























Economic Forecasts, Canada

Table 1 – Key macroeconomic variables, historical and forecasted data, Canada, 2024-2025

 ANALYSE STRATÉGIQUE • ANALYTICS	History				Estimate	Forecast	Trends (2024 Q2-2025 Q3)
	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	
GDP by expenditure							
Level, chained \$B (2017)	2,416	2,430	2,443	2,456	2,451	2,446	
Q/Q annualized growth	2.5%	2.4%	2.1%	2.2%	-0.8%	-0.8%	
Y/Y growth	1.2%	1.9%	2.3%	2.3%	1.4%	0.7%	
GDP by industry, business sector							
Level, chained \$B (2017)	1,827	1,833	1,841	1,849	1,844	1,839	
Q/Q annualized growth	2.0%	1.3%	1.8%	1.7%	-1.1%	-1.0%	
Y/Y growth	1.1%	1.6%	1.6%	1.7%	0.9%	0.3%	
Retail sales							
Level, \$M	66,212	67,167	68,789	69,606	70,388	70,734	
Q/Q annualized growth	0.3%	5.9%	10.0%	4.8%	4.6%	2.0%	
Y/Y growth	0.7%	1.6%	3.5%	5.2%	6.3%	5.3%	
CPI, total							
Level, index (2002 = 100)	161	161	162	163	163	164	
Q/Q annualized growth	2.2%	1.9%	1.8%	3.1%	0.6%	2.3%	
Y/Y growth	2.8%	2.1%	1.9%	2.3%	1.8%	1.9%	
CPI, excluding food and energy							
Level, index (2002 = 100)	151	152	152	154	155	156	
Q/Q annualized growth	2.5%	2.0%	2.1%	3.3%	3.0%	2.9%	
Y/Y growth	2.8%	2.5%	2.1%	2.5%	2.6%	2.8%	
Private investment							
Level, chained \$B (2017)	412	409	419	415	401	394	
Q/Q annualized growth	2.6%	-2.9%	9.4%	-3.1%	-13.0%	-6.9%	
Y/Y growth	-2.8%	-2.6%	1.6%	1.4%	-2.7%	-3.7%	
Payroll Employment							
Level, k persons	18,191	18,227	18,229	18,249	18,199	18,163	
Q/Q annualized growth	1.6%	0.8%	0.0%	0.4%	-1.1%	-0.8%	
Y/Y growth	1.2%	0.9%	0.9%	0.7%	0.0%	-0.4%	

Source: Modelling and forecasts by AppEco using CFIB's monthly Business Barometer® data.
Note: Forecasts are based on weighted CFIB data. The interpretation of recent dynamics can differ from that of unweighted data. All series are seasonally adjusted.

Canadian economy expected to see negative growth in the second and third quarters of 2025

Economic forecasts based on the most recent monthly Business Barometer® data indicate that GDP growth fell 0.8% in 2025 Q2 and is expected to decline further by 0.8% in Q3. This contraction reflects persistently low business confidence, driven by trade tensions, and weakness in manufacturing, particularly in the transportation, machinery, and oil and gas sectors.

Retail sales slowed in 2025 Q2, growing by 4.6% in nominal terms. While strength persisted in Q1, as many businesses and organizations wanted to place orders ahead of the tariffs’ implementation, growth is expected to moderate to 2.0% in Q3.

CPI inflation slowed to 1.8% in 2025 Q2 and is expected to rise slightly to 1.9% in Q3. The overall deceleration in prices was mainly driven by falling energy costs and lower prices for travel services, while increases in food and shelter costs provided some upward pressure.

Private investment contracted by 3.1% in 2025 Q1, and persistent uncertainty is constraining business investment plans, with estimates pointing to a 13.0% drop in Q2 and a further 6.9% contraction in Q3. This reflects a collapse in capital spending amid deteriorating confidence, especially in goods-producing sectors facing global trade instability and volatile input prices.

Payroll employment growth evolved broadly as expected in 2025 Q1, with a modest gain of 0.4%. However, employment is expected to contract by 1.1% in Q2, followed by a more moderate decline of 0.8% in Q3. This pattern aligns with the broader economic slowdown.

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Private sector job vacancies – 2025 Q2



The job vacancy rate holds steady in Q2

The quarterly private sector job vacancy rate in Canada held steady at 2.8% in 2025 Q2 (Figure 1), down by 0.3 percentage points on a yearly basis.

Moderate changes in vacancy rates across provinces

Year-over-year, Saskatchewan (-0.7), New Brunswick (-0.7), and British Columbia (-0.5) recorded the largest decline. Prince Edward Island (+0.9), Newfoundland and Labrador (+0.2), and Manitoba (+0.2) were the only provinces to experience a year-over-year increase.

Highest vacancy rates in personal services and construction

On a yearly basis, information, arts and recreation (-0.8), agriculture (-0.8), personal services (-0.6), and natural resources (-0.6) saw the biggest drop in their vacancy rates. Manufacturing was the only sector reporting an increase (+0.1).

Smaller businesses lead in vacancy rate declines

On a yearly basis, businesses with fewer than 20 employees have shown the largest decreases in vacancy rates. However, their rates remain three times higher compared to businesses with more than 100 employees (Figure 3 and Table 2).

Sources

(1) CFIB, Your Business Outlook Survey, January 2004-June 2025. Trended.
(2) Statistics Canada. Table 14-10-0398-01. Adjusted for seasonality.
(3) Q/Q (3-month) and Y/Y (12-month) changes are in percentage points.

Figure 1 – Job vacancy rates by province, Canada^{1,2}

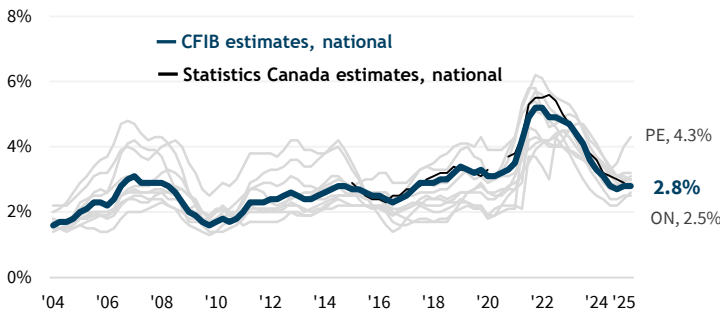


Figure 2 – Job vacancy rates by sector, Canada¹

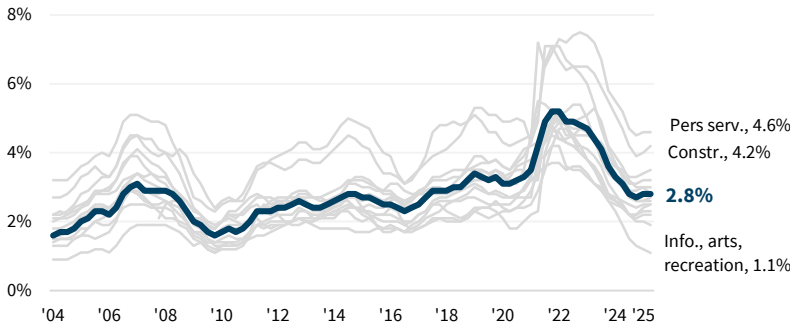


Figure 3 – Total vacancies (in thousands)¹

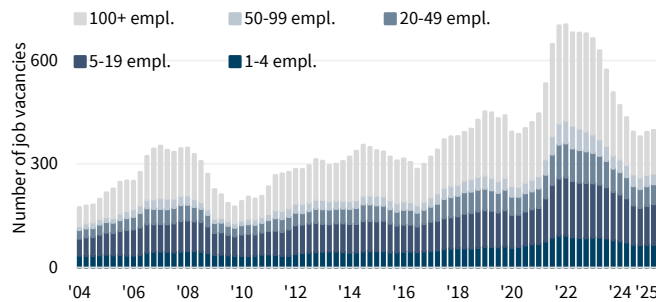


Table 2 – Private sector job vacancies, 2025 Q2

	Vacancy rate (%)	Q/Q change ³	Y/Y change ³	Total vacancies (n)
Canada	2.8	0.0	-0.3	397,500
Prince Edward Island	4.3	0.3	0.9	2,300
Quebec	3.2	0.0	-0.3	98,700
Manitoba	3.1	0.2	0.2	14,400
Nova Scotia	3.0	0.0	-0.2	9,800
New Brunswick	3.0	-0.1	-0.7	7,800
Saskatchewan	3.0	0.0	-0.7	10,700
Alberta	3.0	0.0	-0.2	52,400
British Columbia	2.9	0.0	-0.5	56,400
Newfoundland & Labrador	2.6	0.2	0.2	3,900
Ontario	2.5	0.0	-0.2	141,100
Personal services	4.6	0.0	-0.6	27,900
Construction	4.2	0.2	-0.5	51,000
Professional services	3.5	0.1	0.0	44,800
Health and education	3.2	0.0	-0.2	41,200
Hospitality	3.0	0.0	-0.3	40,000
Agriculture	2.8	-0.2	-0.8	4,700
Transportation	2.7	0.1	-0.3	19,100
Enterprise management	2.6	0.0	-0.5	25,300
Manufacturing	2.5	0.1	0.1	40,300
Finance, insurance, real estate	2.5	0.0	-0.1	28,300
Wholesale	2.3	0.0	-0.1	20,000
Retail	2.2	0.0	-0.3	44,800
Natural resources	1.9	-0.1	-0.6	4,200
Information, arts, recreation	1.1	-0.1	-0.8	5,900
1-4 employees	5.7	0.1	-0.8	66,600
5-19 employees	5.2	0.2	-0.3	117,900
20-49 employees	3.2	0.0	-0.2	57,400
50-99 employees	2.2	-0.1	-0.3	30,200
100+ employees	1.7	0.0	-0.2	125,500

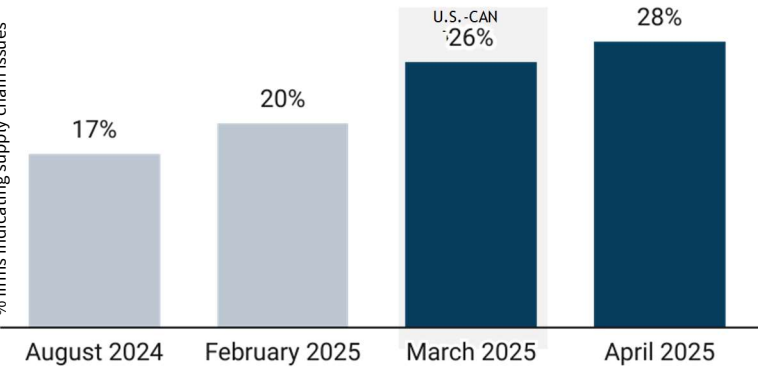


Rising supply chain disruptions for Canadian SMEs

Canada–U.S. trade tensions are causing high uncertainty and disrupting cross-border trade. Statistics Canada reports that nearly half (48%) of businesses experienced supply chain disruptions over the past three months, and 64% expect conditions to worsen.¹ Between August 2024 and April 2025, the share of firms identifying supply chains as one of their top concerns increased from 17% to 28% (Figure 4). While many factors cause supply issues (e.g., strikes and work stoppages), we focus on the Canada–U.S. border as a key bottleneck. Delays at the border² due to added administrative formalities have become a key issue. By May, 35% of SMEs reported delays, with those affected spending a median of two extra hours at the border compared to pre-tariff periods.²

Figure 4 – More firms are affected by supply chain challenges since the introduction of tariffs in March 2025³

What are the biggest challenges your business is facing right now? (Supply chain challenges)



Sources

- (1) Statistics Canada, [Canadian Survey on Business Conditions](#) – Q2 2025.
- (2) CFIB, Your Voice – May 2025 survey, May 6–June 2, 2025.
- (3) CFIB, Your Voice – August 2024, February, March, April 2025.
- (4) CFIB, Survey on the impact of U.S.-Canada trade war, March 13–31, 2025.

The share of firms indicating border delays is significant in many sectors

Wholesale and manufacturing—the sectors most dependent on goods—report the highest impact from Canada–U.S. border delays, at 42% and 40% respectively. They rely on just-in-time shipments of inputs and equipment, which makes them especially vulnerable. A proportion of 39% of firms in personal services also report disruption, largely due to delays affecting repair shops for vehicles, household and commercial goods. Significant shares of businesses operating in retail (36%) and construction (35%) report border delays, showing that supply chain bottlenecks affect both distribution networks and project-based work. In contrast, service-oriented sectors report fewer disruptions as they rely less on cross-border logistics.

Table 3 – SMEs in trade-heavy sectors report more border delays²

In the past 3 months, has your business experienced more delays than usual at the border when importing from or exporting to the U.S.?

low sharehigh share	
Sectors	Share of SMEs experiencing delay at the U.S.-CAN border (% responses)
Wholesale	42
Manufacturing	40
Personal services	39
Arts, recreation & information*	38
Health and education*	38
Enterprises & admin. mgmt.*	37
Retail	36
Construction	35
Professional services	27
Agriculture and natural resources	26
Transportation*	25
Hospitality	19

*Low responses (fewer than 40)

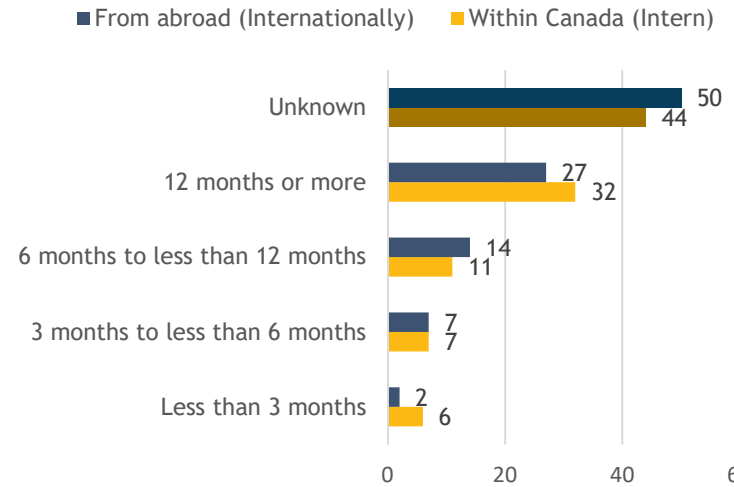
SMEs brace for long-term supply chain disruptions

Facing growing tariff-related pressures at the Canada–U.S. border, 62% of SMEs have shifted to domestic markets.⁴ Yet, supply chain disruptions remain widespread, revealing that the problem is not limited to international trade, but affecting internal logistics as well.

Uncertainty looms large—50% of SMEs sourcing from abroad and 44% sourcing within Canada do not know for how long disruptions will persist.¹ Among those who could offer a timeline, 27% (international) and 32% (domestic) expect disruptions to last a year or more, signaling that many firms now see these challenges as structural rather than short-term. One way to alleviate these pressures would be to improve interprovincial trade. Half of firms report that would reduce the blow from U.S. trade-related impacts.⁴

Figure 5 – Most SMEs expect long-term supply chain disruptions, abroad and domestically

How long does this business or organization expect the following to continue to be an obstacle? (Difficulty acquiring inputs, products or supplies within Canada/from abroad, % responses)



Sectoral profile: Wholesale



Footprint

The wholesale industry contributes around 5.3% to the Canadian GDP. Small and mid-sized enterprises (SMEs, 1 to 499 employees) and self-employed individuals account for about 56% of the sector’s GDP, make up the large majority of businesses (99.9%), and employ 60% of the workforce.

Table 4 – Wholesale, Canada

	GDP ^{1,2}	Businesses ³	Workforce ⁴
Total	\$120B	96,700	688,000
Sector’s share of the economy	5.30%	2.0%	3.4%
SMEs’ share of the sector	55.7%	99.9%	60.0%

The **wholesale** sector⁵ includes businesses that are engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The sector also includes sales of capital goods or durable non-consumer goods used in the production of goods and services.

Wholesaling is an intermediate step in the distribution of goods, where merchandise is sold in large quantities to retailers, other businesses and institutional clients. Some wholesalers (mostly those supplying non-consumer capital goods) sell merchandise in single units to final users.

This sector comprises two main types: merchant wholesalers that sell goods on their own account and wholesale electronic markets, agents, and brokers that arrange sales and purchases for others, generally for a commission or fee.

Our analysis is focused only on private small and mid-sized businesses.

Sources

(1) Statistics Canada, Table 36-10-0434-03.
 (2) Innovation, Science and Econ. Dev. Canada, Key Small Business Statistics 2024. Table 11.
 (3) Statistics Canada. Table 33-10-0765-01 and Table 33-10-0764-01.
 (4) Statistics Canada, Labour Force Survey data, custom tabulations.
 (5) Statistics Canada, North American Industry Classification System (NAICS) Canada 2022 Version 1.0.
 (6) CFIB, Your Business Outlook Survey, January 2015 to June 2025, cfib.ca/barometer.

Fitness

Long-term quarterly confidence for all businesses reached its lowest level in the past 10 years. The wholesale industry’s confidence is plunging even lower, below pandemic-level optimism (Figure 6). Compared to 2024 Q2, the indicator dropped from 57.7 to 33.3 for wholesale and from 53.3 to 40.5 for all industries.

The lack of optimism in the industry reflects the significant decrease in the number of wholesale businesses with employees (-15%) as well as the steep decline in self-employed individuals (-49%) over the past decade (Figure 7).

Figure 6 – 2025 Q2 U.S. tariff announcements trigger sharp drop in long-term optimism, especially in wholesale (index: 0–100)⁶

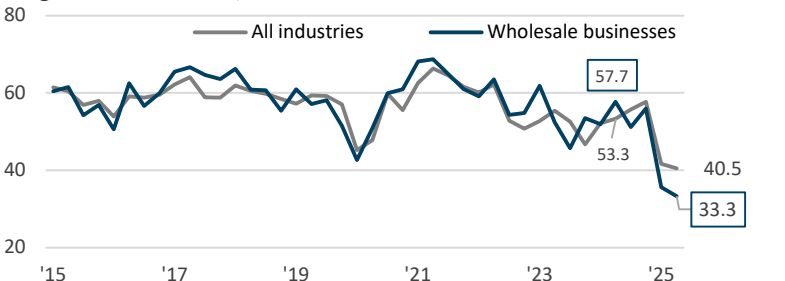
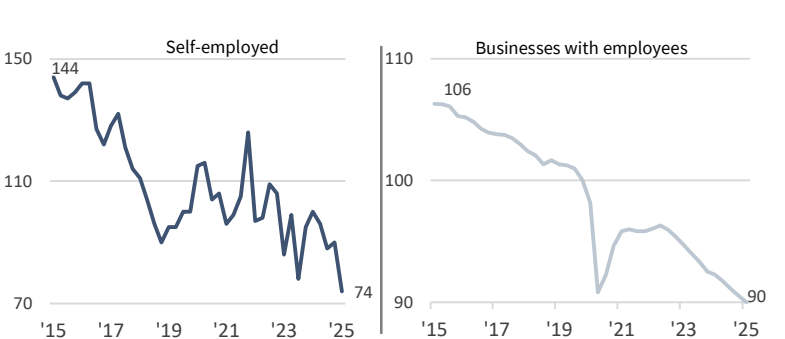


Figure 7 – The number of self-employed and employer businesses in wholesale has decreased over the past decade (index: 2019 Q4 = 100)



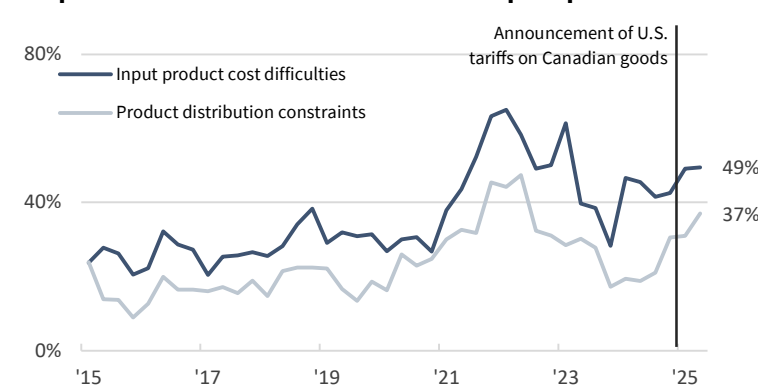
Challenges

After a period of relief in 2023 and 2024, supply chain disruptions are again intensifying for wholesale small businesses due to the recent introduction of U.S. tariffs on Canadian goods. In 2025 Q2, about one third of wholesale businesses (37%) were concerned about the supply chain (compared to 17% nationally) (Figure 8).

As one of the first links in the production chain, wholesale firms are particularly exposed to external shocks in global trade and logistics. About half (49%) report that rising product input costs are currently causing difficulties (compared to 42% nationally).

In response to these challenges, wholesale businesses are adjusting their pricing strategies. The average planned price increase over the next 12 months has climbed to 3.9%, notably higher than the national indicator of 3.0%.⁶ This shows that the sector is starting to pass rising cost pressures down the supply chain.

Figure 8 - Short-lived relief: Input cost difficulties and supply chain disruptions return for wholesale businesses post-pandemic



Methodology

CFIB's research is based on members' views, which are collected through various controlled-access member surveys using a one-member one-vote system. CFIB produces clear, credible, and compelling analysis that supports the success of independent business in Canada.

CFIB membership has good representation across regions, sectors, and business sizes; hence the survey data offers a reasonable estimate of the distribution of economic activity across Canada.

Your Business Outlook is a monthly CFIB tracking survey that covers small business confidence, expectations, and operating conditions. Findings are typically based on several hundred responses from a stratified random sample of CFIB members. Every third Thursday of the month, results are released in our Business Barometer® reports (Canada, provinces and industries), at cfib.ca/barometer.

Your Voice is a monthly CFIB omnibus survey that covers a wide range of current topics. Results are based on several thousand r responses each time and are presented in a few monthly key charts at cfib.ca/research.

The **Special Survey on the Impacts of the U.S.-Canada Trade War** examines the impact of the trade war between the United States and Canada on small businesses. The survey was conducted twice, each time receiving several thousand responses. The results are presented through a series of key charts available at cfib.ca/research/tariffs.

Forecasts are based on CFIB data collected via the Your Business Outlook survey, a data set that is available the same month it is collected. By contrast, most other publicly available economic indicators have a delay, sometimes longer than two months.

Job vacancies estimates are also based on the Your Business Outlook survey. The analysis uses data from the CFIB survey, Statistics Canada's Survey of Employment, Payrolls and Hours as well as custom tabulations from Statistics Canada's Labour Force Survey.

For more information on the methodologies used, visit cfib.ca/research.

About CFIB



The Canadian Federation of Independent Business (CFIB) is Canada's largest association of small and medium-sized businesses with 100,000 members across every industry and region. CFIB is dedicated to increasing business owners' chances of success by driving policy change at all levels of government, providing expert advice and tools, and negotiating exclusive savings. Learn more at cfib.ca.

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About AppEco



[AppEco](http://appeco.ca) is a consulting firm specializing in economic and strategic analysis. It possesses in-depth technical expertise and delivers first-class services in applied economics: economic impact studies, surveys and polls, cost-benefit analyses, modelling, econometrics, pricing, etc. Its mission is to provide useful services that contribute to economic growth and the success of clients' projects. AppEco works with firms of all sizes, from small to multinationals, as well as governments and non-profit organizations. Learn more at appeco.ca/en/.

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