























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 Q1-2025 Q2)
	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	2025 Q2	
<b>GDP by expenditure</b>							
Level, chained \$B (2017)	2,399	2,415	2,429	2,444	2,449	2,415	
Q/Q annualized growth	1.8%	2.8%	2.2%	2.6%	0.8%	-5.6%	
Y/Y growth	0.7%	1.2%	1.9%	2.4%	2.1%	0.0%	
<b>GDP by industry, business sector</b>							
Level, chained \$B (2017)	1,817	1,826	1,829	1,839	1,842	1,812	
Q/Q annualized growth	1.0%	1.9%	0.8%	2.2%	0.7%	-6.4%	
Y/Y growth	0.8%	1.0%	1.4%	1.5%	1.4%	-0.7%	
<b>Retail sales</b>							
Level, \$M	66,363	66,082	66,823	68,520	69,373	68,974	
Q/Q annualized growth	-1.9%	-1.7%	4.6%	10.6%	5.1%	-2.3%	
Y/Y growth	0.7%	0.8%	1.3%	2.8%	4.5%	4.4%	
<b>CPI, total</b>							
Level, index (2002 = 100)	160	161	161	162	163	165	
Q/Q annualized growth	1.7%	2.2%	1.9%	1.8%	3.6%	3.5%	
Y/Y growth	2.9%	2.8%	2.1%	1.9%	2.4%	2.7%	
<b>CPI, excluding food and energy</b>							
Level, index (2002 = 100)	150	151	152	152	154	155	
Q/Q annualized growth	2.0%	2.5%	2.0%	2.1%	3.9%	4.2%	
Y/Y growth	3.0%	2.8%	2.5%	2.1%	2.6%	3.0%	
<b>Private investment</b>							
Level, chained \$B (2017)	409	412	410	420	405	384	
Q/Q annualized growth	-2.7%	2.5%	-1.9%	10.7%	-13.9%	-19.1%	
Y/Y growth	-1.9%	-3.0%	-2.5%	2.0%	-1.0%	-6.7%	
<b>Payroll Employment</b>							
Level, k persons	18,120	18,191	18,227	18,229	18,259	18,084	
Q/Q annualized growth	1.3%	1.6%	0.8%	0.0%	0.7%	-3.8%	
Y/Y growth	1.2%	1.2%	0.9%	0.9%	0.8%	-0.6%	

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 to see stagnant growth in Q1 2025 and an important contraction in Q2 2025

Economic forecasts based on the most recent monthly Business Barometer® data indicate that GDP growth fell to 0.8% in 2025 Q1 and that an important contraction is to be expected in Q2. This decline comes from a historically low long-term business sentiment in the context of the raging trade war.

Retail sales surpassed expectations in 2024 Q4, growing by 10.6% in nominal terms. While sales maintained some of their strength in Q1, they are expected to contract by 2.3% in 2025 Q2.

After continuous decreases in 2024, CPI inflation picked up to 2.4% in 2025 Q1 and should continue its upsurge to 2.7% in Q2, fuelled by the termination of the GST/HST tax break and the tariffs turmoil. It remains to be seen whether the Bank of Canada decides to look through this uptick or to act by raising rates.

Private investment grew by an exceptional 10.7% at the end of 2024, but current uncertainty is weighing on investment plans, driving the estimate for 2025 Q1 at -13.9% and the forecast for Q2 at -19.1%. Given the low business confidence over the next 12 months, this freeze in capital expenditures is not surprising.

Payroll employment growth came in as expected in 2024 Q4 with a flat reading. Employment increased slightly at the beginning of the year (+0.7%) but is projected to fall by 3.8% in Q2, in line with the overall economic contraction.

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