Canadian Economic Outlook for July 24, 2026

A Publication of BMO Capital Markets Economic Research • Douglas Porter, CFA, Chief Economist, BMO Financial Group

		2025 Q1	Q2	Q3	Q4	2026 Q1	Q2	Q3	Q4	2027 Q1	Q2	Q3	Q4	2024	2025	2026	2027
Production	**q/q % chng : a.r.**																
Real GDP (chain-weighted)		2.9	-1.0	1.9	-1.0	-0.1	2.3	1.3	2.2	2.0	2.2	2.1	2.1	2.0	1.9	0.7	2.0
Final Sales		0.5	-5.0	4.3	3.5	-3.6	2.3	0.7	1.7	2.0	2.2	2.1	2.1	2.3	1.8	0.5	1.9
Final Domestic Demand		0.2	3.6	-0.5	2.7	-0.4	0.9	0.7	1.9	2.3	2.2	2.1	2.1	2.2	2.2	0.9	1.9
Consumer Spending		1.2	4.4	-0.8	2.9	1.5	1.4	0.2	2.3	2.1	2.2	1.9	2.0	2.2	2.4	1.5	1.9
Durables		-4.6	1.4	-4.2	-2.5	-6.4	3.0	1.0	2.0	2.0	2.0	2.0	2.0	2.9	0.7	-1.8	1.9
Nondurables		2.3	2.5	-1.2	0.7	5.5	-1.0	-1.0	2.1	2.3	2.0	2.0	2.0	0.4	1.9	1.3	1.5
Services		1.1	6.2	-0.2	5.2	2.0	2.0	0.5	2.5	2.1	2.4	1.9	2.0	2.8	2.5	2.4	2.0
Government Spending		1.5	5.0	0.4	5.6	-2.4	2.2	1.4	1.6	2.8	2.4	2.4	2.4	4.2	3.2	1.5	2.2
Business Investment		0.2	-0.4	-5.9	2.3	-3.2	-4.1	1.0	1.6	2.7	2.2	2.2	2.2	-1.4	0.2	-1.7	1.7
Non-residential Construction		-3.2	10.2	-0.9	-1.1	-10.2	-3.0	1.0	2.0	2.5	2.0	2.0	2.0	-1.7	1.7	-2.7	1.7
Machinery and Equipment		6.0	-15.9	-14.2	8.7	10.2	-6.0	1.0	1.0	3.0	2.5	2.5	2.5	-1.0	-2.4	0.0	1.6
Residential Construction		-10.2	0.2	4.4	-9.4	-7.9	-1.0	0.0	1.0	1.5	1.5	1.5	1.5	-0.2	0.5	-3.4	1.1
Exports		4.5	-23.4	4.1	6.7	-0.5	5.2	1.9	2.2	2.0	2.0	2.0	2.0	0.9	-1.4	1.2	2.2
Imports		3.6	1.2	-10.9	2.0	12.0	1.0	1.8	2.8	2.8	2.0	2.0	2.0	0.7	-0.3	2.4	2.2
Inventory Change	2017$ blns : a.r.	1.8	26.9	13.7	-12.6	10.6	10.7	14.0	16.7	16.8	16.9	17.0	17.1	6.5	7.4	13.0	16.9
Contrib. to GDP Growth	ppts : a.r.	2.1	4.2	-2.3	-4.8	4.3	0.1	0.5	0.4	0.0	0.0	0.0	0.0	-0.2	0.1	0.1	0.1
Net Exports	2017$ blns : a.r.	-35.8	-88.0	-57.7	-49.7	-73.4	-66.0	-66.0	-67.5	-69.5	-69.8	-70.2	-70.5	-49.2	-57.8	-68.2	-70.0
Contrib. to GDP Growth	ppts : a.r.	0.3	-8.8	5.0	1.4	-3.8	1.3	0.1	-0.2	-0.2	0.0	0.0	0.0	0.1	-0.4	-0.4	0.0
Nominal GDP	$ blns : a.r.	3,224	3,211	3,261	3,285	3,322	3,408	3,418	3,441	3,466	3,500	3,533	3,566	3,109	3,245	3,397	3,516
Growth	q/q % chng : a.r.	6.1	-1.6	6.3	3.0	4.6	10.8	1.3	2.7	3.0	3.9	3.8	3.9	4.8	4.4	4.7	3.5
Real GDP	y/y % chng	3.1	2.0	1.7	0.7	-0.1	0.8	0.6	1.4	1.9	1.9	2.1	2.1				
Inflation	**q/q % chng : a.r.**																
GDP Price Index		3.2	-0.6	4.1	4.1	4.6	8.4	0.0	0.5	0.9	1.7	1.7	1.7	2.7	2.5	4.0	1.5
CPI All Items		2.9	0.8	2.3	3.0	2.5	4.0	2.4	2.4	1.6	1.9	2.0	2.1	2.4	2.1	2.7	2.1
Ex. Food and Energy		3.0	2.8	1.8	2.3	1.3	1.4	2.8	2.4	2.4	2.4	2.1	2.1	2.6	2.5	1.9	2.3
Food Prices		-1.3	10.9	4.3	4.5	2.8	3.0	2.4	2.0	2.1	2.1	1.8	2.1	2.7	3.2	3.7	2.1
Energy Prices		9.2	-37.2	4.3	5.8	14.3	57.2	0.3	4.1	-8.7	-3.7	2.2	2.0	-0.5	-5.6	11.4	0.9
Services		1.0	6.9	2.4	2.3	0.0	3.1	2.8	1.7	2.1	1.9	2.0	2.1	4.1	3.1	2.2	2.1
CPI All Items	y/y % chng	2.3	1.8	2.0	2.2	2.2	2.9	3.0	2.8	2.6	2.1	2.0	1.9				
CPIX8	y/y % chng	2.3	2.6	2.7	2.9	2.5	2.2	2.2	2.1	2.3	2.2	2.0	1.9	1.8	2.6	2.2	2.1
Core CPIs (Trim/Median avg.)	y/y % chng : avg.	2.8	3.0	3.1	2.8	2.3	2.0	2.2	2.2	2.2	2.2	2.1	1.9	2.9	2.9	2.2	2.1
Financial	**% : quarterly avg.**																
Overnight Rate		2.92	2.75	2.67	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	4.48	2.65	2.25	2.25
3-Month T-Bill		2.85	2.63	2.60	2.23	2.21	2.28	2.25	2.25	2.25	2.25	2.25	2.25	4.37	2.58	2.25	2.25
10-Year Bond Yield		3.12	3.21	3.38	3.23	3.38	3.48	3.55	3.50	3.50	3.50	3.45	3.50	3.34	3.23	3.50	3.50
10-Year BBB Corporate Spread	ppts	1.59	1.62	1.40	1.35	1.28	1.35	1.70	1.90	2.00	2.00	2.00	2.00	1.75	1.49	1.56	2.00
90-Day Canada/U.S. Spread	bps	-149	-173	-166	-164	-149	-145	-162	-162	-162	-162	-159	-120	-81	-163	-154	-151
10-Year Canada/U.S. Spread	bps	-134	-115	-88	-87	-82	-94	-101	-98	-92	-87	-82	-77	-87	-106	-94	-84
Foreign Trade	**$ blns : a.r.**																
Current Account Balance		-11.7	-87.2	-20.2	-4.0	-28.7	28.3	11.6	-3.3	-14.5	-17.6	-20.6	-23.4	-15.0	-30.8	2.0	-19.0
Share of GDP		-0.4	-2.7	-0.6	-0.1	-0.9	0.8	0.3	-0.1	-0.4	-0.5	-0.6	-0.7	-0.5	-0.9	0.1	-0.5
Merchandise Balance		2.1	-73.3	-37.6	-17.6	-30.9	26.1	9.8	-4.6	-15.5	-17.7	-20.0	-22.4	-7.2	-31.6	0.1	-18.9
Non-Merchandise Balance		-13.8	-13.9	17.4	13.6	2.1	2.2	1.8	1.3	1.0	0.2	-0.5	-1.1	-7.8	0.8	1.8	-0.1
US$	US¢/C$: qtr. avg.	69.7	72.3	72.6	71.7	72.9	72.3	70.6	71.2	72.0	72.9	73.9	74.9	73.0	71.6	71.8	73.4
	C$/US$: qtr. avg.	1.435	1.384	1.377	1.395	1.371	1.383	1.416	1.404	1.388	1.371	1.353	1.336	1.370	1.398	1.394	1.362
Yen	¥/C$: qtr. avg.	106.2	104.4	107.1	110.5	114.4	115.2	113.6	112.0	111.9	112.6	113.3	114.0	110.6	107.1	113.8	113.0
Euro	C$/€ : qtr. avg.	1.51	1.57	1.61	1.62	1.61	1.61	1.62	1.61	1.60	1.59	1.58	1.57	1.48	1.58	1.61	1.59
Corp. Profits Before Tax	y/y % chng	7.7	-4.0	25.8	7.0	25.1	38.3	12.4	8.4	0.6	-1.0	1.4	3.0	-15.6	8.8	20.0	1.0
Corp. Profits After Tax	y/y % chng	0.9	-0.3	11.2	8.0	15.2	20.5	5.7	-3.3	0.6	-1.0	1.4	3.0	-0.9	5.1	8.8	1.0
Personal Income	y/y % chng	6.3	4.1	2.9	2.7	2.5	4.0	3.7	4.1	4.6	3.8	4.5	4.4	7.7	4.0	3.6	4.3
Real Disposable Income	y/y % chng	4.3	2.4	0.1	-0.5	-0.5	0.7	0.8	1.6	2.0	1.6	2.3	2.2	4.8	1.5	0.7	2.0
Savings Rate	% : quarterly avg.	5.3	4.3	4.4	3.7	3.5	4.1	4.1	4.0	4.1	4.1	4.2	4.2	5.0	4.4	3.9	4.2
Other Indicators	**quarterly avg.**																
Unemployment Rate	percent	6.7	6.9	7.0	6.7	6.6	6.7	6.7	6.6	6.5	6.3	6.2	6.2	6.4	6.8	6.7	6.3
Housing Starts	000s : a.r.	224	282	273	255	242	255	247	237	230	230	230	230	245	258	245	230
Existing Home Sales	y/y % chng	-4.0	-1.4	3.8	-7.6	-7.9	-2.3	-5.1	-2.6	7.7	3.4	1.4	1.6	7.6	-2.4	-4.5	3.5
MLS Home Price Index	y/y % chng	-1.2	-2.7	-3.3	-3.8	-4.8	-3.8	-3.1	-2.3	-0.2	1.7	2.8	3.8	-1.9	-2.7	-3.5	2.0
Motor Vehicle Sales	mlns : a.r.	1.97	1.99	1.95	1.90	1.89	1.95	1.97	1.98	2.01	2.05	2.06	2.06	1.93	1.95	1.95	2.05
Employment Growth	q/q % chng : a.r.	2.3	0.3	0.0	2.4	-1.0	0.5	0.9	0.8	0.5	0.7	0.7	0.6	1.9	1.4	0.5	0.7
Industrial Production	q/q % chng : a.r.	6.1	-7.4	4.0	-2.8	0.8	5.4	1.9	2.0	1.8	1.5	1.6	1.6	0.6	1.0	1.0	2.0
Federal Budget Balance	% of FY GDP													-1.2	-2.1	-2.0	-1.9

Bolded values represent forecasts

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