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Economic Analysis of Ontario

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Ontario Economic Forecast 2019-2021

Highlights:

- Economic growth to slow
- Investment spending stalls
- Unemployment rate creeps higher
- External factors weigh on outlook

Slower growth ahead

Ontario's economic growth is forecast to slow through to 2021. Real Gross Domestic Product (GDP) growth is seen at below two per cent annually compared to above two per cent in the prior three years. Nominal GDP growth is forecast at less than four per cent annually from more than four per cent over the same periods.

The forecast growth slowdown is centred in business investment, exports, and residential investment spending. Most other spending components in the economy will also increase at a slower pace, though to a lesser extent.

GDP growth will slow across most industries with goods-producing industries experiencing a greater slowdown than services-producing industries. Manufacturing, notably motor vehicle assembly and parts, and construction account for the bulk of the forecast slowdown. In service industries, wholesale and retail trade will slow the most, while high-tech, tourism, health, and professional services grow at a robust pace.

The labour market mirrors the economy's slowdown. Job growth is predicted to slow and the unemployment rate to edge higher. Job growth during 2019 is seen at a respectable 1.4 per cent and the unemployment rate to average 5.7 per cent.

Economy-wide income growth will slow to less than four per cent annually during the forecast, compared to more than four per cent in the prior three years. Labour income growth is seen outpacing overall growth, though this edge diminishes each year. In contrast, a range-bound corporate profit profile is predicted with little to no growth during the next three years.

The forecast's lacklustre business investment performance is in part a function of poor profit growth and limited market opportunities. The federal government's proposed accelerated capital cost allowance incentive increases investment spending over pre-policy levels, but market realities hold back more robust spending.

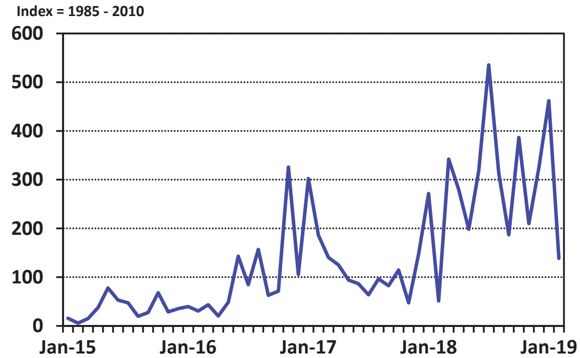
Residential investment spending continues to cool during 2019 in line with fewer housing starts. Tighter mortgage regulations have reduced credit availability, and consequently, housing sales.

Forecast Summary: Ontario

	2016	2017	2018	2019	2020	2021
Real GDP, % chg.	2.3	2.8	2.3	1.8	1.6	1.5
Nominal GDP, % chg.	4.4	4.1	4.2	3.6	3.1	3.0
Employment, % chg.	1.1	1.8	1.6	1.4	1.3	1.0
Unemployment Rate (%)	6.5	6.0	5.6	5.7	5.9	6.2
Population, % chg.	1.2	1.4	1.8	1.8	1.7	1.5
Housing starts, units (000s)	75.0	79.1	78.7	72.8	71.8	75.5
Retail sales, % chg.	6.9	7.7	3.9	3.4	3.2	2.5
Personal income, % chg.	2.2	4.7	4.8	3.5	3.3	2.9
Net operating surplus: Corporations, % chg.	15.8	1.8	-2.1	1.5	-1.4	1.3
Consumer price index, % chg.	1.8	1.7	2.4	1.7	1.7	1.7

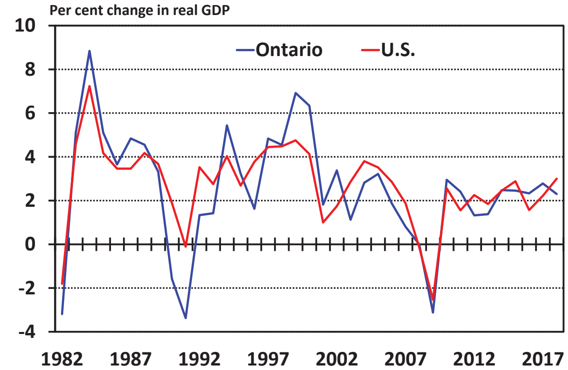
Source: Statistics Canada, Central 1 Credit Union. Forecast: 2019 - 2021

U.S. Trade Policy Uncertainty Index



Source: "Measuring Economic Policy Uncertainty" by Scott Baker, Nicholas Bloom and Steven J. Davis at www.PolicyUncertainty.com. Latest: Feb-19

Economic Growth, Ontario and U.S.



Source: Statistics Canada, U.S. Bureau of Economic Analysis. Note: 2018 estimated.

Most of the growth slowdown ahead emanates mainly from external factors though domestic factors contribute to the province's economic performance. Forecast risks revolve mainly around U.S. trade policy and debt in China and other emerging markets as well as European growth prospects and banking issues.

Trade policy uncertainty

U.S. trade policy has changed dramatically in the past two years imposing tariffs and threatening additional tariffs with the aim of reducing the U.S. trade deficit. Retaliatory tariffs were levied in response to U.S. tariffs. The negative impact of these new tariffs is more evident in the real economy and there is more volatility in financial markets. The global economic growth slowdown is, in part, due to and exacerbated by these tariffs and the uncertainty of future U.S. trade policy.

The U.S.-China trade dispute is the primary risk because it involves the two largest economies in the world. Negotiations are underway and will likely result in a framework deal avoiding the imposition of new tariffs. However, the possibility of a flare-up in trade tensions remains.

To compound matters, the U.S. Commerce Department recently filed its report on whether auto imports pose a threat to national security. The U.S. administration has 90 days to decide whether to impose auto import tariffs. While Canada and Mexico are exempt from these auto tariffs under the terms of a side letter with the Canada-United States-Mexico Agreement (CUSMA), should tariffs be imposed, it would damage the auto sector in many countries, notably Japan, Germany, South Korea, and the United Kingdom. Countries hit by U.S. auto tariffs would likely respond in kind, further damaging the economy.

In addition, there is a small chance the new CUSMA may not be ratified by the U.S. Congress without an amendment and is withdrawn by the U.S. President. The more likely outcome is that the existing agreement continues through 2019.

External backdrop softens

The base scenario for this forecast assumes the world and U.S. economies will grow at a slower pace through 2021 and not undergo a recession. The latter assumption is not a certainty considering the U.S. economy has not had a recession since 2008-09, and its current expansion phase is approaching the duration record, when after June 2019, it will break the record. Of course, longevity does not cause a recession.

Without delving into details, recessions usually develop when significant imbalances are present, and a trigger event sends the economy into a contraction phase. With the U.S. the largest economy in the world and Ontario's main trading partner, it is the main consideration here. No U.S. recession during 2019 is expected by most forecasters nor signaled by leading indicators, but beyond 2019 recession odds increase, though few forecasters are calling for one.

China's, with world's second largest economy, is an important global player and a recession in that economy would have a substantial negative impact on global growth, and possibly cause a recession. Ontario's low export linkage with China and Asia-Pacific economies suggests the province's economy would be mainly indirectly impacted.

U.S. economic growth is expected to slow from its three per cent pace in 2018 to below two per cent after 2019. Similarly, Canada's economic growth rate is seen slowing from 1.9 per cent in 2018 to 1.6 per cent annually during the forecast period. The Canadian dollar will be range-bound going forward with only modest appreciation when oil prices rise. Low interest rates in Canada will play out in this environment.

Ontario budget

The new Ontario government will introduce its first budget on April 11, 2019. Indications are that the new government will seek to achieve a balanced budget during its tenure. A $15 billion deficit was identified in the *Fall Statement 2018-2019*. The path to balance will likely involve spending cuts and measures to improve competitiveness such as regulatory cuts. During the campaign, the government promised tax cuts and rebates, which would make it difficult to reduce the budget deficit. Achieving a balanced budget will be a multi-year process. No adjustments to this forecast were made in anticipation of the Ontario budget.

Recent economic trends

Many indicators in 2018 were weaker compared to 2017, either posting less activity or slower growth.

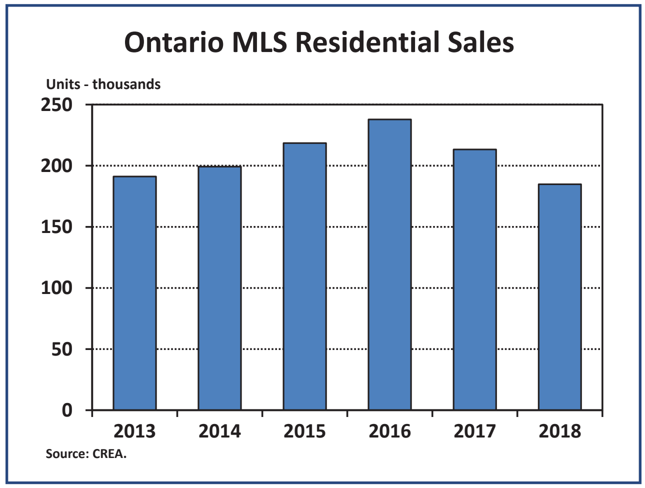
Retail sales, housing starts, new car sales, the labour market and residential and non-residential building permit volumes increased at a slower rate in 2018.

The existing home market posted declines in sales, new listings and average price during 2018, mostly because of the new federal mortgage 'stress test'.

While international tourist visits were also weak, Ontario's population increased at a robust pace in 2018 thanks to increased international and interprovincial migration.

In 2018, retail sales increased over 2017 despite declining over the last two months of year. Sales moved up 3.9 per cent to $224 billion in 2018, down from the 7.7 per cent growth posted in 2017 and 6.9 per cent posted in 2016. Total sales in 2018 were supported by growth in several key sectors such as motor vehicle and parts dealers, food and beverage stores, gasoline stations, clothing and clothing accessories stores, and general merchandise stores. Retail sales in both the Toronto Census Metropolitan Area (CMA) and areas outside Toronto increased but at a slower pace. The share of retail sales in areas outside of the Toronto CMA inched up. Consumers outside big markets like Toronto are less leveraged and can target more income to discretionary spending.

New car sales inched up by 0.9 per cent in 2018 over 2017 with more truck sales offsetting fewer passenger vehicles sales. Truck vehicles—which includes trucks, sport-utility-vehicles and compact-utility-vehicles—remained popular for most of 2018, though this segment posted weaker numbers over the last quarter of 2018. Overall, truck sales increased 4.5 per cent while passenger vehicle sales declined 7.8 per cent.



Despite trade-related concerns for most of 2018, manufacturing sales managed to come in 3.5 per cent higher than 2017's pace at $315 billion due to growth in both durable and non-durable goods manufacturing. However, activity in the final quarter of 2018 started to show broad-based signs of weakness.

Ontario's housing market weakened in 2018. New home construction decelerated in 2018 over 2017. Total starts edged lower by one per cent to 78,742 units due to large double-digit declines in all housing types except apartments, which posted a 31 per cent increase to 40,653 units. The existing home market also faced headwinds in 2018 with 13 per cent fewer sales and 2.7 per cent lower prices.

Residential permit volumes in 2018 increased modestly by 1.9 per cent to $24.8 billion due to strong growth in multiple dwelling permits that more than offset the double-digit contraction to single-dwelling building permits.

Non-residential building permit volumes declined 9.4 per cent to $13.4 billion compared to 2017. Commercial permit volume increased 5.4 per cent to $7.5 billion in 2018, but industrial and institutional permits fell 14.2 per cent and 29.6 per cent, respectively.

Ontario's population increased by 1.6 per cent in 2018, down slightly from last year's 1.8 per cent, due to migration from abroad and other parts of Canada.

International tourist visits to Ontario fell 2.5 per cent to 9.6 million persons from a 1.8 per cent pull back in U.S. tourists to 6.8 million persons and a 4.1 per cent decline in non-U.S. tourists to 2.8 million persons.

In 2018, Ontario's labour market posted good numbers with employment moving up 1.6 per cent, creating over 114,000 net new jobs, most of them full-time jobs. The increase more than offset the 93,000 new entrants to the labour force. The unemployment rate slid down from 6.0 per cent in 2017 to 5.6 per cent in 2018.

Despite significant trade-related uncertainty for most of the year and issues in automobile manufacturing, Ontario was able to have a good year overall.

Lacklustre business investment and exports

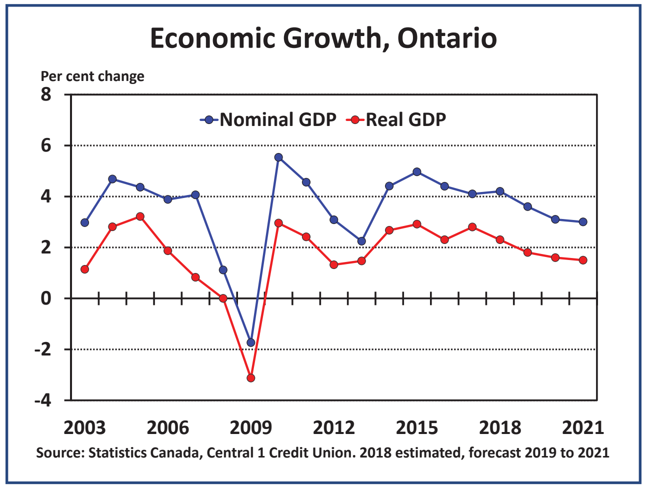
Slower growth in headline GDP characterizes Ontario's economic performance for the next three years, with nearly a one percentage point downshift from the prior three-year averages. Nominal GDP growth is forecast to average 3.2 per cent annually and real GDP growth at 1.6 per cent annually in the 2019 to 2021 period. All main expenditure components contribute to this overall slowdown led by lower business investment and exports.

Business investment spending, excluding residential, is expected to advance at a modest pace in nominal dollars and languish around recent levels in inflation-adjusted dollars. The federal government's accelerated depreciation allowance increases business investment spending, but the restraining factor is insufficient investment opportunities to propel spending higher and faster. This plays out across most industries and is most pronounced in manufacturing.

One factor restraining investment spending stems from lacklustre export growth. Current dollar exports are forecast to expand at a modest 2.3 per cent annual pace compared to close to three per cent in the prior three years and to a 10 per cent annual average during most of the 1990s. Most of the slowdown in export growth can be traced to manufacturing and is largely due to motor vehicles.

Another area presenting limited opportunities for significantly more investment spending is household consumption. Consumer spending in current dollars slows to a 3.7 per cent annual average during the forecast, compared to 4.6 per cent in the prior three years. The slowdown is most evident in consumer durables spending, which is forecast to average 3.1 per cent annually during the forecast versus 8.1 per cent in 2016 to 2018. The expected housing downturn is the main contributor to this downshift along with slower household disposable income growth.

The *Capital and Repair Expenditures Survey* by Statistics Canada revealed a modest overall increase in capital spending intentions in Ontario for 2019. Utilities and transportation were industries with large gains while manufacturing could see the largest decline. Utilities investment spending is centred around various electricity and nuclear projects and transportation is centred around several light rail projects. Excluding these two industries, 2019 capital spending intentions are flat relative to last year.



Service industries lead

Services-producing industries will remain the primary growth driver in Ontario's economy through the forecast period. Services industry GDP growth is seen averaging 1.7 per cent annually through 2021 compared to 1.0 per cent in goods-producing industries. In the prior three-years, this growth differential was much narrower with 2.6 per cent growth for services and 2.3 per cent for goods industries.

Within the services-producing industries, growth in private sector services will slow more than in public service industries during the next three years. Wholesale trade industry growth slows to 1.0 per cent annually from 4.5 per cent in the prior three years. Retail trade is another industry expected to undergo a similar slowdown.

The accommodation and food services industry are forecast to grow among the fastest within service industries with a 2.2 per cent average yearly pace during the next three years. The arts, entertainment, and recreation sector is also slated to expand at a similar pace. Another industry that will outpace the services-industry average is health and social services.

The largest GDP growth slowdown among goods-producing industries is construction, which slows to an average annual rate of 0.9 per cent during the next three years, compared to a robust 3.1 per cent rate in the prior three years. Residential and engineering construction account for the bulk of the slowdown reflecting the modest housing correction phase and fewer capital projects.

Manufacturing is the largest goods-producing industry in Ontario and its slower growth profile plays a prime role in the economy's overall slower growth profile. Much of this is related to slower growth forecast for the U.S. and its impact on manufacturing exports. Motor vehicle manufacturing GDP is facing a contraction during this forecast due to little or no growth in U.S. new vehicle sales, the Oshawa GM plant closure, and tougher requirements under the CUSMA. Motor vehicle parts manufacturing, however, is expected to fare better, though still see weak GDP growth.

Steel tariffs imposed by the U.S. are expected to remain in place until the CUSMA is ratified after which Canada's retaliatory tariffs come off. This timeline looks to extend beyond 2019.

Slower income growth

Overall income growth slows to 3.6 per cent during 2019 from an estimated 4.2 per cent in 2018. Further slowing to 3.0 per cent in 2021 is expected. Personal and labour income growth mirrors the overall trend. Similarly, household disposable income growth eases to a forecast annual average of 3.2 per cent compared to 4.1 per cent in the prior three years. The forecast slowdown in job growth leads to lower wage gains and household income growth and contributes to slower household spending.

Corporation profits are seen hovering at a range-bound level for the next three years. Average annual profit growth will slow to less than one per cent from around five per cent in the prior three years. However, corporation profit gains in the last three years were front-loaded and increased a modest 1.8 per cent in 2017 and declined an estimated 2.1 per cent in 2018. Profits will have underperformed for five years if this forecast plays out and is one factor behind the investment spending stall.

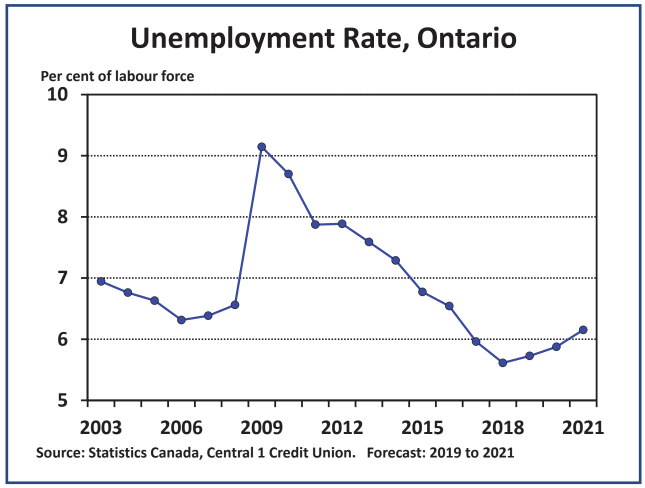
Tame inflation

Headline consumer inflation will ease in 2019 to 1.7 per cent from 2.4 per cent last year, mainly due to lower gasoline costs. This proves temporary with the recent turnaround in oil prices causing the inflation rate to stabilize and edge higher later in the forecast.

Economy-wide inflation based on the GDP price index will remain below two per cent and ease further in 2020 and 2021. The main components contributing to this performance are construction-related, which previously experienced high inflation rates. The expected housing construction slowdown cools construction cost pressures.

Affordability concerns will weigh on Ontario's housing market

Ontario's new housing market will post weaker numbers for most of the forecast horizon. The mortgage stress test put in place at the start of 2018 will weigh on the market in addition to moderate and slowing income growth, despite supportive population growth. Housing starts will decline by 7.5 per cent in 2019 and by 1.4 per cent in 2020 before starting to edge up in 2021. Moreover, an increased share of new housing starts will come from higher-density housing such as townhomes and apartment condos as buyers increasingly choose these housing types due to affordability concerns. Government aided social housing construction offsets some of the private market's decline.



One aspect of residential investment flourishing during this period of otherwise muted activity will be renovation spending. With affordability concerns front and centre, an increased number of existing home owners will renovate their home to remain in them longer rather than face a mortgage stress test.

The existing home market will also underperform as a higher share of potential buyers remain on the sidelines in rental units or living with family. Ontario existing home sales will be range bound around this lower level and prices facing downward pressure.

Unemployment rate to remain relatively flat due to sluggish employment growth

Declining housing activity and a slower evolving world economy, particularly in the U.S. with whom Ontario has significant trade exposure, will weigh on the labour market. Employment growth will slow to 1.4 per cent in 2019 and to 1.0 per cent by 2021, well below the 1.7 per cent average growth posted over 2017 to 2018. Labour force growth will slow to a lesser extent resulting in the unemployment rate rising to 6.2 per cent in 2021 from 5.7 per cent in 2019. The labour force participation rate declines mainly from retiring workers as well as from sluggish economic growth keeping some workers on the sidelines.

Population growth to shift down

Population growth will remain strong in 2019 at 1.8 per cent due to high levels of international and interprovincial migration. The federal government's immigration target will keep immigration at a high level and another large component will be non-permanent residents, which includes foreign students and temporary workers. Refugee claimants will reduce significantly from the spikes in their numbers over the last two years. Over the forecast horizon to 2021 population growth will gradually decline closer to its long-term trend, with the slowing economy attracting fewer temporary workers and interprovincial migrants.

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Terms

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Gross Domestic Product, Income-based ($ Millions): Ontario						
	2016	2017	2018	2019	2020	2021
GDP at market prices	792,932	825,805	860,097	890,910	918,682	946,232
% change	4.4	4.1	4.2	3.6	3.1	3.0
Compensation of employees	408,961	428,384	451,789	468,670	485,081	498,783
% change	1.8	4.7	5.5	3.7	3.5	2.8
Net operating surplus: Corporations	112,565	114,585	112,216	113,852	112,249	113,728
% change	15.8	1.8	-2.1	1.5	-1.4	1.3
Personal Income	634,345	663,928	695,928	720,232	743,841	765,429
% change	2.2	4.7	4.8	3.5	3.3	2.9
Primary household income	519,414	544,062	569,418	587,582	605,255	620,876
% change	1.5	4.7	4.7	3.2	3.0	2.6
Household disposable income	438,901	459,368	484,320	499,786	516,723	532,378
% change	2.3	4.7	5.4	3.2	3.4	3.0

Source: Statistics Canada, Central 1 Credit Union. 2018 estimated. Forecast: 2019 - 2021.

Labour Market Indicators: Ontario						
	2016	2017	2018	2019	2020	2021
Source population, 000s	11,523	11,685	11,898	12,099	12,299	12,492
% change	1.2	1.4	1.8	1.7	1.7	1.6
Labour force participation rate %	65.0	64.9	64.5	64.4	64.2	64.0
Labour force, 000s	7,490	7,580	7,673	7,789	7,900	7,999
% change	0.9	1.2	1.2	1.5	1.4	1.3
Employment, 000s	7,000	7,128	7,242	7,343	7,436	7,507
% change	1.1	1.8	1.6	1.4	1.3	1.0
Unemployment, 000s	490	452	431	446	464	492
Unemployment rate, %	6.5	6.0	5.6	5.7	5.9	6.2
Average weekly hours	34	33	34	34	34	34
% change	0.3	-0.9	1.2	-0.1	-0.1	-0.1
Average hourly wage rate, $	33	35	36	36	37	38
% change	0.4	3.8	2.6	2.5	2.3	2.0
Unit labour costs, % change	1.4	2.0	1.7	1.5	1.6	1.5

Source: Statistics Canada, Central 1 Credit Union. Forecast: 2019 - 2021.

Gross Domestic Expenditures ($ Millions): Ontario

	2016	2017	2018	2019	2020	2021
GDP, expenditure-based	792,932	825,805	860,097	890,910	918,682	946,232
% change	4.4	4.1	4.2	3.6	3.1	3.0
Household consumption	450,804	473,689	496,350	516,317	535,795	553,226
% change	4.0	5.1	4.8	4.0	3.8	3.3
Durable goods	57,739	63,395	67,367	69,949	72,191	73,895
% change	8.3	9.8	6.3	3.8	3.2	2.4
Semi-durable goods	31,235	32,457	33,774	35,024	36,281	37,381
% change	2.8	3.9	4.1	3.7	3.6	3.0
Non-durable goods	102,801	107,106	111,130	115,971	120,591	124,906
% change	2.3	4.2	3.8	4.4	4.0	3.6
Services	259,029	270,731	284,079	295,373	306,731	317,043
% change	3.8	4.5	4.9	4.0	3.8	3.4
NPISH consumption	12,834	13,571	14,293	14,914	15,395	15,879
% change	9.1	5.7	5.3	4.3	3.2	3.1
Government current	155,556	161,468	170,094	176,017	182,000	188,206
% change	1.2	3.8	5.3	3.5	3.4	3.4
Government capital	27,102	29,150	32,230	34,185	35,649	35,704
% change	-0.4	7.6	10.6	6.1	4.3	0.2
Business gross fixed capital	135,627	143,750	149,831	151,202	154,734	158,117
% change	3.9	6.0	4.2	0.9	2.3	2.2
Residential investment	66,536	71,471	71,290	71,544	73,190	75,708
% change	13.3	7.4	-0.3	0.4	2.3	3.4
Machinery and equipment	27,868	29,984	32,939	33,363	34,127	34,431
% change	-2.1	7.6	9.9	1.3	2.3	0.9
Non-residential investment	26,323	27,095	30,359	31,034	31,932	32,044
% change	-6.9	2.9	12.0	2.2	2.9	0.4
Intellectual property	14,900	15,200	15,243	15,261	15,486	15,934
% change	-1.1	2.0	0.3	0.1	1.5	2.9
NPISH investment	1,248	1,313	1,445	1,513	1,571	1,618
% change	3.4	5.2	10.1	4.7	3.8	3.0
Final domestic demand	783,171	822,941	864,243	894,147	925,142	952,752
% change	3.3	5.1	5.0	3.5	3.5	3.0
Exports	421,834	429,665	447,107	458,104	467,591	478,031
% change	4.4	1.9	4.1	2.5	2.1	2.2
Imports	410,966	435,391	458,600	466,310	477,611	486,066
% change	1.8	5.9	5.3	1.7	2.4	1.8
Net exports	10,868	-5,726	-11,492	-8,206	-10,020	-8,035
Inventory change	-718	8,087	7,346	4,969	3,560	1,516

Source: Statistics Canada, Central 1 Credit Union. 2018 estimated. Forecast: 2019 - 2021.

Gross Domestic Product, Expenditures ($2012 Millions): Ontario	2016	2017	2018	2019	2020	2021
GDP, expenditure-based	740,712	761,305	779,125	792,923	805,622	818,047
% change	2.3	2.8	2.3	1.8	1.6	1.5
Household consumption	424,274	440,988	453,763	464,181	473,748	480,998
% change	2.7	3.9	2.9	2.3	2.1	1.5
Durable goods	55,067	59,672	62,655	64,176	65,362	66,077
% change	6.3	8.4	5.0	2.4	1.8	1.1
Semi-durable goods	30,891	32,538	33,373	33,950	34,613	35,124
% change	2.9	5.3	2.6	1.7	2.0	1.5
Non-durable goods	98,589	101,289	102,496	105,075	107,051	108,470
% change	1.5	2.7	1.2	2.5	1.9	1.3
Services	239,889	247,719	255,454	261,192	266,925	271,517
% change	2.3	3.3	3.1	2.2	2.2	1.7
NPISH consumption	12,076	12,087	12,468	12,790	12,993	13,186
% change	5.8	0.1	3.2	2.6	1.6	1.5
Government current	147,468	150,477	154,704	157,412	160,231	163,079
% change	0.5	2.0	2.8	1.8	1.8	1.8
Government capital	24,729	26,279	28,219	29,489	30,252	29,837
% change	-0.7	6.3	7.4	4.5	2.6	-1.4
Business gross fixed capital	119,957	123,221	126,832	125,611	126,504	127,294
% change	0.3	2.7	2.9	-1.0	0.7	0.6
Residential investment	57,305	57,884	56,518	55,607	55,911	56,967
% change	7.5	1.0	-2.4	-1.6	0.5	1.9
Machinery and equipment	24,699	26,654	29,147	29,122	29,442	29,392
% change	-4.2	7.9	9.4	-0.1	1.1	-0.2
Non-residential investment	24,562	24,981	27,393	27,449	27,785	27,461
% change	-7.9	1.7	9.7	0.2	1.2	-1.2
Intellectual property	13,391	13,702	13,774	13,433	13,365	13,474
% change	-3.3	2.3	0.5	-2.5	-0.5	0.8
NPISH investment	1,146	1,182	1,260	1,296	1,323	1,343
% change	1.5	3.1	6.6	2.9	2.1	1.5
Final domestic demand	729,751	754,249	776,715	789,788	803,820	814,388
% change	1.8	3.4	3.0	1.7	1.8	1.3
Exports	387,449	394,346	404,828	408,514	410,266	412,759
% change	2.7	1.8	2.7	0.9	0.4	0.6
Imports	378,646	397,839	410,780	411,580	414,547	414,682
% change	1.3	5.1	3.3	0.2	0.7	0.0
Net exports	8,803	-3,493	-5,952	-3,065	-4,281	-1,923
Inventory change	1,152	9,273	5,120	2,454	1,323	-436

Source: Statistics Canada, Central 1 Credit Union. 2018 estimated. Forecast: 2019 - 2021.

Gross Domestic Product by Industry ($2012 Millions): Ontario	2016	2017	2018	2019	2020	2021
All industries	692,800	711,994	728,660	741,563	753,440	765,060
% change	2.4	2.8	2.3	1.8	1.6	1.5
Goods-producing industries	161,459	165,506	169,840	171,858	173,386	174,961
% change	1.8	2.5	2.6	1.2	0.9	0.9
Agriculture, forestry, fishing & hunting	6,536	6,699	6,590	6,715	6,826	6,916
% change	0.3	2.5	-1.6	1.9	1.7	1.3
Mining	7,788	7,426	7,706	7,974	8,033	8,184
% change	0.1	-4.7	3.8	3.5	0.7	1.9
Utilities	13,341	13,374	13,842	14,051	14,186	14,337
% change	1.9	0.2	3.5	1.5	1.0	1.1
Construction	48,362	50,612	52,386	52,695	53,415	53,856
% change	1.2	4.7	3.5	0.6	1.4	0.8
Manufacturing	86,196	88,032	89,963	91,090	91,602	92,354
% change	2.1	2.1	2.2	1.3	0.6	0.8
Service-producing industries	531,078	546,465	558,796	569,281	579,623	589,662
% change	2.8	2.9	2.3	1.9	1.8	1.7
Wholesale trade	45,730	48,458	50,284	50,751	51,326	51,789
% change	3.7	6.0	3.8	0.9	1.1	0.9
Retail trade	32,739	35,134	35,691	36,274	36,827	37,219
% change	4.1	7.3	1.6	1.6	1.5	1.1
Transportation and warehousing	27,633	28,574	29,198	29,888	30,338	30,900
% change	2.9	3.4	2.2	2.4	1.5	1.9
Information and cultural	26,008	26,681	26,641	27,105	27,545	27,943
% change	2.1	2.6	-0.2	1.7	1.6	1.4
Finance, insurance & real estate	99,949	102,364	104,311	106,295	108,246	110,123
% change	4.3	2.4	1.9	1.9	1.8	1.7
Owner-occupied dwellings	55,364	56,929	58,615	60,293	61,952	63,680
% change	2.5	2.8	3.0	2.9	2.8	2.8
Professional, scientific, and technical	45,674	47,175	47,840	48,447	49,236	49,942
% change	2.8	3.3	1.4	1.3	1.6	1.4
Admin., support, management	27,663	27,564	27,470	27,959	28,395	28,831
% change	0.2	-0.4	-0.3	1.8	1.6	1.5
Education	40,671	41,114	42,017	42,719	43,312	43,818
% change	1.8	1.1	2.2	1.7	1.4	1.2
Health care and social assistance	46,910	47,926	50,117	51,185	52,349	53,637
% change	3.2	2.2	4.6	2.1	2.3	2.5
Arts, entertainment and recreation	6,024	6,215	6,319	6,466	6,600	6,723
% change	3.9	3.2	1.7	2.3	2.1	1.9
Accommodation and food	14,791	15,364	15,764	16,169	16,523	16,833
% change	4.9	3.9	2.6	2.6	2.2	1.9
Other services	13,427	13,423	13,700	14,012	14,285	14,547
% change	-1.7	0.0	2.1	2.3	1.9	1.8
Public administration	48,494	49,547	50,830	51,718	52,689	53,677
% change	0.9	2.2	2.6	1.7	1.9	1.9

Source: Statistics Canada, Central 1 Credit Union. Forecast: 2019 - 2021.

Manufacturing Gross Domestic Product ($2012 Millions): Ontario

	2016	2017	2018	2019	2020	2021
Manufacturing	86,196	88,032	89,963	91,090	91,602	92,354
% change	2.1	2.1	2.2	1.3	0.6	0.8
Motor vehicles	6,489	6,012	6,028	5,861	5,580	5,487
% change	2.3	-7.3	0.3	-2.8	-4.8	-1.7
Motor vehicle parts	8,433	8,215	8,865	8,958	8,818	8,840
% change	5.2	-2.6	7.9	1.0	-1.6	0.2
Other transportation equipment	3,143	2,917	3,015	3,030	3,070	3,111
% change	-1.2	-7.2	3.4	0.5	1.3	1.3
Food products	10,744	11,357	11,399	11,631	11,804	11,984
% change	4.9	5.7	0.4	2.0	1.5	1.5
Wood products	1,483	1,604	1,548	1,541	1,552	1,582
% change	8.7	8.2	-3.5	-0.5	0.7	1.9
Paper products	2,281	2,407	2,292	2,292	2,283	2,286
% change	-1.8	5.5	-4.8	0.0	-0.4	0.1
Petroleum and coal products	3,715	3,860	3,811	3,820	3,856	3,674
% change	-4.8	3.9	-1.3	0.2	0.9	-4.7
Chemical products	1,391	1,253	1,282	1,304	1,317	1,318
% change	0.7	-9.9	2.3	1.7	1.0	0.1
Plastic and rubber products	5,337	5,535	5,615	5,677	5,777	5,907
% change	7.0	3.7	1.5	1.1	1.8	2.3
Other Non-metallic mineral products	2,642	2,840	3,002	3,011	3,024	3,055
% change	1.8	7.5	5.7	0.3	0.4	1.0
Cement and Concrete products	1,479	1,615	1,637	1,641	1,660	1,675
% change	3.5	9.2	1.4	0.3	1.2	0.9
Iron and steel products	2,661	2,899	2,965	3,009	3,015	2,989
% change	4.4	8.9	2.3	1.5	0.2	-0.9
Aluminium and nonferrous metal products	1,981	1,782	1,757	1,787	1,795	1,805
% change	1.4	-10.1	-1.4	1.7	0.4	0.5
Fabricated metals	6,076	6,061	6,511	6,773	6,961	7,090
% change	-5.1	-0.2	7.4	4.0	2.8	1.8
Machinery	7,283	8,408	8,932	9,098	9,129	9,137
% change	-0.6	15.5	6.2	1.9	0.3	0.1
Computer and electronic products	3,212	3,242	3,023	2,992	2,967	3,076
% change	1.4	0.9	-6.7	-1.0	-0.8	3.7
Other manufacturing	9,179	9,223	9,199	9,404	9,552	9,722
% change	3.7	0.5	-0.3	2.2	1.6	1.8

Source: Statistics Canada, Central 1 Credit Union. Forecast: 2019 - 2021.

Population (Persons - thousands): Ontario	2016	2017	2018	2019	2020	2021
Population	13,875.4	14,071.4	14,322.8	14,585.4	14,835.5	15,062.3
% change	1.2	1.4	1.8	1.8	1.7	1.5
Births	139.9	141.9	145.2	147.1	150.9	154.3
Deaths	97.2	101.1	104.5	107.4	110.1	112.9
Natural increase	42.8	40.8	40.7	39.7	40.8	41.4
Net migration	135.9	155.2	210.6	222.9	209.3	185.5
Net international	126.9	141.8	192.7	203.4	200.8	185.5
Net interprovincial	9.1	13.4	17.9	19.5	8.5	0.0

Source: Statistics Canada, Central 1 Credit Union. Note: As of July 1. Forecast: 2019 - 2021.

Key External Economic Forecasts	2016	2017	2018	2019	2020	2021
U.S. real GDP, % chg.	1.6	2.2	3.0	2.2	1.8	1.7
Canada real GDP, % chg.	1.1	3.0	1.9	1.7	1.7	1.6
European Union real GDP, % chg.	1.9	2.5	1.5	1.7	1.6	1.5
China real GDP, % chg.	6.7	6.0	6.5	6.2	6.1	5.9
Japan real GDP, % chg.	1.0	1.7	0.8	1.0	0.4	1.0
Canada 3-month t-bill, %	0.50	0.71	1.37	1.70	2.00	2.00
Canada GoC long-term bond, %	1.80	2.18	2.36	2.40	2.50	2.55
U.S.-Canada exchange rate, cents/dollar	75.4	77.0	77.2	76.0	76.6	77.2
Crude oil WTI, US$ per barrel	43.0	51.0	65.0	59.0	61.0	63.0
Henry Hub, US$ mmbtu	2.52	2.99	3.17	2.85	2.90	3.00

Source: Statistics Canada, IMF, Bank of Canada, EIA, Central 1 Credit Union