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

Ontario Economic Accounts

Learn about Ontario's economic performance and outlook for the fourth 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 fourth quarter (October, November, December) of 2023, after increasing 0.1% in the third quarter.
- Nominal GDP rose 1.3%, following a 1.2% increase in the previous quarter.
- Economy-wide prices, as measured by the implicit price index for GDP, increased 1.3% in the fourth quarter.
- Economic production, measured on an industry basis, remained unchanged in the fourth quarter as a gain in service sector output (+0.3%) was offset by a decline in the goods sector (-1.0%).

2023 Annual Highlights

- Ontario’s real GDP advanced by 1.2% in 2023, following a 3.9% increase in 2022.
- In 2023, the increase in real GDP was supported by gains in household consumption (+1.8%) and exports (+4.7%).
- Nominal GDP rose 4.3% in 2023, following a 9.2% increase in 2022.
- Economic production, measured on an industry basis, rose 1.4% with both goods sector output (+0.6%) and service sector production (+1.6%) increasing.

Table 1.1
Ontario Economic Accounts summary
(per cent change)

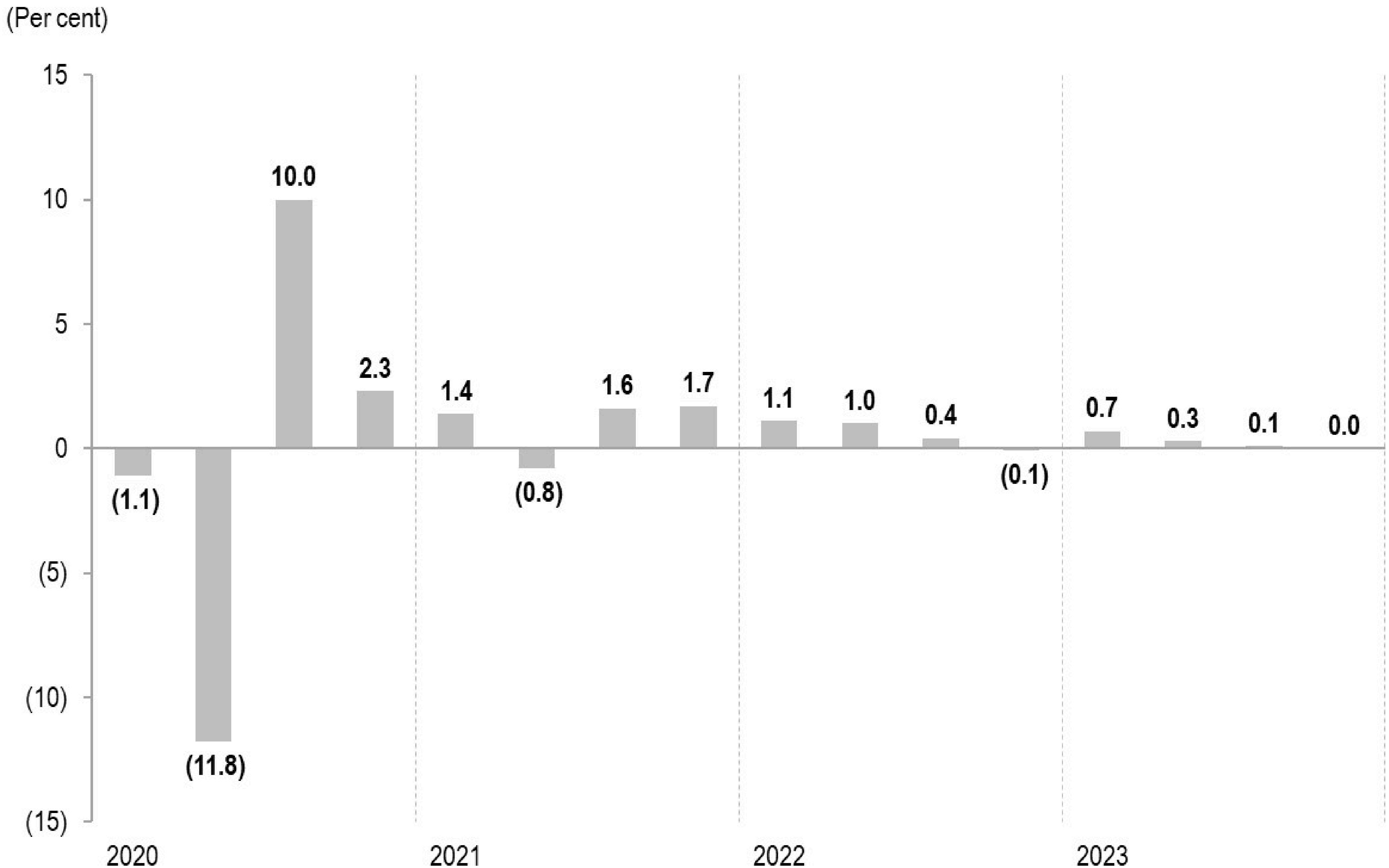
Component	2022	2023	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Real GDP	3.9	1.2	0.7	0.3	0.1	0.0
Nominal GDP	9.2	4.3	0.8	1.5	1.2	1.3

Sources: Statistics Canada and Ontario Ministry of Finance.

Expenditure details

Ontario's **real GDP** was unchanged in the fourth quarter of 2023, after advancing 0.1% in the third quarter.

Chart 1.1
Real GDP growth



Source: Ontario Ministry of Finance.

Accessible description of Chart 1.1: Real GDP growth

Household consumption spending rose 0.3%, after edging up 0.1% in the previous quarter. Spending was higher for durables (+1.2%), non-durables (+0.2%), semi-durables (+0.1%) and services (+0.1%).

Total business investment declined 1.0% in the fourth quarter. Investment in non-residential construction (-3.0%), machinery and equipment (-1.3%) and residential construction (-0.3%) declined, while investment in intellectual property products was unchanged in the quarter.

Spending at all three levels of **government** combined edged up 0.1% in the fourth quarter, following a gain of 1.9% in the previous quarter.

Exports (-1.0%) and **imports** (-1.5%) decreased in the fourth quarter. International exports declined 2.1%, while international imports were 1.2% lower. Interprovincial exports were 1.1% higher, while interprovincial imports declined 2.5% in the quarter.

Businesses accumulated $16.8 billion worth of **inventories** in the fourth quarter, down from an accumulation of $20.0 billion in the previous quarter.

Table 1.2
Real GDP by expenditure
(Per cent change)

Component	2022	2023	2023 Q1	2023 Q2	2023 Q3	2023 Q4

Component	2022	2023	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Real GDP	3.9	1.2	0.7	0.3	0.1	0.0
Household consumption	7.1	1.8	0.8	(0.1)	0.1	0.3
Business investment	(9.2)	(5.6)	0.9	0.4	(2.1)	(1.0)
Government	3.5	4.0	0.5	0.2	1.9	0.1
Exports	4.1	4.7	4.1	2.9	(1.5)	(1.0)
Imports	5.2	2.7	2.9	2.1	(0.2)	(1.5)
Investment in inventories ($ billions)	18.6	17.0	16.2	15.1	20.0	16.8

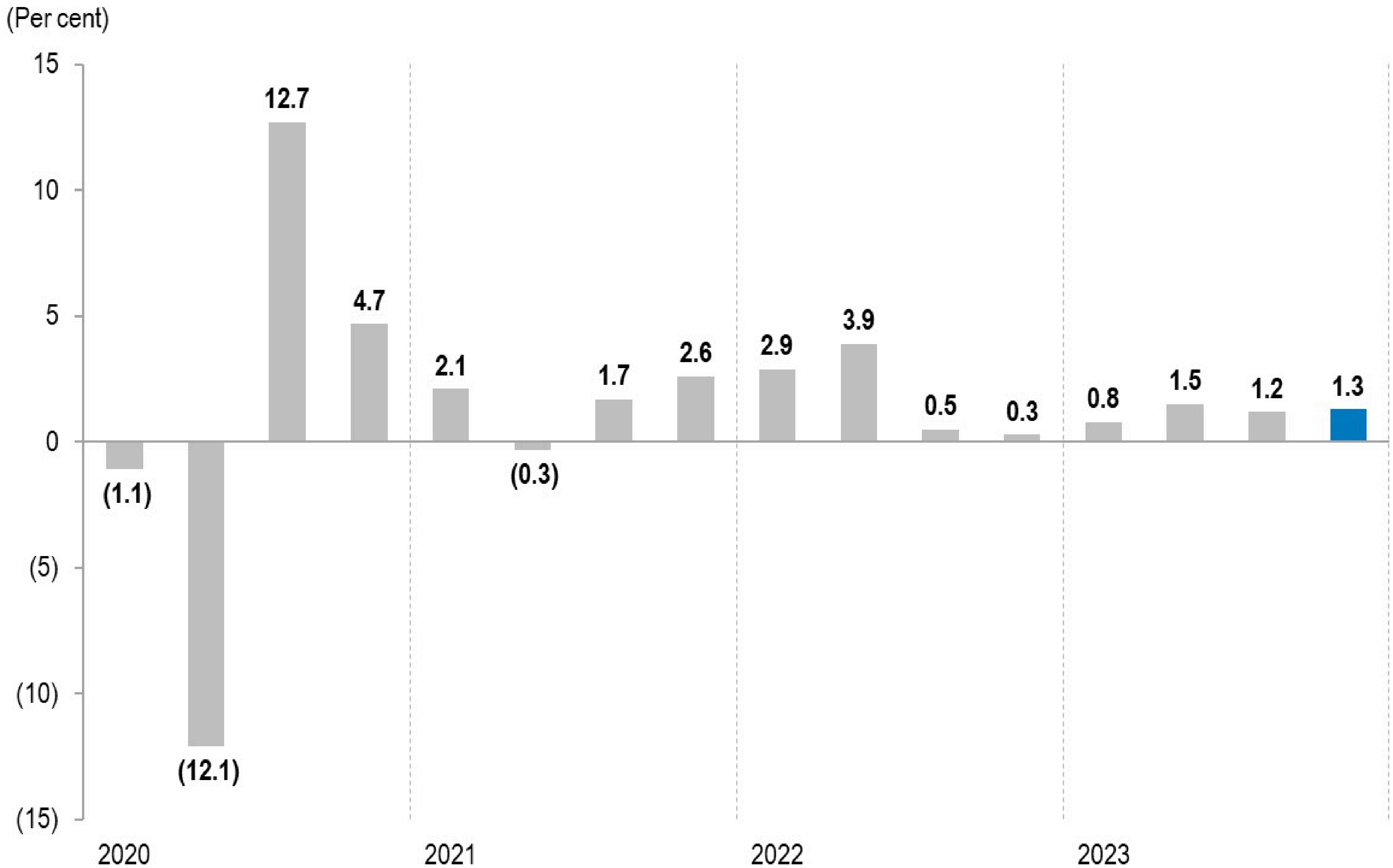
Sources: Statistics Canada and Ontario Ministry of Finance.

Income details

Ontario's **nominal GDP** increased 1.3% in the fourth quarter, after increasing 1.2% in the third 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 0.7%, after rising 1.2% in the third quarter.

Net operating surplus of corporations advanced 5.2%, after increasing 3.8% in the third quarter.

Net mixed income, which is comprised of farm income, unincorporated business income and rental income, increased 3.5%, following a 2.9% gain in the previous quarter.

Table 1.3
Nominal GDP by income
(Per cent change)

Component	2022	2023	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Nominal GDP	9.2	4.3	0.8	1.5	1.2	1.3
Compensation of employees	8.8	6.5	2.3	2.2	1.2	0.7

Component	2022	2023	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Net operating surplus	(5.9)	(13.7)	(11.4)	(4.0)	3.8	5.2
Net mixed income	9.5	9.4	1.7	3.0	2.9	3.5

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 fourth quarter, following a 1.1% increase in the third quarter.

Prices for **household consumption expenditures** rose 1.0%, following a 0.9% increase in the third quarter.

Business investment prices increased 0.3%, following a 0.7% increase in the previous quarter. Prices for intellectual property products (+1.1%), non-residential construction (+0.8%) and machinery and equipment (+0.5%) all increased in the fourth quarter, while residential construction prices (-0.2%) declined.

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

Table 1.4
Implicit price indexes, gross domestic product

(Per cent change)						
Component	2022	2023	2023 Q1	2023 Q2	2023 Q3	2023 Q4
GDP	5.1	3.1	0.1	1.3	1.1	1.3
Household consumption	5.8	3.6	0.7	0.9	0.9	1.0
Business investment	11.8	4.8	0.0	1.5	0.7	0.3
Exports	9.1	2.6	0.3	(0.4)	1.0	0.3
Imports	12.2	2.3	(0.7)	(0.2)	0.0	0.5

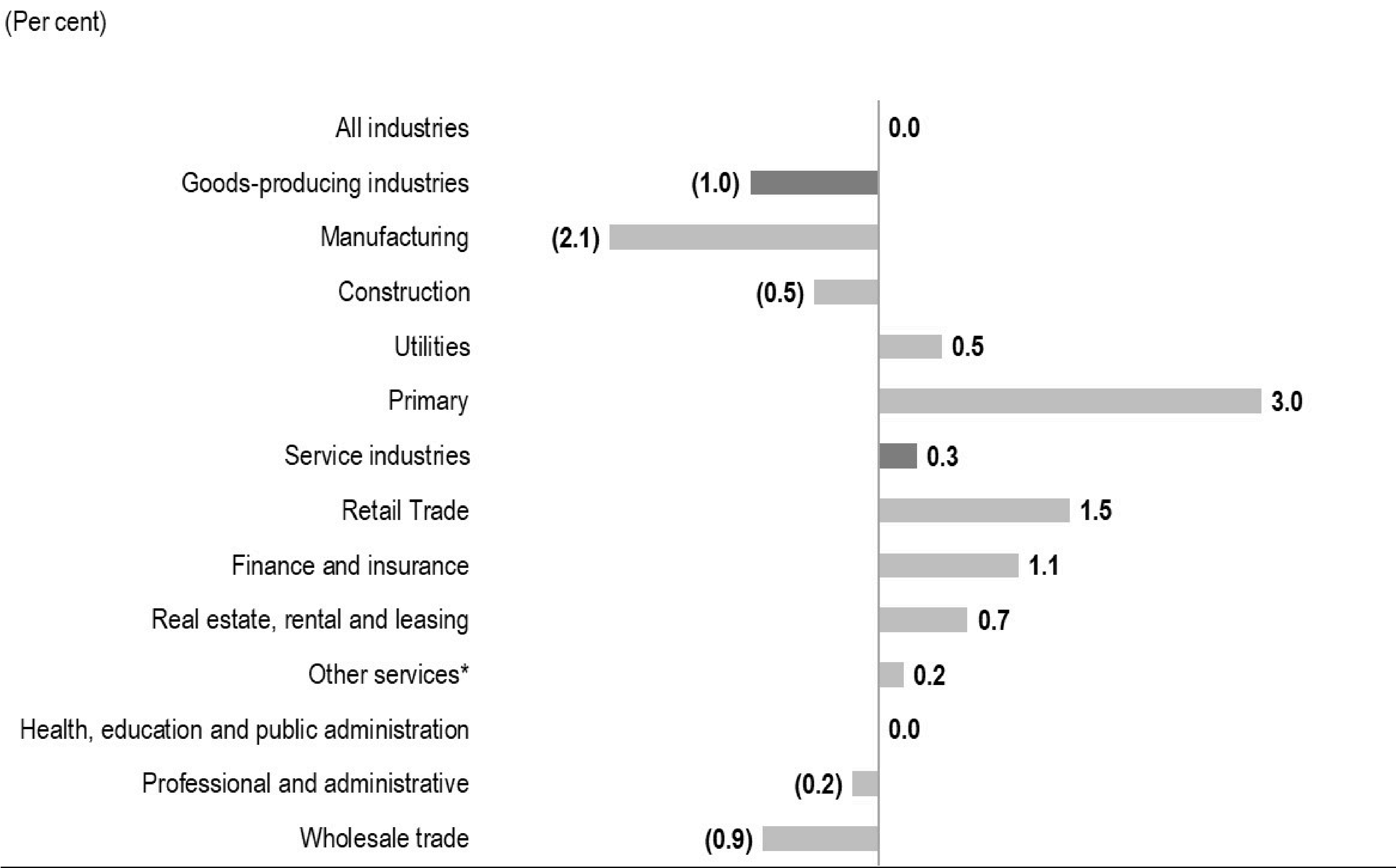
Sources: Statistics Canada and Ontario Ministry of Finance.

Industry details

Ontario **real GDP**, measured as value-added by industry, was unchanged in the fourth quarter of 2023. An increase to service sector output (+0.3%) was offset by a decline to goods-producing output (-1.0%).

Chart 1.3

Real GDP change by industry, 2023Q4



*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 Q4

Manufacturing output decreased 2.1% in the quarter including a 6.0% decline in transportation equipment manufacturing.

Construction output decreased 0.5% due to a decline in non-residential structures and engineering construction (-1.2%). Residential construction output increased 0.7% in the quarter.

Primary industry output was 3.0% higher, as agriculture (+3.2%) and mining (+2.7%) increased.

Utilities output increased 0.5%, as higher electric power production (+1.8%) was partially offset by lower natural gas, water, and other production (-3.0%).

Service industry output increased 0.3% in the quarter, led by finance and insurance (+1.1%), real estate and leasing (+0.7%) and retail trade (+1.5%).

Table 1.5
Real GDP by industry
(Per cent change)

Component	2022	2023	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Total output	3.7	1.4	0.8	0.4	0.1	0.0

Component	2022	2023	2023 Q 1	2023 Q 2	2023 Q 3	2023 Q 4
Total goods producing industries	2.0	0.6	1.4	0.7	(1.7)	(1.0)
Primary	3.3	(2.6)	(2.1)	(2.5)	(2.4)	3.0
Utilities	1.3	2.6	0.2	1.8	3.8	0.5
Construction	(1.8)	(0.6)	0.9	(2.0)	(1.1)	(0.5)
Manufacturing	4.7	1.5	2.4	2.8	(2.8)	(2.1)
Total service producing industries	4.2	1.6	0.7	0.3	0.5	0.3
Wholesale trade	0.4	0.0	(0.2)	(0.1)	1.5	(0.9)
Retail trade	3.5	0.2	1.8	1.6	0.2	1.5
Transportation and warehousing	16.8	6.4	1.0	0.2	(0.4)	1.1
Information and culture	4.6	(4.1)	(3.0)	0.0	(2.5)	(0.9)

Component	2022	2023	2023 Q 1	2023 Q 2	2023 Q 3	2023 Q 4
Finance and insurance	1.2	(0.2)	0.7	0.0	0.7	1.1
Real estate, rental and leasing	(1.2)	1.0	0.9	1.5	1.1	0.7
Management of companies and enterprises	(27.6)	(36.0)	(9.0)	(7.8)	(8.1)	(9.9)
Professional and administrative services	9.3	2.6	1.0	(0.2)	(0.7)	(0.2)
Education	2.1	2.0	0.7	0.9	1.9	(1.2)
Health care and social services	3.3	2.6	0.0	(0.5)	0.6	0.5
Arts, entertainment and recreation	47.7	12.9	2.2	0.9	1.5	(0.6)
Accommodation and food	23.4	4.5	2.0	(1.2)	0.0	2.1
Other services	10.4	1.9	0.0	0.2	0.0	0.2
Public administration	2.5	4.1	2.0	(0.5)	2.1	0.3

Sources: Statistics Canada and Ontario Ministry of Finance.

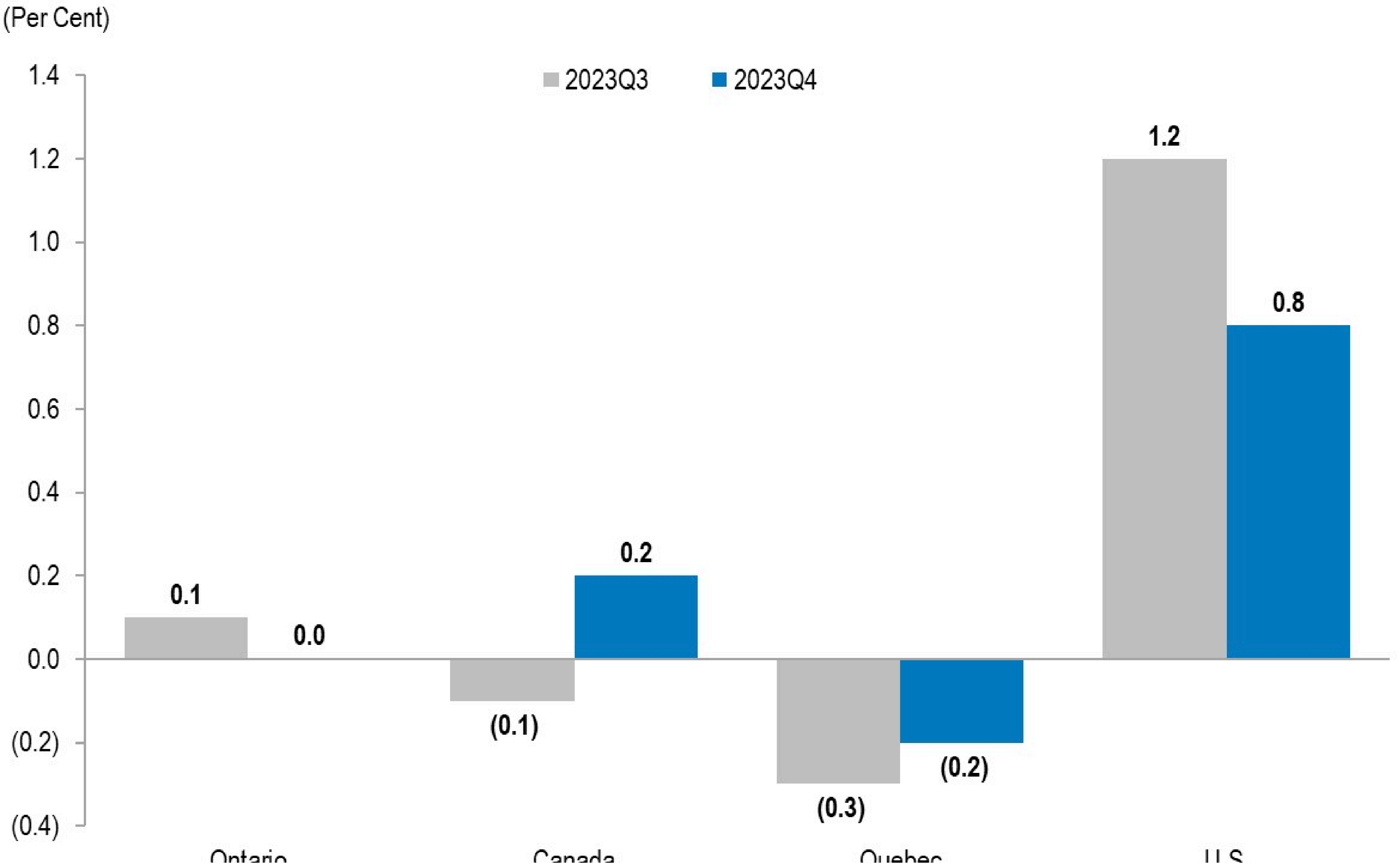
Jurisdictional comparison

Canadian real GDP increased 0.2% in the fourth quarter, following a decline of 0.1% in the third quarter. In the fourth quarter, stronger net trade was partially offset by declines in business investment.

Quebec's real GDP declined 0.2% in the fourth quarter, the third consecutive quarterly decline. The decline was mainly due to lower business investment and slower inventory accumulation. This was partially offset by improved net trade and higher household consumption.

In the **U.S.**, real GDP increased 0.8% in the fourth quarter of 2023, following a 1.2% gain in the third quarter. The fourth quarter gain primarily reflected an increase in consumer spending, government spending and 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

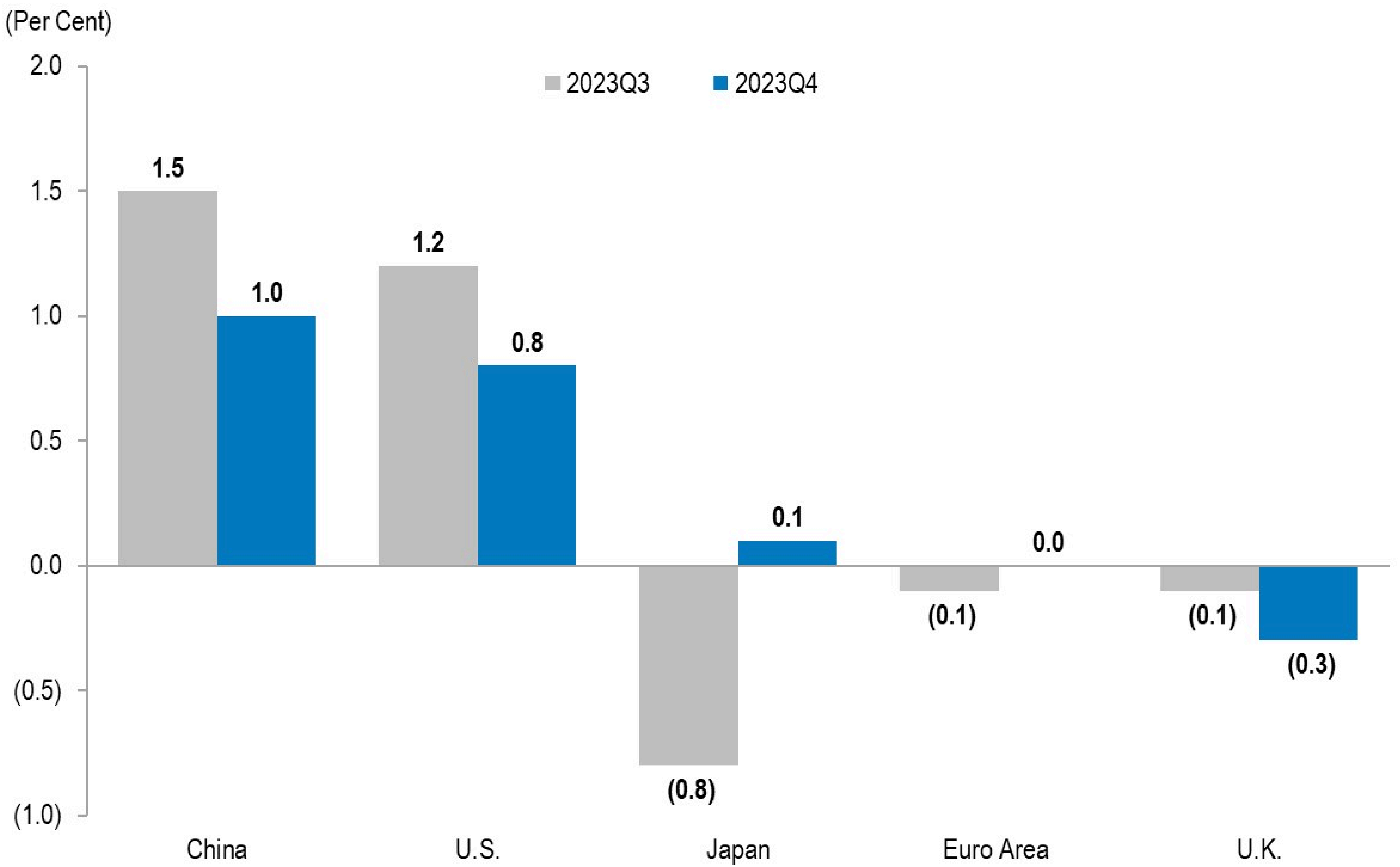
Global economic environment

Economic activity in the U.S. moderated at the end of 2023 as elevated interest rates weighed on demand, with real GDP rising 0.8% in the fourth quarter, slowing from 1.2% growth in the third quarter. Despite slowing growth, U.S. domestic demand remained strong, led by personal consumption expenditures, investment and government spending.

In China, real GDP growth slowed to 1.0% in the fourth quarter from 1.5% growth in the third quarter, as strains from the property sector continue to impact the economy. Real GDP in Japan edged up 0.1% in the fourth quarter, following a 0.8% decline in the third quarter, as external demand supported growth.

In the U.K., real GDP declined 0.3% in the fourth quarter, following a 0.1% decline in the third quarter. The euro area avoided a recession at the end of 2023 as real GDP was unchanged in the fourth quarter after edging down 0.1% in the previous quarter, with elevated interest rates and inflation continuing to weigh on activity.

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 continue 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 at 5.00% since July 2023. 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 first quarter of 2024, matching the yield in the fourth quarter of 2023. Meanwhile, the **Canadian 10-year government bond yield** retreated in late-2023 from its recent peak of 4.3% on October 3 to reach 3.1% by the end of the year and then rose to 3.5% by the end of March. On a quarterly basis, the 10-year yield averaged 3.4% in the first quarter, edging down from 3.6% in the fourth quarter.

The **Canadian dollar** strengthened slightly in the first quarter of 2024 reflecting changing interest rate expectations. On a quarterly basis, the Canada-US exchange rate averaged 74.1 cents US in the first quarter, rising from 73.4 cents US in the fourth quarter.

After easing over the last quarter of 2023, **the West Texas Intermediate (WTI) crude oil price** increased in the first quarter of 2024 from US$71 per barrel at the beginning of January to US$83 per barrel by the end of March as supply restrictions and geopolitical tensions outweighed slowing demand from weakening global economic growth. Despite rising prices in March, WTI crude oil prices edged down from an average of US$78 per barrel in the fourth quarter of 2023 to US$77 per barrel in the first quarter of 2024.

Table 1.6
External factors

Component	2022	2023	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
U.S. real GDP growth (per cent)	1.9	2.5	0.6	0.5	1.2	0.8	–

Component	2022	2023	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
West Texas Intermediate (WTI) crude oil ($US per barrel)	95	78	76	74	82	78	77
Canadian dollar (cents US)	76.8	74.1	74.0	74.5	74.6	73.4	74.1
Three-month treasury bill rate[1] (per cent)	2.3	4.8	4.4	4.6	5.1	5.0	5.0
10-year government bond rate (per cent)	2.8	3.3	3.0	3.1	3.7	3.6	3.4

[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

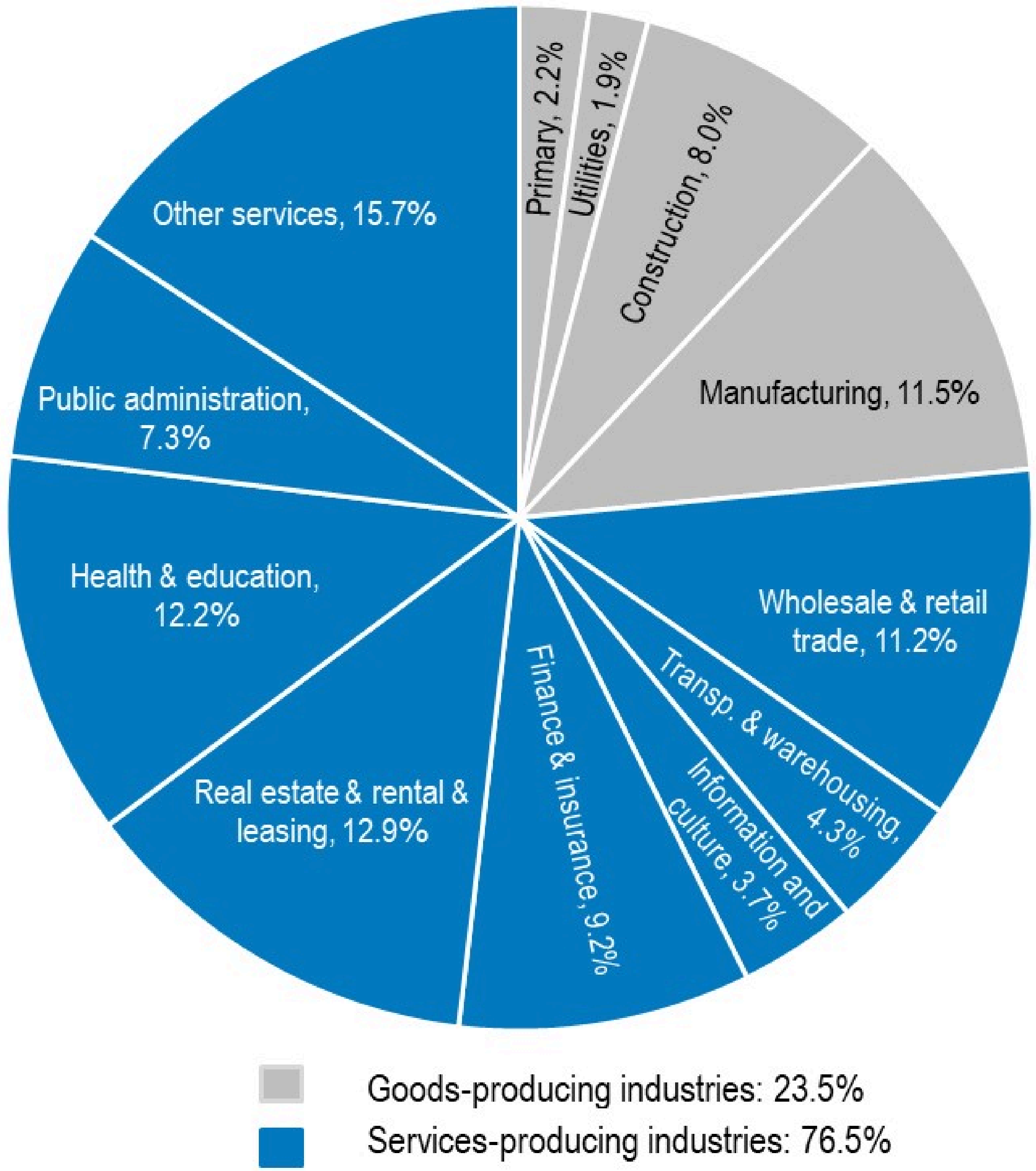
The *Fiscal Sustainability, Transparency and Accountability Act, 2019* states that the quarterly Ontario Economic Accounts should be released within 45 days of the Statistics Canada release of the National Income and Expenditure Accounts.

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
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, 2022

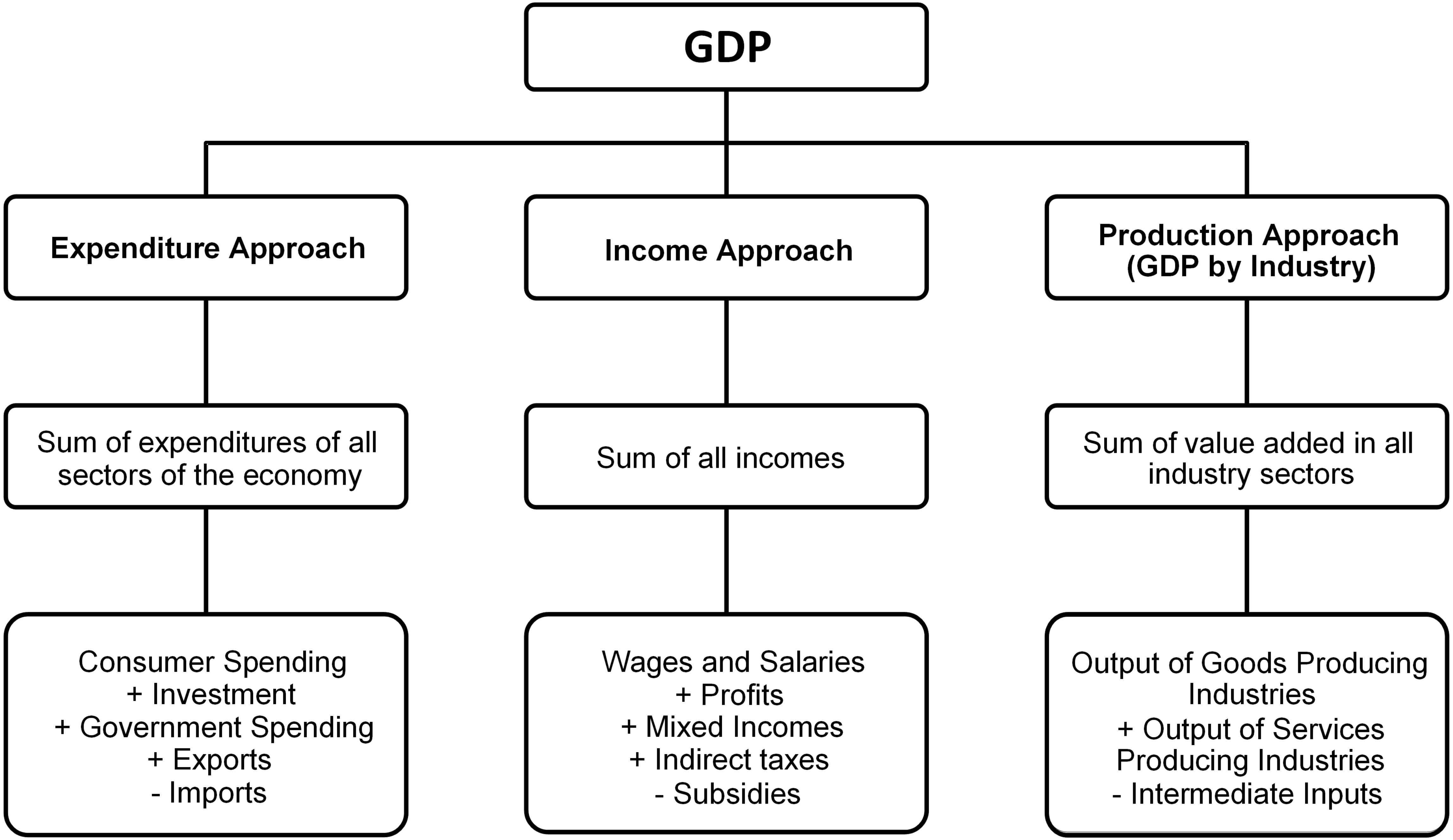
Appendix C: How GDP is measured

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 fourth 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 the four quarters of 2023, real GDP growth was 0.7%, 0.3%, 0.1% and 0.0%, respectively.

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 fourth 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 the four quarters of 2023, GDP growth was 0.8%, 1.5%, 1.2% and 1.3%, respectively.

Source: Ontario Ministry of Finance.

Return to chart 1.2

Chart 1.3: Real GDP change by industry, 2023Q34

The horizontal bar chart illustrates the per cent change in real GDP by industry for the fourth quarter of 2023. The output of all industries was unchanged in the quarter. Output declined in goods-producing industries (-1.0%), with industry changes as follows: manufacturing (-2.1%); construction (-0.5%); utilities (+0.5%); and primary (+3.0%). Output in the service industries increased 0.3%, including industry changes as follows: retail trade (+1.5%); finance and insurance (+1.1%); real estate, rental and leasing (+0.7%); other services* (+0.2%); health, education and public administration (0.0%); professional and administrative services (+0.2%); and wholesale trade (-0.9%).

*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 2023. Ontario real GDP increased 0.1% in the third quarter and was unchanged in the fourth quarter. Canadian real GDP declined 0.1 in the third quarter and increased 0.2% in the fourth quarter. Quebec real GDP decreased 0.3% in the third quarter and declined 0.2% in the fourth quarter. U.S. real GDP increased 1.2% in the third quarter and increased 0.8% 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 China, the U.S., Japan, the euro area and the United Kingdom for the third and fourth quarter of 2023. China's real GDP increased 1.5% in the third quarter and increased 1.0% in the fourth quarter. U.S. real GDP increased 1.2% in the third quarter and increased 0.8% in the fourth quarter. Japan's real GDP declined 0.8% in the third quarter and increased 0.1% in the fourth quarter. Euro area real GDP decreased by 0.1% in the third quarter was unchanged in the fourth quarter. Real GDP in the United Kingdom decreased 0.1% in the third quarter and declined 0.3% 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, 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

Return to chart

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