Canadian Economic Outlook for Dec. 12, 2025

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

		2024 Q1	Q2	Q3	Q4	2025 Q1	Q2	Q3	Q4	2026 Q1	Q2	Q3	Q4	2024	2025	2026	2027
Production	**q/q % chng : a.r.**																
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	2.2
Final Sales		2.8	2.1	3.9	7.0	-0.7	-5.3	3.1	1.4	1.5	1.8	1.8	2.1	2.3	1.2	1.4	2.1
Final Domestic Demand		2.7	3.0	3.1	4.2	-0.6	3.5	-0.1	1.6	1.5	1.6	1.7	1.9	2.2	1.9	1.5	2.1
Consumer Spending		2.0	1.5	4.7	2.6	0.8	4.2	-0.4	1.9	1.5	1.9	1.7	2.3	2.2	2.2	1.7	2.2
Durables		-2.3	-4.6	8.6	8.7	-4.9	4.2	-4.6	2.0	1.5	1.4	1.3	2.0	2.9	1.3	1.0	1.9
Nondurables		-1.8	2.5	3.0	2.5	3.2	0.3	-1.9	1.5	1.5	1.5	1.3	2.1	0.4	1.7	1.0	2.0
Services		4.5	2.0	4.6	0.4	-0.1	5.8	0.7	2.2	1.5	2.2	2.1	2.5	2.8	2.0	2.1	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
Business Investment		2.2	14.9	-13.6	10.1	-1.0	-3.8	-4.5	-1.6	-1.1	0.3	1.6	1.6	-1.4	-0.8	-1.0	2.0
Non-residential Construction		2.2	9.5	-2.1	3.1	-3.3	6.6	-1.0	-1.0	0.0	1.0	2.0	2.0	-1.7	1.0	0.6	2.1
Machinery and Equipment		2.1	24.2	-29.9	23.2	3.0	-19.1	-10.5	-2.0	-3.0	-1.0	1.0	1.0	-1.0	-3.8	-3.8	1.9
Residential Construction		-5.3	-4.3	7.6	14.9	-11.6	4.4	6.7	1.0	1.0	1.0	1.0	1.0	-0.2	1.9	1.9	1.3
Exports		-2.2	-1.0	-0.6	9.3	2.8	-25.1	0.7	2.2	2.4	2.4	2.4	2.4	0.9	-2.9	0.1	2.1
Imports		-2.3	2.1	-2.3	0.4	2.9	-0.4	-8.6	2.8	2.4	2.0	2.0	2.0	0.7	-0.4	0.7	2.0
Inventory Change	2017$ blns : a.r.	9.3	15.8	12.4	-11.4	5.3	27.6	23.7	17.9	18.7	19.0	19.9	20.0	6.5	18.6	19.4	20.2
Contrib. to GDP Growth	ppts : a.r.	0.3	1.2	-0.4	-3.9	2.7	3.8	-0.6	-0.9	0.1	0.0	0.1	0.0	-0.2	0.5	0.0	0.0
Net Exports	2017$ blns : a.r.	-50.5	-56.5	-52.9	-37.0	-37.5	-90.2	-70.9	-72.5	-72.9	-72.6	-72.3	-72.0	-49.2	-67.8	-72.5	-72.9
Contrib. to GDP Growth	ppts : a.r.	0.0	-1.0	0.6	2.8	0.0	-8.9	3.1	-0.1	0.0	0.1	0.1	0.1	0.1	-0.8	-0.2	0.0
Nominal GDP	$ blns : a.r.	3,036	3,089	3,132	3,177	3,221	3,209	3,255	3,274	3,308	3,343	3,379	3,417	3,109	3,240	3,362	3,505
Growth	q/q % chng : a.r.	2.8	7.1	5.7	5.9	5.6	-1.5	5.9	2.3	4.2	4.4	4.3	4.5	4.8	4.2	3.8	4.3
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	1.5	1.9				
Inflation	**q/q % chng : a.r.**																
GDP Price Index		0.0	3.6	2.6	2.9	3.5	0.3	3.1	1.8	2.5	2.5	2.4	2.4	2.7	2.5	2.3	2.1
CPI All Items		1.7	2.2	1.9	1.8	3.1	0.6	2.4	2.5	2.7	2.8	2.6	2.2	2.4	2.1	2.5	2.2
Ex. Food and Energy		2.0	2.5	2.0	2.1	3.3	2.9	1.8	2.5	2.4	2.5	2.3	2.4	2.6	2.5	2.4	2.2
Food Prices		2.9	1.9	3.3	0.4	-1.0	10.9	4.5	2.7	5.3	6.4	4.8	2.1	2.7	3.1	5.0	2.6
Energy Prices		-4.7	8.0	-12.5	6.2	10.5	-39.3	3.9	4.9	0.1	-1.8	0.5	-0.1	-0.5	-5.8	-2.1	0.9
Services		2.3	6.5	4.1	1.3	1.0	6.9	2.4	3.0	1.5	2.2	2.4	2.5	4.1	3.2	2.5	2.2
CPI All Items	y/y % chng	2.8	2.7	2.0	1.9	2.3	1.8	2.0	2.1	2.0	2.6	2.7	2.6				
CPIX8	y/y % chng	2.1	1.8	1.6	1.7	2.3	2.6	2.7	3.0	2.6	2.3	2.1	1.9	1.8	2.6	2.2	2.0
Core CPIs (Trim/Median avg.)	y/y % chng : avg.	3.3	3.0	2.6	2.6	2.8	3.0	3.1	3.0	2.6	2.4	2.3	1.9	2.8	2.9	2.3	2.0
Financial	**% : quarterly avg.**																
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	2.40
3-Month T-Bill		4.94	4.81	4.27	3.46	2.85	2.63	2.60	2.25	2.20	2.20	2.20	2.20	4.37	2.60	2.20	2.30
10-Year Bond Yield		3.43	3.58	3.14	3.21	3.12	3.21	3.38	3.25	3.35	3.35	3.30	3.30	3.34	3.25	3.35	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	2.00
90-Day Canada/U.S. Spread	bps	-52	-65	-95	-112	-149	-173	-166	-163	-144	-116	-87	-63	-81	-163	-103	-64
10-Year Canada/U.S. Spread	bps	-73	-87	-80	-107	-134	-115	-88	-87	-73	-72	-71	-71	-87	-106	-72	-68
Foreign Trade	**$ blns : a.r.**																
Current Account Balance		-23.4	-14.8	-18.5	-3.2	-12.2	-86.2	-38.7	-36.9	-33.6	-30.2	-26.9	-23.3	-15.0	-43.5	-28.5	-26.0
Share of GDP		-0.8	-0.5	-0.6	-0.1	-0.4	-2.7	-1.2	-1.1	-1.0	-0.9	-0.8	-0.7	-0.5	-1.3	-0.8	-0.7
Merchandise Balance		-4.6	-12.3	-13.9	2.1	2.5	-73.8	-44.4	-44.4	-43.0	-40.6	-38.1	-35.6	-7.2	-40.0	-39.3	-39.0
Non-Merchandise Balance		-18.8	-2.5	-4.6	-5.3	-14.7	-12.5	5.7	7.5	9.4	10.4	11.2	12.3	-7.8	-3.5	10.8	13.0
US$	US¢/C$: qtr. avg.	74.2	73.1	73.3	71.5	69.7	72.3	72.6	71.5	72.4	73.2	74.0	74.8	73.0	71.5	73.6	76.0
	C$/US$: qtr. avg.	1.349	1.368	1.364	1.399	1.435	1.384	1.377	1.398	1.380	1.366	1.352	1.338	1.370	1.399	1.359	1.315
Yen	¥/C$: qtr. avg.	110.2	113.9	109.2	109.0	106.2	104.4	107.1	109.5	110.3	110.8	111.2	111.6	110.6	106.8	111.0	111.6
Euro	C$/€ : qtr. avg.	1.46	1.47	1.50	1.49	1.51	1.57	1.61	1.63	1.63	1.62	1.61	1.60	1.48	1.58	1.62	1.59
Corp. Profits Before Tax	y/y % chng	-29.2	-13.1	-24.3	9.9	12.4	-2.1	30.5	9.0	14.4	29.1	7.8	7.6	-15.6	12.0	14.0	6.0
Corp. Profits After Tax	y/y % chng	-1.5	-3.4	-7.1	8.5	3.3	0.3	10.3	-0.2	9.3	15.9	7.8	7.6	-0.9	3.3	10.0	6.0
Personal Income	y/y % chng	7.9	8.1	7.7	7.1	6.0	3.7	2.7	2.4	3.1	3.9	3.9	4.3	7.7	3.7	3.8	3.9
Real Disposable Income	y/y % chng	4.5	4.8	5.3	4.8	4.3	3.0	0.8	0.5	1.0	1.0	1.5	1.9	4.8	2.1	1.4	1.7
Savings Rate	% : quarterly avg.	3.5	5.0	5.9	5.5	5.2	4.6	4.7	4.5	4.7	4.8	4.8	4.8	5.0	4.7	4.8	4.5
Other Indicators	**quarterly avg.**																
Unemployment Rate	percent	5.9	6.3	6.5	6.7	6.6	6.9	7.0	6.7	6.8	6.7	6.6	6.5	6.4	6.8	6.6	6.5
Housing Starts	000s : a.r.	244	250	238	248	223	282	272	261	248	243	238	232	245	260	240	230
Existing Home Sales	y/y % chng	14.8	-3.3	1.0	21.1	-4.2	-1.5	4.2	-4.8	6.4	7.5	1.1	1.4	7.9	-1.7	4.0	2.0
MLS Home Price Index	y/y % chng	1.0	-3.9	-4.1	-1.0	-2.4	-3.6	-3.5	-3.1	-0.5	2.0	3.2	3.7	-2.0	-2.9	1.5	3.5
Motor Vehicle Sales	mlns : a.r.	1.94	1.86	1.90	2.00	1.95	2.00	1.96	1.91	1.93	1.99	2.02	2.03	1.93	1.95	2.00	2.10
Employment Growth	q/q % chng : a.r.	1.7	2.1	0.8	1.9	2.7	0.4	-0.1	2.3	0.2	1.4	1.9	1.2	1.9	1.5	1.1	1.4
Industrial Production	q/q % chng : a.r.	-3.0	4.3	0.5	1.9	4.5	-7.7	4.5	-0.3	1.9	2.8	2.9	2.0	0.6	0.8	1.5	1.8
Federal Budget Balance	% of FY GDP													-1.2	-2.4	-2.0	-1.9

Bolded values represent forecasts

General Disclosures