# Economic Analysis of Ontario

central 1

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## Ontario Economic Forecast 2020-2023

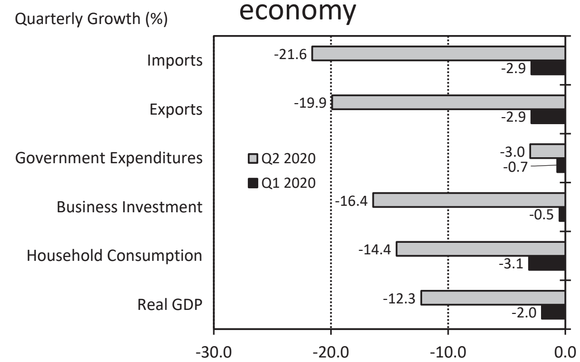
### HIGHLIGHTS

- Post-summer Ontario's economic recovery will be very muted
- Real GDP expected to decline by six per cent in 2020, in 2021 and 2022 real GDP will expand by 4.4 per cent and 2.7 per cent respectively and by 2023 settle at 1.8 per cent growth
- Ontario economy not expected to return to pre-pandemic levels until 2022 in baseline scenario, further shocks such as prolonged lockdowns will hamper and draw out recovery further
- Annual unemployment rate to average 9.8 per cent in 2020 and gradually move to 6.6 per cent by 2023
- Population growth to remain below trend for the entire forecast largely due to fewer immigrants

### INTRO

Following some quick wins as Ontario's economy opened in May, and consumers left their homes to spend, some cracks are starting to become evident and provide significant drag to the recovery phase. Structural employment will be an issue into 2021 and some sectors will take long to recover (i.e., tourism) or witness permanent cut staff (i.e., some restaurants and personal services). Not until COVID-19 is firmly in the rear-view mirror and all or most economy zapping public health measures are relaxed will business and consumer confidence get back on track and drive expansion and expenditures.

COVID-19 affected all areas of the economy




Source: Ontario Finance, Central 1 CU Latest: Second quarter 2020
Note: Real seasonally adjusted GDP at 2012 prices presented

In 2020, nominal gross domestic output (GDP) is forecast to fall 5.7 per cent (real GDP will fall by 6.0 per cent in 2020) and annual average employment growth will recoil 5.2 per cent contributing to an unemployment rate which will settle at 9.8 per cent.

**Labour Market**

Since the restart, Ontario's unemployment rate continues to trend lower as employers continue recalling laid off or furloughed workers. After reaching a record high of 13.6 per cent in May with over 1.2 million workers sidelined the unemployment rate has steadily slid down to 10.6 per cent in August as 58 per cent of jobs lost have returned. Moreover, the June to August period hiring growth has averaged 3.4 per cent. In August hiring increased two per cent month-over-month the strongest pick-up in hiring nationwide.

### Forecast Summary: Ontario

#### Provincial Forecast

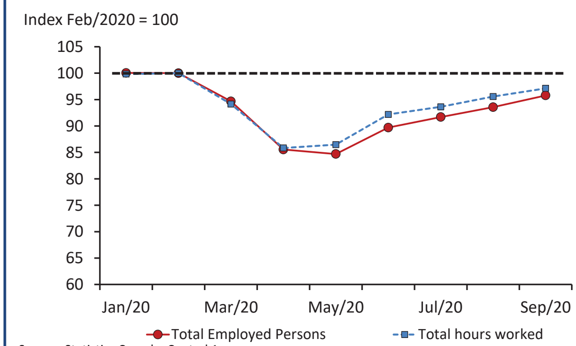
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Real GDP, % chg. | 2.9 | 2.2 | 1.7 | -6 | 4.4 | 2.7 | 1.8 |
| Nominal GDP, % chg. | 4.6 | 3.7 | 3.8 | -5.7 | 5.3 | 4.8 | 3.7 |
| Employment, % chg. | 1.8 | 1.6 | 2.9 | -5.2 | 3.9 | 2.2 | 2.1 |
| Unemployment Rate (%) | 6.0 | 5.6 | 5.6 | 9.8 | 7.7 | 7.2 | 6.6 |
| Population, % chg. | 1.4 | 1.7 | 1.7 | 1.3 | 0.7 | 1.2 | 1.1 |
| Housing starts, units (000s) | 79.1 | 78.7 | 69.0 | 80.8 | 73.3 | 74.4 | 73.2 |
| Retail sales, % chg. | 7.7 | 4.4 | 2.8 | -6.1 | 5.0 | 5.4 | 4.5 |
| Personal income, % chg. | 4.5 | 4.5 | 4.2 | 6.0 | -5.5 | 4.1 | 3.7 |
| Net operating surplus: Corporations, % chg. | 2.7 | -0.9 | 2.0 | -14.4 | 0.8 | 6.1 | 1.0 |
| Consumer price index, % chg. | 1.7 | 2.4 | 1.9 | 0.3 | 1.6 | 2.0 | 1.7 |

Source: Statistics Canada, CMHC, Central 1 CU Forecast.

Digging deeper some frailties are evident; hiring growth since June remains nearly evenly split between part-time and full-time work. Some employers gradually getting back up and running are choosing to rehire staff on part-time basis due to weaker demand and minimize further risks. This leaves some workers underused working a few days at their job and the rest of the week at home and potentially supplementing income from programs such as Employment Insurance and CERB. Others are underused, working part-time hours due to childcare responsibilities or because they are caring for at-risk loved ones.

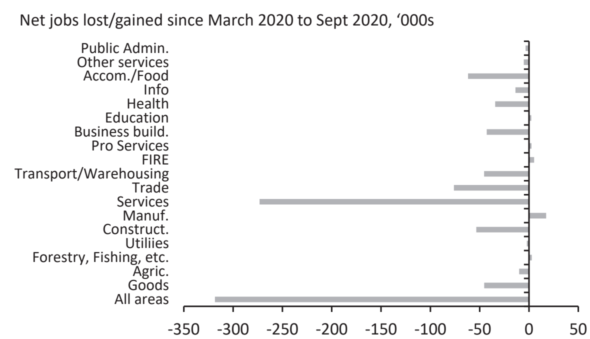
The nature of the pandemic on the labour market has been uneven. Goods have faced a shallower fall and quicker recovery, while some client facing service sectors continue to struggle, and some have simply not survived. The latest data from the Labour Force Survey (LFS) alludes to this trend with self-employed workers in August falling by 2.4 per cent adding to a 1.6 per cent drop in July. Service areas which have pivoted to greater online presence have faced shallower drops in activity. Those that rely on constant regular contact with the public such as accommodation and food services (year-to-date (YTD) fall in employment of 27.9 per cent), information, culture, and recreation (YTD fall in employment of 10.7 per cent) and private services (YTD fall in employment of nine per cent) continue to struggle and many have already closed permanently.

Not all jobs have returned, and many working are being underused




Source: Statistics Canada, Central 1
Latest: Sep.-20

Client-facing sectors in services hardest hit




Source: Statistics Canada, Central 1 Credit Union

## Housing and Retail

Both the resale homes market and retail sales have had strong rebounds in activity since the restart with demand for resale homes outperforming consensus expectations. Factors such as low mortgage rates, greater uptake of remote work, increased demand for low-rise housing to the detriment of condo apartments, and increased savings have lifted resale home demand.

Many households have been fairly insulated from job loss, cuts in pay, or reduced hours. It is this group that is taking advantage of the current situation. Ontario's housing market has been very tight since the restart with many buyers chasing too few listings. Year-to-date average prices are tracking over 15 per cent ahead of 2019.

According to the Canadian Real Estate Association's (CREA) since the restart in the seven metro markets surveyed the constant quality housing price index (HPI) growth has averaged 12 per cent year-over-year. Moreover, in August, the HPI growth was strongest in metro areas outside of the Greater Toronto Area. Remote work has allowed many potential buyers to not be restrained by geography.

Strong homeownership demand has helped insulate the province's finance, insurance, real estate, and leasing sector. Losses in rental from fewer students, less tourism, less immigration, and fewer young workers starting their own households have been offset by gains to ownership demand.

YTD, retail sales still lag last year's activity by 8.3 per cent but the gap is gradually closing. After months at home consumers have taken advantage of the good weather over the summer and gone out to bar and restaurant patios and coffee shops. Foot traffic remains limited at some shops, but greater use of online shopping is helping to prop up revenues. With the fall and winter approaching sales will likely slow down as fewer people will risk being in public. It is worth note that some slowdown is already occurring, month-over-month sales in August increased by 0.3 per cent, the lowest increase since the restart.

## Manufacturing and Exports

Manufacturing sales have faced a strong rebound since the restart posting very strong month-over-month growth over the three-month period from May to July. The rebound comes from areas such as food production, new autos and auto parts, plastics (boosted by strong car production), and petroleum and coal products.

There is a strong demand for new cars as fewer people wish to take public transit, especially in dense urban centers, which has propped up manufacturing sales. Petroleum sales, a complimentary good to car sales, have benefited from more private car use.

Finally, more households cooking at home has increased the demand for food products.

Rebounding foreign demand for goods has driven manufacturing and exports. From May to July export growth averaged about 24 per cent month-over-month. August data shows a strong 9.1 per cent contraction of exports mostly on weaker U.S. demand. The U.S. faces many obstacles to their economic recovery, and this will put downward pressure on Ontario manufacturing and exports post summer.

**Health and social services**

Growth in this sector is inevitable given the pandemic. Recently, the government enacted an hourly pay increase for personal support workers to attract qualified workers to the field to work in at-risk areas such as long-term care homes and prevent the tragedies seen in these homes during the spring from happening again. Moreover, Ontario has a slew of hospital projects in the pipeline from the Civic Hospital Project in Ottawa, to the nearly finished Mackenzie-Vaughan Hospital north of the City of Toronto. These investments will need qualified nurses and doctors and growth in this sector is expected especially if a stronger wave of infections materializes in the fall and winter. Hospital capacity will need to increase to treat Ontarians affected by the pandemic. Downside risks to growth in this sector stems from areas such as general practitioner offices that may be seeing fewer clients given public health measures and are therefore making less revenue.

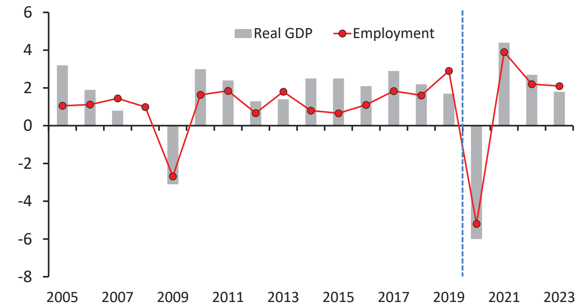
Emphasis on mental health services will continue to support growth in this sector in the second half of 2020. With pandemic-related stress and social distancing practices in place a greater need exists for social workers and therapists.

**Education**

With the fall and winter arriving and pre-schools, primary, and secondary schools back in session this sector has rebounded and intensified its needs. Greater demand for online learning and smaller classes calls for more qualified teachers with some retired teachers asked to renew their standing to assist. Post-secondary, with about 3.5-4.0 per cent of its students coming from abroad, is facing some challenges as many are unable to come for school due to border and travel restrictions, while others are just deferring to the 2021-22 school year. The need for administrative and maintenance staff may be waning.

## Economic recovery begins in 2021

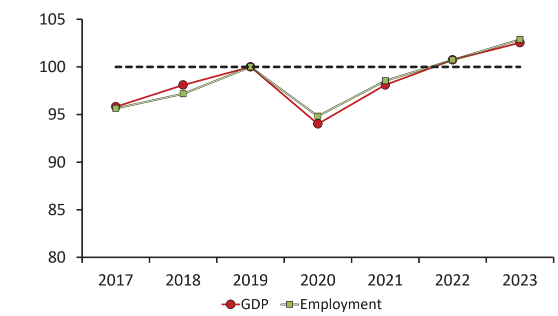
Ontario economic indicators, year-over-year per cent change




Source: Statistics Canada, Ontario Finance Ministry , Central 1 Credit Union
Latest: 2023

## Output and employment to return to pre-COVID level in 2022

Index 2019= 100




Source: Statistics Canada, Central 1

**Construction**

Strong new housing demand from 2019 has provided a strong handoff into 2020 allowing the sector to recover much stronger relative to others. A backlog of projects left at the blueprint stage in the spring are starting to break ground. Barring any building site closures activity should continue to ramp up in residential construction. One downside risk is the possibility of skilled labour shortages affecting the start and completions of projects. Non-residential building activity is lagging last year's pace as expected as business owners shelve expansion plans or downgrade the scope. Over the first seven months of 2020 non-residential building intentions are down 4.5 per cent largely on fewer industrial and institutional projects. Commercial projects are up likely stemming from growth in the tech sector, distribution facility (i.e., Amazon's project python in Ottawa) offsetting losses to brick and mortar retail shops.

### Hospitality and food services

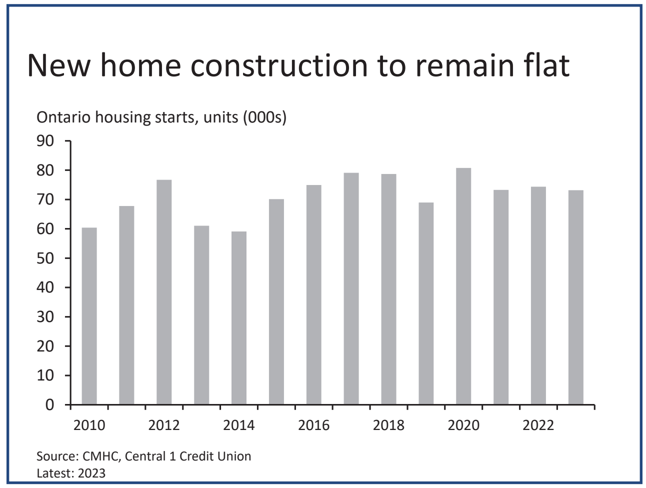
This sector continues to be hard hit as border restrictions, stronger public health measures, and the fear of exposure to the virus keeps many international tourists away. Since the start of the pandemic in March until June year-over-year tourist visits have fallen by an average of 86.8 per cent, year-to-date total tourist visits are lagging last year's pace by 68.7 per cent.

Moreover, Canadians are staying put and not seeing as much of the country and instead continue to save funds should the economy downturn further over the rest of 2020 and beyond. Despite hotels and restaurants offering very attractive deals to entice people to travel activity remains muted. Over the first six months of 2020 hotel occupancy rates obtained from the Ontario Ministry of Heritage, Sport, Tourism, and Culture Industries stood at 34.3 per cent, the lowest level since 2001. Revenue per available room has fallen significantly due to slack in the market. Year-to-date this metric stood at $46.21 down 55.6 per cent from last year and 39.7 per cent from the long-term average.

In the fall Ontario tightened restrictions on restaurants, banquet halls, and social congregations. Regional lockdowns in hot spots like those put in place in the spring are still possible as COVID-19 cases increase. Large restrictions will only hurt this sector further and business closures, payroll cuts and labour cuts are expected to rise in the last quarter.

### Major Projects

Ontario has a slew of projects in the works that provide modest support as we exit the health crisis. While the list is long and diverse a few significant projects are worth mentioning. In transportation Metrolinx continues to expand the public transportation system and by 2022 the Eglinton light rail train will open in Toronto. In Ottawa-Gatineau, expansions to their light rail train system continue. Moreover, in transportation and warehousing, Amazon has two major projects in Ottawa, first the 1.02 million squared foot distribution centre in southeastern Ottawa and more recently the project python in Barhaven, a suburb in the Ottawa metro area. As e-commerce has gained popularity during this pandemic these projects will allow Ottawa to benefit from growth in this sector. Finally, several health and social services projects in hospitals from the Ottawa Civic Hospital, the Kingston General Hospital, the CAMH Queen Street redevelopment, and the new Mackenzie Vaughan Hospital will support growth in Ontario and ensure an aging population is properly cared for.




## THE OUTLOOK

After an initial burst in activity since the restart in summer the Ontario economy has started to settle into a muted recovery handcuffed not only significant uncertainty to the labour market but also by continued public health policies, travel restrictions, increased savings by households for a rainy day and the absence of an effective and widely available vaccine. Ontario will not see pre-pandemic levels of activity until early to mid-2022.

### Ontario economic recovery to be modest, pre-pandemic output will not be reached again until 2022

Ontario's economy has shown some strength since the economic restart which began in May and has steadily picked up pace once all regions entered the third phase of reopening. Despite a robust early stage rebound, annual real gross domestic product is forecast to decline 6.0 per cent in 2020. Given some drag on the recovery in 2021 real GDP is forecast to grow 4.4 per cent (down 0.6 percentage points from our June forecast). Economic output remains however below pre-pandemic levels given the weak base year effect. Low interest rates will provide some support for growth, but shell-shocked businesses and some households will take a wait and see approach. Real output is not expected to return to 2019 levels until mid to late 2022. Real GDP is forecast to expand by 2.7 per cent in 2022 and 1.8 per cent in 2023.

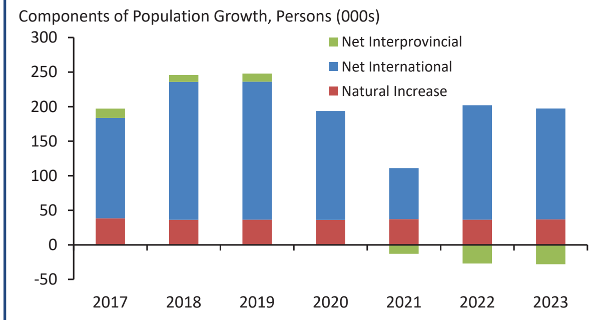
We anticipate an effective vaccine to be made available by early 2021, but deployment lags will mean a slow road back for the economy. It is very possible that current public health directives such as mask wearing, physical distancing, and controls on congregation sizes will continue for most of 2021 and points to ongoing struggles for businesses and the likelihood of more permanent closures.

Over the summer, restaurants were able maintain moderate revenues as outdoor patios increased capacity amidst physical distancing. The fall and winter months will negate these gains, and establishments will again operate at reduced capacity and in some cases shutter their doors permanently. Moreover, with borders expected to remain largely closed, with some minor exceptions, for the foreseeable future tourism-linked areas such as hotels will continue to feel the crunch. Real GDP output in the accommodation and food services sector is forecast to fall 27.7 per cent in 2020. Pre-pandemic output in this sector is not expected to return until mid-decade, right around the time many experts are calling for air travel to recover. Retail sales, another area with constant client exposure will see significantly less revenues in 2020 as consumers remain skittish and wallets closed. Greater use of e-commerce will support some revenue growth in this sector but not enough to offset less foot traffic at shops. Private services, including elective and discretionary medical services, will continue to operate at lower capacity due to physical distancing at offices and is not expected to produce post pre-pandemic output until after 2023. Education related output will also decline by 4.2 per cent in 2020, reflecting the shift of campuses to online and fewer international students and impacts on both public institutions and private colleges.

Not all services-sectors will fare poorly in 2020. Those able to pivot to online or towards remote work to protect their employees such as professional and scientific services, finance, health and social assistance (i.e. telemedicine), and government services will continue to remain relatively unscathed and face shallower losses. That said, post 2020, growth will remain modest as businesses will be very cautious regarding expansion plans.

Goods-oriented sectors will face shallower losses compared to the services-sector given the very difference in the nature of the work in one sector relative to the other allowing for more physical distancing etc. While elevated government deficits will curtail some planned investments, prior investment decisions related to hospitals, schools and transportation infrastructure will continue to maintain a substantial

Restricted travel will affect immigration before rebound begins in 2022




Source: Statistics Canada, Central 1

number of capital construction investments. Similarly, crown corporation construction investment will also remain firm (i.e., CMHC's affordable housing projects), offsetting some weakness in investment in machinery and equipment spending. New home construction, a lagging indicator, is expected to rise 17.1 per cent in 2020 to 80,800 units reflecting pre-pandemic demand and sales. Post 2020, new home construction will range between 73,200 units and 74,400 units from 2021 to 2023 below the 2017 to 2019 average of 75,600 units on lower population and household formation growth and big-ticket household spending.

The resale home market is forecast to nearly erase the shortfall caused during the stay at home orders in the spring. Once the market reconvened pent-up demand fueled by low mortgage rates ensured the market remained tight for 2020. Over the rest of the forecast horizon a muted economic recovery and weaker household formation will keep growth range bound. Mortgage rates are not expected to start climbing until 2022. Low rates will benefit some buyers, but overall fewer buyers will be actively looking due to the precarity of the recovery.

Manufacturing also remains on the rebound as sectors like food manufacturing, other chemicals manufacturing, plastics and rubbers manufacturing, motor vehicles and parts manufacturing, and fabricated metals manufacturing benefit from new auto production demand, personal protection equipment manufacturing, hand sanitizer and cleaners, and household food demand. Machinery manufacturing will face some headwinds as businesses follow a modest investment path post 2020 until the economy is back to pre-pandemic activity.

Global travel restrictions, closed consular services offices, and largely closed Canadian borders (with some recent tweaks by government to allow close family to cross) will all put significant downward pressure on international flows of permanent and non-permanent residents into Ontario in 2020 slowing down population growth. On a July to July basis, population growth declined by 1.3 per cent in 2020 from 1.7 per cent in 2019 due to an interprovincial movement drop of 0.6 per cent but largely from a 21.1 per cent fall to net international movements. Post 2020, population will grow by 0.7 per cent in 2021, 1.2 per cent in 2022 and by 1.1 per cent by 2023 reflecting the ongoing restrictions through the second half of 2020. Net inter-provincial and net international migration levels are not expected to return to pre-pandemic levels in the forecast horizon having averse multiplier effects on consumer demand, post-secondary education demand, and consumer spending among other areas keeping the post pandemic economic recovery range bound.

On an expenditure basis, real GDP is expected to gradually rebound in 2021 on growing household expenditures as consumer confidence increases. Goods will rebound faster than services given the need for public health measures to remain in place for most of 2021. Government current expenditures start receding by 2021 as the economy begins to firm up and needs less government support. Business gross fixed capital and machinery and equipment expenditures begin to rebound by 2021 by 8.1 per cent and 7.2 per cent as businesses that survive the pandemic play catch up and take advantage of low mortgage rates to rebuild. Beyond this rebound growth in both these areas is range bound.

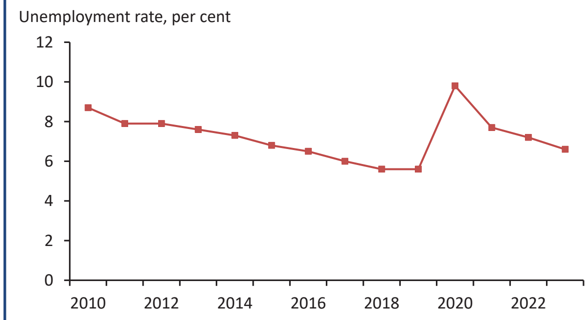
Exports are forecast to contract by 14.1 per cent in 2020 rebounding by six per cent in 2021 and grow by a range of 2.7 to four per cent over 2022-23. The recovery post 2020 will be due to stronger global demand as borders gradually reopen to people and products. That said, pre-pandemic real export levels will not be reached until mid-decade.

**Ontario Labour Market**

Ontario's unemployment rate is forecast to swell up to 9.8 per cent in 2020 as hiring falls by 5.2 per cent. Constrained household demand focused largely on essential expenditures will shave business revenues significantly compelling many employers to reduce current payrolls and put labour, machinery, equipment, and space expansion plans on hold. Unfortunately, not all businesses will survive 2020 despite robust supports from all levels of government and higher than average business closures will lift the unemployment rate.

While hiring falls the labour force is forecast to remain nearly unchanged as many Ontarians will be actively looking for work after being laid off or furloughed in the spring.

Unemployment rate will not return to pre-pandemic level by 2023




Source: Statistics Canada, Central 1
Latest: 2023

Household's primary household income in 2020 is forecast to fall by 3.5 per cent due to a fall in compensation income of 3.9 per cent even. Government transfers while above trend given the circumstances of the pandemic are not sufficient to offset labour income losses.

For 2021, employment is forecast to move up 3.9 per cent as various sectors continue to rebuild and new ones emerge. The unemployment rate will move down to 7.7 per cent. Household primary income is forecast to rebound by 3.7 per cent as labour income rebounds by four per cent and government transfer payments paid fall by over 32 per cent.

Employment is not forecast to return to its pre-pandemic level until 2022. Over the latter part of the forecast employment is forecast to grow in the range of 2.1 per cent and 2.2 per cent from 2022 to 2023 and the unemployment rate will move down to 7.2 per cent in 2022 and to 6.6 per cent in 2023. The unemployment rate is not expected to return to pre-pandemic level until much later in the decade. Structural unemployment will be an issue as some jobs are likely to never return. Immigration will gradually rebound over the latter part of the forecast helping to boost the labour force.

Household primary income will increase in the range of 3.7 per cent and 4.3 per cent over the last two years of the forecast on more robust labour income as the economy continues to rebuild and move towards full capacity and beyond on greater domestic and international trade.

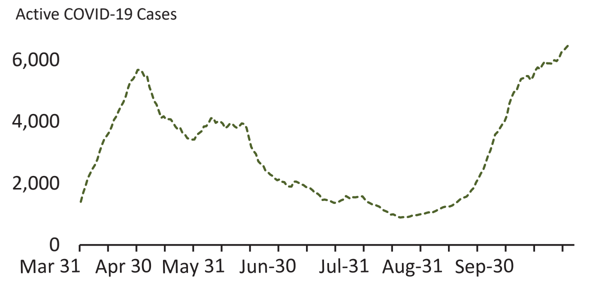
**Risk to economic and social rebound remain high**

Key risks to the outlook persist, and invariably reflect the evolution of COVID-19 and vaccine availability and timing.

In the immediate term the prospect of a strong second wave of infections is front and centre. Recently active cases and weekly rolling infection averages continue trending up. Recently, the province reverted hot spot regions (i.e., City of Toronto, Peel Region, York Region, and Ottawa) back to a modified stage two with closures to areas such as cinemas, gyms and bars and restaurants to try and tamp down the infection rate. Should these policies not be sufficient further restrictions are a real possibility in these hotspots as well as other regions of the province unable to keep the spread of the virus at a manageable level. Such policies provide significant downside risk to the the baseline forecast presented above. Under additional or strict prolonged closures business stress will increase, unemployment will rise and the fall in economic activity will be deeper and the recovery will be stretched out much longer. Recall, many of the metrics in the baseline point to a return to pre-pandemic levels by 2022. Under additional shutdowns this can be pushed back to 2023 or as far as 2025.

The timely diffusion of new technologies over the next three months such as therapeutics (i.e., monoclonal antibodies), rapid lab tests, and rapid at home tests could protect the economy from going into a second hibernation as those measures will help control out-breaks and improve patient outcomes and the social and economic costs to society from further infections and deaths.

Current second wave a significant downside risk to economic recovery




Source: Ontario Public Health, Central 1 CU
Note: Latest- October 25, 2020. Active cases are the difference between daily total cases and healed and resolved cases since March 31, 2020

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| Gross Domestic Product, Expenditures ($2012 Millions): Ontario Provincial Forecast | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| GDP, expenditure-based | 761,818 | 778,518 | 791,885 | 744,450 | 776,840 | 797,701 | 812,007 |
| % change | 2.9 | 2.2 | 1.7 | -6 | 4.4 | 2.7 | 1.8 |
| Household consumption | 442,579 | 453,733 | 463,715 | 428,836 | 449,342 | 470,873 | 482,494 |
| % change | 4.1 | 2.5 | 2.2 | -7.5 | 4.8 | 4.8 | 2.5 |
| Durable goods | 59,746 | 61,479 | 63,600 | 52,846 | 58,170 | 63,175 | 67,684 |
| % change | 8.5 | 2.9 | 3.4 | -16.9 | 10.1 | 8.6 | 7.1 |
| Semi-durable goods | 32,544 | 33,250 | 34,235 | 31,148 | 32,602 | 33,536 | 33,925 |
| % change | 5.6 | 2.2 | 3 | -9 | 4.7 | 2.9 | 1.2 |
| Non-durable goods | 103,562 | 106,123 | 108,049 | 106,251 | 108,010 | 109,941 | 110,638 |
| % change | 2.9 | 2.5 | 1.8 | -1.7 | 1.7 | 1.8 | 0.6 |
| Services | 246,950 | 253,103 | 258,109 | 238,712 | 250,673 | 264,251 | 270,326 |
| % change | 3.4 | 2.5 | 2 | -7.5 | 5 | 5.4 | 2.3 |
| NPISH consumption | 12,501 | 12,524 | 12,716 | 12,804 | 12,858 | 12,277 | 12,413 |
| % change | -0.6 | 0.2 | 1.5 | 0.7 | 0.4 | -4.5 | 1.1 |
| Government current | 151,570 | 157,110 | 160,906 | 162,870 | 163,810 | 164,555 | 165,855 |
| % change | 2 | 3.7 | 2.4 | 1.2 | 0.6 | 0.5 | 0.8 |
| Government capital | 27,147 | 28,829 | 30,003 | 28,486 | 27,340 | 27,099 | 27,906 |
| % change | 7.9 | 6.2 | 4.1 | -5.1 | -4 | -0.9 | 3 |
| Business gross fixed capital | 123,580 | 125,310 | 123,528 | 112,079 | 121,174 | 124,447 | 126,758 |
| % change | 3.8 | 1.4 | -1.4 | -9.3 | 8.1 | 2.7 | 1.9 |
| Residential investment | 57,847 | 55,916 | 55,708 | 53,778 | 58,458 | 59,194 | 59,998 |
| % change | 0.6 | -3.3 | -0.4 | -3.5 | 8.7 | 1.3 | 1.4 |
| Machinery and equipment | 25,831 | 28,800 | 28,954 | 25,042 | 26,835 | 28,234 | 29,007 |
| % change | 13.9 | 11.5 | 0.5 | -13.5 | 7.2 | 5.2 | 2.7 |
| Non-residential investment | 25,389 | 25,653 | 24,362 | 21,833 | 24,039 | 24,966 | 25,231 |
| % change | 3.2 | 1 | -5 | -10.4 | 10.1 | 3.9 | 1.1 |
| Intellectual property | 14,513 | 14,941 | 14,504 | 11,425 | 11,843 | 12,052 | 12,522 |
| % change | 1.9 | 2.9 | -2.9 | -21.2 | 3.7 | 1.8 | 3.9 |
| NPISH investment | 874 | 852 | 825 | 871 | 907 | 889 | 874 |
| % change | 0.8 | -2.5 | -3.2 | 5.5 | 4.2 | -2 | -1.7 |
| Final domestic demand | 758,234 | 777,935 | 790,969 | 745,496 | 775,157 | 799,772 | 815,767 |
| % change | 3.7 | 2.6 | 1.7 | -5.7 | 4 | 3.2 | 2 |
| Exports | 386,097 | 389,508 | 397,455 | 341,428 | 361,982 | 376,475 | 386,813 |
| % change | 0.4 | 0.9 | 2 | -14.1 | 6 | 4 | 2.7 |
| Imports | 390,716 | 396,872 | 402,348 | 347,027 | 372,805 | 389,544 | 398,593 |
| % change | 3.1 | 1.6 | 1.4 | -13.7 | 7.4 | 4.5 | 2.3 |
| | | | | | | | |
| Net exports | -4,619 | -7,364 | -4,893 | -5,599 | -10,823 | -13,069 | -11,780 |
| Inventory change | 7,438 | 7,218 | 6,125 | -4,786 | 631 | 2,724 | 647 |

Source: Statistics Canada, Central 1 CU Forecast.

## Gross Domestic Product by Industry ($2012 Millions): Ontario Provincial Forecast

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| All industries | 713,254 | 730,276 | 744,440 | 699,847 | 730,296 | 749,907 | 763,356 |
| % change | 3 | 2.4 | 1.9 | -6 | 4.4 | 2.7 | 1.8 |
| Goods-producing industries | 167,302 | 171,266 | 170,480 | 153,829 | 163,039 | 167,643 | 170,604 |
| % change | 2.8 | 2.4 | -0.5 | -9.8 | 6 | 2.8 | 1.8 |
| Agriculture, forestry, fishing & hunting | 7,537 | 7,886 | 8,575 | 7,827 | 7,979 | 8,191 | 8,258 |
| % change | 3.8 | 4.6 | 8.7 | -8.7 | 1.9 | 2.7 | 0.8 |
| Mining | 8,412 | 8,355 | 7,816 | 6,318 | 6,874 | 7,285 | 7,435 |
| % change | -7.4 | -0.7 | -6.4 | -19.2 | 8.8 | 6 | 2.1 |
| Utilities | 13,438 | 14,016 | 14,364 | 13,359 | 13,732 | 14,014 | 14,138 |
| % change | -0.1 | 4.3 | 2.5 | -7 | 2.8 | 2.1 | 0.9 |
| Construction | 51,011 | 51,915 | 50,792 | 48,567 | 50,940 | 51,609 | 52,321 |
| % change | 6 | 1.8 | -2.2 | -4.4 | 4.9 | 1.3 | 1.4 |
| Manufacturing | 87,292 | 89,619 | 89,281 | 78,054 | 83,848 | 86,882 | 88,787 |
| % change | 2.3 | 2.7 | -0.4 | -12.6 | 7.4 | 3.6 | 2.2 |
| Service-producing industries | 546,925 | 559,893 | 574,996 | 546,191 | 567,428 | 582,428 | 592,916 |
| % change | 3 | 2.4 | 2.7 | -5 | 3.9 | 2.6 | 1.8 |
| Wholesale trade | 46,479 | 46,757 | 47,989 | 44,320 | 47,203 | 48,991 | 49,954 |
| % change | 4.3 | 0.6 | 2.6 | -7.6 | 6.5 | 3.8 | 2 |
| Retail trade | 36,287 | 37,112 | 37,948 | 35,733 | 37,828 | 39,391 | 40,248 |
| % change | 7.3 | 2.3 | 2.3 | -5.8 | 5.9 | 4.1 | 2.2 |
| Transportation and warehousing | 28,679 | 29,497 | 29,850 | 25,932 | 27,387 | 28,517 | 29,147 |
| % change | 4.1 | 2.9 | 1.2 | -13.1 | 5.6 | 4.1 | 2.2 |
| Information and cultural | 27,539 | 27,884 | 28,698 | 25,681 | 26,961 | 28,014 | 28,635 |
| % change | 3.5 | 1.3 | 2.9 | -10.5 | 5 | 3.9 | 2.2 |
| Finance, insurance & real estate | 101,637 | 102,699 | 106,012 | 104,065 | 107,769 | 110,975 | 113,585 |
| % change | 2.5 | 1 | 3.2 | -1.8 | 3.6 | 3 | 2.4 |
| Owner-occupied dwellings | 57,236 | 58,914 | 60,347 | 61,801 | 63,542 | 65,247 | 66,340 |
| % change | 3 | 2.9 | 2.4 | 2.4 | 2.8 | 2.7 | 1.7 |
| Professional, scientific, and technical | 48,508 | 50,953 | 53,747 | 50,781 | 53,340 | 55,014 | 56,405 |
| % change | 3.6 | 5 | 5.5 | -5.5 | 5 | 3.1 | 2.5 |
| Admin., support, management | 26,827 | 27,260 | 27,454 | 25,066 | 26,257 | 27,071 | 27,626 |
| % change | -0.1 | 1.6 | 0.7 | -8.7 | 4.8 | 3.1 | 2 |
| Education | 40,956 | 42,075 | 42,664 | 40,853 | 40,879 | 40,706 | 40,463 |
| % change | 1.7 | 2.7 | 1.4 | -4.2 | 0.1 | -0.4 | -0.6 |
| Health care and social assistance | 47,708 | 49,386 | 51,032 | 49,998 | 50,713 | 51,109 | 51,711 |
| % change | 2.4 | 3.5 | 3.3 | -2 | 1.4 | 0.8 | 1.2 |
| Arts, entertainment and recre-ation | 6,154 | 6,301 | 6,425 | 4,556 | 5,182 | 5,488 | 5,628 |
| % change | 3.5 | 2.4 | 2 | -29.1 | 13.7 | 5.9 | 2.6 |
| Accommodation and food | 15,166 | 15,408 | 15,733 | 11,368 | 12,806 | 13,590 | 13,933 |
| % change | 4.1 | 1.6 | 2.1 | -27.7 | 12.7 | 6.1 | 2.5 |
| Other services | 13,491 | 13,600 | 13,764 | 11,890 | 12,711 | 13,079 | 13,359 |
| % change | 0.7 | 0.8 | 1.2 | -13.6 | 6.9 | 2.9 | 2.1 |
| Public administration | 50,260 | 52,046 | 53,334 | 54,149 | 54,850 | 55,238 | 55,883 |
| % change | 2.5 | 3.6 | 2.5 | 1.5 | 1.3 | 0.7 | 1.2 |

Source: Statistics Canada, Central 1 CU Forecast.

## Employment by Industry (000s): Ontario
## Provincial Forecast

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| All Industries | 7,128 | 7,242 | 7,453 | 7,067 | 7,344 | 7,507 | 7,668 |
| % change | 1.8 | 1.6 | 2.9 | -5.2 | 3.9 | 2.2 | 2.1 |
| Agriculture | 68.5 | 69 | 74 | 73.6 | 73.7 | 73.4 | 72.3 |
| % change | -11.8 | 0.7 | 7.2 | -0.6 | 0.2 | -0.5 | -1.4 |
| Other primary | 35.1 | 34.8 | 35.3 | 33.3 | 34.2 | 34.9 | 35.6 |
| % change | -2 | -0.9 | 1.4 | -5.7 | 2.8 | 2.1 | 1.8 |
| Utilities | 47.2 | 56.6 | 54.7 | 51.8 | 52.8 | 53.4 | 53.8 |
| % change | -4.6 | 19.9 | -3.4 | -5.2 | 1.8 | 1.2 | 0.7 |
| Construction | 512.5 | 525.1 | 542.8 | 534.4 | 549.1 | 557.3 | 568.6 |
| % change | 1.7 | 2.5 | 3.4 | -1.5 | 2.7 | 1.5 | 2 |
| Manufacturing | 769.3 | 767.6 | 761.1 | 704.4 | 725.2 | 734.1 | 747.5 |
| % change | 2.4 | -0.2 | -0.8 | -7.4 | 3 | 1.2 | 1.8 |
| Trade | 1,069 | 1,074 | 1,098 | 1,045 | 1,091 | 1,128 | 1,161 |
| % change | 3.5 | 0.5 | 2.3 | -4.8 | 4.4 | 3.3 | 2.9 |
| Transportation & warehousing | 341.4 | 379.1 | 403 | 367.4 | 377.3 | 385.7 | 395.8 |
| % change | 4.3 | 11 | 6.3 | -8.8 | 2.7 | 2.2 | 2.6 |
| FIREL | 560.5 | 563.9 | 588.2 | 608 | 628.3 | 646.3 | 660.7 |
| %change | 0.9 | 0.6 | 4.3 | 3.4 | 3.3 | 2.9 | 2.2 |
| PST, BBS | 943.7 | 957.5 | 998.5 | 1003 | 1040.4 | 1067.7 | 1098.9 |
| % change | 2.5 | 1.5 | 4.3 | 0.4 | 3.7 | 2.6 | 2.9 |
| Education | 497.1 | 521.2 | 548.7 | 514.5 | 530 | 527.2 | 523.5 |
| % change | -1.1 | 4.8 | 5.3 | -6.2 | 3 | -0.5 | -0.7 |
| Health & social services | 869.5 | 851.6 | 905.7 | 868.9 | 898.2 | 904.3 | 914.1 |
| % change | 3.7 | -2.1 | 6.4 | -4.1 | 3.4 | 0.7 | 1.1 |
| Accommodation & food | 454.3 | 468.2 | 457.8 | 333.1 | 390.2 | 427.2 | 448 |
| % change | -0.5 | 3.1 | -2.2 | -27.2 | 17.1 | 9.5 | 4.9 |
| ICR, Other services | 588.8 | 608.5 | 604.8 | 540.7 | 561 | 573.3 | 590 |
| % change | -0.9 | 3.3 | -0.6 | -10.6 | 3.8 | 2.2 | 2.9 |
| Public administration | 371.2 | 365 | 379.8 | 388.7 | 392.9 | 394.9 | 398.7 |
| % change | 5.2 | -1.7 | 4.1 | 2.3 | 1.1 | 0.5 | 1 |

Source: Statistics Canada, Central 1 CU Forecast.

| Gross Domestic Product, Income-based ($ Millions): Ontario Provincial Forecast | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| GDP at market prices | 826,945 | 857,384 | 890,345 | 839,671 | 884,021 | 926,524 | 960,672 |
| % change | 4.6 | 3.7 | 3.8 | -5.7 | 5.3 | 4.8 | 3.7 |
| Compensation of employees1. | 427,630 | 450,939 | 470,096 | 451,606 | 469,684 | 492,065 | 513,943 |
| % change | 4.6 | 5.5 | 4.2 | -3.9 | 4.0 | 4.8 | 4.4 |
| Net operating surplus: Corporations | 112,660 | 111,640 | 113,880 | 97,493 | 98,298 | 104,319 | 105,410 |
| % change | 2.7 | -0.9 | 2 | -14.4 | 0.8 | 6.1 | 1.0 |
| Net operating surplus: Mixed income | 71,013 | 72,640 | 76,117 | 74,528 | 77,530 | 81,759 | 84,853 |
| % change | 7.8 | 2.3 | 4.8 | -2.1 | 4.0 | 5.5 | 3.8 |
| Fixed capital consumption | 114,332 | 120,441 | 124,913 | 128,384 | 129,926 | 132,874 | 136,634 |
| % change | 2.7 | 5.3 | 3.7 | 2.8 | 1.2 | 2.3 | 2.8 |
| Indirect taxes less subsidies | 101,466 | 101,732 | 105,346 | 87,666 | 108,589 | 115,513 | 119,840 |
| % change | 6.6 | 0.3 | 3.6 | -16.8 | 23.9 | 6.4 | 3.7 |
| Net domestic income (Factor cost) | 611,147 | 635,211 | 660,086 | 623,620 | 645,505 | 678,137 | 704,199 |
| % change | 4.6 | 3.9 | 3.9 | -5.5 | 3.5 | 5.1 | 3.8 |
| | | | | | | | |
| | | | | | | | |
| Personal Income | 663,833 | 693,936 | 722,998 | 766,212 | 724,266 | 753,867 | 781,943 |
| % change | 4.5 | 4.5 | 4.2 | 6 | -5.5 | 4.1 | 3.7 |
| Primary household income | 543,084 | 567,086 | 590,164 | 569,793 | 590,955 | 616,281 | 639,174 |
| % change | 4.3 | 4.4 | 4.1 | -3.5 | 3.7 | 4.3 | 3.7 |
| Compensation of employees2. | 418,929 | 441,792 | 460,560 | 442,446 | 460,157 | 482,083 | 503,518 |
| % change | 3.9 | 5.5 | 4.2 | -3.9 | 4.0 | 4.8 | 4.4 |
| Net mixed income | 71,013 | 72,640 | 76,117 | 74,528 | 77,530 | 81,759 | 84,853 |
| % change | 7.8 | 2.3 | 4.8 | -2.1 | 4.0 | 5.5 | 3.8 |
| Net property income | 53,142 | 52,654 | 53,486 | 52,819 | 53,268 | 52,438 | 50,803 |
| % change | 3.0 | -0.9 | 1.6 | -1.2 | 0.8 | -1.6 | -3.1 |
| Transfer payments received | 120,749 | 126,850 | 132,834 | 196,420 | 133,311 | 137,586 | 142,769 |
| % change | 5.1 | 5.1 | 4.7 | 47.9 | -32.1 | 3.2 | 3.8 |
| Transfer payments paid | 205,885 | 214,430 | 223,273 | 203,872 | 209,572 | 222,401 | 237,320 |
| % change | 4.2 | 4.2 | 4.1 | -8.7 | 2.8 | 6.1 | 6.7 |
| Household disposable income | 457,948 | 479,506 | 499,724 | 562,341 | 514,694 | 531,466 | 544,623 |
| % change | 4.6 | 4.7 | 4.2 | 12.5 | -8.5 | 3.3 | 2.5 |
| Household expenditure | 474,229 | 495,315 | 513,043 | 476,107 | 506,890 | 541,782 | 564,809 |
| % change | 5.2 | 4.4 | 3.6 | -7.2 | 6.5 | 6.9 | 4.3 |
| Household net saving | -2,744 | -2,751 | 373 | 99,947 | 21,522 | 4,004 | -5,207 |
| % change | -907.1 | 0.3 | -113.6 | 26701.9 | -78.5 | -81.4 | -230 |
| Household saving rate | -0.6 | -0.6 | 0.1 | 17.8 | 4.2 | 0.8 | -1.0 |

Source: Statistics Canada, Central 1 CU Forecast.

## Labour Market Indicators: Ontario
## Provincial Forecast

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Labour force, 000s | 7,580 | 7,673 | 7,891 | 7,832 | 7,958 | 8,086 | 8,209 |
| % change | 1.2 | 1.2 | 2.8 | -0.7 | 1.6 | 1.6 | 1.5 |
| Employment, 000s | 7,128 | 7,242 | 7,453 | 7,067 | 7,344 | 7,507 | 7,668 |
| % change | 1.8 | 1.6 | 2.9 | -5.2 | 3.9 | 2.2 | 2.1 |
| Unemployment rate, % | 6.0 | 5.6 | 5.6 | 9.8 | 7.7 | 7.2 | 6.6 |
| Source population, 000s | 11,685 | 11,898 | 12,130 | 12,302 | 12,394 | 12,549 | 12,701 |
| % change | 1.4 | 1.8 | 1.9 | 1.4 | 0.7 | 1.3 | 1.2 |
| Labour force participation rate % | 64.9 | 64.5 | 65.1 | 63.7 | 64.2 | 64.4 | 64.6 |
| Average hourly wage rate, $ | 34.65 | 35.53 | 36.76 | 38.75 | 38.1 | 38.5 | 39.28 |
| % change | 3.6 | 2.6 | 3.5 | 5.4 | -1.7 | 1.1 | 2.0 |

Source: Statistics Canada, Central 1 CU Forecast.

## Population and Factors of Growth (000s): Ontario
## Provincial Forecast

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Population | 14,072.6 | 14,318.5 | 14,566.5 | 14,759.7 | 14,858.0 | 15,033.3 | 15,202.7 |
| % change | 1.4 | 1.7 | 1.7 | 1.3 | 0.7 | 1.2 | 1.1 |
| Births | 140.3 | 142.0 | 145.8 | 147.8 | 151.4 | 152.8 | 155.8 |
| Deaths | 101.7 | 105.6 | 109.2 | 111.5 | 114 | 116.3 | 118.8 |
| Natural increase | 38.6 | 36.4 | 36.6 | 36.3 | 37.4 | 36.5 | 37.0 |
| Net migration | 158.6 | 209.5 | 211.4 | 156.9 | 60.9 | 138.9 | 132.5 |
| Net international | 145.2 | 199.6 | 199.6 | 157.5 | 73.7 | 165.6 | 160.4 |
| Net interprovincial | 13.4 | 9.9 | 11.7 | -0.6 | -12.8 | -26.8 | -27.9 |

Source: Statistics Canada, Central 1 CU Forecast.