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Together makes progress

It’s complicated –

The conditions required for Canada's economic comeback

Economic outlook | Fall edition

Foreword by Chief Economist, Dawn Desjardins

Canada is set to avoid a technical recession thanks in part to its CUSMA carve out

Canada's economy ground to halt in the first half of 2025 as the barrage of unsettling announcements weighed on business and consumer confidence and crippled trade flows. While businesses built up inventories to buffer the blow from tariffs, investment remained weak. We expect the economy to limp along in the third quarter but now think that a technical recession can be avoided with growth rates running below-potential but still on the positive side of the ledger. Stronger gains are expected in 2026 as the combination of low interest rates, limited pass-through of tariffs to prices and government stimulus restore the conditions for a pickup in business investment.

This is our base case and incorporates the assumption that Canada will retain its exemption from US tariffs on its exports that are compliant with the CUSMA (Canada/US/Mexico trade agreement). This doesn't mean all exports will traverse the border tariff-free with steel, aluminum, copper, lumber and finished autos still facing onerous tariffs. However, on balance it will leave as much as 95% of Canadian exports to the US facing very low or zero tariff rates. Additionally, even with some sectors facing high tariffs, the average rate on Canadian goods is low compared to other countries.

Consumer spending was decent in the second quarter, but we are wary that the softening in the labour market and low confidence will result in weaker than usual spending for the remainder of this year. The sharp slowing in immigration resulted in negligible population growth in the second quarter and this trend will continue in 2026 given the government's downsizing of its targets. This will impact consumption but also growth in the labour force. With both employment and the labour force softening, this means that the unemployment rate, which hit a recent high of 7.1% in August, is unlikely to move much higher. That said, labour market conditions will remain strained in the near term.

Overall, we expect real GDP to gain 1.3% this year and 1.7% next year.

Key insights

- Uncertainty continues to hold back economic performance as investors and consumers wait for clarity on the trade file and the federal government's fiscal plan.
- Canada's economy is expected to avoid a recession after hitting a low point in the second quarter of this year. Growth will remain weak this year as the groundwork is laid for better prospects in 2026.
- With the economy underperforming in the near term, the Bank of Canada is expected to provide some additional stimulus to boost consumer and business confidence.
- Sector specific tariffs will continue to impact manufacturing industries. However, Canada is facing low overall average tariffs compared to other countries and this is minimizing the size of the economic damage.
- Growth is expected to pick up next year as clarity on the fiscal front, monetary stimulus and the expectation that the trade sector adjustments will largely be behind us.

Foreword by Chief Economist, Dawn Desjardins

Policy levers are lining up to support growth but how quickly and aggressively companies respond will be key to unlocking better growth prospects

The headline inflation rate eased below 2% due to the elimination of the carbon tax which resulted in lower energy prices – a one-off impact that will fall out of the calculation over time. Underlying inflation rates however remain around 3%, the upper limit of the Bank's target band. As yet, there has been limited evidence of a flow-through of tariffs to consumer prices and the government's decision to stop retaliatory tariffs on imports of US goods that are CUSMA compliant may limit future increases. The softening in the labour market and increasing slack in the economy is consistent with any near-term uptick in the inflation rate being short-lived. Against this backdrop, we look for the Bank of Canada to lower the policy rate to 2.25% from 2.50%.

Despite all these pressures, a myriad of policy announcements by governments aimed at supporting sectors under pressure as well as making investments for the future will go some distance to restore business confidence and ignite a wave of investment. Our expectation that the Bank of Canada will lower the policy rate to 2.25% by year-end will create more favourable financing conditions. The easing of regulations, a commitment to home building, funds flowing into large capital projects and fewer interprovincial trade barriers are the steppingstones to Canada's economic renaissance. How quickly businesses respond will be the key.

Economic growth set to rebound in 2026

GDP, expenditure based, percent change

Sources: Statistics Canada; Deloitte. f = forecast

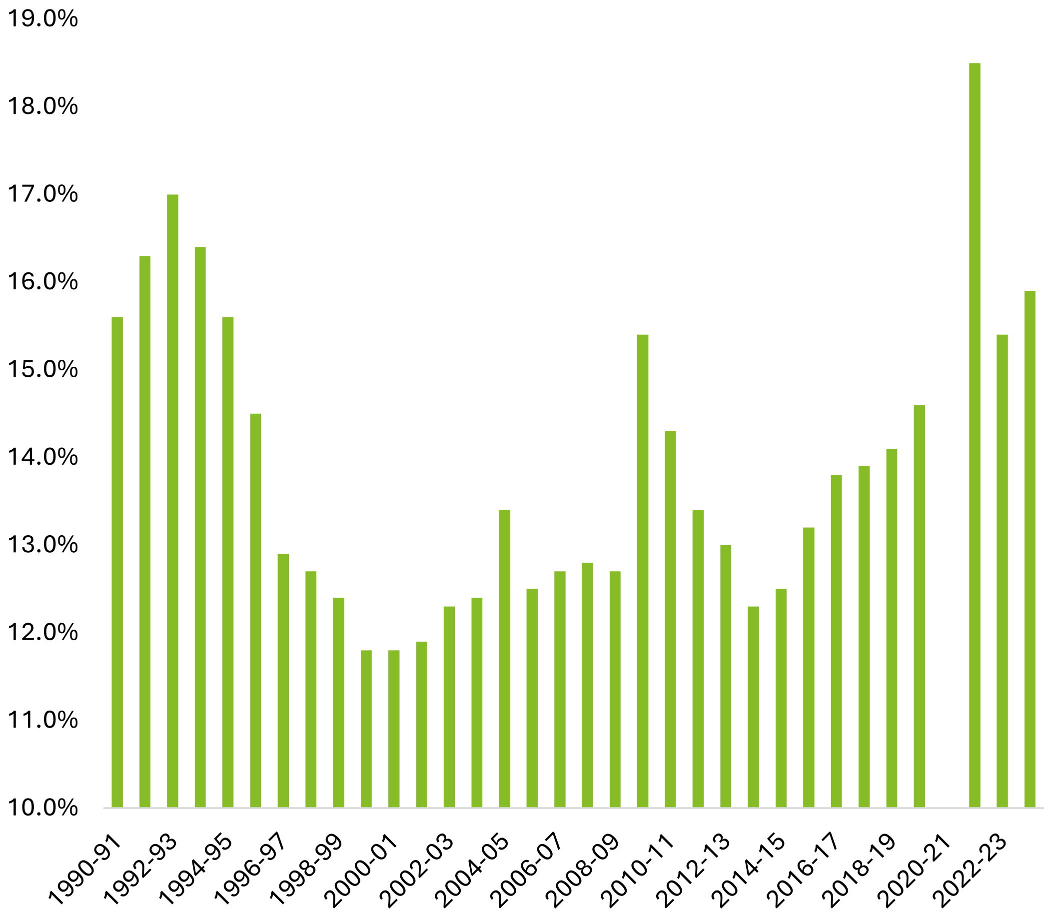
Economic Outlook

Monetary and fiscal policy

- With the Canadian economy in a wait-and-see mode, monetary and fiscal policy will play an important role in helping spark a recovery.
- The Bank of Canada will need to thread the needle over the coming months, balancing the risk of sticky core inflation against a backdrop of weakening economic growth and job losses. The recent removal of Canada's retaliatory tariffs on US imports (excluding those on steel, aluminium, and autos) is expected to limit upward pressure on prices and allow the Bank of Canada to focus on shoring up the economy. As a result, we expect the Bank to cut interest rates twice this fall bringing its policy rate down to 2.25%. This is expected to be an important signal for the market that monetary policy will work in sync with fiscal policy to provide the conditions for better private sector investment.
- When it comes to fiscal policy, the Prime Minister described it best when he referred to the upcoming budget as both an austerity and investment budget.[1] The austerity is expected to focus on program spending. While this will create a headwind to growth, program spending as a share of GDP has now pushed past where it was in 1990-91, when high spending and substantial debt payments resulted in a significant restructuring of federal spending. Overall, federal departments have been asked to find cost savings equivalent to 15% of their budgets by fiscal 2028-29. This will lead to subdued growth in government consumption spending which, when combined with provincial and municipal spending, is expected to increase by an average of just 1% per year over the next two years, despite increased spending on defence.
- Where fiscal policy is expected to be expansionary is on investment. We expect to see a ramp up in federal investment spending to tackle key infrastructure challenges, providing a direct boost to the economy. Further, our forecast assumes that we will get indirect stimulus from the federal government as it tackles some of the regulator burden that holds back private investment. Indeed, earlier this month the Prime Minister released the first five projects that will be reviewed for fast-track approval under the Building Canada Act with an additional five expected to be announced in November.

1 Promit Mukherjee, "Canada's Budget Will Focus on Austerity and Investment, Says PM Carney," *Reuters*, last modified September 3, 2025, https://www.reuters.com/world/americas/canadas-budget-will-focus-austerity-investment-says-pm-carney-2025-09-03/

Federal program expenses as a share of GDP
(program expenses excluding net actuarial losses, share of GDP)



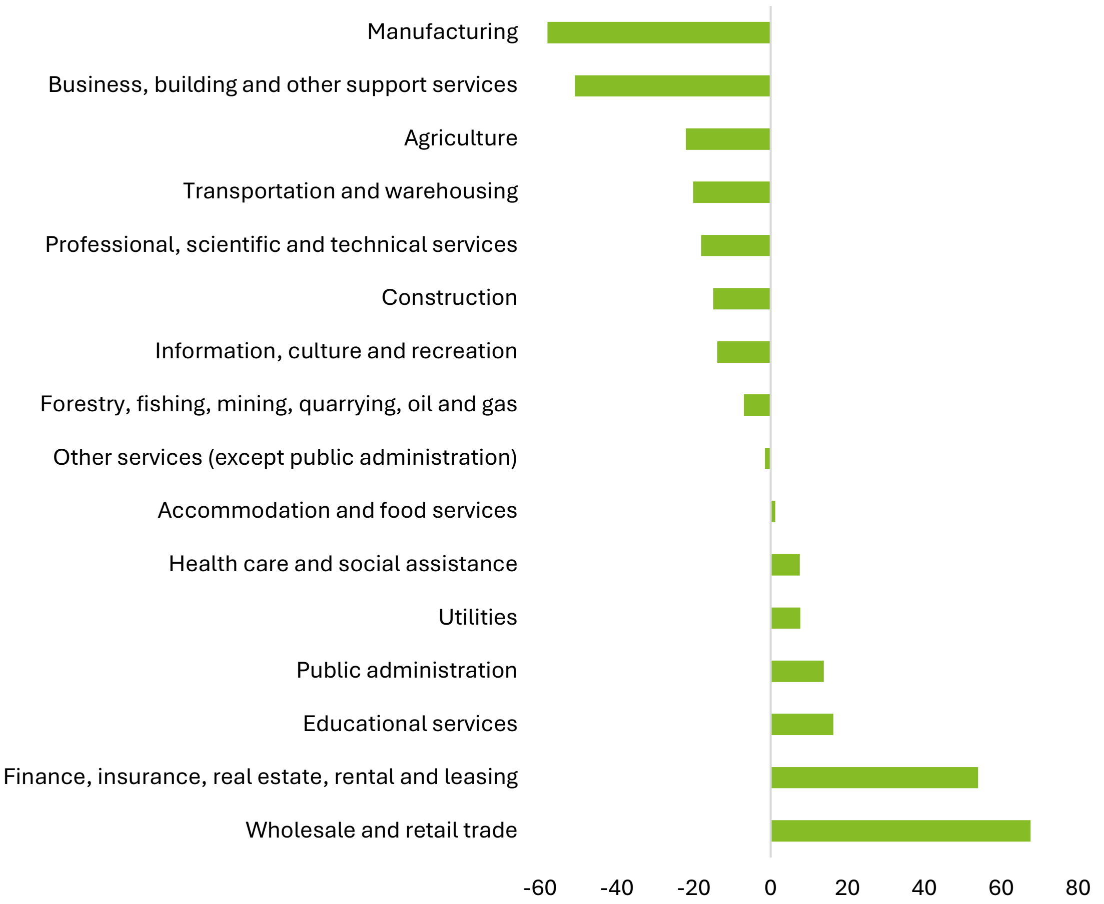
Source: Department of Finance: Fiscal Reference Tables. Expenses for 2020-21 excluded due to the pandemic related spike

Economic outlook

Labour markets and household spending

- Since the trade dispute began earlier this year, Canada's labour market has weakened considerably. After starting the year with very strong growth in January, the economy has shed a net 38,500 jobs, pushing the unemployment rate up to 7.1%. Job losses have been largest in manufacturing, but other industries are also feeling the impact. Outside of the pandemic, this marks the highest unemployment rate since 2016 .
- Other signs of the softening in labour market conditions include an uptick in the layoff rate and a nearly 10% of the workforce reporting they wanted to work more hours than their current job offers. Weaker labour market conditions are also holding back hourly wage growth which is averaging 3.5% year-to-date compared to a gain of 4.9% last year.
- Continued labour market weakness is likely to weigh on consumer spending this quarter, a troubling occurrence given that very strong consumer spending kept the economy from experiencing a deeper downturn in Q2 when export volumes plunged. The expected slowdown in population growth associated with fewer temporary resident entries will also act as a headwind to consumer spending. However, as labour markets improve into next year and the impact of the expected interest rate cuts begin to have an impact, consumer spending is set to pick up.
- The housing market has been struggling to recover after a steep contraction after the Bank began raising interest rates in 2022. The recent slowdown in the labour market will keep the recovery muted this year as uncertainty about job prospects holds back home purchases. However, with transaction volumes well below their historic norm for several years now, there is a lot of pent-up demand building. We expect to see some of that pent-up demand unleashed into resale markets next year as lower interest rates, accelerating economic growth, and a pick-up in hiring support firmer housing sales activity.
- Housing starts have been strong recently, helping to provide a bit of an offset to tepid resale market conditions. However, conditions vary significantly across the country with starts in Ontario slumping while areas such as Atlantic Canada and Alberta are booming. Addressing challenges in Ontario's market will be key to a housing sector recovery.

Manufacturing has shed significant jobs since the start of the year
Change in employment by industry from January to August 2025, 000s



Source: Statistics Canada.

Economic outlook

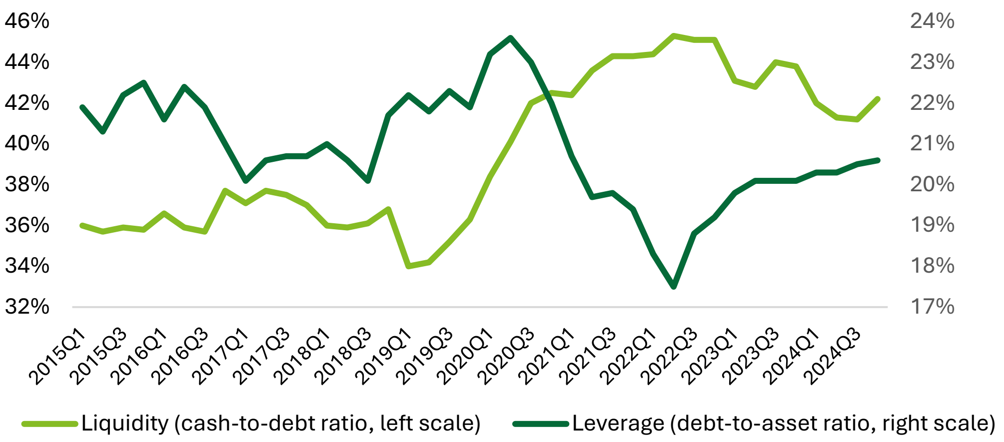
Business investment and trade

- Given the level of uncertainty in the business operating environment, firms are reluctant to invest. Indeed, the Bank of Canada's July Business Outlook Survey showed most firms are expecting to limit investment to regular maintenance over the next year.[1]
- Next year should be a better one for business investment for several reasons. First, clarity on the trade front, even if it is not good news, will allow firms to make decisions about the future. Second, we will have guidance from the federal government on how it plans to support private investment. Finally, lower interest rates will create a better borrowing environment. Together these factors are expected to see firms move off the sidelines and spend some of their cash balances.
- On the trade front, Canadian exporters found the going tough in the second quarter of this year as exports contracted by 26.8% to post their biggest losses since the pandemic. The drop was driven by a steep fall in April with exports partially recovering thereafter.
- The conditions are certainly there for better export growth going forward with the CUSMA carveout helping Canada to gain an edge over other countries exporting to the US. We estimate that Canadian exporters selling in the US market faced an effective tariff rate of 2.9% in July; much lower than any other G7 economy and other major exporters like China and Mexico. Even with growth over the rest of the year, it won't be enough to keep exports out of the red in 2025 with annual growth of -2.5% projected. As the recovery takes shape through 2026, we expect annual growth will resume at a pace of 3.4%.
- Given Canada's relatively limited and targeted response to the US tariff measures, imports have generally fared better than exports to date. After falling in the second quarter and another decline projected in the third, growth is forecast to resume in the final quarter of the year thanks to an appreciation of the Loonie and the removal of most of Canada's retaliatory tariffs. With exports having more ground to recover next year, we expect exports to grow faster than imports next year, allowing for a healthy contribution to growth from the trade sector.

1 Bank of Canada. *Business Outlook Survey — Second Quarter of 2025*. July 21, 2025. Bank of Canada. https://www.bankofcanada.ca/2025/07/business-outlook-survey-second-quarter-of-2025/

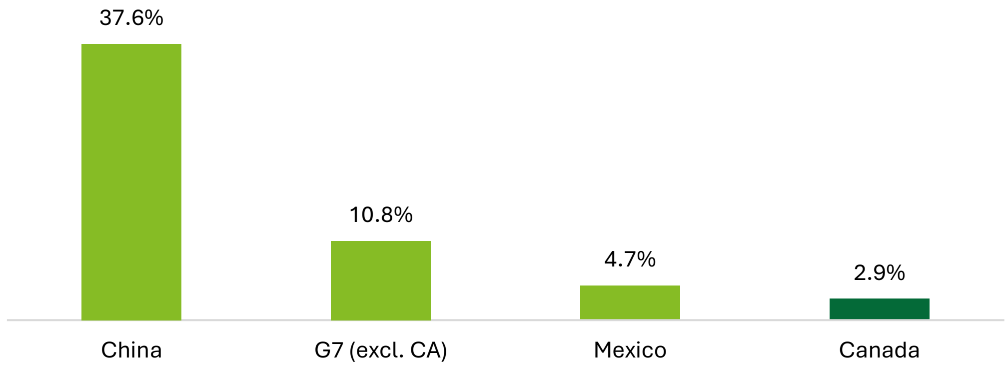
Non-financial businesses indicators of liquidity and leverage

Liquidity and leverage as a share of debt, %



US effective tariffs rates, select regions, July 2025

monthly tariff revenue as a percentage of imports



Source: Bank of Canada and Deloitte calculations using data from the U.S. International Trade Commission

Economic outlook

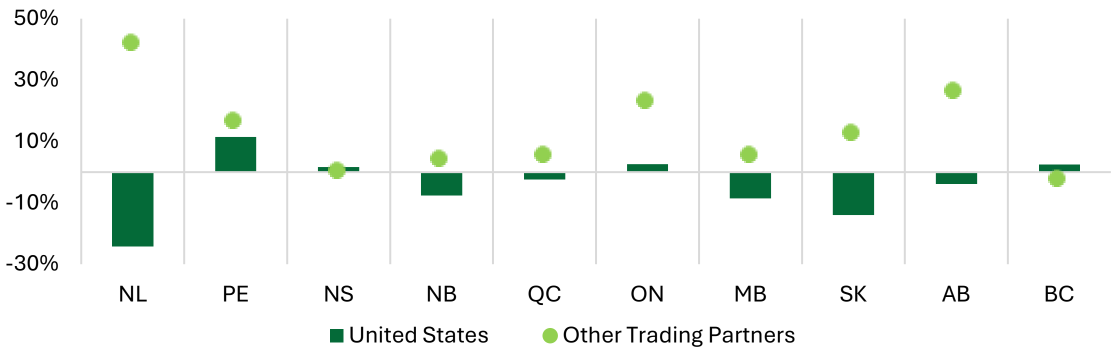
Provincial outlook

- Despite economic uncertainties, we expect Newfoundland and Labrador's GDP to remain rather robust, increasing 2.2% in 2025 and 2.0% in 2026. Growth will continue to be driven mainly by the mining and oil sectors. With the province's low exposure to US trade, we do not anticipate a drastic effect of tariffs on economic growth. Furthermore, the West White Rose ongoing offshore project, is anticipated to create permanent positions and make a positive contribution to the province's GDP.[1]
- PEI's economic growth is projected to slow to 1.6% in 2025 and 1.9% in 2026, mainly due to slower population growth and weaker consumer spending. To add to this, the impact of tariffs on PEI is notable since the US accounted for 73% of its foreign demand in 2024. While new projects such as the clean energy initiative in Charlottetown will increase job opportunities across PEI, it will not be enough to keep growth from decelerating this year.[2]
- Nova Scotia's GDP grew by 2.7% in 2024, driven by strong growth in construction and manufacturing. We expect growth to slow to 1.7% in 2025 due to slower population growth and softer labour market. Growth will remain stronger than the Canadian average, thanks to public stimulus including the province's $2.4 billion provincial infrastructure investment and a $170 million federal-provincial agreement for sustainable housing.[3,4]
- New Brunswick's economy is expected to grow modestly in 2025 and 2026, supported by gains in the construction and mining industries due to notable investments. While energy exports have been protected by CUSMA carveouts, the forestry industry has had to cut jobs or face temporary shutdowns due to US tariffs, as evident by layoffs and the temporary pausing of production at Arbec Forest Products in Miramichi.[5] Overall, trade tensions will continue to weigh on the province's export sector, keeping growth below the Canadian average this year.

1 West White Rose Project, "About,"https://westwhiteroseproject.ca/about/.
2 CBC News, "Mark Carney Would Be 'Welcome Addition' to Liberal Team, Says Trudeau," CBC News, October 17, 2019, https://www.cbc.ca/news/canada/newfoundland-labrador/pm-carney-st-johns-1.7627614.
3 Government of Nova Scotia, Capital Plan 2025–26, https://beta.novascotia.ca/sites/default/files/documents/1-2044/capital-plan-2025-2026-en.pdf.
4 Ontario Construction News, "Canada, Nova Scotia Sign $170.9M Housing Infrastructure Deal," Ontario Construction News, May 27, 2024, https://ontarioconstructionnews.com/canada-nova-scotia-sign-170-9m-housing-infrastructure-deal.
5 Haggett, Derek. "NB Production Facility to Shut Down Mill, Cut Jobs Due to U.S. Tariffs." *CTV News Atlantic*. https://www.ctvnews.ca/atlantic/new-brunswick/article/nb-production-facility-to-shut-down-mill-cut-jobs-due-to-us-tariffs/.

Domestic exports to the United States and other trading partners, by province

Year-to-date growth in nominal merchandise exports as of July 2025, customs basis



Source: Deloitte calculations using data from Statistics Canada

- Quebec's economic growth is projected to slow to 1.0% in 2025, mainly due to US tariffs on steel and aluminum impacting exports. With export-oriented industries affected, unemployment rose to 6.0% in August 2025, well above February's 5.3% recent low. With $5 billion allocated to industries affected by tariffs and other provincial relief funds, we expect a recovery to unfold next year with real GDP growth of 1.7% in 2026.[6]
- With GDP growth slated in at 0.8%, we expect Ontario to remain at the bottom of the pack this year as the province gets hammered by US tariffs on the automotive, steel, and aluminum sectors. In fact, the Canadian Federation of Independent Business reported a potential auto sector investment loss of nearly $2.9 billion over the next year due to thetrade war.[7] Ontario has already lost over 49,000 jobs this year, mostly in manufacturing, leading to an unemployment rate above the national average averaging 7.8% since April. To add to its troubles, Ontario continues to face a weak housing market perpetuated by a lack of construction activity and affordability challenges. Despite tariff relief measures, we predict a rough patch for the province this year.

6 Government of Canada. "Prime Minister Carney Launches New Measures to Protect, Build, and..." Backgrounder, September 5, 2025. https://www.pm.gc.ca/en/news/backgrounders/2025/09/05/prime-minister-carney-launches-new-measures-protect-build-and.
7 Canadian Federation of Independent Business. "CFIB Report: Ontario Auto Businesses Hit Hard by U.S. Tariffs." News release, July 16, 2025. https://www.cfib-fcei.ca/en/media/cfib-report-ontario-auto-businesses-hit-hard-by-u.s.-tariffs.

Economic outlook

Provincial outlook

- Following a tepid 2024, we expect more of the same for Manitoba's economy in 2025 with economic growth projected at 1.0%. The CUSMA carveout should spare the province the worst of the trade war with the US, but heightened trade tensions with China pose serious risks to the province's agriculture sector which is likely already on shaky ground after a particularly dry summer. A report from Statistics Canada back in June noted that 2.4% of Manitoba's GDP was at risk due to wildfires; the most of any province.[1] Looking to 2026, economic growth is expected to rebound to 1.8% owing to a major ramp up of private and public investment and the passage of Bill 47 which seeks to remove interprovincial barriers to trade between Manitoba and other provinces.
- Saskatchewan is expected to remain Canada's second-fastest growing province, with 1.9% economic growth in 2025 following a strong 3.4% increase in 2024. The labour market has tightened in recent months, reducing the unemployment rate to 4.7% by August, thanks largely to a surge in housing starts and construction jobs. Although potash exports to the US have fallen 8.5% year-to-date despite the CUSMA carveout, exports to other countries have risen by 16%. These inroads into other markets are encouraging given that production is set to get a major boost once Jansen's potash mine becomes operational in mid-2027.[2] New Chinese tariffs on canola products present challenges for one of the province's key export sectors, but despite these headwinds, continued construction activity is expected to support further economic growth of 2.0% in 2026.
- Despite Alberta's population growth slowing to 3.9% in recent months, job growth is still struggling to keep pace, pushing the unemployment rate to 8.4% as of August – the highest monthly rate since 2017, excluding the pandemic years. This has contributed to a projected slowdown in GDP growth to 1.9% in 2025. Crude oil exports to the US declined 4% through July, however, the Trans Mountain Expansion (TMX) continues to pay dividends as exports to other countries have more than compensated for these losses. Indeed, while the US once accounted for virtually all of Alberta's crude oil exports, the profile today is much more diversified with non-US countries accounting for 6% of all crude oil exports in July. As the TMX Expansion nears full capacity, it is expected to continue supporting Alberta's economy, with growth projected to reach 2.1% in 2026.

Real GDP at basic prices by province

	2024	2025f	2026f
Newfoundland and Labrador	2.4%	2.2%	2.0%
Prince Edward Island	3.6%	1.6%	1.9%
Nova Scotia	2.7%	1.7%	2.0%
New Brunswick	1.8%	1.0%	1.6%
Quebec	1.3%	1.0%	1.7%
Ontario	1.2%	0.8%	1.9%
Manitoba	1.1%	1.0%	1.8%
Saskatchewan	3.4%	1.9%	2.0%
Alberta	2.7%	1.9%	2.1%
British Columbia	1.2%	1.3%	1.9%

Source: Statistics Canada, Deloitte. f = forecast

- With population and employment growth slowing, economic growth is expected to remain subdued in British Columbia (BC) this year. The province has experienced notable job losses of more than 7,000 since January as US tariffs work their way through the construction and forestry sectors. However, LNG Canada's exports to Asia will help to counteract the province's forestry-sector struggles. Longer-term, the future is promising with two of the first five projects on the federal fast-track list located in BC: LNG Canada Phase 2 and the expansion of the Red Chris mine.[3] Overall, after two years of soft growth, next year should be better for the province with real GDP forecast to expand by 1.9%.

1 Statistics Canada. "Early Estimates of the Potential Economic Disruption from the 2025 Wildfire Season." *The Daily*, June 25, 2025. https://www150.statcan.gc.ca/n1/daily-quotidien/250625/dq250625d-eng.htm
2 Jeffrey Jones. "BHP Faces 30% Cost Hike and Delay at Saskatchewan Potash Mine." *The Globe and Mail*, July 18, 2025. https://www.theglobeandmail.com/business/article-bhp-faces-30-cost-hike-delay-at-saskatchewan-potash-mine/
3 Government of Canada. "Major Projects Office of Canada: Initial Projects under Consideration." *Canada.ca*, September 11, 2025. https://www.canada.ca/en/one-canadian-economy/news/2025/09/major-projects-office-of-canada-initial-projects-under-consideration.html

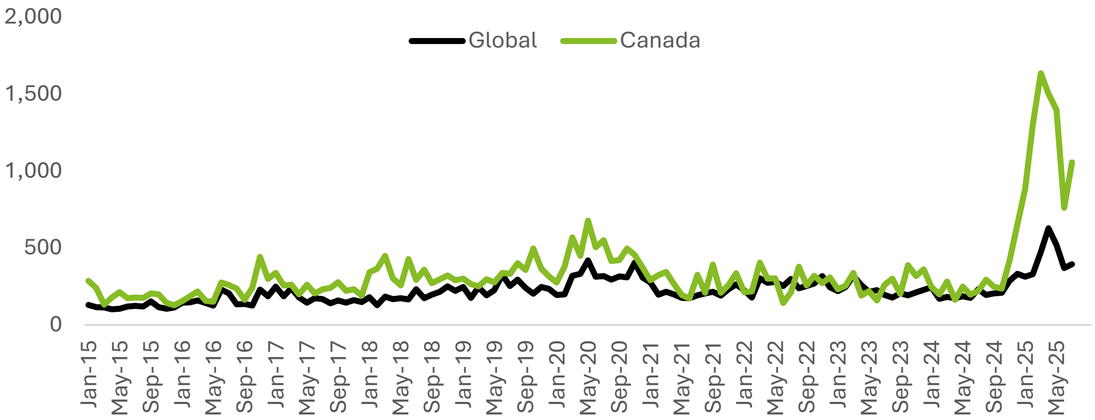
Economic outlook

Risks and key takeaways

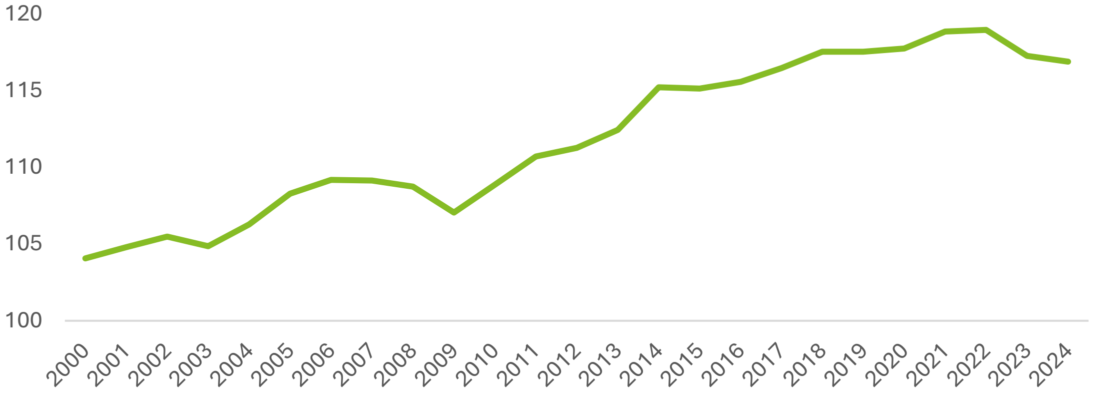
- The economic policy uncertainty index for Canada has come down from its April peak but uncertainty remains elevated relative to historical trends and the global average. The main risks to the outlook, both upside and downside, depends on how Canadian companies react to persistent uncertainty.
- On the potential downside, a failure to negotiate a trade deal with the US would have significant economic ramifications. Our latest modelling explores the implication Canada losing its CUSMA carve out and instead facing a 35% tariff on all non-energy and potash products which would face a 10% tariff. In this scenario our real GDP is 2.5% lower than our baseline in 2030.
- The risks, however, are not all tilted to the downside. We have seen strong momentum on the Buy Canadian front. Interac ran a survey this summer that showed 78% of Canadians have shifted at least one monthly purchase from a big-box retailer to a local business with 20% shifting six or more purchases. As a result of this shift in buying patterns, Interact is seeing transactions from small-and-medium sized businesses lead growth.[1]
- There is also upside potential on the housing front. Our forecast calls for a very gradual recovery in the housing market. Given the pent-up demand building in the resale market, an improvement in economic conditions could spark a stronger-than-expected recovery. Our forecast also expects the government will be successful at capping population growth over the remainder of this year and into 2026. Stronger than expected population growth would likely translate into better-than-forecast consumer spending.
- Overall, the economy remains in limbo waiting to see how the trade sector will evolve. Nevertheless, the country is making important progress as policymakers look to lay the groundwork for better investment to address our woeful productivity problem. This is an urgent need given output per worker is barely above where it was 10 years ago and continues to trail the US where machinery and equipment investment is surging.

1. Interac Corp. "Interac's Summer Spending Snapshot Reveals How Global Economic Pressures Are Driving a Significant Shift in Canadians' Spending Habits." Last modified August 26, 2025. https://www.interac.ca/en/content/news/interac-summer-spending-snapshot-reveals-how-global-pressures-are-reshaping-canadians-purchase-habits/

Economic policy uncertainty remains elevated in Canada
Current Global GDP weights



Canada needs to find ways to boost its productivity
Real GDP per employee, $2017, 000s.



Source: Policyuncertainty.com; Statistics Canada

Forecast tables

GDP by expenditure

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3f	2025Q4f	2026Q1f	2026Q2f	2026Q3f	2026Q4f	2024	2025f	2026f
Canadian GDP	2.1	2.5	2.4	2.1	2.0	-1.6	1.2	1.5	2.1	2.2	2.7	2.4	1.6	1.3	1.7
Household consumption	3.2	1.7	4.4	4.9	0.5	4.5	0.5	1.1	1.2	1.4	2.2	2.2	2.4	2.6	1.5
Non-profit consumption	1.5	1.5	3.2	2.1	2.4	1.0	0.7	0.8	0.9	0.9	1.0	1.0	2.0	1.8	0.9
Government consumption	5.9	5.6	5.5	2.4	-0.4	5.1	-0.3	0.6	0.9	1.0	1.0	1.1	3.7	2.3	1.0
Total investment	0.6	3.3	-1.8	9.0	-5.0	-0.4	0.7	0.8	4.8	4.4	4.3	3.7	0.1	0.4	3.0
Government investment	14.2	6.8	4.0	7.3	-5.6	8.8	4.0	5.2	7.9	7.1	6.2	3.2	7.3	3.2	6.3
Business investment	-2.1	2.6	-2.9	9.4	-4.9	-2.4	-0.1	-0.3	4.1	3.8	3.8	3.9	-1.4	-0.3	2.2
Residential investment	-4.5	-9.4	5.4	16.8	-12.2	6.3	5.0	1.5	5.1	4.8	4.9	5.3	-0.6	1.6	4.4
• Residential - renovations	-12.4	-9.5	0.5	6.3	0.4	-4.4	0.5	2.9	6.2	4.5	5.0	5.4	-4.4	0.1	3.7
• Residential - ownership transfer costs	17.9	-5.0	18.3	52.6	-50.9	3.9	1.0	1.7	7.1	8.4	10.6	12.4	5.1	-7.1	6.1
• Residential - new housing	-6.0	-10.9	4.3	11.6	0.9	15.5	9.4	0.6	3.7	3.9	3.1	2.9	0.0	6.2	4.4
Non-residential investment	-0.2	12.0	-8.3	4.5	0.6	-7.8	-3.1	-1.4	3.5	3.2	3.1	3.0	-1.8	-1.4	0.8
• Engineering structures	5.1	17.3	-1.1	-0.7	-4.6	15.1	-2.4	-1.2	3.1	3.0	3.0	3.0	-1.6	1.8	2.2
• Non-residential buildings	-5.8	-6.5	-0.2	6.6	-2.4	-12.4	-3.9	-2.0	2.3	2.3	2.3	2.3	-3.4	-2.9	-0.3
• Machinery and equipment	-4.1	24.3	-27.7	10.5	10.1	-32.6	-5.9	-3.2	6.5	5.3	5.0	4.6	-2.9	-6.5	-0.5
• Intellectual property	0.6	0.3	6.4	4.1	-1.4	-0.5	-0.5	0.7	1.4	1.5	1.4	1.4	0.0	1.1	0.9
Total exports	-0.7	-4.8	-0.6	7.1	5.8	-26.8	4.3	6.7	6.4	6.2	5.1	4.1	0.6	-2.5	3.4
• Exports - goods	-0.6	-3.4	0.8	10.4	6.2	-31.9	3.9	7.0	7.2	7.2	5.8	4.5	0.4	-2.9	3.4
• Exports - services	-1.3	-9.6	-5.6	-4.1	4.3	-5.4	5.2	5.8	3.9	3.2	2.7	2.9	1.0	-1.2	3.5
Imports	-1.1	0.0	-1.0	2.5	3.6	-5.1	-3.4	3.5	5.0	4.1	3.3	2.9	0.7	0.0	2.5
• Imports - goods	-1.1	3.2	-1.9	6.2	6.2	-5.8	-4.8	2.5	4.4	3.4	2.9	2.7	0.3	1.0	1.7
• Imports - services	-1.1	-10.5	2.2	-9.8	-5.5	-2.6	2.3	7.4	7.0	6.6	4.7	3.9	2.5	-3.5	5.3
Inventories	(7,230)	7,448	(5,244)	(26,035)	13,915	18,985	(8,290)	(1,287)	(597)	(1,442)	(697)	(916)	(11,213)	3,401	(2,620)
US GDP	1.6	3.0	3.1	2.4	-0.5	3.0	1.2	1.3	1.9	2.3	2.5	2.6	2.8	1.7	2.0

Notes: Unless otherwise noted, all figures are expressed as annualized % changes; data is based on seasonally adjusted real 2017 chained dollars; f = forecast.
Sources: Statistics Canada; Bank of Canada. Forecast by Deloitte Economic Advisory, as of September 9, 2025.

Key indicators

Key macroeconomic indicators

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3f	2025Q4f	2026Q1f	2026Q2f	2026Q3f	2026Q4f	2024	2025f	2026f
Labour force participation rate (%)	65.6	65.6	65.3	65.3	65.3	65.3	65.2	65.3	65.3	65.3	65.3	65.3	65.5	65.3	65.3
Change in employment (000s)	84.7	105.1	40.0	97.2	141.1	19.6	-45.8	6.5	21.3	31.8	47.6	49.5	381.9	253.7	68.1
Unemployment rate (%)	5.9	6.3	6.6	6.7	6.6	6.9	7.0	7.1	6.9	6.7	6.5	6.4	6.4	6.9	6.6
Household savings rate (%)	4.7	6.2	7.2	6.0	6.0	5.0	6.3	6.3	6.3	6.4	6.4	6.2	6.0	5.9	6.3
Housing starts (000s, SAAR)	249.0	245.1	238.4	244.7	231.1	277.0	282.5	273.1	275.7	278.3	280.8	282.4	244.3	265.9	279.3
Consumer price index (year-over-year %)	2.8	2.7	2.0	1.9	2.3	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.4	2.0	2.0

Key financial market indicators

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3f	2025Q4f	2026Q1f	2026Q2f	2026Q3f	2026Q4f	2024	2025f	2026f
Overnight rate	5.01	4.92	4.43	3.60	3.00	2.75	2.50	2.25	2.25	2.25	2.25	2.25	3.60	2.25	2.25
90-day t-bill	4.96	4.79	4.20	3.36	2.79	2.65	2.65	2.44	2.47	2.49	2.52	2.54	3.36	2.44	2.54
1 year t-bill	4.78	4.62	3.71	3.22	2.75	2.59	2.68	2.56	2.62	2.66	2.69	2.71	3.22	2.56	2.71
Government 2-year bond	4.11	4.21	3.23	3.11	2.68	2.58	2.73	2.50	2.40	2.50	2.65	2.75	3.11	2.50	2.75
Government 3-year bond	3.86	4.07	3.13	3.07	2.67	2.60	2.73	2.67	2.63	2.76	2.99	3.07	3.07	2.67	3.07
Government 5-year bond	3.51	3.71	2.95	3.06	2.78	2.81	2.99	2.75	2.65	2.80	3.00	3.10	3.06	2.75	3.10
Government 10-year bond	3.44	3.67	3.09	3.26	3.09	3.21	3.45	3.30	3.30	3.40	3.45	3.50	3.26	3.30	3.50
90-day 10 year spread	1.53	1.12	1.11	0.10	-0.30	-0.56	-0.80	-0.86	-0.83	-0.91	-0.93	-0.96	0.10	-0.86	-0.96
2-year 10 year spread	0.67	0.54	0.14	-0.15	-0.41	-0.63	-0.73	-0.80	-0.90	-0.90	-0.80	-0.75	-0.15	-0.80	-0.75
Exchange rate CAD/USD	0.741	0.731	0.733	0.715	0.697	0.723	0.727	0.729	0.733	0.736	0.742	0.744	0.730	0.719	0.739

Notes: f = forecast. The overnight rate represents the end of the period. All other indicators quarterly values are quarter averages. Annual figures reflect the end of the period as measured by Q4.
Sources: Statistics Canada; Bank of Canada. Forecast by Deloitte Economic Advisory, as of September 9, 2025.

Contributors

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