Ontario

Ontario Economic Accounts

Learn about Ontario's economic performance and outlook for the fourth 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) declined 0.2% in the fourth quarter (October, November, December) of 2022, following five consecutive quarterly increases.
- Slower inventory accumulation and declines in business investment more than offset improved net trade and modestly higher consumer spending.
- Nominal GDP edged up 0.1%, matching growth in the third quarter.
- Economy-wide prices, as measured by the implicit price index for GDP, increased 0.3% in the fourth quarter.
- Economic production, measured on an industry basis, declined 0.1% in the fourth quarter. A decline in goods-producing output (−0.7%) was partially offset by higher service sector output (+0.1%).

2022 Annual Highlights

- Ontario’s real GDP advanced by 3.7% in 2022, following a 5.2% increase in 2021.
- In 2022, the increase in real GDP was supported by gains in household consumption (+6.2%) and exports (+4.5%). Business investment declined (−7.1%) in the year.

- Nominal GDP rose 9.2% in 2022. Compensation of employees increased by 9.5%, while the net operating surplus of corporations advanced 4.7%.
- Economic production, measured on an industry basis, rose 3.6% with both goods sector output (+1.9%) and service sector production (+4.0%) increasing.

Table 1.1
Ontario Economic Accounts summary
(per cent change)

Component	2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Real GDP	5.2	3.7	1.1	0.8	0.4	(0.2)
Nominal GDP	10.3	9.2	3.2	3.5	0.1	0.1

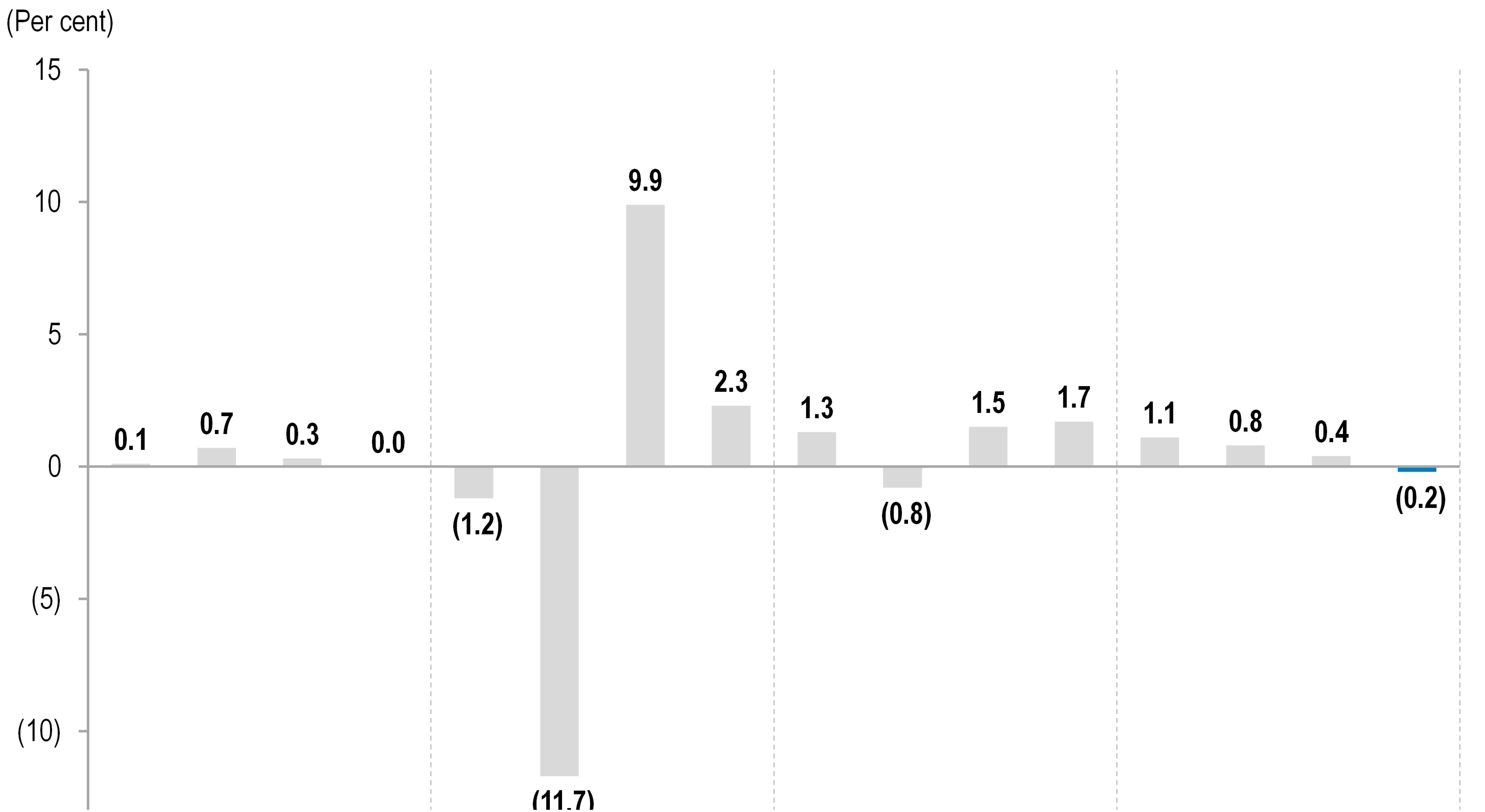
Sources: Statistics Canada and Ontario Ministry of Finance.

Expenditure details

Ontario's **real GDP** declined 0.2% in the fourth quarter of 2022, after a 0.4% advance in the third quarter. As of the fourth quarter, Ontario's real GDP was 3.9% above the pre-pandemic level in 2019 Q4.

Chart 1.1

Real GDP growth



Source: Ontario Ministry of Finance.

Accessible description of Chart 1.1: Real GDP growth

Household consumption spending rose 0.2%, following a 0.6% decline in the previous quarter. Higher spending on durables (+3.7%) was partially offset by lower spending on semi-durables (−1.9%), non-durables (−0.4%) and services (−0.1%).

Total business investment was 0.9% lower, the third consecutive quarterly decline. Declines were concentrated in machinery and equipment (−7.5%) and residential construction (−1.4%), while investment was higher in non-residential structures (+3.3%) and intellectual property products (+3.3%).

Exports decreased by 0.9% in the fourth quarter, while **imports** declined 3.5%. International exports (−2.1%) and imports (−4.1%) both declined. Interprovincial exports were 1.1% higher, while interprovincial imports declined 1.7% in the quarter.

Businesses accumulated $7.0 billion worth of **inventories** in the fourth quarter, down significantly from an accumulation of $20.3 billion in the previous quarter.

Table 1.2
Real GDP by expenditure
(Per cent change)

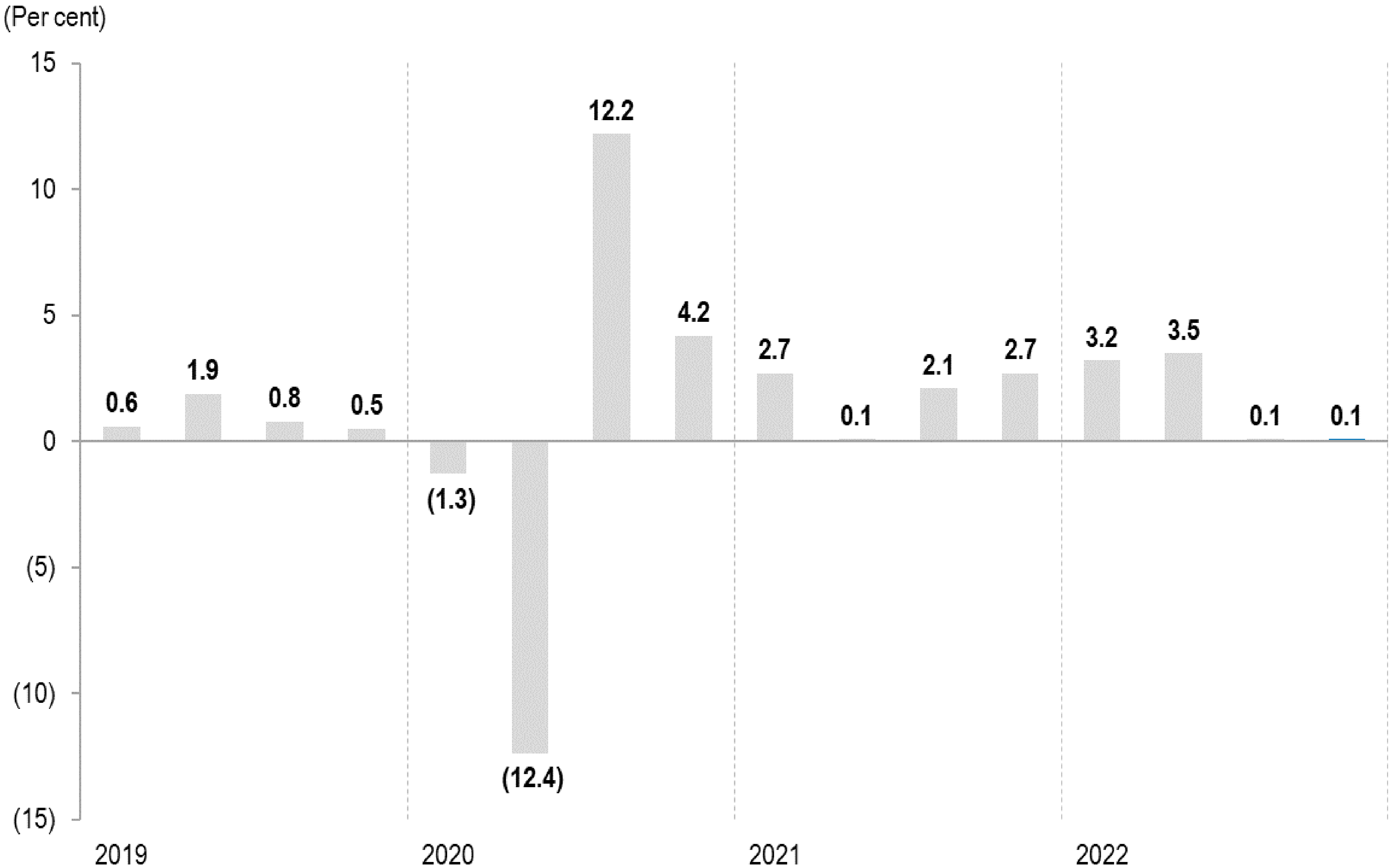
Component	2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Real GDP	5.2	3.7	1.1	0.8	0.4	(0.2)
Household consumption	4.4	6.2	1.0	3.1	(0.6)	0.2
Business investment	10.4	(7.1)	0.6	(4.5)	(3.0)	(0.9)
Government	5.9	2.1	1.2	(0.3)	0.9	0.9
Exports	1.3	4.5	(0.2)	4.0	0.7	(0.9)
Imports	5.7	4.1	(0.6)	5.0	(0.4)	(3.5)
Investment in inventories ($ billions)	3.6	13.2	10.1	15.5	20.3	7.0

Sources: Statistics Canada and Ontario Ministry of Finance.

Income details

Ontario’s **nominal GDP** increased 0.1% in the fourth quarter, matching the third quarter gain.

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 0.8%, after rising 1.6% in the third quarter.

Net operating surplus of corporations declined 7.1%, following a 6.1% decrease in the third quarter.

Net mixed income, which is comprised of farm income, unincorporated business income and rental income, increased 2.3%, after rising 1.6% in the previous quarter.

Table 1.3
Nominal GDP by income
(Per cent change)

Component	2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Nominal GDP	10.3	9.2	3.2	3.5	0.1	0.1
Compensation of employees	9.2	9.5	3.6	1.8	1.6	0.8
Net operating surplus	13.7	4.7	9.1	7.9	(6.1)	(7.1)
Net mixed income	6.2	11.2	4.3	3.0	1.6	2.3

Sources: Statistics Canada and Ontario Ministry of Finance.

Price details

Economy-wide prices, as measured by the **implicit price index for GDP**, increased 0.3% in the fourth quarter, following a 0.3% decline in the third quarter.

Prices for **household consumption expenditures** rose 1.1%, following a 0.7% increase in the third quarter.

Business investment prices rose 1.0%, following a 0.9% increase in the third quarter. Prices for machinery and equipment (+3.4%), non-residential construction (+1.1%), intellectual property products (+0.9%) and residential construction (+0.1%) all increased in the quarter.

Export prices (+1.4%) and **import prices** (+1.9%) both increased in the quarter.

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

Component	2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4
GDP	4.9	5.3	2.0	2.6	(0.3)	0.3
Household consumption	2.8	6.1	2.0	2.0	0.7	1.1
Business investment	9.8	8.6	3.0	0.7	0.9	1.0

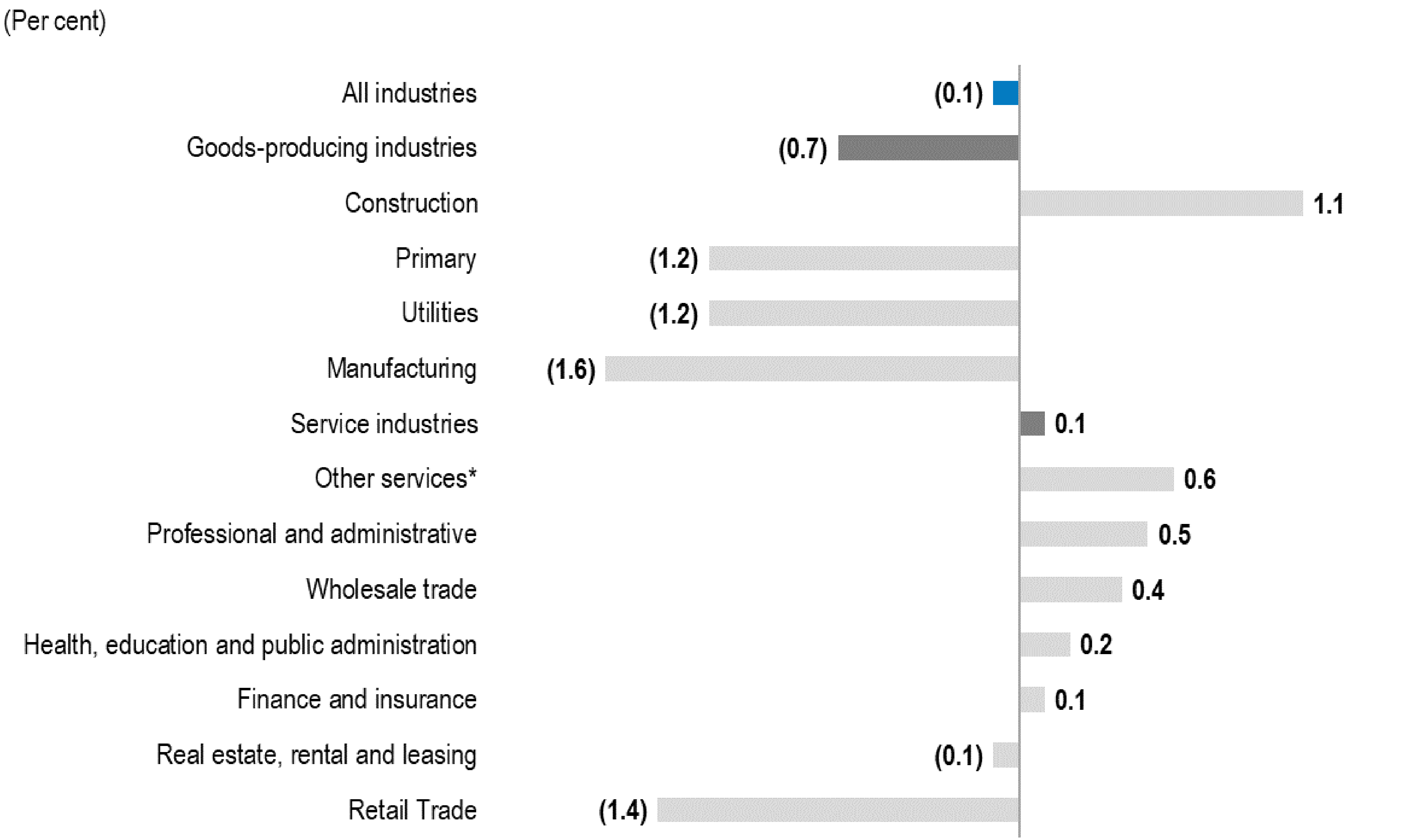
Component	2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Exports	5.6	8.9	3.6	3.3	(0.2)	1.4
Imports	4.2	11.6	2.6	3.8	1.2	1.9

Sources: Statistics Canada and Ontario Ministry of Finance.

Industry details

Ontario **real GDP**, measured as value-added by industry, edged down 0.1% in the fourth quarter of 2022. A decline in goods-producing output (−0.7%) was partially offset by higher service sector output (+0.1%).

Chart 1.3
Real GDP change by industry, 2022Q4



*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.

Source: Ontario Ministry of Finance.

Accessible description of Chart 1.3: Real GDP change by industry, 2022 Q4

Manufacturing output declined 1.6% in the quarter, with lower output in plastic and rubber (−11.1%), primary and fabricated metal (−5.1%) and food and beverage (−2.9%). Transportation equipment output advanced 2.8% in the fourth quarter, following a 0.7% decline in the third quarter.

Construction output increased 1.1% due to an increase in non-residential structures and engineering construction (+2.1%). Residential construction output declined 0.5% in the quarter.

Primary industry output was 1.2% lower, as agriculture and forestry output declined 1.9%.

Utilities output declined 1.2%, as natural gas and water (−2.2%) and electric power (−0.8%) production was lower.

Service industry output rose 0.1% in the quarter. Higher output in transportation and warehousing (+1.8%) and professional and administrative services (+0.5%) was partially offset by a decline in retail trade (−1.4%).

Table 1.5
Real GDP by industry
(Per cent change)

Component	2021	2022	2022 Q 1	2022 Q 2	2022 Q 3	2022 Q 4
Total output	5.1	3.6	0.8	0.7	0.3	(0.1)
Total goods producing industries	3.8	1.9	2.2	(0.3)	0.6	(0.7)
Primary	4.4	9.1	2.1	2.7	5.9	(1.2)

Component	2021	2022	2022 Q 1	2022 Q 2	2022 Q 3	2022 Q 4
Utilities	(2.8)	1.5	4.9	(5.3)	2.0	(1.2)
Construction	6.0	(3.0)	2.9	(1.2)	(0.7)	1.1
Manufacturing	3.6	4.4	1.2	0.5	0.2	(1.6)
Total service producing industries	5.4	4.0	0.4	1.0	0.2	0.1
Wholesale trade	4.4	0.1	(0.7)	(1.6)	(0.6)	0.4
Retail trade	5.7	4.0	1.5	1.0	(4.0)	(1.4)
Transportation and warehousing	1.8	9.0	(0.6)	4.3	(0.2)	1.8
Information and culture	4.4	3.8	0.0	(0.3)	0.9	0.3
Finance and insurance	5.5	2.0	0.6	(0.7)	(1.1)	0.1
Real estate, rental and leasing	3.5	0.9	0.1	(0.3)	(0.2)	(0.1)
Management of companies and enterprises	(27.3)	(24.9)	(3.5)	(14.0)	(6.5)	(10.5)

Component	2021	2022	2022 Q 1	2022 Q 2	2022 Q 3	2022 Q 4
Professional and administrative services	5.8	6.7	2.3	1.7	0.9	0.5
Education	6.1	3.7	0.5	1.4	3.2	(1.5)
Health care and social services	9.7	3.0	(0.2)	2.1	1.4	0.3
Arts, entertainment and recreation	3.2	44.2	(5.9)	18.7	2.8	1.4
Accommodation and food	12.3	26.7	(2.9)	13.2	2.3	(0.3)
Other services	9.2	14.3	2.2	2.5	2.1	0.4
Public administration	5.4	3.2	0.8	0.8	0.3	1.5

Sources: Statistics Canada and Ontario Ministry of Finance.

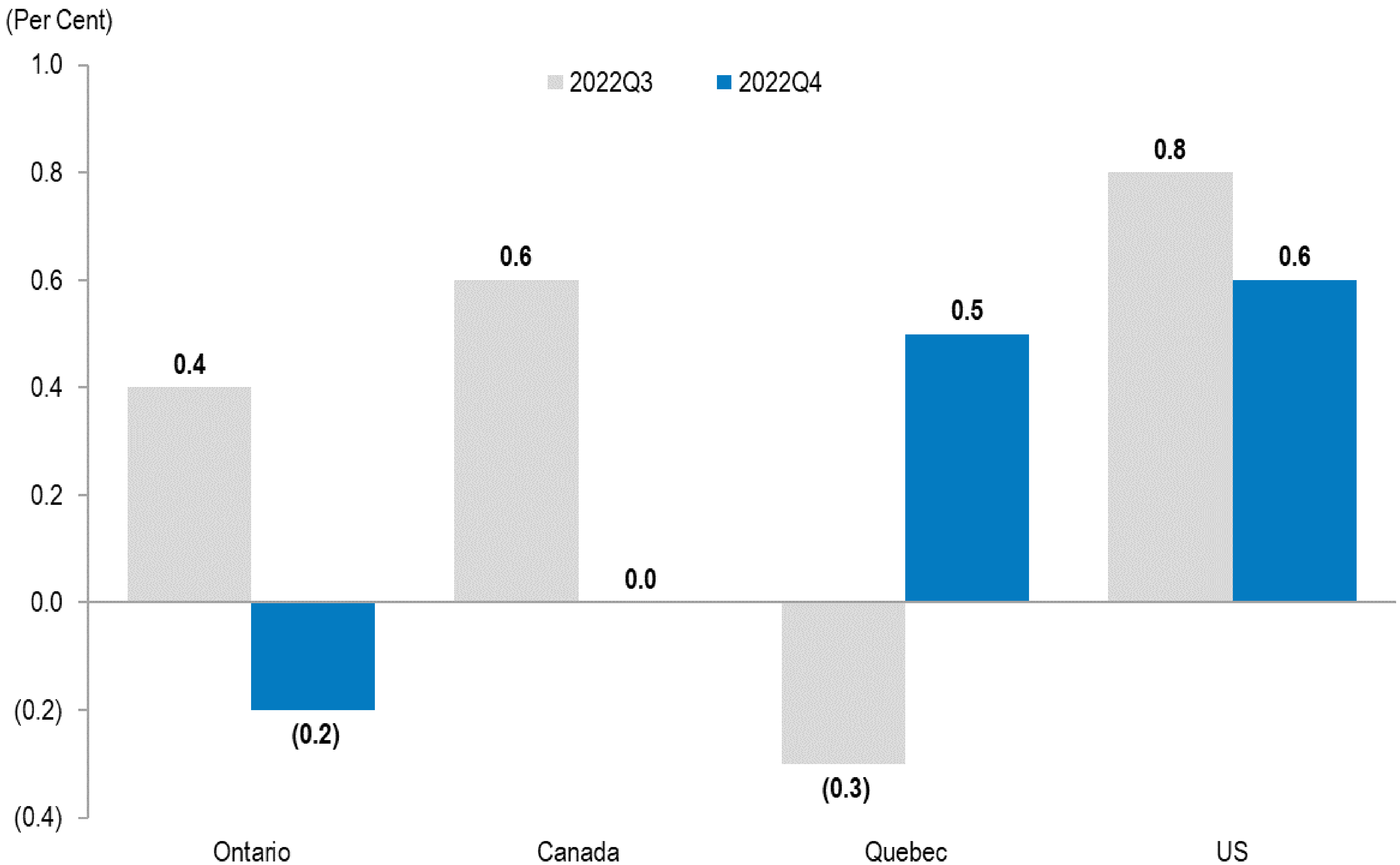
Jurisdictional comparison

Canada's real GDP was unchanged in the fourth quarter of 2022, following an increase of 0.6% in the third quarter. Lower inventory accumulations, as well as declines in business investment were offset by higher household and government spending and improved net trade. As of the fourth quarter, Canada's real GDP was 2.9% above its pre-pandemic level in 2019 Q4.

Quebec's real GDP increased 0.5% in the fourth quarter of 2022, following a decline of 0.3% in the third quarter. Fourth quarter output was supported by higher household spending, while business investment declined. As of the fourth quarter, Quebec's real GDP was 3.0% above its level in 2019 Q4.

In the **U.S.**, real GDP increased 0.6% in the fourth quarter of 2022, following a 0.8% increase in the third quarter. The fourth quarter increase reflected gains in inventories, consumer spending, non-residential investment and government spending. This was partially offset by declines in residential fixed investment and exports. As of the fourth quarter, U.S. real GDP was 5.0% above its level in 2019 Q4.

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

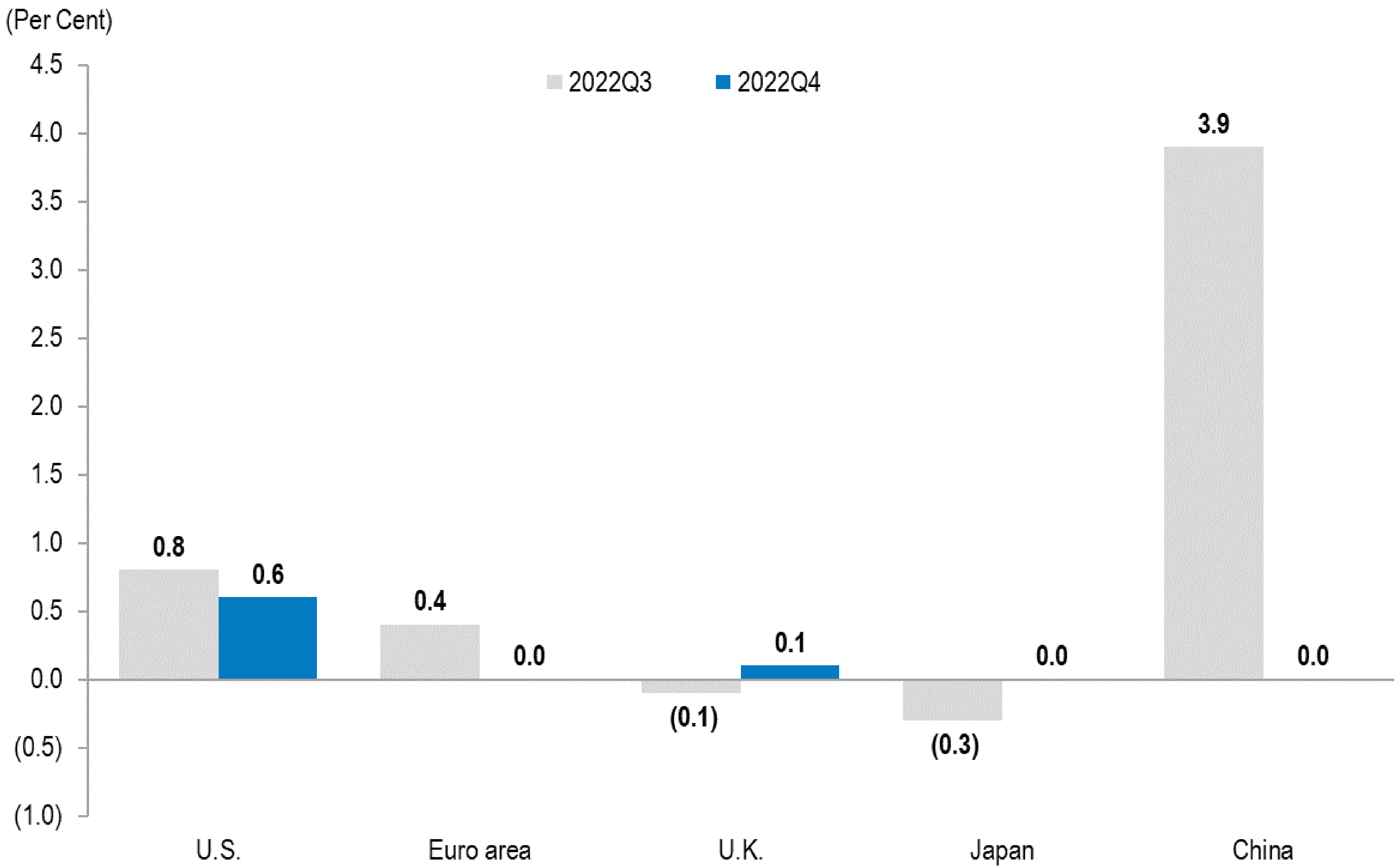
Global economic environment

Economic growth stalled in many major economies in the fourth quarter of 2022, as activity was impacted by high price inflation and rising interest rates. Euro area real GDP was unchanged in the fourth quarter, following a 0.4% increase in third quarter. Real GDP in Japan was also unchanged in the fourth quarter following modest declines in the third quarter. In China, real GDP was also unchanged in the fourth quarter, decelerating from 3.9% growth in the third quarter, as economic activity was hindered by rising COVID-19 infections and related public health restrictions. U.K. real GDP grew by 0.1% in the fourth quarter following a 0.1% decline in the third quarter. The U.S. economy continued to grow in the fourth quarter, with real GDP increasing by 0.6%, following a 0.8% increase in the third quarter.

Major economies continued to grow in 2022, although at slower rates than in 2021. U.S. real GDP grew by 2.1% in 2022, after 5.9% growth in 2021. Euro area real GDP increased 3.5% in 2022, after 5.3% growth in 2021; U.K. real GDP increased 4.1% in 2022, after 7.6% growth in 2021; Japan real GDP increased 1.0% 2022, after 2.1% growth in 2021; and China real GDP increased 3.0% in 2022, after 8.4% growth in 2021.

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

Crude oil prices remained volatile in the first quarter of 2023 amid increased economic and financial uncertainty and changing oil demand expectations. The West Texas Intermediate (WTI) crude oil price averaged US$83 per barrel in the fourth quarter of 2022 and declined to an average of US$76 per barrel in the first quarter of 2023, in large part due to increased financial market uncertainty.

The **Canada-US exchange rate** was little changed in the first quarter of 2023 compared to the last quarter of 2022, averaging 74.0 cents U.S.

To help moderate elevated consumer price inflation, the **Bank of Canada** raised its key policy interest rate, the target for the overnight rate, from 3.25% in September 2022 to 4.25% in December 2022, before raising it a further 25 basis points to 4.50% in January 2023. The Bank of Canada maintained the target for the overnight rate at 4.50% at its monetary policy announcement in early March. The Bank of Canada stated that it will continue to assess economic developments and the impact of past interest rate increases to determine if future policy rate increases are needed to return inflation to target.

Canada's 3-month government treasury bill yield rose from an average of 4.1% in the fourth quarter of 2022 to 4.4% in the first quarter of 2023. The **Canadian 10-year government bond yield** edged down from an average of 3.2% in the fourth quarter of 2022 to 3.0% in the first quarter of 2023.

Table 1.6
External factors

Component	2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
U.S. real GDP growth (per cent)	5.9	2.1	(0.4)	(0.1)	0.8	0.6	–
West Texas Intermediate (WTI) crude oil ($US per barrel)	68	95	94	109	93	83	76
Canadian dollar (cents US)	79.8	76.8	79.0	78.3	76.6	73.6	74.0

Component	2021	2022	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Three-month treasury bill rate[1] (per cent)	0.1	2.3	0.4	1.6	3.1	4.1	4.4
10-year government bond rate[2] (per cent)	1.4	2.8	2.1	3.0	3.0	3.2	3.0

[1], [2] Government of Canada interest rates.

Sources: U.S. Bureau of Economic Analysis; U.S. Energy Information Administration, CME Group, 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.

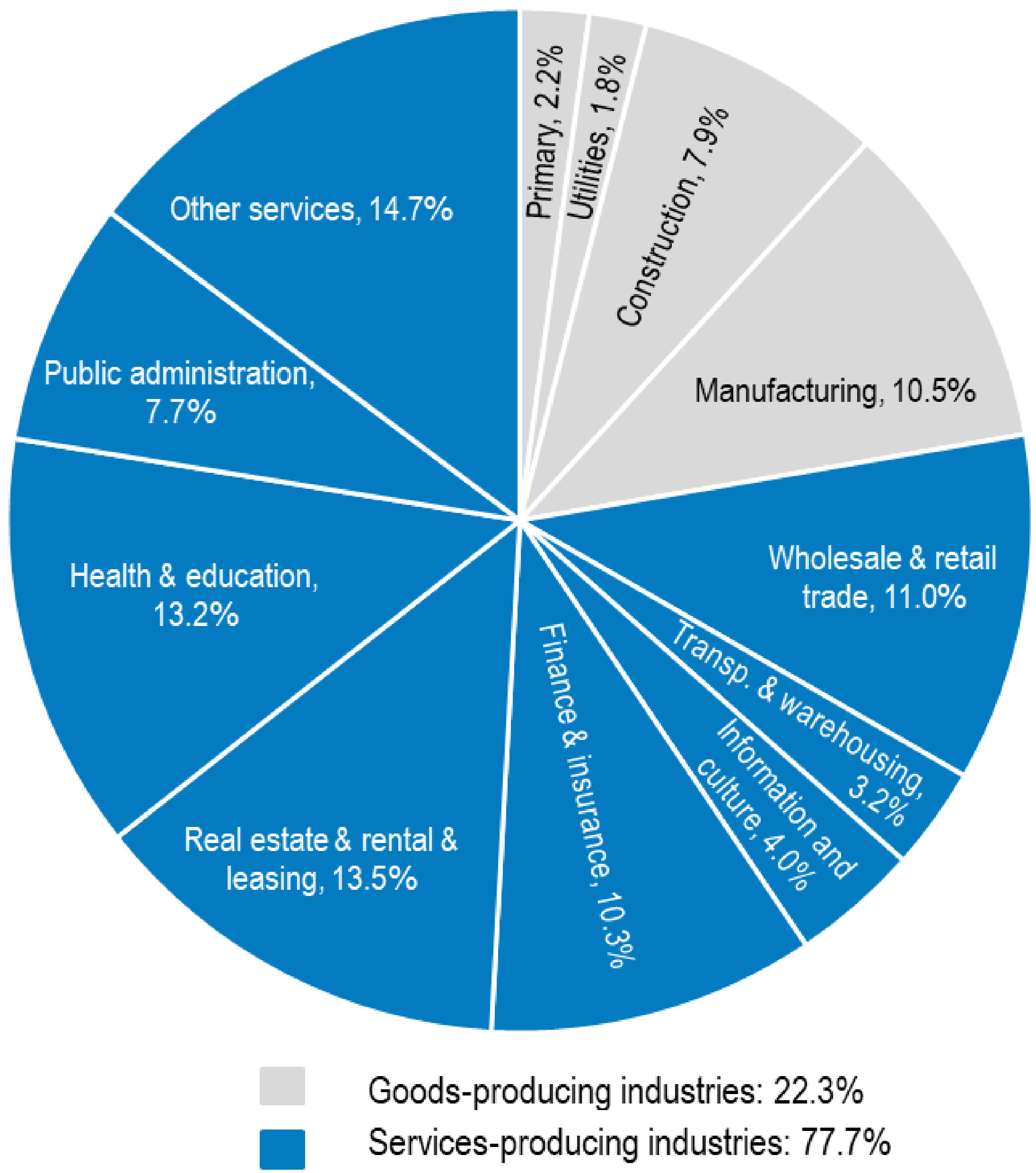
In compliance with the legislation, the OEA will be released according to the following schedule:

Reference Period	Expected Statistics Canada release of National Income and Expenditure Accounts	Corresponding deadline for the release of Ontario Economic Accounts
First quarter (January-March) 2023	May 31, 2023	By July 14, 2023

Reference Period	Expected Statistics Canada release of National Income and Expenditure Accounts	Corresponding deadline for the release of Ontario Economic Accounts
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

Appendix B: Structure of the Ontario economy

Per cent share of nominal GDP, 2021



Note: Numbers may not add due to rounding.

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

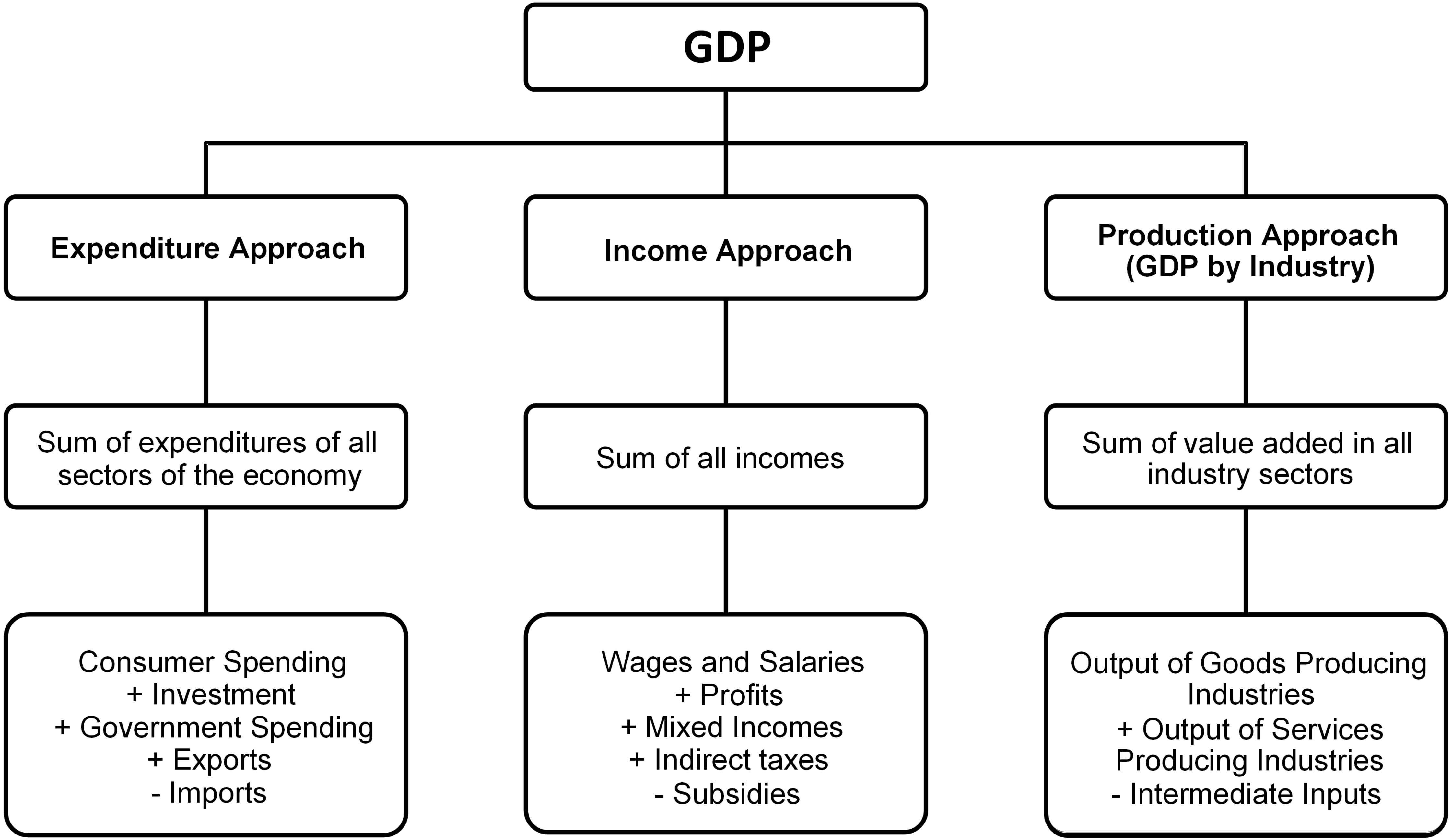
Appendix C: How GDP is measured

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 (http://web.archive.org/web/20230529082223/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 fourth 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 1.1% in the first quarter of 2022, 0.8% in the second quarter, 0.4% in the third quarter, and −0.2% in the fourth 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 fourth 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, 3.5% in the second quarter, 0.1% in the third quarter, and 0.1% in the fourth quarter.

Source: Ontario Ministry of Finance.

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Chart 1.3: Real GDP change by industry, 2022 Q4

The horizontal bar chart illustrates the per cent change in real GDP by industry for the fourth quarter of 2022. The output of all industries decreased 0.1% in the quarter. Output decreased in goods-producing industries (−0.7%), with industry changes as follows: primary (−1.2%); utilities (−1.2%); manufacturing (−1.6%); and construction (+1.1%). Output in the service industries increased 0.1%, including industry changes as follows: other services (+0.6%); professional and administrative services (+0.5%); wholesale trade (+0.4%); health, education and public administration (+0.2%); finance and insurance (+0.1%); real estate, rental and leasing (−0.1%); and retail trade (−1.4%).

*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 third and fourth quarter of 2022. Ontario real GDP increased 0.4% in the third quarter and decreased 0.2% in the fourth quarter. Canadian real GDP increased 0.6% in the third quarter and remained unchanged in the fourth quarter. Quebec real GDP decreased 0.3% in the third quarter and increased 0.5% in the fourth quarter. U.S. real GDP increased 0.8% in the third quarter and rose 0.6% in the fourth 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 third and fourth quarter of 2022. U.S. real GDP increased 0.8% in the third quarter and rose 0.6% in the fourth quarter. Euro area real GDP increased 0.4% in the third quarter and remained unchanged in the fourth quarter. Real GDP in the United Kingdom decreased 0.1% in the third quarter and increased 0.1% in fourth quarter. Japan’s real GDP decreased 0.3% in the third quarter and remained unchanged in the fourth quarter. China’s real GDP increased 3.9% in the third quarter and remained unchanged in the fourth 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

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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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