























Economic Forecasts, Canada

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

<div> ANALYSE STRATÉGIQUE • ANALYTICS</div>	History				Estimate	Forecast	Trends (2024 Q2-2025 Q3)
	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	
<b>GDP by expenditure</b>							
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%	
<b>GDP by industry, business sector</b>							
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%	
<b>Retail sales</b>							
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%	
<b>CPI, total</b>							
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%	
<b>CPI, excluding food and energy</b>							
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%	
<b>Private investment</b>							
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%	
<b>Payroll Employment</b>							
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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Page 4 –  
*Sectoral profile*  
**Wholesale**

Page 5 –  
**About CFIB and  
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