



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

Craig Wright, RBC's chief economist, [discusses](#) Ontario's economic growth

TORONTO, March 19, 2014 — Ontario's economy is expected to visibly pick up in 2014 with export demand and business investment kicking into higher gear, according to the latest [RBC Economics Provincial Outlook](#) issued today. RBC expects real GDP growth to accelerate to a four-year high of 2.5 per cent in 2014 and an even stronger 2.9 per cent in 2015.

"We believe Ontario exporters stand to benefit strongly from improving demand from south of the border as the U.S. economy continues to ramp up significantly this year," said Craig Wright, senior vice-president and chief economist, RBC. "While there is room for advances in motor vehicles and parts – Ontario's key export category – greater opportunities may lie in a broader range of made-in-Ontario products and services, such as consumer goods, equipment, software applications and engineering."

The report also notes that the February release of Statistics Canada's P&PI survey brought some good news on the capital expenditures front – Ontario businesses plan to increase spending on non-residential outlays by 3.7 per cent in 2014. Further, manufacturers are penciling in an 8.8 per cent boost, two-thirds of which will take place in the transportation equipment industry where capital spending is set to surge almost 29 per cent.

Another positive from the survey was plans by local and municipal administrations to boost their capital spending by close to 20 per cent in 2014, RBC says, after three years of considerable declines and amid largely flat spending at the provincial and federal levels.

"This is evidence that Ontario municipalities are firmly engaged in addressing the need to upgrade and expand public infrastructures in the province," said Wright.

On the residential side, the P&PI survey indicated that housing investments will decline for the second year in a row, which is consistent with RBC's outlook for the Ontario housing sector. RBC Economics expects housing starts in the province to moderate to 59,100 units in 2014 from 61,100 units the year prior.

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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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For more information, please contact:

[Craig Wright](#), RBC Economics Research, 416-974-7457

[Robert Hogue](#), RBC Economics Research, 416-974-6192

[Elyse Lalonde](#), Communications, RBC Capital Markets, 416-842-5635