

Ontario Economic Forecast 2010 - 2013

Forecast overview

Growth in the second year of the economic recovery settles down to a moderate pace following the first-year rebound. Economic activity in 2010 returns to pre-recession levels though not in every sector or industry. Growth in 2011 and 2012 is around the trend rate of 2.5%, with some increased momentum expected in 2013 on stronger private domestic activity offsetting the government's spending restraint measures and the drag on trade from a high Canadian dollar.

Industries projected to post the highest growth rates through to 2013 are manufacturing and construction with auto-manufacturing leading the rebound from deep recession lows. Beyond the initial recovery rebound, though, manufacturing output grows at a more moderate rate. Mining rebounds in 2011 with the end of the management-labour dispute at Vale Inco and favourable metals prices, both of which combine to encourage more investment and output throughout the forecast.

The aftermath from the financial crisis leaves a lingering demand constraint on the economies of the U.S. and

Highlights:

- *Economic growth slows to 2.4% in 2011 following a substantial rebound of exports and consumer-related spending in 2010 driving growth to 3.7%*
- *The economy moderately gains momentum from domestic sectors to grow 3.0% in 2013*
- *Moderate employment growth leaves the unemployment rate slowly declining from recession highs to 6.7% in 2013*
- *Higher housing activity is anticipated and helps push the construction industry to new highs*
- *Business investment spending is forecast to increase each year aided in part by the high Canadian dollar, a lower tax environment, and improved corporate profitability*
- *The trade deficit increases on more imports partially due to the high Canadian dollar*

Europe, with repercussions for economies with close trade linkages to them such as Canada and Ontario in particular. A debt-constrained, equity-poorer consumer facing little or

Forecast Summary: Ontario

	2007	2008	2009	2010	2011	2012	2013
Real GDP, % chg.	2.0	-0.9	-3.6	3.7	2.4	2.5	3.0
Nominal GDP, % chg.	4.2	0.1	-1.1	5.5	4.8	5.6	6.1
Employment, % chg.	1.6	1.4	-2.4	1.7	1.9	2.1	2.4
Unemployment Rate, %	6.4	6.5	9.0	8.8	8.3	7.6	6.7
Population, % chg.	1.0	1.1	1.0	1.1	1.1	1.2	1.1
Housing Starts, units, 000s	68.1	75.1	50.4	61.0	66.3	70.7	79.2
Retail Sales, % chg.	3.8	3.9	-2.5	4.9	4.6	6.0	5.7
Personal Income, % chg.	5.3	2.7	-0.2	4.2	3.6	3.8	4.7
Corporate Pre-tax profits, % chg.	1.2	-10.9	-13.6	19.8	14.1	18.1	16.1
Consumer Price Index, % chg.	1.8	2.3	0.4	1.9	1.6	1.6	1.9

Forecast commences 2010. Source: Statistics Canada, Central 1 CU



no income growth is not a recipe for robust spending and import demand from Canada or Ontario. Improvements in household balance sheets, credit conditions, and the labour market are underway and will generate more demand later in the forecast period.

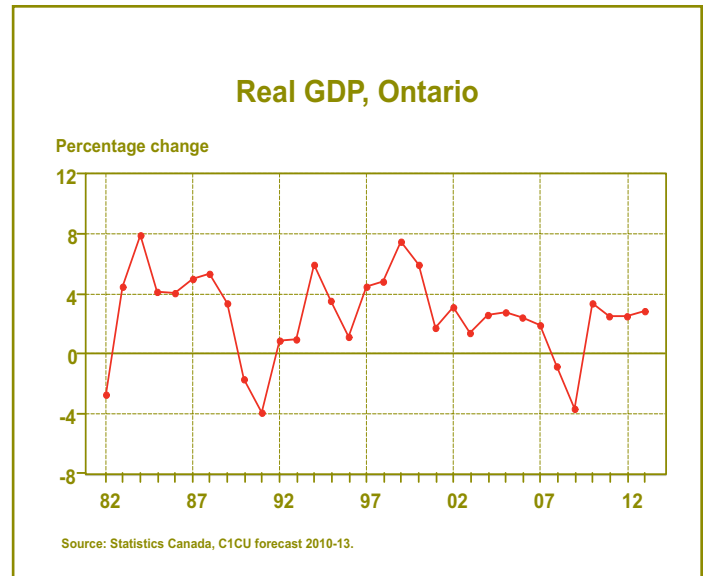
Economic growth

Growth in real Gross Domestic Product (GDP) slows to 2.4% in 2011 from 3.7% in 2010. The North American slowdown ends in the first half of 2011 and pulls up Ontario's quarterly growth rates during the year and into 2012, resulting in 2.5% growth that year. The economy gains some momentum from the domestic sector in 2013, culminating in above-trend growth of 3.0%.

Nominal or current dollar GDP growth rebounds to 5.5% in 2010 from a 1.1% contraction in 2009. During 2011 to 2013, nominal GDP growth ranges from 4.8% to 6.1% annually. Price inflation from domestic sectors is low in 2010 but steadily increases with higher resource utilization in the economy. The Canadian dollar at parity with the American dollar keeps import prices low and generally declining, while export prices remain subdued in 2011 before rising in 2012 and 2013 with the improving global economy.

The past recession was not as severe as the 1982 and 1990 recessions and was essentially export-led, compounded by constraints affecting the availability of consumer and business credit. The spin-off and multiplier effects of the export-recession negatively affected consumer and business investment spending. GDP from peak-to-trough dropped nearly 5% between Q4-2007 and Q2-2009. The swift aggressive policy response in Canada and by other nations helped mitigate the global recession induced by the financial crisis.

The current recovery is stronger than 1991 after one year, in part due to some unusual developments in the last recession. The usual recession-recovery dynamics involve the release of pent-up consumer demand and the inventory cycle aided by a stimulative monetary setting and some fiscal stimulus measures resulting in high first-year growth rates. Some of these drivers such as inventory re-stocking and fiscal stimulus are temporary, which contributes to lower second-year recovery growth. The shutdown and re-starting of GM and Chrysler operations intensified the economy's recession-recovery path.



Beyond the initial recovery dynamics, Ontario's economic growth will become dependent on consumer and business investment demand and exports in the middle stages of this recovery. Consolidation of government spending to bring down deficits removes this source of growth throughout the forecast, especially after 2011. The trade sector remains challenging under the high dollar, less than robust demand from the U.S., and competitive pressures from off-shore manufacturers.

Meeting these challenges involves improved productivity and investment performance. Recent tax changes including the HST, enhances new business investment prospects as is evident in this forecast. The high Canadian dollar also aids machinery and equipment investment, much of which is imported. Modest gains in aggregate productivity occur every year in the forecast, though on a diminishing basis; however, manufacturing productivity substantially improves and reaches new highs in 2013.

After the initial recovery, overall economic growth in Ontario essentially returns to rates observed between 2003 and 2007 but with ongoing trade deficits compared to the surpluses recorded in the previous period.

Labour market

The sharp increase in unemployment during the recession and a moderate job growth forecast results in high unemployment rates until 2013 when the rate declines to below 7%. The jobs recovery is forecast to be slightly stronger than in the early 1990s recovery and on par with

employment growth in the 2003 to 2007 period. However, excess labour supply holds wage increases below those seen in the previous decade. The unemployment rate averages 8.3% in 2011 and 7.6% in 2012.

A rise in the average number of hours worked per week throughout the forecast period signifies a gradual shift to more full-time employment. Part-time employment reached record highs in 2010 and is set to decline at least in relative terms as the recovery proceeds. Employers often adjust their labour needs by extending hours worked before taking on new hires.

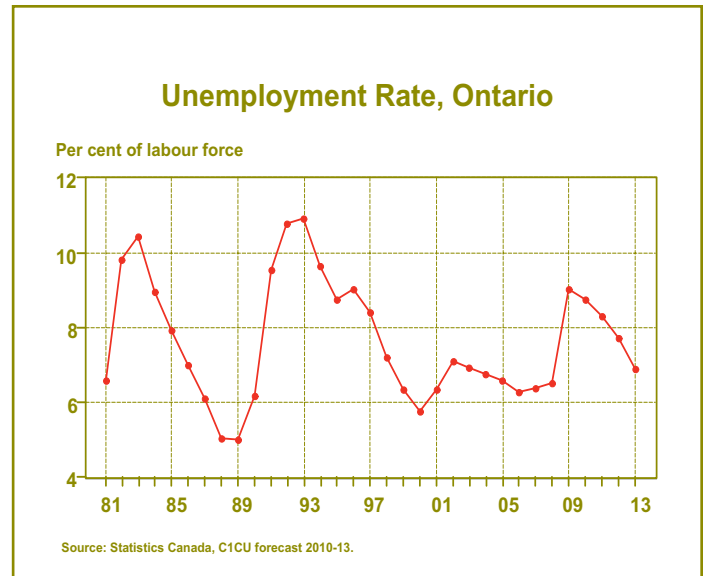
The regional and industry dimensions of the labour market are many but the main themes during this recovery are limited job gains in the manufacturing sector, moderate service sector job growth led by the GTA, fairly widespread gains in construction employment, and some gains in natural resource extraction and processing.

The past recession began mildly in early 2008 and it was not until the financial crisis hit hard in September and October 2008 that employment plunged and unemployment shot up. The jobs recovery thus far is considerably more robust than in the early 1990s, even with the recent slowdown. With some early signs of momentum building in the U.S. economy and with an end to its slowdown in sight, more sustained job growth in the province should resume in early 2011.

Population growth

Population growth in Ontario hovers around 1% annually, with net natural increase sliding lower and net interprovincial migration remaining negative but offset by higher international immigration. A modest improvement in net interprovincial migration is foreseen, though this volatile and less predictable component of population growth could turn more negative, if economic conditions are significantly stronger in the western provinces.

The regional distribution of Ontario's population growth remains uneven. Since most of the growth is from immigration, the largest metropolitan centres are the main recipients and beneficiaries of this flow. Population growth in the northern regions and in some southwest regions looks to remain below 1% or stay negative.



Housing market

The housing market is undergoing a shift to higher sales volume and prices. Seasonally-adjusted MLS® residential housing sales are up in the three consecutive months ending October 2010, in response to record low mortgage rates and the improving economy. Since homeownership is highly desirable, pent-up demand is considerable and emerges under favourable conditions, which are further enhanced by recent price declines.

Housing sales are expected to rise on a trend basis into 2011, before taking a breather in the second half. For the year, MLS® sales will increase almost 10% compared to no gain in 2010. Higher mortgage rates in 2011 will dampen sales enthusiasm later on and, coupled with rising prices, more low equity and first-time buyers will postpone their entry point. This housing up-cycle will last throughout the forecast period, with some market ebbs and flows, as long as the economy keeps growing and mortgage rates do not climb too high, which is not expected.

Housing prices ascend to new highs each year and, while encouraging, more supply and investor activity serves to diminish low-equity buyer activity. The MLS® residential average sale price hits \$345,000 in 2010, up 8% and rises another 6% in 2011 to nearly \$366,000. This economic forecast scenario implies further price gains to new highs in 2012 and 2013.

More robust pricing sets the stage for more investment and housing starts. New construction expands more than 10%

next year to about 66,000 units from an expected 61,000 units this year. Additional yearly gains to nearly 80,000 units in 2013 will begin to make up for underproduction relative to potential household formation in previous years.

Record high housing prices are not necessarily indicative of an asset price bubble or a potential market correction. High and rising prices are a necessary, but not sufficient, condition for the existence of a price bubble. Excessive short-term speculation or flipping activity is both a necessary and sufficient condition. Simple price-to-income or price-to-rent metrics often used in the housing price bubble discussion are inadequate and can only indicate the degree of affordability or expensiveness in a market. More often than not, high housing (land) prices are the result of fundamental demand and supply factors.

Inflation

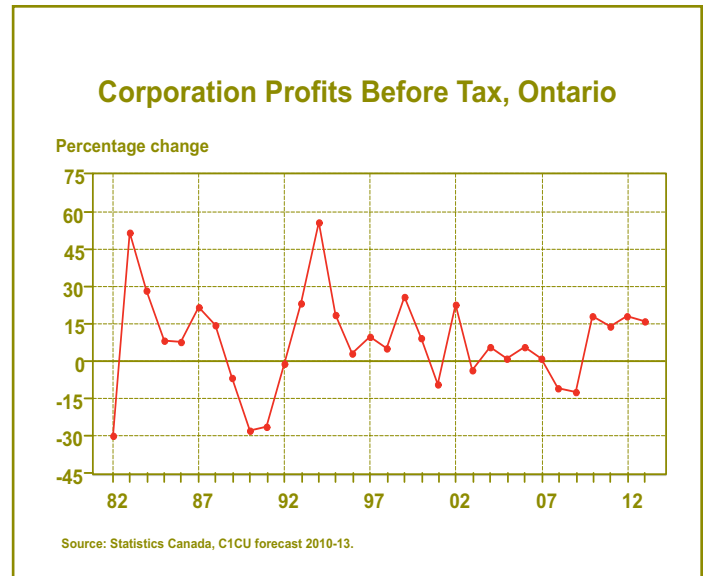
Inflation remains at a moderate rate during the forecast period, since there is excess capacity in the economy, especially in the labour market. The main inflation threat comes from higher energy or specific commodity prices such as the recent surge in wheat prices. The Harmonized Sales Tax (HST) has a modest higher impact on prices this year and next.

The Consumer Price Index (CPI) will increase 1.9% this year and 1.6% in 2011 and edges up to 1.9% in 2013 when the economy is operating at a higher utilization rate. While overall CPI inflation is moderate, more substantial price increases are coming for non-durable goods with higher oil prices in 2012 and 2013. Prices for services also rise faster than overall CPI, with rising mortgage rates and housing prices. Prices for consumer durable and semi-durable goods generally decline due, in part, to the high currency but mainly due to competitive forces in manufacturing.

Economy-wide inflation, as measured in the GDP price index, rises to 3.0% in 2012 and 2013, after roughly 2% increases in the prior two years. Domestic inflation remains moderate across most sectors with the exception of residential construction, which posts yearly increases of between 3% and 5%. The other notable development is generally lower prices for imported goods and services.

Incomes

Ontario's economy will generate 5% to 6% annual increases in total income between 2011 and 2013. The



estimated increase in 2010 is 5.5%, following a 1.1% decline during 2009, which was the first on record, dating to 1961.

High unemployment restrains labour income growth to under 4% annually until 2013, when it is forecast at 4.6%. The demand for labour is forecast to increase, raising employment levels and hours worked per week but average remuneration levels rise only modestly under excess labour supply conditions.

Since labour income is the largest component of personal income, its growth closely tracks labour income. Income from investments, dividends, and miscellaneous investment income growth outpaces labour income with higher interest rates and an up-shift in dividend payouts. However, government transfer payments are seen rising at a slower rate than labour income. Personal income includes labour income, net earnings of business proprietors, interest, dividends and investment income, and income transfers.

Personal disposable income (personal income after taxes and other government charges) rose 1.2% in 2009 due to tax reductions, accelerates to 3.9% this year and settles between 3.3% and 4.4% annually during the rest of the forecast. After inflation, personal disposable income increases about 2% per year. That would be below the immediate pre-recession period but well above the post recession years of the early 1990s.

Corporate profits before taxes during 2009 did not fall as sharply as expected in the previous forecast report. Statistics Canada's preliminary estimate reveals a 12.3%

decline, along with a 10.9% decline in 2008 for the first back-to-back declines since the recession of the early 1990s. A substantial rebound is in the works for 2010 and 2011 along with somewhat higher gains in the following two years. Corporate profitability reaches new highs in dollar terms and as share of total income during 2013, thanks to the new tax regime.

Expenditures

Total spending in the economy rises 5.5% in current dollars and 3.7% in 2002 dollars. Real GDP expenditures contracted 3.6% in 2009. Spending grows a modest 4.8% in current dollars during 2011 but gains a little momentum by expanding to 6.1% in 2013. Inflation-adjusted spending slows to 2.4% in 2011, rising to 3.0% in 2013. Domestic spending drives growth, led by investment spending with moderate support from consumers. Government spending growth noticeably fades after 2011, while the trade sector posts large deficits throughout the forecast.

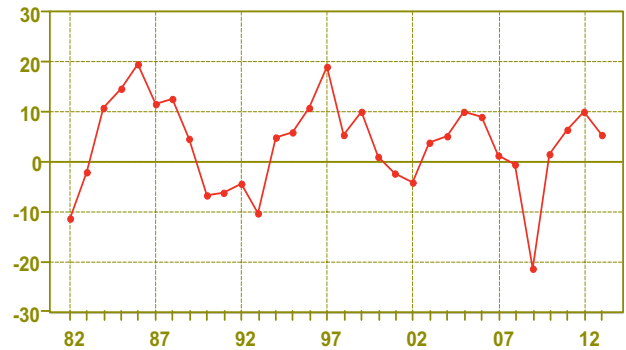
Consumer spending rebounds this year with a 4.6% gain in current dollar spending and 3.3% after inflation. Total consumer spending eked out a small gain in 2009, though spending on durable and semi-durable goods fell. The mirror image of 2009 occurred in 2010, with spending on durables and semi-durables rebounding while spending on non-durables and services grew moderately. This is a typical recession/recovery dynamic for big-ticket spending.

The resurgence in housing starts this year lifts residential investment spending up nearly 8% after inflation and continues to carry this sector higher every year in the forecast. Without this impetus, this sector would not be the significant contributor to overall growth that it is. Renovation spending steadily increases after dipping in 2010 when the federal renovation tax credit expired.

Business investment that plunged during the recession will undergo a mild rebound in 2010, followed by larger gains in the following three years. Improved corporate profitability due to the economy's recovery and to lower taxes sets the stage for more investment spending. The high Canadian dollar assists increased spending on imported machinery and equipment, which leads the rebound in business investment spending. Private non-residential building construction spending rises at a slower pace than machinery and equipment. Higher business investment spending is not only a significant contributor to headline

Business Investment in Plant and Equipment, Ontario

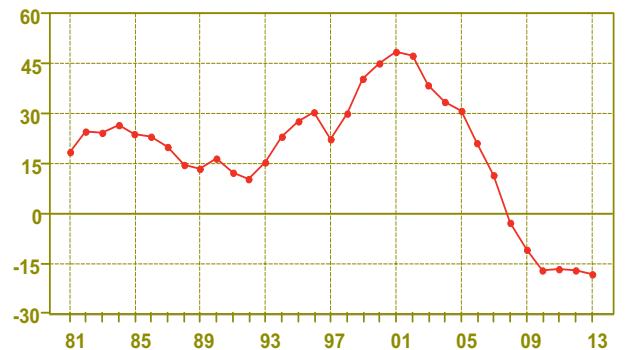
Percentage change in chained 2002 dollars



Source: Statistics Canada, C1CU forecast 2010-13.

Real Trade Balance, Ontario

Dollars - billions chained 2002



Source: Statistics Canada, C1CU forecast 2010-13.

economic growth during the forecast but also essential for productivity gains.

Government investment spending in the province on public infrastructure falls off in 2011 and 2012, as fiscal stimulus projects wind down. Spending on current goods and services slows to about 4% annually in current dollars, down from 6% to 7% in the previous five years. Rising government deficits and debt prompt expenditure control measures.

The 2008 global recession hit the province's economy through the export channel. Inflation-adjusted exports fell 6.2% in 2008 and 13.2% in 2009, led by a 34% plunge in real auto exports. The U.S. economic recovery is lifting exports, led by auto exports which are up more than 40%

this year. Exports of industrial goods and material are up significantly this year as well.

Looking ahead beyond the initial recovery rebound, exports grow about 5% annually in current dollars and under 4% in 2002 dollars. The U.S. economic recovery and slightly higher export prices are positive for exports but the high Canadian dollar and a moderate upturn in U.S. new vehicle sales restrains growth. Services exports--mainly financial, business and computers, transportation and wholesaling--outperform goods exports since a large portion serves the domestic market.

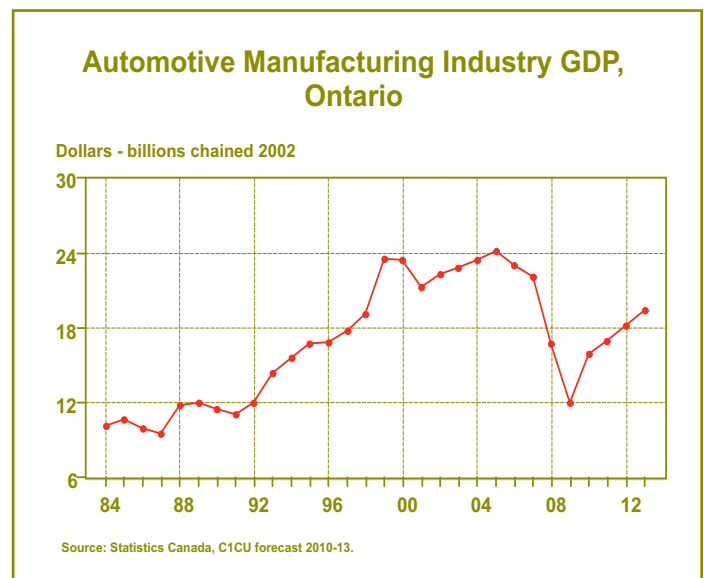
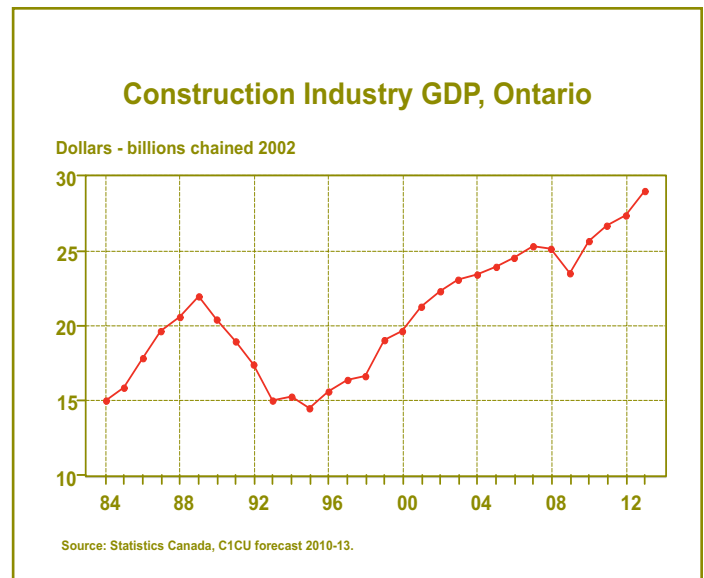
Imports rebounded in 2010 following a large drop last year when the demand for inputs into automotive and machinery/equipment production fell. Weaker consumer demand also depressed imports last year but is showing some improvement this year. The high Canadian dollar encourages more imports and, combined with its restraining effect on exports, will result in a large trade deficit throughout the forecast.

Industries

Export-oriented industries undergo a large upturn and post higher growth rates than domestic-oriented industries as a whole, which reflects weak consumer fundamentals such as high unemployment and low wage growth. Overall growth amounts to about 12% in aggregate or less than 3% per year between 2009 and 2013.

The fastest-growing industries are construction, followed by manufacturing. Construction industry output increases 23% between 2009 and 2013, with residential and government-funded construction the initial sources of growth later boosted by private non-residential construction.

Within manufacturing, auto sector output surges more than 30% off its depressed 2009 bottom. Vehicle assembly and parts GDP plunged nearly 30% in 2009, not only due to plummeting new vehicle sales but also to plant closings by General Motors and Chrysler. These factors reversed in 2010 and inventory re-stocking is mostly completed, leaving future output to be driven by final sales. New vehicle sales in the U.S. are forecast to increase to 11.5 million units this year, 12.6 million units in 2011, and to above 14 million units in 2013.



Forestry and related manufacturing also improves from its low 2009 base. After falling to a record low in 2009, U.S. housing starts begin rising in 2010 and climb to about 1.3 million units in 2013. The demand for pulp and paper products also increases with the U.S. economic recovery; however, the market for newsprint in the U.S. is not growing due to technological changes, though it is growing outside of North America.

Mining and related manufacturing rebounded from last year's poor demand environment and from labour-management disputes affecting supply. Metals prices are well up from their recession lows in most cases. The demand outlook is favourable, hinging on the pace of the global economic recovery and largely on Asian consumption. The outlook for precious metals is also positive, though there

is a considerable divergence in views. For example, the COMEX futures market is currently pricing gold above \$1,400 USD while the Consensus Forecast puts it at less than \$1,200 USD in 2013.

Under either forecast, gold prices are conducive to an expansion in production, exploration and development. Northgate Minerals is spending \$375 million during the next two years on the Young-Davidson gold mine near Kirkland Lake. Other gold mine prospects hold considerable potential and one or more could start production.

Several new mine developments are on the horizon. In the Ring of Fire, one of the largest chromite deposits in the world offers considerable potential for the mining industry. However, in addition to favourable pricing, northern mining opportunities, while geologically plentiful, have yet to deal with a high cost structure relative to other mining jurisdictions.

Vale Inco's nickel mine in Sudbury is resuming full production following a long labour-management dispute. Another lift to nickel production will come from Xstrata's transitioning of Nickel Rim South to full operation. Liberty Mines commenced open pit operations at its McWatters nickel mine and plans to start construction on another project in 2010. On the downside, Xstrata closed its Kidd metallurgical copper and zinc plants in Timmins in May 2010, cutting 670 jobs.

The finance, insurance, and real estate sector, excluding owner-occupied housing, grows at a comparable rate to the economy on more domestic activity in real estate, lending, securities, and financial investment. This sector generates considerable interprovincial exports and a trade surplus in these services.

The transportation and warehousing industry bounced back from the recession with a predicted 4% plus growth in 2010 reflecting the turnaround in the domestic economy and higher trade flows with the U.S. This sector's GDP forecast growth closely tracks the overall provincial economy in the next three years.

Retail and wholesale trade sector output also tracks the overall economy to 2013, after rebounding with 5.6% growth in 2010. Current dollar retail sales growth is forecast in the 4% to 6% range per year, while wholesale trade activity also holds up with moderate trade flows.

The large business and technology services sector expands 3.6% this year, after a rare decline in 2009. Thereafter, output slows to 2% in 2011, before gradually gaining momentum into 2013. In other services category, output growth hovers around 3% in the next three years.

Health industry output will grow at roughly a 3% annual pace while there is a declining growth trend in the education sector during the forecast. An aging population along with new treatments and procedures keeps the health industry growing. However, education faces a weaker demand profile due to population demographics.

Employment in government services faces weak growth prospects under the spending restraints adopted by governments to deal with the deficits and debts incurred during the recession and from recovery stimulus measures.

External economic forecast

The economic recovery is technically underway in North America, though it is a weaker than normal recovery as U.S. consumer spending is restrained by high unemployment, low income growth, and the need to rebuild balance sheets. The immediate concern is a possible double-dip recession in the U.S. but this is not foreseen in this forecast. The U.S. economic growth slowdown lasts until 2011. Beyond 2011, the U.S. recovery should gain some momentum when household balance sheets are in better shape, credit conditions ease, and pent-up demand for business capital expenditures emerges. The winding down of fiscal stimulus will be a drag on growth but necessary to bring down the federal deficit.

Canada's economic growth profile generally mirrors the U.S., though at a higher growth rate. Its economic slowdown ends shortly after the U.S. and, with commodity prices expected to rise, those sectors will help hold up the economy. However, the main differences between Canada's economy and the U.S. are stronger consumer and business investment sectors.

The Canadian dollar will break through parity with the U.S. dollar and stay above parity at times during 2011 when higher interest rates are engineered by the Bank of Canada, commodity prices rise, and the U.S. dollar weakens. Quantitative easing (QE2) by the U.S. Federal Reserve also sends the dollar down. Heightened volatility in foreign exchange markets will remain a strong feature

and accurately predicting the Canadian dollar is always problematic. The forecast assumption is for the Canadian dollar to trade at parity with the U.S. dollar during the forecast period.

Asian economic performance is of increasing importance to the global economy and growth prospects for China look to remain between 8% and 10% per year, according to forecasts. China's demand for metals and coal lifts those prices while lumber prices are heavily influenced by U.S. demand.

Many concerns exist with the future of the global economy and the U.S. in particular. The severe financial crisis left a debt burden and exposed weaknesses in various economies and among economic agents. QE2 by the U.S. Fed is hotly debated with some believing the planned asset purchases risk currency debasement and inflation while others see these outcomes as necessary to avoid a deflationary stagnation. Competitive currency devaluation risks are rising raising the spectre of protectionism. Surging public debt levels pose a growing risk to financial markets and future funding costs. Rising mortgage foreclosures in the U.S. looms over its housing market threatens to lower house prices, further eroding the household balance sheet and holding down consumer spending.

Appendix Tables:

Incomes ... 8
Gross Domestic Expenditure (\$millions)... 8
Gross Domestic Expenditure (\$2002 millions) ... 9
Consumer Expenditures ... 9
Residential investment ... 10
Non-residential construction investment ... 10
GDP by Industry ... 11
Employment by Industry ... 12
Labour market indicators ... 12
Population components ... 13

Key External Economic Forecasts

	2007	2008	2009	2010	2011	2012	2013
U.S. Real GDP, % chg.	1.9	0.0	-2.6	2.6	2.4	3.3	3.4
Japan Real GDP, % chg.	2.4	-1.2	-5.2	3.0	1.2	2.0	1.8
European Union Real GDP, % chg.	0.7	0.4	0.6	1.3	1.4	1.6	1.9
China Real GDP, % chg.	13.0	9.6	8.7	9.7	9.1	8.5	8.0
Canada Real GDP, % chg.	2.5	1.1	-2.0	3.0	2.5	3.2	3.3
Canada 3-month T-Bill, %	4.15	2.39	0.35	0.55	1.55	2.50	3.25
Canada 10-year GoC Bond, %	4.33	4.04	3.89	3.20	3.40	4.20	5.25
U.S.-Canada Exchange Rate	93.0	93.8	87.6	97.1	100.0	100.0	100.0
Crude Oil, US\$ per barrel	72	100	62	79	84	90	98

The data used in these tables are drawn from a number of sources: Statistics Canada, U.S. Bureau of Economic Analysis, International Monetary Fund, Consensus Forecasts; Central 1 Credit Union for all Ontario Forecasts.

Gross Domestic Product Income-based (\$ Millions): Ontario

	2007	2008	2009	2010	2011	2012	2013
GDP at market prices	583,946	584,460	577,932	609,911	639,133	675,117	716,557
% change	4.2	0.1	-1.1	5.5	4.8	5.6	6.1
Personal Income	466,051	478,696	477,641	497,750	515,464	534,967	559,985
% change	5.3	2.7	-0.2	4.2	3.6	3.8	4.7
Labour Income	318,227	327,194	323,910	336,463	349,014	362,272	380,165
% change	4.5	2.8	-1.0	3.9	3.7	3.8	4.9
Interest, Dividends, & Investment	58,244	58,970	53,984	58,053	60,563	63,302	66,515
% change	11.5	1.2	-8.5	7.5	4.3	4.5	5.1
Government Transfers	56,139	59,160	64,256	66,089	67,229	69,005	70,710
% change	6.6	5.4	8.6	2.9	1.7	2.6	2.5
Unincorporated Business	35,580	35,429	37,603	39,327	40,934	42,726	44,985
% change	0.5	-0.4	6.1	4.6	4.1	4.4	5.3
Other Transfers	1,913	1,999	1,985	1,989	2,051	2,153	2,323
% change	-1.0	4.5	-0.7	0.2	3.1	5.0	7.9
Disposable Income	356,073	368,853	373,205	387,638	400,396	414,490	432,649
% change	4.6	3.6	1.2	3.9	3.3	3.5	4.4
Taxes & Contributions	109,978	109,843	104,436	110,112	115,068	120,477	127,336
% change	7.6	-0.1	-4.9	5.4	4.5	4.7	5.7
Corporate Profits Before Tax	66,484	59,240	51,176	61,286	69,940	82,571	95,895
% change	1.2	-10.9	-13.6	19.8	14.1	18.1	16.1

Gross Domestic Expenditures (\$ Millions): Ontario

	2007	2008	2009	2010	2011	2012	2013
Consumer	334,445	347,996	349,381	365,297	380,423	396,917	416,887
% change	5.1	4.1	0.4	4.6	4.1	4.3	5.0
Government Current	111,148	119,384	126,729	132,550	137,439	142,803	149,068
% change	6.1	7.4	6.2	4.6	3.7	3.9	4.4
Government Investment	16,281	16,946	19,635	22,154	21,034	19,134	19,550
% change	4.1	4.1	15.9	12.8	-5.1	-9.0	2.2
Residential Construction	39,718	39,442	36,894	41,803	46,061	49,877	56,035
% change	6.5	-0.7	-6.5	13.3	10.2	8.3	12.3
Plant and Equipment	54,049	55,108	46,583	43,493	45,527	50,211	53,349
% change	1.1	2.0	-15.5	-6.6	4.7	10.3	6.2
Machinery & Equipment	36,546	36,878	31,514	28,622	29,693	32,723	34,351
% change	-4.2	0.9	-14.6	-9.2	3.7	10.2	5.0
Non-Residential Construction	17,503	18,230	15,069	14,870	15,834	17,489	18,998
% change	14.3	4.2	-17.3	-1.3	6.5	10.4	8.6
Domestic Demand	555,641	578,876	577,921	605,296	630,482	658,940	694,886
% change	4.9	4.2	-0.2	4.7	4.2	4.5	5.5
Exports	335,354	325,997	282,167	300,321	313,032	332,362	353,638
% change	0.8	-2.8	-13.4	6.4	4.2	6.2	6.4
Imports	313,352	325,274	282,301	300,821	307,242	316,010	332,787
% change	2.4	3.8	-13.2	6.6	2.1	2.9	5.3
Net Exports	22,002	723	-134	-500	5,790	16,352	20,851
Inventory Change	6,773	4,881	-380	5,165	2,759	1,123	918
Business	6,769	4,873	-380	5,165	2,759	1,123	918
Government	4	8	0	0	0	0	0
Residual Error	475	21	-525	50	-100	1,300	100
GDE	583,946	584,460	578,183	609,911	639,133	675,117	716,557
% change	4.2	0.1	-1.1	5.5	4.8	5.6	6.1

Real Gross Domestic Expenditures: Ontario							
	2007	2008	2009	2010	2011	2012	2013
\$2002 Millions							
Consumer	312,118	320,513	320,898	331,539	341,379	350,772	361,714
% change	3.8	2.7	0.1	3.3	3.0	2.8	3.1
Government Current	95,958	99,678	102,990	105,969	107,316	108,822	110,182
% change	3.0	3.9	3.3	2.9	1.3	1.4	1.2
Government Investment	14,859	14,627	16,774	19,570	18,747	16,849	16,892
% change	1.5	-1.6	14.7	16.7	-4.2	-10.1	0.3
Residential Construction	31,363	30,388	27,912	30,093	31,754	33,369	36,199
% change	2.0	-3.1	-8.1	7.8	5.5	5.1	8.5
Plant and Equipment	59,064	58,834	47,738	47,319	50,736	55,981	58,992
% change	1.3	-0.4	-18.9	-0.9	7.2	10.3	5.4
Machinery & Equipment	44,876	44,999	36,445	36,306	39,138	43,434	45,778
% change	-1.1	0.3	-19.0	-0.4	7.8	11.0	5.4
Non-Residential Construction	14,188	13,835	11,293	11,013	11,598	12,546	13,214
% change	9.7	-2.5	-18.4	-2.5	5.3	8.2	5.3
Domestic Demand	512,521	523,090	516,917	536,758	551,754	566,754	584,935
% change	3.3	2.1	-1.2	3.8	2.8	2.7	3.2
Exports	348,466	326,775	283,492	308,842	320,421	331,359	343,402
% change	0.8	-6.2	-13.2	8.9	3.7	3.4	3.6
Imports	336,880	329,706	294,253	324,696	336,591	348,323	362,111
% change	3.8	-2.1	-10.8	10.3	3.7	3.5	4.0
Net Exports	11,586	-2,931	-10,761	-15,854	-16,170	-16,964	-18,709
Inventory Change	6,477	3,817	-1,507	2,232	149	-696	-680
Business	6,473	3,810	-1,507	2,232	149	-696	-680
Government	4	7	0	0	0	0	0
Residual Error	-432	-18	-463	50	-100	1,300	100
GDE	533,233	528,635	509,421	528,402	541,191	554,741	571,416

Consumer Expenditures: Ontario							
	2007	2008	2009	2010	2011	2012	2013
\$ Millions							
Consumer Expenditures	334,445	347,996	349,381	365,297	380,423	396,917	416,887
% change	5.1	4.1	0.4	4.6	4.1	4.3	5.0
Durable Goods	40,575	40,885	39,712	42,054	43,380	44,825	47,575
% change	3.0	0.8	-2.9	5.9	3.2	3.3	6.1
Semi-Durable Goods	26,560	26,760	26,115	27,167	27,999	28,732	29,670
% change	3.5	0.8	-2.4	4.0	3.1	2.6	3.3
Non-Durable Goods	77,181	81,504	80,369	82,695	84,975	87,973	91,425
% change	3.8	5.6	-1.4	2.9	2.8	3.5	3.9
Services	190,129	198,847	203,185	213,381	224,069	235,387	248,217
% change	6.3	4.6	2.2	5.0	5.0	5.1	5.5
Retail Sales	12,164	12,639	12,327	12,931	13,522	14,340	15,150
% change	3.8	3.9	-2.5	4.9	4.6	6.0	5.7
\$ 2002 Millions							
Consumer Expenditures	312,118	320,513	320,898	331,539	341,379	350,772	361,714
% change	3.8	2.7	0.1	3.3	3.0	2.8	3.1
Durable Goods	42,828	45,346	45,246	48,448	50,429	52,381	55,975
% change	4.8	5.9	-0.2	7.1	4.1	3.9	6.9
Semi-Durable Goods	28,018	28,800	27,932	29,298	30,246	31,041	31,936
% change	4.2	2.8	-3.0	4.9	3.2	2.6	2.9
Non-Durable Goods	65,777	66,655	66,738	67,526	68,848	69,872	70,816
% change	2.6	1.3	0.1	1.2	2.0	1.5	1.4
Services	176,029	180,560	181,653	187,531	193,355	199,218	205,408
% change	4.1	2.6	0.6	3.2	3.1	3.0	3.1

Residential Investment: Ontario

	2007	2008	2009	2010	2011	2012	2013
\$ Millions							
Total Residential Investment	39,718	39,442	36,894	41,803	46,061	49,877	56,035
% change	6.5	-0.7	-6.5	13.3	10.2	8.3	12.3
New Dwellings	17,588	17,408	14,305	18,218	20,672	22,712	26,351
% change	-4.1	-4.5	-25.5	29.4	12.6	9.9	18.6
Renovations	18,634	18,548	19,686	20,471	22,015	23,684	26,010
% change	14.6	-0.5	6.1	4.0	7.5	7.6	9.8
Total Acquisition Costs	3,290	3,227	2,695	2,892	3,139	3,237	3,417
% change	-2.8	-1.9	-16.5	7.3	8.5	3.1	5.6
Other Residential Construction	206	259	208	222	235	246	259
% change	-18.5	25.7	-20.0	7.0	5.8	4.6	5.4
\$ 2002 Millions							
Total Residential Investment	31,363	30,388	27,912	30,093	31,754	33,369	36,199
% change	2.0	-3.1	-8.1	7.8	5.5	5.1	8.5
New Dwellings	13,888	13,412	10,822	13,115	14,251	15,194	17,022
% change	-3.2	-3.4	-19.3	21.2	8.7	6.6	12.0
Renovations	14,714	14,290	14,894	14,737	15,177	15,845	16,802
% change	9.8	-2.9	4.2	-1.1	3.0	4.4	6.0
Total Acquisition Costs	2,598	2,486	2,039	2,082	2,164	2,165	2,207
% change	-6.9	-4.3	-18.0	2.1	3.9	0.1	1.9
Other Residential Construction	163	200	157	160	162	164	167
% change	-22.0	22.6	-21.4	1.8	1.3	1.5	1.8
Housing Starts, Units	68,123	75,076	50,370	61,044	66,339	70,733	79,239
% change	-7.2	10.2	-32.9	21.2	8.7	6.6	12.0

Fixed Capital Investment, Ontario

	2007	2008	2009	2010	2011	2012	2013
Investment Flow of Fixed Non-Residential Capital by Type							
Total Non-residential	77,086	76,542	66,191	69,977	72,660	76,071	79,267
% change	2.2	-0.7	-13.5	5.7	3.8	4.7	4.2
Business	61,373	61,234	48,120	49,250	52,806	58,264	61,399
% change	0.9	-0.2	-21.4	2.3	7.2	10.3	5.4
Government	15,713	15,307	18,071	20,727	19,854	17,807	17,869
% change	7.6	-2.6	18.1	14.7	-4.2	-10.3	0.3
Engineering Construction	11,607	11,411	10,518	11,892	12,482	11,712	11,754
% change	11.4	-1.7	-7.8	13.1	5.0	-6.2	0.4
Building Construction	10,927	9,663	10,330	12,072	12,384	13,085	13,947
% change	-1.0	-11.6	6.9	16.9	2.6	5.7	6.6
Machinery & Equipment	54,552	55,467	45,343	46,013	47,793	51,274	53,566
% change	1.1	1.7	-18.3	1.5	3.9	7.3	4.5

Real GDP @ Basic Prices (\$2002 Millions) : Ontario

	2007	2008	2009	2010	2011	2012	2013
Total	489,739	486,161	468,961	486,435	498,208	510,681	526,032
% change	1.8	-0.7	-3.5	3.7	2.4	2.5	3.0
Agriculture	4,652	4,889	4,778	4,917	4,937	4,968	5,085
% change	-0.3	5.1	-2.3	2.9	0.4	0.6	2.4
Other Primary	3,117	3,250	2,536	2,021	2,600	2,624	2,674
% change	-7.3	4.3	-22.0	-20.3	28.6	0.9	1.9
Utilities	10,120	10,113	9,252	9,057	9,305	9,544	9,837
% change	2.4	-0.1	-8.5	-2.1	2.7	2.6	3.1
Construction	25,316	25,167	23,483	25,646	26,711	27,397	28,996
% change	3.2	-0.6	-6.7	9.2	4.2	2.6	5.8
Manufacturing	89,668	80,452	68,385	74,540	76,654	79,266	82,251
% change	-4.2	-10.3	-15.0	9.0	2.8	3.4	3.8
Plastic Products	4,469	3,690	3,109	3,326	3,366	3,443	3,549
% change	-3.5	-17.4	-15.7	7.0	1.2	2.3	3.1
Primary and Fabricated Metals	12,193	11,281	8,316	9,284	9,651	9,986	10,442
% change	-4.9	-7.5	-26.3	11.6	4.0	3.5	4.6
Machinery	6,270	5,772	4,751	5,046	5,552	5,917	6,244
% change	1.0	-7.9	-17.7	6.2	10.0	6.6	5.5
Motor Vehicles	13,585	10,258	7,140	9,363	10,011	10,721	11,497
% change	-3.6	-24.5	-30.4	31.1	6.9	7.1	7.2
Motor Vehicle Parts	8,487	6,531	4,902	6,581	6,990	7,447	7,977
% change	-5.6	-23.0	-24.9	34.3	6.2	6.5	7.1
Other Manufacturing	44,664	42,922	40,167	40,940	41,084	41,753	42,541
% change	-4.7	-3.9	-6.4	1.9	0.4	1.6	1.9
Trade	58,557	59,120	57,426	60,629	61,994	63,556	65,576
% change	3.3	1.0	-2.9	5.6	2.3	2.5	3.2
Transportation & Warehousing	19,312	19,480	18,635	19,485	19,960	20,439	21,020
% change	1.2	0.9	-4.3	4.6	2.4	2.4	2.8
Finance, insurance, real estate & leasing	109,592	110,296	111,573	114,997	117,595	120,536	123,942
% change	3.7	0.6	1.2	3.1	2.3	2.5	2.8
Occupied Housing	39,110	40,306	41,413	42,413	43,366	44,396	45,503
% change	3.3	3.1	2.7	2.4	2.2	2.4	2.5
Excluding Owner Occupied Housing	70,482	69,990	70,160	72,584	74,229	76,140	78,440
% change	3.9	-0.7	0.2	3.5	2.3	2.6	3.0
Information, Professional, Scientific, Managerial	62,255	62,678	61,400	63,601	64,802	66,267	68,091
% change	3.5	0.7	-2.0	3.6	1.9	2.3	2.8
Education Services	23,492	24,108	24,328	25,226	25,781	26,214	26,543
% change	3.1	2.6	0.9	3.7	2.2	1.7	1.3
Health & Social Services	30,006	30,714	31,307	31,929	32,597	33,598	34,636
% change	3.8	2.4	1.9	2.0	2.1	3.1	3.1
Accommodation & Food Services	9,510	9,695	9,327	9,534	9,784	10,059	10,354
% change	0.6	2.0	-3.8	2.2	2.6	2.8	2.9
Other Services	16,774	17,030	16,924	17,195	17,709	18,231	18,811
% change	3.2	1.5	-0.6	1.6	3.0	2.9	3.2
Government Services	26,001	26,838	27,227	27,575	27,696	27,896	28,127
% change	2.6	3.2	1.5	1.3	0.4	0.7	0.8

Industry Employment (000s): Ontario

	2007	2008	2009	2010	2011	2012	2013
Total	6,594	6,687	6,526	6,638	6,766	6,909	7,073
% change	1.6	1.4	-2.4	1.7	1.9	2.1	2.4
Agriculture	96	85	84	85	85	85	85
% change	-4.3	-12.1	-0.5	1.6	-0.4	-0.7	0.6
Other Primary	35	38	36	40	44	44	45
% change	-10.1	9.5	-6.3	12.2	10.7	-0.8	1.6
Manufacturing	951	901	797	784	785	801	815
% change	-5.6	-5.2	-11.6	-1.7	0.2	1.9	1.8
Utilities	58	65	58	60	60	60	61
% change	19.0	11.7	-10.8	3.0	0.3	0.5	1.5
Construction	413	439	409	432	453	478	509
% change	1.8	6.4	-6.8	5.5	4.9	5.6	6.3
Transportation & Warehousing	304	330	315	305	311	316	322
% change	2.7	8.4	-4.5	-3.0	1.8	1.7	2.0
Trade	1,027	1,026	997	1,012	1,034	1,055	1,082
% change	1.1	-0.2	-2.8	1.5	2.2	2.1	2.5
Finance, insurance, real estate & leasing	474	472	507	505	516	525	537
% change	-0.5	-0.4	7.2	-0.4	2.2	1.9	2.3
Professional, Scientific, Managerial	942	970	948	972	989	1,005	1,025
% change	1.8	2.9	-2.3	2.5	1.7	1.6	2.0
Accommodation & Food Services	400	396	388	395	404	413	423
% change	7.1	-0.9	-2.0	1.7	2.2	2.2	2.5
Education Services	466	482	463	492	502	510	515
% change	4.9	3.5	-4.0	6.2	2.0	1.5	1.1
Health & Social Services	671	698	709	720	734	756	779
% change	5.1	4.1	1.5	1.6	2.0	3.0	3.0
Other Services	426	422	461	466	478	488	500
% change	4.5	-1.0	9.2	1.2	2.5	2.1	2.5
Government Services	331	364	356	371	372	373	376
% change	5.2	9.8	-2.1	4.2	0.2	0.5	0.6

Labour Market Indicators: Ontario

	2007	2008	2009	2010	2011	2012	2013
Source Population, 000s	10,361.6	10,509.8	10,659.6	10,810.4	10,958.5	11,105.3	11,242.8
% change	1.3	1.4	1.4	1.4	1.4	1.3	1.2
Participation Rate %	68.0	68.1	67.3	67.3	67.3	67.3	67.4
Labour Force, 000s	7,043.5	7,154.5	7,175.1	7,275.0	7,374.5	7,478.4	7,579.6
% change	1.7	1.6	0.3	1.4	1.4	1.4	1.4
Employment, 000s	6,593.8	6,687.3	6,526.1	6,638.2	6,765.8	6,909.0	7,073.0
% change	1.6	1.4	-2.4	1.7	1.9	2.1	2.4
Unemployment, 000s	449.7	467.2	649	636.8	608.7	569.3	506.6
Unemployment Rate %	6.4	6.5	9.0	8.8	8.3	7.6	6.7
Average Weekly Hours	33.5	33.1	32.4	32.626	32.756	32.885	32.993
% change	0.3	-1.2	-2.1	0.7	0.4	0.4	0.3
Avg. Hr. Wage Rate % chg.	2.6	2.8	3.8	1.1	1.4	1.2	2.2
Unit Labour costs % change	0.7	-1.6	-2.0	5.6	3.1	2.4	1.5

Population components: Ontario

	2007	2008	2009	2010	2011	2012	2013
Population, 000s	12,792.9	12,932.3	13,064.9	13,210.7	13,360.4	13,517.4	13,669.0
% change	1.0	1.1	1.0	1.1	1.1	1.2	1.1
Births, 000s	137.0	139.0	140.4	141.8	144.1	145.8	147.6
Deaths, 000s	86.8	88.9	91.8	94.9	97.8	100.6	103.4
Natural Increase, 000s	50.2	50.2	48.6	46.9	46.4	45.1	44.2
Net Migration, 000s	77.4	89.2	84.0	98.8	103.4	111.9	107.4
Net International, 000s	97.5	104.0	99.6	106.1	103.5	118.8	116.1
Net Interprovincial, 000s	-20.0	-14.8	-15.6	-7.3	-0.1	-7.0	-8.7

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