



Ontario Economic Monitor

January to June 2024

Briefing Deck



FAO

Financial Accountability
Office of Ontario

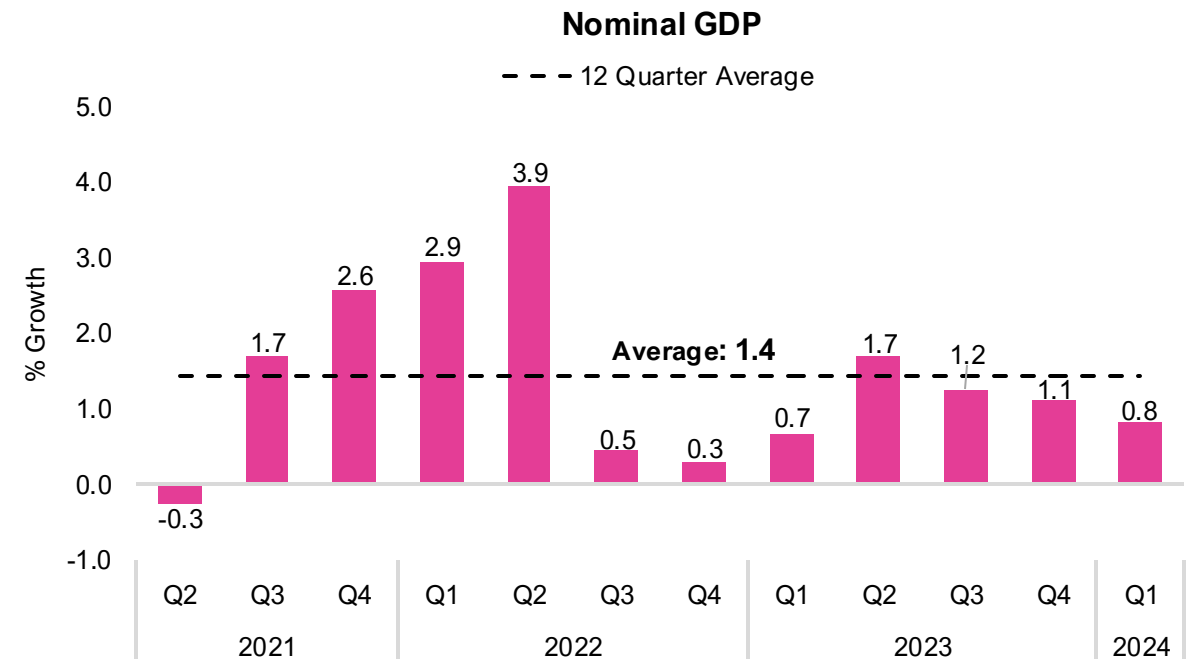
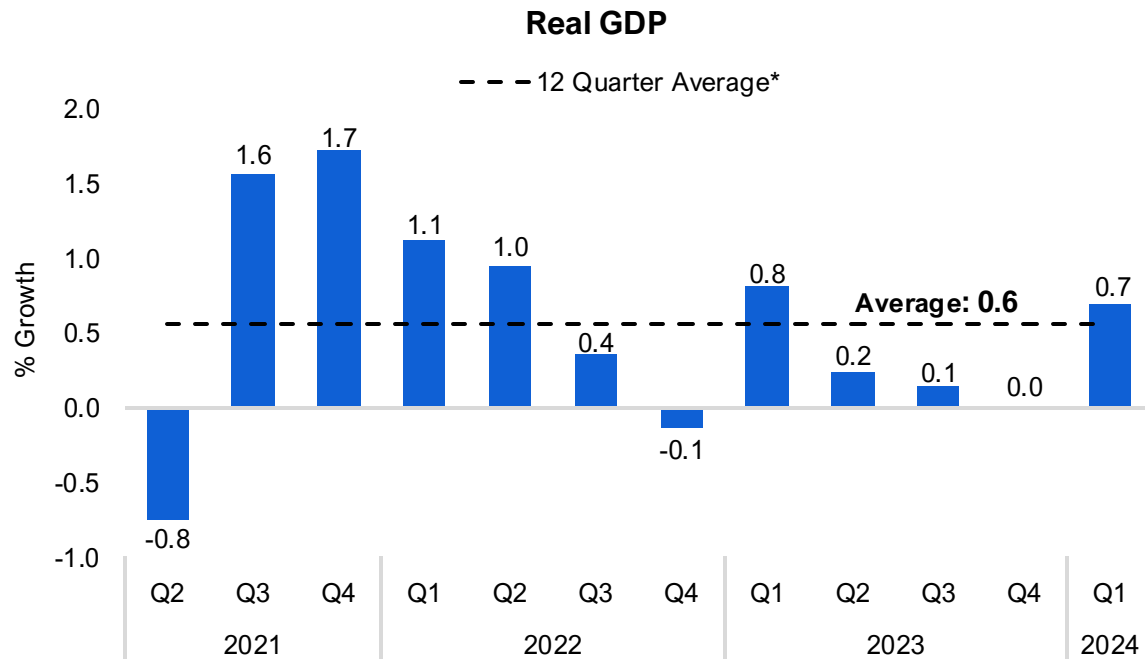
Overview

- This report presents the latest trends in the Ontario economy over the January to June 2024 period based on the most recent data from the Ontario Economic Accounts (OEA), Statistics Canada and other organizations.
- The report also provides an assessment of the FAO's latest economic forecast given the recent economic performance.



2024 Q1 – Ontario Gross Domestic Product

- Ontario’s real Gross Domestic Product (GDP), the most comprehensive measure of economic activity, increased by a solid 0.7% in 2024 Q1, following several quarters of weak growth.
- Nominal GDP, the broadest measure of the tax base, grew by 0.8% in 2024 Q1, continuing a slowing trend.

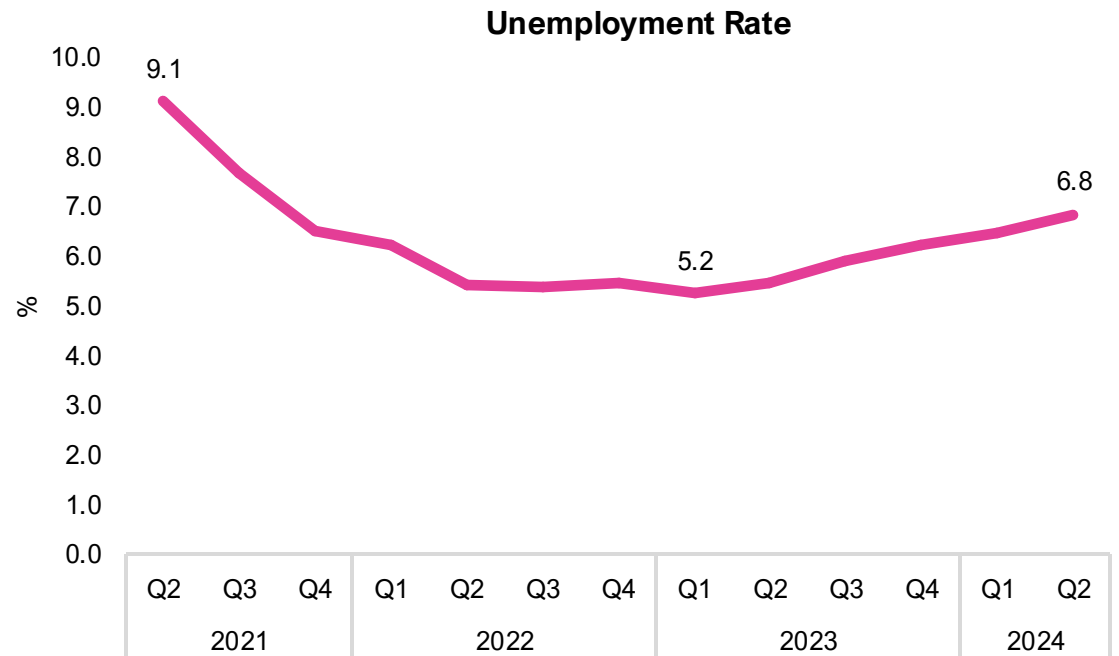
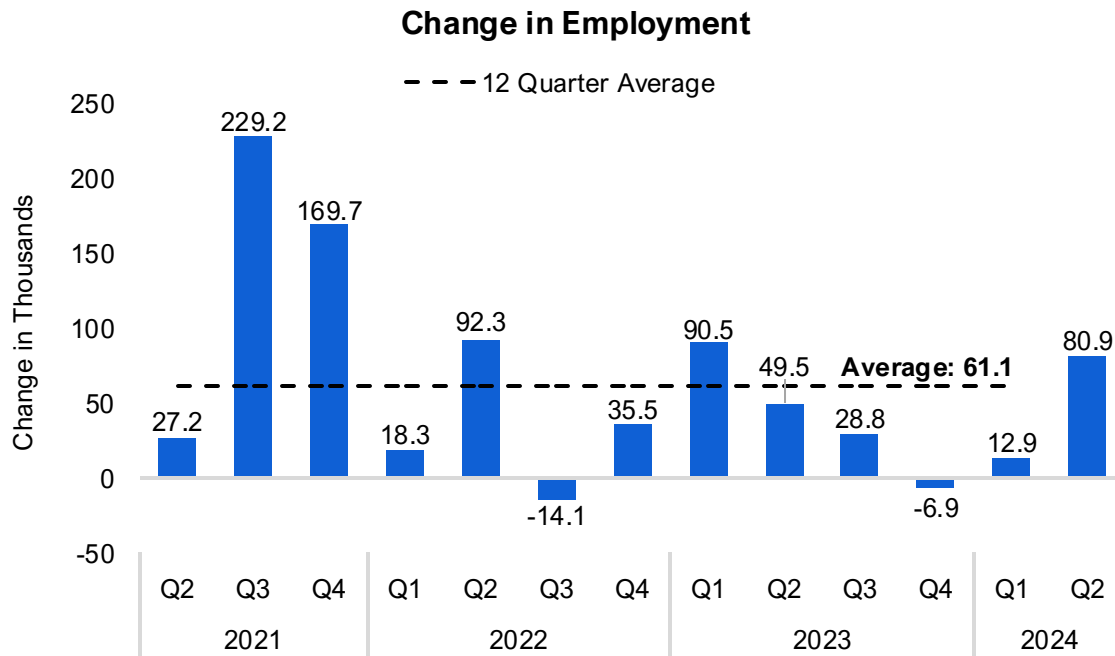


*12 quarter average for all charts is based on 2021 Q2 to 2024 Q1.
Source: Ontario Economic Accounts and FAO.



2024 Q2 – Labour Market

- Employment in Ontario rose by 80,900 jobs (or 1.0%) in 2024 Q2 after several quarters of slow job growth.
- Despite growth in employment, Ontario’s unemployment rate increased for the fifth consecutive quarter to 6.8% as more people entered the labour market seeking jobs than found employment.

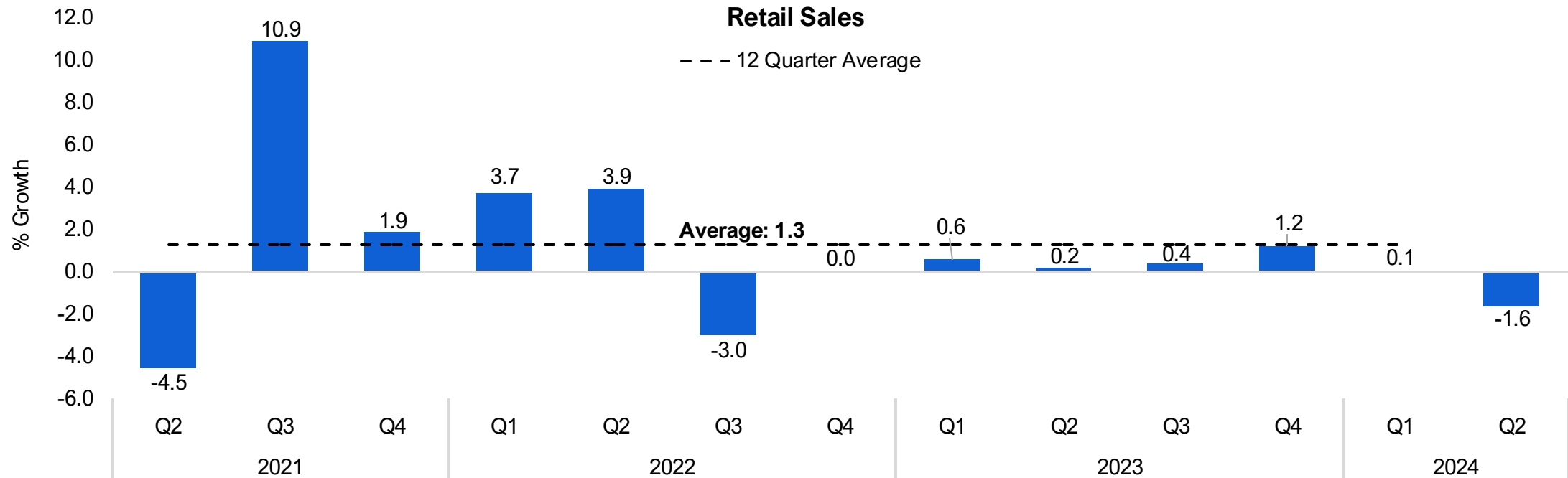


Source: Statistics Canada [Table 14-10-0287-01](#) and FAO.



2024 Q2 – Retail Sales

- Retail sales declined 1.6% in 2024 Q2, following an increase of 0.1% in 2024 Q1.
- Retail sales have dropped by an average of 0.3% per quarter since mid-2022. The weakness reflects the easing of post-pandemic pent-up demand and the impact of higher interest rates.



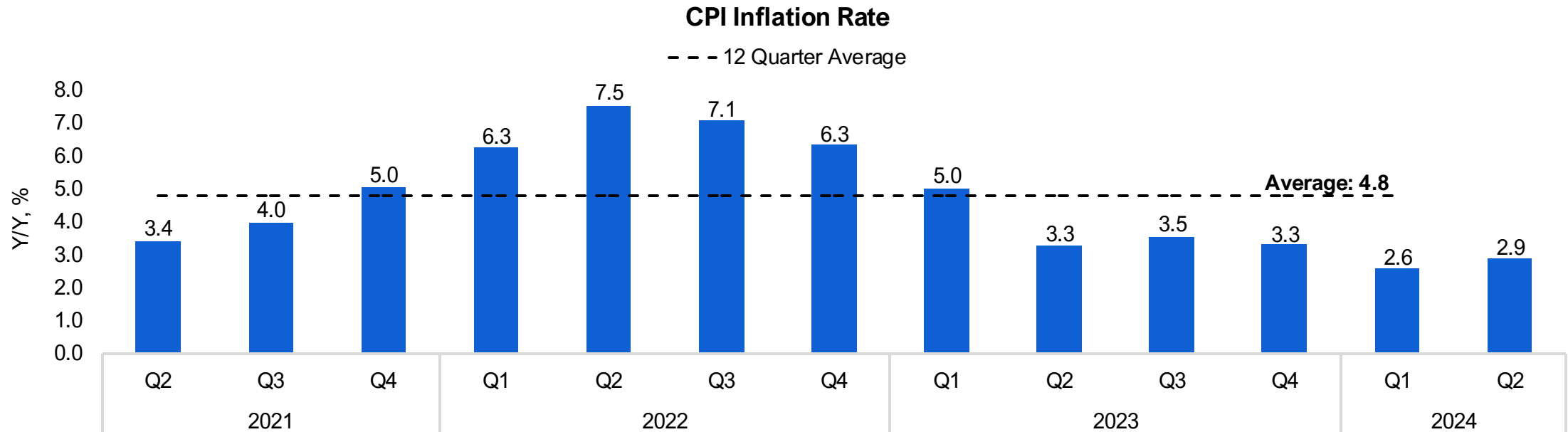
Note: June data was not available at the time of publication, so the Canadian advance retail indicator provided by Statistics Canada was used to calculate the 2024 Q2 Ontario value. See Statistics Canada's [Retail trade, May 2024](#).

Source: Statistics Canada [Table 20-10-0056-01](#) and FAO.



2024 Q2 – CPI Inflation

- The Ontario CPI inflation rate was 2.9% in 2024 Q2, up from 2.6% in 2024 Q1 - this marked the first time since early 2021 that the province’s inflation rate was below 3.0% for two consecutive quarters.
- Inflation has generally slowed after reaching 7.5% in 2022 Q2. The decline in inflation coincided with a rapid increase in interest rates by the Bank of Canada, improved supply chains and easing consumer demand.

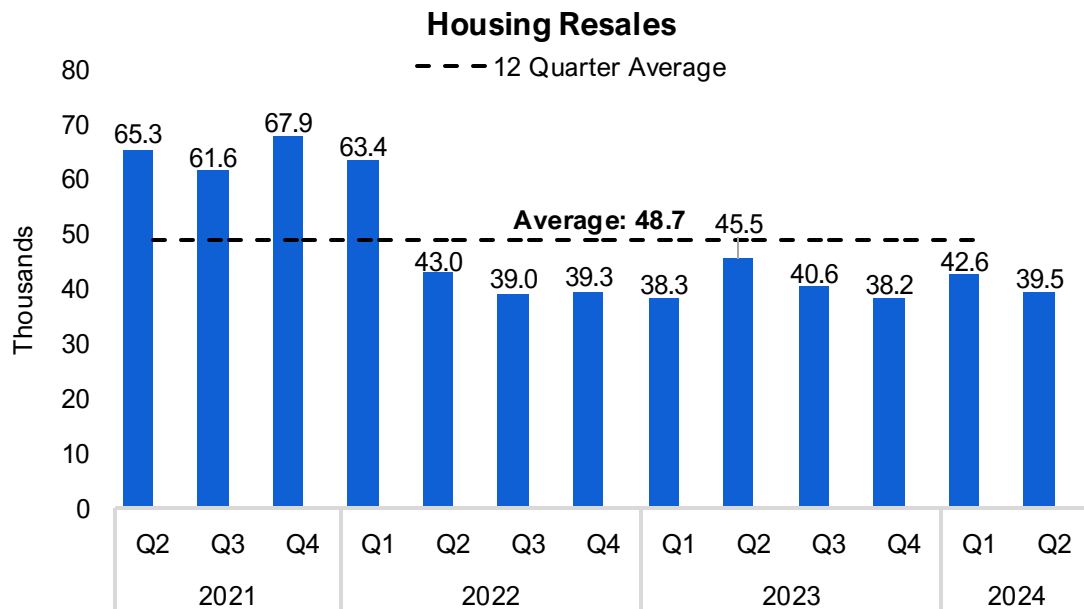


Source: Statistics Canada [Table 18-10-0004-01](#) and FAO.



2024 Q2 – Housing Market

- Ontario home resales declined 7.3% in 2024 Q2 to 39,500. Despite robust population growth, home resales activity has declined in tandem with the increase in mortgage rates starting in early 2022, as home carrying costs rose rapidly.
- Home resale prices in Ontario averaged \$862,900 in 2024 Q2, which is 15.4% below the peak of \$1,020,300 reached in 2022 Q1.

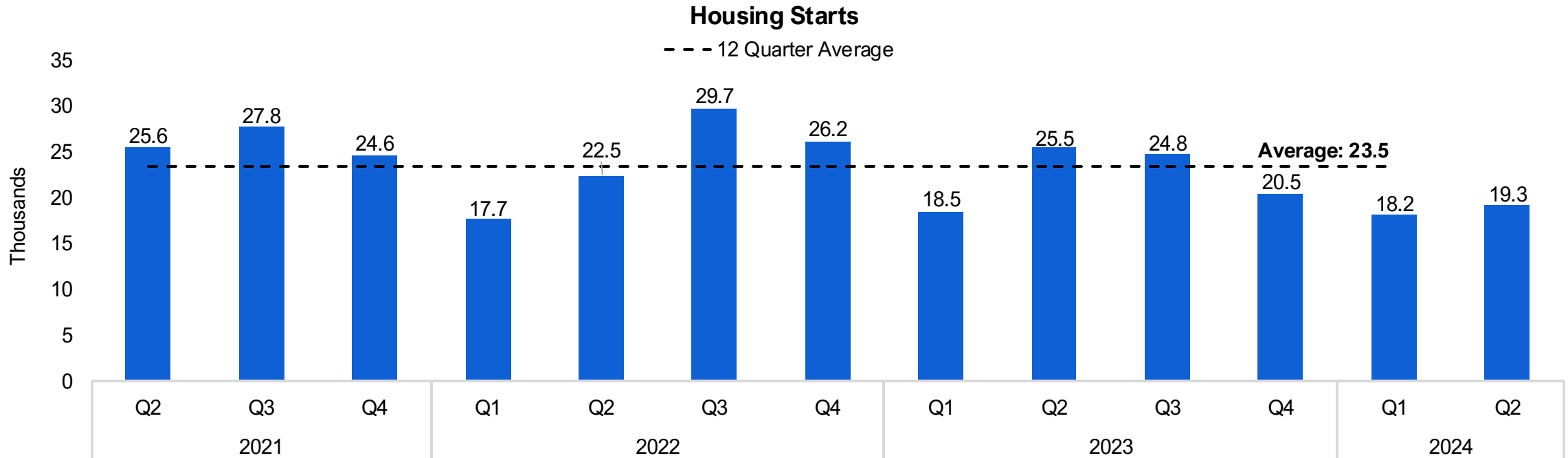


Source: Canadian Real Estate Association and FAO.



2024 Q2 – Housing Starts

- Housing starts in 2024 Q2 totaled 19,300 units in Ontario, a 24.5% decline from the 25,500 units started in 2023 Q2.
- 81% of total housing starts were multiple unit dwellings, while 19% were single detached homes.

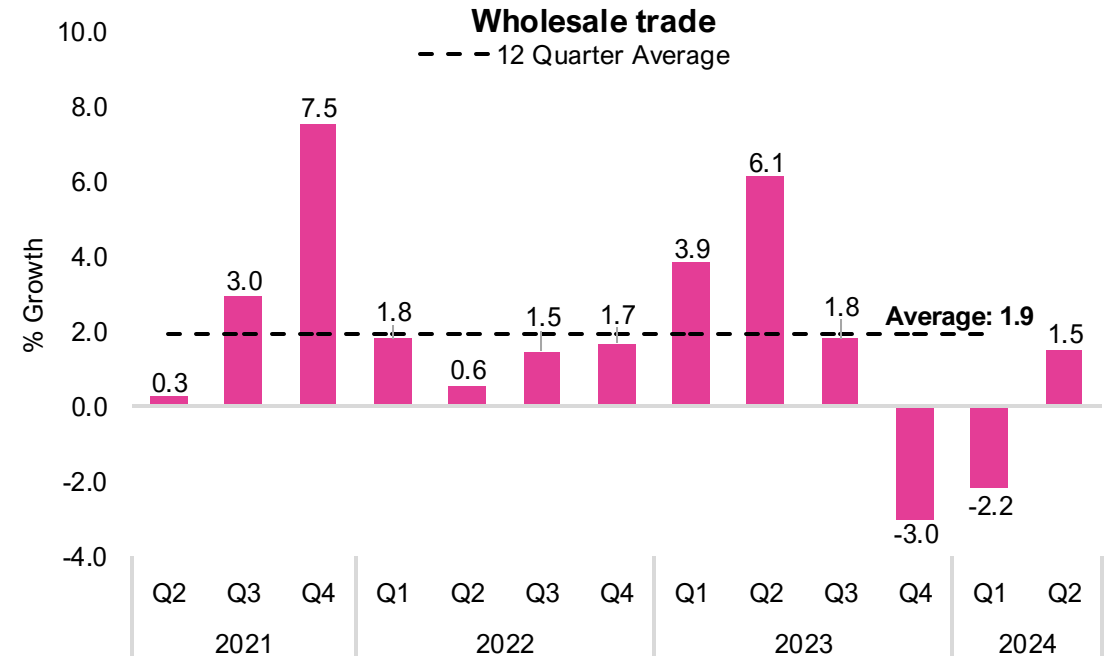
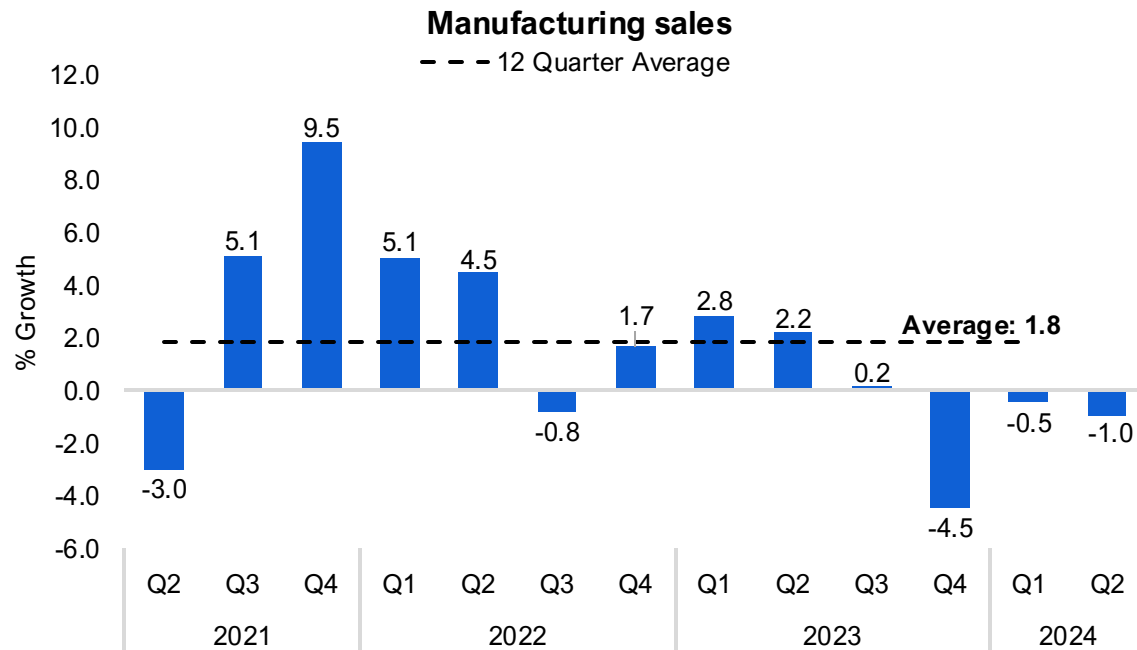


Source: Statistics Canada [Table 34-10-0135-01](#) and FAO.



2024 Q2 – Manufacturing Sales and Wholesale Trade

- Manufacturing sales declined 1.0% in 2024 Q2, the third consecutive quarterly decline. Manufacturing has been negatively affected by retooling in the auto sector in the last several quarters.
- Wholesale trade, which measures sales of bulk items, increased by 1.5% in 2024 Q2, following declines in the previous two quarters.



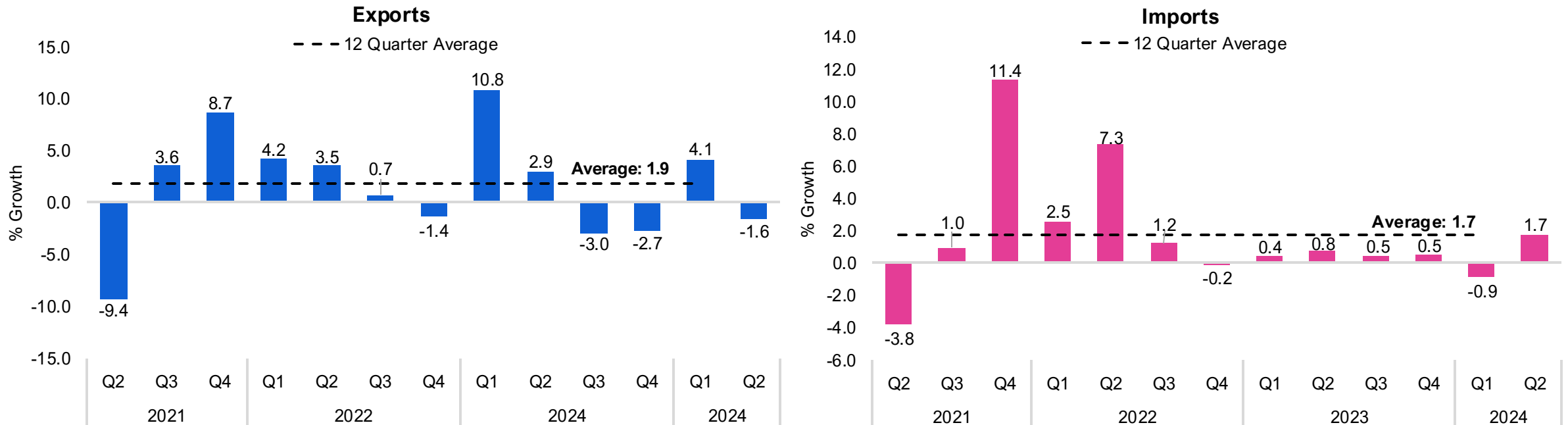
Note: June manufacturing sales data was not available at the time of publication, so the Canadian flash estimate provided by Statistics Canada was used to calculate the 2024 Q2 Ontario value (see Statistics Canada's [Monthly Survey of Manufacturing: Flash estimate, June 2024](#)). June wholesale trade data was also not available at the time of publication, so the Canadian early indicator provided by Statistics Canada was used to calculate the 2024 Q2 Ontario value (see Statistics Canada's [Wholesale trade: Early indicator, June 2024](#)).

Source: Statistics Canada [Table 16-10-0048-01](#), [Table 20-10-0074-01](#) and FAO.



2024 Q2 – International Merchandise Trade

- International merchandise exports declined by -1.6% in 2024 Q2, the third decline in the past four quarters. Exports have been negatively affected by auto plant shutdowns and weakening US spending on motor vehicles and parts.
- International merchandise imports increased 1.7% in 2024 Q2, after a 0.9% decline the previous quarter.

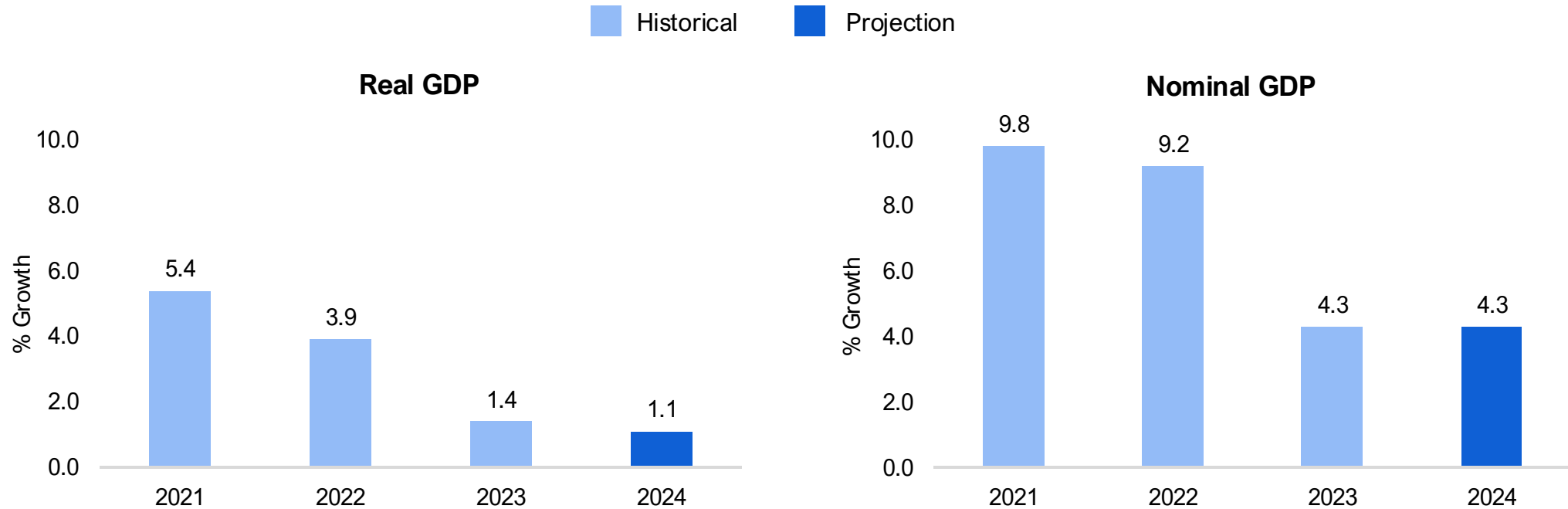


Note: International merchandise export and import growth is based on FAO estimates using Statistics Canada [Table 12-10-0175-01](#) and [Table 12-10-0163-01](#).
Source: Statistics Canada [Table 12-10-0175-01](#), [Table 12-10-0163-01](#) and FAO.



Implications of Recent Economic Trends

- The solid 0.7% growth in 2024 Q1 combined with the mixed results in 2024 Q2 suggest there is modest upside risk to the FAO's latest forecast for real GDP growth of 1.1% in 2024, published in the Spring 2024 Economic and Budget Outlook (EBO).
- Recent economic developments are broadly consistent with the FAO's outlook for nominal GDP growth of 4.3% in 2024.



Source: Ontario Economic Accounts and FAO, [Spring 2024 Economic and Budget Outlook](#).



Thank you!



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