

International Merchandise Trade

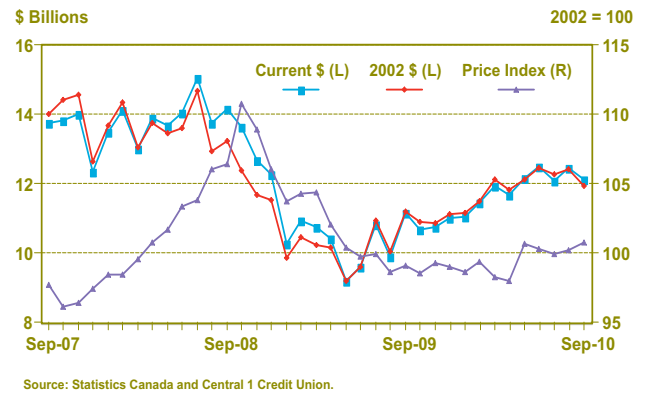
The latest international merchandise trade statistics for Ontario show imports and exports leveled off in the 3rd quarter following a slow and partial recovery from recession lows in the spring of 2009. The boost to economic recovery from pent-up demand, inventory restocking and government stimulus are largely past and GDP growth in Ontario and much of North America was minimal in the 3rd quarter. A lull in growth at this stage of recovery is not unusual and 4th quarter results will likely show improvement.

International goods exports from Ontario totaled \$36.7 billion in the 3rd quarter, up \$301 million (0.8%) from the 2nd quarter (all figures are seasonally adjusted). The small gain resulted from both rising prices and quantities. Price gains were led by agricultural and automotive products, offset by price declines in energy and forest products. Quantity gains were led by machinery/equipment and agricultural products, offset by quantity declines in automotive and energy products.

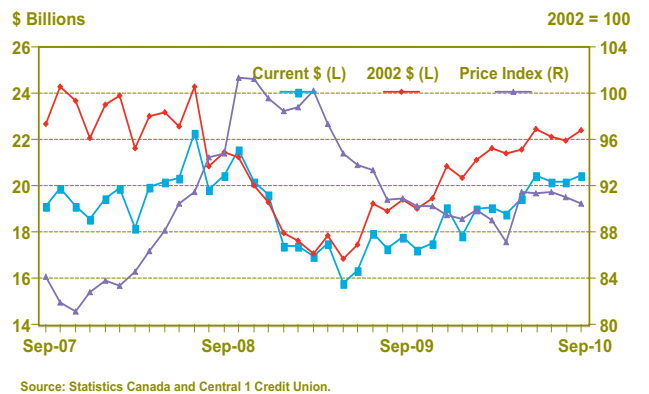
International imports of Ontario-destined goods totaled \$60.8 billion in the 3rd quarter, up \$2.0 billion (3.5%) from the 2nd quarter. Growth resulted from both quantity and price increases. Quantity gains were led by machinery/equipment, non-automotive consumer goods, energy products and agricultural products, offset by quantity declines in automotive products. Price gains were led by forest products, non-automotive consumer goods and industrial goods/materials, offset by price declines in energy products.

Ontario's international merchandise trade deficit totaled \$24.4 billion in the 3rd quarter, up \$1.8 billion (7.8%) from the 2nd quarter. Import quantity increased 1.6% in the 3rd quarter, outpacing 0.5% growth in export quantity. Meanwhile, import prices climbed 1.1%, also outpacing a 0.7% increase in export

**International Merchandise Exports, Ontario-Origin
Monthly, Seasonally Adjusted**



**International Merchandise Imports, Ontario-Cleared
Monthly, Seasonally Adjusted**



prices. Most of Ontario's international trade deficit is offset by an interprovincial trade surplus.

Continuing recovery in the global economy and higher commodity prices are positive factors for the export outlook, but the high Canadian dollar and weak U.S. recovery are negative factors.



Central 1 Credit Union forecasts the current dollar value of Ontario's exports, including international and interprovincial goods and services, will rise by an anemic 1.6% in 2011 following 6.9% growth this year. Meanwhile, overall imports are forecast to inch up 0.7% in 2011 following 6.9% growth this year. Ontario's overall trade surplus is thus forecast at \$2.0 billion in 2011, up from a small deficit of \$644 million this year.

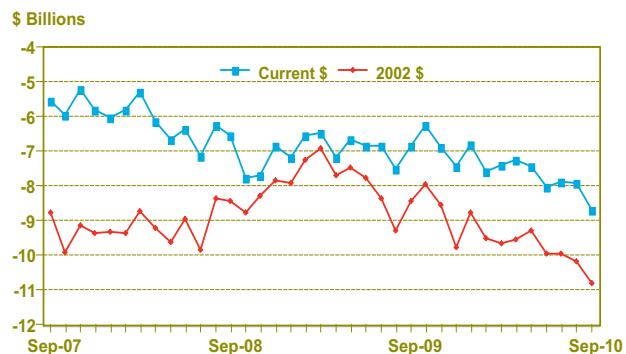
Provincial Housing Starts

Housing starts in Ontario slowed in October following the summer's slowdown in housing sales which raised unsold inventory levels. Starts totaled 41,300 units at a seasonally-adjusted annual rate (SAAR), down 25% from September. The slowdown was widespread, with starts in metro Toronto down 35% to 20,100 units SAAR and starts in the rest of Ontario down 10% to 21,200 units SAAR.

Housing markets have tempered as the recovery from recession remains slow and financing terms have tightened. Slow job recovery and high household debt levels will dampen future growth despite continued population growth. Central 1 Credit Union forecasts housing starts will rise 7% in 2011 following a 20% increase in 2010.

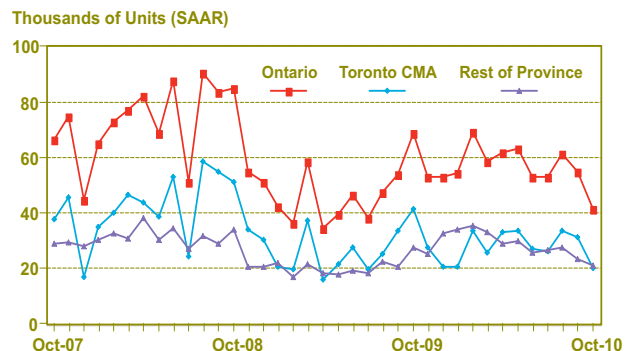
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International Merchandise Trade Balance Ontario, Monthly, Seasonally Adjusted



Source: Statistics Canada and Central 1 Credit Union.

Housing Starts, Monthly Seasonally Adjusted Annual Rate (SAAR)



Source: Statistics Canada.