



ONTARIO'S ECONOMY TO GAIN FROM EXPORTS: RBC ECONOMICS

TORONTO, December 12, 2013 — Stronger demand for exports and an expected resumption of the manufacturing sector's recovery will boost economic expansion in Ontario in the next two years, according to the latest [RBC Economics Provincial Outlook](#) issued today. RBC expects real GDP growth to come in at 1.3 per cent in 2013, 2.6 per cent in 2014 and 2.9 per cent in 2015.

"The recovery that was taking place in Ontario's manufacturing sector since 2010 effectively stalled in 2013, with notable setbacks in the motor vehicle industry," said Craig Wright, senior vice-president and chief economist, RBC. "Production fell nearly 7.0 per cent year-over-year in the first 11 months of 2013 after averaging increases of nearly 20 per cent annually for the last three years."

Service-producing industries, on the other hand, made notable advances, particularly in financial services, transportation, professional services, accommodation and food services, and education, RBC said. Further, RBC notes that overall, Ontario experienced respectable growth in services notwithstanding continued tighter fiscal restraint that kept public administration services on a downward course.

"Going forward, we expect the U.S. economy to speed up its recovery, which will undoubtedly bode well for Ontario's exports," said Wright. "We expect growth for the province to clock in at 2.6 per cent in 2014, the strongest pace in four years."

RBC sees scope for pick up in motor vehicles and parts; however, rising demand for other Ontario-made products and services – such as machinery, pharmaceuticals, natural resources, financial services and engineering – should provide a large part of the lift to exports.

RBC says Ontario businesses will redouble their efforts in becoming more productive and globally competitive by boosting capital investment. On the consumer side, RBC expects an improving job market and a downward trending unemployment rate will boost incomes and confidence, and thereby support spending.

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The Provincial Outlook report indicates that some softening is anticipated on the housing construction front. The substantial slowing of pre-construction new condo sales in the Greater Toronto Area since early 2012 will likely dampen housing starts in the province in the period ahead.

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.

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