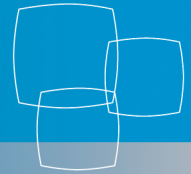




Ontario Economic Overview

January 2012 Update



HIGHLIGHTS

- Ontario's real GDP declined 0.3% in Q2 2011, its first drop in two years.
- After strong growth in six of the previous seven quarters, manufacturing output was down 2.3% to an annualized level of \$73B. Employment in the sector was up 1.3% in Q2 2011 compared to Q2 2010.
- Employment was down slightly in the financial services sector based mainly on job losses in the insurance subsector.
- ICT employment was 1.1% lower in Q2 with job losses concentrated in the software publishing and telecommunications subsectors.
- Output in Ontario's automotive sector fell 10.5% in Q2 2011 compared to Q2 2010, in part due to the earthquake and tsunami in Japan. Employment for the period was up 3.0% on job gains in the assembly and parts subsectors.
- The primary sector's output was approximately flat in Q2 while employment rose 1.3%. Mining continued to lead forestry and agriculture in employment and output gains.
- Overseas visits to Ontario were up 5.6% for the first six months of 2011 compared to 2010. The number of U.S. visitors to Ontario, however, continued to fall.
- U.S. GDP rose 2.0% in Q3 2011. The unemployment rate declined slightly to 9.0% in October, though consumer sentiment remained low.
- Ontario's economy is forecast to grow 2.0% in 2011 and 1.9% in 2012, slightly behind Canada's projected growth.



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KEY ECONOMIC INDICATORS

(% change unless otherwise indicated)	Real GDP			Employment			Unemployment Rate		
	2010	2011f	2012f	2010	2011f	2012f	2010	2011f	2012f
Ontario	3.0	2.0	1.9	1.6	1.8	1.0	8.7	7.8	7.8
Canada	3.2	2.3	2.0	1.4	1.6	0.8	8.0	7.5	7.4
United States	3.0	1.7	1.9	-0.7	1.0	1.2	9.6	9.0	8.8

Source: Statistics Canada, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics; f indicates forecasted data, using median forecasts released in September 2011 or later, where available, from Conference Board of Canada, Scotiabank, RBC Financial, TD Economics, BMO Financial, CIBC World Markets, and Desjardins. Forecasts collected January 2012.

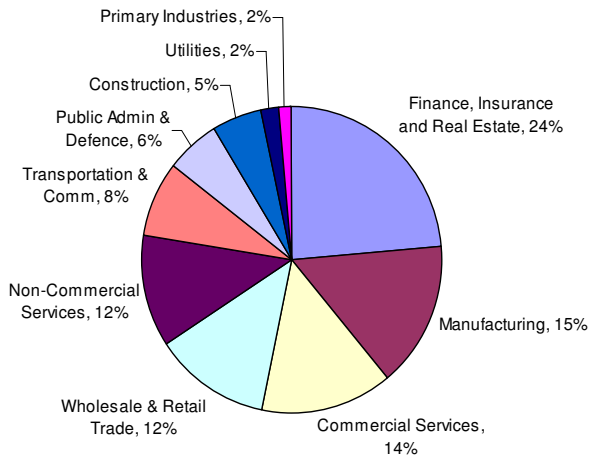
The Ontario Economic Overview is a quarterly report prepared by the Policy, Analysis & Intelligence Directorate of the Ontario Region of Industry Canada that contains analysis of the current economic and financial performance of industries in Ontario. The analysis is of select economic/industrial issues, and does not contain internal forecasts or policy analysis, assessments, or conclusions. If you have any comments, please email Adam Hayashi, Senior Economist, Industry Canada, Ontario Region, at Adam.Hayashi@ic.gc.ca.

GDP and Employment Growth of Selected Ontario Industries

	GDP Growth (%)				Employment Growth (%)			
	2007	2008	2009	2010	2007	2008	2009	2010
Manufacturing	-4.2	-10.3	-15.0	8.0	-4.5	-5.7	-13.2	-1.4
Automotive	-4.0	-24.5	-28.3	29.5	x	x	-21.2	1.1
Pharmaceutical and Medicine	-11.4	-5.7	13.5	-7.0	-0.3	0.9	-1.5	-3.4
Information and Communication Technology	3.0	1.3	-0.7	1.9	1.5	5.2	-4.7	-1.8
Aerospace	3.7	10.6	-6.0	-3.1	-9.0	-0.4	-11.9	-3.3
Finance and Insurance	4.3	1.5	3.1	1.9	5.0	4.3	3.3	0.8
Construction	3.2	-3.0	-4.8	8.6	5.4	5.0	-5.2	4.5
Accommodation and Food Services	0.6	0.2	-3.7	4.2	4.6	4.4	-2.0	-0.2
Wholesale Trade	4.5	-3.4	-6.0	5.8	3.0	0.7	-4.4	0.4
Retail Trade	2.0	1.7	-0.1	3.9	2.7	3.9	-1.1	-0.2
Primary Industries*	-3.4	4.5	-10.5	2.0	-5.7	-5.3	-2.8	4.6

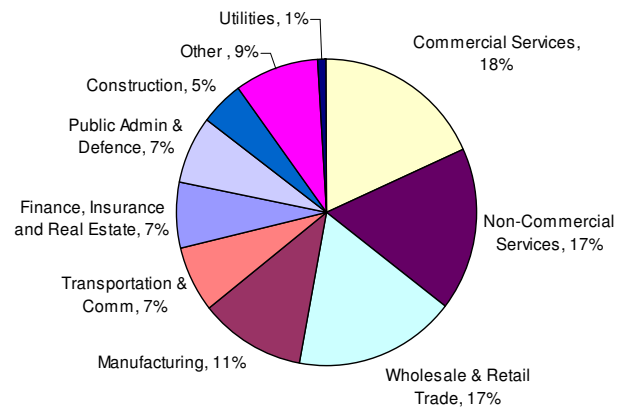
* Employment data from LFS and is not strictly comparable to SEPH data used elsewhere

Ontario GDP by Sector, 2010



Source: Statistics Canada

Ontario Employment by Sector, 2010



Source: Statistics Canada, Survey of Employment, Payrolls and Hours (SEPH)



ECONOMIC FUNDAMENTALS

- Ontario's real GDP declined 0.3% in Q2 2011 following 0.8% growth in Q1. This drop marked the first decline in two years.¹
- After gaining 139,000 jobs in Q2 2011 over Q2 2010, Ontario had 116,000 more jobs in Q3 2011 than in Q3 2010. The largest contributors to job growth from Q3 2010 to Q3 2011 were health care and social assistance (+53,500 jobs); information, culture and recreation (+24,000); manufacturing (+22,500); and transportation and warehousing (+21,800). Job losses over the period were highest in wholesale trade (-22,000) and educational services (-23,400).²
- Increases in the Canadian dollar are often driven by rising commodity prices and put pressure on export prices for Ontario manufacturers. While the dollar softened in 2009, and Ontario's share of national output grew, the currency has strengthened further in 2010 and 2011, remaining above parity with the U.S. dollar as of August 2011.³
- Ontario's unemployment rate fell to 7.3% in Q3 2011, a 0.3 percentage point decline from Q2 2011. Meanwhile, national unemployment declined to 7.3%, the second consecutive quarter it fell after two quarters of stagnation. Some of Canada's highest unemployment rates were in Ontario Census Metropolitan Areas (CMAs), including St. Catharines-Niagara (8.3%), London (9.0%), and Windsor (9.6%).
- The Bank of Canada's Senior Loan Officer Survey showed easing business-lending conditions in Q3 2011. Conditions eased for the ninth consecutive quarter for corporate borrowers, the sixth consecutive quarter for commercial borrowers, and the fourth consecutive quarter for small businesses. Competition among lenders continued to be the key reason for the easing in business-lending conditions.⁴
- Consumer insolvencies in Ontario declined 10.6% in Q2 2011 from Q2 2010, compared to the national decline of 9.5%. Insolvencies were down in all Ontario CMAs except Ottawa-Gatineau, Guelph, and Barrie.⁵
- Ontario business insolvencies declined 14.7% year-over-year in Q1 2011, ahead of the 10.3% decline nationally. There were 424 business insolvencies in Ontario in Q2 2011, with bankruptcies declining (-97) and proposals increasing (+24).⁶
- Ontario's index of consumer confidence dropped to 60.4 in October but rebounded 6.3 points to 66.7 in November 2011. (The baseline figure of 100 refers to 2002 levels of consumer confidence.) The national trend was similar, as Canada's index slid to 71.7 in October and recovered to reach 76.4 in November. Despite the recent monthly upturn, confidence levels have been in general decline due to global economic uncertainty and financial market volatility.⁷

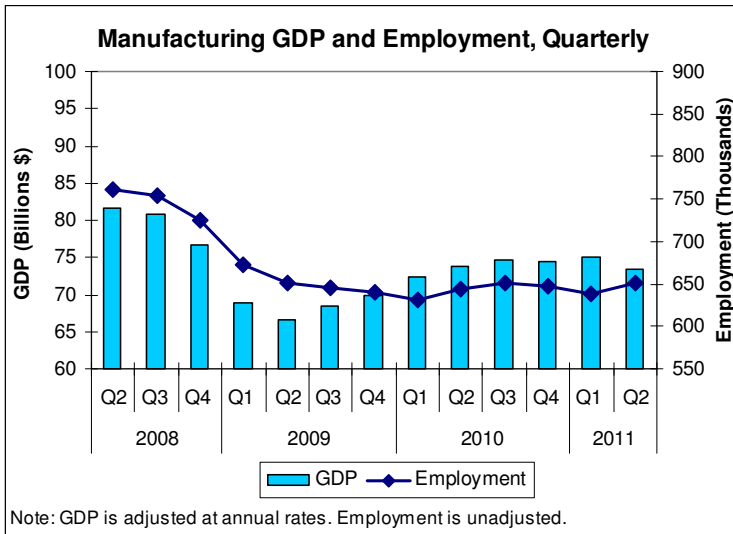
ECONOMIC OUTLOOK

- The median private sector forecast for real GDP growth in Ontario in 2011 is 2.0%, while Canada's output is projected to grow 2.3%. Both were revised downward from last quarter's projections. The forecasts for Canada's GDP growth ranged narrowly from 2.2% to 2.4% while Ontario's GDP growth forecasts ranged from 1.8% to 2.3%.⁸
- In the previous issue of this report, the median forecast was for 2.4% GDP growth in Ontario in 2011. Six of the seven forecasters lowered their projections in the interim, with one (Desjardins) maintaining its forecast. The median forecast for national GDP growth was 2.3% in the last issue. Four forecasters lowered their forecasts, two were unchanged, and one was raised.⁹
- Ontario's output growth may be tempered by uncertainty in the global economy. Though the province will experience reductions in public expenditures and infrastructure spending, business investment is expected to continue rising.¹⁰
- Weak demand in the U.S. may continue to restrain hiring and capital investments in manufacturing.¹¹ The strong Canadian dollar and high commodity prices remain as challenges for the auto sector, but many companies in the sector still expect to increase sales and profit.¹²
- Ontario's unemployment rate is expected to drop from an average of 8.7% in 2010 to 7.8% in 2011. The national rate is forecast to drop from 8.0% to 7.5%.¹³
- U.S. unemployment is forecast to drop from 9.6% in 2010 to 9.0% in 2011,¹⁴ remaining well above the five-year pre-recession average of 5.1% between 2004 and 2008.¹⁵
- The global economy is expected to grow at a modest rate due to risks from fiscal challenges in Europe. Monetary policy will remain accommodative in Europe, the U.S., and Canada, with very low interest rates persisting through 2012.¹⁶



SECTORAL ANALYSIS AND OUTLOOK

MANUFACTURING



Despite its slowly declining share of Ontario's overall economy, the manufacturing industry remains a key sector and accounted for 14.9% of GDP in Q2 2011.¹⁷ As the sector continues to restructure, it will benefit from the elimination of 70 tariffs on manufacturing inputs to reduce production costs. These reductions are part of the strategy announced in the 2010 federal budget to eliminate tariffs in Canada for industrial manufacturers, and will affect food processing, apparel, electrical equipment and furniture manufacturers.¹⁸

In Q2 2011, Ontario's manufacturing output decreased by 2.3% to an annualized \$73.3B. Excluding the automotive sector, output dropped by a more moderate 0.6%. The drop came after strong growth in six of the last seven quarters, which saw the sector regain much of the production that it had lost during the recession.¹⁹

Output declined in nine of manufacturing's eleven subsectors. The transportation equipment subsector took the biggest hit (-5.2%) due to a large drop in the automotive industry's output (-8.4%). The loss in automotive was somewhat tempered by a rebound in other transportation output (+8.1%), after it had dropped 18% the previous quarter. The chemical petroleum (-2.8%) and machinery (-3.1%) subsectors also experienced significant losses. For the machinery subsector, this was the first drop in output after seven consecutive quarterly gains. The only subsectors in which output rose for Q2 2011 were paper products and printing (+0.4%), and electrical and electronic products (+0.4%).²⁰

Employment in the manufacturing sector increased by 1.3% in Q2 2011 compared to the previous year, adding just over 8000 jobs. This increase was the fourth consecutive after 29 straight quarterly drops. There were large job gains in durable goods (+8066), fabricated metal (+4777) and transportation equipment (+3698). Despite the overall gain, just over half of the subsectors registered declines for the quarter, including computer and electronic products (-1870), food (-943) and beverage and tobacco products (-706).²¹ According to Jayson Myers, CEO of the Canadian Manufacturers and Exporters Association, Canadian manufacturers were delaying new hires and investment because of weak U.S. demand.²²

Ontario's food and beverage manufacturing subsector, the province's third largest with approximately \$10B in annualized output²³, is currently facing a difficult operating environment. Rising commodity prices, inclement weather and decreased stockpiles have led to increased production costs and a subsequent increase in wholesale and retail prices.²⁴ Increased prices and economic uncertainty have also resulted in consumers purchasing more sale items and shopping more at discount retailers, in turn putting further strain on profit margins.²⁵ However, food manufacturers are attempting to contain costs and price increases through new capital investments and restructuring.²⁶ For example, Canada's biggest food processor, Toronto-based Maple Leaf Foods, is implementing a \$560M capital spending plan to streamline distribution and improve efficiency. The company will close plants in Kitchener, Hamilton, Toronto and North Battlefield resulting in a net loss of 1550 jobs by 2014.²⁷

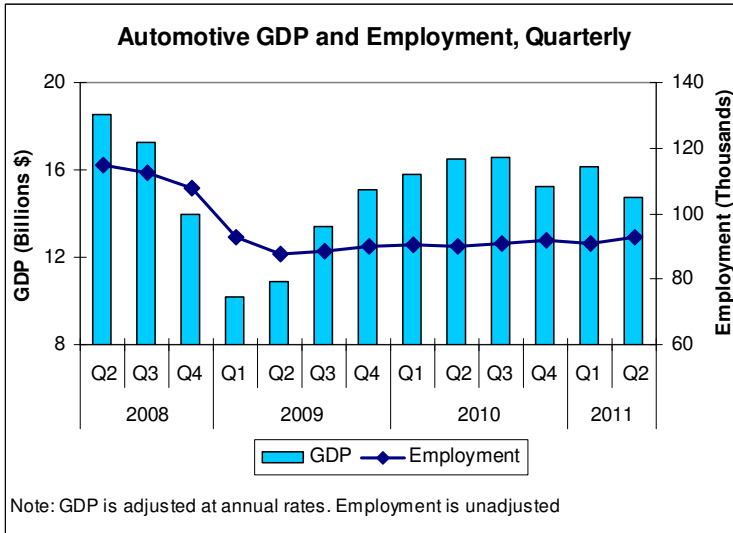
AUTOMOTIVE

In part due to reduced output at Canadian assembly plants following the Japan earthquake and tsunami, Ontario's automotive production declined by 8.4% in Q2.²⁸ Compared to Q2 2010, output was down 10.5%.²⁹ Despite the decline in output, automotive employment grew by 3.0% in the quarter compared to 2010 with gains in both the assembly and parts subsectors.³⁰

For YTD September 2011, total U.S. light vehicle sales were up 10.5% (totalling 9.5M units) compared to the same time in 2010.³¹ This increase was based on a 15.1% rise in trucks (4.7M units) and 6.3% growth in passenger cars (4.8M units).³² Monthly sales for September rebounded, with an annualized sales rate of 13.1M vehicles, a pace not seen since April.³³ The sales spike was mostly attributed to pent-up demand, improved credit terms and rising incentives.³⁴ Total light vehicle sales for FY 2011 were projected to be 12.7M units for the U.S. and 1.6M units in Canada.³⁵



Overall, North American automotive production was up 8.6% for September 2011 YTD compared to a year ago, though Canada's output was flat.³⁶ Full-year 2011 production for North America is forecast to reach 12.9M units, an increase of 8.2% compared to 2010.³⁷



For September 2011 YTD, General Motors' U.S. light vehicle sales were up 16.3%³⁸ and its total North American production was up 21.8%, with output at its Canadian facilities up by 29.0%.³⁹ The boost in sales came in part from the strong demand for trucks, including the Chevrolet Equinox and GMC Terrain crossovers built in Ingersoll.⁴⁰ The company reported that by early 2012, it would increase production at the Ingersoll facility and hire an additional 100 workers.⁴¹ However, it also plans to build the Equinox at a Tennessee facility next year, prompting some concerns from the CAW.⁴² The company reaffirmed that it would invest \$117M in its Oshawa facility to build the new Cadillac XTS in 2012, creating or retaining 400 jobs.⁴³ Furthermore, GM plans to create a \$2.5B trust fund to finance supplemental health care costs for approximately 32,000 company retirees in Canada.⁴⁴ The trust plan, which will eliminate expensive legacy costs for the company, was a requirement made by the Canadian and Ontario governments as part of the bankruptcy financing in 2009, and was approved by the CAW.⁴⁵

Ford's U.S. light vehicle sales rose 8.9% for September 2011 YTD, largely on the strength of its truck sales.⁴⁶ Ford also increased its North American production by 12.2% for the period, with output in Canada up 5.0%.⁴⁷ The automaker's financial position continued to improve, as it posted a Q3 profit of \$1.6B, and further reduced its debt.⁴⁸ In September, Ford closed its St. Thomas assembly plant marking the end of the company's car production in Canada as

vehicles assembled at its Oakville plant, including the Edge, are categorized as trucks.⁴⁹ On a positive note, Ford has partnered with the Natural Sciences and Engineering Research Council (NSERC) and McMaster University on a \$2.5M industrial research chair in hybrid electric vehicle powertrain diagnostics.⁵⁰ The company also recently announced that Dianne Craig is the new president and CEO of its Canadian operations.⁵¹

Chrysler Group LLC continued to grow its U.S. market share, with solid demand for its revamped products.⁵² Compared to the same period last year, Chrysler's U.S. light vehicle sales were up 23.1%⁵³ while its overall North American production increased 17% despite a 4% drop in Canada (September 2011 YTD).⁵⁴ In addition to strong demand for its Ram truck and Jeep brands, sales remained solid for minivans and the Brampton-built Chrysler 200 and 300 cars. The Chrysler Group reported a Q3 profit of \$212M, its second consecutive quarterly profit and up significantly from a net loss of \$84M in Q3 2010.⁵⁵

Toyota's U.S. light vehicle sales were down 8.9% for September 2011 YTD versus the same period in 2010.⁵⁶ Over the same period, the company's North American light vehicle production volumes were also down 16.7% with output at its Canadian facilities down by 17.1%.⁵⁷ Dealer inventories remained low as the company, like other Japanese auto manufacturers, recovered from supply chain disruptions and vehicle shortages caused by the March disaster in Japan.⁵⁸ In September, the company reported that its North American plants, including Canadian operations in Cambridge and Woodstock, had returned to full production schedules and were working to replenish vehicles in short supply.⁵⁹ However, recent flooding in Thailand caused new reductions at plants in several countries, including Canada, due to shortages of electronic components.⁶⁰ Toyota's quarterly profit fell 18.5%.⁶¹

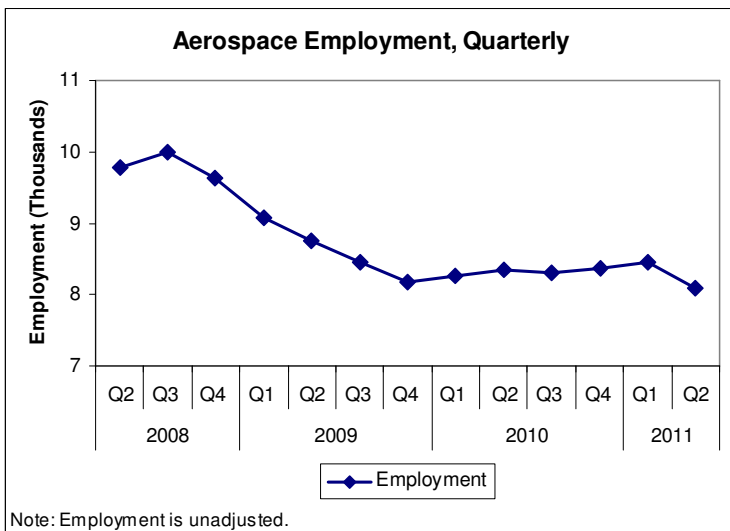
Honda's U.S. light vehicle sales were down 5.8% for September 2011 YTD compared to 2010⁶² while North American output fell 19.5% and Canadian production decreased 27.5%.⁶³ The automaker continued to struggle from the natural disasters that have crippled production through its supply chain and affected the availability of its vehicles. While recovery measures have improved the situation, stocks of key models are expected to remain low into 2012.⁶⁴ Although Honda restored full production at most of its North American plants in September, it was forced to suspend operations again due to parts shortages caused by flooding in Thailand.⁶⁵ The combination of natural disasters and the high yen contributed to a 56%



decrease in Honda's Q2 profit.⁶⁶ Honda of Canada recently announced it would build the new CR-V compact sport utility vehicle (SUV) at its Alliston facility beginning in 2012.⁶⁷

Despite the global slowdown that has affected key automotive markets, particularly Europe, the outlook for auto parts suppliers is positive.⁶⁸ Sales volumes have steadily improved and production capacity in North America is expected to continue rising. As such, parts manufacturers and lower tier suppliers forecast increasing business opportunities and healthy profit margins.⁶⁹ While many companies are still cautious due to the uncertain economic conditions, it is expected that suppliers will make major capacity investments globally in order to meet future OEM demand growth. A number of challenges remain, including high material costs and volatile currencies, including a strong Canadian dollar.⁷⁰

AEROSPACE



Ontario's aerospace industry, which produces aircraft parts and systems, accounted for 28.4% of Canadian aerospace GDP in 2010, second in Canada behind Quebec (57.7%).^{71,72} There are approximately 200 aerospace companies in Ontario, including Bombardier Aerospace, Pratt & Whitney Canada, Honeywell Canada, L-3 Electronic Systems, Magellan, and Northstar Aerospace.⁷³

In 2010, annual aerospace GDP dropped 6.3% nationally and 3.1% in Ontario compared to 2009.^{74,75} Sector exports, which accounted for a third of the national total, decreased by 29.1% in Q2 2011 compared to the same quarter in 2010, a decline of 13.5% on a YTD basis (as of August 2011).⁷⁶ Employment in Q2 2011 was down 3.2% (nearly 260

jobs)⁷⁷ while shipments were up 3.5% compared to Q2 2010.⁷⁸

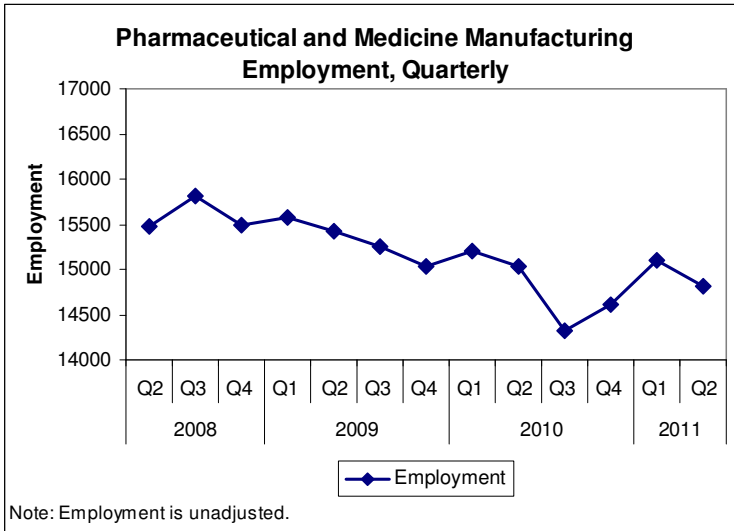
The first Canadian Aerospace Summit was held in Ottawa on November 2-3, 2011, where David Schellenberg, President and CEO of Cascade Aerospace Inc., was appointed chairman of the Aerospace Industry Association of Canada (AIAC).⁷⁹ The conference featured a business-to-business trade show that connected large Canadian and international companies with suppliers. Industry Minister Christian Paradis announced a review of aerospace policies and programs. Although full details are still being finalized, the industry-led review will focus on federal policies affecting the space and aerospace sectors.⁸⁰ Mr. Schellenberg stated that AIAC's "main task in 2012 will be to provide the Canadian government with realistic and effective recommendations that will enable Canada's aerospace industries to be competitive and continue to grow in the near term and far into the future."⁸¹ Steve MacLean, President of the Canadian Space Agency, also voiced his support for the review.⁸²

Ontario's aerospace sector benefitted from the Dubai Air Show that was held in mid November. Bombardier sold ten CSeries300 aircraft to Turkish carrier Atlasjet Havacilik A.S. with an option on an additional five in an agreement valued between US\$776M and US\$1.2B. This order would bring the total number of CSeries sold to 153 with options on another 154.⁸³ Bombardier also sold one CRJ900 NextGen regional jet with an option for another to Petroleum Air Services (PAS) of Cairo, Egypt in a deal worth US\$42M to US \$85M.⁸⁴ Bombardier is moving forward with its strategy to pursue opportunities in the Middle East by establishing a regional sales and marketing office in Dubai. This office will enable Bombardier to service requests generated in the Middle East and Africa for its Q-Series, CRJ, and CSeries aircrafts in a timelier manner. The company's 2011-2030 market forecast predicts that the Middle East and Africa will make up 7% of worldwide deliveries in the 20- to 149-seat market segment. London Ontario's Diamond Aircraft Holdings entered into an agreement to sell a majority interest of the company to Medrar Financial Group thus providing the financial backing for its D-Jet program.⁸⁵

Also in Q2, Lockheed-Martin Canada donated \$3.7M worth of electronic courseware to Conestoga College in Kitchener, Ontario, as part of Lockheed's obligation under the Industrial Regional Benefits (IRB) program. Lockheed has also given similar courseware packages totalling \$1.8M to a dozen Canadian educational institutions in the past 18 months.⁸⁶



BIOTECHNOLOGY AND PHARMACEUTICAL



Ontario's pharmaceutical and biotechnology industries employ more than 16,000 people, generate close to \$10B in annual revenue and are comprised of major companies such as Bayer, GlaxoSmithKline, Pfizer, Amgen and Sanofi Pasteur Ltd. The province's medical and assistive devices industry is comprised of approximately 700 companies employing more than 20,000 people while generating close to \$4B in revenue.⁸⁷ The sector continues to face a dynamic business environment driven by expiring patents, reduced R&D spending, and potential intellectual property (IP) regulatory reform.

Nearly all the major indicators of Ontario's pharmaceutical and medicine manufacturing industry showed decline in Q2. National output, of which Ontario accounts for over 60%, was the only indicator to break this trend, inching upwards 1.1% for the first increase in five quarters. Despite rising over the previous quarter, output for Q2 was down 14.4% from a year earlier.⁸⁸

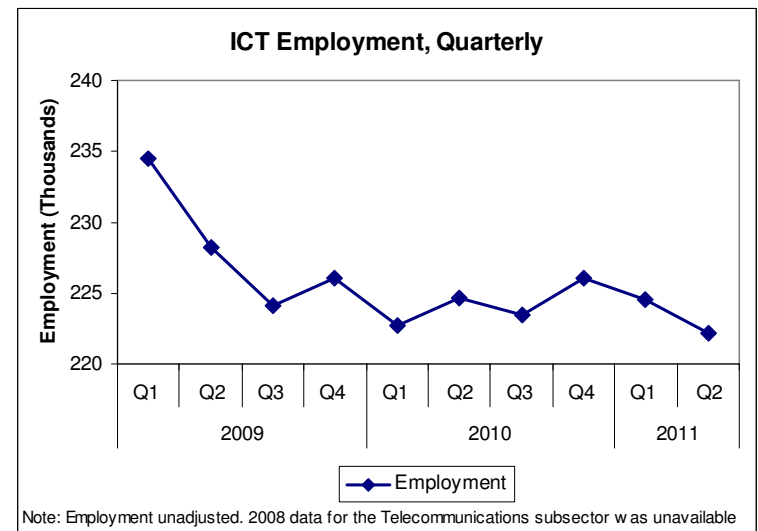
Ontario's pharmaceutical shipments dropped by \$125M, or 8.0%, in Q2 2011 compared to the previous year.⁸⁹ Sector exports decreased by 21.1% in Q2 to bring the YTD decrease to 10.0% (as of August 2011). Comparatively, national exports were down 15% YTD.⁹⁰ Ontario's average employment in the sector dropped by 1.5% (225 jobs) in Q2; this was the ninth consecutive year-over-year quarterly drop.⁹¹

Total venture capital (VC) activity in Ontario's life sciences industries exceeded recent averages in both Q2 and Q3. There were four financing deals totalling \$26.7M in Q2 and another four totalling \$24.1M in Q3, nearly all of which took place in the biopharmaceutical subsector.⁹² The challenge of

raising external financing remains a key issue for the broader life sciences sector, however. A recent industry report highlighted the need to increase capital investment as a key goal required to achieve stability in Ontario's bioscience sector.⁹³

Despite an overall downward trend on R&D spending by big pharmaceutical companies⁹⁴, recent developments served to bolster Ontario's research and development footprint and contribute to the creation of an estimated 300 new research jobs over the next five years. Roche Canada is developing a new \$200M research centre for clinical trials at its Mississauga plant,⁹⁵ and Novartis Pharmaceuticals Canada announced a \$40M investment towards a global clinical study led from Hamilton.⁹⁶ Teva Canada is investing \$56M to expand its production plant in Stouffville⁹⁷ and GlaxoSmithKline announced it would invest \$30M to expand its manufacturing facility in Mississauga.⁹⁸ June also marked the opening of Sanofi Pasteur's \$101M vaccine research and development facility in Toronto.⁹⁹ Additionally, Ontario and Quebec have partnered to create the Québec-Ontario Life Sciences Corridor, a key initiative of the Ontario-Québec Trade and Cooperation Agreement. The corridor will contain 1139 life sciences companies and over 65,000 employees, making it one of the largest bioclusters in the world.¹⁰⁰

INFORMATION AND COMMUNICATIONS TECHNOLOGY



The ICT sector is a significant contributor to Ontario's economy with some of the country's leading ICT employers, R&D spenders and growth firms. Indeed, the province's top 250 ICT companies generate more than \$40B in revenue¹⁰¹ and more than 50% of Canada's total ICT industry is concentrated in Ontario.



The clusters of Toronto, Ottawa, and Kitchener-Waterloo alone account for 16,000 ICT firms.¹⁰² Ontario is home to more than half of the total winners in Deloitte's 2011 Technology Fast 50 rankings which listed the highest growing tech firms in Canada; the average R&D spending per firm on this list was \$22.5M despite global economic uncertainty.¹⁰³

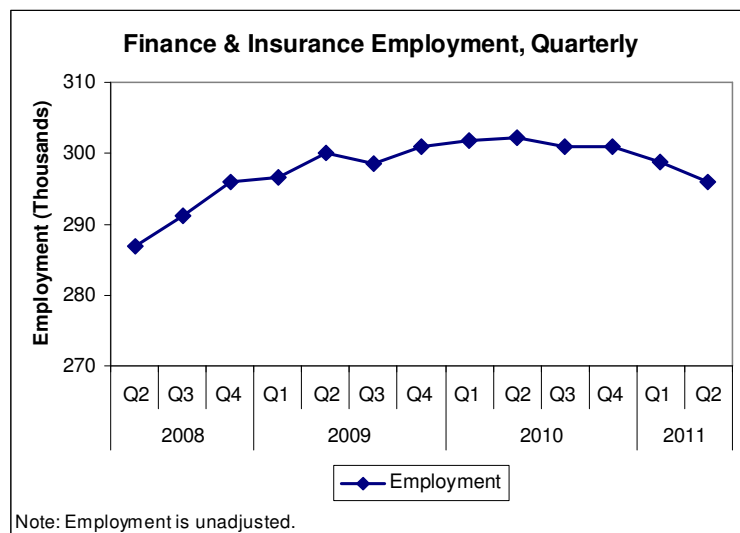
Recent economic indicators for both the Ontario and national ICT sector showed a mix of strong and weak results. In 2010, Ontario's ICT industry contributed \$27.8B (or 5.7%) to the province's GDP, with output up 1.9% since 2009. Growth was mostly attributed to strength in ICT manufacturing which climbed by 9.3%.¹⁰⁴ In Q2 2011, Canada's ICT output inched up by 0.7% over Q1¹⁰⁵ and ICT manufacturing exports rose 1.8% over Q2 2010 thanks to strong growth in exports to Japan and Hungary.¹⁰⁶ ICT manufacturing sales were up 7.1% in Q2 2011 over the same quarter in 2010.¹⁰⁷ Employment in the sector, however, declined. Total ICT industry employment dropped 1.1% (2,500 jobs) in Q2 2011 compared to 2010 and job losses were concentrated in the services subsectors of software publishing and telecommunications.¹⁰⁸

Several leading ICT firms in Ontario are cutting back their workforces to deal with increased competition and economic uncertainty. RIM had a turbulent year that included layoffs, global service disruptions, executive departures and poor Playbook sales that led to significant price reductions on the tablet to clear the remaining inventory.¹⁰⁹ For the first time in nine years, RIM's stock price fell below the book value per share on November 2, 2011.¹¹⁰ AMD, which operates its largest R&D centre outside of the U.S. in Markham, announced plans to cut its global workforce by 10% (1400 jobs). The move will trigger \$105M in restructuring charges, save \$200M in operating costs, and is intended to compensate for manufacturing glitches and a failure to penetrate the hot mobile-device market.¹¹¹ St. Catharines Ontario-based Silicon Knights will lay off 45 employees, nearly 50% of its workforce, due to a major project cancellation. Over the past four years, the firm received a total of \$8M in provincial and federal funding, some of which was to create new jobs.¹¹²

Although some firms are experiencing major cutbacks and restructuring, others are growing aggressively and investing in R&D. For example, Huawei will be hiring 120 new researchers, developers and engineers over the next 18 months bringing the number of employees at its Kanata R&D facility to 250.¹¹³ COM DEV announced more than \$30M in new contracts in November.¹¹⁴ And ViXS, a Tech Fast 50 and Leadership award recipient (ranked 31st), received

\$10M in funding from the Ontario government as part of its plan to invest \$82M in its operations and create 107 new jobs.¹¹⁵ Celestica also received \$5.5M in funding from Ontario to transform its Toronto facility to create and retain 650 highly skilled jobs.¹¹⁶

FINANCE AND INSURANCE



Ontario's finance and insurance sector had output of \$31.7B in 2010, accounting for 6.5% of the province's economy and 38.4% of the sector's national GDP.¹¹⁷ National GDP for the finance and insurance sector slipped 0.7% in Q2 2011 compared to the previous quarter, to an annualized level of \$83.6B.¹¹⁸

Employment in Q2 also contracted, as a 6.7% decline (-5200 jobs) in the insurance subsector contributed to a 2.1% (-6200) drop in employment for the overall sector compared to Q2 2010. After averaging just over 300,000 jobs in Ontario in 2010, employment was approximately 296,000 in Q2.¹¹⁹

Toronto is the centre of Ontario's financial services sector, and is home to the headquarters of Canada's five largest banks and many other large financial services firms. The city was ranked tenth on the most recent Global Financial Centres Index¹²⁰ and is projected by Moody's Analytics to surpass top-ranked London in financial services employment by 2017.¹²¹

Total quarterly profit at Canada's five largest banks was \$4.2B in Q3 2011, down 13.9% from Q3 2010.¹²² All except RBC surpassed analyst earnings expectations.^{123 124 125 126 127} RBC's quarterly loss was the result of a \$1.6B loss on the divestiture of its U.S. banking operations.¹²⁸ Excluding the one-time loss at RBC, combined quarterly profit at the five banks would have increased 19.7% compared to Q3 2010.



Scotia's profit was driven by its international operations and wealth management division.¹²⁹ TD's personal and commercial banking division supported the bank's strong performance, and TD raised its quarterly dividend for the second time in fiscal 2011 as a result of its profit growth.¹³⁰ CIBC also raised its dividend, with the bank's profit growth supported by retail and business banking, wholesale banking, and wealth management.¹³¹ The strong performance at BMO was driven by all of its major business units.¹³²

Canada's Top Five Banks: Q3 2011 Earnings ⁱ				
	2011 Q3 earnings (millions)	Change in Earnings from Q3 2010 (%)	2011 Q3 ROE (%)	Tier 1 capital ratio (%)
BMO	793	18.5%	14.7%	11.5%
CIBC	808	26.3%	21.5%	14.6%
RBC	-92	-106.6%	16.7%	13.2%
TD	1450	23.2%	14.4%	12.9%
Scotia	1285	21.0%	17.8%	12.3%

Although Canadian banks have limited direct exposure to the European fiscal challenges through government bond holdings, concerns remained over the indirect consequences of any major defaults in Europe. Canadian banks could suffer from their links to other financial institutions that have more direct exposure to sovereign debt, but it is difficult to quantify the likely impact of failure to address European fiscal challenges.¹³³

Sun Life Financial lost \$621M in Q3 2011 based mainly on falling interest rates and equity markets.¹³⁴ This performance failed to meet analyst expectations¹³⁵ and DBRS indicated that a continuation of current trends could result in "negative rating actions" for the company.¹³⁶ Similarly, Manulife Financial's Q3 loss of \$1.3B was also worse than analyst expectations, and was driven by declining interest rates and equity markets.¹³⁷ The company did, however, announce plans to hire another 800 staff in Indonesia over the coming year, and was also granted approval to enter the life insurance business in Cambodia by the Cambodian government.¹³⁸

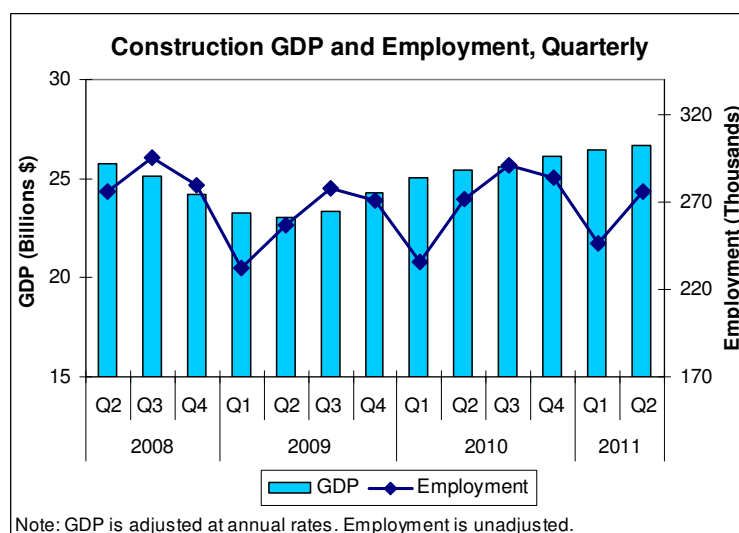
Following the June collapse of the proposed merger between the TMX Group and the London Stock Exchange, the Maple Group expressed interest in acquiring TMX.¹³⁹ In October, TMX announced its

ⁱ All five banks define Q3 2011 as the period ending 31 July 2011 for reporting purposes.

support for the Maple bid, which still awaits approval by four provincial securities commissions (Quebec, Ontario, Alberta, and BC) and the Competition Bureau.^{140 141} Despite expressed concerns from the Competition Bureau about the merger,¹⁴² the price for TMX shares rose from under \$40 in September to around \$43 in early December indicating that investors were hopeful the deal would overcome the competition concerns and be approved.¹⁴³ Under the proposed deal, Maple, a consortium of Canadian pension funds and financial companies, would pay \$50 per share for the TMX group.¹⁴⁴

CONSTRUCTION

Following strong results in Q1, Ontario's construction sector continued to grow in Q2 to post its highest ever output.¹⁴⁵ Compared to the same period in 2010, output advanced in both the residential and the non-residential and engineering subsectors although the latter dipped slightly from the previous quarter. Overall sector GDP rose for the eighth consecutive quarter, advancing 0.9% over Q1 2011.¹⁴⁶



Sector employment was also up 1.7% in Q2 to add approximately 4,500 net new jobs compared to the same period in 2010. With the exception of 2009 which saw a large decrease, this was the smallest second quarter increase in more than ten years and well below the average increase for this quarter of 4.2%, dating back to 2001. Employment decreased in residential building and heavy and civil engineering building construction following a robust 2010.¹⁴⁷



Summary of Construction Sector Economic Indicators (Q2 2011)		
	Q2 2011 Value	Change from Q2 2010
GDP	\$26.6	4.8%
Residential	\$10.5B	2.4%
Non-residential	\$16.1B	6.5%
Employment	276,283	1.7%
Residential Building	39,416	-0.6%
Non-residential Building	24,245	8.3%
Heavy and Civil Engineering	35,309	-2.8%
Specialty Trade/Contractor	177,313	2.3%
Building Permits	\$6.4B	-15.8%
Residential	\$3.7B	-3.8%
Non-residential	\$2.7B	-28.1%
Housing Starts (SAAR)	70,900 (units)	11.1%

Residential housing starts climbed to 70,900 (SAAR) in Q2. This was 15.1% higher than Q1 2011 and 11.1% above the previous year's rate of 63,800.¹⁴⁸ Comparatively, national housing starts decreased for the second straight quarter in Q2. Ontario's Q3 results remained positive as housing starts reached an estimated 71,100.¹⁴⁹ The total value of building permits, an indicator of future construction intentions, retracted 6.0% in Q2 following two quarters of growth.¹⁵⁰ The sharpest decline was in government and institutional permits, which were off 51.8% after a record Q1.¹⁵¹ Overall intentions are expected to soften over the second half of the year as many analysts forecast a weaker 2011 in parts of the province.¹⁵² Toronto again led all North American cities in high-rise construction activity with 132 projects under construction, however, and even more in the pipeline.¹⁵³

Over the next three years, sector GDP is forecast to fluctuate by advancing 3.1% in 2011, declining 0.7% in 2012 and climbing back 6.0% in 2013.¹⁵⁴ Sector growth will be facilitated by the increase in immigration to the region and because of the swath of high profile public sector projects that include planned or anticipated transit developments in many cities and venue construction for the 2015 Pan/Parapan American Games.¹⁵⁵

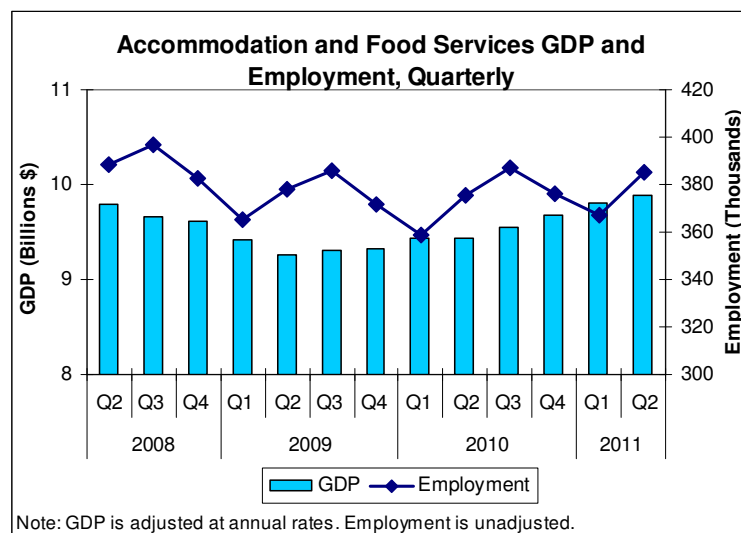
TOURISM

Approximately 300,000 people are directly employed in Ontario's tourism sector¹⁵⁶ and over 1.7M individuals were employed in tourism-related industries as of June 2011.¹⁵⁷ Tourism is Ontario's

eighth largest export industry with \$6B in export sales in 2010,¹⁵⁸ just over half of them to the U.S.¹⁵⁹

As of 2010, U.S. visitors accounted for 86.7% of all international travellers coming to Ontario. However, visits from the U.S. have been declining and in 2010 the province received just over a third of the visits seen in 2000. The number of U.S. visitors for Q2 2011 increased by 1.4% from the previous quarter but decreased by 1.6% from the same period in 2010. This small decrease was, however, an improvement over the 3.7% year-over-year quarterly drop recorded in Q1 2011.¹⁶⁰ The growth in overnight visits from the U.S. is expected to remain stagnant for Q3 2011 as the weak U.S. dollar and increases in airfare to Canada are expected to further decrease Canada's price competitiveness.¹⁶¹

Overseas entries to Ontario for the first six months of 2011 grew by 5.6% over the same period in 2010. The increase was attributable to large gains in arrivals from emerging markets such as China (+39.9%), Hong Kong (+25.9%) and India (+12.1%). At the same time, arrivals from most traditional markets decreased, including: Japan (-4.1%), Germany (-2.7%) and the U.K. (-1.3%). Arrivals from France bucked the trend, increasing by 7.3%.¹⁶² While overseas visits continued to rise, they are not forecast to return to pre-recession levels until 2012¹⁶³ as high energy prices and a strong Canadian dollar may continue to suppress international and domestic tourism demand.¹⁶⁴



A significant portion of Ontario's tourism output is related to the province's accommodation and food services sector. As of Q1, sector GDP had fully recovered to pre-recession levels and Q2 (+0.7%) marked the eighth consecutive quarterly increase.¹⁶⁵ Employment also increased in Q2 2011 compared to

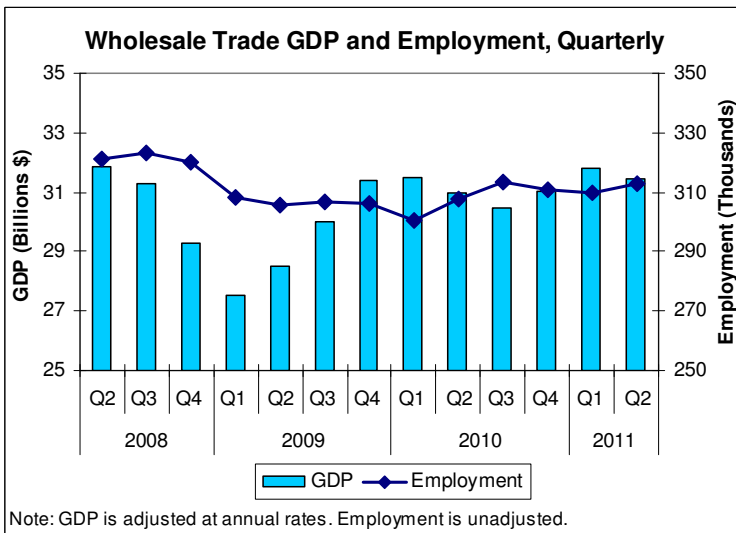


the same period the previous year, rising 2.7%. Jobs were added in the food service subsector (+3.3%) while the accommodation services subsector registered a small decline (-0.9%) after a significant increase (+10.4%) in the previous quarter.¹⁶⁶ The accommodation industry is forecast to grow over the next five years and reach a new high in profitability by 2016.¹⁶⁷

Ontario's tourism industry is set to benefit from the introduction of regional tourism levies in 2012. As of April 2012, each of Ontario's 13 Regional Tourism Organizations (RTOs) will have the choice to implement a tourism levy of between 1-3% on roofed accommodation consisting of four rooms or more. The goal is to provide Ontario's tourism sector and its RTOs with a consistent source of funding.¹⁶⁸ There are fears however that adding an extra tax on top of the HST may reduce demand.¹⁶⁹

RETAIL AND WHOLESALE TRADE

In Ontario, the retail and wholesale trade sectors account for 15% (997,873) of the provincial labour force¹⁷⁰. In Q2 2011, there were declines in both retail (-1.0%) and wholesale trade output (-1.1%). Retail output decreased for the first time since Q2 2009 while wholesale trade production fell after two quarters of growth.¹⁷¹



Compared to the same period in 2010, wholesale trade employment grew by 1.7% (+5326 jobs) but retail trade employment dropped 0.6% (-3973). As a result, combined sector employment was up only slightly. The largest gains in employment were found in electronics and appliance stores (14.7%), followed by farm product wholesaler-distributors (11.1%) and motor vehicle and parts wholesaler-distributors (5.6%). The biggest losses were found in sporting

goods, hobby, book and music stores (-6.9%), and food and beverage stores (-5.5%).¹⁷²

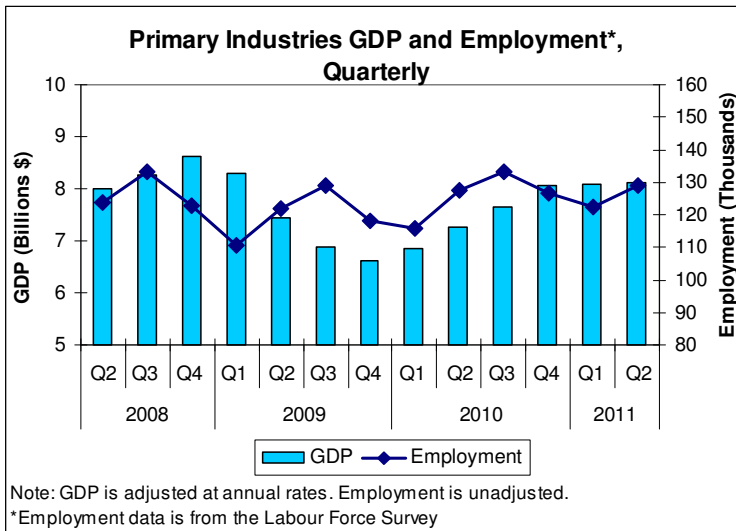


Retail trade sales were up 0.6% in Q2 from the previous quarter after declining 0.2% in Q1. Wholesale sales were also up in Q2, rising 0.9% over Q1 and a 5.9% over Q2 2010.^{173,174} Within the retail sector, annual sales growth was strongest at gasoline stations (19.2%), automotive parts, accessories and tire stores (18.5%) and specialty food stores (9.1%). Meanwhile, the biggest sales losses were found in miscellaneous store retailers (-9.9%), home furnishings stores (-5.5%) and building material and garden equipment and supplies dealers (-5.5%).¹⁷⁵

In August, Target announced 68 new positions for its Canadian head office in Mississauga, as part of the 500 positions to be filled by the end of their hiring campaign¹⁷⁶. It is expected that Target will hire "tens of thousands" of in-store employees by 2013, with Ontario the location of the majority of Target's purchased leases.¹⁷⁷ Target also plans to open a 1.3M-square-foot distribution centre in Milton, providing approximately 300 to 400 jobs once completed.¹⁷⁸ The Black Friday phenomenon of discounting, which occurs in the U.S. following Thanksgiving, is becoming increasingly more popular in Canada. In order to compete with U.S. retailers who attract cross-border shoppers, some Canadian retailers had their own Black Friday discounts, which may increase spending this quarter.¹⁷⁹ However, the Conference Board of Canada reported that due to their rising costs, household expenditures on food and gas are exceeding nominal wage increases. Increased levels of personal debt have left many Canadians uncertain about their future financial situation, which has and will continue to affect consumer spending.¹⁸⁰



PRIMARY INDUSTRIES



Overall, Ontario's primary sector output increased marginally (0.2%) in Q2 2011. GDP decreased 0.3% in the agriculture, forestry, fishing and hunting sector, while mining performed comparatively well with a 1.2% increase since the last quarter.¹⁸¹ Employment in the sector reached 129,000 in Q2, a 1.3% increase over the same period in 2010.¹⁸²

Agriculture

Employment in agriculture increased 5.6% in Q2 2011 compared to Q2 2010, bringing sector employment to 91,300.¹⁸³ Total farm cash receipts increased 5.4%, with crops improving 6.7% and livestock increasing by 7.3%.¹⁸⁴ The Department of Agriculture and Agri-Food Canada recently announced \$1M in federal funding for Ontario agriculture to help local farmers elevate sales and to increase competitiveness overseas.¹⁸⁵ There are some concerns that the invasive brown marmorated stink bug, which recently arrived in Ontario, may soon cause economic harm to the agriculture industry. However, scientists are trying to intercept the damage through biological control before the insect's population gets out of hand in Canada.¹⁸⁶

Forestry

Employment in forestry increased 3.2% compared to the same period last year, the fifth consecutive quarter of gains. Employment in this sector remains well below levels recorded in 2006 and, despite recent upticks, has mostly slid since the height of the recession.¹⁸⁷ Manufacturing sales fell in both paper manufacturing (-1.2%) and wood product manufacturing (-10.6%) in Q2. In a year-over-year quarterly comparison, paper (-0.3%) and wood product manufacturing sales (-13.7%) also saw losses.¹⁸⁸ Housing starts in Canada were quite healthy, while U.S. demand slowed. Once U.S. demand increases,

sawmills and lumber operations will see increases in export demands. However, lumber prices may rise due to constrained capacity. Higher electricity costs were cited as an issue in some plant shutdowns in northern Ontario.¹⁸⁹

Mining

Output in Ontario's mining sector increased by 1.2% from Q1 2011, and by 25.8% compared to Q2 2010.¹⁹⁰ Similarly, mining employment was up 13.5% in Q2 this year compared to Q2 2010, adding 3015 jobs.¹⁹¹ Mining exports increased by 63.2% from the same quarter in 2010 to \$3.8B, with gold and silver exports representing the bulk of the increase. The United Kingdom remained the largest buyer with the U.S. second.¹⁹² Ontario has benefited from increased commodity prices and at least four gold mines are expected to open by 2012. Vale Ltd. announced plans to spend \$3.4B to upgrade its facilities in Sudbury over the next several years. Sudbury's primary and utilities sector is expected to climb 2.9% in 2011, recouping some of the output lost due to the Vale strike.¹⁹³

CLEAN ENERGY

Growth in Ontario's clean energy sector remained steady as the province's Feed-in Tariff program (FIT) continued to attract companies with its rate premiums. As of October 28, 2011, over 53,000 FIT and MicroFIT applications had been received by the Ontario Power Authority, up from approximately 41,000 as of July.¹⁹⁴ However, critics of the program have targeted expected increases to electricity bills and a lack of community consultation. The province aims to address both these issues in its recently launched two-year review of the FIT program. The review will consider revision of the rate premiums, the sustainability of clean energy procurement, the addition of new technologies to the program, local consultation, and the renewable approval process.¹⁹⁵

The global wind energy sector continued to grow and is forecast to surpass the aerospace sector as the biggest end user of advanced composite materials by 2020.¹⁹⁶ Ontario's wind energy sector is forecast to have a record year in 2011 with more than 500MW expected by the year's end. In September, the Niagara Region Wind Corporation signed an agreement with German-based wind turbine manufacturer Enercon for the supply and maintenance of wind turbines for its wind energy projects. The agreement will see Enercon build two manufacturing facilities in the Niagara region.¹⁹⁷ The Ontario government is currently facing a \$2.25B lawsuit from Trillium Power Wind Corp. over the province's moratorium on offshore wind development in Ontario.¹⁹⁸ The province stated in



February that it would not consider any offshore wind development until further scientific research was completed, a process that could take up to three years.¹⁹⁹

Solar energy production costs are expected to decrease by half every ten years due to increased adoption of solar technology and low-cost manufacturing facilities in Asia.²⁰⁰ However, the profitability of North American solar energy firms has been adversely affected by overproduction, global economic uncertainty²⁰¹ and competition from government-subsidized solar panels manufactured in China.²⁰² Samsung announced in September that London, Ontario, would be the location for its new solar manufacturing facility. The plant, which is expected to create over 300 direct and indirect jobs, is one of four being built in the province as part of a \$7B investment agreement with the Ontario government.²⁰³ Toronto-based Eclipsall Energy announced recently that it would expand from its current solar module manufacturing to be a vertically integrated provider of solar energy products and services. The expansion is expected to ensure the company's long-term global competitiveness by creating demand for its solar panels.²⁰⁴

Global investment in the clean energy sector continues to expand rapidly. A record \$211B (U.S.) was invested in renewable energy in 2010, up one third from the \$160B invested in 2009 and up 540% than the amount invested in 2004.²⁰⁵ SkyPower, a Toronto-based solar energy project developer and owner, recently obtained \$67M in financing from Deutsche Bank to expand its operations in Ontario.²⁰⁶ Brampton-based solar panel manufacturer Magnum Pv reached an agreement with a major Canadian bank to provide financing for solar projects that use the company's panels.²⁰⁷

ECONOMIC ISSUES

BORDER

Total traffic volume for Ontario's border crossings with Michigan and New York were up 5.5% for September 2011 YTD compared to same time in 2010.²⁰⁸ Total passenger car volumes rose by 7.0%, while commercial truck traffic declined by 0.8% during the same period.²⁰⁹ At the Ambassador Bridge, which carries the highest number of commercial truck crossings, truck volumes were down 3.2% from January through September 2011, with declines in all three months of Q3.²¹⁰ This slowdown corresponded with the decreases in automotive production also seen during Q3.²¹¹ However, a survey of motor carriers conducted by the Ontario Trucking Association found

that the outlook for freight volumes into the U.S. market was improving, albeit modestly.²¹² Trucking firms in Ontario reported higher freight volumes in Q3 2011 from Q2, and a majority of respondents were optimistic about business for the remainder of the year.²¹³

The Binational Economic and Tourism Alliance (BETA), in partnership with stakeholders from both Canada and the U.S., recently announced the findings of a comprehensive Niagara border study. Among the findings, the study showed that 90% of the time there were no border delays at the Niagara border crossings. It also included 15 recommendations for further improvements to border infrastructure, management processes and communications.²¹⁴

Various infrastructure improvement projects are underway at the Blue Water Bridge, and a new \$70M corporate centre was officially opened this past summer. In addition to the bridge's administration offices, the centre incorporates local Canada Border Services Agency and Canada Food Inspection Agency offices, and commercial customs brokerages. At the Windsor-Detroit border, however, progress has stalled on the proposed new bridge. The Michigan Senate Economic Development Committee recently voted not to authorize the New International Trade Crossing (also known as the Detroit River International Crossing).²¹⁵ Michigan's Governor Snyder said that he would continue to pursue the project in the legislature and would resume discussions next year.²¹⁶ Despite the uncertainty surrounding the proposed new bridge, construction of the Windsor-Essex Parkway started in August 2011 and is scheduled to be completed in 2014.²¹⁷

In early December, Canada and the U.S. agreed to implement the Action Plan on Perimeter Security and Economic Competitiveness. The aims of the plan are to reduce trade barriers, lower border-related costs for both businesses and consumers and increase economic opportunities. The two countries will cooperate in four main areas: addressing threats early; integration of law enforcement; improvements to cyber-security and critical infrastructure; and facilitation of trade, jobs, and economic growth.²¹⁸

U.S. ECONOMY

Ontario's largest export market is the U.S., which received 77.3% of Ontario's exports in Q3 2011. The value of these exports was \$34.7B, representing an increase of 4.8% over Q3 2010. Imports from the U.S., which account for 54.6% of total imports, were up 3.1% from last year to \$35B in Q3.²¹⁹



Following a 1.3% gain in Q2, U.S. GDP was up for the ninth consecutive quarter, rising 2.0% in Q3 2011 according to the second estimate.²²⁰ While the pace of growth improved over the first half of 2011, it came in below market expectations for a 2.5% increase.²²¹ GDP growth was mainly supported by increases in personal consumption expenditures (+2.3%) and non-residential fixed investment (+14.8%). Real private inventories decreased by US\$8.5B in Q3, reducing GDP by 1.6 percentage points.²²² Economic conditions were forecast to remain difficult, with slow GDP growth and high unemployment expected to persist through 2013.²²³

Nonfarm payroll employment was up 80,000 jobs in October 2011, bringing the unemployment rate down slightly to 9.0%. Unemployment has remained in the narrow range from 9.0% to 9.2% since April 2011,²²⁴ below its recent peak of 10.1% in October 2009 but well above the 2007 average of 4.6%.²²⁵ Though government employment continued to decline (-24,000 jobs), employment grew in October in professional and business services (+32,000), leisure and hospitality (+22,000), and healthcare (+12,000). After gaining 27,000 jobs in September, the construction sector lost 20,000 in October.²²⁶ Employment challenges continued in the financial services sector with announcements of major job cuts at Bank of America,²²⁷ JPMorgan Chase, UBS, Goldman Sachs,²²⁸ Wells Fargo,²²⁹ and Citigroup.²³⁰

Retail sales were up 0.6% in October 2011 compared to the prior month, and up 7.3% over October 2010.²³¹ Sales by merchant wholesalers were also up, rising in September 2011 by 0.5% over August 2011, and by 15.0% compared to a year earlier.²³²

As part of the legislation agreed to by Republicans and Democrats in late July 2011 to increase the U.S. debt ceiling, the Joint Select Committee on Deficit Reduction was created and asked to reduce the U.S. deficit by \$1.5 trillion over ten years.²³³ The legislation included a provision that would automatically trigger budget reductions totalling \$1.2 trillion for many federal agencies and departments beginning in January 2013 if the committee failed to agree on a plan.²³⁴ Prior to the committee's November announcement that it had failed to reach an agreement, some analysts expressed fear that such a failure would have serious consequences, potentially including another downgrade to the U.S. credit rating.²³⁵ Others suggested that activation of the built-in trigger was preferable to an agreement by the committee.^{236 237}

Consumer sentiment in November was at 64.1 according to the Thomson Reuters/University of

Michigan Index, compared to the October level of 60.9. This improvement, however, was short of the median expectation of 64.5 and did not bring the index above the average level during the recession of 64.2. In the five years preceding the recession, the index had averaged 89.²³⁸ Consumer expectations rose from 51.8 in October to 55.4 in November,²³⁹ well above the recent low of 22.5 in March 2009 but well short of the 2006 average of 85.1.



Annex: Selected Indicators for Ontario Census Metropolitan Areas (CMAs): Q2 2011

		Population ¹		Employment ²			Housing Starts (units) ³		GDP ⁴⁺		Consumer Insolvencies ⁵	
		Population 2010 (000s)	Percentage of Ontario	Job growth per 1,000 people [^] (Q2 y/y)	Unemployment Rate		Percentage of Ontario	Housing Starts per 10,000 people	Percentage of Ontario	% Change (Q2 y/y)	Insolvencies per 1,000 people [^]	% Change (Q2 y/y)
					%	Change (Q2 y/y)						
EASTERN	Ottawa [?]	933.0	7.1%	8.3	5.6	-0.6	7.1%	14.1	9.7%	1.5%	1.4	-7.0%
	Kingston	162.5	1.2%	-7.6	6.8	0.9	1.0%	10.8	1.1%	2.8%	1.0	-4.8%
	Peterborough	121.1	0.9%	5.9	10	0	0.6%	9.7	X	X	1.1	21.7%
CENTRAL	Oshawa	364.2	2.8%	13.5	9.7	-0.4	3.1%	15.6	2.8%	2.8%	1.3	-2.3%
	Barrie	190.9	1.4%	24.9	8.8	-0.3	2.0%	19.3	X	X	1.8	-7.5%
	Toronto	5,741.4	43.5%	17.0	8.4	-0.9	60.9%	19.6	45.9%	2.0%	1.1	-12.9%
	Guelph	138.2	1.0%	-40.6	6.3	-1.4	0.9%	12.1	X	X	1.2	-9.8%
	Hamilton	740.2	5.6%	8.4	5.9	-1.9	3.7%	9.2	5.5%	1.2%	1.4	3.3%
	Kitchener	492.4	3.7%	49.6	6.9	-0.8	3.6%	13.3	4.1%	2.4%	1.1	-7.9%
	Brantford	139.1	1.1%	-0.9	8.2	-0.7	0.6%	8.0	X	X	1.5	7.4%
	St. Catharines - Niagara	404.4	3.1%	11.2	8.8	0.6	1.8%	8.3	2.6%	0.8%	1.4	-11.7%
WESTERN	London	492.2	3.7%	-7.8	8.7	0.5	2.4%	8.9	3.5%	0.0%	1.6	-2.3%
	Windsor	330.9	2.5%	7.5	9.2	-3.2	1.0%	5.6	2.2%	0.1%	1.6	-3.2%
NORTHERN	Greater Sudbury	164.7	1.2%	35.2	7.9	-0.3	0.9%	10.0	1.1%	2.9%	1.4	-15.8%
	Thunder Bay	126.7	1.0%	2.9	6.7	1.5	0.5%	7.2	0.8%	-0.3%	1.0	-7.9%
	ONTARIO (total)⁺	13,210.7	100.0%	13.0	7.8	-0.8	100.0%	14.0	100.0%	1.6%	1.3	-9.7%
	Canada (total)⁺	34,108.8	X	11.4	7.5	-0.5	X	15.4	X	2.2%	1.2	-6.9%

Sources

¹ Statistics Canada, Population Estimates
² Statistics Canada, Labour Force Survey (LFS)
³ Canada Housing and Mortgage Corporation, Total Housing Starts by CMA
⁴ Conference Board of Canada, Metro I and Metro II Economic Indicators
⁵ Office of the Superintendent of Bankruptcy Canada, Insolvency Statistics in Canada

Notes

Red box denotes CMA is performing below the provincial average
[^] Calculated by using the working age population
⁺ Forecasted GDP at Basic Prices (\$2002) - figures not comparable to GDP data used in other sections
[?] Ottawa-Gatineau CMA used in GDP and Insolvencies calculations; Ottawa only for rest



ENDNOTES

- ¹ Ontario Ministry of Finance, *Ontario Economic Accounts – Second Quarter of 2011*, October 2011.
- ² Employment data is from Labour Force Survey (LFS) and is not strictly comparable to employment data used elsewhere. Statistics Canada, *Labour Force Survey, Employment by Detailed Industry, Unadjusted* (accessed 13 December 2011).
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- ⁷ Conference Board of Canada, “Index of Consumer Confidence,” November 2011.
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- ⁹ Forecasts released between September and November 2011 by Conference Board of Canada, Scotiabank, RBC Financial, TD Economics, BMO Financial, CIBC World Markets and Desjardins.
- ¹⁰ Conference Board of Canada, “Provincial Outlook: Autumn 2011”, December 2011.
- ¹¹ Sunny Freeman, “Manufacturers sitting on cash as fewer orders trickling in from U.S. customers”, Canadian Press, 12 October 2011.
- ¹² Laurie Harbour, Harbour Results Inc., *Automotive Tooling Strategies*, EDC & PWC Annual Automotive Tooling Panel, Windsor, Ontario, 22 November 2011; Dan Montague, PWC, *The Current State of the Automotive Industry*, EDC & PWC Annual Automotive Tooling Panel, Windsor, Ontario, 22 November 2011.
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- ¹⁵ Bureau of Labor Statistics, “Annual average unemployment rate, civilian labor force 16 years and over (percent)”.
- ¹⁶ Conference Board of Canada, “Canadian Outlook Autumn 2011: Economic Forecast”, November 2011.
- ¹⁷ Ontario Ministry of Finance, *Ontario Production by Industry, Seasonally Adjusted at Annual Rates*, October 2011.
- ¹⁸ Department of Finance Canada, *Government Fosters Jobs and Growth with More Tariff Cuts*, 27 November 2011.
- ¹⁹ Ontario Ministry of Finance, *Ontario Production by Industry, Seasonally Adjusted at Annual Rates*, October 2011.
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- ²¹ Statistics Canada, Table 281-0023 *Survey of Employment, Payrolls and Hours, Unadjusted for Seasonal Variation*, CANSIM (accessed 27 October 2011).
- ²² Sunny Freeman, “Manufacturers sitting on cash as fewer orders trickling in from U.S. customers”, Canadian Press, 12 October 2011.
- ²³ Ontario Ministry of Finance, *Ontario Production by Industry, Seasonally Adjusted at Annual Rates*, October 2011.
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