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Reset over resolutions

Building economic momentum in 2026

Economic outlook | Winter edition

Foreword by Chief Economist, Dawn Desjardins

Canada's slow growth today is building momentum for tomorrow's prosperity

What a difference a year makes. 2025 will go down in history as one of major disruption and extreme policy uncertainty. Fortunately, fears of a significant slowing in global economic activity proved unfounded and a prospective recession in Canada did not materialize. On balance, the downgrading of world GDP forecasts was relatively small, and Canada's economic growth rate was not materially lower than in 2024. Below the surface however volatility in trade activity played a bigger-than-usual role in the Canadian economic data and masked a softening in consumption and a pullback in business investment.

This year is likely to mark an inflection point for Canada's economy as governments attempt to execute on policies that will create a more attractive environment for investment. From improving infrastructure to eliminating barriers to internal trade and reducing regulatory hurdles, Canada is hitting the reset button.

It is unreasonable to expect governments to stimulate this structural transition quickly which means that the economy is likely to remain in a slow growth mode until the latter part of 2026. Consumer and business confidence will need to be restored. Accommodative monetary policy, with the Bank of Canada maintaining the policy rate at 2.25% throughout the year, will help households who need to refinance their mortgages. Financing conditions for businesses are also expected to remain supportive and as, uncertainty eases, investment is expected to be unlocked.

The review of the Canada/US/Mexico trade agreement in July 2026 will be a pivotal event. The ability of Canadian exports to go to the US tariff-free if they are compliant with the current agreement has been key in keeping Canada's economy from faltering. Changes to the agreement that restrict or eliminate this access to the US will have dire consequence; we view this as a risk but not our base case.

Key insights

- After a year of extreme policy uncertainty, we are cautiously optimistic that conditions are being put into place to allow for stronger economic growth by the second half of the year.
- As we begin 2026, the economic trends to watch are trade and investment.
- In Budget 2025, the federal government laid out its plan to stimulate billions in private sector investment. It will take time for businesses to feel confident in this new federal approach and therefore, one of the most important things to watch this year will be how business investment responds to this new operating environment.
- On the trade front, the Canadian economy is still contending with large sector-specific tariffs and the threat of potentially more to come. However, the focus this year is the review of the CUSMA agreement set to take place in July.
- Overall, growth is expected to moderate slightly relative to last year as it will take time for the impact of monetary easing and fiscal policy to stimulate the economy.

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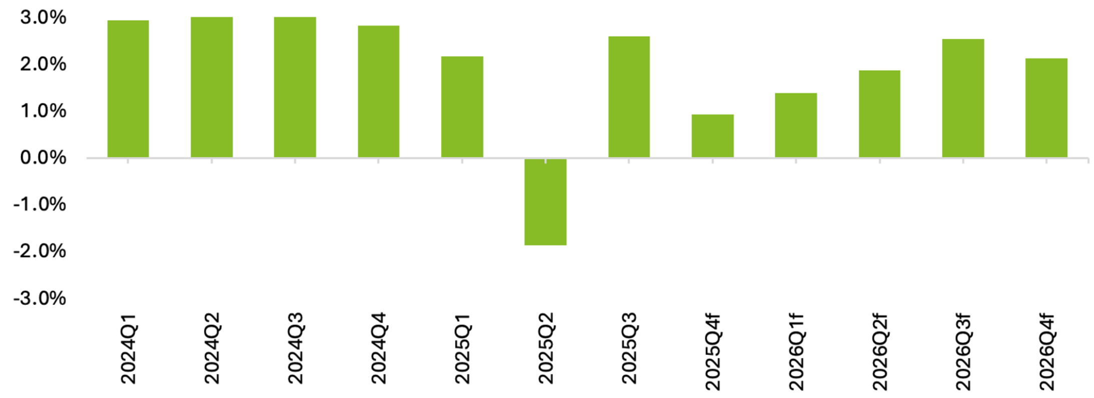
Foreword by Chief Economist, Dawn Desjardins

A moderate housing recovery, increased defence spending, and stable inflation are helping keep growth afloat in the near-term

In the near term, spending on defence and assistance for sectors hard-hit by US tariffs will provide some support for the economy. The uncertain backdrop however will keep both consumers and businesses hesitant about materially increasing spending. Labour market conditions are expected to remain stable but with immigration declining, consumer spending is likely to remain subdued relative to recent years. The housing market however is expected to start to recover as government policies support construction and improvements in affordability underpin sales. Inflation pressures are expected to align with the Bank of Canada's target allowing policy to remain accommodative which will also contribute to increased activity in the housing market.

Taking these factors together, we expect the Canadian economy to decelerate mildly to a pace of 1.5% growth this year after posting a gain of 1.7% in 2025.

Economic softness expected to continue into 2026
GDP, expenditure based, percent change



Sources: Statistics Canada. Table 36-10-0104-01 Gross domestic product, expenditure-based, Canada, quarterly; Deloitte. f = forecast

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Economic outlook

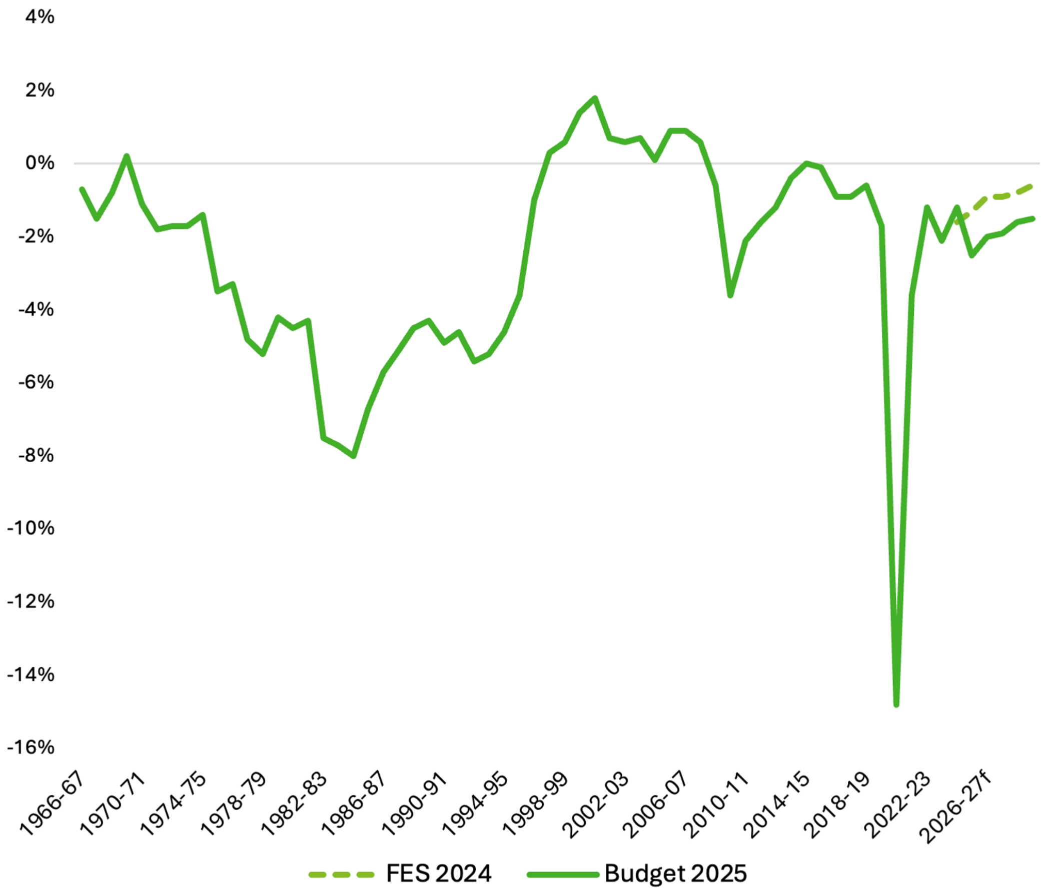
Monetary and fiscal policy

As Canada's economy emerged from the pandemic, fiscal and monetary policy moved in opposite directions. The Bank of Canada focused on cooling growth to contain inflation, while the federal government continued supporting households after the sharp downturn in 2020. Looking ahead, we expect the federal government to maintain spending to bolster the economy, while the Bank of Canada largely stays on the sidelines, monitoring inflation.

Although federal debt will rise and investment spending will increase, inflation risks appear lower than in the post-pandemic period because of the nature of this spending. During and after the pandemic, fiscal policy relied heavily on household transfers and public sector expansion to stimulate growth. Today, the emphasis is on investment – both direct and through crowding in private capital. This distinction matters: investment raises potential output, enabling faster growth without fueling inflation. In the near term, government spending should provide modest support, but the real test will be whether it succeeds in unlocking private-sector investment. This increase in fiscal support will be partly funded by increased deficits which are now tracking to be a larger share of the economy compared to the last Fall Economic Statement (FES).

On the monetary policy front, the Bank of Canada seems to have completed its easing cycle. The overnight rate sits at the lower end of the neutral range – neither stimulative nor restrictive –and inflation is within target, though core inflation remains near the upper bound. With slow growth expected, the likelihood of an inflation surge requiring rate hikes is low.

The federal government is planning for larger deficits for the next few years
(budgetary surplus or deficit (-), as a share of GDP)



Data source: Department of Finance. Fiscal Reference Tables 2024; Budget 2025.

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Economic outlook

Labour markets and household spending

Employment declined in Q3 2025, led by losses in information, culture and recreation; business and support services; public administration; and construction. However, job growth resumed in October and November, and we expect employment to rise in the final quarter of 2025, offsetting earlier losses. Looking at the first half of this year, employment growth is likely to slow as both goods-producing and services-producing industries face weaker demand. Recent SEPH data highlighted tariff-related declines in manufacturing, and recent announcements point to more job losses ahead for the sector.[1]

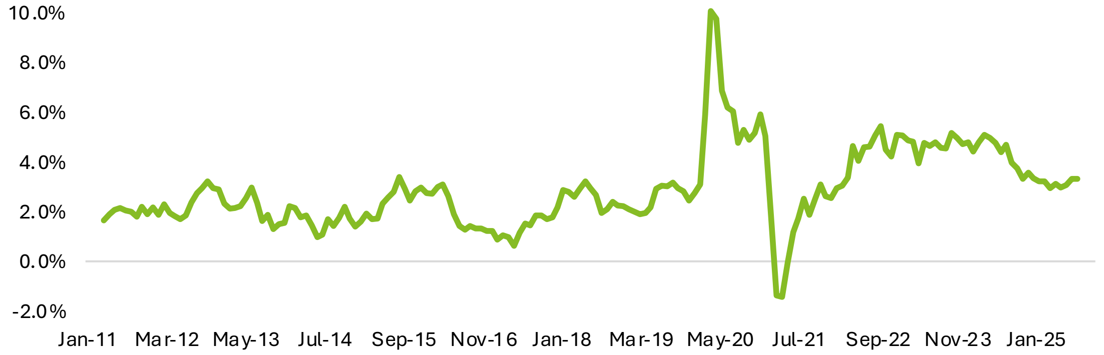
Despite subdued hiring intentions, the unemployment rate is expected to continue falling after climbing to 7.1% in August/September 2025. Labour supply growth will remain severely constrained by reduced non-permanent resident numbers and lower permanent resident admission targets. With labour supply expanding more slowly than demand, the unemployment rate should drift downward. Soft labour market conditions will keep wage growth from accelerating this year.

Consumer spending surprised on the upside last year, rising 2.1% in 2025 despite weak labour market conditions. However, much of this strength was front-loaded, with real spending contracting in Q3, a rare occurrence outside of a recession. Looking forward, several headwinds will weigh on household spending. Growth depends on two factors: per-person spending and population growth. Immigration changes are expected to result in slightly negative population growth this year, reducing overall demand. Per capita spending will also be weak, pressured by soft labour markets, low confidence, and mortgage renewals at higher interest rates.

One bright spot is housing. Federal and provincial initiatives to accelerate homebuilding should lift housing starts compared to last year. After several years of sluggish growth, the resale market is also expected to gain momentum now that the Bank of Canada's easing cycle has ended.

Wage growth has slowed alongside softening labour markets

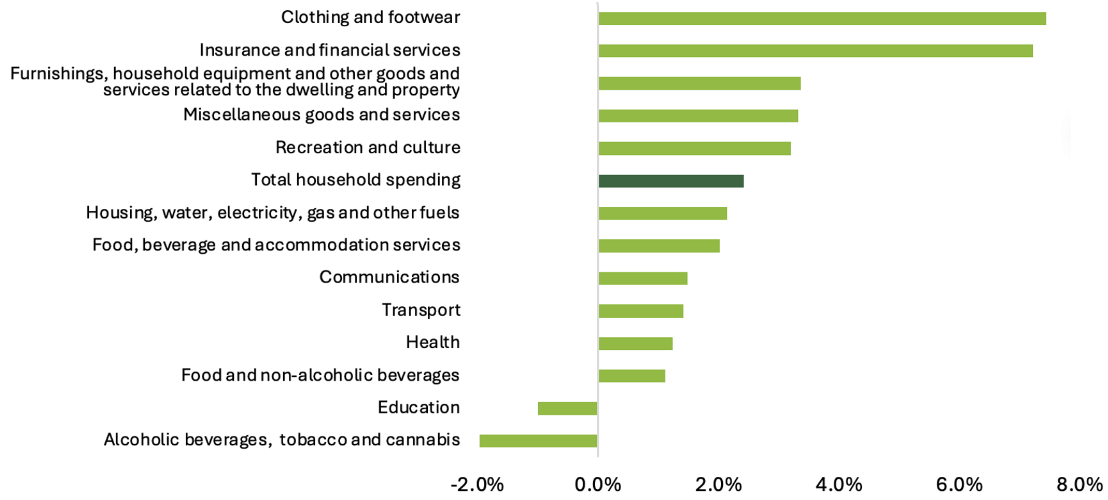
Year-over-year growth in average hourly wages



Source: Statistics Canada. Table 14-10-0320-01 Average usual hours and wages by selected characteristics, monthly, unadjusted for seasonality, last 5 months (x 1,000)

Consumers are spending more on clothing and footwear, furnishings, and recreation

Year-to-date growth through Q3, based on real 2017$



Source: Statistics Canada. Table 36-10-0107-01 Household final consumption expenditure, quarterly, Canada (x 1,000,000)

1. CBC News, "Northern Ontario steel mill issues layoff notices to 1,000 workers", December 1, 2025.

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Economic outlook

Business investment and trade

Canada's trade sector remains under pressure following an unprecedented 25.1% decline in exports in Q2. While Q3 brought a modest 0.7% increase, the recovery has been uneven. Sectors directly targeted by US trade policy, such as steel, aluminum, and autos, continue to struggle. In contrast, industries benefiting from CUSMA carve-outs have gained a competitive edge in the US market, outperforming exporters from countries without similar trade advantages. On the import side, activity is expected to remain subdued as new federal measures tighten access to foreign steel, steel-derivative products and lumber, redirecting demand toward domestic production.[1] This weakness is compounded by muted domestic demand, further weighing on overall trade flows.

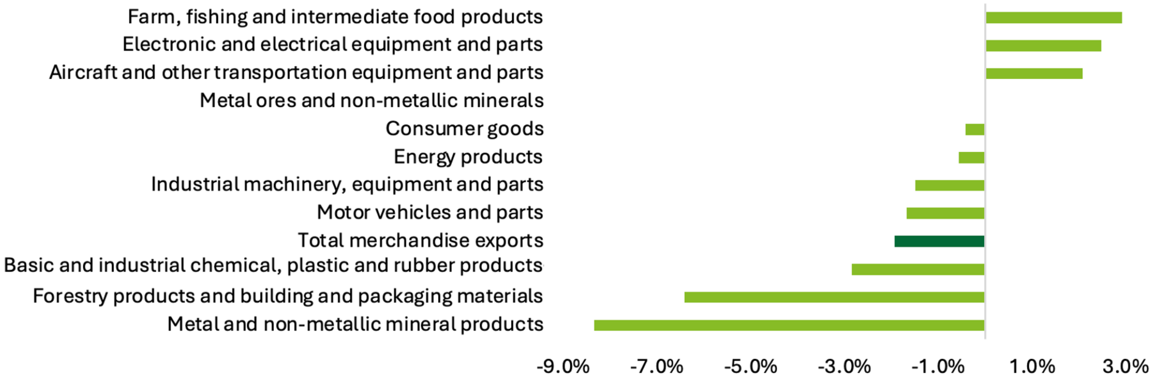
However, turning these advantages into long-term growth requires business confidence that CUSMA provisions will endure. Unfortunately, uncertainty will persist through 2026 as the US administration reviews its participation in the agreement. Greater clarity is expected after the July review, which could mark a turning point for investment decisions. Coupled with strong signals from the federal government to support private-sector investment, particularly in infrastructure and natural resources, the stage is set for a potential rebound in business investment later this year. The Major Projects Office has already announced two tranches of projects, a positive step, though the real test will be advancing these initiatives to final investment decisions.

Energy infrastructure projects highlight the scale of potential investment. By late 2026 or early 2027, Trans Mountain could boost throughput by 5-10% using drag-reducing agents at minimal cost, followed by a multi-billion-dollar upgrade to pumping stations that could add 200,000-300,000 barrels per day – an increase of 20-30% over current capacity. Similarly, Enbridge has approved expansions to two pipelines, adding 250,000 barrels per day by 2027, with a possible second phase doubling that by 2028. Further, the removal of the oil and gas emissions cap will also help the oil and gas sector feel confident in investments to increase production.

1. Government of Canada, "Prime Minister announces new measures to protect and transform Canada's steel and lumber industries", November 26, 2025.

Exports of Metal and forestry products have been hit hardest by tariffs

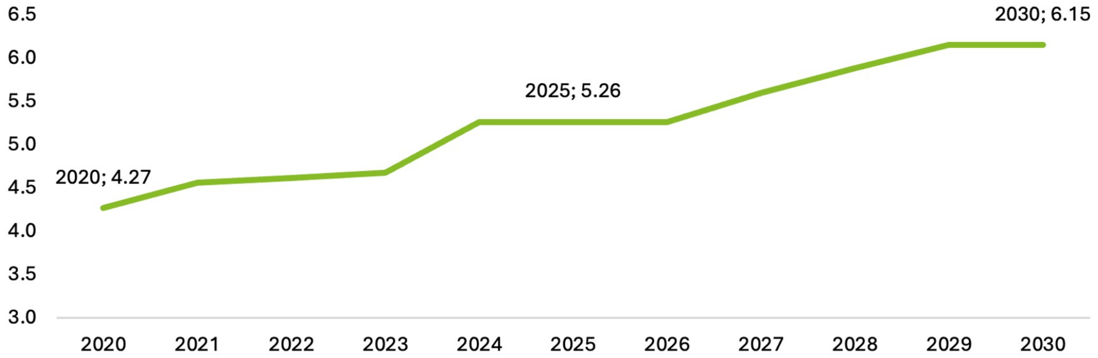
Year-to-date growth in export through Q3, based on real 2017$



Source: Statistics Canada. Table 12-10-0167-01 International merchandise trade by commodity, chained 2017 dollars, quarterly (x 1,000,000)

Pipeline export capacity could grow by 44% between 2020 and 2030

Total Canadian pipeline export capacity, MMb/d



Source: Canada Energy Regulator. "Market Snapshot: Canada's Oil Pipeline Capacity – 2024." *Canada Energy Regulator*, May 8, 2024. and Kyle Bakx. "How 4 different expansions are planned for Canada's largest oil export pipeline system." *CBC News*, November 15, 2025

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Economic outlook

Provincial outlook

- **Newfoundland and Labrador's** GDP growth is projected to ease to 2.0% in 2026 as trade uncertainty, weaker housing starts, and lower oil prices weigh on momentum. Oil and mining continue to drive growth, while limited export reliance and a shift toward European markets should soften tariff impacts. On the upside, new projects such as the West White Rose offshore development are expected to ramp up production by mid-2026, creating permanent jobs and contributing positively to GDP.[1]

- **Prince Edward Island's** economic growth is expected to slow to 1.5% in 2026. The deceleration reflects weaker population gains, softer consumer spending, and trade uncertainty. Despite these headwinds, several factors continue to support growth. Construction remains a major contributor, supported by strong residential investment and large-scale projects such as Charlottetown's waste processing plant, which is set to create jobs in targeted sectors.[2]

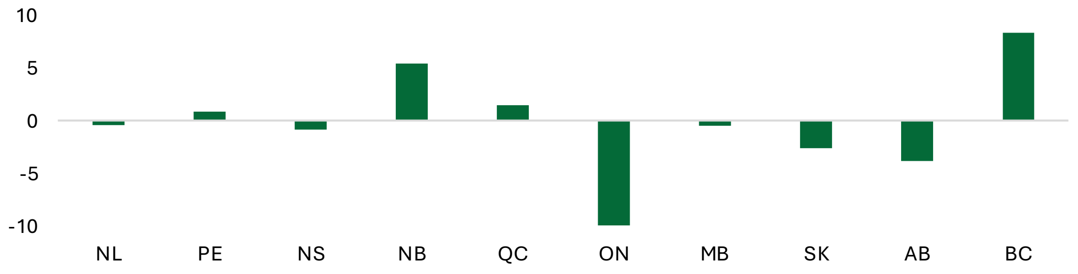
- **Nova Scotia's** growth is expected to slow to 1.6% in 2026 due to tariffs and slower population growth. Keeping gains positive is the strong housing market and the federal $80 million relief fund for businesses impacted by tariffs in Atlantic Canada.[3] However, last fall, Nova Scotia projected a record $1.2 billion budget deficit and consequently directed government departments to fill only one position for every two vacant FTEs, restricting growth in 2026.[4] Longer term, major construction projects, such as the $4-$6 billion Nova Sustainable Fuels methanol and SAF project, are expected to help boost growth.[5]

- Economic activity in **New Brunswick** is projected to slow, largely reflecting reduced temporary foreign workers and most notably, 45% US tariffs on softwood lumber, which ultimately prompted a mill in Maine to halt its purchases of timber from New Brunswick.[6] On a positive note, the Sisson Mine was added to the list of major nation-building projects as it could produce important critical minerals such as tungsten and molybdenum.[7] Nevertheless, economic growth is expected to remain below the national average, growing 1.1% in 2025 and 1.4% in 2026.

1. Cenovus, "Cenovus announces 2026 capital budget and corporate guidance", December 11, 2025.
2. Enwave, "Enwave Breaks Ground on New Energy-from-Waste District Energy Heating Facility in Prince Edward Island, A Localized Solution for Waste Diversion in the Province", September 10, 2025.
3. Radio Canada International, "Carney announces $80M tariff-relief fund for Atlantic Canadian businesses", September 8, 2025.
4. Michael Gorman, "New N.S. government hiring directive says only 1 of every 2 vacancies can be filled", CBC News, November 10, 2025.
5. Taryn Grant, "Public comment opens for renewable energy megaproject on Eastern Shore", CBC News, October 29, 2025.
6. Aidan Cox, "Shockwaves felt in N.B. forestry sector as Maine mill halts Canadian imports | CBC News" CBC News, November 26. 2025.

Manufacturing employment change, by province

January to November 2025 vs. January to November 2024, thousands



Source: Statistics Canada. Table 14-10-0355-01 Employment by industry, monthly, seasonally adjusted and unadjusted, and trend-cycle, last 5 months

- GDP growth is expected to slow to 1.0% in 2025 in **Quebec**. US tariffs on aluminum pose a major threat to economic performance. To help counteract the impacts of tariffs, the province has committed $400.6 million for industries hit by US tariffs.[8] Major projects, such as Montreal's $7.58 billion blue metro line expansion, and the $2.80 billion in repairs to the Louis-Hippolyte-La Fontaine tunnel, should keep growth positive in the long-term.[9] Quebec has also tabled Bill 5 to help expedite permitting for future major projects.[10] However, Quebec's population is projected to decline in 2027 and 2028, limiting long-term growth.

- **Ontario's** outlook remains subdued, with the province expected to perform the weakest in 2025 and 2026. Recent US tariffs are expected to hit Ontario hardest due to its reliance on exports of iron, steel, and motor vehicles to the US. These pressures are particularly acute in the manufacturing sector. Moreover, the province is also facing challenges from a sluggish housing market. In 2025, housing starts dropped 18.4%, the sharpest decline nationwide. Further compounding the outlook, Algoma Steel's announcement of 1,000 layoffs effective March 2026 highlights ongoing provincial struggles.[11] Overall, Ontario's GDP is projected to grow by 1.2% in 2026, after a weak 0.9% in 2025.

7. Joseph Quesnel, "Sisson mine offers equity to First Nations amid delays - Canadian Mining Journal", Canadian Mining Journal, December 1, 2025.
8. Government of Quebec, "Update on Québec's Economic and Financial Situation – Fall 2025", November 2025.
9. Government of Quebec, "Tableau de bord des projets d'infrastructures", 2025.
10. Thomas Laberge, "Quebec tables bill to speed up permits for major projects", CBC News, December 9, 2025.
11. CBC News, "Northern Ontario steel mill issues layoff notices to 1,000 workers", December 1, 2025.

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Economic outlook

Provincial outlook

- **Manitoba's** GDP is forecast to have grown 1.1% in 2025. Inflationary pressures remain elevated, with CPI rising 3% in October. While household spending held up last year, a rising unemployment rate is likely to weigh on spending this year. In addition to the tariffs from the US, the province's agricultural sector faces significant risks from China's duties on canola. In fact, canola exports from Manitoba to China totaled $650 million in 2024. The ripple effects of trade uncertainty are also being felt across Manitoba's broader economy. The trucking industry, for example, is experiencing slower hiring and reduced driver training as export activity weakens.[1] Looking ahead, GDP is projected to reach 1.4% in 2026, supported by major public infrastructure investments and new measures to boost interprovincial trade.
- The labour market remains robust in **Saskatchewan** with year-to-date employment growth of 2.5%, well above the national average. Construction activity has also been a major contributor, as housing starts surged 50.8% in the first ten months of 2025, leading all provinces. Trade uncertainty remains critical, with Saskatchewan accounting for nearly 54% of Canadian canola exports in 2024. While Chinese tariffs pose headwinds, the reopening of Pakistan's market after a three-year ban provides some upside for canola exporters.[2] Mining continues to underpin growth, with over $7 billion in investment estimated in 2025.[3] BHP's Jansen potash project will further boost output, supporting Saskatchewan's projected 2.1% growth this year.
- **Alberta's** GDP growth is projected to slow slightly to 2.1% in 2026 as trade uncertainty, weaker consumer spending, and lower oil prices weigh on momentum. Economic uncertainty continues to delay business investment in major projects like Dow's Path2Zero petrochemical facility.[4] Despite these headwinds, TMX's available capacity and export diversification support growth, with non-US destinations now accounting for 48% of TMX flows.[5] Job growth accelerated in November 2025, lowering unemployment to 6.5%. Expanding activity in construction, service industries, and renewable energy adds further support to the Alberta economy.

Real GDP at basic prices by province

	2024	2025f	2026f
Newfoundland and Labrador	2.6%	2.3%	2.0%
Prince Edward Island	3.9%	1.7%	1.5%
Nova Scotia	3.0%	1.7%	1.6%
New Brunswick	2.6%	1.1%	1.4%
Quebec	1.7%	1.0%	1.3%
Ontario	1.7%	0.9%	1.2%
Manitoba	1.5%	1.1%	1.4%
Saskatchewan	3.1%	2.1%	2.1%
Alberta	3.0%	2.2%	2.1%
British Columbia	1.2%	1.4%	1.6%

Source: Statistics Canada. Table 36-10-0711-01 Gross domestic product (GDP) at basic prices, by industry, provinces and territories (x 1,000,000); Deloitte. f = forecast

- Economic growth in **BC** is expected to remain weak this year relative to the prairie provinces as positive momentum on the major project front is offset by weakness in the forestry sector. The province will struggle to withstand 45% tariffs on such an important sector. For instance, in September, Interfor announced a reduction in operations across North America, however in October, decided to indefinitely halt operations in Grand Forks, BC.[6] Overall, as the province works towards securing more federal support for the forestry industry, we expect economic growth of 1.6% in 2026. Helping to support gains going forward will be two more projects added to the federal fast-track project list, including the North Coast Transmission Line and the Ksi Lisims LNG project.[7]

1. Christopher Gareau, "Tariffs putting brakes on Manitoba trucking hires", CBC News, December 10, 2025.
2. Sean Pratt, "Pakistan reopens its doors to Canadian canola", SaskToday, November 10, 2025.
3. Government of Saskatchewan, "Saskatchewan Poised to Make Canada an Energy and Mining Superpower", July 16, 2025.
4. Government of Alberta, "Dow Fort Saskatchewan Path2Zero expansion".
5. Government of Canada, "The Trans Mountain pipeline is delivering", August 26, 2025.
6. Courtney Dickson, "B.C. premier demands federal support for forestry workers amid new U.S. tariffs on lumber, some wood products | CBC News", CBC News, October 14, 2025.
7. The Canadian Press, "Major projects list: B.C. power line and Ksi Lisims LNG added", CTV News, November 13, 2025.

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Economic outlook

Risks and key takeaways

This year is shaping up to be another marked by resilience, as a range of factors converge to reshape the Canadian economy. As the new year unfolds, we are closely monitoring the following key developments and their potential impact.

Slowing population growth. For the past four years, Canada's economy has benefited from strong population growth – a tailwind that is now expected to reverse in the coming years.

Tariff policy. The United States remains Canada's most important trading partner, with nearly free trade since 1989. Today, however, Canada faces a trade war with the US, limiting market access for key products and creating significant uncertainty for firms whose business models rely on tariff-free access to the US market.

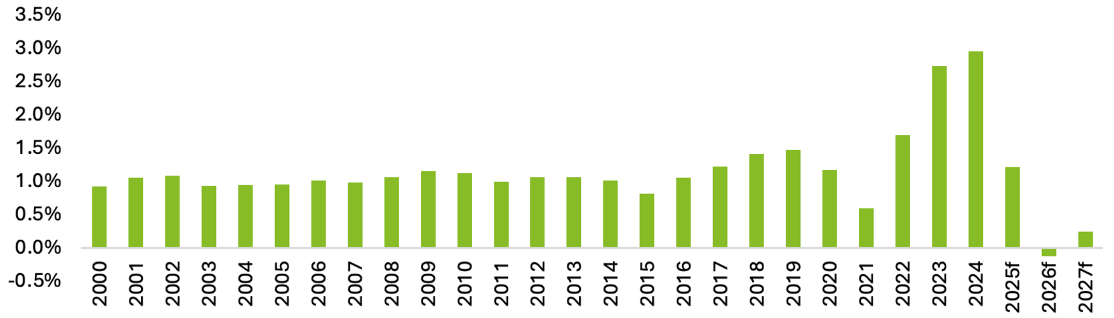
Buy Canadian. Earlier this year, households embraced the "Buy Canadian" mantra, shifting spending toward domestic goods and services such as locally grown food and Canadian vacations. Now, the federal government is joining in with new measures, including a Buy Canadian Policy that prioritizes Canadian materials in federal contracts valued at over $25 million.[1]

Trade diversification. The government is actively pursuing new markets for Canadian products, with trade negotiations underway with the United Arab Emirates (UAE), the Philippines, and Thailand. Canada has also agreed with India to launch comprehensive free trade talks and secured a commitment from the UAE to invest $70 billion in Canada.[2]

Productivity. Over the past year, it has become increasingly clear that Canada must take bold steps to improve productivity. From accelerated depreciation and AI adoption to expanding market opportunities, a range of promising measures are on the table. This could be the year Canada turns the corner and positions itself for strong, sustainable economic growth.

Canada's population growth set to slow dramatically

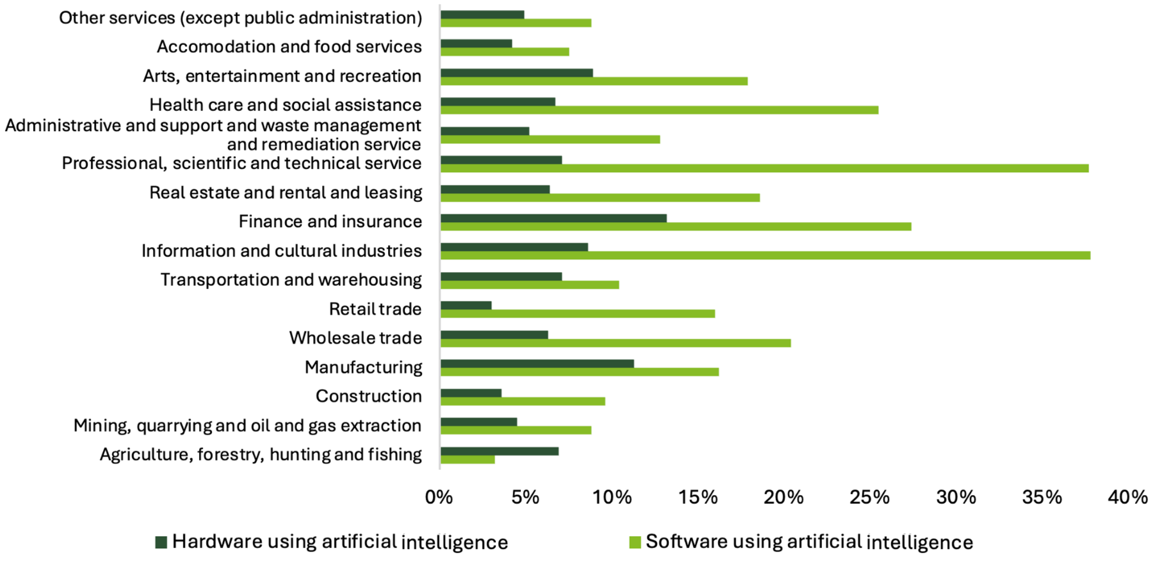
Per cent change



Source: Statistics Canada. Table 17-10-0009-01 Population estimates, quarterly; forecast by Deloitte.

There is room to grow AI adoption and investment across Canadian firms

Share of businesses with plans to adopt or incorporate AI over the next 12 months



Canadian Survey on Business Conditions, second quarter of 2025 (Table 33-10-1000-01)

1. Government of Canada. "Prime Minister Carney Announces New Measures to Protect and Transform Canada's Economy." Last modified November 26, 2025.
2. Ibid.

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Forecast tables

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GDP by expenditure

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	2025Q4f	2026Q1f	2026Q2f	2026Q3f	2026Q4f	2024	2025f	2026f
Canadian GDP	2.9	3.3	3.3	2.8	2.2	-1.8	2.6	0.9	1.4	1.9	2.5	2.1	2.0	1.7	1.5
Household consumption	2.0	1.5	4.7	2.6	0.8	4.2	-0.4	0.8	1.2	1.4	2.2	2.2	2.2	2.1	1.3
Non-profit consumption	0.2	0.6	1.8	2.1	1.6	1.2	2.4	0.8	0.9	0.9	1.0	1.0	2.3	1.6	1.1
Government consumption	6.3	4.6	5.1	2.4	0.5	4.8	-1.7	0.6	0.9	1.0	1.0	1.1	3.8	2.2	0.8
Total investment	1.4	5.4	-2.3	10.2	-5.1	0.9	2.3	-0.1	1.9	3.2	3.7	3.6	0.7	1.0	2.1
Government investment	10.7	5.3	2.2	8.0	-4.8	6.2	12.2	2.9	4.0	5.1	4.8	4.0	6.1	3.6	5.2
Business investment	-0.5	5.3	-3.4	10.7	-5.0	-0.3	0.2	-0.8	1.4	2.8	3.4	3.5	-0.5	0.4	1.4
Residential investment	-5.3	-4.3	7.6	14.9	-11.6	4.4	6.7	1.3	2.7	5.2	5.4	5.1	-0.2	1.9	4.0
• Residential - renovations	-18.8	-9.7	5.5	8.5	2.6	-3.1	5.0	2.0	2.6	4.0	4.6	4.1	-5.3	2.4	3.0
• Residential - ownership transfer costs	26.9	-1.5	26.6	51.2	-50.7	4.4	41.6	1.7	3.1	8.4	8.6	8.4	5.1	-1.9	9.0
• Residential - new housing	-5.3	-1.5	2.2	6.1	1.3	10.1	-3.1	0.6	2.7	4.8	4.8	4.4	1.5	3.1	2.8
Non-residential investment	3.0	12.6	-10.2	7.9	-0.3	-3.1	-4.0	-2.1	0.6	1.3	2.2	2.5	-0.7	-0.5	-0.3
• Engineering structures	2.1	13.8	-4.9	1.2	-3.5	16.0	1.0	-1.2	1.6	1.9	3.0	3.0	-3.0	2.4	2.1
• Non-residential buildings	2.4	-0.3	5.2	7.7	-3.0	-13.1	-6.0	-2.0	-0.5	0.2	0.8	0.9	1.7	-2.2	-2.0
• Machinery and equipment	2.1	24.2	-29.9	23.2	3.0	-19.1	-10.5	-3.2	0.2	1.3	2.2	3.1	-1.0	-3.9	-2.6
• Intellectual property	5.7	3.5	4.4	0.5	1.9	-1.7	-2.4	-2.1	0.3	0.9	1.8	1.9	2.2	0.6	-0.2
Total exports	-2.2	-1.0	-0.6	9.3	2.8	-25.1	0.7	6.6	2.9	3.1	3.0	2.9	0.9	-2.6	1.3
• Exports - goods	-2.4	-0.2	-0.6	10.1	6.2	-30.7	0.7	8.3	3.2	3.2	3.1	3.0	0.3	-3.0	1.2
• Exports - services	-1.3	-3.7	-0.8	6.4	-8.1	-3.1	0.8	1.5	2.0	2.9	2.5	2.9	3.0	-1.7	1.7
Imports	-2.3	2.1	-2.3	0.4	2.9	-0.4	-8.6	1.2	1.6	1.7	1.6	2.2	0.7	-0.5	0.1
• Imports - goods	-1.8	5.9	-4.5	2.9	6.3	-4.1	-10.6	0.6	1.1	1.5	1.7	2.1	0.1	-0.3	-0.7
• Imports - services	-3.8	-10.1	5.3	-7.4	-8.3	13.6	-1.8	3.4	3.1	2.6	1.4	2.6	2.8	-1.2	2.8
Inventories	1,086	6,530	(3,392)	(23,840)	16,686	22,365	(3,951)	(5,997)	(1,619)	(980)	(366)	(1,686)	(4,377)	12,042	(3,840)
US GDP	0.8	3.6	3.3	1.9	-0.6	3.8	3.2	1.0	1.7	1.7	2.0	2.1	2.8	2.0	1.9

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 December 10, 2025.

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Key indicators

Key macroeconomic indicators

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	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	65.2	65.3	65.3	65.4	65.4		65.5	65.3	65.4
Change in employment (000s)	84.7	105.1	40.0	97.2	141.1	19.6	-6.0	88.3	36.3	33.6	53.8	52.2		381.9	294.1	169.6
Unemployment rate (%)	5.9	6.3	6.6	6.7	6.6	6.9	7.0	6.7	6.4	6.4	6.2	6.1		6.4	6.8	6.3
Household savings rate (%)	3.5	5.0	5.9	5.5	5.2	4.6	4.7	6.8	6.8	6.9	6.8	6.6		5.0	5.3	6.8
Housing starts (000s, SAAR)	249.0	245.1	238.4	244.7	231.1	276.6	274.4	265.1	267.6	274.1	280.6	286.1		244.3	261.8	277.1
Consumer price index (year-over-year %)	2.9	2.8	2.1	1.9	2.3	1.8	2.0	2.1	2.1	2.1	2.0	2.0		2.4	2.0	2.0

Key financial market indicators

	2024Q1	2024Q2	2024Q3	2024Q4	2025Q1	2025Q2	2025Q3	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	2.59	2.38	2.41	2.43	2.45	2.47		3.36	2.38	2.47
1 year t-bill	4.78	4.62	3.71	3.22	2.75	2.59	2.61	2.50	2.56	2.60	2.63	2.64		3.22	2.50	2.64
Government 2-year bond	4.11	4.21	3.23	3.11	2.68	2.58	2.64	2.42	2.33	2.42	2.57	2.67		3.11	2.42	2.67
Government 3-year bond	3.86	4.07	3.13	3.07	2.67	2.60	2.65	2.59	2.55	2.67	2.90	2.98		3.07	2.59	2.98
Government 5-year bond	3.51	3.71	2.95	3.06	2.78	2.81	2.91	2.68	2.58	2.73	2.92	3.02		3.06	2.68	3.02
Government 10-year bond	3.44	3.67	3.09	3.26	3.09	3.21	3.38	3.23	3.23	3.33	3.37	3.42		3.26	3.23	3.42
90-day 10-year spread	1.53	1.12	1.11	0.10	-0.30	-0.56	-0.79	-0.85	-0.82	-0.89	-0.92	-0.95		0.10	-0.85	-0.95
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	-0.76		-0.15	-0.80	-0.76
Exchange rate CAD/USD	0.741	0.731	0.733	0.715	0.697	0.723	0.726	0.728	0.732	0.735	0.741	0.743		0.730	0.718	0.738

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 December 10, 2025.

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