


Economic Forecasts, Canada

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

	History				Estimate	Forecast	Annual Average	
	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2024	2025
GDP by expenditure								
Level, chained \$B (2017)	2,430	2,443	2,455	2,445	2,450	2,451	2,423	2,450
Q/Q annualized growth	2.4%	2.1%	2.0%	-1.6%	0.8%	0.2%		
Y/Y growth	1.9%	2.3%	2.3%	1.2%	0.8%	0.3%	1.6%	1.2%
GDP by industry, business sector								
Level, chained \$B (2017)	1,832	1,841	1,849	1,844	1,847	1,847	1,829	1,846
Q/Q annualized growth	1.3%	1.9%	1.7%	-1.1%	0.7%	0.0%		
Y/Y growth	1.6%	1.6%	1.7%	0.9%	0.8%	0.3%	1.3%	0.9%
Retail sales								
Level, \$M	67,167	68,789	69,546	69,791	70,149	70,658	67,083	70,036
Q/Q annualized growth	5.9%	10.0%	4.5%	1.4%	2.1%	2.9%		
Y/Y growth	1.6%	3.5%	5.1%	5.4%	4.4%	2.7%	1.6%	4.4%
CPI, total								
Level, index (2002 = 100)	161	162	163	163	164	165	161	164
Q/Q annualized growth	1.9%	1.8%	3.1%	0.6%	2.4%	2.6%		
Y/Y growth	2.1%	1.9%	2.3%	1.8%	2.0%	2.1%	2.4%	2.1%
CPI, excluding food and energy								
Level, index (2002 = 100)	152	152	154	155	155	156	151	155
Q/Q annualized growth	2.0%	2.1%	3.3%	2.9%	1.7%	2.4%		
Y/Y growth	2.5%	2.1%	2.5%	2.6%	2.5%	2.6%	2.6%	2.5%
Private investment								
Level, chained \$B (2017)	409	419	413	411	407	402	413	408
Q/Q annualized growth	-2.9%	9.4%	-4.9%	-2.4%	-3.7%	-4.5%		
Y/Y growth	-2.6%	1.6%	0.9%	-0.4%	-0.6%	-3.9%	-1.4%	-1.0%
Payroll Employment								
Level, k persons	18,227	18,229	18,249	18,245	18,276	18,287	18,192	18,264
Q/Q annualized growth	0.8%	0.0%	0.4%	-0.1%	0.7%	0.2%		
Y/Y growth	0.9%	0.9%	0.7%	0.3%	0.3%	0.3%	1.0%	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 slow growth in the third and fourth quarters of 2025

Economic forecasts based on the most recent monthly Business Barometer® data (October) indicate that GDP grew by 0.8% in the third quarter of 2025, and that the last quarter should be virtually flat. This places 2025 growth at 1.2% for the year, a slowdown compared to 2024, but resilient given the cocktail of commercial tensions observed.

Retail sales were slightly stronger than anticipated in the third quarter with nominal growth of 2.1%. The trend is expected to maintain in the fourth quarter, with growth forecast at 2.9%. For 2025, nominal retail sales progressed more than the previous year, despite declining inflation.

CPI inflation rose to 2.0% in the third quarter and is expected to remain stable for the rest of the year. Excluding food and energy, inflation hovers around 2.5% with no clear trend. With total inflation at the Bank of Canada's target rate, one can say that the central bank's strategy worked out, even though significant uncertainty remains going forward.

Private investment declined by 2.4% in the second quarter of 2025, and ongoing uncertainty continues to weigh on business plans. Estimates point to a 3.7% decline in the third quarter and a further contraction of 4.5% in the fourth quarter. This slowdown reflects a sharp decline in investment spending amid deteriorating business confidence, particularly in goods-producing sectors affected by global trade instability and input price volatility. Overall, 2025 saw a contraction of investments of 1%, following a decline of 1.4% in 2024.

Payroll employment fell by 0.1% in the second quarter, but this is expected to reverse in the third quarter with growth of 0.7%. Employment growth is then expected to keep track with GDP at 0.2% in the fourth quarter. This places yearly growth at 0.4%, a very weak reading.

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