

The Chaire en macroéconomie et prévisions (CMP) aims to facilitate exchanges between academic circles and various economic institutions in Quebec and Canada on issues related to their aggregate economic performance. This is achieved by providing a representative and forward-looking picture of their economic evolution. Our analyses are designed to meet the diverse needs of economic stakeholders by fostering synergies, leveraging cutting-edge research in macroeconomics and forecasting, and effectively communicating their implications.

This document presents our short- and medium-term macroeconomic projections and outlooks for Canada and Quebec. Our approach relies on a variety of forecasting exercises that cover a wide range of key economic indicators.

The forecasts reported in the tables below were generated using a variety of statistical models. Unlike most economic forecasts commonly published by other organizations, including various financial institutions, the forecasts reported here are solely based on statistical associations extracted from historical data. These associations leverage the informational content of the data using a set of modern econometric tools.

This edition of the *Macroscope* integrates 37 predictive models. These models include standard regressions, regularization models, and machine learning techniques applied to a vast dataset of macroeconomic indicators¹.

We present the median of our models' forecasts to limit the impact of outliers. The dispersion of the forecasts is also indicated by the 10th and 90th percentiles, thereby providing a measure of models' uncertainty without constituting a confidence interval. High dispersion suggests a greater diversity of possible futures, reflecting increased uncertainty. Additionally, the asymmetry of the distribution around the median (50th percentile) helps to understand the "direction" of this uncertainty. In this edition, short-term forecasts span the next 7 quarters, while medium-term annual forecasts cover the period from 2025 to 2029 inclusively.

It is important to emphasize that certain geopolitical developments, both in the United States and internationally, as well as new changes in fiscal, monetary, or trade policies, could lead to discrepancies between the anticipated economic trajectories and those actually observed. Nevertheless, our methodological approach retains the advantage of effectively capturing the current momentum of the Canadian and Quebec economies. Thus, our forecasts should be understood as baseline scenarios, established in the absence of new shocks likely to disrupt our economies.

Looking back at the data and forecasts published in April for Q1 2025

Following the revisions made by Statistics Canada, Canada's real GDP, nominal GDP, and real consumption growth rates for the third quarter of 2024 were slightly revised upward, while real investment declined more than previously suggested by earlier data. However, for the fourth quarter of 2024, real GDP and real investment grew more slowly than initially reported, while nominal GDP and real consumption grew slightly faster. In Quebec, according to the new data for the third quarter of 2024, real GDP showed somewhat weaker growth, but

1. This dataset can be accessed [here](#).

the figures for nominal GDP, real consumption, and real investment were a little stronger. The published data for the growth rate of Quebec's real GDP in the fourth quarter of 2024 are slightly lower, but are revised upward with respect to nominal GDP, real consumption, and real investment.

In the first quarter of 2025, Canadian data showed that the forecasted growth rate of the GDP deflator made in April had been underestimated, as it exceeded even the upper bound of the 90th percentile uncertainty interval of 2.84%, and reached 3.19%. At the same time, core inflation was higher than expected, reaching 2.48%, compared to the upper bound of our model's forecast interval at 2.42%. In addition, the Canadian dollar depreciated more than anticipated against the U.S. dollar, with an exchange rate of 1.44 CAD per USD, whereas the median and upper bound of our forecast models stood at 1.41. Moreover, employment grew faster than expected, at a rate of 1.86%, while the unemployment rate was overestimated, standing at 6.63%, down from 6.73% in the previous quarter. Housing starts declined by about 24,000 units on an annualized basis in the first quarter compared to the last quarter of 2024, registering 223,040 housing starts, which is less than the lower bound of the forecast uncertainty interval in the previous edition of the *Macroscope*.

For Quebec, performance in the first quarter clearly exceeded the forecasts from the April statistical model portfolio with respect to real investment growth. The recorded growth rate of 4.41% was well above the forecast upper bound of 2.62% from our model portfolio. The GDP deflator, as well as employment, also showed higher growth rates, with values of 4.37% and 1.94% respectively. Like the Canadian trend, employment growth was stronger than expected, while the unemployment rate was overestimated, standing at approximately 5.47%, compared to 5.73% in the last quarter of 2024. However, unlike Canada as a whole, housing starts continued to rise, reaching 57,740 units, i.e., about 2,000 more units than in the previous quarter, on an annualized basis.

Production, Consumption, and Investment

Since our previous update, the Canadian median outlook for the annualized real GDP growth rates for the last two quarters of 2025 through 2026 has been revised downward, hovering around 2.00%, with the exception of the third quarter of 2025 (which is slightly higher, at 2.12%) and the first quarter of 2026 (which is slightly lower, at 1.92%). Annual forecasts have also slightly deteriorated but remain above 2.00%. Thus, the model portfolio still suggests a degree of resilience in the Canadian economy. However, we emphasize that it remains subject to uncertain tariff developments and their implications.

The median annualized growth rate of real consumption is expected to exceed 2.19% at both quarterly and annual horizons, even reaching over 2.70% for the whole of 2025. In comparison, while highlighting the wide forecast uncertainty intervals, the growth rate of real investment is expected to remain above 1.00% in median terms, except for the last quarter of 2025 and the first quarter of 2026 (with median forecasts of 0.51% and 0.79%, respectively). Over the longer term, median growth prospects appear stronger, reaching up to 2.51% by 2029. Here as well, the high degree of uncertainty related to U.S. trade and monetary dynamics could have a significant impact on outcomes.

Despite these risks, the median forecasts for Quebec’s real GDP growth range between 1.65% and 2.00% for both quarterly and annual horizons. While accounting for model uncertainty margins, Quebec’s economic trajectory remains close to that of Canada, but at a slightly slower pace, by about 0.20 to 0.30 percentage points.

Meanwhile, although growing at a slower pace than Canada across all forecast horizons, following a projected increase of 2.66% in 2025, Quebec’s consumption growth is expected to slow to around 2.00% in 2026 and 2027. Then, it is expected to regain some momentum through 2029, with median values slightly exceeding 2.20%. After a decline in 2024, and regardless of the external disruptions, Quebec’s real investment is expected to strengthen and to even outperform its Canadian counterpart across all forecast horizons. In 2025, the median projected growth rate for Quebec’s real investment stands at 3.56%. Over the following years, from 2026 to 2029, it is anticipated to stabilize within a range from 1.83% to 2.14% annually.

Inflation and Exchange Rates

Recent inflation data indicate an increase of at least 0.30% compared to the last quarter of 2024. In comparison with the forecasts published in April, the percentage change in the cost of living in Canada has generally been revised upward and remains above the midpoint of the Bank of Canada’s target range. This is true for the GDP deflator-based measure from the second quarter of 2025 through the first quarter of 2026, as well as for both headline and core inflation rates for all quarters through the end of 2026. While headline inflation is expected to peak at 2.49% in the first quarter of 2026, before gradually declining to 2.37% by the last quarter of 2026. For the core inflation rate, the median projected value from the models is 2.55% in the third quarter of this year. It could be easing to around 2.24% by the end of 2026. According to the median of annual forecasts, headline inflation could remain above 2.00% over the next five years, gradually decreasing from 2.21% in 2025 to 2.16% in 2029. Core inflation, for its part, is expected to reach 2.54% in 2025 and then to converge more quickly toward values near 2.00% from 2027 to 2029. The projected evolution of the cost of living in Quebec is quite similar to that of Canada, with the main difference being that the expected growth of the GDP deflator is stronger in Quebec during the second and third quarters of 2025, while the projected values for the three inflation measures are otherwise slightly lower in Quebec.

Since the uncertainty intervals for inflation are skewed to the right, the models suggest some persistence in inflationary pressures in both Canada and Quebec. These may coincide with the challenge of firmly anchoring economic agents’ inflation expectations, particularly in the current geopolitical context.

Despite the depreciation of the Canadian dollar in the first quarter of 2025, our median forecasts for subsequent periods, after the second quarter data, remain largely unchanged. These now reflect a slow depreciation relative to the U.S. dollar, potentially reaching 1.44 CAD/USD by 2029. This may be related to the impacts of the trade war initiated by the U.S. administration with respect to Canada, concerns about the future path of U.S. public debt, as well as a relatively more accommodative monetary policy in Canada than in the U.S., while U.S. interest rates are higher than Canadian rates.

The Labour Market

In line with the previous edition of the *Macroscope*, the upcoming quarters are expected to exhibit a labour force in Canada that will continue to grow more strongly than employment throughout 2025. Subsequently, in 2026, the labour force and employment are projected to grow at nearly the same pace, at slightly above 1.30%. From 2027 to 2029, however, our models predict employment growth to be slightly higher than that of the labour force. The median unemployment rate forecast is expected to remain between 6.90% and 7.00% through 2027, before gradually declining to around 6.62% by 2029.

After recording values of 1.94% and 2.07% respectively in the 1st and 2nd quarters of 2025, Quebec employment is expected to grow at a slower pace than in Canada to reach a projected median rate hovering around 1.00% throughout 2026. This pace would then increase slightly to 1.31% in 2029. At the same time, after a 2.71% and 2.87% increase in the labour force at the start of the year, the median of our forecasting models projects it to grow by 2.54% third quarter of 2025, and by approximately 1.00% each quarter in 2026, as well as every year until 2029. Due to slightly faster employment growth, the pressures on the unemployment rate are expected to subside. Our median forecasts and their respective uncertainty intervals suggest that Quebec's unemployment rate would gradually decline from 5.90% in 2025 to 5.48% by 2029.

Regarding wages, the composite wage indicator calculated by the Chaire shows nominal growth rates of 3.56% in Canada and 4.03% in Quebec in the first quarter of 2025.² In the second quarter, the annualized growth rates of the composite wage index are expected to be of similar magnitude, at 3.50% and 3.82% for Canada and Quebec, respectively. In real terms, based on information available up to the first quarter of 2025, the growth in the composite wage index stood at 1.28% in Canada and 1.91% in Quebec, compared to 1.20% and 1.45%, respectively, for the full year 2024. Thus, Quebec is on track to experience stronger real wage growth than the country as a whole.

The Housing Sector

New housing prices in Canada are expected to grow slightly more in 2025 and 2026 than anticipated in the previous two editions of the *Macroscope*. Following virtually no increase at the end of 2024 and at the beginning of 2025, a moderate median growth of less than 1.00% is projected for the second and third quarters of 2025, rising to 1.11% in the fourth quarter and accelerating in 2026 from 1.60% in the first quarter to nearly 2.54% in the last quarter of 2026. For the years 2026 to 2029, the median projected increases are expected to remain above 2.15%.

In contrast, compared to the figures published in April, the corresponding forecasts for Quebec remain close to 2.34% in the second quarter of this year, but from the third quarter onward, new housing prices are now expected to increase by just under 2.61% in median annualized terms in the third quarter of 2025. This could be followed by growth rates ranging between 2.82% and 3.12% from the last quarter of 2025 through the final quarter of 2026.

2. See the [Labor Market](#) section on the Chair's website.

At the annual horizons, the increase in new housing prices is projected to reach growth rates of 3.30% and 3.40% in 2028 and 2029, respectively.

In the first quarter of 2025, Canada recorded a decline in housing starts, while Quebec experienced a slight increase compared to the previous quarter. These variations directly influence our quarterly forecasts from the statistical models, due to the strong persistence that characterizes the evolution of housing starts. At the national level, the number of housing starts is expected to stabilize around 280,000 units by the end of 2026, while in Quebec, it is projected to remain at approximately 59,000 units over the same period.

	Quarterly horizons										Annual horizons					
	Realized			Forecast							Realized		Forecast			
	2024 Q3	2024 Q4	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2024	2025	2026	2027	2028	2029
Canada																
Real GDP	1.95	2.29	2.31	2.03 [1.07,2.34]	2.12 [1.58,2.38]	2.05 [1.31,2.43]	1.92 [1.40,2.21]	2.03 [1.41,2.30]	2.01 [1.49,2.32]	2.02 [1.52,2.28]	1.55	2.13 [1.57,2.36]	2.00 [1.46,2.28]	2.14 [1.47,2.39]	2.30 [2.09,3.06]	2.36 [1.72,2.61]
Nominal GDP	4.80	4.68	5.64	5.24 [3.93,5.66]	4.99 [4.27,5.61]	4.65 [4.05,5.46]	4.55 [3.47,4.98]	4.62 [3.78,5.27]	4.58 [4.00,5.22]	4.38 [3.38,4.71]	4.72	5.13 [4.47,5.59]	4.53 [3.66,5.04]	4.44 [3.78,5.44]	4.67 [4.43,5.88]	4.72 [4.34,5.53]
Real Consumption	2.91	3.86	3.07	2.78 [2.13,3.05]	2.65 [2.42,3.00]	2.41 [1.95,2.68]	2.30 [1.99,2.52]	2.30 [1.99,2.45]	2.19 [1.79,2.42]	2.22 [1.89,2.43]	2.73	2.73 [2.39,2.95]	2.26 [1.90,2.45]	2.30 [1.89,2.48]	2.43 [2.21,2.82]	2.43 [2.06,2.64]
Real Investment	-0.82	2.70	1.76	1.22 [-0.42,1.93]	1.21 [-0.19,2.42]	0.51 [-1.17,2.34]	0.79 [-0.54,2.46]	1.47 [-0.24,2.58]	1.63 [-0.85,2.54]	1.76 [0.10,2.63]	0.11	1.18 [0.00,2.12]	1.41 [-0.38,2.55]	2.01 [0.31,2.93]	2.42 [0.72,2.89]	2.51 [0.36,2.85]
GDP Deflator	2.83	2.31	3.19	3.06 [2.49,3.49]	2.77 [2.33,3.23]	2.67 [2.40,3.07]	2.51 [2.11,2.85]	2.37 [2.37,3.41]	2.51 [2.37,2.80]	2.32 [1.88,2.56]	3.14	2.93 [2.60,3.25]	2.43 [2.18,2.90]	2.27 [2.04,2.70]	2.24 [2.28,2.52]	2.42 [2.42,2.90]
Overall Inflation Rate	2.04	1.91	2.29	1.71 ^R	2.36 [2.04,2.50]	2.41 [2.12,2.62]	2.49 [2.27,3.07]	2.42 [2.17,3.08]	2.39 [2.20,3.07]	2.37 [2.21,2.98]	2.39	2.21 [2.06,2.30]	2.42 [2.21,3.05]	2.29 [2.10,2.69]	2.17 [2.00,2.53]	2.16 [2.03,2.95]
Core Inflation Rate	2.47	2.12	2.48	2.60 ^R	2.53 [2.14,2.60]	2.55 [2.16,2.68]	2.51 [2.26,2.81]	2.40 [2.14,2.79]	2.30 [2.11,2.74]	2.24 [2.17,2.63]	2.58	2.54 [2.34,2.59]	2.36 [2.17,2.74]	2.18 [2.05,2.58]	1.98 [1.78,2.28]	1.91 [1.82,2.72]
USD/CAD Exchange Rate	1.36	1.40	1.44	1.38 ^R	1.39 [1.38,1.40]	1.40 [1.38,1.40]	1.40 [1.39,1.41]	1.40 [1.39,1.41]	1.40 [1.38,1.42]	1.40 [1.39,1.42]	1.37	1.40 [1.40,1.40]	1.40 [1.39,1.42]	1.41 [1.39,1.44]	1.43 [1.40,1.47]	1.44 [1.41,1.50]
Employment	1.64	1.59	1.86	1.44 ^R	1.53 [0.97,1.74]	1.49 [1.21,1.69]	1.45 [1.05,1.61]	1.32 [0.66,1.44]	1.35 [0.81,1.55]	1.35 [0.73,1.47]	1.88	1.58 [1.37,1.68]	1.37 [0.81,1.52]	1.34 [0.93,1.56]	1.40 [1.22,1.99]	1.55 [1.31,2.07]
Labour Force	2.81	2.69	2.67	2.11 ^R	1.91 [1.76,2.06]	1.61 [1.41,1.77]	1.39 [1.26,1.67]	1.32 [1.12,1.51]	1.37 [1.26,1.41]	1.32 [1.31,1.42]	2.96	2.08 [1.99,2.15]	1.35 [1.24,1.50]	1.30 [1.30,1.42]	1.29 [1.26,1.31]	1.38 [1.30,1.51]
Unemployment Rate (%)	6.57	6.73	6.63	6.93 ^R	6.92 [6.77,7.07]	6.96 [6.81,7.15]	6.95 [6.71,7.19]	6.96 [6.68,7.25]	6.98 [6.67,7.35]	6.97 [6.60,7.35]	6.38	6.86 [6.79,6.95]	6.97 [6.67,7.29]	6.90 [6.52,7.35]	6.84 [6.35,7.21]	6.62 [6.19,7.04]
Salaires-composite [†]	3.59	3.74	3.56	3.50 [*]							3.47	3.66 [*]				
Real Salaires-composite [†]	1.42	1.58	1.28								1.20	1.28 ^{**}				
New Housing Prices	0.11	0.03	0.08	0.33 [-0.04,0.81]	0.65 [-0.21,1.04]	1.11 [-0.18,1.75]	1.60 [0.17,2.29]	2.05 [1.05,2.57]	2.32 [1.74,2.87]	2.54 [1.89,3.09]	-0.12	0.54 [-0.09,0.92]	2.13 [1.21,2.71]	2.73 [1.97,3.54]	2.40 [1.69,2.83]	2.16 [1.03,2.56]
Housing Starts [‡] (x1000)	237.52	247.98	223.04	283.32 ^R	282.90 [278, 289]	283.31 [279, 291]	279.98 [272, 288]	282.16 [271, 291]	281.97 [273, 291]	285.88 [272, 296]	245.07	268.09 [266, 271]	282.49 [272, 292]	281.78 [263, 295]	284.65 [264, 299]	287.28 [263, 301]
Québec																
Real GDP	1.69	2.20	1.98	1.75 [1.13,2.08]	1.89 [1.37,2.29]	1.81 [1.25,2.02]	1.67 [1.25,1.90]	1.79 [1.36,2.00]	1.73 [1.13,2.01]	1.79 [1.40,2.08]	1.30	1.86 [1.43,2.09]	1.74 [1.28,2.00]	1.88 [1.42,2.23]	2.01 [1.84,2.62]	2.00 [1.50,2.26]
Nominal GDP	5.72	5.95	6.38	5.39 [4.43,5.81]	4.84 [4.36,5.20]	4.45 [3.66,4.84]	4.15 [3.70,4.68]	4.13 [3.76,4.74]	4.13 [3.83,4.76]	4.13 [3.68,4.69]	5.42	5.26 [4.71,5.56]	4.12 [3.74,4.72]	4.20 [3.93,5.02]	4.30 [4.17,5.25]	4.31 [3.92,4.89]
Real Consumption	3.52	5.02	3.23	2.87 [2.25,3.23]	2.61 [2.21,3.13]	1.93 [1.34,2.50]	2.00 [1.46,2.30]	2.01 [1.68,2.36]	1.93 [1.42,2.26]	1.87 [1.40,2.20]	3.23	2.66 [2.26,3.02]	1.95 [1.49,2.28]	2.08 [1.79,2.37]	2.28 [2.09,2.75]	2.23 [2.00,2.63]
Real Investment	-1.53	2.30	4.41	3.80 [1.70,4.47]	3.46 [2.21,4.55]	2.58 [-0.92,3.85]	1.76 [-0.66,2.67]	1.93 [1.02,3.06]	1.67 [0.49,2.66]	1.94 [0.40,2.95]	-0.12	3.56 [1.85,4.32]	1.83 [0.31,2.84]	2.14 [0.94,2.85]	2.09 [-0.36,2.63]	2.03 [-0.48,2.86]
GDP Deflator	3.94	3.65	4.37	3.51 [3.10,3.90]	2.86 [2.38,3.26]	2.59 [2.24,2.98]	2.34 [1.92,3.08]	2.26 [2.16,2.83]	2.29 [2.41,2.77]	2.21 [2.11,2.64]	4.06	3.33 [3.02,3.63]	2.27 [2.15,2.83]	2.22 [2.06,2.89]	2.25 [2.18,2.62]	2.23 [2.06,3.02]
Overall Inflation Rate	1.68	1.57	1.91	2.03 ^R	2.04 [1.66,2.24]	2.15 [1.83,2.42]	2.31 [1.97,2.92]	2.23 [1.84,2.95]	2.29 [1.83,2.95]	2.22 [1.89,2.95]	2.34	2.03 [1.86,2.15]	2.26 [1.88,2.94]	2.18 [1.90,2.68]	2.05 [1.78,2.47]	1.99 [1.84,2.63]
Core Inflation Rate	2.25	2.10	2.19	2.48 ^R	2.19 [1.88,2.37]	2.18 [1.84,2.53]	2.21 [1.84,2.76]	2.12 [1.66,3.06]	2.16 [1.67,2.97]	2.14 [1.77,2.66]	2.71	2.26 [2.10,2.39]	2.16 [1.74,2.86]	2.02 [1.64,2.62]	1.83 [1.42,2.26]	1.70 [1.52,2.35]
Employment	0.38	1.33	1.94	2.07 ^R	1.35 [0.77,1.81]	1.31 [0.97,1.76]	1.20 [0.86,1.58]	1.00 [0.47,1.17]	1.11 [0.79,1.45]	1.06 [0.69,1.23]	0.87	1.67 [1.44,1.89]	1.09 [0.70,1.36]	1.08 [0.80,1.34]	1.15 [0.95,1.94]	1.31 [1.10,1.64]
Labour Force	1.61	2.24	2.71	2.87 ^R	2.54 [2.41,2.64]	1.59 [1.46,1.75]	1.02 [1.44,1.78]	1.03 [0.84,1.17]	1.03 [0.97,1.13]	1.08 [0.98,1.17]	1.85	2.43 [2.36,2.49]	1.18 [1.06,1.31]	0.98 [0.90,1.09]	0.91 [0.86,1.07]	1.03 [1.02,1.25]
Unemployment Rate (%)	5.60	5.73	5.47	6.03 ^R	6.05 [5.96,6.28]	6.04 [5.90,6.21]	6.01 [5.82,6.25]	6.00 [5.84,6.32]	5.96 [5.77,6.33]	5.96 [5.71,6.29]	5.34	5.90 [5.84,6.00]	5.98 [5.78,6.30]	5.86 [5.60,6.24]	5.66 [5.32,6.07]	5.48 [5.11,5.83]
Salaires-composite [†]	4.07	4.12	4.03	3.82 [*]							3.75	3.98 [*]				
Real Salaires-composite [†]	1.98	2.09	1.91								1.45	1.91 ^{**}				
New Housing Prices	0.49	1.39	2.00	2.34 [1.93,2.74]	2.61 [1.98,3.10]	2.83 [2.05,3.19]	2.82 [2.07,3.33]	2.96 [1.99,3.42]	3.12 [2.44,3.56]	3.09 [2.30,3.76]	0.54	2.45 [1.99,2.76]	3.00 [2.20,3.52]	3.17 [2.65,4.52]	3.30 [2.86,4.90]	3.38 [2.17,5.09]
Housing Starts [‡] (x1000)	38.99	55.83	57.74	60.93 ^R	59.16 [57, 62]	59.98 [56, 63]	59.54 [56, 63]	59.79 [56, 63]	59.73 [56, 63]	60.69 [56, 63]	48.81	59.21 [58, 61]	59.94 [56, 63]	60.07 [56, 63]	60.45 [55, 64]	59.56 [54, 63]

Notes : The values in brackets represent our 10th and 90th percentiles of forecasts from our models. All growth rates (in %) are reported as year-over-year growth rates %Y/Y, unless otherwise indicated.

[†] The construction and measurement values of the salaires-composite are available in the [Labor Market](#) section of the Chaire's website.

[‡] The annualized number of housing starts is based on the averages of monthly forecasts over the considered horizon.

* The reported value is the average of our monthly salaires-composite measure, over the period of interest, containing information up to 2025-05.

** The reported value is the average of our quarterly salaires-composite measure, over the period of interest, containing information up to 2025-03.

^R Realized value, as reported in the most recent data published by Statistics Canada as of July 18th.