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

Ontario Economic Accounts

Learn about Ontario's economic performance and outlook for the third 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) rose 0.4% in the third quarter (July, August, September) of 2022, following an increase of 0.9% in the previous quarter.
- As of the third quarter, Ontario's real GDP was 4.0% above the pre-pandemic level in 2019Q4.
- Growth in the quarter was led by higher exports and an accumulation of inventories.
- Nominal GDP edged up 0.1%, after increasing 3.6% in the second quarter.
- Economy-wide prices, as measured by the implicit price index for GDP, declined 0.3% in the third quarter.
- Economic production, measured on an industry basis, increased 0.4% in the third quarter. Output advanced in both goods-producing (+0.7%) and service (+0.3%) industries.

Table 1.1
Ontario Economic Accounts summary
(per cent change)

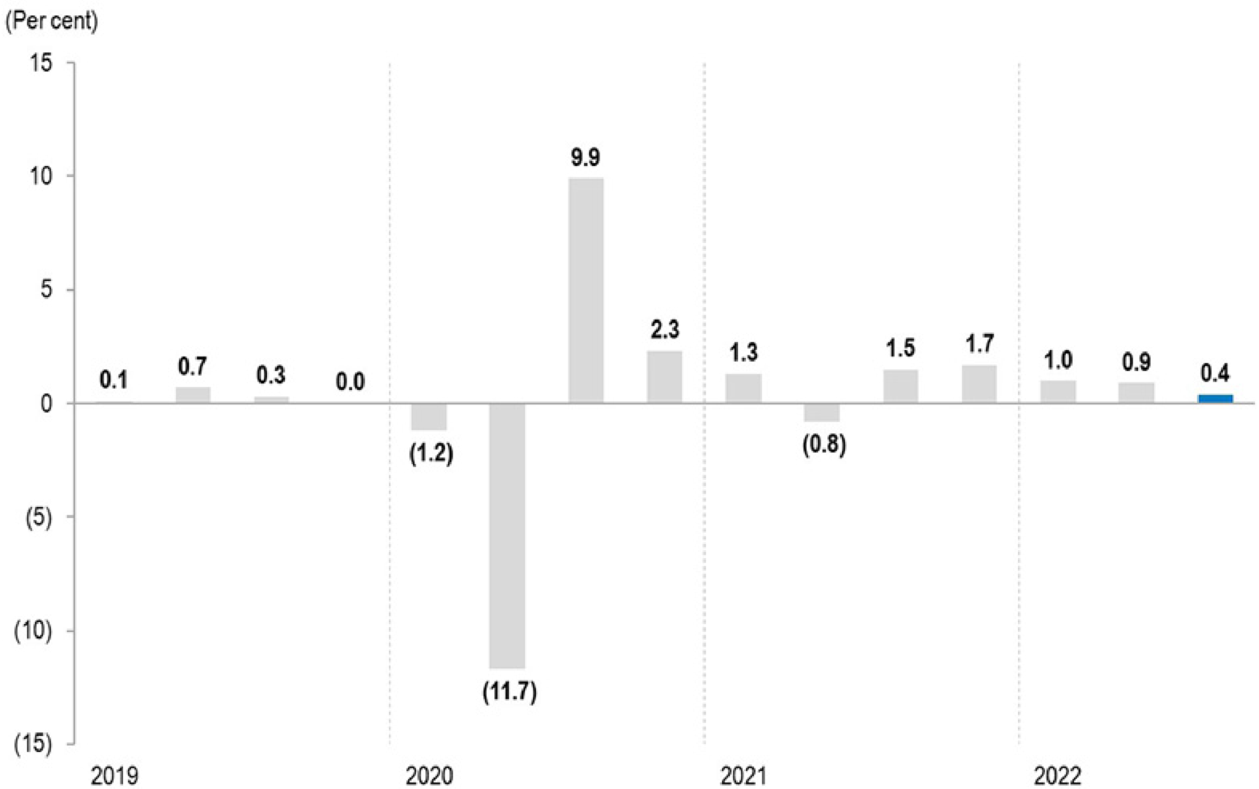
Component	2020	2021	2021 Q4	2022 Q1	2022 Q2	2022 Q3
Real GDP	(4.7)	5.2	1.7	1.0	0.9	0.4
Nominal GDP	(2.9)	10.3	2.7	3.2	3.6	0.1

Sources: Statistics Canada and Ontario Ministry of Finance.

Expenditure details

Ontario's **real GDP** increased 0.4% in the third quarter of 2022, after a 0.9% advance in the second quarter. As of the third quarter, Ontario's real GDP was 4.0% 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 declined 0.9%, following four consecutive quarterly gains. Spending on durables (−6.0%), semi-durables (−3.7%) and non-durables (−2.1%) decreased in the quarter, while spending on services (+1.3%) rose.

Total business investment spending declined 3.2%, following a 4.3% decrease in the second quarter. Declines in residential construction (−6.8%) and machinery and equipment (−1.9%) were partially offset by increased investment in non-residential structures (+2.8%). Investment in intellectual property products was unchanged in the quarter.

Exports increased by 0.8% in the third quarter, while **imports** rose 0.2%. International exports increased by 0.3%, while international imports edged up 0.1%. Interprovincial exports (+1.8%) and imports (+0.6%) both increased in the quarter.

Businesses accumulated $22.4 billion worth of **inventories** in the third quarter, after an accumulation of $14.8 billion in the previous quarter.

Table 1.2
Real GDP by expenditure
(Per cent change)

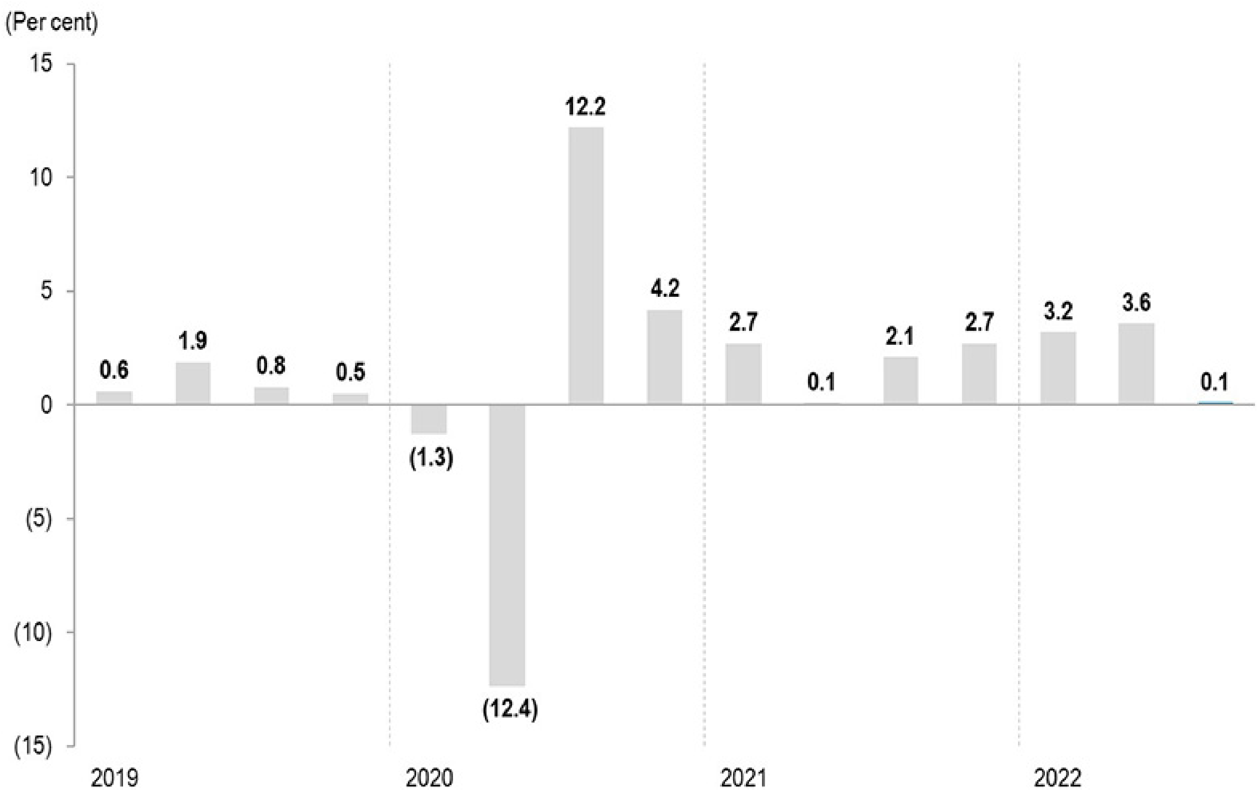
Component	2020	2021	2021 Q4	2022 Q1	2022 Q2	2022 Q3
Real GDP	(4.7)	5.2	1.7	1.0	0.9	0.4
Household consumption	(7.9)	4.4	0.4	1.1	3.3	(0.9)
Business investment	2.1	10.4	1.1	1.5	(4.3)	(3.2)
Government	1.8	5.9	0.2	0.4	(0.4)	1.0
Exports	(7.7)	1.3	2.9	0.1	4.5	0.8
Imports	(8.3)	5.7	4.4	(0.9)	5.4	0.2
Investment in inventories ($ billions)	(8.1)	3.6	8.1	10.2	14.8	22.4

Sources: Statistics Canada and Ontario Ministry of Finance.

Income details

Ontario's **nominal GDP** increased 0.1% in the third quarter, following a 3.6% gain in the second 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 1.7%, after rising 1.9% in the second quarter.

Net operating surplus of corporations declined 6.5%, following an 8.3% increase in the second quarter.

Net mixed income, which is comprised of farm income, unincorporated business income and rental income, increased 1.6%, after rising 3.3% in the previous quarter.

Table 1.3
Nominal GDP by income
(Per cent change)

Component	2020	2021	2021 Q4	2022 Q1	2022 Q2	2022 Q3
Nominal GDP	(2.9)	10.3	2.7	3.2	3.6	0.1
Compensation of employees	(0.4)	9.2	2.1	3.7	1.9	1.7
Net operating surplus	9.3	13.7	3.8	6.6	8.3	(6.5)
Net mixed income	(1.5)	6.2	2.0	4.1	3.3	1.6

Sources: Statistics Canada and Ontario Ministry of Finance.

Price details

Economy-wide prices, as measured by the **implicit price index for GDP**, declined 0.3% in the third quarter, following a 2.6% increase in the second quarter.

Prices for **household consumption expenditures** rose 0.7%, slowing from an increase of 2.0% in the second quarter.

Business investment prices rose 0.7%, following a 1.0% increase in the second quarter. Prices for **machinery and equipment** (+3.7%), **non-residential construction** (+0.1%) and **intellectual property products** (+0.9%) increased while **residential construction** (−0.1%) prices declined in the quarter.

Export prices declined by 0.5%, while **import prices** increased 0.9% in the quarter.

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

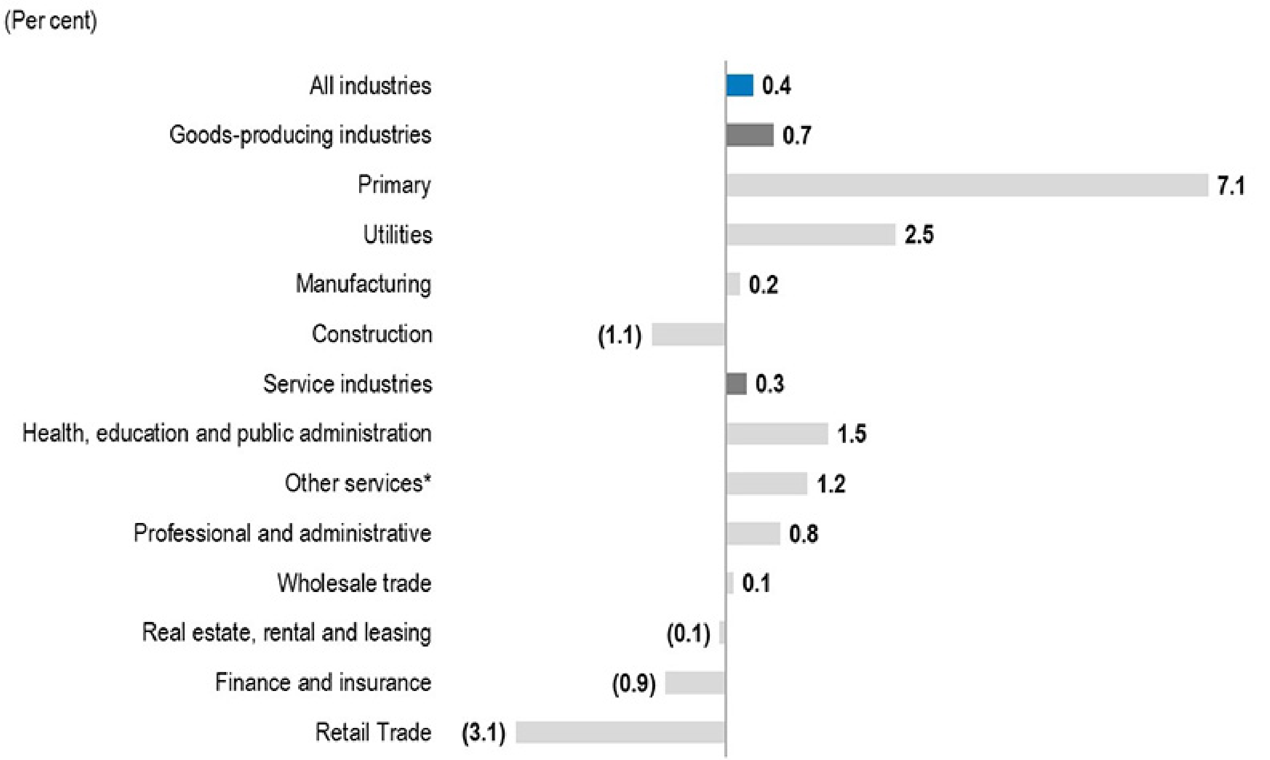
Component	2020	2021	2021 Q4	2022 Q1	2022 Q2	2022 Q3
GDP	1.8	4.9	1.0	2.1	2.6	(0.3)
Household consumption	0.5	2.8	1.4	2.0	2.0	0.7
Business investment	3.2	9.8	3.0	2.7	1.0	0.7
Exports	0.9	5.6	1.3	3.6	3.3	(0.5)
Imports	0.1	4.2	2.4	2.7	3.7	0.9

Sources: Statistics Canada and Ontario Ministry of Finance.

Industry details

Ontario **real GDP**, measured as value-added by industry, increased 0.4% in the third quarter of 2022. Output in both the goods-producing (+0.7%) and service (+0.3%) industries advanced in the quarter.

Chart 1.3
Real GDP change by industry, 2022Q3



*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 Q3

Manufacturing output increased 0.2% in the quarter, led by primary and fabricated metal (+3.1%) and machinery (+3.8%) manufacturing. Transportation equipment output declined 1.2% in the third quarter, following three consecutive quarterly increases.

Construction output decreased 1.1% in the quarter due to a decline in residential construction (−3.7%). Non-residential structures and engineering construction (+0.8%) advanced in the quarter.

Primary industry output was 7.1% higher, as agriculture and forestry (+10.0%) and mining (+1.8%) advanced.

Utilities output increased 2.5%, following a 4.3% decline in the second quarter.

Service industry output rose 0.3%, led by educational services (+2.9%), health care and social services (+1.4%) and professional and administrative services (+0.8%). Declines in retail (−3.1%) and finance and insurance (−0.9%) output partially offset those gains.

Table 1.5
Real GDP by industry
(Per cent change)

Component	2020	2021	2021 Q4	2022 Q1	2022 Q2	2022 Q3
Total output	(4.8)	5.1	1.9	1.0	0.8	0.4
Total goods producing industries	(4.7)	3.8	1.9	2.4	0.0	0.7
Primary	(1.8)	4.4	5.6	3.4	4.4	7.1
Utilities	(2.3)	(2.8)	(2.0)	4.9	(4.3)	2.5
Construction	3.9	6.0	(1.4)	3.0	(1.5)	(1.1)
Manufacturing	(10.9)	3.6	4.4	1.5	0.8	0.2
Total service producing industries	(4.9)	5.4	1.9	0.6	1.0	0.3
Wholesale trade	(2.3)	4.4	3.6	(0.7)	(1.7)	0.1

Component	2020	2021	2021 Q4	2022 Q1	2022 Q2	2022 Q3
Retail trade	(4.4)	5.7	1.3	2.6	1.9	(3.1)
Transportation and warehousing	(24.1)	1.8	4.0	(0.4)	4.7	(0.1)
Information and culture	(1.3)	4.4	2.7	(0.2)	(0.1)	1.1
Finance and insurance	5.5	5.5	1.8	0.8	(0.7)	(0.9)
Real estate, rental and leasing	1.5	3.5	1.8	0.3	0.0	(0.1)
Management of companies and enterprises	(26.9)	(27.3)	(5.0)	(3.4)	(13.8)	(7.5)
Professional and administrative services	(6.4)	5.8	2.2	2.3	1.7	0.8
Education	(6.2)	6.1	(0.9)	0.4	0.7	2.9
Health care and social services	(3.8)	9.7	0.4	(0.5)	2.0	1.4
Arts, entertainment and recreation	(45.5)	3.2	20.5	(3.6)	20.5	4.9
Accommodation and food	(40.5)	12.3	3.7	(2.9)	13.2	2.2
Other services	(16.6)	9.2	5.1	1.9	2.6	2.2

Component	2020	2021	2021 Q4	2022 Q1	2022 Q2	2022 Q3
Public administration	(1.4)	5.4	0.4	1.0	0.6	0.5

Sources: Statistics Canada and Ontario Ministry of Finance.

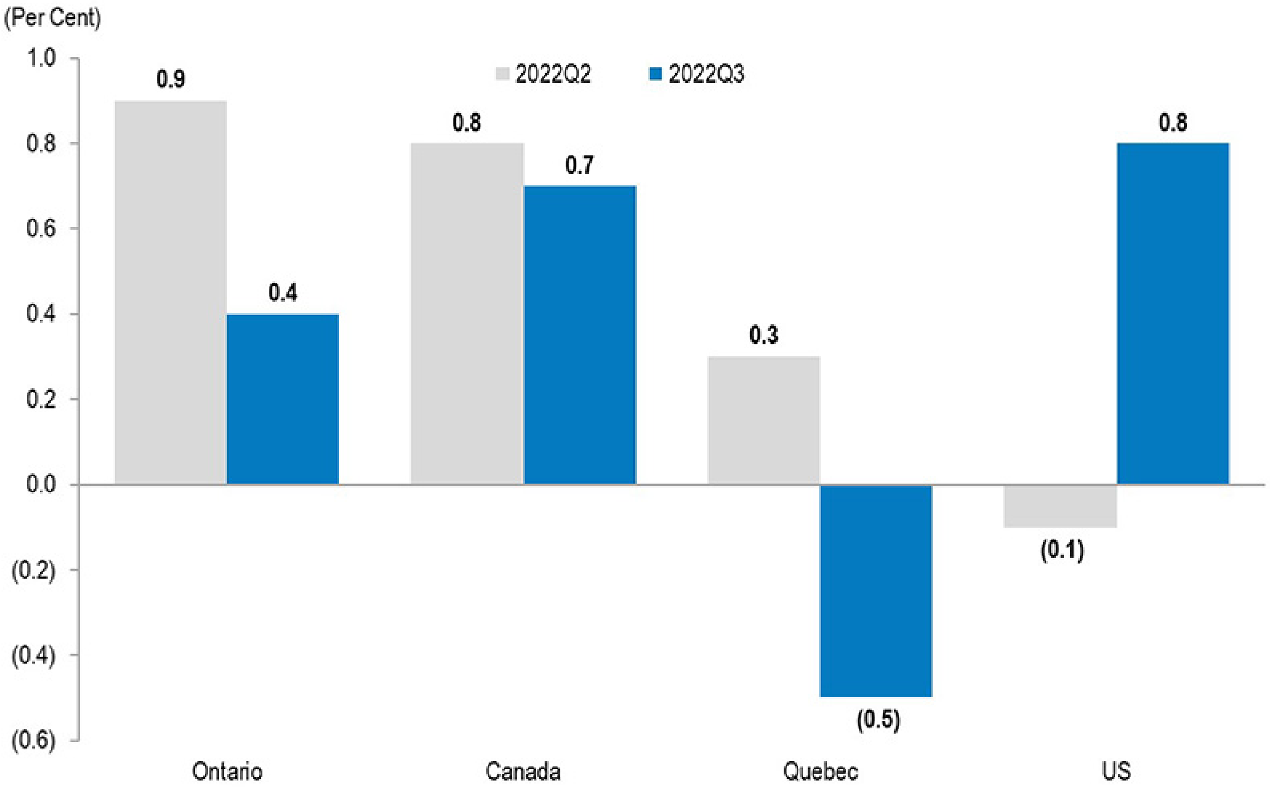
Jurisdictional comparison

Canada's real GDP rose 0.7% in the third quarter of 2022, following an increase of 0.8% in the second quarter. The third quarter increase was supported by exports, non-residential structures investment and an accumulation of inventories. As of the third quarter, Canada's real GDP was 3.0% above its pre-pandemic level in 2019Q4.

Quebec's real GDP declined 0.5% in the third quarter of 2022, following a gain of 0.3% in the second quarter. Lower third quarter output was largely due to a decline in net trade. Business investment also decreased in the quarter. As of the third quarter, Quebec's real GDP was 2.4% above its level in 2019Q4.

In the **U.S.**, real GDP increased 0.8% in the third quarter of 2022, following a 0.1% decrease in the second quarter. The increase in the third quarter reflected gains in exports and consumer spending, which were partially offset by a decline in housing investment. As of the third quarter, U.S. real GDP was 4.4% above its level in 2019Q4.

Chart 1.4
Real GDP growth across jurisdictions



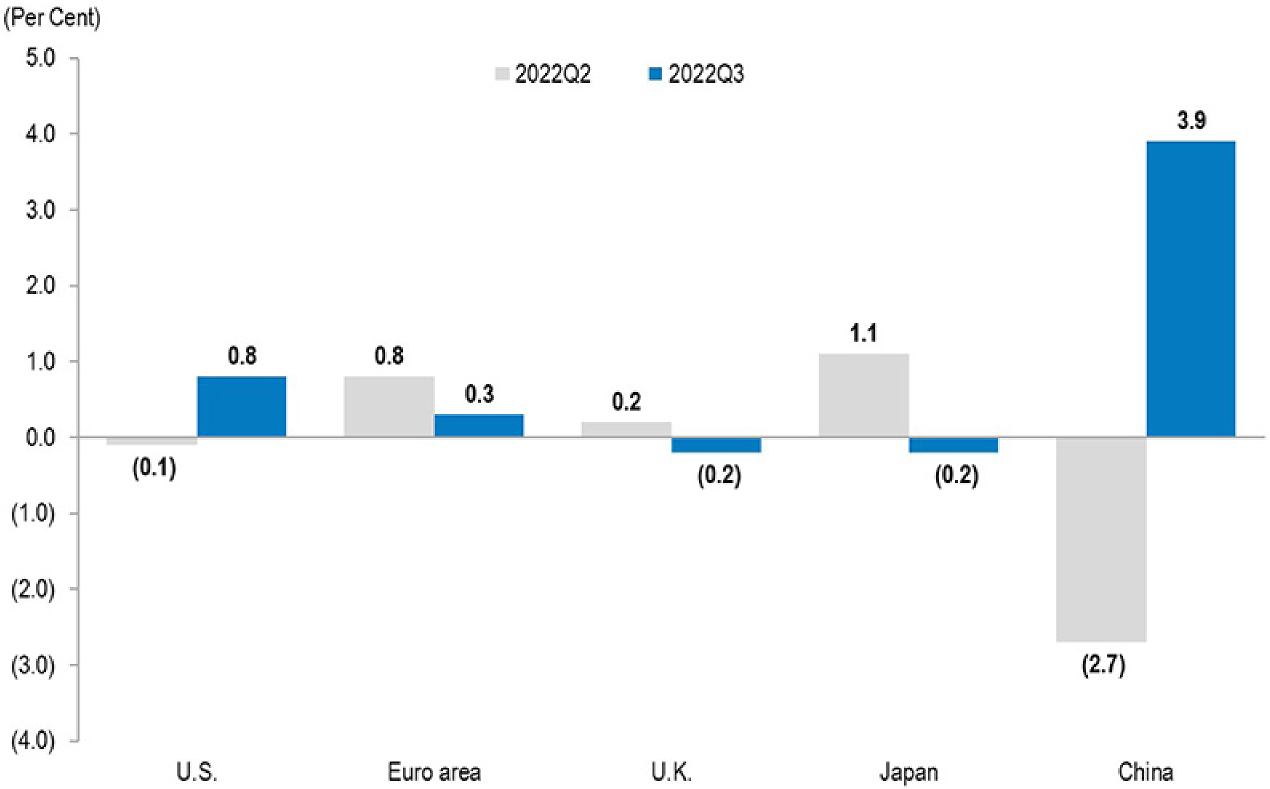
Sources: Ontario Ministry of Finance, Statistics Canada, U.S. Bureau of Economic Analysis and Institut de la statistique du Québec.

Accessible description of Chart 1.4: Real GDP growth across jurisdictions

Global economic environment

U.S. **real GDP** increased by 0.8% in the third quarter of 2022 following two quarters of declines. Real GDP expanded by 3.9% in China in the third quarter as COVID-19 restrictions eased. Euro area real GDP edged up 0.3% in the third quarter, while declining in the U.K. (−0.2%) and Japan (−0.2%).

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 declined over the second half of 2022 as oil demand softened amid slowing global economic growth. The West Texas Intermediate (WTI) crude oil price averaged US$93 per barrel in the third quarter and declined to an average of US$82 per barrel in the fourth quarter.

The **Canadian dollar** exchange rate softened over the third quarter reflecting broad-based strength in the U.S. dollar, changing interest rate expectations and weaker oil prices. The Canadian dollar averaged 76.6 cents U.S. in the third quarter and 73.7 cents U.S. in the fourth quarter.

Continued high inflation has resulted in many central banks further raising policy interest rates over the second half of 2022. The **Bank of Canada** raised its target for the overnight rate by 100 basis points in July 2022 and 75 basis points in September, ending the third quarter with a rate of 3.25%. The Bank subsequently increased its target for the overnight rate by 50 basis points in both October and December to end the year with a rate of 4.25%.

Higher central bank interest rate targets have continued to put upward pressure on government treasury yields. The **Canadian 3-month government treasury bill yield** rose from an average of 0.4% in the first quarter of 2022 to 3.1% in the third quarter. It further rose to 4.0% in the fourth quarter. The **Canadian 10-year government bond yield** remained constant around 3.0% in the last three quarters of 2022, up from 2.1% in the first quarter of the year.

Table 1.6
External factors

Component	2020	2021	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4[1]
U.S. real GDP growth (per cent)	(2.8)	5.9	1.7	(0.4)	(0.1)	0.8	–
West Texas Intermediate (WTI) crude oil ($US per barrel)	39	68	78	94	109	93	82
Canadian dollar (cents US)	74.5	79.8	79.4	78.7	78.3	76.6	73.7
Three-month treasury bill rate[2] (per cent)	0.4	0.1	0.1	0.4	1.6	3.1	4.0
10-year government bond rate[3] (per cent)	0.7	1.4	1.6	2.1	3.0	3.0	3.0

[1] Data up to December 15, 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:

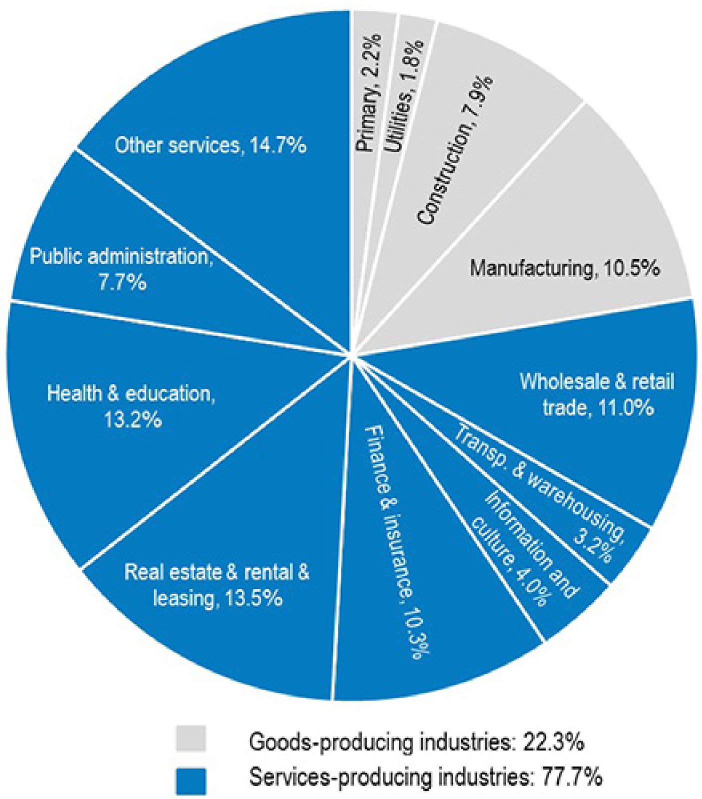
Reference Period	Expected Statistics Canada release of National Income and Expenditure Accounts	Corresponding deadline for the release of Ontario Economic Accounts
Fourth quarter (October-December) 2022	February 28, 2023	By April 14, 2023
First quarter (January-March) 2023	May 31, 2023	By July 14, 2023
Second quarter (April-June) 2023	September 1, 2023	By October 16, 2023
Third quarter (July-September) 2023	November 30, 2023	By January 12, 2024
Fourth quarter (October-December) 2023	February 29, 2024	By April 12, 2024

Historical Revisions:

On November 8, 2022, Statistics Canada released its Provincial and Territorial Economic Accounts, which include annual GDP estimates for all provinces. The release included new provincial expenditure and income based GDP estimates for 2021, and revisions to 2019 and 2020 estimates. Industry based estimates, which had previously been released in May 2022, were revised for 2019 to 2021. The quarterly Ontario Economic Accounts have been updated to reflect these revisions.

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

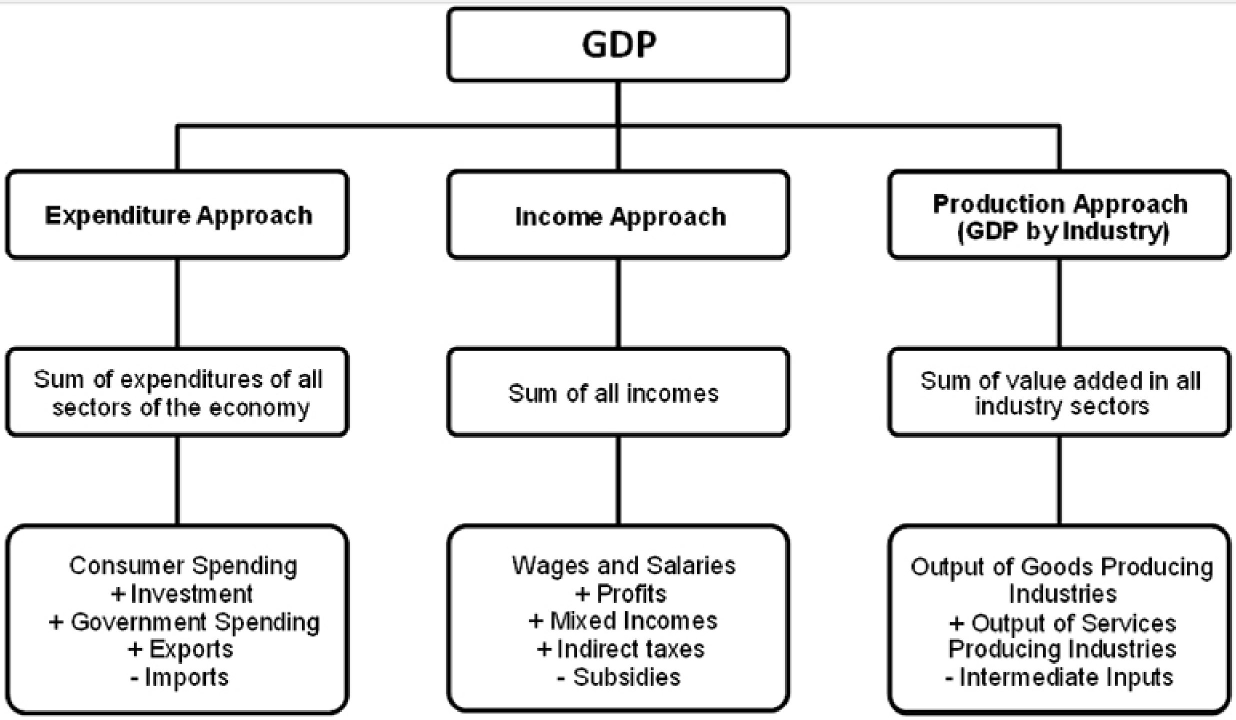
Appendix C: How GDP is measured

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 third quarter of 2022. In the four quarters of 2019, real GDP growth was 0.1%, 0.7%, 0.3% and 0.0%, respectively. In the four quarters of 2020, real GDP growth was −1.2%, −11.7%, 9.9% and 2.3%, respectively. In the four quarters of 2021, real GDP growth was 1.3%, −0.8%, 1.5% and 1.7%, respectively. Ontario real GDP grew by 1.0% in the first quarter of 2022, 0.9% in the second quarter and 0.4% in the third quarter.

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 third quarter of 2022. In the four quarters of 2019, GDP growth was 0.6%, 1.9%, 0.8% and 0.5%, respectively. In the four quarters of 2020, GDP growth was −1.3%, −12.4%, 12.2% and 4.2%, respectively. In the four quarters of 2021, GDP growth was 2.7%, 0.1%, 2.1% and 2.7%, respectively. Ontario nominal GDP grew by 3.2% in the first quarter of 2022, 3.6% in the second quarter and 0.1% in the third quarter.

Source: Ontario Ministry of Finance.

Return to chart 1.2

Chart 1.3: Real GDP change by industry, 2022 Q3

The horizontal bar chart illustrates the per cent change in real GDP by industry for the third quarter of 2022. The output of all industries increased 0.4% in the quarter. Output increased in goods-producing industries (+0.7%), with industry changes as follows: primary (+7.1%); utilities (+2.5%); manufacturing (+0.2%); and construction (−1.1%). Output in the service industries increased 0.3%, including industry changes as follows: health, education and public administration (+1.5%); other services (+1.2%); professional and administrative services (+0.8%); wholesale trade (+0.1%); real estate, rental and leasing (−0.1%); finance and insurance (−0.9%); and retail trade (−3.1%).

*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 second and third quarter of 2022. Ontario real GDP increased 0.9% in the second quarter and 0.4% in the third quarter. Canadian real GDP increased 0.8% in the second quarter and 0.7% in the third quarter. Quebec real GDP increased 0.3% in the second quarter and declined 0.5% in the third quarter. U.S. real GDP declined 0.1% in the second quarter and rose 0.8% in the third 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 second and third quarter of 2022. U.S. real GDP declined 0.1% in the second quarter and rose 0.8% in the third quarter. Euro area real GDP increased 0.8% in the second quarter and 0.3% in the third quarter. Real GDP in the United Kingdom increased 0.2% in the second quarter and declined 0.2% in the third quarter. Japan’s real GDP increased 1.1% in the second quarter and declined 0.2% in the third quarter. China’s real GDP declined 2.7% in the second quarter and increased 3.9% in the third 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 22.3% of Ontario's nominal GDP with industry shares as follows: manufacturing (10.5%); construction (7.9%); utilities (1.8%) and primary industries (2.2%). Services-producing industries accounted for 77.7% of Ontario's nominal GDP with industry shares as follows: real estate, rental and leasing (13.5%); health and education (13.2%); wholesale and retail trade (11.0%); finance and insurance (10.3%); public administration (7.7%); transportation and warehousing (3.2%); information and culture (4.0%) and other services (14.7%).

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

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