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

Ontario Economic Accounts

Learn about Ontario's economic performance and outlook for the third 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) was unchanged in the third quarter (July, August, September) of 2023, after increasing 0.4% in the second quarter.
- Nominal GDP rose 1.3%, after increasing 1.4% in the previous quarter.
- Economy-wide prices, as measured by the implicit price index for GDP, increased 1.3% in the third quarter.
- Economic production, measured on an industry basis, remained unchanged in the third quarter as a gain in service sector output (+0.4%) was offset by a decline in the goods sector (-1.6%).

Table 1.1
Ontario Economic Accounts summary

(per cent change)

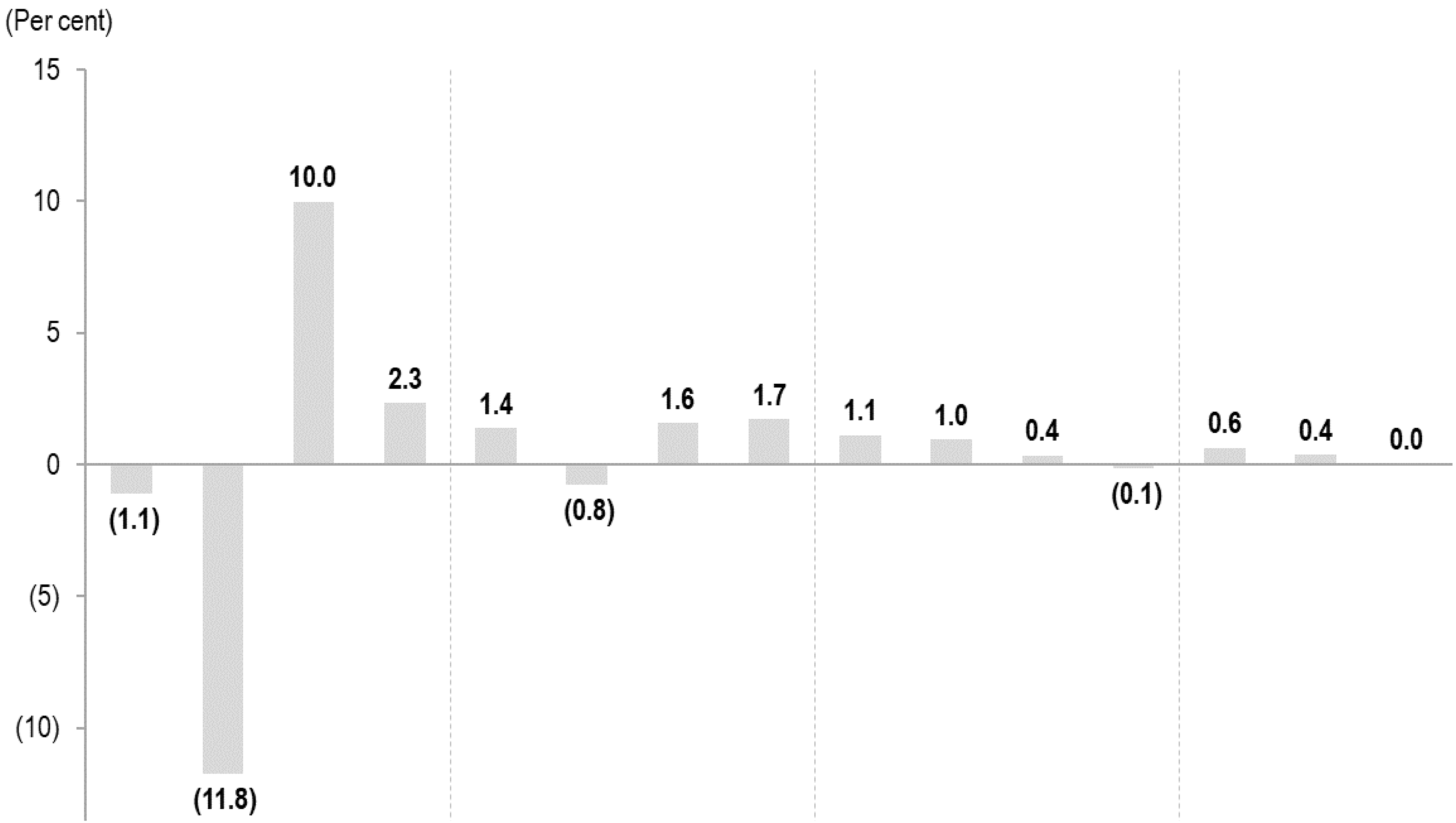
Component	2021	2022	2022Q4	2023Q1	2023Q2	2023Q3
Real GDP	5.4	3.9	(0.1)	0.6	0.4	0.0
Nominal GDP	9.8	9.2	0.3	0.9	1.4	1.3

Sources: Statistics Canada and Ontario Ministry of Finance.

Expenditure details

Ontario's **real GDP** was unchanged in the third quarter of 2023, after advancing 0.4% in the second quarter. As of the third quarter, Ontario's real GDP was 5.5% 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 edged down 0.1%, following a 0.2% gain in the previous quarter. Declines in semi-durable (-4.7%) and non-durable (-0.7%) spending was partially offset by higher spending on durables (+0.8%) and services (+0.6%).

Total business investment declined 0.8% in the third quarter. Investment in residential construction (-1.5%), machinery and equipment (-0.9%) and intellectual property products (-0.3%) declined in the quarter, while investment in non-residential construction increased 0.5%.

Spending at all three levels of **government** combined increased by 1.7% in the third quarter, following gains of 0.4% in the previous two quarters.

Exports (-1.4%) and **imports** (-1.0%) decreased in the third quarter. International exports declined 2.4%, while international imports increased 0.2%. Interprovincial exports were 0.8% higher, while interprovincial imports declined 4.6% in the quarter.

Businesses accumulated $14.8 billion worth of **inventories** in the third quarter, down from an accumulation of $15.9 billion in the previous quarter.

Table 1.2
Real GDP by expenditure
(Per cent change)

Component	2021	2022	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Real GDP	5.4	3.9	(0.1)	0.6	0.4	0.0
Household consumption	4.6	7.1	0.4	1.2	0.2	(0.1)
Business investment	11.6	(9.2)	(2.5)	0.9	0.9	(0.8)
Government	4.4	3.5	1.8	0.4	0.4	1.7
Exports	3.5	4.1	(1.8)	3.9	2.9	(1.4)

Component	2021	2022	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Imports	6.3	5.2	(3.3)	3.7	2.7	(1.0)
Investment in inventories ($ billions)	3.2	18.6	19.4	16.5	15.9	14.8

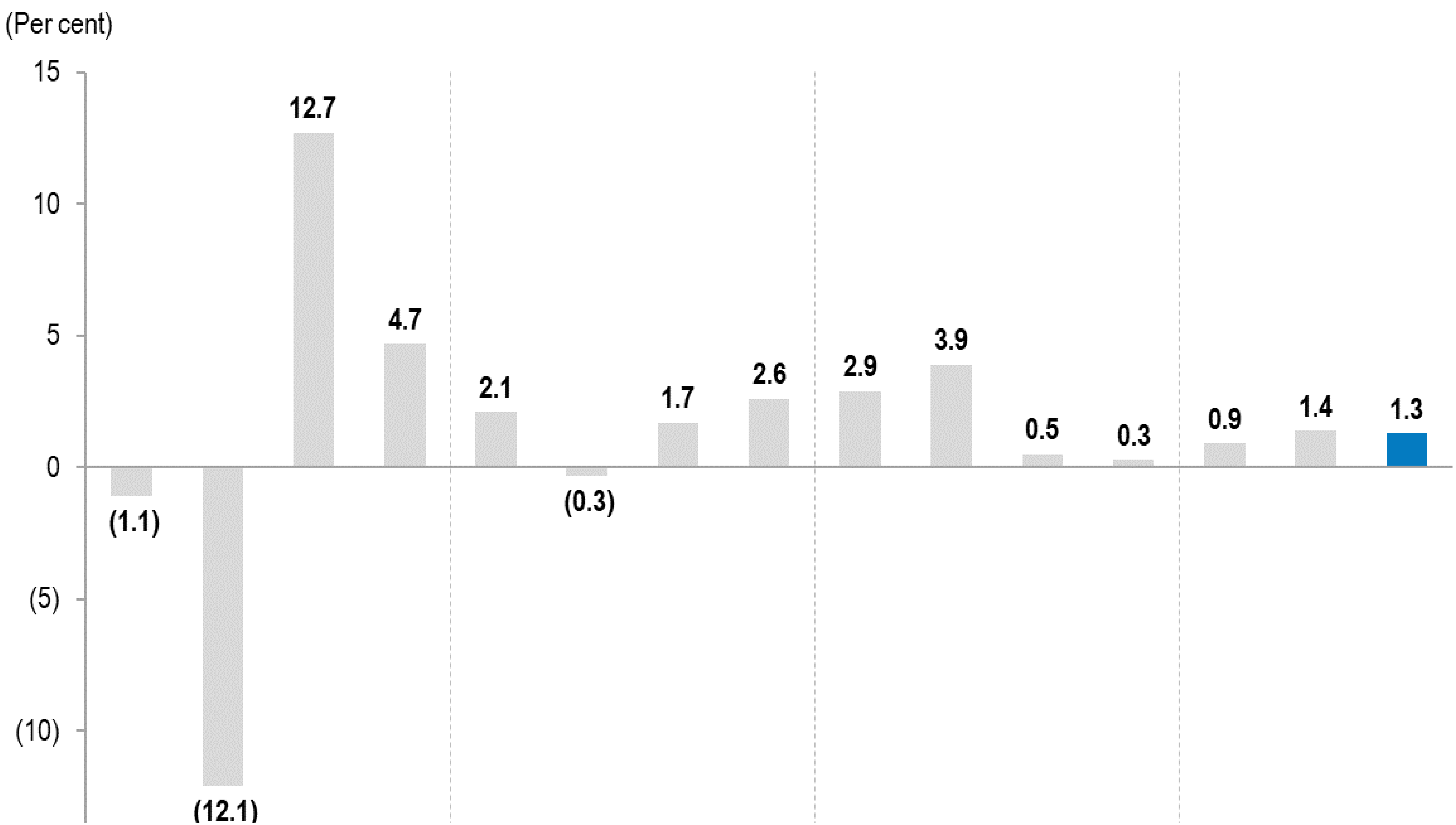
Sources: Statistics Canada and Ontario Ministry of Finance.

Income details

Ontario's **nominal GDP** increased 1.3% in the third quarter, after increasing 1.4% 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 1.4%, after rising 2.3% in the second quarter.

Net operating surplus of corporations increased 2.1%, after declining 3.9% in the second quarter.

Net mixed income, which is comprised of farm income, unincorporated business income and rental income, increased 2.6%, following a 1.8% increase in the previous quarter.

Table 1.3
Nominal GDP by income
(Per cent change)

Component	2021	2022	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Nominal GDP	9.8	9.2	0.3	0.9	1.4	1.3
Compensation of employees	9.4	8.8	0.7	2.3	2.3	1.4
Net operating surplus	5.5	(5.9)	(4.1)	(11.1)	(3.9)	2.1
Net mixed income	3.7	9.5	1.5	2.4	1.8	2.6

Sources: Statistics Canada and Ontario Ministry of Finance.

Price details

Economy-wide prices, as measured by the **implicit price index for GDP**, increased 1.3% in the third quarter, following a 1.1% increase in the second quarter.

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

Business investment prices increased 0.4%, following a 1.4% increase in the previous quarter. Prices for intellectual property products (+1.2%), machinery and equipment (+0.8%) and residential construction (+0.7%) all increased in the third quarter, while non-residential construction prices (-1.0%) declined.

Export prices (+1.0%) and **import** prices (+0.4%) both increased in the quarter.

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

Component	2021	2022	2022 Q4	2023 Q1	2023 Q2	2023 Q3
GDP	4.3	5.1	0.4	0.2	1.1	1.3
Household consumption	2.8	5.8	0.9	0.8	0.9	0.8
Business investment	10.5	11.8	2.0	0.3	1.4	0.4
Exports	5.6	9.1	1.5	0.1	(0.5)	1.0

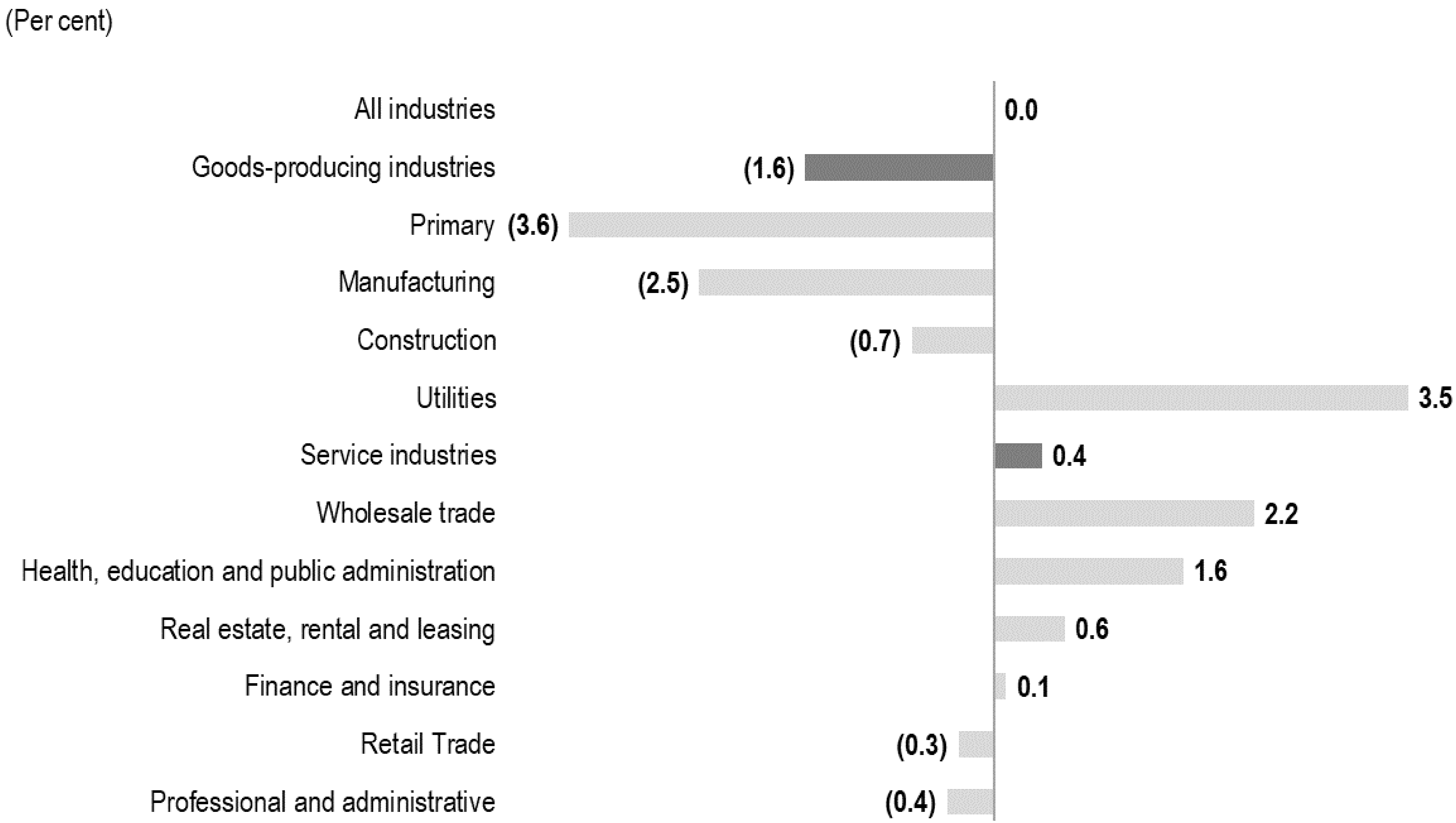
Component	2021	2022	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Imports	5.0	12.2	2.1	(0.8)	(0.2)	0.4

Sources: Statistics Canada and Ontario Ministry of Finance.

Industry details

Ontario **real GDP**, measured as value-added by industry, was unchanged in the third quarter of 2023. An increase to service sector output (+0.4%) was offset by a decline to goods-producing output (-1.6%).

Chart 1.3
Real GDP change by industry, 2023Q3



*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 decreased 2.5% in the quarter. Chemical and petroleum product output (-6.8%) and primary metal and fabricated metal products (-2.9%) posted the largest declines.

Construction output decreased 0.7% due to a decline in non-residential structures and engineering construction (-1.9%). Residential construction output increased 1.1% in the quarter.

Primary industry output was 3.6% lower, as agriculture output declined 6.8%.

Utilities output increased 3.5%, driven higher by both electric power (+3.2%) and natural gas, water, and other production (4.3%).

Service industry output increased 0.4% in the quarter. Higher output in public administration (+2.4%), wholesale trade (+2.2%) and educational services (+1.5%) were partially offset by declines in information and culture (-2.5%) and professional and administrative services (-0.4%).

Table 1.5
Real GDP by industry
(Per cent change)

Component	2021	2022	2022 Q 4	2023 Q 1	2023 Q 2	2023 Q 3
Total output	5.2	3.7	0.0	0.8	0.4	0.0
Total goods producing industries	4.4	2.0	(0.4)	1.3	0.9	(1.6)
Primary	2.4	3.3	0.5	(1.6)	(1.8)	(3.6)
Utilities	(3.0)	1.3	(1.0)	0.3	2.3	3.5
Construction	5.8	(1.8)	1.4	0.8	(2.1)	(0.7)
Manufacturing	5.4	4.7	(1.7)	2.2	3.1	(2.5)
Total service producing industries	5.4	4.2	0.1	0.7	0.3	0.4

Component	2021	2022	2022 Q 4	2023 Q 1	2023 Q 2	2023 Q 3
Wholesale trade	5.0	0.4	0.5	0.4	0.6	2.2
Retail trade	6.2	3.5	(1.7)	1.8	1.7	(0.3)
Transportation and warehousing	0.5	16.8	3.5	0.8	0.1	(0.6)
Information and culture	5.4	4.6	0.0	(2.9)	(0.1)	(2.5)
Finance and insurance	5.2	1.2	(0.6)	0.7	(0.2)	0.1
Real estate, rental and leasing	4.1	(1.2)	(1.2)	0.6	1.2	0.6
Management of companies and enterprises	(27.5)	(27.6)	(14.6)	(10.9)	(6.9)	(8.9)
Professional and administrative services	7.3	9.3	1.0	1.3	0.1	(0.4)

Component	2021	2022	2022 Q 4	2023 Q 1	2023 Q 2	2023 Q 3
Education	6.5	2.1	(2.1)	0.6	0.8	1.5
Health care and social services	7.0	3.3	1.1	0.2	(0.3)	0.8
Arts, entertainment and recreation	5.1	47.7	3.1	1.2	0.1	0.4
Accommodation and food	11.2	23.4	(1.0)	2.0	(1.7)	(0.2)
Other services	6.6	10.4	0.2	0.0	0.0	(0.6)
Public administration	4.7	2.5	1.4	2.0	(0.2)	2.4

Sources: Statistics Canada and Ontario Ministry of Finance.

Jurisdictional comparison

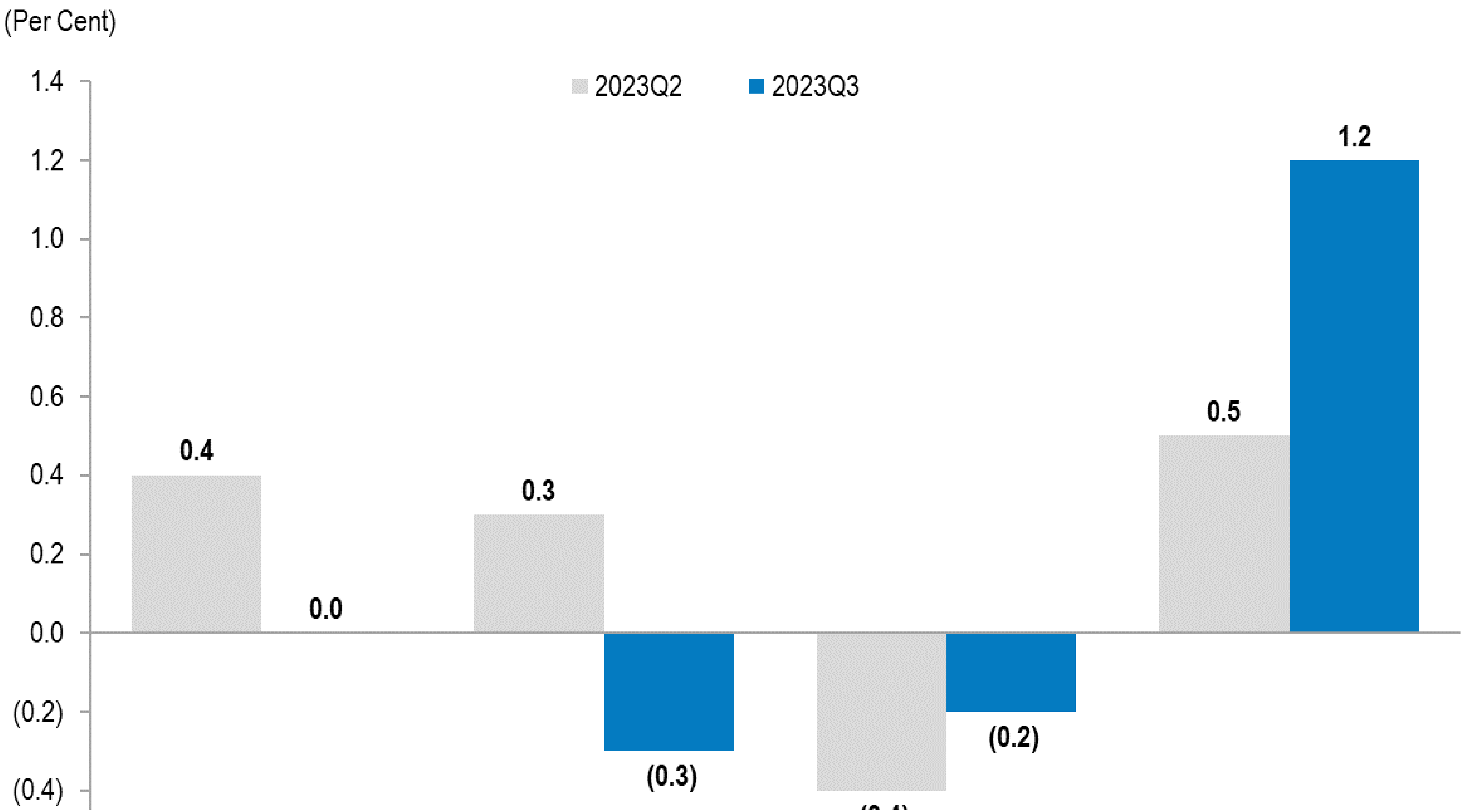
Canadian real GDP declined 0.3% in the third quarter, after posting a gain of 0.3% in the second quarter. Declines in exports and slower inventory accumulation were partially offset by higher government spending and residential investment.

Quebec's real GDP declined 0.2% in the third quarter, following a 0.4% decrease in the previous quarter. The decline was primarily driven by lower net trade which was partially offset by higher household consumption and investment spending.

In the **U.S.**, real GDP increased 1.2% in the third quarter of 2023, following a 0.5% gain in the second quarter. The third quarter gain primarily reflected an increase in consumer spending and higher inventory accumulation.

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.

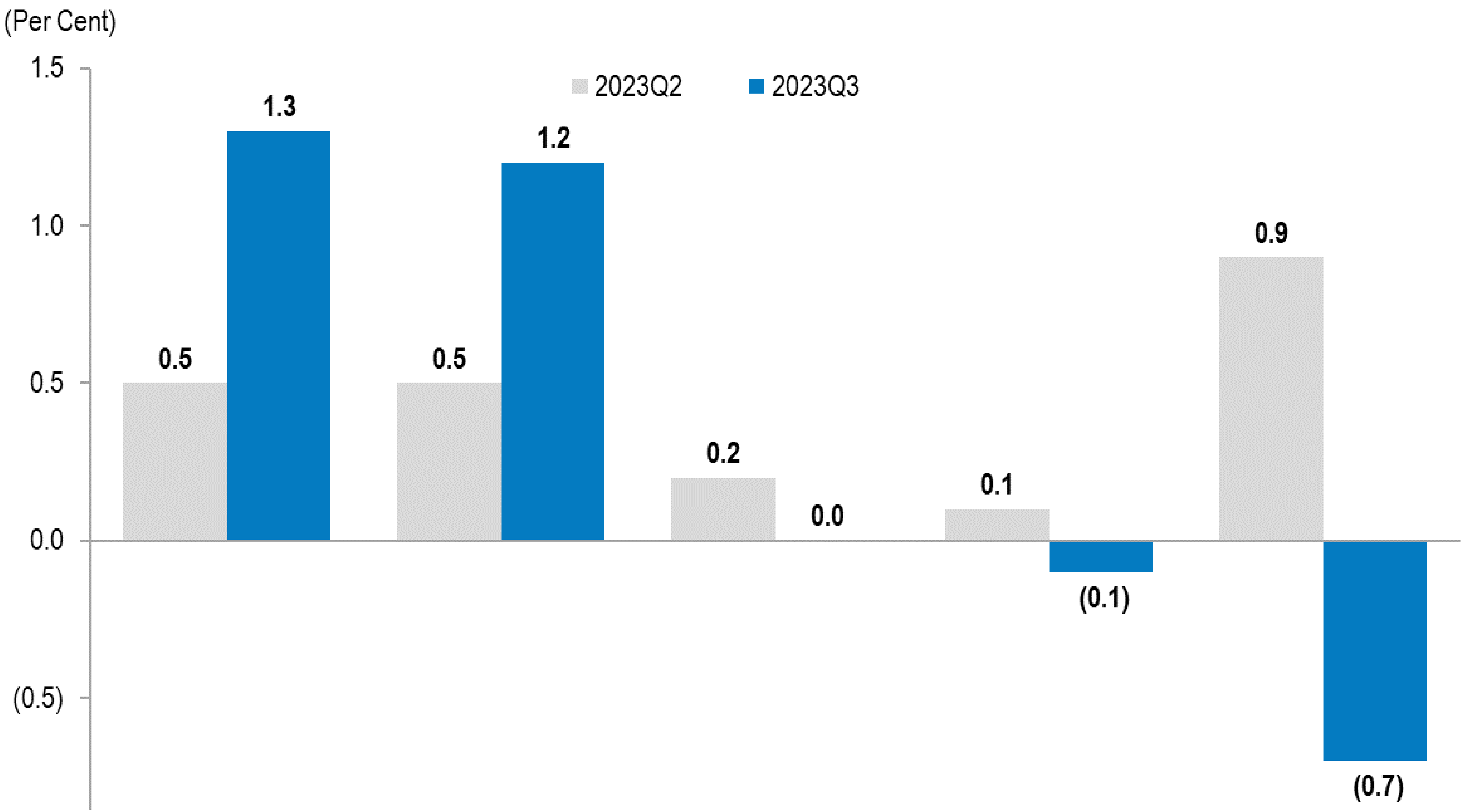
Accessible description of Chart 1.4: Real GDP growth across jurisdictions

Global economic environment

Economic activity in the U.S. remains robust, with real GDP rising 1.2% in the third quarter, the strongest growth since the fourth quarter of 2021. U.S. domestic demand strengthened broadly in the third quarter, led by gains in personal consumption expenditures. In China, real GDP growth strengthened to 1.3% in the third quarter supported by expansionary monetary policy, although the real estate sector continues to be strained.

In the U.K., real GDP was unchanged in the third quarter of 2023, slowing from 0.2% growth in the second quarter, as an increase in net trade was offset by lower domestic demand. Euro area real GDP contracted by 0.1% in the third quarter, following a 0.1% increase in the previous quarter, reflecting a negative contribution from changes in business inventories. Real GDP in Japan declined by 0.7%, following 0.9% gain in the second quarter, as domestic and foreign demand was weaker.

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

Inflationary pressures in the Canadian economy have begun to ease but consumer price inflation remains above the **Bank of Canada's** 2% target rate, prompting the Bank to maintain its key policy interest rate, the target for the overnight rate, at 5.00% since July 2023. This follows increases in the key policy interest rate of 75 basis points over the first half of 2023 and 400 basis points over the course of 2022. The Bank of Canada currently projects inflation to return near the 2% target rate in 2025.

Canada's 3-month government treasury bill yield averaged 5.0% in the fourth quarter, down slightly from 5.1% in the third quarter. Meanwhile, the **Canadian 10-year government bond yield** declined from a recent high of 4.3% in early October to 3.1% in late December. On a quarterly basis, the 10-year yield averaged 3.6% in the fourth quarter, down from 3.7% in the third quarter.

The **Canadian dollar** weakened slightly in the fourth quarter reflecting changing interest rate expectations and declining oil prices. On a quarterly basis, the Canada-US exchange rate averaged 73.4 cents US in the fourth quarter, edging down from 74.6 cents US in the third quarter.

The West Texas Intermediate (WTI) crude oil price declined from a recent peak of around US$94 per barrel at the end of September to US$72 per barrel by the end of December as weakening global economic growth slowed oil demand growth and rising U.S. domestic production boosted supply. WTI crude oil prices decreased from an average of US$82 per barrel in the third quarter to US$78 per barrel in the fourth quarter.

Table 1.6
External factors

Component	2021	2022	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4
U.S. real GDP growth (per cent)	5.8	1.9	0.6	0.6	0.5	1.2	–
West Texas Intermediate (WTI) crude oil ($US per barrel)	68	95	83	76	74	82	78
Canadian dollar (cents US)	79.8	76.8	73.6	74.0	74.5	74.6	73.4
Three-month treasury bill rate[1] (per cent)	0.1	2.3	4.1	4.4	4.6	5.1	5.0
10-year government bond rate (per cent)	1.4	2.8	3.2	3.0	3.1	3.7	3.6

[1]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

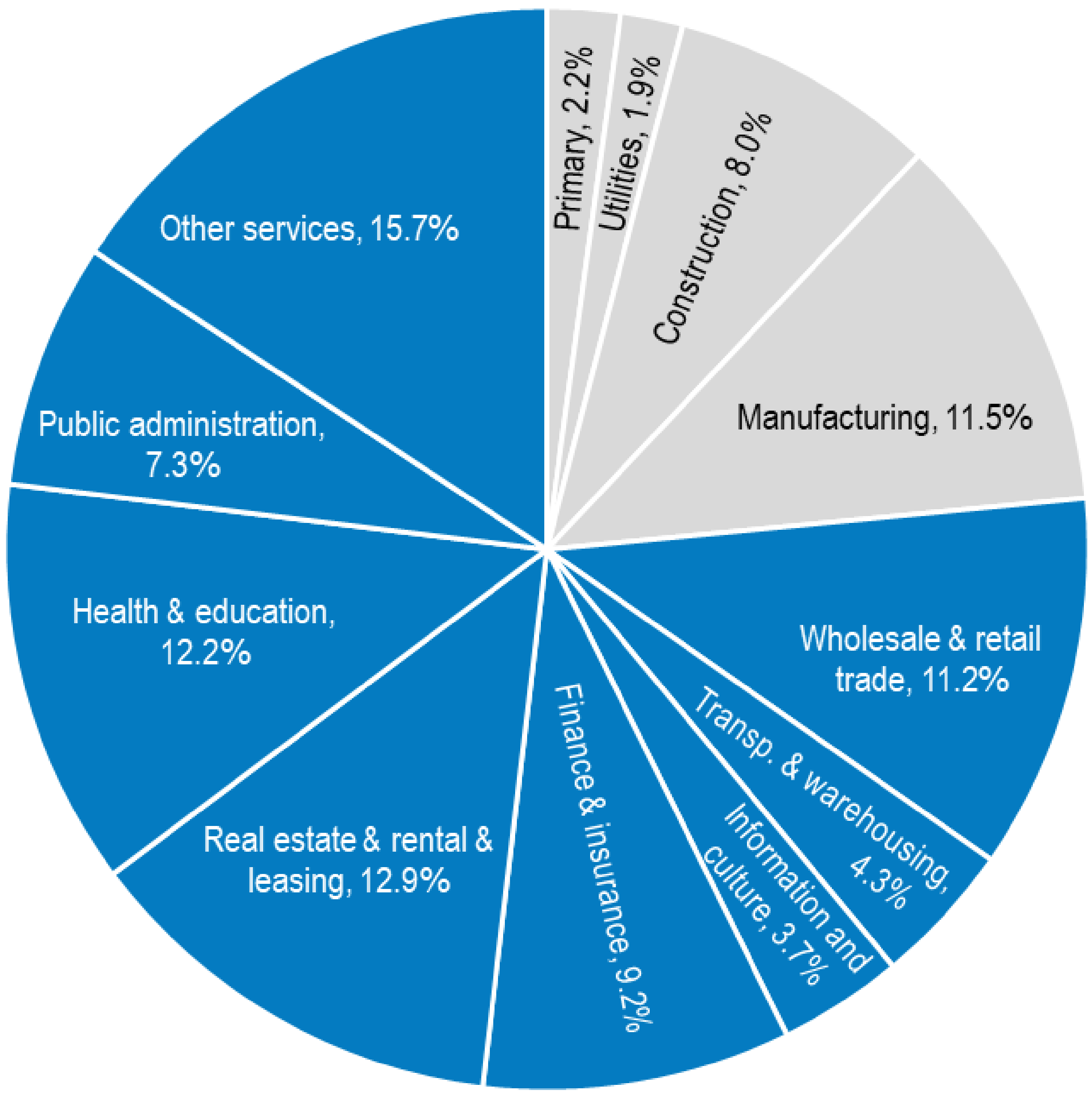
The *Fiscal Sustainability, Transparency and Accountability Act, 2019* states that the quarterly Ontario Economic Accounts should be released within 45 days of the Statistics Canada release of the National Income and Expenditure Accounts.

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) 2023	February 29, 2024	By April 12, 2024
First quarter (January-March) 2024	May 31, 2024	By July 15, 2024
Second quarter (April-June) 2024	August 30, 2024	By October 15, 2024
Third quarter (July-September) 2024	November 29, 2024	By January 13, 2025
Fourth quarter (October-December) 2024	February 28, 2025	By April 14, 2025

Appendix B: Structure of the Ontario economy

Per cent share of nominal GDP, 2022



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

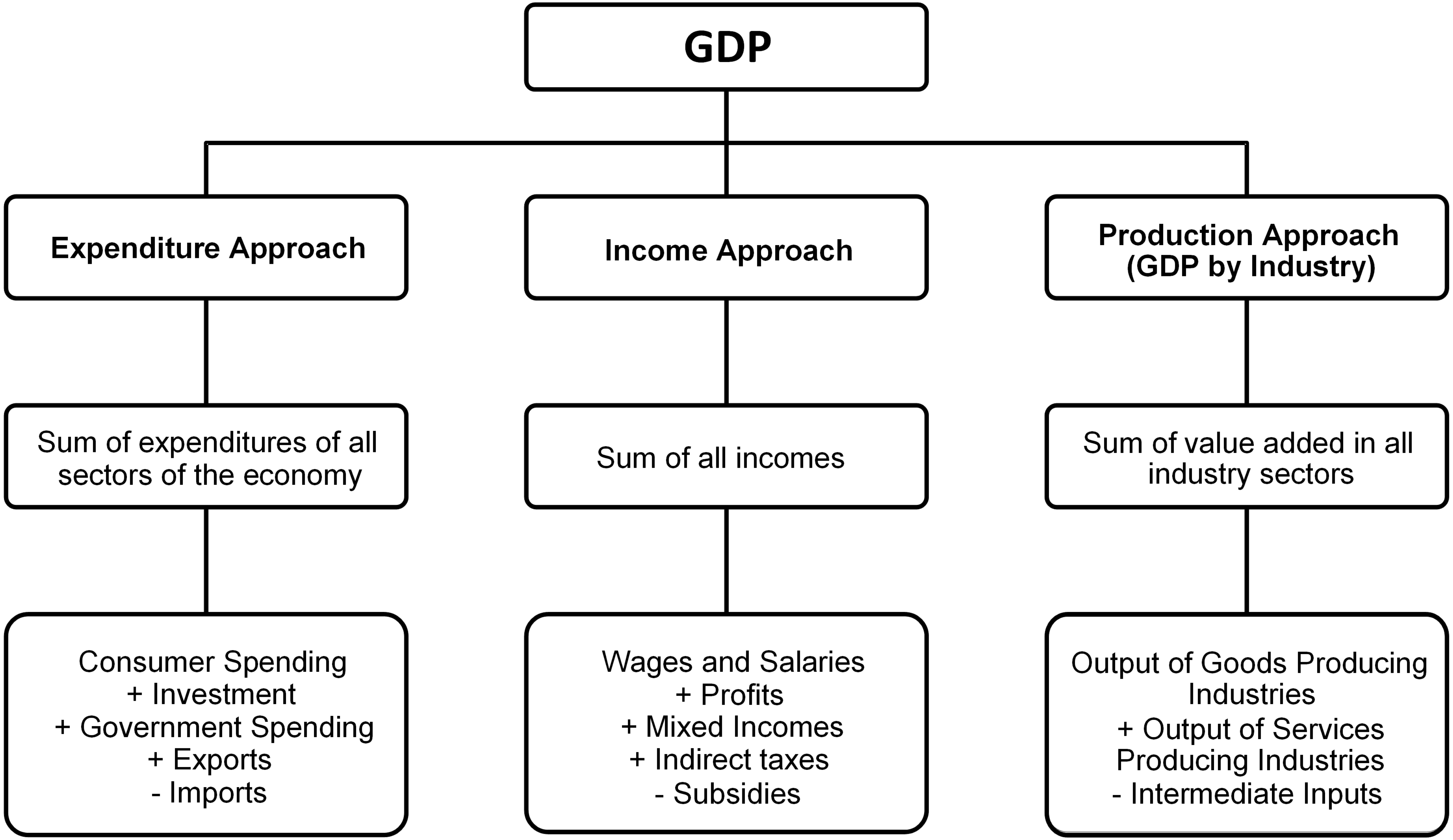
Appendix C: How GDP is measured

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 2020 to the third quarter of 2023. In the four quarters of 2020, real GDP growth was -1.1%, -11.8%, 10.0% and 2.3%, respectively. In the four quarters of 2021, real GDP growth was 1.4%, -0.8%, 1.6% and 1.7%, respectively. In the four quarters of 2022, real GDP growth was 1.1%, 1.0%, 0.4% and -0.1%, respectively. In 2023, Ontario's GDP rose by 0.6% in the first quarter, 0.4% in the second quarter and was unchanged 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 2020 to the third quarter of 2023. In the four quarters of 2020, GDP growth was -1.1%, -12.1%, 12.7% and 4.7%, respectively. In the four quarters of 2021, GDP growth was 2.1%, -0.3%, 1.7% and 2.6%, respectively. In the four quarters of 2022, GDP growth was 2.9%, 3.9%, 0.5% and 0.3%, respectively. In 2023, Ontario nominal GDP grew by 0.9% in the first quarter, 1.4% in the second quarter and 1.3% in the third quarter.

Source: Ontario Ministry of Finance.

Return to chart 1.2

Chart 1.3: Real GDP change by industry, 2023Q3

The horizontal bar chart illustrates the per cent change in real GDP by industry for the third quarter of 2023. The output of all industries was unchanged in the quarter. Output declined in goods-producing industries (-1.6%), with industry changes as follows: primary (-3.6%); manufacturing (-2.5%); construction (-0.7%); and utilities (+3.5%). Output in the service industries increased 0.4%, including industry changes as follows: wholesale trade (+2.2%); health, education and public administration (+1.6%); real estate, rental and leasing (+0.6%); finance and insurance (+0.1%); retail trade (-0.3%); professional and administrative services (-0.4%); and other services (-1.2%).

*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 2023. Ontario real GDP increased 0.4% in the second quarter and was unchanged in the third quarter. Canadian real GDP increased 0.3% in the second quarter and declined 0.3% in the third quarter. Quebec real GDP decreased 0.4% in the second quarter and declined 0.2% in the third quarter. U.S. real GDP increased 0.5% in the second quarter and increased 1.2% 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 China, the U.S., the United Kingdom, the euro area and Japan for the second and third quarter of 2023. China's real GDP increased 0.5% in the second quarter and increased 1.3% in the third quarter. U.S. real GDP increased 0.5% in the second quarter and increased 1.2% in the third quarter. Real GDP in the United Kingdom increased 0.2% in the second quarter and was unchanged in the third quarter. Euro area real GDP increased by 0.1% in the second quarter and declined 0.1% in the third quarter. Japan's real GDP increased 0.9% in the second quarter and declined 0.7% 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, 2022

This pie chart shows the percent share of nominal GDP by industry for 2022. Goods-producing industries accounted for 23.5% of Ontario's nominal GDP with industry shares as follows: manufacturing (11.5%); construction (8.0%); utilities (1.9%) and primary industries (2.2%). Services-producing industries accounted for 76.5% of Ontario's nominal GDP with industry shares as follows: wholesale and retail trade (11.2%); transportation and warehousing (4.3%); information and culture (3.7%); finance and insurance (9.2%); real estate, rental and leasing (12.2%); health and education (12.2%); public administration (7.3%); 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

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