

Ontario's international **goods exports** increased in August according to the latest estimates from Statistics Canada. Exports totaled \$12.4 billion seasonally-adjusted, up \$335 million (2.8%) from July. Growth was led by a jump in non-automotive consumer goods (up \$393 million or 85%) and higher industrial goods-materials (up \$208 million or 6.8%). This was partly offset by notable declines in automotive products (down \$125 million or 2.7%) and machinery-equipment (down \$94 million or 3.5%).

Ontario's export volume has been range-bound for the last few months following a partial recovery from the recession low in mid-2009. In the first eight months of 2010, international exports of domestically-produced goods totaled \$94 billion, up \$13.4 billion (16.5%) from the same period last year. Year-to-August, year-over-year growth was led by exports of automotive products (up \$12 billion or 56%) and industrial goods-materials (up \$5.8 billion or 28%). This was partly offset by notable declines in exports of machinery-equipment (down \$2.2 billion or 10%) and non-automotive consumer goods (down \$1.2 billion or 19%).

Automotive exports, which powered Ontario's rebound in total exports out of the recession, recorded their third straight monthly decline in August. New vehicle sales in the U.S. have been range-bound lately and remain far below pre-recession levels. Weak employment growth and consumer sentiment will not support much gain in vehicle sales in the U.S. through the rest of 2010. The outlook for 2011 is somewhat higher than this year's, although automobile/parts exports from Ontario will not likely regain pre-recession highs for several years.

While international exports will struggle under the high currency, interprovincial exports will grow at a robust pace, comparatively, as the rest of Canada recovers from the recession. Financial, trade, business and computer services, along with manufactured products, are the primary interprovincial exports without which Ontario's economy would incur an overall trade deficit.



Central 1 forecasts Ontario's exports, including international and interprovincial goods and services, will grow at an anemic pace, averaging about 5% annually in current dollars through 2012. The U.S. economic recovery and higher export prices are positive developments, but the high Canadian dollar and only a moderate upturn in U.S. vehicle and housing sales will restrain export growth.

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