

# Canadian Economic Outlook for Jan. 2, 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	Q1	Q2	Q3	Q4																
<b>Production</b>																									
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	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	1.4	1.5	1.8	1.8	2.1	2.2	2.3	1.4	1.4	2.1	2.2	1.9	1.5	2.1	2.1	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	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	
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	2.9	1.3	1.0	1.9	1.0	1.9	1.0	1.9	1.0	1.9	
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	1.7	1.0	1.0	1.7	1.0	2.0	2.0	2.0	
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	1.0	2.5	2.8	2.0	2.1	2.3	2.3	2.3	
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	2.5	2.8	2.0	2.1	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	2.5	2.5	2.1	2.2	2.2	2.2	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	-1.4	-0.8	-1.0	2.0	2.0	2.0	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	1.0	1.0	0.1	1.0	0.6	0.6	2.1	2.1	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	-3.8	-3.8	-3.8	-3.8	-3.8	1.9	1.9	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	1.9	1.3	1.3	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	2.2	2.4	2.4	2.4	2.4	0.9	-2.9	0.1	2.1	0.7	-0.4	0.7	2.0	2.0	2.0	2.0	
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	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	
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	20.2	20.2	20.2	20.2	20.2	20.2	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	-0.2	0.5	0.0	0.0	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	-72.5	-72.9	-72.6	-72.3	-72.0	-49.2	-67.8	-72.5	-72.9	-49.2	-67.8	-72.5	-72.9	-72.9	-72.9	-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	-0.2	0.1	-0.8	-0.2	0.0	0.0	0.0	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	3,109	3,240	3,362	3,505	3,505	3,505	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	4.2	3.8	4.3	4.2	4.2	3.8	4.3	4.3	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	4.8	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	-2.4	
<b>Inflation</b>																									
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	2.5	2.3	2.1	2.5	2.5	2.3	2.1	2.1	2.1	
CPI All Items		1.7	2.2	1.9	1.8	3.1	0.6	2.4	2.6	2.6	3.1	2.7	2.2	2.4	2.1	2.5	2.5	2.2	2.5	2.5	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	2.1	2.4	2.5	2.3	2.4	2.6	2.5	2.5	2.3	2.6	2.5	2.5	2.3	2.2	2.2	2.2	
Food Prices		2.9	1.9	3.3	0.4	-1.0	10.9	4.5	4.8	5.8	6.3	4.8	2.1	2.7	3.2	5.5	2.6	2.7	3.2	5.5	2.6	2.6	2.6	2.6	
Energy Prices		-4.8	9.3	-13.7	6.6	10.1	-38.4	2.3	7.5	-1.6	3.0	2.4	-0.1	-0.5	-5.7	-1.1	1.5	-0.5	-5.7	-1.1	1.5	1.5	1.5	1.5	
Services		2.3	6.5	4.1	1.3	1.0	6.9	2.4	1.9	1.0	2.2	2.4	2.5	4.1	3.1	2.2	2.2	2.2	4.1	3.1	2.2	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	2.0	2.7	2.8	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	
CPIX8	y/y % chng	2.1	1.8	1.6	1.7	2.3	2.6	2.7	2.9	2.6	2.2	2.1	1.9	1.8	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	
Core CPIs (Trim/Median avg.)	y/y % chng : avg.	3.3	3.0	2.6	2.6	2.8	3.0	3.1	2.9	2.6	2.4	2.2	2.1	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	
<b>Financial</b>																									
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	4.48	2.65	2.25	2.40	2.40	2.40	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	4.37	2.60	2.20	2.30	2.30	2.30	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	3.25	3.20	3.34	3.25	3.25	3.20	3.20	3.20		
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	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	-163	-142	-115	-87	-63	-81	-163	-102	-64	-81	-163	-102	-64	-64	-64	-64	
10-Year Canada/U.S. Spread	bps	-73	-87	-80	-107	-134	-115	-88	-87	-75	-74	-72	-72	-87	-106	-73	-69	-87	-106	-73	-69	-69	-69	-69	
<b>Foreign Trade</b>	\$ 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	-15.0	-43.5	-28.5	-26.0	-26.0	-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	-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	-44.4	-43.0	-40.6	-38.1	-35.6	-7.2	-40.0	-39.3	-39.0	-7.2	-40.0	-39.3	-39.0	-39.0	-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	-7.8	-3.5	10.8	13.0	13.0	13.0		
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	73.9	76.0	73.0	71.6	73.9	76.0	76.0	76.0		
	CS/US\$ : qtr. avg.	1.349	1.368	1.364	1.399	1.435	1.384	1.377	1.394	1.371	1.360	1.348	1.337	1.370	1.398	1.354	1.315	1.370	1.398	1.354	1.315	1.315	1.315		
Yen	¥/C\$ : qtr. avg.	110.2	113.9	109.2	109.0	106.2	104.4	107.1	110.6	113.2	113.5	113.7	113.9	110.6	107.1	113.6	112.7	110.6	107.1	113.6	112.7	112.7	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	1.61	1.60	1.48	1.58	1.61	1.59	1.48	1.58	1.61	1.59	1.59	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	-15.6	12.0	14.0	6.0	6.0	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	-0.9	3.3	10.0	6.0	6.0	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</										

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