

Canadian Economic Outlook for Jan. 23, 2026

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

	q/q % chng : a.r.	2024				2025				2026				2024				2025				2026			
		Q1	Q2	Q3	Q4																				
Production																									
Real GDP (chain-weighted)		2.9	3.3	3.3	2.8	2.2	-1.8	2.6	0.5	1.6	1.8	1.9	2.1	2.0	1.7	1.4	1.2	2.3	1.2	1.4	2.1	2.2	2.1	2.1	
Final Sales		2.8	2.1	3.9	7.0	-0.7	-5.3	3.1	2.2	1.2	1.4	1.8	2.1	2.2	1.1	1.2	1.3	1.9	2.2	1.9	1.3	2.1	2.1	2.1	
Final Domestic Demand		2.7	3.0	3.1	4.2	-0.6	3.5	-0.1	0.2	1.5	1.7	1.7	1.9	2.2	2.0	1.9	1.7	2.1	2.2	2.1	1.3	2.2	2.1	2.1	
Consumer Spending		2.0	1.5	4.7	2.6	0.8	4.2	-0.4	0.3	1.5	1.9	1.7	2.3	2.2	2.0	1.1	0.3	0.3	1.9	1.1	0.6	2.0	1.9	2.0	
Durables		-2.3	-4.6	8.6	8.7	-4.9	4.2	-4.6	-1.5	1.5	1.4	1.3	2.0	2.9	1.1	0.3	0.3	1.9	1.1	0.6	2.0	1.9	2.0	2.2	
Nondurables		-1.8	2.5	3.0	2.5	3.2	0.3	-1.9	-0.5	1.5	1.5	1.3	2.1	0.4	1.6	0.6	2.0	2.8	2.0	1.9	2.3	2.3	2.3	2.3	
Services		4.5	2.0	4.6	0.4	-0.1	5.8	0.7	1.5	1.5	2.2	2.1	2.5	2.8	2.0	1.9	2.0	1.9	2.0	1.9	2.3	2.3	2.3	2.3	
Government Spending		6.9	4.7	4.7	3.2	-0.3	5.0	0.3	2.4	2.6	2.0	1.6	1.6	4.2	2.5	2.1	2.2	-1.4	-1.0	-1.5	2.0	2.0	2.0	2.0	
Business Investment		2.2	14.9	-13.6	10.1	-1.0	-3.8	-4.5	-4.0	-1.1	0.3	1.6	1.6	-1.4	-1.0	-1.5	2.0	-1.7	0.9	0.4	2.1	2.1	2.1	2.1	
Non-residential Construction		2.2	9.5	-2.1	3.1	-3.3	6.6	-1.0	-2.5	0.0	1.0	2.0	2.0	-1.7	-1.0	-1.0	1.0	-1.0	-4.0	-4.4	1.9	1.9	1.9	1.9	
Machinery and Equipment		2.1	24.2	-29.9	23.2	3.0	-19.1	-10.5	-5.0	-3.0	-1.0	1.0	1.0	-0.2	-0.2	-0.2	1.0	-0.2	1.7	1.3	1.3	1.3	1.3	1.3	
Residential Construction		-5.3	-4.3	7.6	14.9	-11.6	4.4	6.7	-2.0	1.0	1.0	1.0	1.0	-0.2	-0.2	-0.2	1.0	-0.2	1.7	1.3	1.3	1.3	1.3	1.3	
Exports		-2.2	-1.0	-0.6	9.3	2.8	-25.1	0.7	8.7	2.4	2.4	2.4	2.4	0.9	-2.5	1.3	2.1	0.7	-0.3	1.5	2.1	2.1	2.1	2.1	
Imports		-2.3	2.1	-2.3	0.4	2.9	-0.4	-8.6	4.7	3.5	3.2	2.0	2.0	0.7	-0.3	-0.3	1.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	
Inventory Change	2017\$ blns : a.r.	9.3	15.8	12.4	-11.4	5.3	27.6	23.7	12.9	15.4	18.0	18.8	18.9	6.5	17.4	17.8	19.2	6.5	17.4	17.8	19.2	6.5	17.4	17.8	19.2
Contrib. to GDP Growth	ppts : a.r.	0.3	1.2	-0.4	-3.9	2.7	3.8	-0.6	-1.7	0.4	0.4	0.1	0.0	-0.2	0.5	0.0	0.0	-0.2	-0.7	-0.1	0.0	-0.2	0.0	0.0	0.0
Net Exports	2017\$ blns : a.r.	-50.5	-56.5	-52.9	-37.0	-37.5	-90.2	-70.9	-64.8	-67.5	-69.4	-69.0	-68.7	-49.2	-65.8	-68.6	-69.5	-49.2	-65.8	-68.6	-69.5	-49.2	-65.8	-68.6	-69.5
Contrib. to GDP Growth	ppts : a.r.	0.0	-1.0	0.6	2.8	0.0	-8.9	3.1	2.0	-0.4	-0.3	0.1	0.1	0.1	-0.7	-0.1	0.0	0.1	-0.7	-0.1	-0.1	0.0	-0.7	-0.1	0.0
Nominal GDP	\$ blns : a.r.	3,036	3,089	3,132	3,177	3,221	3,209	3,255	3,267	3,300	3,335	3,370	3,408	3,109	3,238	3,353	3,495	3,109	3,238	3,353	3,495	3,109	3,238	3,353	3,495
Growth	q/q % chng : a.r.	2.8	7.1	5.7	5.9	5.6	-1.5	5.9	1.4	4.0	4.3	4.3	4.5	4.8	4.2	3.5	4.2	4.8	4.2	3.5	4.2	4.2	4.2	4.2	
Real GDP	y/y % chng	1.0	1.7	2.4	3.1	2.9	1.6	1.4	0.8	0.7	1.6	1.4	1.8	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2
Inflation																									
GDP Price Index		0.0	3.6	2.6	2.9	3.5	0.3	3.1	1.0	2.5	2.5	2.4	2.4	2.7	2.4	2.1	2.5	2.2	2.6	2.5	2.2	2.0	2.0	2.0	
CPI All Items		1.7	2.2	1.9	1.8	3.1	0.6	2.4	3.0	2.9	2.7	2.4	2.2	2.4	2.1	2.5	2.2	2.6	2.5	2.3	2.2	2.2	2.2	2.2	
Ex. Food and Energy		2.0	2.5	2.0	2.1	3.3	2.9	1.8	2.3	2.3	2.4	2.3	2.4	2.6	2.5	2.3	2.3	2.6	3.2	4.6	2.3	2.2	2.2	2.2	
Food Prices		2.9	1.9	3.3	0.4	-1.0	10.9	4.5	4.5	5.1	4.4	2.9	2.1	2.7	3.2	4.6	2.3	2.7	3.2	4.6	2.3	2.3	2.3	2.3	
Energy Prices		-4.9	10.6	-14.0	5.5	10.4	-37.6	1.8	7.9	1.6	3.0	2.4	-0.1	-0.5	-5.6	-0.2	1.5	-0.5	-5.6	-0.2	1.5	1.5	1.5	1.5	
Services		2.3	6.5	4.1	1.3	1.0	6.9	2.4	2.3	1.9	2.2	2.4	2.5	4.1	3.1	2.5	2.2	2.5	4.1	3.1	2.5	2.2	2.2	2.2	
CPI All Items	y/y % chng	2.8	2.7	2.0	1.9	2.3	1.8	2.0	2.2	2.2	2.7	2.7	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	
CPIX8	y/y % chng	2.1	1.8	1.6	1.7	2.3	2.6	2.7	2.9	2.5	2.3	2.2	2.1	2.1	1.8	2.6	2.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Core CPIs (Trim/Median avg.)	y/y % chng : avg.	3.4	3.1	2.6	2.6	2.8	3.1	2.8	2.5	2.4	2.3	2.2	2.2	2.9	2.9	2.3	2.1	2.1	2.9	2.3	2.1	2.1	2.1	2.1	
Financial																									
Overnight Rate		5.00	4.92	4.42	3.58	2.92	2.75	2.67	2.25	2.25	2.25	2.25	2.25	4.48	2.65	2.25	2.25	2.27	4.48	2.65	2.25	2.25	2.27	2.27	2.27
3-Month T-Bill		4.94	4.81	4.27	3.46	2.85	2.63	2.60	2.23	2.20	2.20	2.20	2.20	4.37	2.58	2.20	2.20	2.20	4.37	2.58	2.20	2.20	2.20	2.20	2.20
10-Year Bond Yield		3.43	3.58	3.14	3.21	3.12	3.21	3.38	3.23	3.35	3.35	3.30	3.25	3.34	3.23	3.30	3.30	3.40	3.34	3.23	3.30	3.30	3.40	3.40	
10-Year BBB Corporate Spread	ppts	1.86	1.78	1.77	1.57	1.59	1.62	1.40	1.40	1.60	1.80	1.90	2.00	1.75	1.50	1.83	1.80	2.00	1.75	1.50	1.83	2.00	2.00	2.00	
90-Day Canada/U.S. Spread	bps	-52	-65	-95	-112	-149	-173	-166	-164	-144	-116	-87	-62	-81	-163	-102	-62	-81	-163	-102	-62	-62	-62	-62	
10-Year Canada/U.S. Spread	bps	-73	-87	-80	-107	-134	-115	-88	-87	-77	-75	-74	-74	-87	-106	-75	-74	-87	-106	-75	-74	-74	-74	-74	
Foreign Trade	\$ blns : a.r.																								
Current Account Balance		-23.4	-14.8	-18.5	-3.2	-12.2	-86.2	-38.7	-28.7	-28.5	-28.0	-24.6	-20.9	-15.0	-41.5	-25.5	-23.5	-15.0	-41.5	-25.5	-23.5	-23.5	-23.5	-23.5	
Share of GDP		-0.8	-0.5	-0.6	-0.1	-0.4	-2.7	-1.2	-0.9	-0.9	-0.8	-0.7	-0.6	-0.5	-1.3	-0.8	-0.7	-0.6	-0.5	-1.3	-0.8	-0.7	-0.7	-0.7	
Merchandise Balance		-4.6	-12.3	-13.9	2.1	2.5	-73.8	-44.4	-34.3	-35.8	-36.2	-33.7	-31.1	-7.2	-37.5	-34.2	-34.4	-7.2	-37.5	-34.2	-34.4	-34.4	-34.4	-34.4	
Non-Merchandise Balance		-18.8	-2.5	-4.6	-5.3	-14.7	-12.5	5.7	5.6	7.3	8.3	9.1	10.1	-7.8	-4.0	8.7	10.9	-7.8	-4.0	8.7	10.9	10.9	10.9	10.9	
US\$	US\$/C\$: qtr. avg.	74.2	73.1	73.3	71.5	69.7	72.3	72.6	71.7	72.9	73.5	74.2	74.8	73.0	71.6	73.8	76.0	73.0	71.6	73.8	76.0	73.0	71.6	73.8	76.0
	CS/US\$: qtr. avg.	1.349	1.368	1.364	1.399	1.435	1.384	1.377	1.395	1.372	1.360	1.348	1.337	1.370	1.398	1.354	1.315	1.370	1.398	1.354	1.315	1.370	1.398	1.354	1.315
Yen	¥/C\$: qtr. avg.	110.2	113.9	109.2	109.0	106.2	104.4	107.1	110.5	114.1	114.1	114.1	114.0	110.6	107.1	114.1	112.7	110.6	107.1	114.1	112.7	110.6	107.1	114.1	112.7
Euro	€/C\$: qtr. avg.	1.46	1.47	1.50	1.49	1.51	1.57	1.61	1.62	1.61	1.61	1.60	1.60	1.48	1.58	1.60	1.59	1.48	1.58	1.60	1.59	1.48	1.58	1.60	1.59
Corp. Profits Before Tax	y/y % chng	-29.2	-13.1	-24.3	9.9	12.4	-2.1	30.5	8.8	14.2	28.7	7.5	7.6	-15.6	11.9	13.7	6.0	-15.6	11.9	13.7	6.0	-15.6	11.9	13.7	6.0
Corp. Profits After Tax	y/y % chng	-1.5	-3.4	-7.1	8.5	3.3	0.3	10.3	-0.4	9.0															

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