



## ONTARIO'S ECONOMY POISED FOR ACCELERATED GROWTH IN 2014: RBC ECONOMICS

**TORONTO, June 11, 2014** — Despite poor weather conditions restraining Ontario's economy in the early months of this year, the province is still on track for accelerated growth in 2014, according to the latest [RBC Economics Provincial Outlook](#) released today.

The slow start to 2014 prompted RBC to revise its real GDP forecast slightly lower to 2.3 per cent from the 2.5 per cent previously forecasted. However, RBC says the revised rate is still a notable improvement from the 1.3 per cent growth in 2013.

"Ontario's economic growth appears to be fairly broad-based so far this year with the housing sector being one of only a few sectors showing a decline," said Craig Wright, senior vice-president and chief economist, RBC. "We expect the province to benefit disproportionately from a strengthening U.S. economy and more competitive Canadian dollar on a go-forward basis."

RBC anticipates the lift from abroad will be even greater in 2015 with a fully revitalized U.S. economy contributing to a faster pace in Ontario's real GDP growth at 2.8 per cent.

Manufacturing activity still managed to advance despite this winter's difficult weather, which disrupted the flow of goods transported across and outside the province – manufacturing sales grew by 3.3 per cent in Q1 2014 compared to the same period last year. Weather-related issues also did not appear to hold back Ontario's exports as the value of merchandise sold abroad rose for the fourth straight quarter on a year-over-year basis.

"A sustained momentum in exports despite poor weather conditions bodes well for stronger gains throughout the rest of this year," added Wright. "We expect the improving trade trend to provide a compelling basis for Ontario businesses to ramp up capital investments."

The February release of Statistics Canada's investment intention survey indicates that businesses plan to boost their spending on non-residential outlays by 3.7 per cent in 2014 – a welcome turnaround from a decline of 4.5 per cent in 2013, RBC says.

The report notes there was some indication of Ontario firms starting to follow through on their intentions in Q1, as business spending on non-residential building construction rose by 3.5 per cent from Q4 2013. This represented the first quarterly increase in nearly a year and a half.

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On the residential housing front, an unusual situation developed in Ontario's largest market – Toronto; despite moderate activity, the housing market heated up thanks to a limited supply of homes available for sale. RBC says that the housing market heat is likely temporary as a growing number of condos currently under construction are close to complete, which should fuel supply.

“We project housing construction to slow this year and represent a modest drag on economic growth in the province,” added Wright.

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indices. The full report and provincial details are available online as of 8 a.m. ET today at [rbc.com/economics/economic-reports/provincial-economic-forecasts.html](http://rbc.com/economics/economic-reports/provincial-economic-forecasts.html).

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