



Ontario's economy poised for moderate growth: RBC Economics

TORONTO, March 19, 2013 — Ontario's economic momentum is expected to be restored this year as the fiscal uncertainty surrounding its top trading partner – the United States – continues to lift, according to the latest [RBC Economics Provincial Outlook](#) issued today. RBC anticipates provincial real GDP growth of 1.6 per cent in 2013, slightly below the national average of 1.8 per cent.

“Although Ontario kicked-off 2013 with little more than a breeze in its sails, we expect the provincial economy to keep forging ahead,” said Craig Wright, senior vice-president and chief economist, RBC. “Rising U.S. demand for the province's exports, and a slightly weaker Canadian dollar will boost Ontario's trade performance, though slowing domestic sectors such as residential investment will somewhat curb overall growth in the province.”

The Outlook notes that in the second half of 2012, economic activity largely stalled in Ontario. Recent indicators, such as sales by provincial manufacturers, wholesalers and retailers, merchandise trade with other countries and construction activity, point to stagnation. Much of this interference with Ontario's growth rate stemmed from heightened uncertainty in the U.S. surrounding the looming deadline of the so-called ‘fiscal cliff’, RBC says.

“Concerns that a full-blown fiscal hit would torpedo the U.S. economy caused businesses and consumers south of the border, and in Canada, to adopt a wait-and-see stance,” noted Wright. “Averting a swan dive over the ‘fiscal cliff’ removed a significant layer of uncertainty and we expect to see a pick-up in U.S. demand for Ontario's goods and services over time.”

RBC expects strong corporate balance sheets, low interest rates and intense competition to drive up business investment in Ontario in 2013. Residential investment, however, will likely cool as slower home resales that began in late-2012, start to apply downward pressure on new home construction. RBC forecasts housing starts to drop to 58,900 units in 2013 down from 76,900 in 2012.

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.

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