



Economy posts solid pick up in July, but further weakness is likely

Canada's economy reported a solid rebound in July as GDP rose 0.2 per cent m/m following three consecutive monthly declines. On an annualized basis, the economy expanded 2.9 per cent, although the recent three-month trend remained anemic at 0.3 per cent (annualized). Preliminary August data suggests some deceleration and a softening trend; but the economy is likely to avoid a technical recession.

July's GDP gain was mixed by sector with the good-producing sector showing a sizeable gain of 0.6 per cent m/m to fully recover the prior month's contraction. Leading to this increase was a pick up in mining- and energy-related resource extraction of 1.4 per cent. Mining gained 2.6 per cent, while the oil sands also gained some traction (1.2 per cent). Adding to this was a partial rebound in manufacturing of 0.7 per cent due to transportation equipment and vehicle parts, while chemical production also grew. That said, tariff impacts continued to severely curb vehicle and body manufacturing on a year-over-year basis. Steel and aluminum tariffs continued to hammer primary metal manufacturing which fell 5.9 per cent m/m and 10 per cent y/y. There is little to suggest a rebound in this sector, or others, in the absence of greater export diversification as the Trump administration is escalating section 232 tariffs including new measures on pharmaceuticals, trucks and furniture.

While the goods segment improved, services continued to stall with growth of 0.1 per cent m/m. There were

several pockets of growth including wholesale trade and transportation/warehousing which both expanded 0.6 per cent m/m. In contrast, consumers demand may have rolled back after a strong June as activity fell 1.0 per cent, while professional/scientific/technical services unchanged pointing to deterioration in white collar roles in the economy. Arts/entertainment/recreation contracted by 1.0 per cent. Public-sector employment rose.

Broadly, July's GDP print and preliminary August figures point to some stability following recent weakness. However, headwinds persist. Higher tariffs on non-CUSMA exempt products went into effect August, while newly announced tariffs on heavy trucks and furniture will likely hit some Canadian industries. Trade and investment uncertainty, a weakening labour market and low population growth will weigh on growth and is expected to support at least one more Bank of Canada cut this year.

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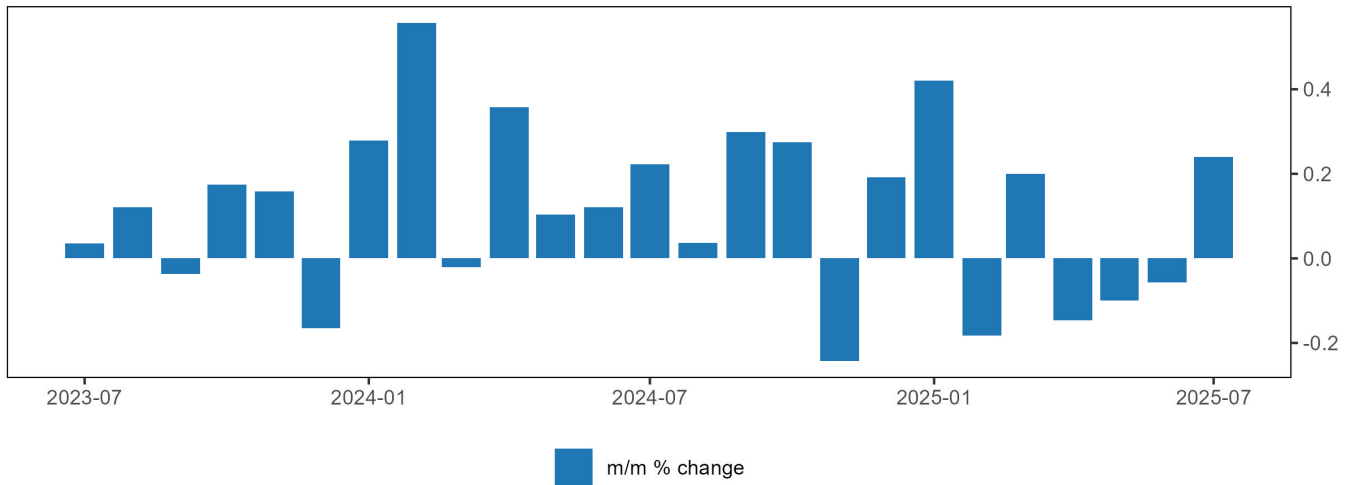
GDP by Industry, \$2017

Jul/2025	\$mil	m/m %ch	y/y %ch	ann. m/m %ch	ann. 3m %ch	YTD %ch	Month-to-month per cent change		
							May/2025	Jun/2025	Jul/2025
All industries	2,292,223	0.2	0.9	2.9	0.3	1.4	-0.1	-0.1	0.2
Goods-producing industries	579,344	0.6	-0.1	7.9	-0.2	0.7	-0.2	-0.4	0.6
Agriculture, forestry, fishing and hunting	40,429	0.1	0.4	0.7	0.6	1.7	0.1	0.0	0.1
Mining, quarrying, and oil and gas extraction	119,559	1.4	3.0	17.5	-1.5	3.4	-2.0	0.3	1.4
Utilities	45,547	0.4	-3.4	4.5	-5.4	2.3	-0.4	-1.3	0.4
Construction	167,595	0.1	2.4	0.7	2.1	1.5	0.1	0.3	0.1
Manufacturing	202,021	0.7	-3.6	8.9	0.2	-2.4	0.8	-1.5	0.7
Service-producing industries	1,716,063	0.1	1.3	1.1	0.5	1.7	0.0	0.1	0.1
Wholesale trade	122,434	0.6	2.7	7.3	5.7	2.0	0.2	0.6	0.6
Retail trade	119,136	-1.0	2.8	-11.2	-3.4	3.9	-1.4	1.5	-1.0
Transportation and warehousing	102,885	0.6	0.7	8.1	0.7	1.0	0.2	-0.7	0.6
Finance and insurance	171,973	0.2	2.8	3.0	-0.6	3.4	-0.4	0.0	0.2
Real estate and rental and leasing	304,812	0.3	1.7	3.3	3.6	1.5	0.3	0.3	0.3
Professional, scientific and technical services	165,066	0.0	-0.4	0.2	-0.1	0.2	0.1	-0.1	0.0
Management of companies and enterprises	615	-2.7	-31.1	-27.9	-30.3	-29.7	-2.5	-3.7	-2.7
Administrative and support, waste management and remediation services	58,286	-0.2	0.0	-2.3	-1.5	-0.1	-0.1	-0.1	-0.2
Educational services	127,778	0.0	0.3	0.3	-1.4	2.0	-0.1	-0.2	0.0
Health care and social assistance	186,707	0.2	1.9	2.9	1.1	2.5	0.2	-0.2	0.2
Arts, entertainment and recreation	19,496	-1.0	1.9	-11.7	-1.8	2.9	0.4	0.2	-1.0
Other services (except public administration)	44,007	-0.1	-1.2	-1.2	-2.0	-0.8	-0.2	-0.2	-0.1
Public administration	169,779	0.3	1.0	3.1	-0.8	1.7	-0.5	0.1	0.3

Canada Industry GDP, \$2017 dollars

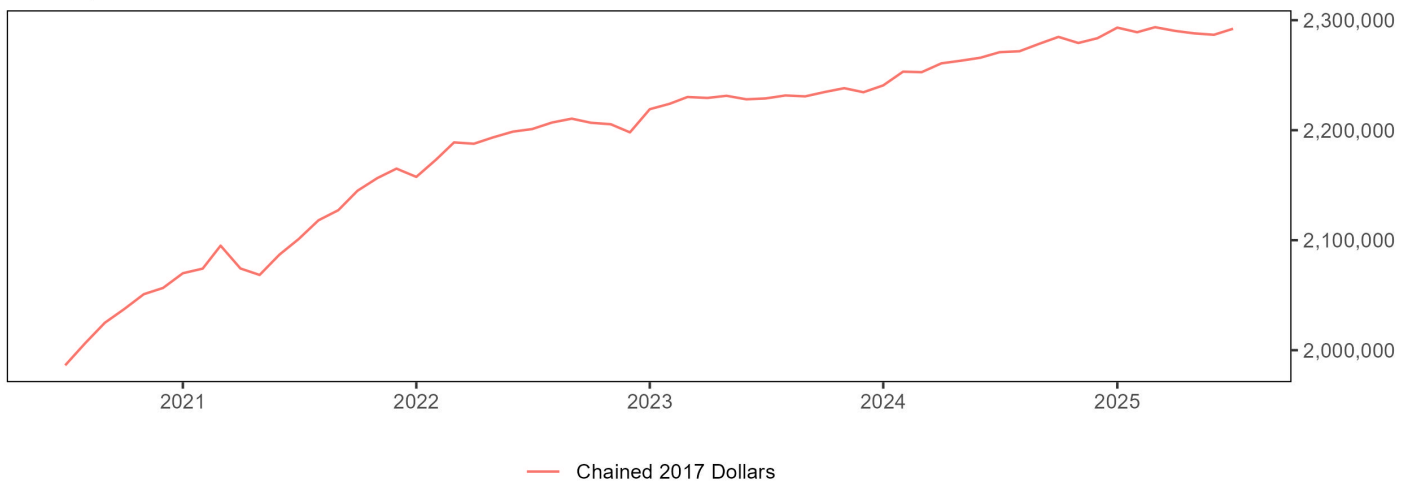
Industry GDP: Monthly Per Cent Change

Last data point: 2025-07-01



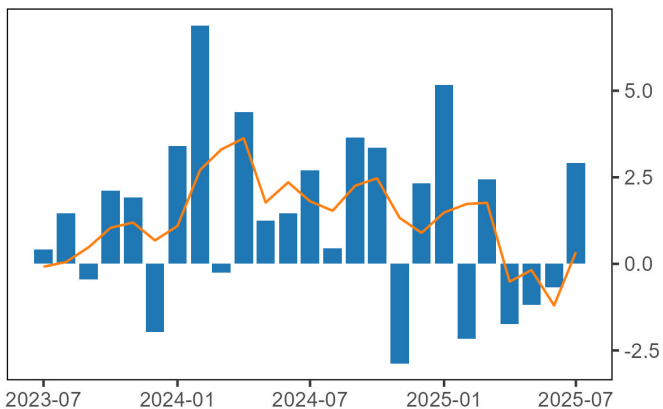
Industry GDP: \$ millions

Last data point: 2025-07-01



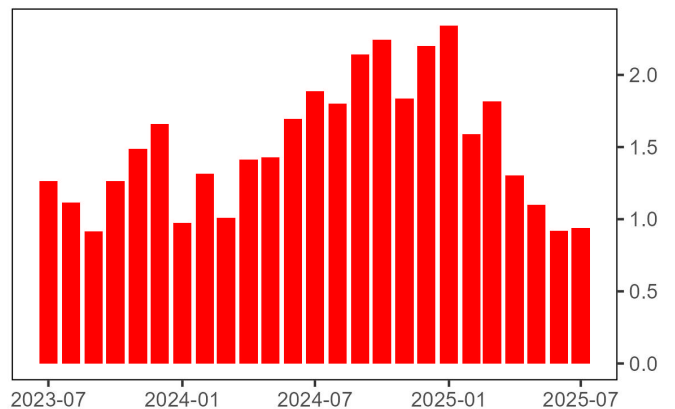
Industry GDP: Annualized Per Cent Change

Last data point: 2025-07-01



Industry GDP: 12- Month Per Cent Change

Last data point: 2025-07-01



— 3m % change, annualized

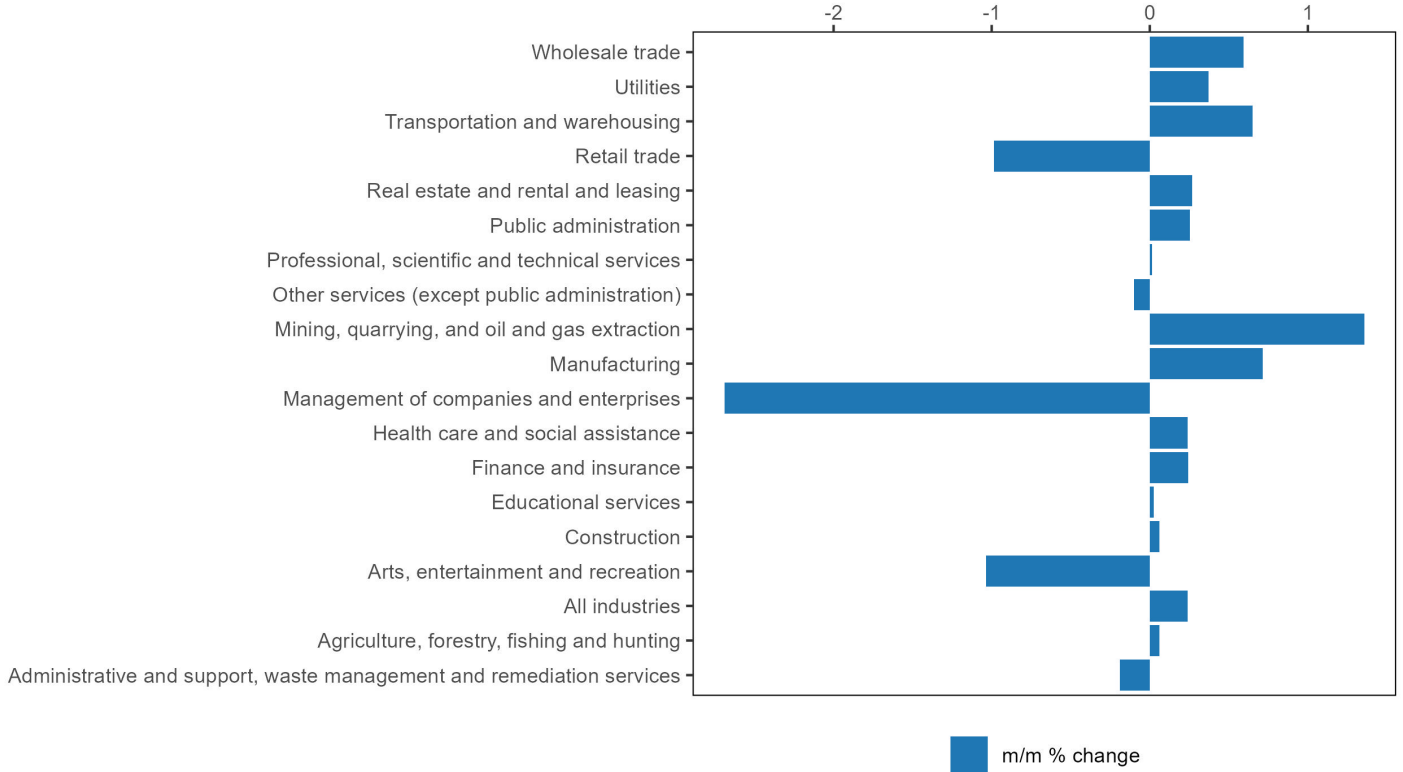
■ m/m % change, annualized

■ y/y % change

Canada Industry GDP by Industry

Industry GDP: Monthly Per Cent Change

Last data point: 2025-07-01



Industry GDP: 12m Per Cent Change

Last data point: 2025-07-01

