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

Ontario Economic Accounts

Learn about Ontario's economic performance and outlook for the first quarter of 2023.

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 1.0% in the first quarter (January, February, March) of 2023, after edging down 0.2% in the fourth quarter of 2022.
- First quarter growth was supported by higher exports and household spending.
- Nominal GDP rose 1.4%, after edging up 0.1% in the previous two quarters.
- Economy-wide prices, as measured by the implicit price index for GDP, increased 0.4% in the first quarter.
- Economic production, measured on an industry basis, increased 0.8% in the first quarter with gains in both the goods (+1.2%) and service (+0.7%) sectors.

Table 1.1
Ontario Economic Accounts summary
(per cent change)

Component	2021	2022	2022Q2	2022Q3	2022Q4	2023Q1
Real GDP	5.2	3.7	1.0	0.4	(0.2)	1.0
Nominal GDP	10.3	9.2	3.6	0.1	0.1	1.4

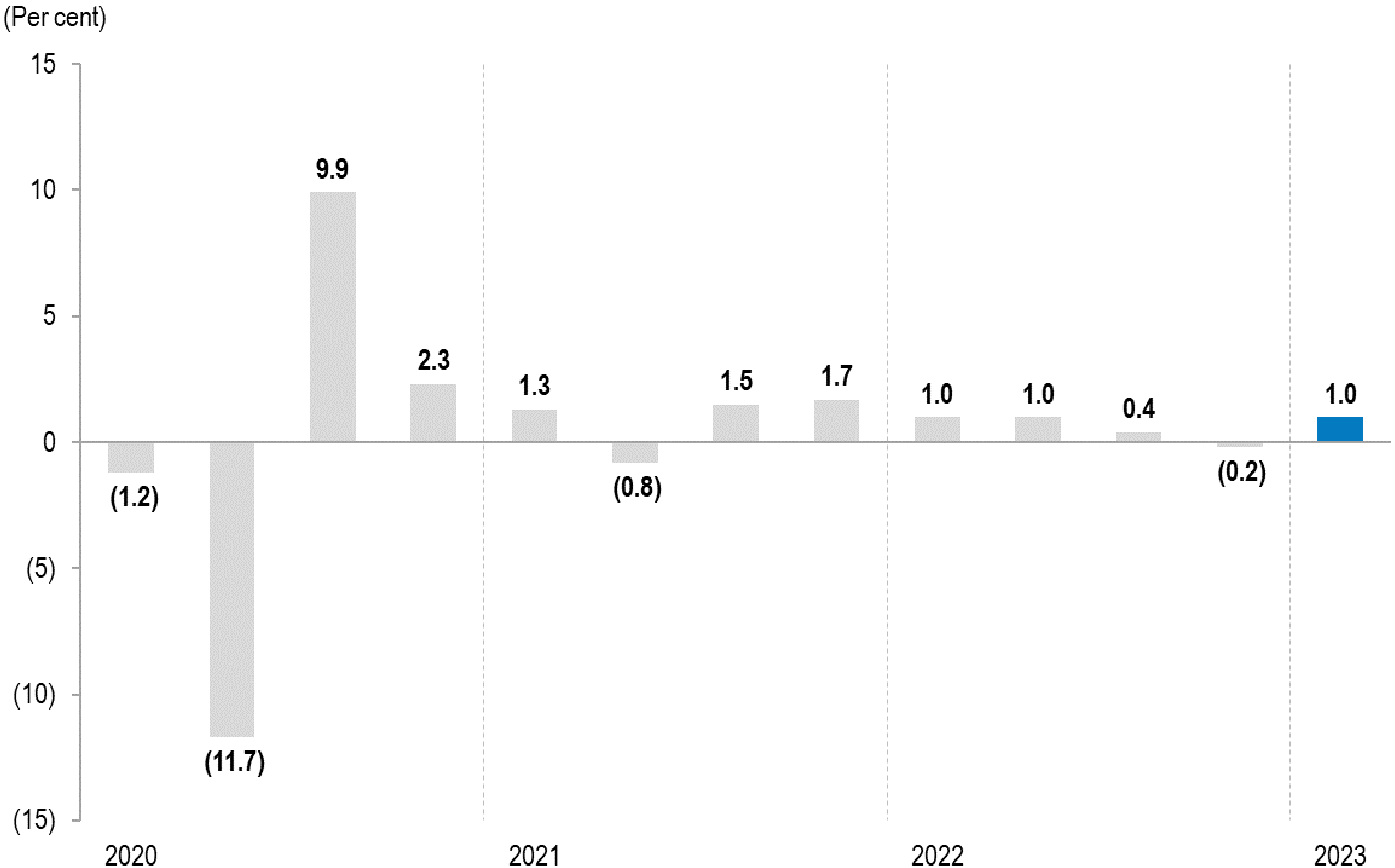
Sources: Statistics Canada and Ontario Ministry of Finance.

Expenditure details

Ontario's **real GDP** advanced 1.0% in the first quarter of 2023, after edging down 0.2% in the fourth quarter of 2022. As of the first quarter, Ontario's real GDP was 4.9% above the pre-pandemic level in 2019Q4.

Chart 1.1

Real GDP growth



Source: Ontario Ministry of Finance

Source: Ontario Ministry of Finance.

Accessible description of Chart 1.1: Real GDP growth

Household consumption spending rose 1.5%, following a 0.1% increase in the previous quarter. Spending on semi-durables (+4.5%), durables (+4.3%) and services (+1.4%) advanced, while non-durable spending (−0.8%) declined.

Total business investment was 0.6% lower in the first quarter. Investment in machinery and equipment (−4.0%) and residential construction (−2.5%) declined, while investment was higher in non-residential structures (+3.6%) and intellectual property products (+4.1%).

Exports (+3.7%) and **imports** (+2.0%) advanced in the first quarter. International exports (+6.4%) and imports (+1.1%) both increased. Interprovincial exports were 1.2% lower, while interprovincial imports rose 5.0% in the quarter.

Businesses accumulated $5.9 billion worth of **inventories** in the first quarter, down from an accumulation of $8.8 billion in the previous quarter.

Table 1.2
Real GDP by expenditure
(Per cent change)

Component	2021	2022	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Real GDP	5.2	3.7	1.0	0.4	(0.2)	1.0
Household consumption	4.4	6.2	2.8	(0.5)	0.1	1.5
Business investment	10.4	(7.5)	(3.8)	(3.4)	(1.2)	(0.6)

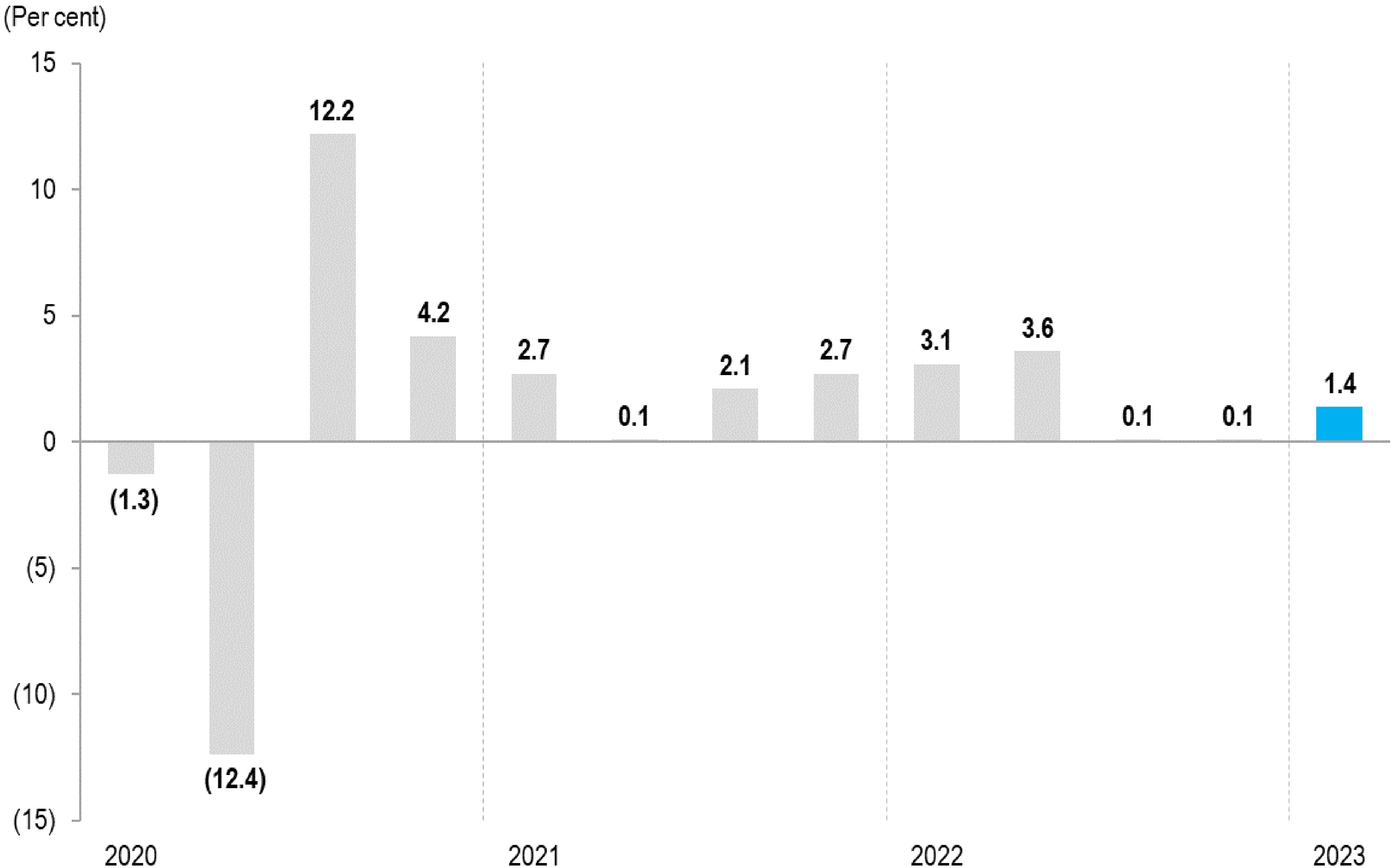
Component	2021	2022	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Government	5.9	2.0	(0.6)	0.9	1.0	0.3
Exports	1.3	4.8	3.9	0.9	(0.9)	3.7
Imports	5.7	4.4	5.3	(0.4)	(3.5)	2.0
Investment in inventories ($ billions)	3.6	13.5	16.7	20.5	8.8	5.9

Sources: Statistics Canada and Ontario Ministry of Finance.

Income details

Ontario's **nominal GDP** increased 1.4% in the first quarter, after edging up 0.1% in the fourth 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 0.7% in the fourth quarter.

Net operating surplus of corporations declined 4.1%, the third consecutive quarterly decline.

Net mixed income, which is comprised of farm income, unincorporated business income and rental income, increased 2.4%, following a 1.6% increase in the previous quarter.

Table 1.3
Nominal GDP by income
(Per cent change)

Component	2021	2022	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Nominal GDP	10.3	9.2	3.6	0.1	0.1	1.4
Compensation of employees	9.2	9.5	2.0	1.5	0.7	2.0
Net operating surplus	13.7	4.3	7.4	(5.7)	(7.3)	(4.1)
Net mixed income	6.2	11.4	3.5	1.6	1.6	2.4

Sources: Statistics Canada and Ontario Ministry of Finance.

Price details

Economy-wide prices, as measured by the **implicit price index for GDP**, increased 0.4% in the first quarter, following a 0.2% increase in the fourth quarter.

Prices for **household consumption expenditures** rose 0.8%, following a 1.0% increase in the fourth quarter.

Business investment prices edged up 0.1%, following 1.0% increases in the previous two quarters. Prices for intellectual property products (+1.5%) and machinery and equipment (+0.8%) both increased in the first quarter. Prices for residential construction declined 0.5% and non-residential construction prices were unchanged in the quarter.

Export prices (+0.5%) and **import prices** (+0.3%) both increased in the quarter.

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

Component	2021	2022	2022 Q2	2022 Q3	2022 Q4	2023 Q1
GDP	4.9	5.3	2.6	(0.3)	0.2	0.4
Household consumption	2.8	6.1	2.1	0.7	1.0	0.8
Business investment	9.8	8.5	0.9	1.0	1.0	0.1

Component	2021	2022	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Exports	5.6	8.8	3.2	(0.1)	1.3	0.5
Imports	4.2	11.6	3.4	1.2	2.1	0.3

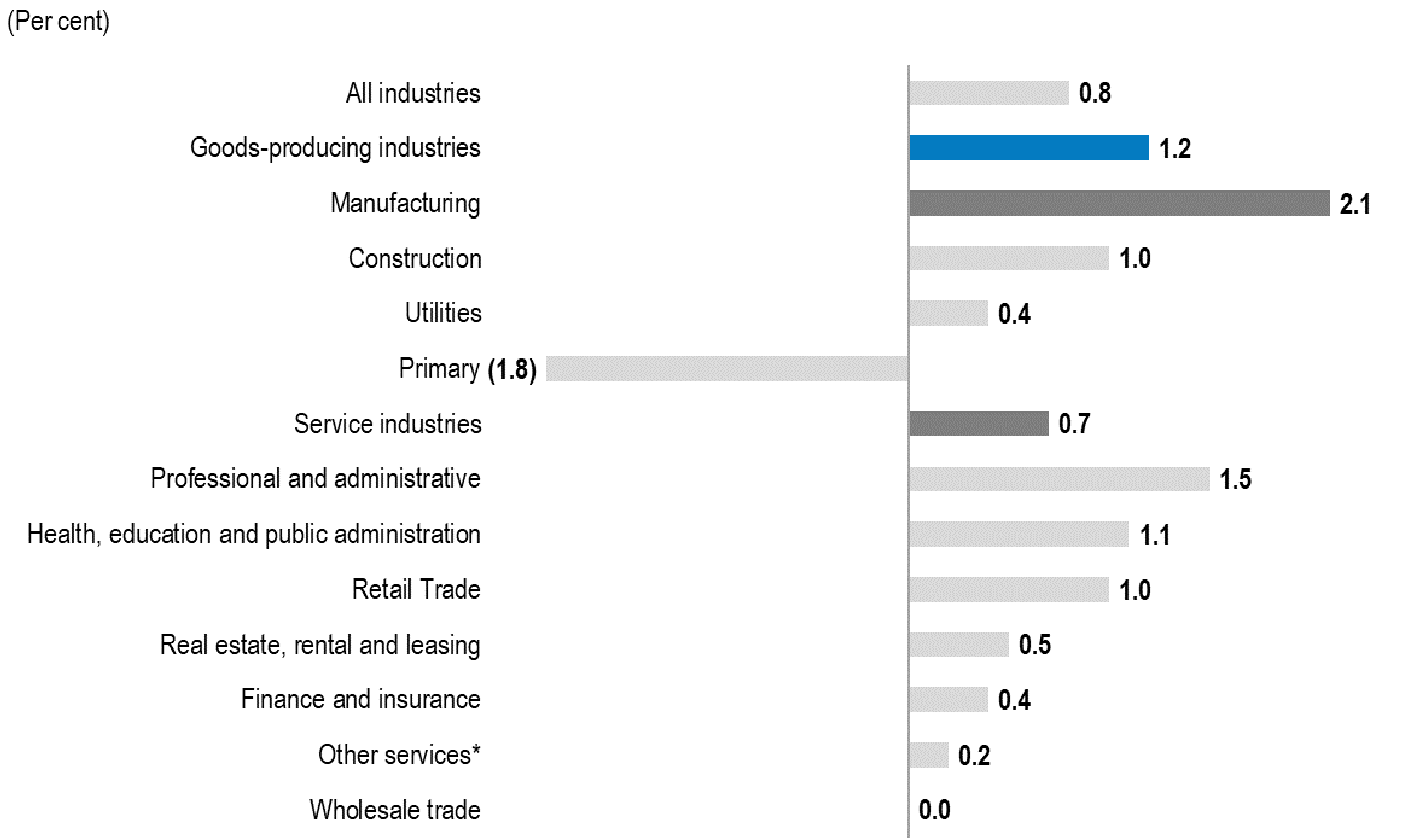
Sources: Statistics Canada and Ontario Ministry of Finance.

Industry details

Ontario **real GDP**, measured as value-added by industry, increased 0.8% in the first quarter of 2023. Increases were observed in both goods-producing output (+1.2%) and service sector output (+0.7%).

Chart 1.3

Real GDP change by industry, 2023Q1



*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, 2023 Q1

Manufacturing output increased 2.1% in the quarter, with higher output in transportation equipment (+9.8%) and machinery manufacturing (+7.0%).

Construction output increased 1.0% due to an increase in non-residential structures and engineering construction (+2.5%). Residential construction output declined 1.2% in the quarter.

Primary industry output was 1.8% lower, as agriculture output declined 3.4%. This decline was partially offset by increased mining output (+0.3%).

Utilities output increased 0.4%, driven higher by electric power (+1.4%) production. Natural gas, water, and other production (−2.3%) decreased for a second consecutive quarter.

Service industry output rose 0.7% in the quarter. Service sector gains were widespread, including increases in professional and administrative services (+1.5%) and retail trade (+1.0%).

Table 1.5
Real GDP by industry
(Per cent change)

Component	2021	2022	2022 Q 2	2022 Q 3	2022 Q 4	2023 Q 1
Total output	5.1	3.6	0.7	0.2	(0.1)	0.8
Total goods producing industries	3.8	1.6	(0.3)	0.3	(0.4)	1.2
Primary	4.4	2.9	1.2	1.6	(0.1)	(1.8)
Utilities	(2.8)	1.5	(5.2)	2.1	(1.2)	0.4

Component	2021	2022	2022 Q 2	2022 Q 3	2022 Q 4	2023 Q 1
Construction	6.0	(2.7)	(1.0)	(0.5)	1.2	1.0
Manufacturing	3.6	4.5	0.6	0.2	(1.6)	2.1
Total service producing industries	5.4	4.1	1.0	0.2	0.1	0.7
Wholesale trade	4.4	0.5	(1.4)	(0.5)	0.5	0.0
Retail trade	5.7	2.8	0.5	(4.5)	(1.9)	1.0
Transportation and warehousing	1.8	11.5	5.3	0.5	2.2	2.0
Information and culture	4.4	4.7	0.3	0.9	0.3	(2.5)
Finance and insurance	5.5	1.7	(0.7)	(1.2)	(0.2)	0.4
Real estate, rental and leasing	3.5	0.1	(0.6)	(0.5)	(0.5)	0.5
Management of companies and enterprises	(27.3)	(26.9)	(15.0)	(7.7)	(12.0)	(7.0)
Professional and administrative services	5.8	7.4	2.0	1.1	0.6	1.5

Component	2021	2022	2022 Q 2	2022 Q 3	2022 Q 4	2023 Q 1
Education	6.1	4.2	1.6	3.4	(1.4)	0.8
Health care and social services	9.7	3.5	2.3	1.5	0.4	0.7
Arts, entertainment and recreation	3.2	49.6	20.1	4.1	2.7	2.2
Accommodation and food	12.3	24.9	12.7	1.8	(0.8)	2.9
Other services	9.2	10.7	1.3	0.8	(0.8)	0.8
Public administration	5.4	3.3	0.9	0.3	1.5	1.7

Sources: Statistics Canada and Ontario Ministry of Finance.

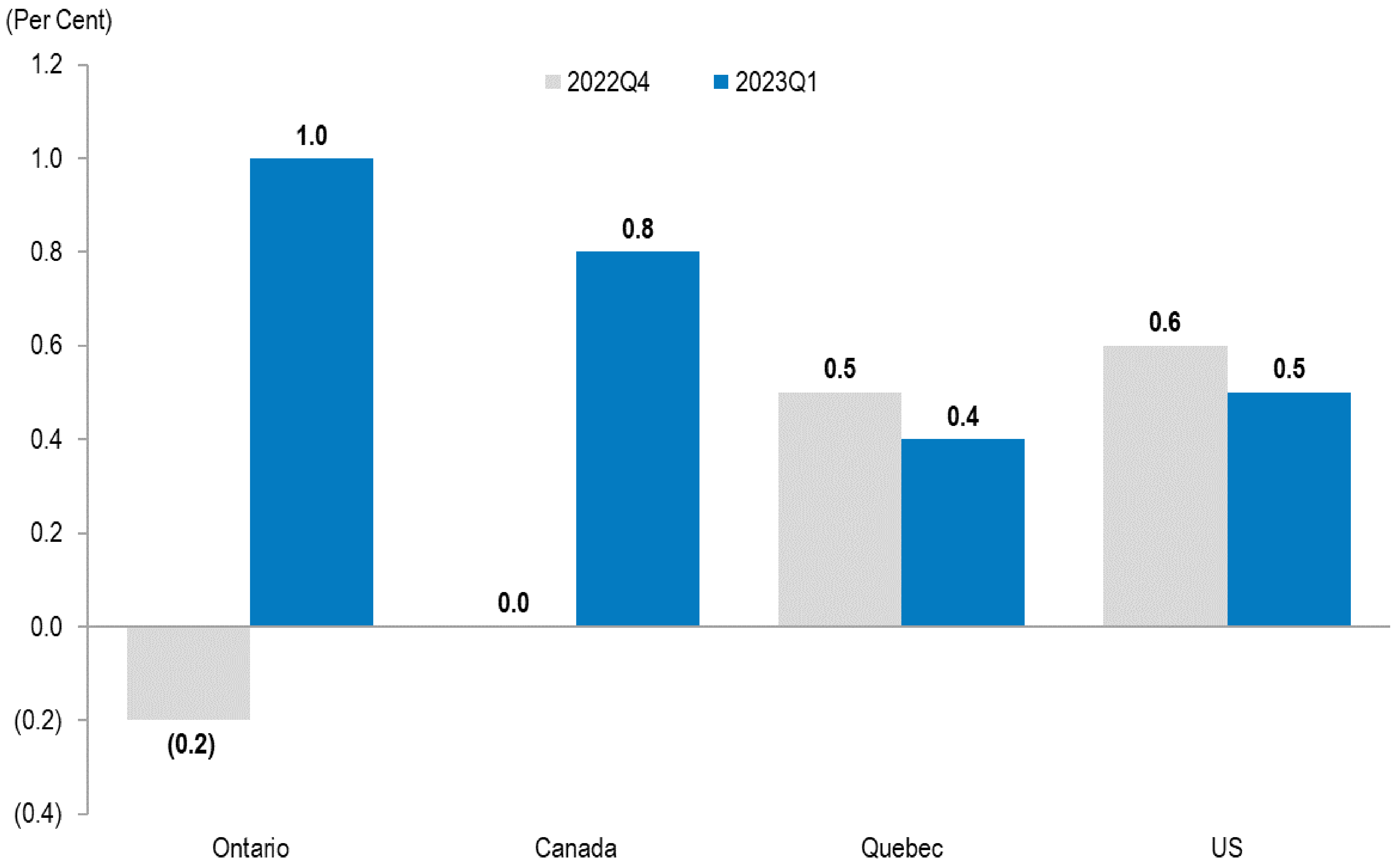
Jurisdictional comparison

Canadian real GDP increased 0.8% in the first quarter, after posting no change (0.0%) in the fourth quarter of 2022. The increase was primarily driven by international exports and household spending. The increase was partially offset by slower inventory accumulation and declines in housing and business investment.

Quebec's real GDP increased 0.4% in the first quarter, following an increase of 0.5% in the previous quarter. Growth in the first quarter was supported by higher household spending (+1.5%). Net trade was a drag on growth as exports (−1.4%) declined faster than imports (−0.6%).

In the **U.S.**, real GDP increased 0.5% in the first quarter of 2023, following a 0.6% gain in the fourth quarter of 2022. The increase in the first quarter reflected higher consumer spending, exports, government spending, and non-residential fixed investment. These were partly offset by decreases in private inventory investment and residential fixed investment.

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.

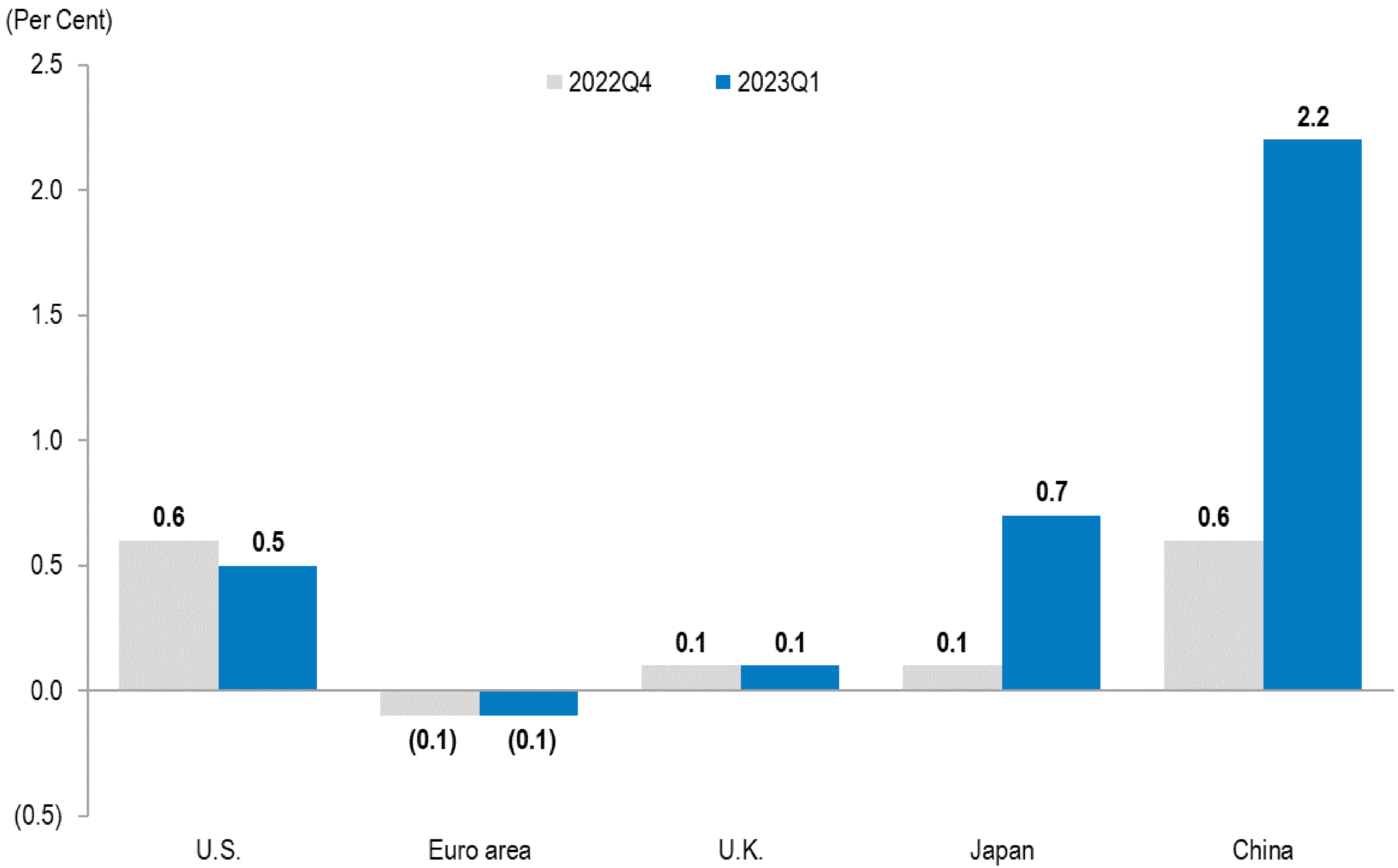
Accessible description of Chart 1.4: Real GDP growth across jurisdictions

Global economic environment

U.S real GDP growth was 0.5% in the first quarter, following a 0.6% increase in the final quarter of 2022. The euro area entered a technical recession in the first quarter of 2023 as real GDP declined 0.1%, matching the decrease in the final quarter of 2022. U.K. real GDP edged up 0.1% in the first quarter, matching growth in the previous quarter. Economic growth strengthened in Japan and China in the first quarter. Japan’s real GDP increased 0.7% in the first quarter, following a 0.1% increase in the final quarter of 2022. In China, real GDP increased 2.2% in the first quarter following a 0.6% increase in the previous quarter, as the easing of pandemic-related restrictions boosted growth.

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

The West Texas Intermediate (WTI) crude oil price rose to over US$80 per barrel in mid-April following an announcement by the Organization of the Petroleum Exporting Countries and allied oil producers (OPEC+) that crude oil output targets would be reduced. However, the WTI price subsequently declined to below US$70 per barrel in early May and has remained below US$73 per barrel through June as slowing economic growth lowered expected oil demand.

The **Bank of Canada** raised its key policy interest rate, the target for the overnight rate, by 25 basis points to 4.75% in June 2023, after maintaining the rate at 4.50% at its monetary policy announcements in both March and April. The Bank of Canada's decision reflects concerns that high inflation may be persistent in part due to stronger-than-expected economic growth.

Canada's 3-month government treasury bill yield rose over the course of May and June to reach close to 4.9% by the end of June. The 3-month yield averaged 4.6% in the second quarter compared to 4.4% in the first quarter. Similarly, after staying below 3.0% for most of March and April, the **Canadian 10-year government bond** yield increased in May and June to reach 3.3% by the end of June. The 10-year yield averaged 3.1% in the second quarter compared to 3.0% in the first quarter.

The **Canadian dollar** appreciated in June, with the Canada-US exchange rate closing at 75.5 cents US at the end of the month. On a quarterly basis, the exchange rate has been relatively steady, averaging 74.5 cents US in the second quarter, up from 74.0 cents US in the first quarter.

Table 1.6
External factors

Component	2021	2022	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
U.S. real GDP growth (per cent)	5.9	2.1	(0.1)	0.8	0.6	0.5	–
West Texas Intermediate (WTI) crude oil ($US per barrel)	68	95	109	93	83	76	74
Canadian dollar (cents US)	79.8	76.8	78.3	76.6	73.6	74.0	74.5

Component	2021	2022	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Three-month treasury bill rate[1] (per cent)	0.1	2.3	1.6	3.1	4.1	4.4	4.6
10-year government bond rate[2] (per cent)	1.4	2.8	3.0	3.0	3.2	3.0	3.1

[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.

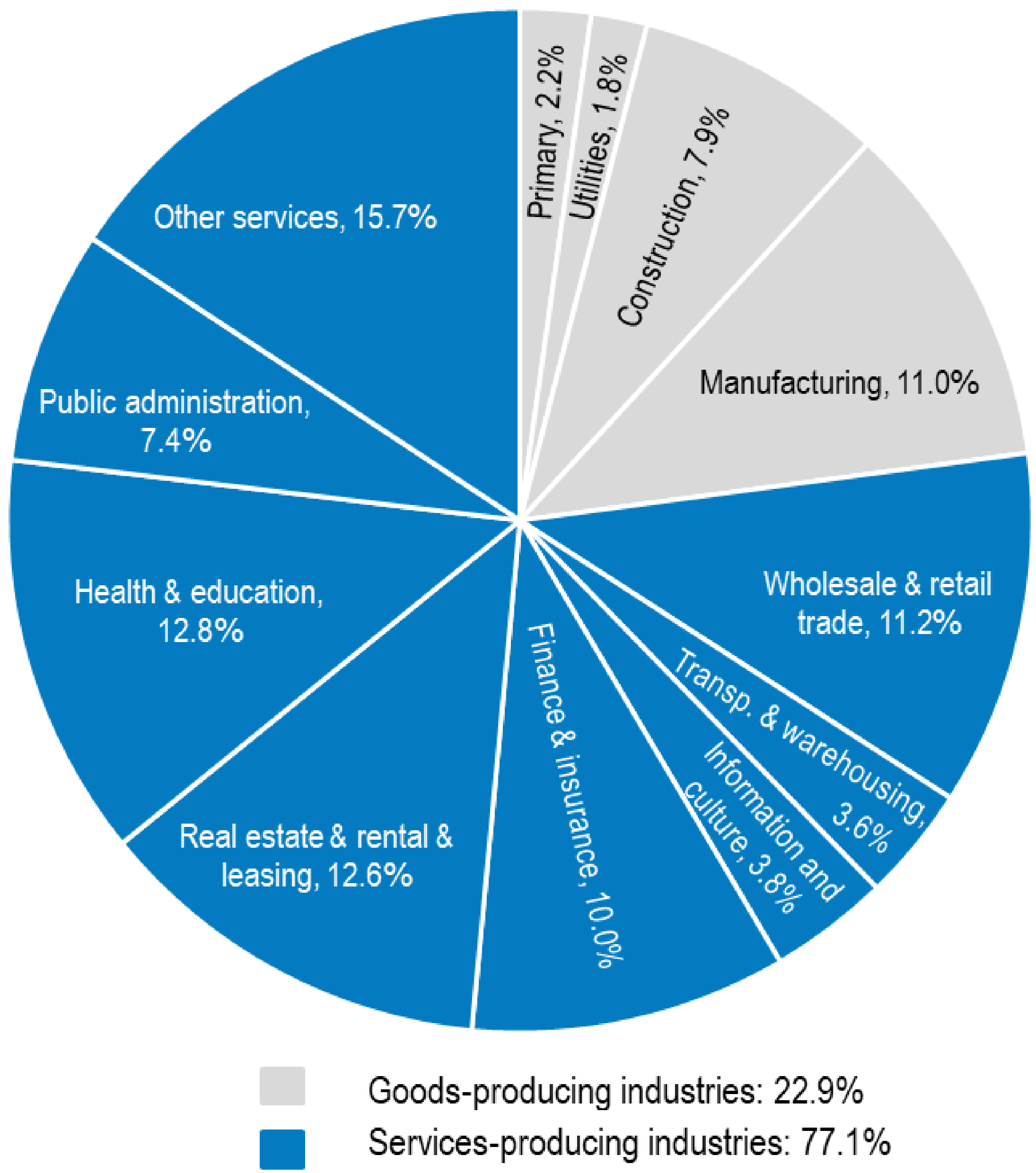
In compliance with the legislation, the OEA will be released according to the following schedule:

Reference Period	Expected Statistics Canada release of National Income and Expenditure Accounts	Corresponding deadline for the release of Ontario Economic Accounts
Second quarter (April-June) 2023	September 1, 2023	By October 16, 2023

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) 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, 2022



Note: Numbers may not add due to rounding.

Accessible description of Chart: Appendix B, Per cent share of nominal GDP, 2022

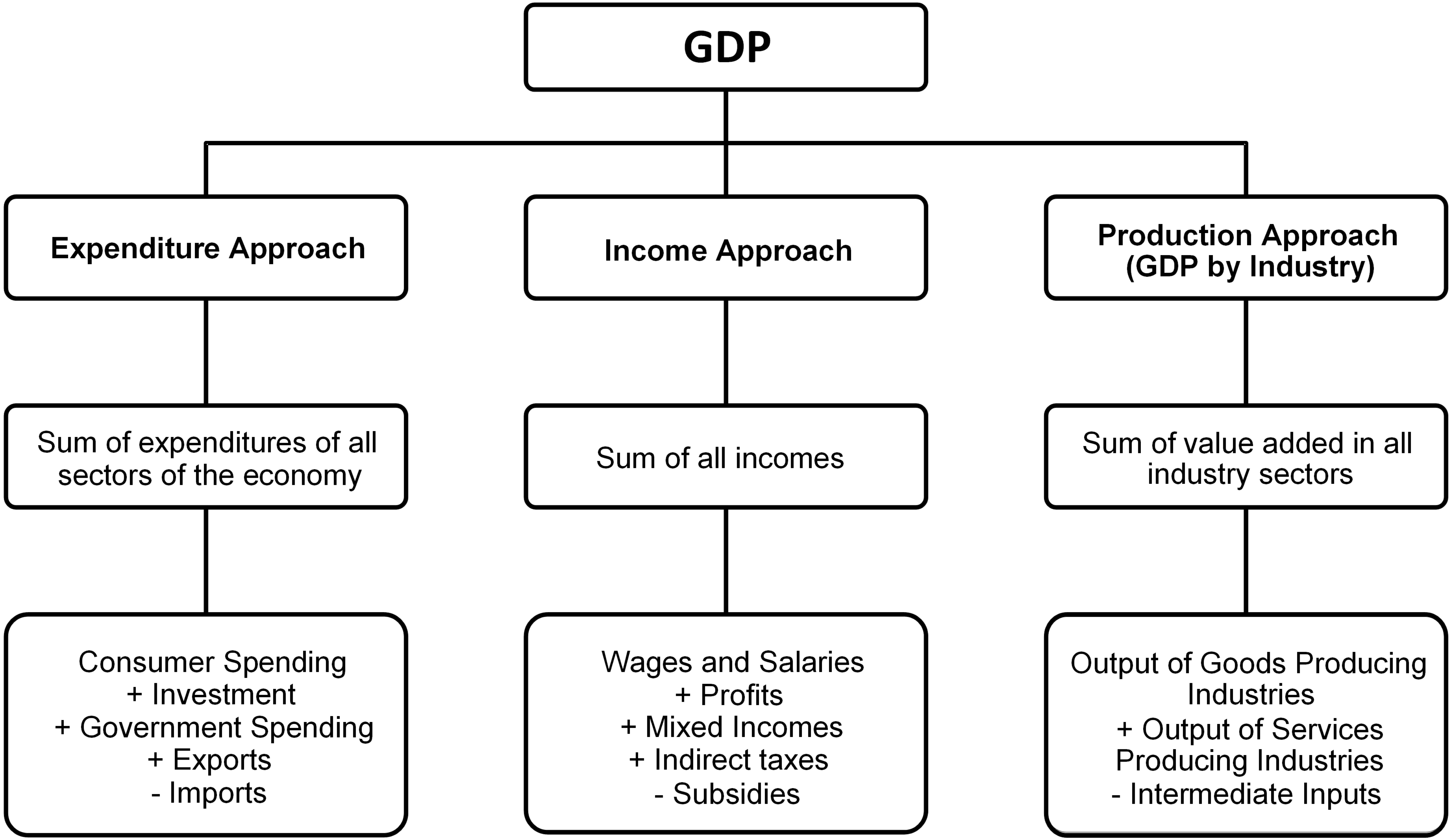
Appendix C: How GDP is measured

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 2020 to the first quarter of 2023. 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. In the four quarters of 2022, real GDP growth was 1.0%, 1.0%, 0.4% and −0.2%, respectively. Ontario real GDP grew by 1.0% in the first quarter of 2023.

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 2020 to the first quarter of 2023. 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. In the four quarters of 2022, GDP growth was 3.1%, 3.6%, 0.1% and 0.1%, respectively. Ontario nominal GDP grew by 1.4% in the first quarter of 2023.

Source: Ontario Ministry of Finance.

Return to chart 1.2

Chart 1.3: Real GDP change by industry, 2023 Q1

The horizontal bar chart illustrates the per cent change in real GDP by industry for the first quarter of 2023. The output of all industries increased 0.8% in the quarter. Output increased in goods-producing industries (+1.2%), with industry changes as follows: manufacturing (+2.1%); and construction (+1.0%); utilities (+0.4%) and primary (−1.8%). Output in the service industries increased 0.7%, including industry changes as follows: professional and administrative services (+1.5%); health, education and public administration (+1.1%); retail trade (+1.0%); real estate, rental and leasing (+0.5%); finance and insurance (+0.4%); other services (+0.2%) and wholesale trade (0.0%)

*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 fourth quarter of 2022 and first quarter of 2023. Ontario real GDP declined 0.2% in the fourth quarter and increased 1.0% in the first quarter. Canadian real GDP was unchanged in the fourth quarter and increased by 0.8% in the first quarter. Quebec real GDP increased 0.5% in the fourth quarter and rose 0.4% in the first quarter. U.S. real GDP increased 0.6% in the fourth quarter and rose 0.5% in the first 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 fourth quarter of 2022 and first quarter of 2023. U.S. real GDP increased 0.6% in the fourth quarter and rose 0.5% in the first quarter. Euro area real GDP declined by 0.1% in both the fourth and first quarter. Real GDP in the United Kingdom increased 0.1% in both the fourth and first quarter. Japan’s real GDP increased 0.1% in the fourth quarter and increased 0.7% in the first quarter. China’s real GDP increased 0.6% in the fourth quarter and increased 2.2% in the first 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, 2022

This pie chart shows the percent share of nominal GDP by industry for 2022. Goods-producing industries accounted for 22.9% of Ontario’s nominal GDP with industry shares as follows: manufacturing (11.0%); construction (7.9%); utilities (1.8%) and primary industries (2.2%). Services-producing industries accounted for 77.1% of Ontario’s nominal GDP with industry shares as follows: health and education (12.8%); real estate, rental and leasing (12.6%); wholesale and retail trade (11.2%); finance and insurance (10.0%); public administration (7.4%); information and culture (3.8%); transportation and warehousing (3.6%); and other services (15.7%).

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

Return to chart

Updated: July 13, 2023
Published: October 15, 2021