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

Ontario Economic Accounts

Learn about Ontario's economic performance and outlook for the second 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 0.2% in the second quarter (April, May, June) of 2023, after increasing 0.8% in the first quarter.
- Second quarter growth was supported by higher exports and household spending.
- Nominal GDP rose 1.3%, after increasing 1.2% in the previous quarter.
- Economy-wide prices, as measured by the implicit price index for GDP, increased 1.2% in the second quarter.
- Economic production, measured on an industry basis, increased 0.3% in the second quarter with gains in both the goods (+1.0%) and service (+0.1%) sectors.

Table 1.1
Ontario Economic Accounts summary
(per cent change)

Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Real GDP	5.2	3.7	0.4	(0.2)	0.8	0.2
Nominal GDP	10.3	9.2	0.1	0.1	1.2	1.3

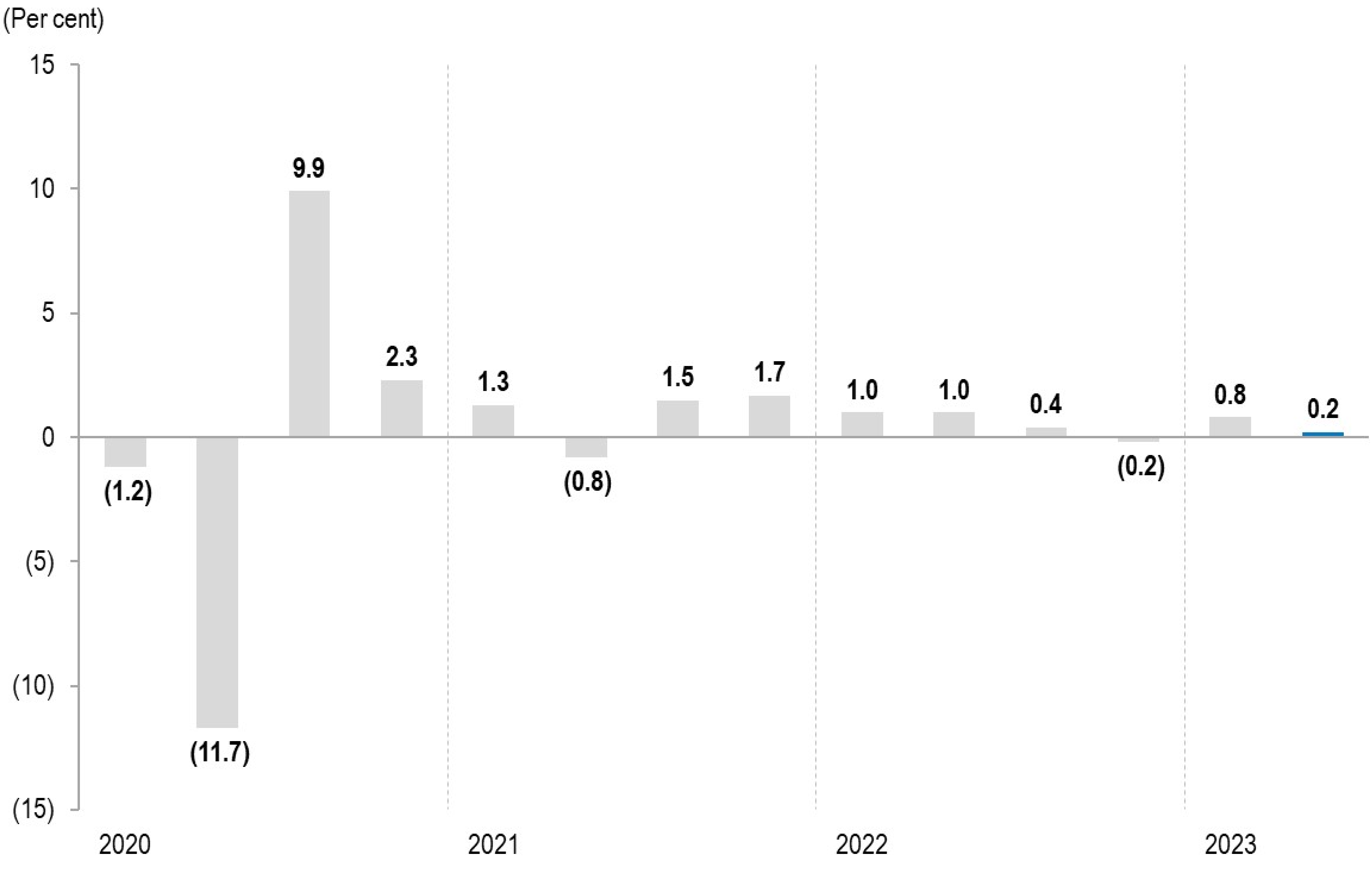
Sources: Statistics Canada and Ontario Ministry of Finance.

Expenditure details

Ontario's **real GDP** increased 0.2% in the second quarter of 2023, after advancing 0.8% in the first quarter. As of the second quarter, Ontario's real GDP was 4.9% 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 increased 0.2%, following a 1.3% gain in the previous quarter. Spending on semi-durables (+0.5%), non-durables (+0.4%) and services (+0.2%) advanced, while durable spending (−0.4%) declined.

Total business investment edged down 0.2% in the second quarter. Investment in residential construction (−1.8%) declined, while investment was higher in non-residential structures (+2.4%), machinery and equipment (+0.6%) and intellectual property products (+0.5%).

Exports (+2.6%) and **imports** (+2.4%) advanced in the second quarter. International exports (+4.5%) and imports (+2.2%) both increased. Interprovincial exports were 1.1% lower, while interprovincial imports rose 3.1% in the quarter.

Businesses accumulated $6.3 billion worth of **inventories** in the second quarter, down from an accumulation of $6.8 billion in the previous quarter.

Table 1.2
Real GDP by expenditure
(Per cent change)

Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Real GDP	5.2	3.7	0.4	(0.2)	0.8	0.2

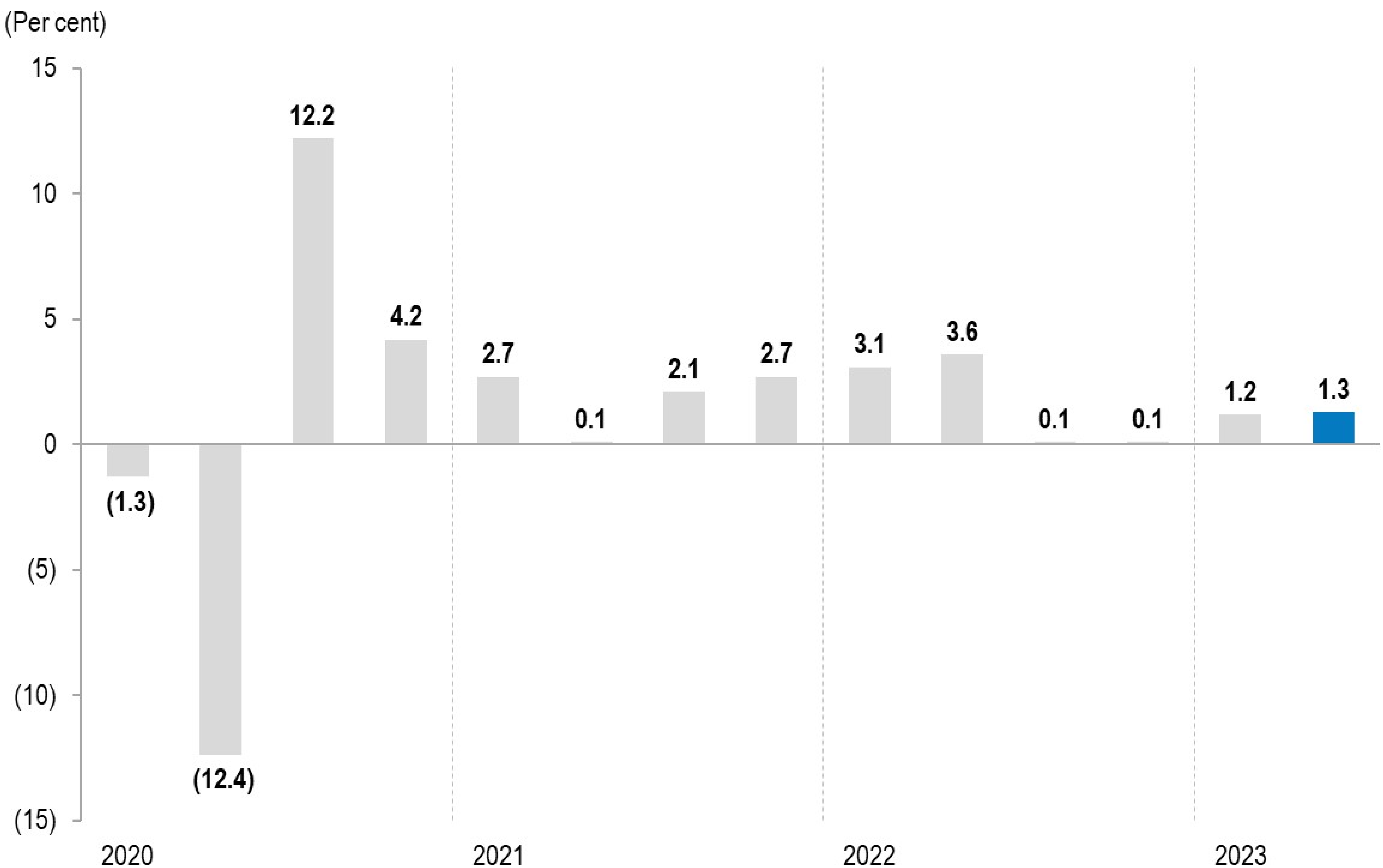
Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Household consumption	4.4	6.2	(0.5)	0.1	1.3	0.2
Business investment	10.4	(7.5)	(3.4)	(1.2)	(0.9)	(0.2)
Government	5.9	2.0	0.9	1.0	(0.5)	0.5
Exports	1.3	4.8	0.9	(0.9)	3.8	2.6
Imports	5.7	4.4	(0.4)	(3.5)	2.3	2.4
Investment in inventories ($ billions)	3.6	13.5	20.5	8.8	6.8	6.3

Sources: Statistics Canada and Ontario Ministry of Finance.

Income details

Ontario’s **nominal GDP** increased 1.3% in the second quarter, after increasing 1.2% 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 2.3%, after rising 2.2% in the first quarter.

Net operating surplus of corporations declined 4.8%, the fourth consecutive quarterly decline.

Net mixed income, which is comprised of farm income, unincorporated business income and rental income, increased 2.8%, following a 2.7% increase in the previous quarter.

Table 1.3
Nominal GDP by income
(Per cent change)

Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Nominal GDP	10.3	9.2	0.1	0.1	1.2	1.3
Compensation of employees	9.2	9.5	1.5	0.7	2.2	2.3
Net operating surplus	13.7	4.3	(5.7)	(7.3)	(6.9)	(4.8)

Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Net mixed income	6.2	11.4	1.6	1.6	2.7	2.8

Sources: Statistics Canada and Ontario Ministry of Finance.

Price details

Economy-wide prices, as measured by the **implicit price index for GDP**, increased 1.2% in the second quarter, following a 0.4% increase in the first quarter.

Prices for **household consumption expenditures** rose 0.9%, following a 0.8% increase in the first quarter.

Business investment prices increased 1.5%, following a 0.2% increase in the previous quarter. Prices for residential construction (+2.5%), intellectual property products (+1.0%), non-residential construction (+0.6%) and machinery and equipment (+0.6%) all increased in the second quarter.

Export prices (−0.5%) and **import prices** (−0.3%) both declined in the quarter.

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

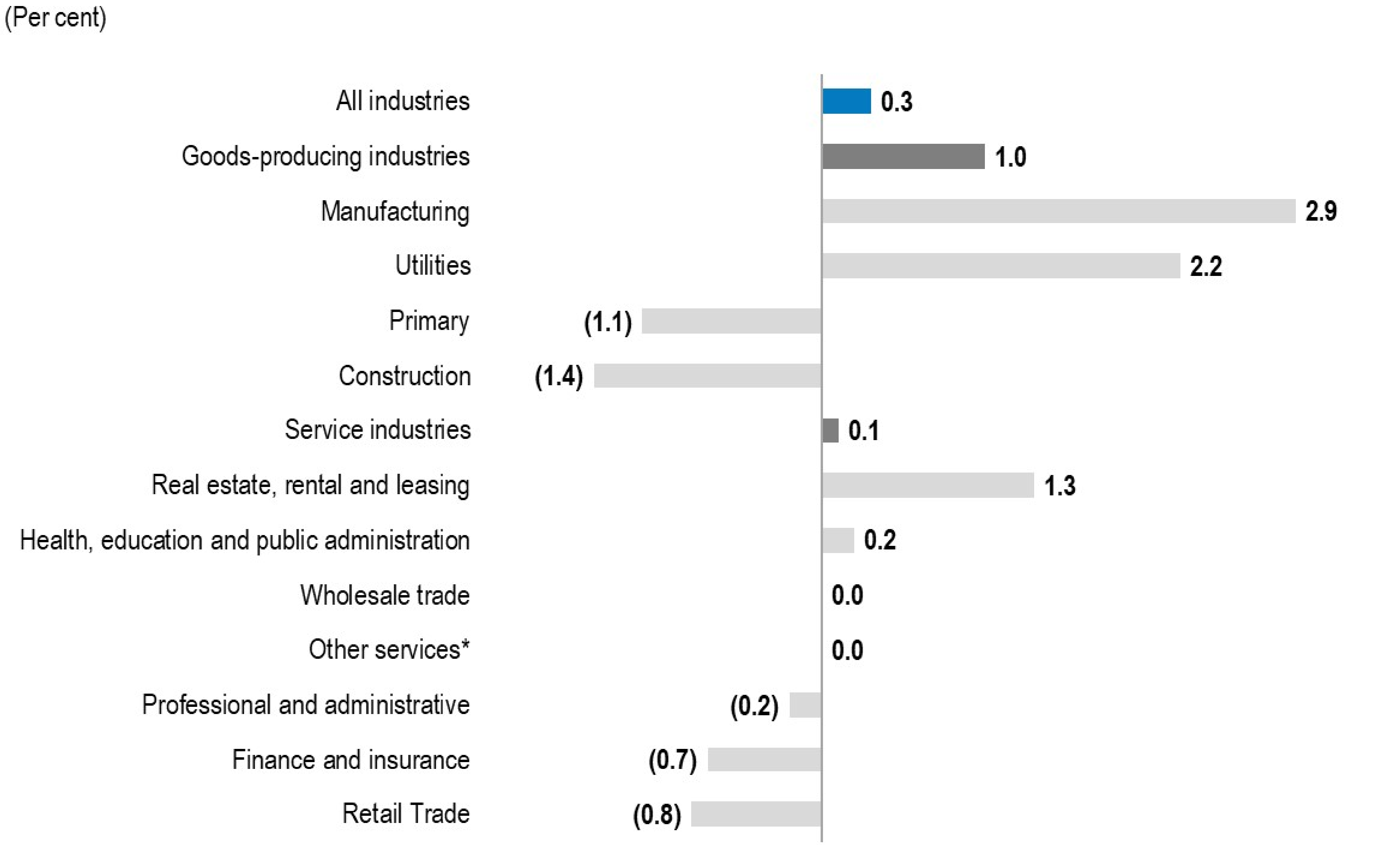
Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2
GDP	4.9	5.3	(0.3)	0.2	0.4	1.2
Household consumption	2.8	6.1	0.7	1.0	0.8	0.9
Business investment	9.8	8.5	1.0	1.0	0.2	1.5
Exports	5.6	8.8	(0.1)	1.3	0.3	(0.5)
Imports	4.2	11.6	1.2	2.1	0.3	(0.3)

Sources: Statistics Canada and Ontario Ministry of Finance.

Industry details

Ontario **real GDP**, measured as value-added by industry, increased 0.3% in the second quarter of 2023. Increases were observed in both goods-producing output (+1.0%) and service sector output (+0.1%).

Chart 1.3
Real GDP change by industry, 2023Q2



*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, 2023 Q2

Manufacturing output increased 2.9% in the quarter. Transportation equipment output rose 8.6%, largely due to gains in automotive manufacturing (+9.1%).

Utilities output increased 2.2%, driven higher by electric power (+2.9%) production. Natural gas, water, and other production edged up 0.2%.

Primary industry output was 1.1% lower, as agriculture output declined 3.6%. This decline was partially offset by increased mining output (+2.2%).

Service industry output edged up 0.1% in the quarter. Higher output in real estate, rental and leasing (+1.3%) and educational services (+1.3%) were partially offset by declines in finance and insurance (−0.7%) and retail trade (−0.8%).

Table 1.5
Real GDP by industry
(Per cent change)

Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Total output	5.1	3.6	0.2	(0.1)	0.8	0.3

Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Total goods producing industries	3.8	1.6	0.3	(0.4)	1.2	1.0
Primary	4.4	2.9	1.6	(0.1)	(1.5)	(1.1)
Utilities	(2.8)	1.5	2.1	(1.2)	0.4	2.2
Construction	6.0	(2.7)	(0.5)	1.2	0.5	(1.4)
Manufacturing	3.6	4.5	0.2	(1.6)	2.3	2.9
Total service producing industries	5.4	4.1	0.2	0.1	0.6	0.1
Wholesale trade	4.4	0.5	(0.5)	0.5	(0.1)	0.0

Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Retail trade	5.7	2.8	(4.5)	(1.9)	1.0	(0.8)
Transportation and warehousing	1.8	11.5	0.5	2.2	1.5	0.3
Information and culture	4.4	4.7	0.9	0.3	(2.6)	0.3
Finance and insurance	5.5	1.7	(1.2)	(0.2)	0.4	(0.7)
Real estate, rental and leasing	3.5	0.1	(0.5)	(0.5)	0.5	1.3
Management of companies and enterprises	(27.3)	(26.9)	(7.7)	(12.0)	(7.4)	(6.7)
Professional and administrative services	5.8	7.4	1.1	0.6	1.3	(0.2)

Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2
Education	6.1	4.2	3.4	(1.4)	0.8	1.3
Health care and social services	9.7	3.5	1.5	0.4	0.7	0.0
Arts, entertainment and recreation	3.2	49.6	4.1	2.7	1.8	1.5
Accommodation and food	12.3	24.9	1.8	(0.8)	2.7	(1.8)
Other services	9.2	10.7	0.8	(0.8)	0.3	0.4
Public administration	5.4	3.3	0.3	1.5	1.8	(0.4)

Sources: Statistics Canada and Ontario Ministry of Finance.

Jurisdictional comparison

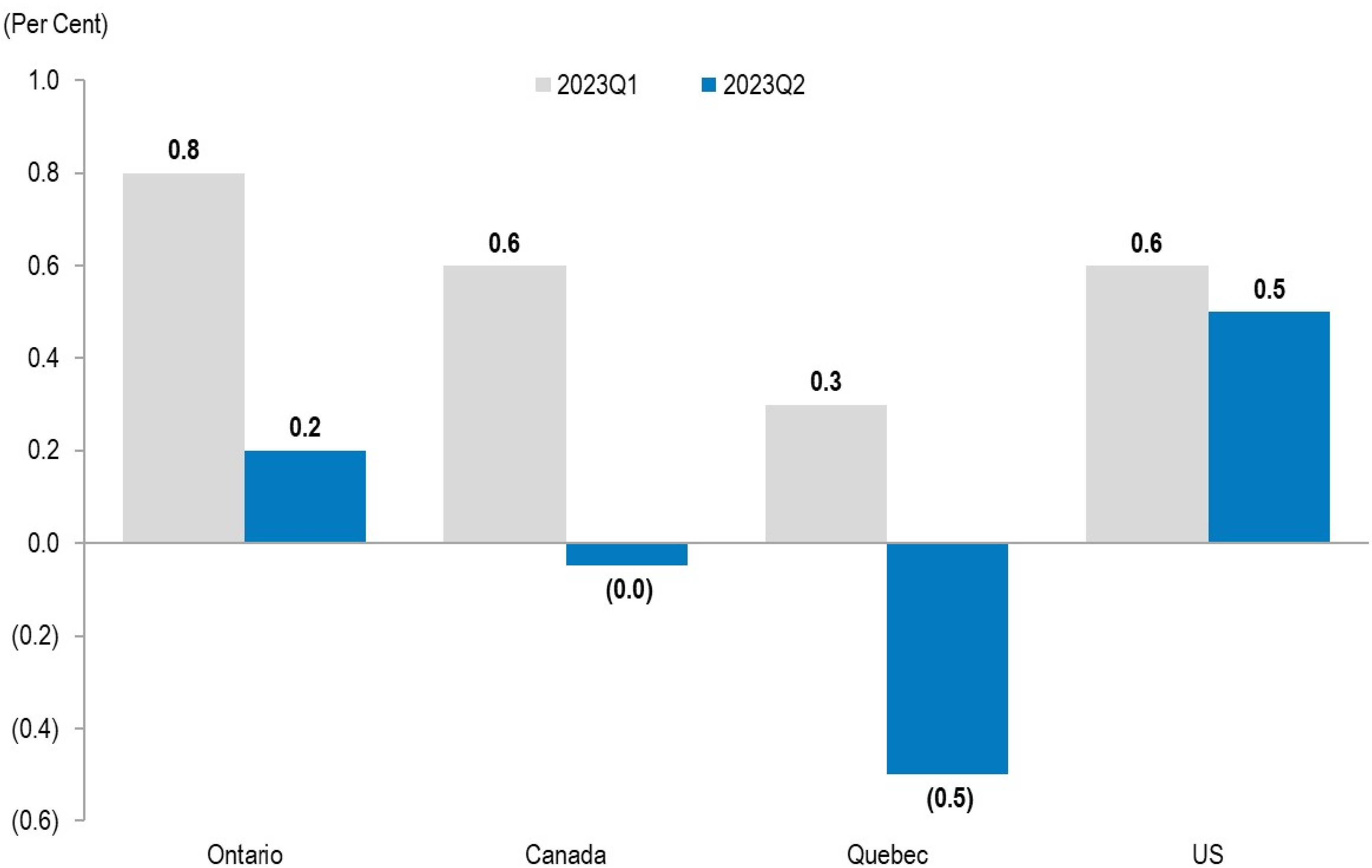
Canadian real GDP was nearly unchanged (−0.0%) in the second quarter, after posting a gain of 0.6% in the first quarter. Declines in residential investment and smaller inventory accumulation were offset by higher non-residential investment and government spending. Growth in household spending and exports slowed significantly from the previous quarter.

Quebec's real GDP declined 0.5% in the second quarter, following a 0.3% gain in the previous quarter. Declines in business investment and household consumption, along with slower inventory accumulation contributed to the second quarter decline.

In the **U.S.**, real GDP increased 0.5% in the second quarter of 2023, following a 0.6% gain in the first quarter. The second quarter increase reflected higher consumer spending and business investment which was partially offset by a decrease in exports.

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.

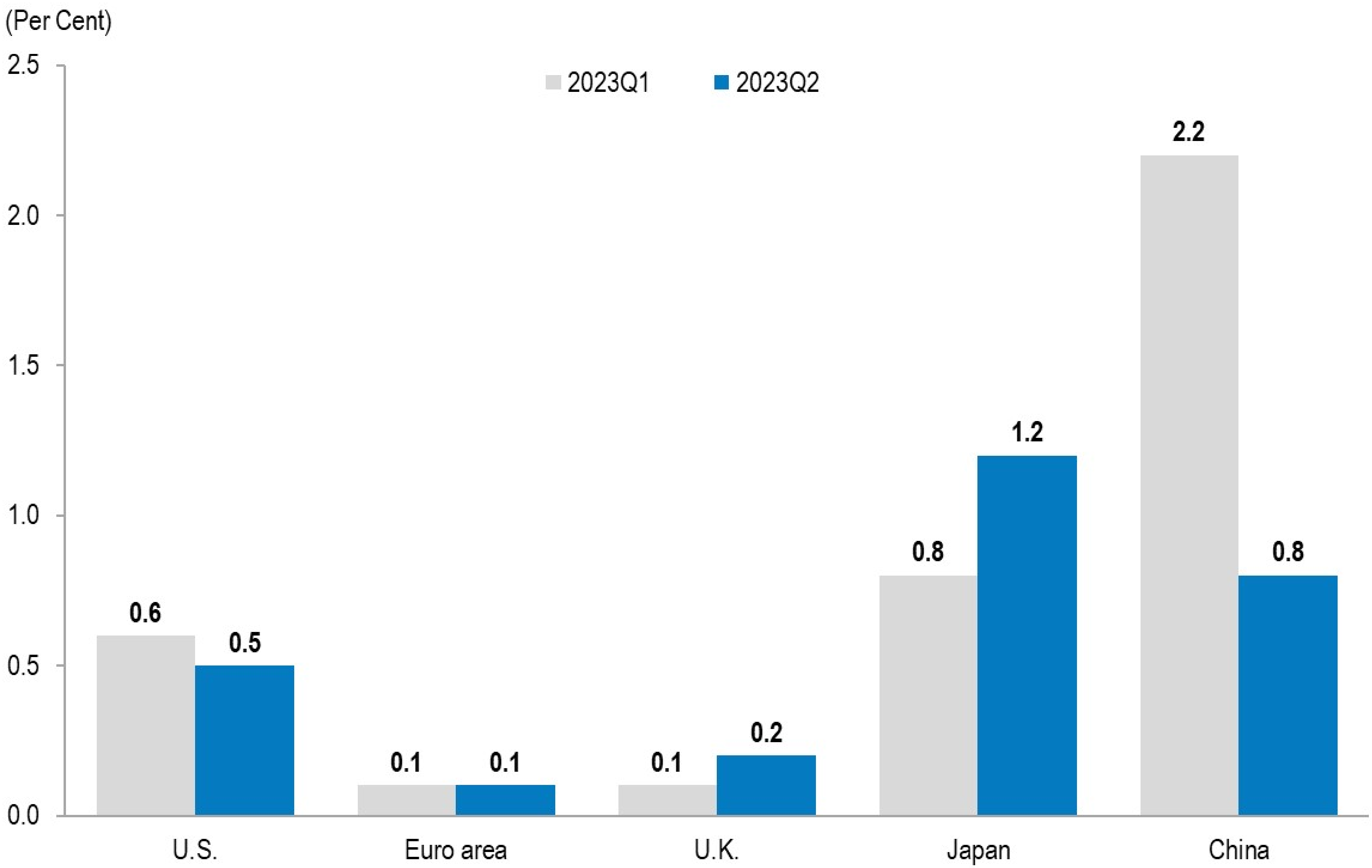
Accessible description of Chart 1.4: Real GDP growth across jurisdictions

Global economic environment

U.S. economic growth was resilient in the first half of 2023, with real GDP rising 0.5% in the second quarter, following a 0.6% increase in the first quarter. Growth in the euro area was subdued in early 2023 with 0.1% real GDP growth in both the first and second quarters. U.K. real GDP edged up 0.2% in the second quarter, following 0.1% growth in the previous quarter. Economic growth strengthened in Japan in the second quarter with real GDP rising 1.2%, following a 0.8% increase in the first quarter. In China, economic growth slowed as the impact from the easing of pandemic-related restrictions faded. Real GDP in China rose 0.8% in the second quarter, slowing from 2.2% growth in the first quarter.

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 from about $US80 per barrel at the end of August to over US$90 per barrel by late September as members of the Organization of the Petroleum Exporting Countries and allied oil producers (OPEC+) announced further reductions in crude oil output targets. For the third quarter, WTI crude oil prices rose to US$82 per barrel from US$74 per barrel in the second quarter.

The **Bank of Canada** raised its key policy interest rate, the target for the overnight rate, by 25 basis points to 5.00% in July 2023, and then maintained the rate at that level at its September policy-setting meeting. The Bank of Canada continues to be focused on elevated price inflation and now expects inflation in Canada to return to the 2% target rate by mid-2025.

Canada's 3-month government treasury bill yield rose over the last few months and was over 5% by the end of September. The 3-month treasury bill rose from 4.6% in the second quarter to an average of 5.0% in the third quarter. Similarly, **Canadian 10-year government bond** yields have also increased and were over 4% by the end of September. The 10-year yield rose from 3.1% in the second quarter to 3.6% in the third quarter.

The **Canadian dollar** held relatively steady in recent months, with the Canada-US exchange rate trading over 74 cents U.S. in late-September. On a quarterly basis, the exchange rate averaged 74.6 cents US in the third quarter, edging up from 74.5 cents US in the second quarter.

Table 1.6
External factors

Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3

Component	2021	2022	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
U.S. real GDP growth (per cent)	5.8	1.9	0.7	0.6	0.6	0.5	–
West Texas Intermediate (WTI) crude oil ($US per barrel)	68	95	93	83	76	74	82
Canadian dollar (cents US)	79.8	76.8	76.6	73.7	73.9	74.5	74.6
Three-month treasury bill rate[1] (per cent)	0.1	2.3	3.1	4.1	4.4	4.6	5.0
10-year government bond rate[2] (per cent)	1.4	2.8	3.0	3.2	3.0	3.1	3.6

[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

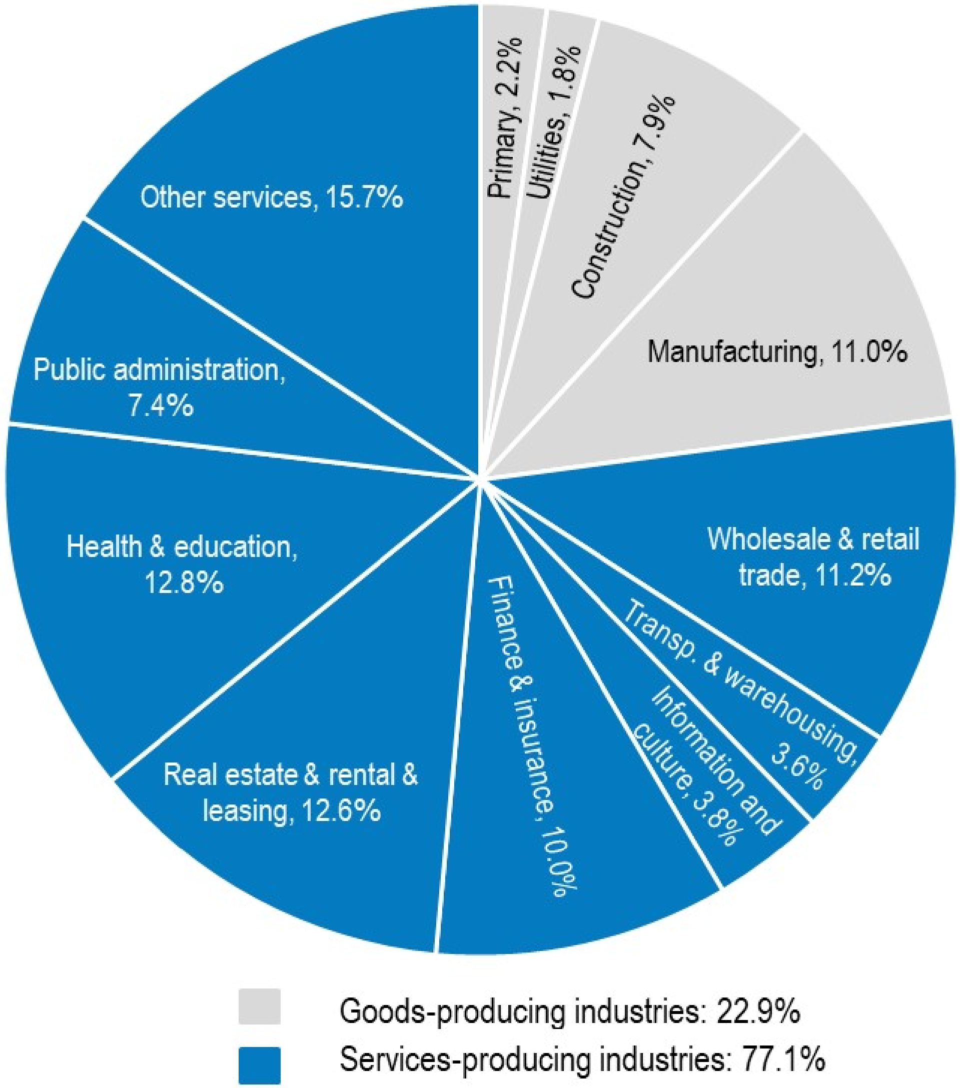
The *Fiscal Sustainability, Transparency and Accountability Act, 2019* states that the quarterly Ontario Economic Accounts should be released within 45 days of the Statistics Canada release of the National Income and Expenditure Accounts.

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
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.
Source: Statistics Canada.

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

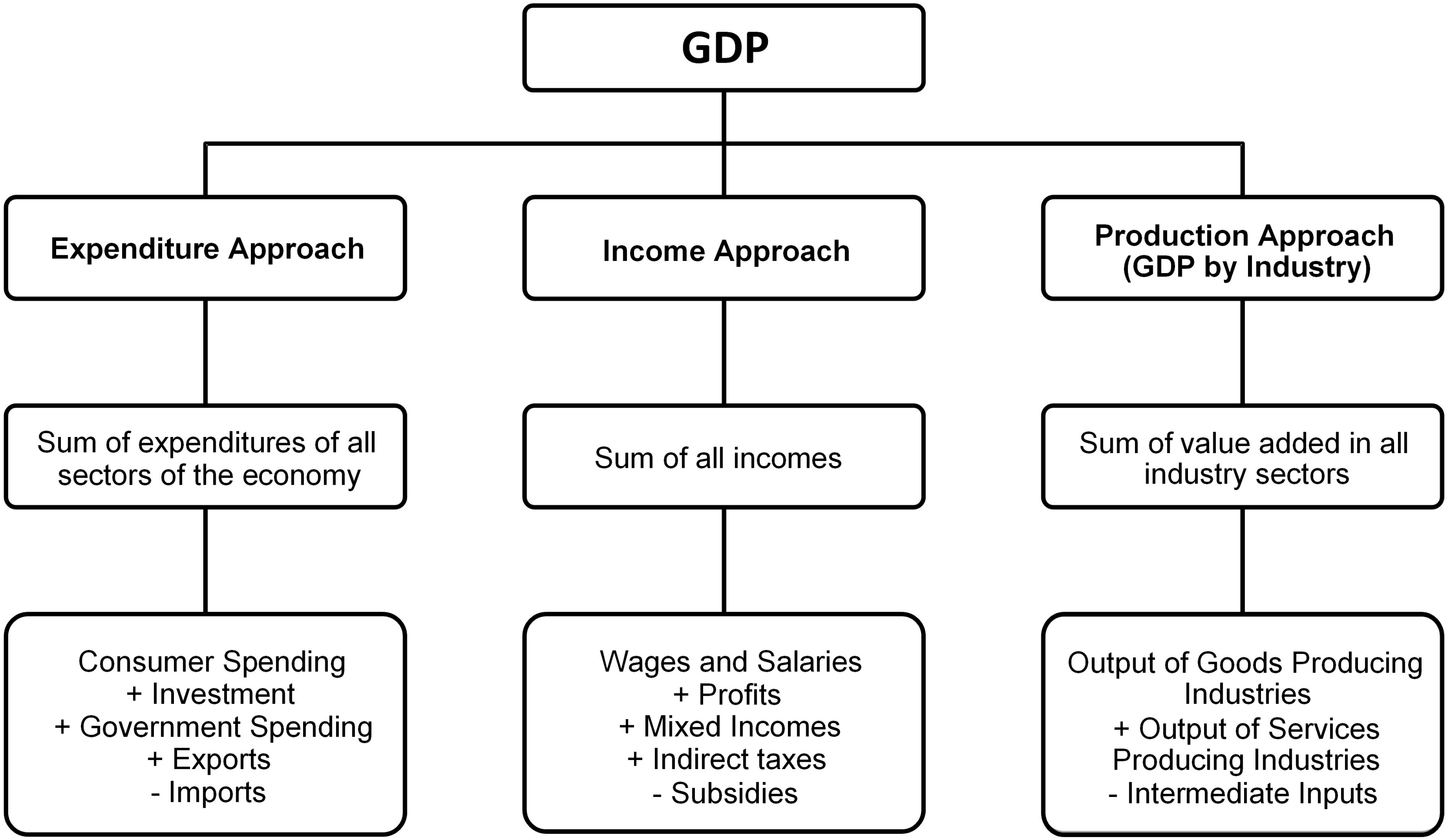
Appendix C: How GDP is measured

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 second 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 0.8% in the first quarter of 2023, followed by a 0.2% increase in the second 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 2020 to the second 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 1.2% in the first quarter of 2023, followed by a 1.3% increase in the second quarter.

Source: Ontario Ministry of Finance.

Return to chart 1.2

Chart 1.3: Real GDP change by industry, 2023 Q2

The horizontal bar chart illustrates the per cent change in real GDP by industry for the second quarter of 2023. The output of all industries increased 0.3% in the quarter. Output increased in goods-producing industries (+1.0%), with industry changes as follows: manufacturing (+2.9%); utilities (+2.2%); primary (−1.1%); and construction (−1.4%). Output in the service industries increased 0.1%, including industry changes as follows: real estate, rental and leasing (+1.3%); health, education and public administration (+0.2%); wholesale trade (0.0%); other services (0.0%); professional and administrative services (−0.2%); finance and insurance (−0.7%); and retail trade (−0.8%).

*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 2023. Ontario real GDP increased 0.8% in the first quarter and increased 0.2% in the second quarter. Canadian real GDP increased 0.6% in the first quarter and was unchanged in the second quarter. Quebec real GDP increased 0.3% in the first quarter and declined 0.5% in the second quarter. U.S. real GDP increased 0.6% in the first quarter and increased 0.5% 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 2023. U.S. real GDP increased 0.6% in the first quarter and increased 0.5% in the second quarter. Euro area real GDP increased by 0.1% in both the first and second quarter. Real GDP in the United Kingdom increased 0.1% in the first quarter and increased 0.2% in the second quarter. Japan's real GDP increased 0.8% in the first quarter and increased 1.2% in the second quarter. China's real GDP increased 2.2% in the first quarter and increased 0.8% 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, 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

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