

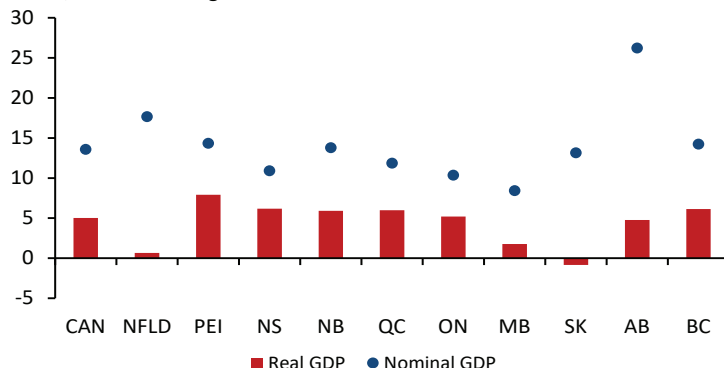


Provincial economies rebounded sharply in 2021 led by housing but wide dispersion in growth

Statistics Canada's release of provincial and territorial economic accounts for 2021 confirmed key growth themes reported earlier this year with the release of estimates of industry output by province. With the backdrop of a Canadian economic rebound, where expenditure- GDP rebounded 5.0 per cent after contracting 5.1 per cent during 2020, growth among provinces was nearly universally positive but dispersed widely around the headline gain.

Wide dispersion in growth, nominal output soars

2021 GDP, Per Cent Change



Source: Statistics Canada, Central 1

latest: 2021

While there were some changes in growth ranking among provinces in the economic accounts, patterns were largely consistent. The strongest growth in real gross domestic product (GDP) among provinces and territories was in the Yukon at 10 per cent, followed by P.E.I. and Nova Scotia at 6.2 per cent. B.C. remained the strongest growth performer among large provinces at 6.1 per cent with Ontario at 5.2 per cent. Saskatchewan was the only province to exhibit negative growth during the year at -0.9 per cent.

A key theme among provinces was a spike in residential investment associated as housing and housing services demand surged amidst low mortgage rates, work-from-home and movement of people from larger urban markets to smaller areas. In the case of Saskatchewan, the provincial economic drag was due in large part to poor agricultural conditions and exports.

The latest economic accounts data also provides a look at nominal GDP, which rose 13.6 per cent nationally. The inflationary backdrop, higher export prices, and higher wages and salaries contributed to a sharp increase in nominal output. Leading the charge was Alberta where nominal output rose 26.2 per cent to more than reverse the slide in 2020 and driven by export (oil) prices. A fair bit behind in second place was Newfoundland and Labrador (17.7 per cent) and B.C. and P.E.I. at just over 14 per cent. Strong nominal GDP performances have further buoyed government finances through higher taxation and royalty revenues.

The net household savings rate reached 11 per cent nationally after coming in at 14 per cent in 2020. The highest rates were observed in Quebec at 14.6 per cent and Ontario at 12.4 per cent, albeit this may have reflected consumption drag from more severe COVID-19 economic restrictions. The lowest net savings rate were observed in Nova Scotia at 3.0 per cent and Saskatchewan at 4.2 per cent.

Strong, but mixed growth profiles for 2021 have given way to further economic recovery in 2022. That said,

momentum is deteriorating with higher interest rates and housing market weakness will broadly weigh on growth in regions like B.C. and Ontario. Economic growth is forecast to slow 3.2 per cent this year and 0.7 per cent in 2023.

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