demand for new vehicles has rebounded well, U.S. sales of new vehicles have stalled well below pre-recession levels. Motor vehicle exports will continue to be weighed down by the high dollar and slow recovery in the U.S., but are expected to trend higher as the U.S. economy gradually strengthens. A return to pre-recession output levels in Canada's motor vehicle and parts-related industries will likely take a several more years despite the recent strength.

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