



## **ONTARIO'S ECONOMIC RECOVERY GAINS STEAM: RBC ECONOMICS**

### **Growth expected to rise 3.3 per cent in 2010, led by the construction sector**

**TORONTO, March 11, 2009** — Ontario's economy is on its way to recovery with growth expected to increase by 3.3 per cent in 2010 and 4.1 per cent in 2011, both above the national average, according to a new report by RBC Economics.

"Ontario's economy appears to be finally emerging from last year's tough recession with the pace of recovery accelerating in the past few months," said Craig Wright, senior vice-president and chief economist, RBC. "Increased activity in the housing sector and greater motor vehicle production were among the factors that led to the return to positive economic growth over the second half of last year."

According to the report, the construction sector should see a rise in activity in 2010, fueled by higher capital spending. In a recently released survey by Statistics Canada, public administrations in the province indicated that they intend to boost construction expenditures significantly by 24 per cent this year.

The RBC Economics report noted that high demand for real estate should extend to new homes with housing starts expected to increase to 64,200 units this year, compared to 50,100 in 2009. The pace of new home construction is expected to rise during Spring, ahead of the introduction of the harmonized sales tax (HST) in July.

Although the HST will result in certain exempt products and services being taxed at the provincial level, this change is expected to result in long-term benefits that make the tax system more economically efficient in Ontario and lower the cost of doing business in the province.

“Challenges are still on the horizon this year with the strong Canadian dollar limiting U.S. demand for Ontario’s exports, the automotive sector susceptible to more turbulence and the provincial job market taking time to recover,” added Wright. “Nonetheless, economic prospects should improve throughout this year and next as more industries and sectors move into recovery mode.”

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indexes.

The full report and provincial details are available online as of 8 a.m. EST today [www.rbc.com/economics/market/pdf/provcfst.pdf](http://www.rbc.com/economics/market/pdf/provcfst.pdf).

**For more information, please contact:**

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

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

Matt Gierasimczuk, RBC Media Relations, (416) 974-2124