Ontario (https://www.ontario.ca/page/government-ontario)

Ontario Economic Accounts

Learn about Ontario's economic performance and outlook for the second quarter of 2022.

View the related data tables at Ontario's Open Data Catalogue.

Data Tables (https://data.ontario.ca/dataset/ontario-economic-accounts)

Highlights

- Ontario's real gross domestic product (GDP) advanced 0.9% in the second quarter (April, May, June) of 2022, following an increase of 1.1% in the previous quarter.
- As of the second quarter, Ontario's real GDP was 2.2% above the pre-pandemic level in 2019Q4.
- Growth in the quarter was led by an increase in household spending and exports.
- Nominal GDP advanced 3.7%, after increasing 3.6% in the first quarter.
- Economy-wide prices, as measured by the implicit price index for GDP, rose 2.7% in the second quarter.
- Economic production, measured on an industry basis, increased 0.8% in the second quarter. Output advanced in service-producing industries (+1.1%), while goods-producing output edged down (-0.3%).

Table 1.1
Ontario Economic Accounts summary
(per cent change)

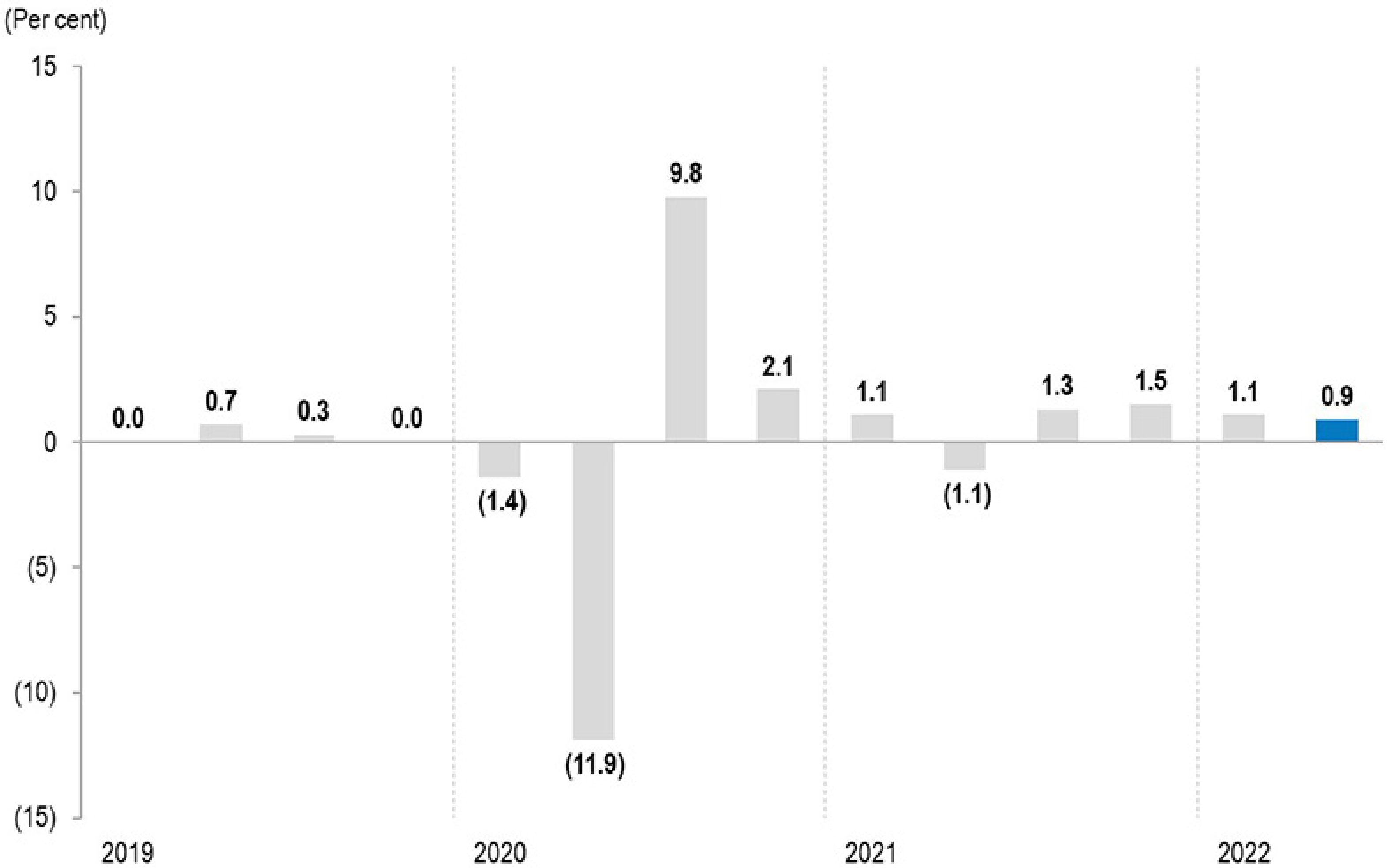
Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2
Real GDP	(5.1)	4.3	1.3	1.5	1.1	0.9
Nominal GDP	(2.8)	11.9	2.7	3.3	3.6	3.7

Sources: Statistics Canada and Ontario Ministry of Finance.

Expenditure details

Ontario's **real GDP** increased 0.9% in the second quarter of 2022, after a 1.1% advance in the first quarter. As of the second quarter, Ontario's real GDP was 2.2% above the pre-pandemic level in 2019Q4.

Chart 1.1
Real GDP growth



Source: Ontario Ministry of Finance.

Accessible description of Chart 1.1: Real GDP growth

Household consumption spending rose 3.6%, following a 1.0% increase in the previous quarter. Spending on durables (+1.8%), semi-durables (+7.6%), non-durables (+2.9%) and services (+3.8%) all advanced in the quarter.

Total business investment spending declined 4.1%, following two quarters of growth. Declines in **residential construction** (-9.5%) and **intellectual property products** (-0.1%) investment were partially offset by increased investment in **machinery and equipment** (+4.3%) and **non-residential structures** (+2.5%).

Exports increased by 2.9% in the second quarter, while **imports** rose 4.9%. International exports rose 4.1%, while international imports advanced 6.1%. Interprovincial exports (+0.5%) and imports (+0.9%) both increased in the quarter.

Businesses accumulated $9.1 billion worth of **inventories** in the second quarter, after an accumulation of $1.8 billion in the previous quarter.

Table 1.2
Real GDP by expenditure
(Per cent change)

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2
Real GDP	(5.1)	4.3	1.3	1.5	1.1	0.9
Household consumption	(7.8)	4.0	5.4	0.2	1.0	3.6
Business investment	0.9	11.4	(6.1)	1.5	1.9	(4.1)

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2
Government	0.3	6.4	1.1	0.7	0.6	(0.2)
Exports	(7.3)	1.1	1.0	2.5	0.8	2.9
Imports	(8.9)	6.0	(1.0)	4.6	(0.5)	4.9
Investment in inventories ($ billions)	(5.9)	1.9	(4.4)	6.8	1.8	9.1

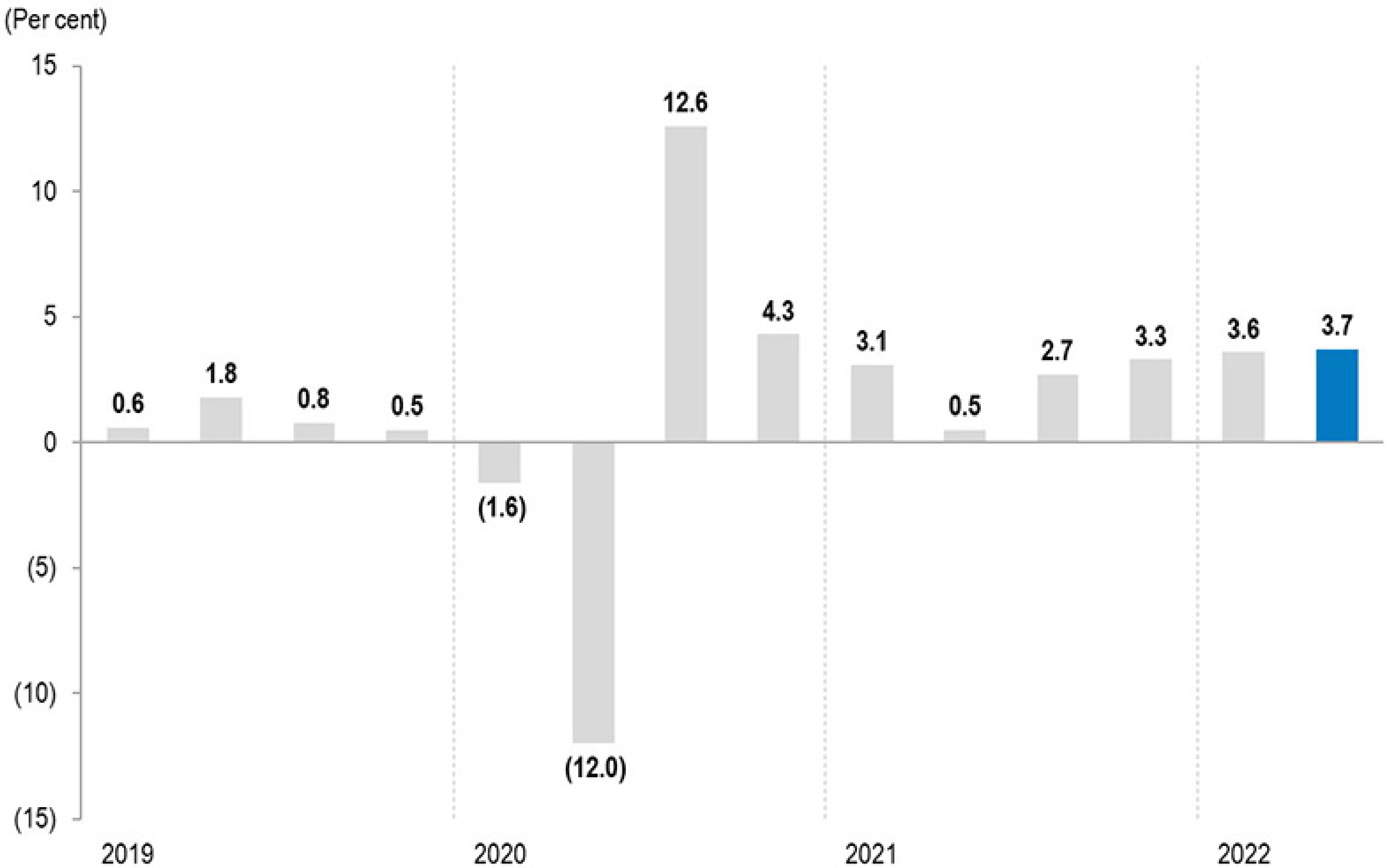
Sources: Statistics Canada and Ontario Ministry of Finance.

Income details

Ontario's **nominal GDP** increased 3.7% in the second quarter, following a 3.6% gain in the first quarter.

Chart 1.2

Nominal GDP growth



Source: Ontario Ministry of Finance.

Accessible description of Chart 1.2: Nominal GDP growth

Compensation of employees, which includes both wages and salaries and supplementary labour income, increased 2.0%, after rising 3.8% in the first quarter.

Net operating surplus of corporations rose 9.7%, following a 6.9% increase in the first quarter.

Net mixed income, which is comprised of farm income, unincorporated business income and rental income, increased 3.1%, after increasing 3.9% in the previous quarter.

Table 1.3
Nominal GDP by income
(Per cent change)

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2
Nominal GDP	(2.8)	11.9	2.7	3.3	3.6	3.7
Compensation of employees	(0.3)	9.3	3.0	2.1	3.8	2.0
Net operating surplus	10.2	24.2	(7.1)	6.8	6.9	9.7
Net mixed income	(2.1)	1.6	(0.2)	0.5	3.9	3.1

Sources: Statistics Canada and Ontario Ministry of Finance.

Price details

Economy-wide prices, as measured by the **implicit price index for GDP**, rose 2.7% in the second quarter, following a 2.5% increase in the first quarter.

Prices for **household consumption expenditures** rose 2.0%, matching the increase in the first quarter. Prices were higher for several expenditure components, including gasoline and food.

Business investment prices increased 1.1%, following a 2.7% increase in the first quarter. **Non-residential construction** (+2.2%) and **residential construction** (+0.5%) prices were higher in the quarter.

Export prices increased by 3.6%, while **import prices** increased 3.4% in the quarter.

Table 1.4
Implicit price indexes, gross domestic product
(Per cent change)

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2
GDP	2.3	7.3	1.3	1.8	2.5	2.7

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2
Household consumption	0.4	2.8	1.3	1.4	2.0	2.0
Business investment	3.5	10.6	2.9	3.1	2.7	1.1
Exports	1.1	7.9	2.4	2.0	3.4	3.6
Imports	(0.1)	2.1	3.9	1.8	2.6	3.4

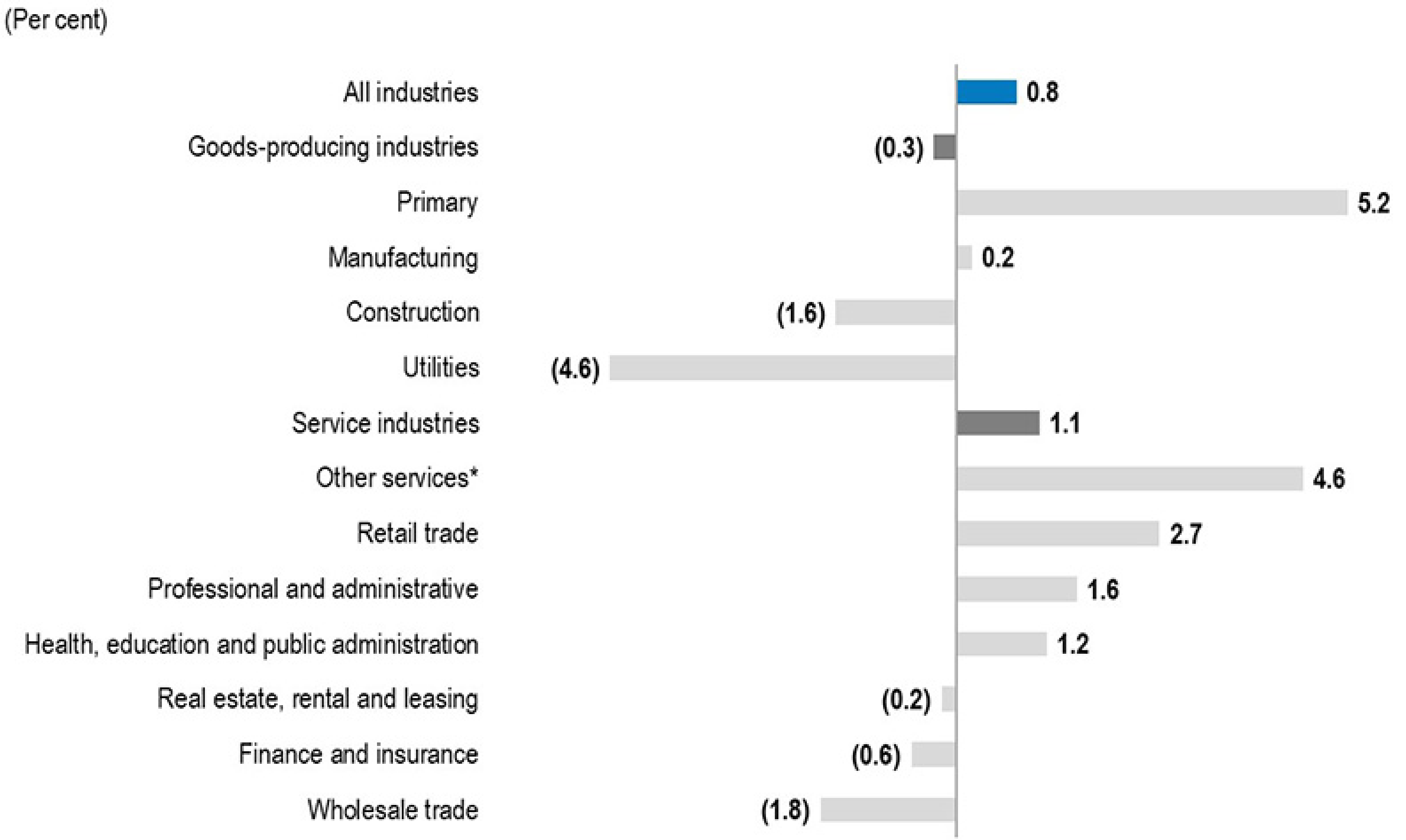
Sources: Statistics Canada and Ontario Ministry of Finance.

Industry details

Ontario **real GDP**, measured as value-added by industry, increased 0.8% in the second quarter of 2022. Output in the service-producing industries advanced 1.1%, while goods industry output edged down 0.3%.

Chart 1.3

Real GDP change by industry, 2022Q2



*Other services includes transportation and warehousing; information and cultural; arts, entertainment and recreation; accommodation and food services; management of companies and enterprises; and other services.
Source: Ontario Ministry of Finance.

Accessible description of Chart 1.3: Real GDP change by industry, 2022 Q2

Manufacturing output increased 0.2% in the quarter, led by transportation equipment (+2.9%), which includes automotive production (+1.7%). Lower output of plastic and rubber products (-4.4%) and chemical and petroleum products (-4.3%) partially offset the gains.

Construction output declined 1.6% in the quarter as both residential (-2.7%) and non-residential structures and engineering (-0.8%) construction decreased.

Primary industry output was 5.2% higher, as agriculture and forestry (+5.5%) and mining (+4.5%) advanced.

Utilities output declined 4.6%, following a 5.4% increase in the first quarter.

Service-producing industries output rose 1.1%, following a 0.8% increase in the first quarter. Gains were led by accommodation and food services (+15.0%), professional and administrative services (+1.6%) and retail trade (+2.7%).

Table 1.5
Real GDP by industry
(Per cent change)

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2
Total output	(5.0)	4.6	1.7	1.7	1.2	0.8
Total goods producing industries	(5.1)	3.8	(2.0)	2.0	2.7	(0.3)
Primary	(1.0)	3.3	(4.6)	5.2	4.6	5.2

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2
Utilities	(2.9)	(3.1)	3.3	(2.1)	5.4	(4.6)
Construction	2.4	6.6	(6.2)	(1.1)	2.9	(1.6)
Manufacturing	(10.7)	3.6	1.0	4.3	1.7	0.2
Total service producing industries	(4.9)	4.9	2.9	1.7	0.8	1.1
Wholesale trade	(1.3)	3.1	(0.3)	2.7	(0.6)	(1.8)
Retail trade	(4.2)	5.8	9.5	1.2	2.7	2.7
Transportation and warehousing	(24.3)	0.3	4.3	3.2	(0.2)	4.5
Information and culture	(2.1)	4.9	2.7	2.8	0.4	0.1

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2
Finance and insurance	5.2	4.3	2.2	1.5	1.0	(0.6)
Real estate, rental and leasing	1.3	2.8	(0.2)	1.5	0.5	(0.2)
Management of companies and enterprises	(29.3)	(26.6)	(2.6)	(2.8)	(4.5)	(14.3)
Professional and administrative services	(5.7)	6.0	1.7	2.2	2.4	1.6
Education	(6.8)	6.6	4.8	(0.6)	0.4	0.8
Health care and social services	(5.4)	8.4	0.8	0.5	(0.4)	2.1

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2
Arts, entertainment and recreation	(47.1)	1.4	34.9	20.4	(1.7)	20.7
Accommodation and food	(36.6)	13.8	30.7	2.7	(1.7)	15.0
Other services	(16.1)	8.2	11.5	4.7	1.1	2.6
Public administration	(2.0)	4.4	1.1	0.2	1.1	0.9

Sources: Statistics Canada and Ontario Ministry of Finance.

Jurisdictional comparison

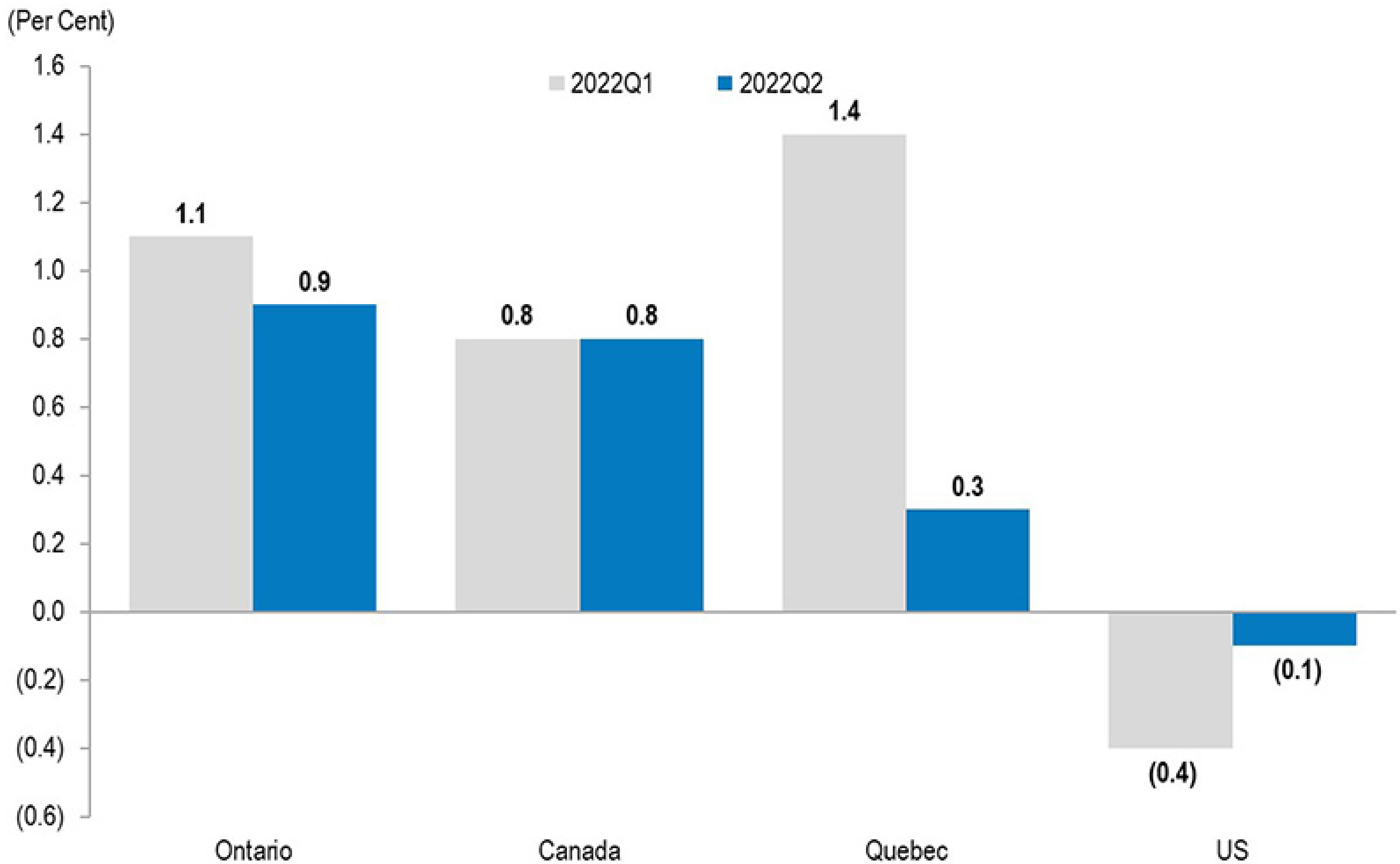
Canadian real GDP rose 0.8% in the second quarter of 2022, matching first quarter growth. The second quarter increase was supported by increased investment in inventories and household consumption. As of the second quarter, Canada's real GDP was 1.7% above its level in 2019Q4.

Quebec's real GDP increased 0.3% in the second quarter of 2022, following an increase of 1.4% in the first quarter. Second quarter growth was supported by increases in household consumption and inventories. As of the second quarter, Quebec's real GDP was 2.5% above its level in 2019Q4.

In the **U.S.**, real GDP decreased 0.1% in the second quarter of 2022, following a 0.4% decrease in the first quarter. The decrease in the second quarter reflected lower inventory investment, residential investment and government spending. As of the second quarter, U.S. real GDP was 3.5% above its level in 2019Q4.

Chart 1.4

Real GDP growth across jurisdictions



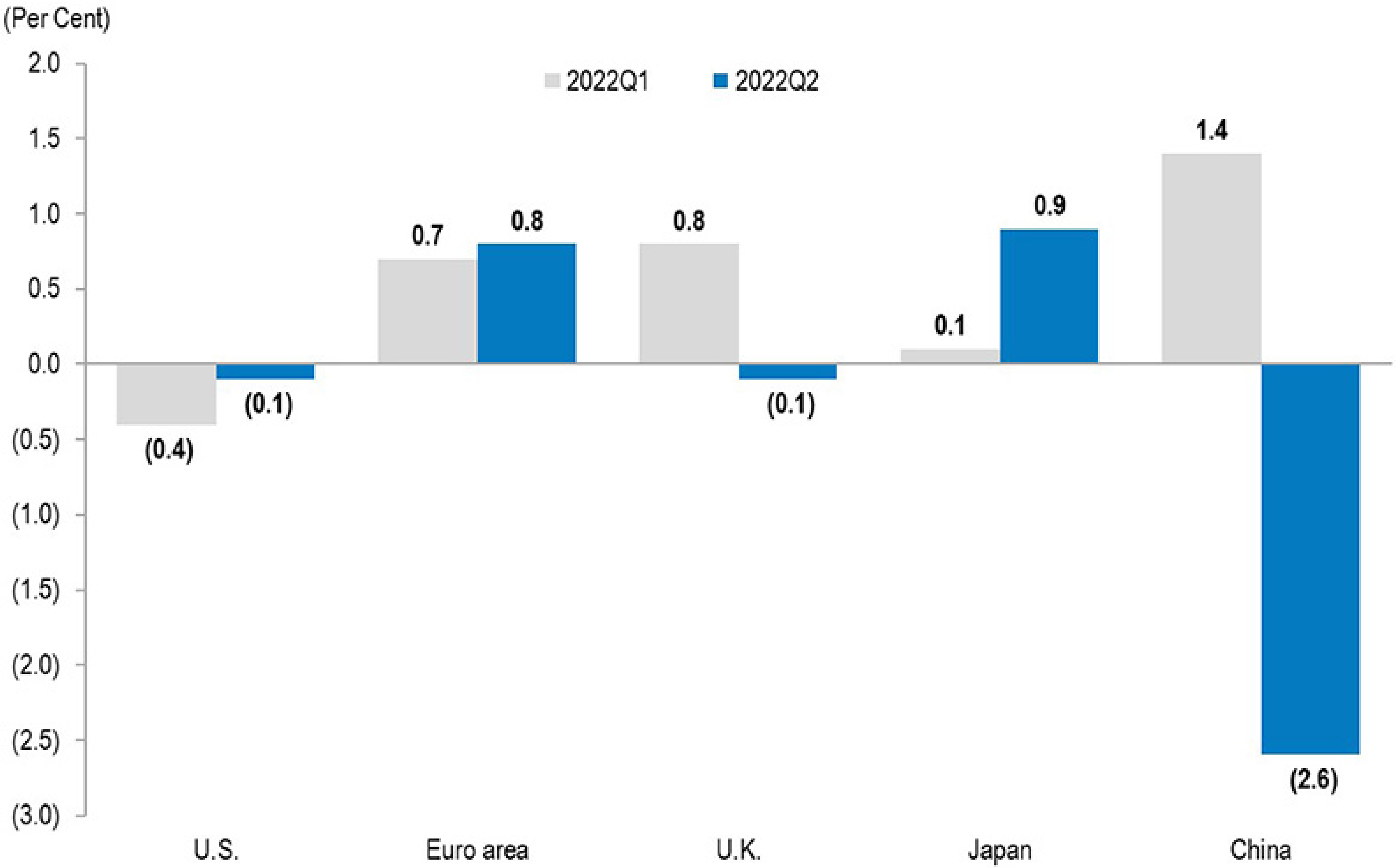
Sources: Ontario Ministry of Finance, Statistics Canada, U.S. Bureau of Economic Analysis and Institut de la statistique du Québec.

Accessible description of Chart 1.4: Real GDP growth across jurisdictions

Global economic environment

In the second quarter of 2022, **real GDP** decreased by 0.1% in the U.S. following a 0.4% decline in the first quarter. Real GDP also declined in the U.K. (-0.1%) and China (-2.6%) in the second quarter, while increasing in the euro area (+0.8%) and Japan (+0.9%).

Chart 1.5
Real GDP growth



Sources: U.S. Bureau of Economic Analysis, Eurostat, U.K. Office for National Statistics, Cabinet Office of Japan and National Bureau of Statistics of China.

Accessible description of Chart 1.5: Real GDP growth

Oil prices continued to rise in the second quarter of 2022 as supply uncertainty remained elevated, partly due to impacts related to Russia’s invasion of Ukraine. However, oil prices edged lower in the third quarter as expectations of slowing global economic growth reduced projected global oil demand. The WTI crude oil price averaged US$109 per barrel in the second quarter before declining to an average of US$95 in the third quarter.

The **Canadian dollar** exchange rate averaged 78.3 cents U.S. in the second quarter of 2022, down slightly from the previous quarter. In the third quarter, the Canadian dollar declined further reflecting the strengthening of the U.S. dollar, changing expectations for interest rates and the decline in oil prices.

The **Bank of Canada** raised its target for the overnight rate by 25 basis points in March 2022 and 50 basis points in both April and June, ending the second quarter with a rate of 1.50%. The Bank of Canada subsequently increased its overnight rate by 100 basis points in July and 75 basis points in September, ending the third quarter at 3.25%.

The **Canadian 3-month government treasury bill yield** rose from an average of 0.4% in the first quarter of 2022 to an average of 1.4% in the second quarter and then 2.9% in the third quarter as the Bank of Canada tightened monetary policy to address rising consumer price inflation.

Tightening monetary policy also contributed to higher yields for longer-term Government of Canada bonds. The **Canadian 10-year government bond yield** rose from an average of 2.1% in the first quarter of 2022 to an average of 3.0% in both the second quarter and third quarter.

Table 1.6
External factors

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3
U.S. real GDP growth (per cent)	(3.4)	5.7	0.6	1.7	(0.4)	(0.1)	–
West Texas Intermediate (WTI) crude oil ($US per barrel)	39	68	71	78	94	109	95
Canadian dollar (cents US)	74.5	79.8	79.4	79.4	78.7	78.3	76.9
Three-month treasury bill rate[2] (per cent)	0.4	0.1	0.2	0.1	0.4	1.4	2.9

Component	2020	2021	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3
10-year government bond rate[3] (per cent)	0.7	1.4	1.3	1.6	2.1	3.0	3.0

[1]Data up to September 26, 2022.

[2], [3] Government of Canada interest rates.

Sources: U.S. Bureau of Economic Analysis; U.S. Energy Information Administration, and Bank of Canada

Appendix A: OEA release dates

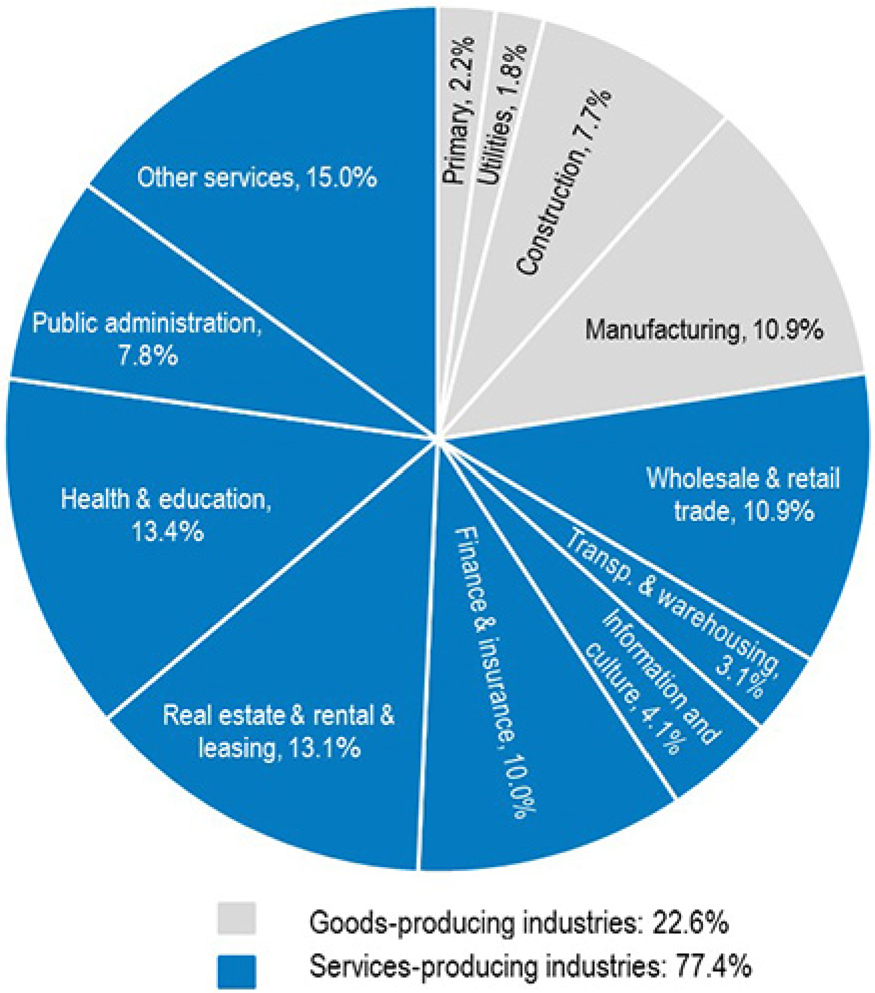
The *Fiscal Sustainability, Transparency and Accountability Act, 2019* states that the quarterly Ontario Economic Accounts should be released within 45 days of the Statistics Canada release of the National Income and Expenditure Accounts.

In compliance with the legislation, the OEA will be released according to the following schedule:

Reference Period	Expected Statistics Canada release of National Income and Expenditure Accounts	Corresponding deadline for the release of Ontario Economic Accounts
Third quarter (July-September) 2022	November 29, 2022	By January 13, 2023
Fourth quarter (October-December) 2022	February 28, 2023	By April 14, 2023

Appendix B: Structure of the Ontario economy

Per cent share of nominal GDP, 2021



Note: Numbers may not add due to rounding.
Source: Statistics Canada.

Accessible description of Chart: Appendix B, Per cent share of nominal GDP, 2021

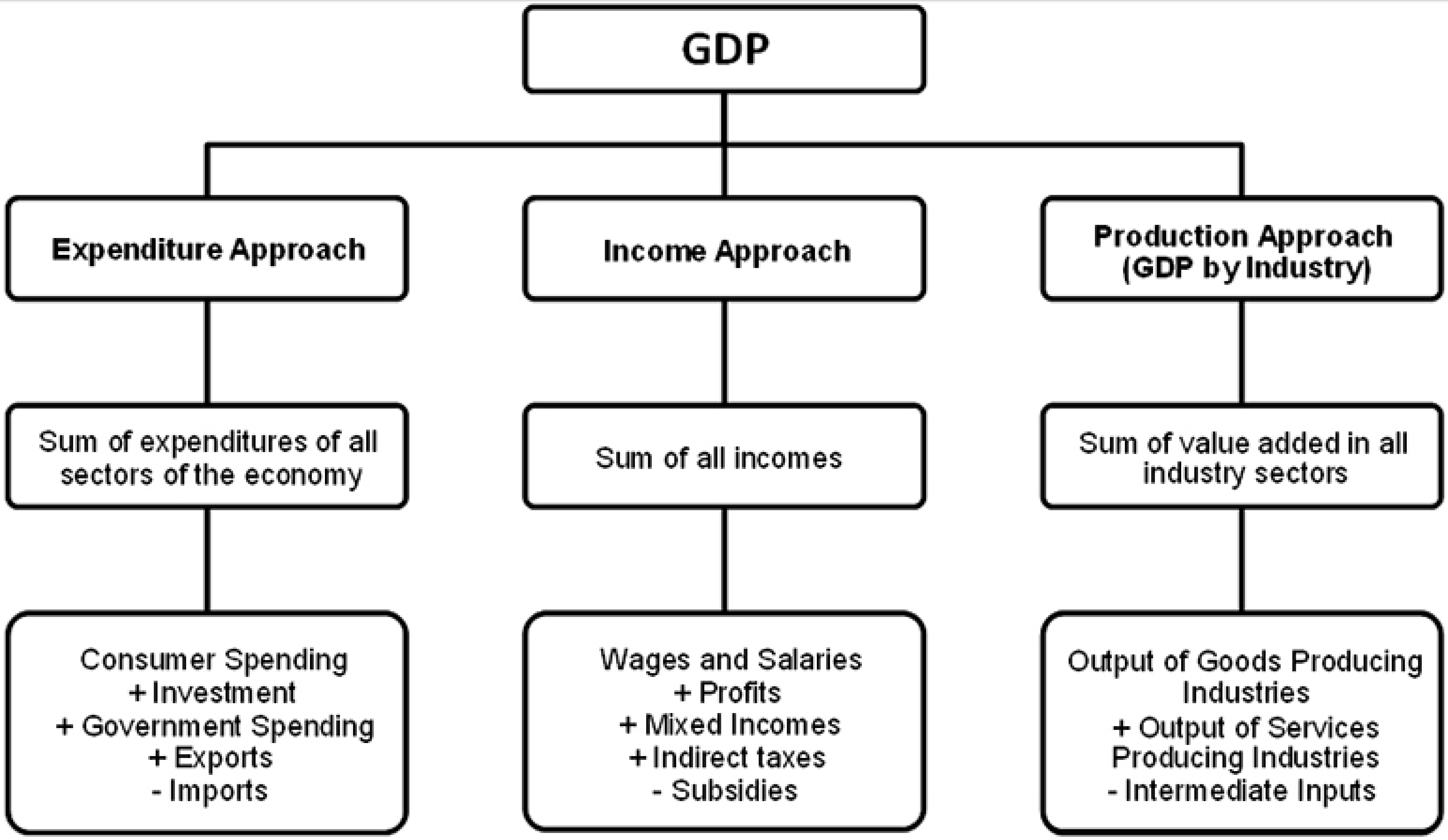
Appendix C: How GDP is measured

The Ontario Economic Accounts provide measurements of GDP using three different methodologies, by expenditure, income and industry.

The **GDP by expenditure** approach defines GDP as the aggregate of all expenditures on final consumption, gross capital formation and net trade by consumers, governments and businesses that occur within Ontario's economy over a given time period. This measurement of GDP can also be defined as the sum of consumer spending, gross investment, government spending and net trade.

The **GDP by income** approach equates GDP to the total income earned through contributions to production within Ontario's economy by labour and capital over a given time period. That is, GDP is the sum of all wages and salaries paid to employees, the gross operating surplus of businesses, gross mixed income and indirect taxes less subsidies.

The **GDP by industry** approach measures GDP by calculating the total output of the goods and services producing industries within Ontario's economy and subtracting the cost of intermediate inputs used in final production. This approach can also be referred to as the value-added approach as it quantifies the additional value generated by industries through the production of final products within the economy.



Accessible description of Chart: Appendix C, GDP measurement methods

For a full list of definitions used in the Ontario Economic Accounts, please see Statistics Canada's System of Macroeconomic Accounts Glossary at https://www150.statcan.gc.ca/n1/pub/13-605-x/gloss/gloss-a-eng.htm (https://www150.statcan.gc.ca/n1/pub/13-605-x/gloss/gloss-a-eng.htm) .

Accessible chart descriptions

Chart 1.1: Real GDP growth

The bar chart illustrates Ontario's quarterly per cent real GDP growth from the first quarter of 2019 to the second quarter of 2022. In the four quarters of 2019, real GDP growth was 0.0%, 0.7%, 0.3% and 0.0%, respectively. In the four quarters of 2020, real GDP growth was -1.4%, -11.9%, 9.8% and 2.1%, respectively. In the four quarters of 2021, real GDP growth was 1.1%, -1.1%, 1.3% and 1.5%, respectively. Ontario real GDP grew by 1.1% in the first quarter of 2022 and 0.9% in the second quarter of 2022.

Source: Ontario Ministry of Finance.

Return to chart 1.1

Chart 1.2: Nominal GDP growth

The bar chart illustrates Ontario's quarterly per cent nominal GDP growth from the first quarter of 2019 to the second quarter of 2022. In the four quarters of 2019, GDP growth was 0.6%, 1.8%, 0.8% and 0.5%, respectively. In the four quarters of 2020, GDP growth was -1.6%, -12.0%, 12.6% and 4.3%, respectively. In the four quarters of 2021, GDP growth was 3.1%, 0.5%, 2.7% and 3.3%, respectively. Ontario nominal GDP grew by 3.6% in the first quarter of 2022 and 3.7% in the second quarter of 2022.

Source: Ontario Ministry of Finance.

Return to chart 1.2

Chart 1.3: Real GDP change by industry, 2022 Q2

The horizontal bar chart illustrates the per cent change in real GDP by industry for the second quarter of 2022. The output of all industries increased 0.8% in the quarter. Output declined in goods-producing industries (-0.3%), with industry changes as follows: primary (+5.2%); manufacturing (+0.2%); construction (-1.6%); and utilities (-4.6%). Output in the service industries increased 1.1%, including industry changes as follows: other services (+4.6%); retail trade (+2.7%); professional and administrative services (+1.6%); health, education and public administration (+1.2%); real estate, rental and leasing (-0.2%); finance and insurance (-0.6%); and wholesale trade (-1.8%).

*Other services include transportation and warehousing; information and cultural; arts, entertainment, and recreation; accommodation and food services; management of companies and enterprises; and other services.

Source: Ontario Ministry of Finance.

Return to chart 1.3

Chart 1.4: Real GDP growth across jurisdictions

This bar chart shows quarterly percentage changes in real GDP for Ontario, Canada, Quebec and the U.S. for the first and second quarter of 2022. Ontario real GDP increased 1.1% in the first quarter and 0.9% in the second quarter. Canadian real GDP increased 0.8% in both the first and second quarter. Quebec real GDP increased 1.4% in the first quarter and 0.3% in the second quarter. U.S. real GDP declined 0.4% in the first quarter and declined 0.1% in the second quarter.

Sources: Ontario Ministry of Finance, Statistics Canada, U.S. Bureau of Economic Analysis and Institut de la statistique du Québec.

Return to chart 1.4

Chart 1.5: Real GDP growth

This bar chart shows quarterly percentage changes in real GDP for the U.S., the euro area, the United Kingdom, Japan, and China for the first and second quarter of 2022. U.S. real GDP declined 0.4% in the first quarter and declined 0.1% in the second quarter. Euro area real GDP increased 0.7% in the first quarter and 0.8% in the second quarter. Real GDP in the United Kingdom increased 0.8% in the first and declined 0.1% in the second quarter. Japan's real GDP increased 0.1% in the first quarter and 0.9% in the second quarter. China's real GDP advanced 1.4% in the first quarter and declined 2.6% in the second quarter.

Sources: U.S. Bureau of Economic Analysis, Eurostat, U.K. Office for National Statistics, Cabinet Office of Japan, and National Bureau of Statistics of China.

Return to chart 1.5

Chart: Appendix B, Per cent share of nominal GDP, 2021

This pie chart shows the percent share of nominal GDP by industry for 2021. Goods-producing industries accounted for 22.6% of Ontario's nominal GDP with industry shares as follows: manufacturing (10.9%); construction (7.7%); utilities (1.8%) and primary industries (2.2%). Services-producing industries accounted for 77.4% of Ontario's nominal GDP with industry shares as follows: real estate, rental and leasing (13.1%); health and education (13.4%); wholesale and retail trade (10.9%); finance and insurance (10.0%); public administration (7.8%); transportation and warehousing (3.1%); information and culture (4.1%) and other services (15.0%).

Note: Numbers may not add due to rounding.
Source: Statistics Canada

Return to chart

Chart : Appendix C, GDP measurement methods

- Expenditure Approach

- Sum of expenditures of all sectors of the economy
- Consumer Spending + Investment + Government Spending + Exports – Imports

- Income Approach
  - Sum of all incomes
  - Wage and Salaries + Profits + Mixed Incomes + Indirect taxes – Subsidies
- Production Approach (GDP by Industry)
  - Sum of value added in all industry sectors
  - Output of Goods Producing Industries + Output of Services Producing Industries – Intermediate Inputs

Return to chart

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