



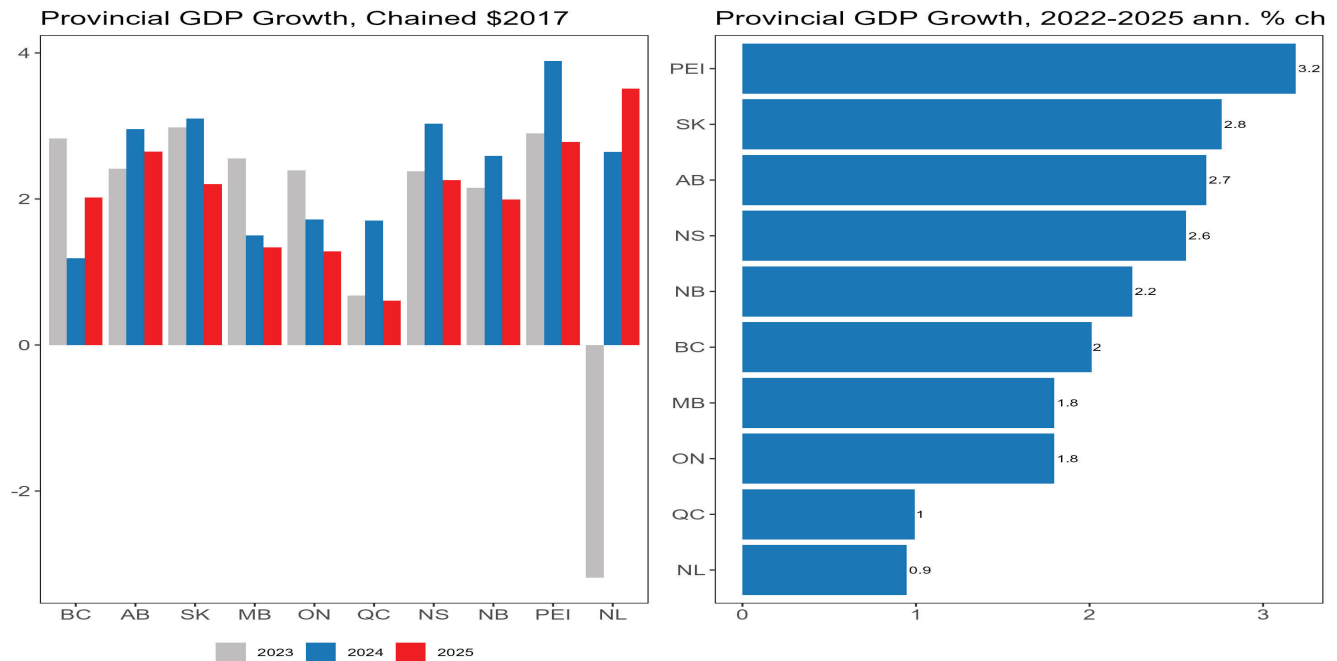
# Economic Commentary

May 4 2026

## Growth was positive across all provinces in 2025; strength mixed on tariff hit and resource strength

Statistics Canada released its estimates of 2025 economic activity for Canadian provinces from industry accounts. As we already know, Canada’s economy remained relatively resilient in 2025 despite the massive uncertainty and drag from related to U.S. tariff policy that was ultimately limited by CUSMA-related exemptions. GDP growth came in at 1.6 per cent in 2025, down from 2.0 per cent in 2024. However, key sectors of the economy were deeply impacted by U.S. Section 232 tariffs targeting aluminum, steel, autos and later in the year, forestry. The combination of tariffs, a refocus on Canadian sovereignty and resource advancement contributed to mixed growth patterns across the country.

The latest data points to considerable divergence amongst provinces which reflected sensitivity to tariff impacts. While all provinces expanded in 2025, all but two provinces recorded slower growth during the year. Both B.C. and Newfoundland and Labrador gained traction; the former accelerated to 2 per cent growth after a 1.2 per cent expansion, while the Newfoundland and Labrador jumped from 2.6 per cent to 3.5 per cent. Deceleration amongst other provinces varied with the sharpest decline coming in Quebec, where growth fell more than a full percentage point to a tepid pace of 0.6 per cent.

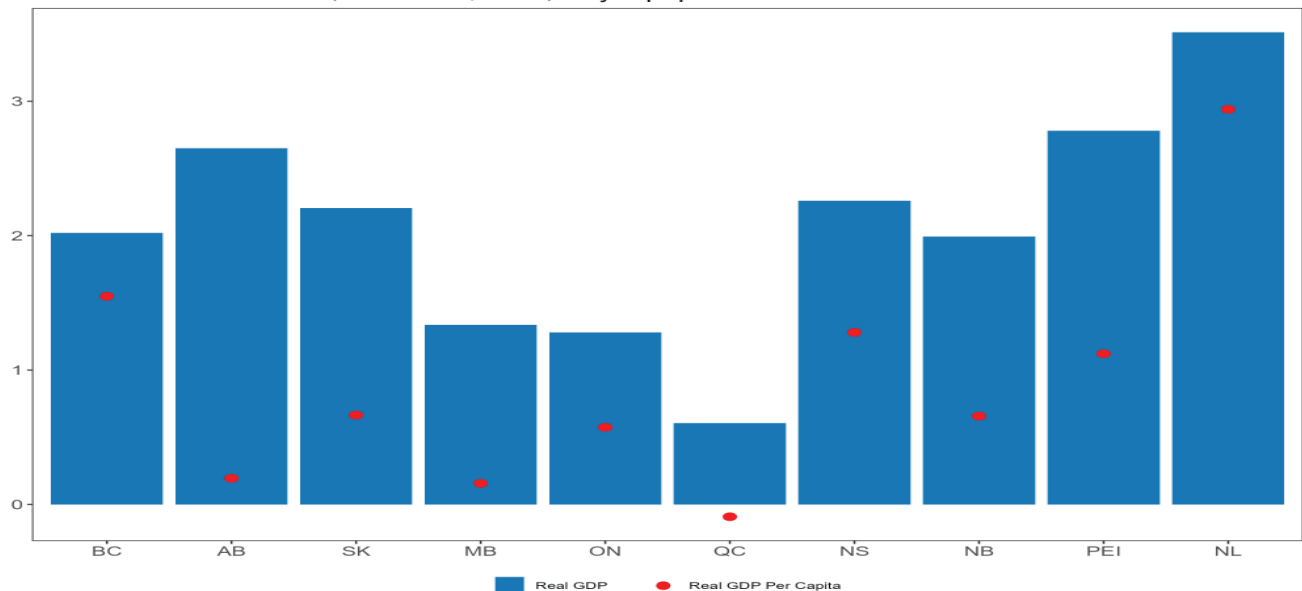


A scan of topline growth showed the strongest annual growth in Canada’s Atlantic provinces, and in provinces west of Manitoba. Among Canada’s largest provinces, Alberta (2.7 per cent), and B.C. (2.0 per cent) recorded the strongest gains. Growth in natural resources, including oil and gas, and mining were key drivers in higher growth provinces. In contrast, growth was much more sluggish in Ontario (1.3 per cent), and Quebec (0.6 per cent), reflecting deeper contractions in their manufacturing sectors. Canadian motor vehicle, aluminum, and steel production is concentrated in these provinces.

GDP growth can fluctuate significantly year-to-year. While post-pandemic effects have distorted patterns, average growth over the past three years has been led by Atlantic provinces outside Newfoundland and Labrador, Alberta and Saskatchewan. B.C.’s performance has slowed after leading the country from 2019-2023.

On a per capita basis, and based on July 1 population estimates, per capita growth in 2025 was weakest in Quebec reflecting the weak growth environment but also Alberta owing to stronger population growth. The highest per capita growth came in the Atlantic Canada and B.C. While this suggests growth in some provinces was driven by population and consumption growth, we are cautious to read too much into this about productivity gains especially as some provincial populations are declining due to migration caps which boosts per capita activity.

Provincial GDP Growth, Chained \$2017, July 1 pop



Economic growth is likely to slow in most provinces this year. Currently, we forecast GDP growth of 1.2 per cent on a full-year basis in 2026 as the economy grapples with a plethora of headwinds in including trade tensions, slow housing market, low if not negative population growth, and the war in Iran. The oil price spike is likely to add more uncertainty and push households to re-allocate spending towards gasoline, with risks that general inflation will rise.

Annual GDP Growth by Province, Chained \$2017



## British Columbia lifted by resources

B.C. was among only two provinces to report stronger growth relative to 2024, and at 2.0 per cent nudged above the national reading. Industry output rebounded from 1.2 per cent in 2024 but still fell short of the 2.8 per cent growth rate in 2023.

A rebound in goods- sector production drove the gain with a near 2.7 per cent increase, following a 3 per cent drop in the prior year. Outside manufacturing, sector-output broadly increased as increased natural gas and mining output (coal and metals) pushed resource extraction up 6.1 per cent, adding to the 3.2 per cent increase in 2024. Agriculture, particularly crop farming (+15 per cent) outweighed contraction in the hard hit forestry sector (-3.0 per cent). In contrast, manufacturing contracted 0.5 per cent with steeper declines in wood products (-7.1 per cent) which had struggled even prior to the latest late-year tariffs, and aluminum production (-11 per cent). Construction rose 3 per cent after contracting in 2024 on stronger non-residential construction activity.

The services-sector maintained a solid 1.8 per cent growth rate, following a 2.5 per cent increase in 2024 with tepid population likely a drag. Public administration was a key source of deceleration with growth at 1.3 per cent after trending above 4 per cent in prior years, with education contracting about 0.1 per cent, which likely owed to migration caps. That said, there remained surprising strength in segments like retail trade which rose a hefty 3.6 per cent from 1.2 per cent in 2024. Finance and insurance expanded 3.3 per cent, but real estate slowed to a still modest 2.2 per cent.

<b>B.C. Industry GDP, % change</b>				
North American Industry Classification System (NAICS)	2022	2023	2024	2025
All industries	4.7	2.8	1.2	2.0
Goods-producing industries	2.3	0.8	-3.1	2.7
Services-producing industries	5.6	3.5	2.5	1.8
Agriculture, forestry, fishing and hunting	-7.2	-6.9	-0.7	2.7
Mining, quarrying, and oil and gas extraction	2.9	5.5	3.2	6.2
Utilities	8.8	-7.1	3.4	1.4
Construction	5.2	4.0	-6.7	3.0
Manufacturing	-1.0	-4.3	-5.4	-0.5
Wholesale trade	0.4	-5.0	1.1	2.8
Retail trade	2.0	1.1	1.2	3.7
Transportation and warehousing	17.7	7.0	4.0	3.7
Information and cultural industries	5.9	3.5	2.4	-0.3
Finance and insurance	0.0	1.2	2.2	3.3
Real estate and rental and leasing	1.3	3.1	2.8	2.2
Professional, scientific and technical services	12.0	5.9	1.3	-0.1
Management of companies and enterprises	-27.0	-30.0	-30.0	-22.0
Administrative and support, waste management and remediation services	12.8	4.4	1.6	-1.4
Educational services	2.6	3.1	3.1	-0.1
Health care and social assistance	3.5	6.3	4.4	3.5
Arts, entertainment and recreation	19.9	4.8	1.6	1.0
Accommodation and food services	23.5	2.9	-0.8	1.6
Other services (except public administration)	7.3	5.0	0.8	-1.0
Public administration	4.7	4.5	4.3	1.3

## Ontario economy falters under tariff pressure

Economic growth in Ontario decelerated for a fourth consecutive year, declining to 1.3 per cent from 1.7 per cent. The main drag came from the goods sector, which was unchanged after a 2.3 per cent contraction in 2024.

Tepid activity in the goods-sector was driven by a second consecutive contraction in the manufacturing sector which offset growth in the resources (+5.8 per cent) and utilities (+3.8 per cent) sectors. Manufacturing contracted 1.6 per cent following the 4.6 per cent drop in 2024. There were significant declines in key manufacturing sub-components. Food manufacturing fell 2.9 per cent, while wood products fell 5.6 per cent; aluminum fell 13 per cent. Motor vehicle and parts output fell 1 per cent but followed a 12 per cent pull back in 2024. The sector has remained relatively steady even as tariffs impacted a portion of vehicle production, although weakness likely extends this year.

The services sector drove growth with a 1.6 per cent expansion following a 2.8 per cent increase in 2024 with a tepid population likely a drag. There was significant growth in retail trade which rose 3 per cent after a 1.1 per cent expansion in 2024, while finance and insurance expanded by a rapid 5.0 per cent after a similar gain in 2024. Segments like hospitality, arts/entertainment and healthcare grew 2-3 per cent, while public administration slowed to 1.1 per cent from 2.7 per cent.

<b>Ontario Industry GDP, % change</b>				
North American Industry Classification System (NAICS)	2022	2023	2024	2025
All industries	4.3	2.4	1.7	1.3
Goods-producing industries	0.3	0.1	-2.3	0.1
Services-producing industries	5.5	3.1	2.8	1.6
Agriculture, forestry, fishing and hunting	0.4	3.8	1.8	0.9
Mining, quarrying, and oil and gas extraction	17.2	-0.4	4.2	5.8
Utilities	7.9	2.1	3.4	3.8
Construction	-5.0	-1.2	-2.2	0.2
Manufacturing	1.3	0.2	-4.6	-1.6
Wholesale trade	3.8	1.4	0.8	1.1
Retail trade	9.2	1.4	1.2	3.0
Transportation and warehousing	21.8	8.0	3.5	0.8
Information and cultural industries	0.7	5.6	2.8	2.7
Finance and insurance	3.3	0.8	5.2	5.0
Real estate and rental and leasing	-0.9	1.9	3.5	1.3
Professional, scientific and technical services	9.8	5.2	2.8	-0.2
Management of companies and enterprises	-32.5	-30.0	-30.0	-22.0
Administrative and support, waste management and remediation services	7.9	1.5	-0.6	-0.7
Educational services	2.4	2.6	4.2	-0.3
Health care and social assistance	3.9	3.6	3.7	2.3
Arts, entertainment and recreation	37.3	15.9	2.4	3.1
Accommodation and food services	42.4	7.0	0.8	2.0
Other services (except public administration)	9.4	3.8	-0.3	-1.2
Public administration	2.3	2.6	2.7	1.1

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