



## ONTARIO'S ECONOMIC GROWTH TO PICK UP THE PACE IN 2013: RBC ECONOMICS

**TORONTO, June 19, 2013** — Ontario's economic growth is expected to improve this year and next, due to employment gains, improving trade performance and still-strong housing construction at the start of 2013, according to the latest [RBC Economics Provincial Outlook](#) issued today. RBC anticipates real GDP growth of 1.7 per cent in 2013 and 2.8 per cent in 2014, both up from 1.5 per cent in 2012.

Ontario's growth was re-energized in the early stages of 2013 after stalling in the second half of 2012. RBC indicates that Ontario's international trade deficit decreased slightly, bucking the decade-long deteriorating trend and reducing its drag on economic growth, and the jobs market experienced significant progress.

"We saw a jaw-dropping 51,000 surge in employment gains in May as well as year-to-date annual job growth jumping to 2.0 per cent, more than double the increase in 2012," said Craig Wright, senior vice-president and chief economist, RBC. "These encouraging developments should go a long way in convincing skeptics that Ontario's economic engine has restarted."

On the external trade front, RBC notes that in the first four months of 2013, exports grew 0.5 per cent, despite momentary fatigue in motor vehicles and parts – Ontario's top exports – which last year recorded a significant 17 per cent increase. With U.S. auto sales in the midst of a solid recovery, RBC anticipates there is scope for further gains in auto sector exports.

"Generally speaking, the U.S. economy is on an uptick, which bodes well for Ontario's economy. We expect U.S. demand for the province's goods and services to improve in the period ahead," said Wright.

In early 2013, the number of homes (or, more specifically, condos) under construction in Ontario were near 30-year highs, and residential investment remained a factor adding to growth. Nonetheless, RBC expects residential construction activity to slow later this year as sales and starts decline and homes under construction are completed.

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“While we anticipate slowing residential construction activity will leave a hole in the province’s economic accounts, strong investment in non-residential structures and infrastructures will more than fill it up,” said 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/market/pdf/provfcst.pdf](http://rbc.com/economics/market/pdf/provfcst.pdf).

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