

Ontario Economic Forecast 2018-2020

Highlights:

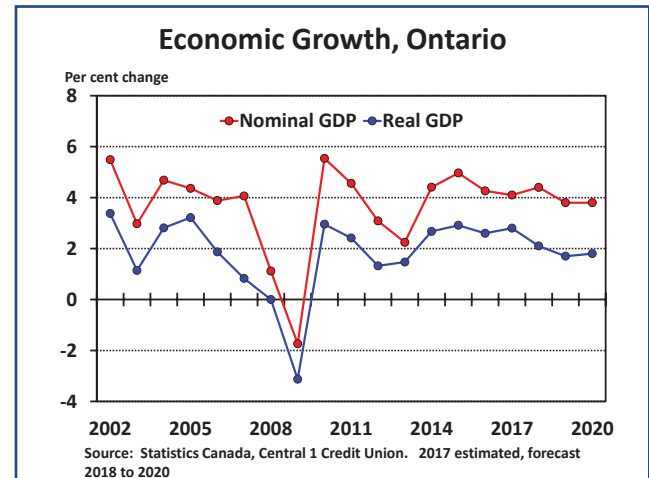
- Slower economic growth through 2020
- Trade tensions mount
- Tariffs reduce production, raise costs
- Forecast risks higher than usual

Summary

Ontario's economy is entering a slower growth phase, which is expected to last through 2020. Less residential investment spending, restrained consumer spending, range-bound trade performance, and slower population growth dominates the outlook. A modest upswing in business investment spending is expected to evolve.

Real Gross Domestic Product (GDP) is forecast to expand at less than two per cent annually in 2019 and 2020 with nominal GDP at less than four per cent. Employment growth slows to around one per cent annually and the unemployment rate slides lower.

Ontario's export market is highly dependent on the U.S. and U.S. trade restrictions have the potential to create considerable damage to the provincial economy. U.S. tariffs on steel and aluminum imports



and Canada's retaliation results in an industry recession and weaker provincial growth.

U.S. threats to place tariffs on auto imports could result in about a 14 per cent drop in motor vehicle and parts GDP. Province-wide job losses amount to about 62,000. An outright recession in Ontario's economy is possible if trade tensions turn into a global trade war.

Slowing economic indicators

Recent economic indicators are increasing less robust than in 2017. Year-to-date consumer, housing, and non-residential building construction performances are expanding at a slower pace. External activity indicators such as merchandise exports and manufacturing sales continue to languish, either declining or advancing modestly. Activity in tourism continues to grow with some slowing evident.

Forecast Summary: Ontario

Provincial Forecast

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|------|------|------|------|------|------|
| Real GDP, % chg. | 2.9 | 2.6 | 2.8 | 2.1 | 1.7 | 1.8 |
| Nominal GDP, % chg. | 5.0 | 4.3 | 4.1 | 4.4 | 3.8 | 3.8 |
| Employment, % chg. | 0.7 | 1.1 | 1.8 | 1.1 | 0.9 | 1.1 |
| Unemployment Rate (%) | 6.8 | 6.5 | 6.0 | 5.7 | 5.8 | 5.6 |
| Population, % chg. | 0.8 | 1.4 | 1.6 | 1.7 | 1.4 | 1.3 |
| Housing starts, units (000s) | 70.2 | 75.0 | 79.1 | 78.4 | 77.2 | 75.2 |
| Retail sales, % chg. | 5.5 | 7.1 | 6.4 | 4.7 | 3.5 | 3.9 |
| Personal income, % chg. | 5.3 | 3.6 | 3.9 | 3.7 | 2.8 | 3.3 |
| Net operating surplus: Corporations, % chg. | 7.1 | 7.3 | 7.3 | 6.8 | 8.2 | 5.2 |
| Consumer price index, % chg. | 1.2 | 1.8 | 1.6 | 2.4 | 2.1 | 1.9 |

Source: Statistics Canada, Central 1 Credit Union

Economic cycle

Ontario's economic expansion phase will continue until a global recession or geopolitical crisis or policy mistake occurs during the next three years. Available leading economic indicators are currently not flashing recession, but trade policy risks are rising with the potential for a substantial growth downshift, or at the extreme, an outright recession. Much depends on U.S.-China trade relations and whether or not the two largest economies escalate trade tensions or not. Barring such a development, debt imbalances, currency movements, and country specific issues in for example, Turkey and Argentina, are not sufficient to put the global economy into dire straits.

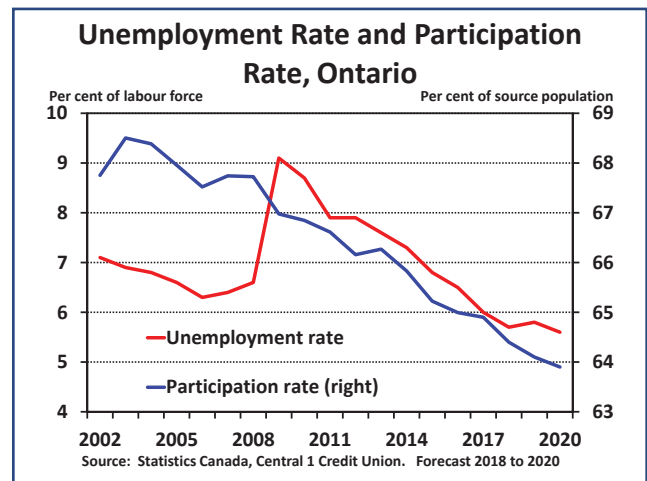
With Canada's economic expansion expected to continue, monetary conditions will become less accommodative. A gradual but sustained increase in the Bank of Canada's policy rate and in long bond yields plays out through 2020 to average 2.15 per cent and 3.20 per cent, respectively. The Canadian dollar is seen trending higher to 80 cents US at that time. As with all forecast assumptions, external events may upset expectations.

Growth slows in 2018

Growth in real GDP slows to 2.1 per cent in 2018 from 2017's estimated 2.8 per cent with nominal GDP growth at 4.4 per cent in 2018. Slower personal consumption spending and a decline in residential investment spending are the reasons for 2018's slower growth performance. Business investment spending is expected to edge up, though this is a notable forecast risk. Government capital spending and spending on current goods and services will post slightly faster growth. The trade sector will not contribute to growth with only marginally higher exports and imports.

Most of the industry growth will emanate from services-producing industries led by high tech, tourism, distribution, transportation, professional and business, and health sectors. Within goods-producing industries, construction posts a growth rate above two per cent, while manufacturing real output grows less than one per cent.

The unemployment rate declines to 5.7 per cent from 6.0 per cent in 2017 and to its lowest level during this cycle and since 2001. A declining labour force participation rate along with employment growth combine to generate this result. Forecast employment growth at 1.2 per cent this year will be lower than the 1.8 per cent pace recorded in 2017. This year's job growth will be on par with performance in the past dozen years,



but well below growth in the stronger cycles of prior decades.

Labour income will increase at a slightly faster pace in 2018 from a higher average wage rate due to the minimum wage increase and tighter labour market conditions, combined with job growth. Economy-wide employee compensation increases 4.3 per cent in 2018 compared to an estimated 3.9 per cent in 2017 in this forecast.

Total personal income, employee compensation plus income transfers, net interest, and dividends, will grow at a slightly slower pace in 2018 due increased interest payments stemming from the higher interest rate regime. Household disposable income growth follows the same path and is predicted to rise 3.4 per cent this year compared to an estimated 3.8 per cent in 2017.

Corporate profits, or net operating surplus for corporations, grow at a pace similar to recent years at around seven per cent this year.

The Consumer Price Index (CPI) accelerates to 2.4 per cent from 1.6 per cent in 2017 due to higher energy prices led by gasoline and to services.

Outlook to 2020

The forecast's 2018 theme is seen largely playing out through to 2020, barring a significant disruption to the business cycle. Less residential investment spending, restrained consumer spending, range-bound trade performance, and slower population growth dominates the outlook. However, a gradual and modest upswing in business investment spending is expected to evolve. Overall, a mediocre performance is foreseen with the province's long-term challenges in manufacturing and exports prevailing.

Real GDP is forecast to expand at less than two per cent annually in 2019 and 2020 with nominal GDP at

less than four per cent. Employment growth slows to around one per cent annually and the unemployment rate slides lower.

This outlook to 2020 is subject to considerable uncertainty in light of current trade issues playing out in North America and elsewhere. The status quo in trade policy and in provincial government fiscal and economic policy is presumed in this forecast. With respect to the latter, changes are expected under the new government but have not been formalized at this point.

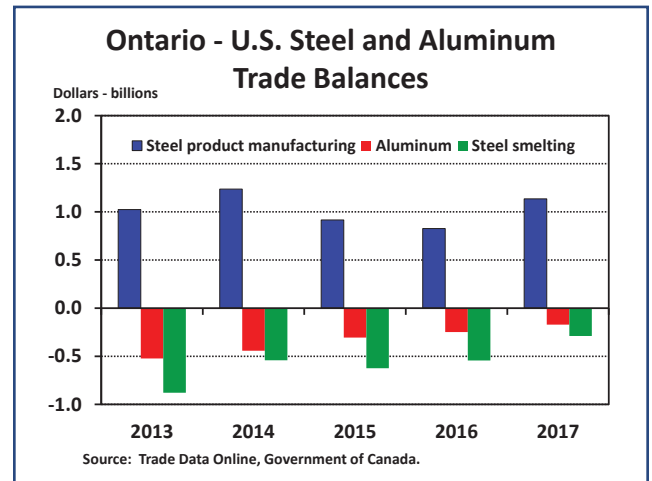
Trade tensions and uncertainties

Ontario's export market is highly dependent on the U.S., which receives 82 per cent of goods exports, and 30 per cent of goods exports are concentrated in auto and related manufacturing. U.S. trade restrictions have the potential to create considerable damage to the provincial economy. Tariffs on steel and aluminum imports from Canada have come into effect and the U.S. is threatening tariffs on autos. NAFTA negotiations have not reached a deal and look to extend into 2019, and upcoming elections make the outcome far from certain. Beyond North America, U.S. trade relations with China, the EU, and others are becoming more strained and escalating, which could lead to substantial negative consequences for the global economy if rhetoric turns into actions.

Steel and aluminum tariffs

The U.S. imposed tariffs of 10 per cent on aluminum imports and 25 per cent on steel imports effective June 1, 2018. Canada was initially exempt but no longer. On June 29, 2018 the government of Canada announced retaliatory tariffs of equal value and support measures for businesses and workers affected by U.S. tariffs. The impact of tariffs on Ontario's economy are difficult to accurately quantify due to inadequate models, a lack of historical precedents, difficulty incorporating changes in business and consumer confidence on investment and spending, and market and policy reactions mitigating the negative impacts.

Ontario is more vulnerable to steel than aluminum tariffs. In 2017, Ontario exported about 95 per cent of steel exports to the U.S. compared to less than 10 per cent of its aluminum exports. Steel exports to the U.S. were about fourfold in value over aluminum. Canada's retaliation included a 25 per cent duty on U.S. steel imports and a 10 per cent duty on aluminum imports effective July 1, 2018.



During 2017, Ontario had a trade deficit of \$286 million with the U.S. in steel production but a surplus of \$1.1 billion in steel product manufacturing from purchased steel. A trade deficit in aluminum of \$170 million prevailed in 2017. These trade trends have existed for many years.

The main impacts are higher prices for producers and consumers and supply chain disruptions. Since the U.S. imposed tariffs in March and exemptions for Canada, Mexico, and the EU expired June 1, U.S. steel prices are up about 10%. However, prices are up more than 40 per cent from the beginning of 2018 likely in anticipation of tariffs but also due to improving market demand-supply fundamentals. Current Canadian steel prices are not available, but prices to May were rising.

U.S. import duties result in higher prices of producer and consumer intermediate and final goods using steel and aluminum raising the cost of construction and the consumer's basket. Canada's retaliatory tariffs on imported U.S. steel, aluminum, and targeted products amounting to \$16.6 billion will contribute to higher prices and costs.

The economic impact of U.S. steel and aluminum tariffs on Canada was estimated in a C.D. Howe report¹ at a loss in real GDP of -0.11 per cent, nominal GDP by -0.33 per cent, and about 6,000 jobs over the long term. This is a small impact that the Canadian economy could absorb. However, the study was completed before Canada's retaliatory tariffs were imposed, and based on C.D. Howe's assessment², such tariffs only exacerbate the negative impact.

¹ <https://www.cdhowe.org/public-policy-research/quantifying-impacts-us-section-232-steel-and-aluminum-tariffs>

² <https://www.cdhowe.org/intelligence-memos/ciuriak-and-xiao-danger-retaliatory-tariffs>

Ontario's roughly 70 per cent share of national steel and related production suggests a larger negative impact on its economy than nationally. Exports to the U.S. decline. With Ontario importing more steel smelting products from the U.S. than exporting, Canada's retaliatory 25 per cent tariff will increase the cost of those imports to users.

Aluminum produced in Ontario accounts for less than 10 per cent of national output. The 10 per cent import and export tariffs with the U.S. will reduce Ontario exports and imports and raise domestic user costs.

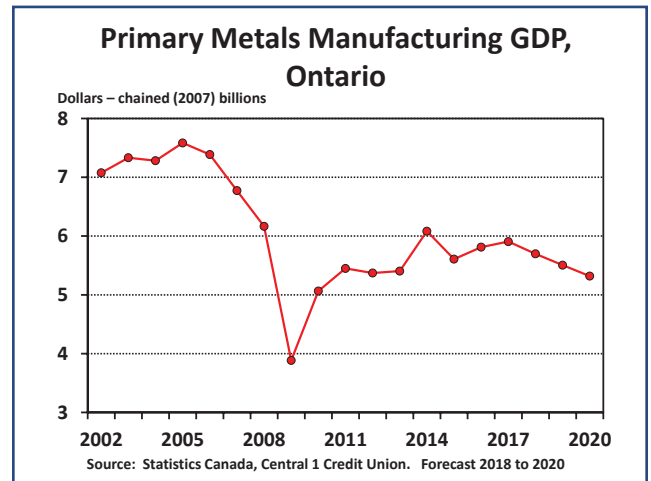
How Ontario producers, businesses, and consumers will adjust to these tariffs depends on many factors. Producers can expand production to replace higher cost U.S. imports with the capacity utilization rate around 80 per cent and below prior highs and where product substitution is high. Businesses using these outputs as inputs for further processing will face higher costs and may be able to find substitutes but more likely continue under existing contracts. Higher prices for a variety of goods will filter through to consumers, who may alter consumption.

The net impact on Ontario's economy is negative. During this three-year forecast period, annual real GDP growth is about 0.3 per cent lower with real final domestic demand growth lower by 0.2 per cent and a weaker trade sector accounting for the remainder.

Over the three years, real GDP is 0.6 per cent lower in 2020 under these tariffs compared to no tariffs. Real business investment spending on machinery and equipment and non-residential structures is 2.2 per cent lower with real personal consumption of durable and semi-durable goods more than one per cent lower. Real exports and imports are 2.5 per cent lower.

A weaker labour market plays out under these tariffs. Employment is about 28,000 persons, or 0.4 per cent, lower and the unemployment rate is 0.2 per cent higher in 2020 under these tariffs compared to no tariffs. Manufacturing faces the largest losses with employment 1.1 per cent, or 8,000 persons, lower in 2020. Employment in wholesale and retail sees a 0.3 per cent decline, or 4,400 fewer jobs, and construction industry employment drops by 4,200, or 0.8 per cent. The remaining job losses are scattered across service industries.

These model results are considered accurate with respect to trend but not necessarily, and only generally, to the magnitude of change. Real world reactions by consumers, businesses, and producers to tariffs, or price and cost increases, depends on many factors,



such as the availability of substitutes, capacity issues, new market access, and on individual circumstances. The federal government's \$2 billion support plan for steel and aluminum workers and industry³ was not included in these results. The estimated loss in nominal GDP is \$6.8 billion over three years.

Primary metals manufacturing GDP contracts each year through 2020 to 11.3 per cent lower than in the no tariff case. The base case forecast for this industry was a lacklustre, weak growth performance, but now falls into an extended recession under these tariffs. Government assistance will mitigate some of these losses but not entirely. Another source of relief could come from a lower Canadian dollar and interest rates rising at a slower pace.

NAFTA

Negotiations have not produced a deal and further talks are not scheduled, though likely to resume after the Mexican election on July 1. However, the U.S. mid-term elections in November present another stumbling block to reaching a deal and President Trump will not sign a deal until after the mid-terms. The timeline for a new NAFTA, if at all, is now well into 2019.

Possible scenarios include: a new NAFTA; the U.S. withdraws from NAFTA while Canada and Mexico remain in the deal; or the dissolution of NAFTA. A new NAFTA has the potential to make a small contribution to growth, while the U.S. withdrawal scenario would probably lead to a modest reduction in GDP. A NAFTA breakup causes larger losses to the economy⁴. Research from C.D. Howe indicates that in the event

³ <https://www.canada.ca/en/global-affairs/news/2018/06/support-for-canadian-steel-and-aluminum-workers-and-industry.html>

⁴ <https://www.cdhowe.org/public-policy-research/nafta-renegotiation-what-if-us-walks-away>

of a U.S. walkout, the loss of export markets would be concentrated in the automotive and chemicals-rubber-plastics sectors, with lesser impacts on machinery and equipment, food products, and textiles and clothing. These export losses would, in turn, cause some reductions in domestic activity across some sectors. The most negative outcome would begin to play out in 2020 and beyond, following the six-month notice of withdrawal period.

Auto tariffs

While not in effect, the U.S. administration threatens to impose tariffs up to 25 per cent on imported autos and auto parts, and given its track record on steel, aluminum, and other products, this is a real concern. This threat is likely a negotiation tactic to create leverage in reaching trade deals and outcomes more favourable to the administration. Nonetheless, these tariffs could materialize. Auto tariffs have the potential to deliver a large blow to Ontario's economy and to other economies causing global economic growth to slow considerably.

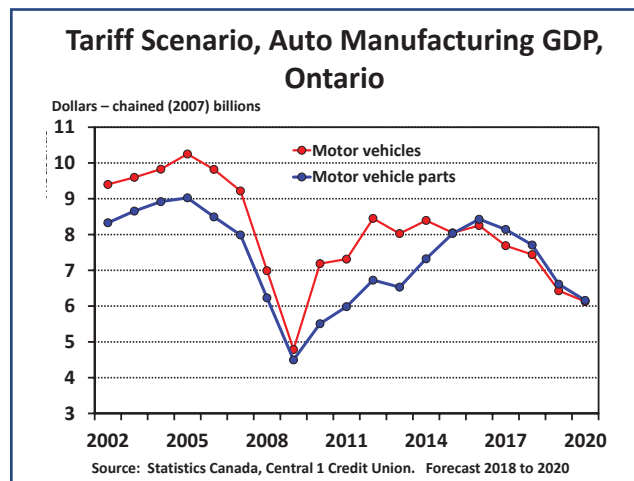
Research performed on the impacts to the U.S. economy consistently find large negative outcomes for output, incomes, jobs, and higher prices.^{5,6} Retaliatory tariffs by the EU, Japan, Canada, China, and others would compound the negative impacts and put the global economy into a growth recession. Ontario's economy and auto sector would be caught up into this environment and suffer the negative impacts and consequences.

The impact of U.S. auto tariffs on Ontario's economy would be considerable. An auto tariff scenario, assuming implemented in 2019, would produce a 1.4 per cent drop in real GDP in 2020 relative to the forecast base, which includes the steel and aluminum tariffs. No retaliatory tariffs were assumed, though highly likely, and would worsen the hit to the economy.

Real GDP growth falls below one per cent in 2019, with a contraction in consumer durable goods spending, weaker business investment spending, and fewer exports. Somewhat ironically, the trade balance improves in 2019 due to larger drop in imports. Manufacturing falls into recession in 2019 due to 14 per cent decline in motor vehicle and parts GDP. In the

⁵ <https://piie.com/blogs/trade-investment-policy-watch/trumps-proposed-auto-tariffs-would-throw-us-automakers-and>

⁶ <http://tradepartnership.com/reports/an-accident-waiting-to-happen-the-estimated-impacts-of-tariffs-on-motor-vehicles-and-parts/>



base case, the auto sector's outlook was poor due to minimal demand growth in the U.S.

Employment losses through to 2020 amount to about 62,000 with an unemployment rate 0.6 percentage points higher to above six per cent. Manufacturing bears the brunt of these job losses at an estimated 24,000. The wholesale and retail trade sector could see a drop of around 16,000 jobs.

Ontario's economy does not fall into a recession in 2019 but it is possible if retaliatory tariffs are enacted and similar actions are taken by other countries. In addition, these escalating trade skirmishes could turn into a trade war causing more economic losses in Ontario.

A trade war?

The U.S. administration's policy stance on trade and bilateral deficits and its negotiating tactics are raising the prospects of a trade war among the major economies. U.S. tariffs on steel, aluminum, and other goods are in place with retaliatory tariffs either in effect or soon to be. The main players to watch are the U.S., China, and the EU.

The U.S. announced \$50 billion in imports from China subject to a 25 per cent tariff effective July 6 (\$34 billion and the remainder forthcoming) along with investment restrictions effective June 30. China responded with a 25 per cent tariff on \$50 billion of imports from the US with a focus on agricultural products. The U.S. then upped the pressure with threatening tariffs on another \$100 billion of imports from China to which China said it would retaliate in kind. Another round of threats upped it to a 10 per cent tariff on \$200 billion of imports, and if China retaliates, it will do another \$200 billion. This brings the tariffs on U.S. imports from China to potentially \$450 billion. With China only importing \$130 billion from the U.S. annually, retalia-

tion would involve restrictions on U.S. companies in China and other non-tariff measures⁷.

The EU implemented tariffs on June 22 to \$3.4 billion worth of American goods in retaliation against U.S. tariffs on steel and aluminum. Trump responded by proposing a 20 per cent tariff on European cars. The EU stated it would respond with duties on about \$300 billion of U.S. imports. Tit-for-tat rhetoric is damaging to business sentiment and tit-for-tat actions are damaging to the real economy.

The negative economic impact from a trade war would be global growth recession at a minimum, or quite likely an outright recession. Reduced trade flows and disruption to supply chains would result in declining production and higher consumer goods prices. Financial and currency markets would undergo major swings and realignments. A trade war is the extreme outcome and sane policy outcomes are possible. It can take many months from an initial threat to the actual imposition of tariffs and the political cycle could provide a dose of reality to the futility of such actions and prompt a policy re-orientation in attaining better trade outcomes.

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⁷ <https://pie.com/blogs/trade-investment-policy-watch/chinas-weapons-trade-war-are-formidable>

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Gross Domestic Product, Expenditures (\$2007 Millions): Ontario

Real GDE

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------------------------------|---------|---------|---------|---------|---------|---------|
| GDP, expenditure-based | 667,659 | 685,008 | 704,097 | 719,097 | 731,489 | 744,967 |
| % change | 2.9 | 2.6 | 2.8 | 2.1 | 1.7 | 1.8 |
| Household consumption | 387,275 | 398,709 | 411,446 | 421,793 | 428,971 | 437,314 |
| % change | 2.8 | 3.0 | 3.2 | 2.5 | 1.7 | 1.9 |
| Durable goods | 54,944 | 59,010 | 63,257 | 65,464 | 66,137 | 67,749 |
| % change | 6.0 | 7.4 | 7.2 | 3.5 | 1.0 | 2.4 |
| Semi-durable goods | 31,871 | 32,978 | 34,621 | 35,774 | 36,393 | 37,372 |
| % change | 4.3 | 3.5 | 5.0 | 3.3 | 1.7 | 2.7 |
| Non-durable goods | 85,457 | 87,080 | 88,921 | 90,122 | 91,034 | 92,044 |
| % change | 1.8 | 1.9 | 2.1 | 1.4 | 1.0 | 1.1 |
| Services | 216,129 | 221,223 | 226,792 | 232,838 | 237,811 | 242,753 |
| % change | 2.3 | 2.4 | 2.5 | 2.7 | 2.1 | 2.1 |
| NPISH consumption | 10,773 | 10,777 | 10,837 | 10,993 | 11,108 | 11,226 |
| % change | 5.9 | 0.0 | 0.6 | 1.4 | 1.0 | 1.1 |
| Government current | 128,592 | 130,849 | 133,028 | 135,499 | 137,903 | 140,184 |
| % change | 2.4 | 1.8 | 1.7 | 1.9 | 1.8 | 1.7 |
| Government capital | 22,347 | 23,252 | 24,665 | 26,438 | 27,687 | 28,183 |
| % change | -2.3 | 4.0 | 6.1 | 7.2 | 4.7 | 1.8 |
| Business gross fixed capital | 106,865 | 105,472 | 108,758 | 109,046 | 110,070 | 112,920 |
| % change | 6.4 | -1.3 | 3.1 | 0.3 | 0.9 | 2.6 |
| Residential structures | 45,394 | 48,776 | 52,241 | 51,564 | 51,566 | 51,601 |
| % change | 7.7 | 7.5 | 7.1 | -1.3 | 0.0 | 0.1 |
| Machinery and equipment | 26,922 | 24,832 | 25,204 | 25,806 | 26,351 | 27,635 |
| % change | 7.3 | -7.8 | 1.5 | 2.4 | 2.1 | 4.9 |
| Non-residential structures | 22,425 | 20,149 | 19,923 | 20,173 | 20,771 | 22,020 |
| % change | 7.7 | -10.1 | -1.1 | 1.3 | 3.0 | 6.0 |
| Intellectual property | 12,124 | 11,715 | 11,390 | 11,503 | 11,381 | 11,665 |
| % change | -2.3 | -3.4 | -2.8 | 1.0 | -1.1 | 2.5 |
| NPISH investment | 1,052 | 1,105 | 1,137 | 1,159 | 1,174 | 1,186 |
| % change | -7.5 | 5.0 | 2.9 | 2.0 | 1.2 | 1.1 |
| Final domestic demand | 656,626 | 670,135 | 690,078 | 704,647 | 716,396 | 730,164 |
| % change | 3.1 | 2.1 | 3.0 | 2.1 | 1.7 | 1.9 |
| Exports | 350,021 | 358,878 | 354,591 | 356,380 | 359,088 | 362,309 |
| % change | 3.3 | 2.5 | -1.2 | 0.5 | 0.8 | 0.9 |
| Imports | 343,149 | 343,107 | 347,610 | 348,581 | 349,762 | 356,386 |
| % change | 3.2 | 0.0 | 1.3 | 0.3 | 0.3 | 1.9 |
| Net exports | 6,872 | 15,771 | 6,981 | 7,799 | 9,326 | 5,922 |
| Inventory change | 3,503 | -1,412 | 5,525 | 4,438 | 1,208 | 2,848 |

Source: Statistics Canada, Central 1 Credit Union

Gross Domestic Product by Industry (\$2007 Millions): Ontario

Industry GDP

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------|---------|---------|---------|---------|---------|
| All industries | 618,051 | 634,258 | 651,932 | 665,821 | 677,296 | 689,774 |
| % change | 2.8 | 2.6 | 2.8 | 2.1 | 1.7 | 1.8 |
| Goods-producing industries | 141,598 | 143,744 | 146,612 | 148,012 | 149,038 | 150,514 |
| % change | 1.7 | 1.5 | 2.0 | 1.0 | 0.7 | 1.0 |
| Agriculture, forestry, fishing & hunting | 5,054 | 5,023 | 5,086 | 4,771 | 4,773 | 4,852 |
| % change | 4.1 | -0.6 | 1.3 | -6.2 | 0.0 | 1.7 |
| Mining | 7,961 | 7,797 | 7,656 | 8,023 | 7,656 | 7,454 |
| % change | -5.5 | -2.1 | -1.8 | 4.8 | -4.6 | -2.6 |
| Utilities | 11,728 | 11,918 | 11,888 | 11,948 | 11,937 | 11,963 |
| % change | -3.0 | 1.6 | -0.3 | 0.5 | -0.1 | 0.2 |
| Construction | 37,466 | 38,002 | 39,763 | 40,669 | 41,371 | 42,152 |
| % change | 4.5 | 1.4 | 4.6 | 2.3 | 1.7 | 1.9 |
| Manufacturing | 79,390 | 81,005 | 82,218 | 82,601 | 83,301 | 84,094 |
| % change | 1.7 | 2.0 | 1.5 | 0.5 | 0.8 | 1.0 |
| Service-producing industries | 476,055 | 490,254 | 505,030 | 518,512 | 530,474 | 541,517 |
| % change | 3.1 | 3.0 | 3.0 | 2.7 | 2.3 | 2.1 |
| Wholesale trade | 42,783 | 43,976 | 47,105 | 48,671 | 49,551 | 50,994 |
| % change | 4.2 | 2.8 | 7.1 | 3.3 | 1.8 | 2.9 |
| Retail trade | 32,602 | 34,024 | 35,995 | 37,020 | 38,019 | 39,122 |
| % change | 5.0 | 4.4 | 5.8 | 2.8 | 2.7 | 2.9 |
| Transportation and warehousing | 24,697 | 25,539 | 26,498 | 27,371 | 28,009 | 28,419 |
| % change | 3.7 | 3.4 | 3.8 | 3.3 | 2.3 | 1.5 |
| Information and cultural | 22,402 | 22,708 | 23,334 | 23,629 | 24,391 | 24,834 |
| % change | -0.1 | 1.4 | 2.8 | 1.3 | 3.2 | 1.8 |
| Finance, insurance & real estate | 91,638 | 95,909 | 97,882 | 100,234 | 102,338 | 104,125 |
| % change | 5.0 | 4.7 | 2.1 | 2.4 | 2.1 | 1.7 |
| Owner-occupied dwellings | 51,337 | 52,855 | 54,564 | 56,385 | 58,113 | 59,793 |
| % change | 2.9 | 3.0 | 3.2 | 3.3 | 3.1 | 2.9 |
| Professional, scientific, and technical | 39,793 | 41,207 | 42,809 | 43,984 | 45,279 | 46,488 |
| % change | 5.3 | 3.6 | 3.9 | 2.7 | 2.9 | 2.7 |
| Admin., support, management | 24,020 | 24,086 | 24,072 | 24,507 | 24,782 | 24,975 |
| % change | -0.1 | 0.3 | -0.1 | 1.8 | 1.1 | 0.8 |
| Education | 35,673 | 36,207 | 36,509 | 36,867 | 37,125 | 37,317 |
| % change | 1.5 | 1.5 | 0.8 | 1.0 | 0.7 | 0.5 |
| Health care and social assistance | 40,451 | 41,887 | 42,801 | 43,897 | 44,925 | 46,023 |
| % change | 2.3 | 3.5 | 2.2 | 2.6 | 2.3 | 2.4 |
| Arts, entertainment and recreation | 4,969 | 5,246 | 5,420 | 5,680 | 5,932 | 6,137 |
| % change | 7.4 | 5.6 | 3.3 | 4.8 | 4.4 | 3.5 |
| Accommodation and food | 12,509 | 12,971 | 13,343 | 13,848 | 14,218 | 14,498 |
| % change | 3.2 | 3.7 | 2.9 | 3.8 | 2.7 | 2.0 |
| Other services | 12,058 | 11,941 | 12,041 | 12,636 | 12,899 | 13,145 |
| % change | 0.4 | -1.0 | 0.8 | 4.9 | 2.1 | 1.9 |
| Public administration | 41,122 | 41,698 | 42,654 | 43,785 | 44,893 | 45,645 |
| % change | 0.7 | 1.4 | 2.3 | 2.7 | 2.5 | 1.7 |

Source: Statistics Canada, Central 1 Credit Union

Manufacturing Gross Domestic Product (\$2007 Millions): Ontario

Manufacturing GDP

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|--------|--------|--------|--------|--------|--------|
| Manufacturing | 79,390 | 81,005 | 82,218 | 82,601 | 83,301 | 84,094 |
| % change | 1.7 | 2.0 | 1.5 | 0.5 | 0.8 | 1.0 |
| Motor vehicles | 8,050 | 8,252 | 7,690 | 7,441 | 7,265 | 7,227 |
| % change | -4.1 | 2.5 | -6.8 | -3.2 | -2.4 | -0.5 |
| Motor vehicle parts | 8,030 | 8,428 | 8,143 | 7,704 | 7,578 | 7,549 |
| % change | 9.7 | 5.0 | -3.4 | -5.4 | -1.6 | -0.4 |
| Other transportation equipment | 3,296 | 3,322 | 3,164 | 3,103 | 3,094 | 3,078 |
| % change | -0.5 | 0.8 | -4.8 | -1.9 | -0.3 | -0.5 |
| Food products | 9,505 | 9,932 | 10,469 | 10,552 | 10,767 | 10,998 |
| % change | 0.3 | 4.5 | 5.4 | 0.8 | 2.0 | 2.1 |
| Wood products | 1,468 | 1,597 | 1,731 | 1,652 | 1,600 | 1,548 |
| % change | 12.6 | 8.7 | 8.4 | -4.6 | -3.2 | -3.3 |
| Paper products | 2,460 | 2,396 | 2,458 | 2,386 | 2,414 | 2,419 |
| % change | 7.7 | -2.6 | 2.6 | -3.0 | 1.2 | 0.2 |
| Petroleum and coal products | 1,518 | 1,427 | 1,505 | 1,486 | 1,509 | 1,514 |
| % change | -4.3 | -6.0 | 5.4 | -1.2 | 1.6 | 0.3 |
| Chemical products | 6,585 | 6,764 | 6,704 | 6,690 | 6,762 | 6,888 |
| % change | 4.2 | 2.7 | -0.9 | -0.2 | 1.1 | 1.9 |
| Plastic products | 4,232 | 4,578 | 4,763 | 4,762 | 4,837 | 4,912 |
| % change | 4.6 | 8.2 | 4.0 | 0.0 | 1.6 | 1.5 |
| Non-metallic mineral products | 2,322 | 2,366 | 2,631 | 2,551 | 2,566 | 2,597 |
| % change | -3.9 | 1.9 | 11.2 | -3.1 | 0.6 | 1.2 |
| Primary metals | 5,608 | 5,812 | 5,906 | 5,698 | 5,506 | 5,319 |
| % change | -7.8 | 3.6 | 1.6 | -3.5 | -3.4 | -3.4 |
| Fabricated metals | 5,639 | 5,426 | 5,574 | 5,743 | 5,877 | 5,991 |
| % change | -1.1 | -3.8 | 2.7 | 3.0 | 2.3 | 1.9 |
| Machinery | 6,537 | 6,521 | 7,475 | 8,187 | 8,533 | 8,802 |
| % change | 8.5 | -0.3 | 14.6 | 9.5 | 4.2 | 3.2 |
| Computer and electronic products | 3,172 | 3,171 | 3,191 | 3,308 | 3,444 | 3,532 |
| % change | 0.2 | 0.0 | 0.6 | 3.7 | 4.1 | 2.6 |
| Other manufacturing | 10,967 | 11,011 | 10,813 | 11,339 | 11,550 | 11,721 |
| % change | 3.4 | 0.4 | -1.8 | 4.9 | 1.9 | 1.5 |

Source: Statistics Canada, Central 1 Credit Union

Labour Market Indicators: Ontario

Labour

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------------|----------|----------|----------|----------|----------|----------|
| Source population, 000s | 11,385.6 | 11,523.4 | 11,684.8 | 11,884.3 | 12,045.9 | 12,188.1 |
| % change | 1.0 | 1.2 | 1.4 | 1.7 | 1.4 | 1.2 |
| Labour force participation rate % | 65.2 | 65.0 | 64.9 | 64.4 | 64.1 | 63.9 |
| Labour force, 000s | 7,426.1 | 7,489.5 | 7,579.8 | 7,648.6 | 7,718.6 | 7,791.3 |
| % change | 0.1 | 0.9 | 1.2 | 0.9 | 0.9 | 0.9 |
| Employment, 000s | 6,923.2 | 6,999.6 | 7,128.0 | 7,209.5 | 7,272.6 | 7,352.2 |
| % change | 0.7 | 1.1 | 1.8 | 1.1 | 0.9 | 1.1 |
| Unemployment, 000s | 502.9 | 489.9 | 451.8 | 439.1 | 446.0 | 439.1 |
| Unemployment rate, % | 6.8 | 6.5 | 6.0 | 5.7 | 5.8 | 5.6 |
| Average weekly hours | 33.5 | 33.6 | 33.6 | 33.6 | 33.5 | 33.5 |
| % change | 1.5 | 0.3 | 0.1 | -0.1 | -0.2 | -0.1 |
| Average hourly wage rate, \$ | 33.3 | 34.0 | 34.7 | 35.8 | 36.5 | 37.4 |
| % change | 2.3 | 1.9 | 2.0 | 3.2 | 2.0 | 2.5 |
| Unit labour costs, % change | 2.8 | 2.2 | 0.8 | 1.4 | 1.3 | 0.7 |

Source: Statistics Canada, Central 1 Credit Union

Population and Factors of Growth (000s): Ontario

Population

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------|----------|----------|----------|----------|----------|----------|
| Population | 13,789.6 | 13,976.3 | 14,193.4 | 14,432.4 | 14,639.7 | 14,827.2 |
| % change | 0.8 | 1.4 | 1.6 | 1.7 | 1.4 | 1.3 |
| Births | 141.9 | 143.6 | 146.7 | 149.1 | 153.3 | 156.7 |
| Deaths | 98.4 | 101.8 | 105.3 | 107.7 | 110.2 | 112.7 |
| Natural increase | 43.5 | 41.8 | 41.3 | 41.4 | 43.1 | 44.0 |
| Net migration | 65.7 | 144.9 | 175.7 | 197.7 | 164.2 | 143.4 |
| Net international | 74.4 | 135.9 | 150.0 | 174.5 | 144.6 | 128.7 |
| Net interprovincial | -8.7 | 9.1 | 25.7 | 23.1 | 19.5 | 14.7 |

Source: Statistics Canada, Central 1 Credit Union