

The mission of the Chair in Macroeconomics and Forecasting (CMP) is to facilitate exchanges between academic circles and various economic institutions in Quebec and Canada on issues related to their aggregate economic performance, particularly by developing a representative current and forward-looking picture of their evolution. Our analyses aim, in particular, to meet the diversified needs of economic stakeholders by developing synergies, relying on cutting-edge research in macroeconomics and forecasting, and communicating their implications.

This bulletin updates our short- and medium-term macroeconomic projections for Canada and Quebec. In light of the available data, the forecasting exercises with our 37 models reflect a revised trajectory covering a comprehensive set of key economic indicators.

Our forecasting approach relies exclusively on extracting statistical regularities from the dynamics of historical data in order to recover their informational content. This methodology, distinct from the conventional approaches used by other organizations, draws on modern econometric techniques to generate our forecasts.

The current edition of the Macroscope incorporates 37 predictive models. These models include standard regressions, regularization models, and machine-learning techniques applied to a broad set of macroeconomic data¹.

To limit the influence of outliers, we report the median of the forecasts. The uncertainty intervals (10th and 90th percentiles) quantify the diversity of economic scenarios anticipated by our portfolio of models. A wider interval signals greater structural uncertainty regarding future developments. In addition, the asymmetry of the distribution around the median (50th percentile) helps to understand the “direction” of this uncertainty. In this edition, short-term forecasts extend over the next 8 quarters, while the annual horizon now extends from 2026 to 2030.

It is important to note that recent geopolitical volatility, such as the conflict in the Middle East and its impact on energy, as well as the revision of the Canada-United States-Mexico Agreement (CUSMA), and recent developments in budgetary, monetary, or trade policies, could lead to divergences between economic forecasts and actual outcomes. Nevertheless, our methodological approach retains the advantage of adequately 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.

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

*Review of the data and forecasts published in January
for the fourth quarter of 2025*

Statistics Canada has revised upwards the third quarter of 2025 data for Canada. The new estimates indicate growth rates of 1.58% (vs 1.42%) for real GDP and 4.08% (vs 3.94%) for nominal GDP. Domestic demand has also strengthened : +1.74% (vs 1.69%) for real consumption and +2.15% (vs 1.92%) for real investment. Furthermore, the data now observed for the fourth quarter of 2025 show a clear temporary slowdown, with growth rates of 0.72% for real GDP, 3.20% for nominal GDP, 1.63% for real consumption, and 0.52% for real investment.

In Quebec, the revisions concern all quarters of 2025, with a greater impact on the third quarter. Thus, nominal output growth was revised upward, from 3.66% to 4.16%, while real consumption increased from 0.56% to 0.78%. Conversely, real output growth was revised downward, from 0.24% to 0.22%. Real investment is the most affected : annual growth in the third quarter of 2025 was revised downward, from 2.68% to 0.58%. The data observed in the fourth quarter of 2025 also confirm a marked cyclical weakening, with growth rates of -0.34% for real GDP, 3.10% for nominal GDP, 0.10% for real consumption, and -1.39% for real investment.

Production, Consumption, and Investment

The data from the last quarter of 2025 have necessitated downward revisions to our near-term Canadian production and investment forecasts. All four activity indicators proved weaker than our January estimates. The new forecasts thus suggest a slowdown in growth in 2026, before a gradual return to growth rates close to those previously anticipated. Specifically, the projected annual growth rates for 2026 are now 1.60% for real GDP, 3.97% for nominal GDP, 2.14% for real consumption, and 1.39% for real investment, all lower than in our previous edition. The outlook from our models remains within a fundamentally stable macroeconomic framework. The major difference lies in the 2026 cyclical adjustment : the models anticipate a temporary trough before a gradual return to the levels initially projected from 2027 onwards. It is important to remember, however, that any statistical model remains limited in the face of unexpected political shocks, tensions generated by developments in the Middle East, or other external disruptions that could alter the trajectory of the economy.

In Quebec, the downward adjustment of the four indicators reflects the revision of the fourth quarter 2025 data. That being said, the decline in 2026 is part of a temporary correction. Real GDP growth is expected to rise from 0.73% in 2025 to 1.28% in 2026, before returning to around 2.00% from 2027 onwards. The nominal GDP growth rate would reach approximately 4.22% in 2027 and then remain close to 4.25% until 2030. For real consumption, our median projections and uncertainty intervals suggest a gradual recovery after a more moderate year in 2026 at 1.65%, with growth then returning to a slightly higher rate of 2.10%, peaking at 2.26% in 2027. Finally, after the marked decline observed at the end of 2025, real investment growth is expected to slow to 1.14% in 2026, before returning to around 2.20% to 2.30% between 2027 and 2030. Indeed, forecasting investment remains inherently complex,

as demonstrated by the extent of the uncertainty associated with our set of models compared to forecasts for other variables. Changes in productive capital investment remain central to the issues specific to the productivity lag in Quebec and Canada and their respective cyclical developments.

Inflation and Exchange Rates

Price data confirm that inflation is contained within the Bank of Canada's [1–3%] target range, although Quebec shows more sustained pressure at the end of 2025. The GDP deflator is expected to show a stable trajectory until 2027, fluctuating around 2.4% in Canada and 2.2% in Quebec. In both Canada and Quebec, the change in the GDP deflator is expected to remain relatively stable until 2027, at nearly 2.4% and 2.2% respectively. In Canada, overall inflation is expected to experience a moderate increase in the short term, rising from 2.25% in the fourth quarter of 2025 to 2.37% in the second quarter of 2026, then to 2.27% in the last quarter of 2027. As for the core inflation rate, it is expected to gradually decrease from 2.54% in the fourth quarter of 2025 to 2.15% at the end of 2027. In Quebec, overall and core inflation rates are also expected to slow in tandem, falling from 3.15% and 3.10% at the end of 2025 to 2.26% and 2.20% at the end of 2027. Finally, it should be noted that for the annual horizons from 2028 to 2030, the median values of the forecasts for overall and core inflation rates in Canada and Quebec are expected to remain compatible with the target range, although they are often slightly below the midpoint (2%), particularly in Quebec.

Finally, the Canadian dollar is expected to remain relatively stable, fluctuating between 1.40 and 1.41 *CAD/USD* during 2026 and 2027. Beyond 2027, a slow weakening of the Canadian dollar is anticipated, gradually reaching 1.43 *USD/CAD* in 2029 and 2030, with an upper bound of uncertainty that could lead to 1.47 *CAD/USD* in 2029 and 1.49 *CAD/USD* in 2030.

The Labour Market

Compared to the previous publication, Canadian employment projections show a slight decline in the short term, while those for the labour force remain relatively close to those published in January. The pace of employment growth in Canada would thus be 1.27% in 2026, before gradually rising to 1.39% in 2027 and 1.52% in 2030. Regarding the labour force, its growth is expected to be 1.21% in 2026, then around 1.30% thereafter. Thus, over the 2026–2030 horizon, employment growth is expected to remain, on average, slightly higher than that of the labour force. As for the unemployment rate, the median of the forecasts indicates stability around 6.77% in the short term, followed by a gradual decline from 2027 onwards, to reach 6.60% in 2029 and then 6.51% in 2030. The narrowness of the uncertainty intervals indicates a structurally strong Canadian labour market over the forecast horizon.

The Quebec labour market also reflects a tempered growth profile in the short term and is expected to stabilize around a median value close to 1.10% over the next few years, before gradually strengthening to 1.27% in 2030. With regard to the labour force, our models anticipate particularly weak growth in 2026, at 0.51%, followed by a gradual increase in the pace of growth, which would reach a peak of 1.02% in 2029. Finally, forecasts for the unem-

ployment rate still indicate strong persistence in the short term, but with a slight downward trend in the medium term. Its median level would fall from 5.26% in 2026 to 5.20% in 2027, then to 4.67% in 2030. Yet, there is an important contextual factor at play. The drop in unemployment observed at the end of 2025 (between the third and fourth quarters) strongly influences the equilibrium level inferred by our models for the forecast period. This dynamic makes the downward trajectory of unemployment more pronounced than anticipated three months earlier.

Wage growth, as measured by the Chair's composite index, stands at 3.25% in Canada and 3.55% in Quebec in the 3rd quarter of 2025, reflecting a gradual tightening of the labour market.² Quebec could show stronger real wage growth than the Canadian average in 2025 (1.34% vs 1.13%), although the last quarter of 2025 was marked by a notable slowdown of 0.89% in Canada and 0.60% in Quebec.

The Housing Sector

For Canada, the downward adjustment of new housing prices has accelerated : after contracting by 1.63% in the third quarter, prices fell by 1.93% in the fourth quarter of 2025, signalling a deeper correction. The first three quarters of 2026 are expected to see progressively smaller declines (-1.79%, -1.28%, and -0.61%). The margins of uncertainty reveal an upside bias, reflecting a real risk of an earlier-than-expected market recovery. House prices are expected to recover in the fourth quarter of 2026 and increase by 2.04% on an annual average basis the following year, reaching 3.00% in 2028, before remaining around or slightly above 2% in 2029 and 2030. Canadian housing starts are projected to be around 261,000 units in 2026, before gradually rising to between 267,000 and 271,000 between 2027 and 2029. This figure remains substantially higher than the 245,070 housing starts in 2024.

Quebec stands in stark contrast to Canada, with its new housing prices showing persistent upward momentum. After an increase of 3.48% in the fourth quarter of 2025, growth is expected to remain above 3.00% over the entire forecast period (2026-2030), peaking at 3.53% in 2026, while remaining at 3.25% in 2030. Projections for Quebec housing starts are around 60,000 units in 2026 and 2027, and then remain very close to this level in the longer term, at 59,750 units in 2030. Nevertheless, this level remains significantly well above the 48,810 housing starts recorded in 2024.

2. Explanations regarding the construction of this index from various data compiled by Statistics Canada can be found in the [Labour Market](#) section on the Chair's website.

	Quarterly horizons										Annual horizons						
	Realized		Forecast								Realized		Forecast				
	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q1	2027 Q2	2027 Q3	2027 Q4	2025	2026	2027	2028	2029	2030	
Canada																	
Real GDP	1.58	0.72	1.12 [1.30,2.01]	1.53 [1.31,2.17]	1.74 [1.40,2.33]	2.01 [1.74,2.38]	2.20 [1.91,2.44]	2.17 [2.03,2.51]	2.26 [1.83,2.48]	2.31 [2.02,2.57]	1.75	1.60 [1.44,2.22]	2.23 [1.95,2.50]	2.29 [1.99,2.59]	2.35 [2.17,2.67]	2.36 [1.94,2.55]	
Nominal GDP	4.08	3.20	3.36 [3.47,4.68]	3.97 [3.68,4.67]	4.11 [3.72,4.85]	4.43 [3.85,4.96]	4.66 [4.22,4.98]	4.69 [4.24,5.10]	4.79 [4.35,5.19]	4.74 [4.33,5.07]	4.36	3.97 [3.68,4.79]	4.72 [4.28,5.08]	4.61 [4.04,5.02]	4.66 [4.48,5.53]	4.73 [4.30,5.51]	
Real Consumption	1.74	1.63	1.92 [1.60,2.20]	2.03 [1.58,2.44]	2.22 [1.81,2.42]	2.40 [1.97,2.50]	2.43 [1.92,2.52]	2.44 [1.97,2.58]	2.50 [2.18,2.63]	2.40 [2.08,2.55]	2.34	2.14 [1.74,2.39]	2.44 [2.04,2.57]	2.38 [2.07,2.51]	2.40 [2.26,2.54]	2.46 [2.31,2.78]	
Real Investment	2.15	0.52	0.66 [-0.24,1.21]	1.29 [0.39,2.06]	1.45 [0.36,2.32]	2.16 [1.12,2.51]	2.29 [1.56,2.75]	2.27 [1.85,2.83]	2.31 [1.61,3.00]	2.25 [1.61,3.06]	1.42	1.39 [0.40,2.02]	2.28 [1.66,2.91]	2.23 [1.35,2.66]	2.62 [1.86,3.00]	2.59 [-0.33,2.91]	
GDP Deflator	2.44	2.42	2.22 [2.10,2.93]	2.32 [2.08,2.79]	2.32 [2.18,2.67]	2.41 [2.07,2.55]	2.38 [2.28,2.52]	2.35 [1.93,2.44]	2.47 [2.21,2.78]	2.44 [1.98,2.50]	2.55	2.32 [2.11,2.73]	2.41 [2.10,2.56]	2.21 [1.94,2.24]	2.28 [2.57,2.58]	2.32 [2.33,2.71]	
Overall Inflation Rate	1.98	2.25	2.32 [2.03,2.48]	2.37 [2.05,2.57]	2.36 [1.99,2.63]	2.31 [2.05,2.83]	2.27 [1.99,2.79]	2.29 [1.98,2.80]	2.29 [2.09,2.68]	2.27 [1.91,2.50]	2.07	2.34 [2.03,2.63]	2.28 [1.99,2.69]	2.19 [1.95,2.38]	2.08 [1.96,2.31]	2.10 [2.00,2.51]	
Core Inflation Rate	2.46	2.54	2.51 [2.34,2.57]	2.38 [2.13,2.51]	2.38 [2.09,2.45]	2.33 [2.08,2.53]	2.28 [1.92,2.47]	2.24 [1.88,2.45]	2.19 [1.86,2.40]	2.15 [1.84,2.33]	2.52	2.40 [2.16,2.52]	2.21 [1.87,2.41]	2.06 [1.86,2.21]	1.91 [1.84,2.20]	1.88 [1.79,2.48]	
USD/CAD Exchange Rate	1.38	1.39	1.40 [1.39,1.40]	1.40 [1.39,1.41]	1.40 [1.40,1.41]	1.40 [1.40,1.42]	1.40 [1.40,1.42]	1.41 [1.40,1.43]	1.41 [1.40,1.44]	1.41 [1.40,1.44]	1.40	1.40 [1.40,1.41]	1.41 [1.40,1.43]	1.42 [1.40,1.45]	1.43 [1.41,1.47]	1.43 [1.41,1.49]	
Employment	1.13	1.25	1.13 [0.53,1.42]	1.26 [0.92,1.54]	1.31 [0.99,1.49]	1.37 [0.89,1.53]	1.39 [1.01,1.53]	1.39 [1.20,1.48]	1.40 [1.29,1.61]	1.40 [1.11,1.48]	1.43	1.27 [0.83,1.49]	1.39 [1.15,1.53]	1.41 [1.23,1.62]	1.46 [1.36,1.81]	1.52 [1.41,2.11]	
Labour Force	1.70	1.25	1.08 [0.97,1.15]	1.10 [0.96,1.17]	1.31 [1.13,1.38]	1.34 [1.02,1.46]	1.31 [1.17,1.35]	1.31 [1.13,1.32]	1.31 [1.22,1.34]	1.30 [1.31,1.30]	1.94	1.21 [1.02,1.29]	1.31 [1.21,1.33]	1.27 [1.21,1.34]	1.33 [1.29,1.34]	1.36 [1.28,1.39]	
Unemployment Rate (%)	7.03	6.77	6.77 [6.66,6.95]	6.77 [6.67,6.95]	6.78 [6.69,6.95]	6.78 [6.61,7.00]	6.76 [6.55,7.00]	6.75 [6.59,7.09]	6.75 [6.55,7.01]	6.72 [6.52,6.95]	6.86	6.77 [6.66,6.96]	6.75 [6.55,7.01]	6.69 [6.47,7.00]	6.60 [6.25,6.83]	6.51 [5.95,6.72]	
Salaires-composite [†]	3.25	3.12	3,16*												3.33	3,16*	
Real Salaires-composite [†]	1.09	0.89															1.13
New Housing Prices	-1.63	-1.93	-1.79 [-1.53,0.60]	-1.28 [-1.07,1.29]	-0.61 [-0.37,1.80]	0.26 [0.75,2.35]	1.13 [1.48,2.53]	1.93 [1.97,3.00]	2.34 [1.74,3.95]	2.75 [1.49,3.87]	-1.08	-0.85 [-0.56,1.51]	2.04 [1.67,3.34]	3.00 [1.76,3.57]	2.28 [1.52,2.56]	2.02 [1.14,2.40]	
Housing Starts [‡] (x1000)	272.95	254.49	256.34 [252 , 262]	259.49 [252 , 270]	263.43 [252 , 273]	265.55 [256 , 273]	266.05 [257 , 273]	268.54 [258 , 277]	266.88 [255 , 280]	266.21 [255 , 281]	258.15	261.20 [253 , 269]	266.92 [256 , 278]	266.56 [255 , 282]	270.84 [255 , 293]	269.69 [254 , 296]	
Québec																	
Real GDP	0.22	-0.34	0.53 [0.90,1.86]	1.16 [1.16,1.88]	1.59 [1.42,2.22]	1.85 [1.56,2.09]	1.91 [1.66,2.09]	1.90 [1.60,2.17]	2.07 [1.61,2.19]	2.03 [1.69,2.19]	0.73	1.28 [1.26,2.01]	1.98 [1.64,2.16]	2.05 [1.71,2.41]	2.04 [1.90,2.39]	2.02 [1.77,2.30]	
Nominal GDP	4.16	3.10	3.41 [3.31,4.51]	3.82 [3.28,4.29]	3.90 [3.54,4.40]	4.19 [3.74,4.43]	4.20 [3.99,4.37]	4.16 [4.05,4.57]	4.24 [4.16,4.57]	4.30 [4.02,4.76]	4.75	3.83 [3.47,4.41]	4.22 [4.05,4.57]	4.23 [4.11,4.75]	4.26 [4.17,5.00]	4.33 [4.12,5.22]	
Real Consumption	0.78	0.10	1.08 [0.64,1.94]	1.48 [1.08,2.26]	1.87 [1.48,2.19]	2.20 [1.80,2.55]	2.18 [1.82,2.37]	2.18 [1.91,2.44]	2.42 [2.00,2.56]	2.24 [2.00,2.46]	1.79	1.65 [1.25,2.24]	2.26 [1.93,2.46]	2.16 [1.90,2.30]	2.13 [1.95,2.44]	2.14 [2.01,2.58]	
Real Investment	0.58	-1.39	-0.53 [-1.45,0.47]	0.94 [0.47,2.43]	1.64 [0.89,2.99]	2.50 [1.71,3.01]	2.53 [1.81,3.27]	2.34 [1.56,2.97]	2.15 [1.28,2.70]	2.14 [1.73,2.67]	1.88	1.14 [0.41,2.22]	2.29 [1.59,2.90]	2.20 [1.50,2.76]	2.22 [1.02,2.64]	2.42 [1.32,3.03]	
GDP Deflator	3.90	3.40	2.92 [2.20,2.95]	2.49 [1.96,2.65]	2.23 [1.94,2.52]	2.25 [2.24,2.30]	2.08 [1.93,2.37]	2.21 [1.91,2.46]	2.23 [2.08,2.63]	2.20 [2.13,2.51]	3.95	2.47 [2.08,2.61]	2.18 [2.01,2.49]	2.06 [1.92,2.52]	2.09 [2.10,2.78]	2.32 [2.21,2.87]	
Overall Inflation Rate	2.77	3.15	3.07 [2.40,3.19]	2.86 [2.27,3.11]	2.69 [2.18,2.91]	2.54 [2.27,2.97]	2.42 [2.19,2.80]	2.42 [2.11,2.82]	2.34 [2.13,2.69]	2.26 [2.04,2.61]	2.46	2.79 [2.28,3.04]	2.36 [2.12,2.73]	2.13 [1.91,2.33]	1.94 [1.80,2.27]	1.95 [1.73,2.43]	
Core Inflation Rate	3.05	3.10	2.95 [2.69,3.21]	2.76 [2.32,2.87]	2.57 [2.18,3.00]	2.47 [2.21,2.88]	2.40 [2.13,2.60]	2.36 [2.09,2.64]	2.27 [2.01,2.40]	2.20 [1.94,2.36]	2.70	2.68 [2.35,2.99]	2.31 [2.04,2.50]	2.00 [1.61,2.24]	1.79 [1.66,2.11]	1.75 [1.52,2.17]	
Employment	1.75	1.00	1.01 [0.36,1.36]	1.01 [0.64,1.44]	1.00 [0.60,1.23]	1.13 [0.69,1.26]	1.13 [0.95,1.34]	1.13 [0.99,1.37]	1.13 [1.05,1.35]	1.13 [0.78,1.31]	1.71	1.03 [0.57,1.32]	1.13 [0.94,1.34]	1.15 [0.98,1.34]	1.24 [1.12,1.62]	1.27 [1.09,1.56]	
Labour Force	1.92	0.48	0.39 [0.26,0.47]	0.01 [-0.07,0.11]	0.67 [0.62,0.75]	0.96 [0.86,1.02]	0.93 [0.90,0.91]	0.83 [0.71,0.87]	0.86 [0.68,0.90]	0.88 [0.67,0.96]	2.01	0.51 [0.42,0.59]	0.87 [0.74,0.91]	1.00 [0.79,1.06]	1.02 [1.02,1.04]	0.99 [0.90,0.98]	
Unemployment Rate (%)	5.70	5.23	5.30 [5.18,5.46]	5.27 [5.10,5.41]	5.25 [5.05,5.41]	5.21 [5.03,5.37]	5.21 [4.97,5.44]	5.25 [4.97,5.50]	5.17 [4.91,5.43]	5.17 [4.80,5.48]	5.62	5.26 [5.09,5.41]	5.20 [4.92,5.46]	5.05 [4.69,5.46]	4.89 [4.47,5.34]	4.67 [4.20,5.03]	
Salaires-composite [†]	3.55	3.22	3,50*												3.77	3,50*	
Real Salaires-composite [†]	1.06	0.60															1.34
New Housing Prices	2.82	3.48	3.52 [2.73,3.99]	3.59 [2.61,4.00]	3.59 [2.13,3.82]	3.42 [2.38,3.83]	3.38 [2.61,3.80]	3.35 [2.71,3.83]	3.32 [2.43,3.61]	3.24 [2.39,3.52]	2.63	3.53 [2.46,3.91]	3.32 [2.54,3.69]	3.13 [2.81,3.69]	3.12 [2.47,4.00]	3.25 [1.91,4.07]	
Housing Starts [‡] (x1000)	59.58	59.51	59.87 [58 , 61]	59.75 [57 , 62]	60.21 [57 , 63]	60.48 [56 , 63]	60.19 [56 , 64]	60.25 [56 , 66]	60.08 [55 , 65]	60.12 [55 , 66]	59.13	60.08 [57 , 62]	60.16 [56 , 65]	59.67 [55 , 65]	59.87 [54 , 64]	59.75 [53 , 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 2026-02.