



ONTARIO ECONOMY MARCHING TOWARD FULL RECOVERY: RBC ECONOMICS

TORONTO, March 11, 2011 — Ontario's real GDP is forecast to grow by 3.1 per cent in 2011, marking the province's best performance since 2002, according to the latest Provincial Economic Outlook report released today by RBC Economics. The even better news: Ontario's economy will enter the expansion phase this year, as it finally moves beyond recovery from its 2008-2009 recession losses.

RBC notes that a number of positive economic indications have emerged in the past many months. The provincial labour market has shown impressive gains since late summer-early fall 2010; consumer retail sales grew at their fastest rate in years in the fourth quarter; and non-residential investment maintained its second fastest rate of increase since early 2006. Furthermore, merchandise exports recently regained ground and motor vehicle production surged in January, suggesting a stronger advance may be evident early in 2011.

"The Ontario economy has picked up its game lately. Generally, conditions are expected to continue to improve this year, enabling the province to complete its recovery and start to expand again," said Craig Wright, senior vice-president and chief economist, RBC. "This next stage of Ontario's economic cycle will increasingly rest on strengthening demand from the United States, which we forecast will grow faster in 2011 (3.4 per cent) than it did in 2010 (2.8 per cent)."

The RBC report notes, however, that the anticipated leveling off of capital investment in various public infrastructure projects will be a restraining factor to provincial growth this year.

"Public capital spending will contribute significantly less to growth this year than it did in 2010; yet further strong increases in transportation-related outlays, including public transit, will maintain a high level of activity overall," explained Wright.

RBC forecasts Ontario's economy to grow again by 3.1 per cent in 2012 as stronger external trade performance lends further support to the expansion.

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. ET today www.rbc.com/economics/market/pdf/provfcst.pdf.

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