

Canadian Economic Outlook for July 3, 2026

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

	2025				2026				2027				2024	2025	2026	2027	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
Production	q/q % chng : a.r.																
Real GDP (chain-weighted)	2.9	-1.0	1.9	-1.0	-0.1	1.8	1.8	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	1.8	1.2	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	0.4	1.2	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	0.5	1.1	2.3	2.1	2.2	1.9	2.0	2.2	2.4	1.4	1.9	
Durables	-4.6	1.4	-4.2	-2.5	-6.4	0.5	1.0	2.0	2.0	2.0	2.0	2.0	2.9	0.7	-2.2	1.8	
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	1.6	1.8	
Services	1.1	6.2	-0.2	5.2	2.0	1.0	1.3	2.5	2.1	2.4	1.9	2.0	2.8	2.5	2.3	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	3,404	3,419	3,441	3,466	3,500	3,533	3,567	3,109	3,245	3,396	3,516
Growth	q/q % chng : a.r.	6.1	-1.6	6.3	3.0	4.6	10.3	1.7	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	0.6	0.6	1.4	2.0	2.0	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	4.3	1.7	1.7	2.1	2.3	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	1.3	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	3.6	3.5	2.0	2.1	2.1	1.8	2.1	2.7	3.2	4.0	2.3	
Energy Prices	11.6	-38.5	4.8	5.2	17.0	59.7	-11.5	-6.0	-1.7	2.3	2.4	2.0	-0.5	-5.6	9.7	0.6	
Services	1.0	6.9	2.4	2.3	0.0	2.6	2.0	2.0	2.2	1.9	2.0	2.1	4.1	3.1	2.0	2.1	
CPI All Items	y/y % chng	2.3	1.8	2.0	2.2	2.2	3.0	2.9	2.5	2.0	2.0	2.1					
CPIX8	y/y % chng	2.3	2.6	2.7	2.9	2.5	2.1	2.2	2.3	2.3	2.1	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	2.1	2.3	2.3	2.3	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	3.45	3.50	3.45	3.45	3.45	3.50	3.34	3.23	3.45	3.45	
10-Year BBB Corporate Spread	ppts	1.59	1.62	1.40	1.35	1.35	1.60	1.80	2.00	2.00	2.00	2.00	1.75	1.49	1.66	2.00	
90-Day Canada/U.S. Spread	bps	-149	-173	-166	-164	-149	-145	-158	-158	-158	-155	-118	-81	-163	-152	-147	
10-Year Canada/U.S. Spread	bps	-134	-115	-88	-87	-82	-94	-102	-92	-86	-81	-76	-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	72.2	74.5	75.2	75.9	76.7	73.0	71.6	72.7	75.6	
	C\$/US\$: qtr. avg.	1.435	1.384	1.377	1.395	1.371	1.383	1.386	1.342	1.329	1.317	1.304	1.370	1.398	1.375	1.323	
Yen	¥/C\$: qtr. avg.	106.2	104.4	107.1	110.5	114.4	115.2	114.9	115.8	116.1	116.5	116.8	110.6	107.1	114.9	116.3	
Euro	C\$/€ : qtr. avg.	1.51	1.57	1.61	1.62	1.61	1.61	1.59	1.55	1.55	1.54	1.54	1.48	1.58	1.59	1.54	
Corp. Profits Before Tax	y/y % chng	7.7	-4.0	25.8	7.0	25.1	38.5	12.7	0.8	-1.0	1.3	2.8	-15.6	8.8	20.2	1.0	
Corp. Profits After Tax	y/y % chng	0.9	-0.3	11.2	8.0	15.2	20.7	6.0	0.8	-1.0	1.3	2.8	-0.9	5.1	9.0	1.0	
Personal Income	y/y % chng	6.3	4.1	2.9	2.7	2.5	3.9	3.7	4.6	3.9	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	0.6	0.8	2.0	1.7	2.3	2.2	4.8	1.5	0.6	2.1	
Savings Rate	% : quarterly avg.	5.3	4.3	4.4	3.7	3.5	4.3	4.1	4.1	4.1	4.2	4.2	5.0	4.4	4.0	4.2	
Other Indicators	quarterly avg.																
Unemployment Rate	percent	6.7	6.9	7.0	6.7	6.6	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	263	240	230	230	230	230	245	258	245	230	
Existing Home Sales	y/y % chng	-4.2	-1.3	3.8	-7.5	-7.9	-2.4	-5.1	7.7	3.4	1.4	1.6	7.6	-2.5	-4.5	3.5	
MLS Home Price Index	y/y % chng	-1.2	-2.7	-3.5	-3.8	-4.8	-3.9	-3.8	-0.9	1.3	3.0	4.4	-1.9	-2.8	-4.0	2.0	
Motor Vehicle Sales	mlns : a.r.	1.97	1.99	1.95	1.90	1.89	1.95	1.98	2.02	2.05	2.07	2.07	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	0.4	0.6	0.5	0.7	0.7	0.6	1.9	1.4	0.4	0.6	
Industrial Production	q/q % chng : a.r.	6.1	-7.4	4.0	-2.8	0.8	6.4	2.6	1.8	1.5	1.6	1.6	0.6	1.0	1.3	2.1	
Federal Budget Balance	% of FY GDP												-1.2	-2.1	-2.0	-1.9	

Bolded values represent forecasts

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