

Growth continues, but at a slower pace through late 2026

GDP grew at an annualized rate of 3.3% in the second quarter of 2026. Economic forecasts based on the latest monthly Business Barometer® data (September 2026) point to continued growth but at a more moderate pace, with increases of 2.0% in the third quarter and 1.4% in the fourth quarter, amid uncertainty surrounding trade with the United States.

Retail sales increased by 9.0% and 8.8% in the first two quarters and are expected to rise by 0.9% and 2.7% in the following two quarters, with higher energy costs potentially weighing on consumer spending.

CPI inflation rose from 2.1% year-over-year in the first quarter of 2026 to 3.0% in the second quarter. It is expected to remain at 3.0% in the third quarter, then drop slightly to 2.9% in the fourth quarter. Excluding food and energy, inflation is expected to reach 2.1% year-over-year in the third quarter and 2.2% in the fourth quarter. Tensions in the Middle East and tariffs remain upside risks to inflation.

After three consecutive quarters of decline, including a 5.0% contraction in the first quarter of 2026, **private investment** rebounded by 9.5% in the second quarter, recovering the losses recorded over that period. Growth is expected to continue over the following two quarters, with increases of 5.2% in the third quarter and 1.6% in the fourth quarter. Some firms may also bring forward investment spending in anticipation of potential tariff increases, although trade uncertainty could weigh on overall investment.

Payroll employment rose slightly in the first quarter of 2026, increasing by 0.3%, before growth accelerated to 1.9% in the second quarter. Estimates and forecasts point to continued gains of 1.6% in the third quarter and 1.0% in the fourth quarter.

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	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2025	2026 ^p
GDP by expenditure								
Level, chained \$B (2017)	2,508	2,502	2,504	2,524	2 536	2 545	2,502	2,527
Q/Q annualized growth	1,9%	-1,0%	0,3%	3,3%	2,0%	1,4%		
Y/Y growth	1,7%	0,7%	0,1%	1,1%	1,1%	1,7%	1,5%	1,0%
GDP by industry, business sector								
Level, chained \$B (2017)	1,900	1,899	1,901	1,920	1 928	1 931	1,893	1,920
Q/Q annualized growth	3,4%	-0,1%	0,4%	4,0%	1,8%	0,5%		
Y/Y growth	1,9%	1,2%	0,7%	1,9%	1,5%	1,7%	1,5%	1,4%
Retail sales								
Level, \$M	70,325	70,602	72,144	73,681	73 851	74 340	70,303	73,504
Q/Q annualized growth	0,7%	1,6%	9,0%	8,8%	0,9%	2,7%		
Y/Y growth	3,6%	1,3%	2,9%	5,0%	5,0%	5,3%	3,2%	4,6%
CPI, total								
Level, index (2002 = 100)	164	166	167	168	169	170	164	169
Q/Q annualized growth	2,3%	3,0%	2,5%	4,1%	2,3%	2,6%		
Y/Y growth	2,0%	2,2%	2,1%	3,0%	3,0%	2,9%	1,8%	2,7%
CPI, excluding food and energy								
Level, index (2002 = 100)	155	156	157	157	159	160	155	158
Q/Q annualized growth	1,8%	2,3%	1,3%	1,4%	3,4%	2,8%		
Y/Y growth	2,5%	2,5%	2,0%	1,7%	2,1%	2,2%	2,2%	2,0%
Private investment								
Level, chained \$B (2017)	426	424	418	428	433	435	426	429
Q/Q annualized growth	-1,3%	-1,7%	-5,0%	9,5%	5,2%	1,6%		
Y/Y growth	1,0%	-2,0%	-2,2%	0,2%	1,8%	2,7%	0,0%	0,6%
Payroll Employment								
Level, k persons	18,295	18,304	18,319	18,405	18 481	18 528	18,286	18,433
Q/Q annualized growth	0,6%	0,2%	0,3%	1,9%	1,6%	1,0%		
Y/Y growth	0,2%	0,2%	0,2%	0,8%	1,0%	1,2%	0,2%	0,8%

* YTD stands for “Year-to-Date” and represents the average of quarters since the start of each year.
p Preliminary based on estimate and forecast.
Source: Modelling and forecasts by AppEco using CFIB’s monthly Business Barometer® data.
Notes: Forecasts are based on weighted CFIB data. The interpretation of recent dynamics can differ from that of unweighted data. All series are seasonally adjusted.

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