CHAIRE en macroéconomie et prévisions
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The Macroscope

Economic outlook bulletin

The Chair in Macroeconomics and Forecasting (CMP) aims to facilitate exchanges between academic circles and various economically oriented institutions in Quebec and Canada on issues related to their aggregate economic performance, in particular by drawing a representative current and forward-looking picture of their evolution. Our analyses seek, among other things, to respond to the diverse needs of economic stakeholders by developing synergies, drawing on frontier research in macroeconomics and forecasting, and communicating its implications.

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

Our forecasting approach relies exclusively on extracting statistical regularities from historical data dynamics. It aims to exploit their informational content without imposing any discretionary scenario. This methodology, distinct from conventional approaches used by several organizations, relies on modern econometric techniques to produce our forecasts. The current edition of the Macroscope incorporates 37 predictive models. These include standard regressions, regularization models, and machine-learning techniques applied to a broad set of macroeconomic data.[1]

To limit the influence of outliers, we report the median forecast. The uncertainty intervals, defined by the 10^{th} and 90^{th} percentiles, quantify the diversity of scenarios anticipated by our portfolio of models. A wider interval signals greater uncertainty about future developments. The asymmetry of the distribution around the median, that is, the 50^{th} percentile, also allows us to assess the "direction" of this uncertainty. In this edition, quarterly forecasts cover the next seven quarters, while annual forecasts extend from 2026 to 2030.

As with any forecasting exercise, unforeseen shocks not incorporated into models can create gaps between projections and observed outcomes. The geopolitical environment remains volatile and prone to abrupt disruptions. Despite the mid-June memorandum of understanding, the armed conflict between the United States and Iran has resumed and intensified. The blockage of the Strait of Hormuz, along with the threat of closing the Bab el-Mandeb Strait — linking the Red Sea to the Gulf of Aden and the Indian Ocean — heightens risks to global energy and commodity prices. Additional pressures stem from unstable tariff announcements from the Trump administration, the non-renewal of the CUSMA agreement and its annual review from now on, as well as the recent plan to impose within 30 days a 50% tariff on more than 500 Canadian goods previously exempt under the agreement. Fiscal and monetary policy uncertainties further blur forecast precision.

Nevertheless, the statistical framework behind the Macroscope remains effective at capturing the current momentum of the Canadian and Québec economies. The forecasts presented here should therefore be viewed as baseline scenarios, assuming no new shocks that could materially alter the economic trajectory.

[1] This dataset can be found here.

Review of the data and forecasts published in April for the first quarter of 2026

In line with standard practice, Statistics Canada has revised data from previous quarters. Real GDP growth rises from 1.58% to 1.65% in the third quarter of 2025, and falls from 0.72% to 0.70% in the fourth quarter. The adjustments to real activity are therefore minimal. The nominal revisions are more pronounced: 4.11% in the third quarter (instead of 4.08%) and 3.39% in the fourth quarter (compared with 3.20%). These changes stem mainly from the GDP deflator, revised from 2.44% to 2.36% in the third quarter and from 2.42% to 2.66% in the fourth. Domestic demand is also revised upward in the fourth quarter, with real consumption rising from 1.63% to 1.77%. For the first quarter of 2026, the data point to a temporary slowdown: real GDP edges down (-0.05%) while nominal GDP continues to grow (3.01%). Real consumption increases by 1.61%, and real investment by 0.35%. The contrast between real stagnation and nominal growth confirms the continued central role of prices.

In Québec, the revisions are more substantial, following an earlier update that had already affected all quarters of 2025. Real GDP growth is now estimated at 0.12% in the third quarter, down from 0.22%, and -0.47% in the fourth quarter, instead of -0.34%. Nominal GDP growth now stands at 4.14% in the third quarter (vs. 4.16%) and 3.58% in the fourth (vs. 3.10%). The signal is therefore mixed: real activity appears slightly weaker, while nominal growth remains firm. This partly reflects the revision to the GDP deflator, whose growth rises from 3.90% to 3.98% in the third quarter and from 3.10% to 4.01% in the fourth. On the domestic demand side, real investment is revised upward: 1.15% in the third quarter (instead of 0.45%) and -0.45% in the fourth (vs. -1.39%). For the first quarter of 2026, the data also point to a temporary slowdown: real GDP declines by -0.23%, while nominal GDP increases by 3.64%. Real consumption rises by 0.25%, and real investment falls by -0.65%. Overall, the Québec data suggest that real activity is more fragile than the evolution of nominal GDP alone would imply.

Production, Consumption, and Investment

The first-quarter 2026 data led to a downward revision of our short-term forecasts for Canada's economic activity through the end of the year. All four activity indicators came in below the April estimates, prompting expectations of a slowdown in 2026, followed by a gradual return to growth rates close to those previously projected. The annual growth rates now forecast for 2026 stand at 0.98% for real GDP (vs. 1.60% in the last Macroscope), 3.83% for nominal GDP (vs. 3.97%), 1.98% for real consumption (vs. 2.14%), and 1.18% for real investment (vs. 1.39%). Despite this adjustment, the outlook remains broadly consistent with a stable macroeconomic environment. The forecast interval remains skewed to the right, indicating a higher risk of growth above the median than below it. As in the previous edition, the main difference lies in the cyclical adjustment for 2026: the models anticipate a temporary dip, followed by a return in 2027 to levels initially projected. It is worth recalling, however, that any statistical model remains vulnerable to political shocks, trade negotiations, tensions in the Middle East, or other external disturbances that could alter the economic trajectory.

In Québec, real GDP growth is now projected at 0.93% in 2026, down from 1.28% previously, before returning to around 2.00% starting in 2027 — a level comparable to that in the last edition. Nominal GDP growth would reach 4.23% in 2027, then range between 4.22% and 4.31% from 2028 to 2030. For real consumption, our median projections and uncertainty intervals point to a gradual recovery after a more moderate 2026, at 1.21% (vs. 1.65% in the previous edition). Growth would then settle between 2.07% and 2.35% from 2027 to 2030, peaking in 2027. Finally, after the sharp decline observed at the end of 2025, real investment growth would slow to 0.83% in 2026, before returning to between 2.19% and 2.31% from 2027 to 2029. Investment forecasts, however, remain subject to relatively high uncertainty, as shown by wider intervals than for most other variables. The evolution of productive capital investment remains central to the challenges associated with Québec's and Canada's productivity gap, as well as to their respective cyclical dynamics.

Inflation and Exchange Rates

Price data indicate that inflation generally remains within the Bank of Canada's target range (1% to 3%), although pressures are stronger in Québec than in the country as a whole. The GDP deflator would slow relative to early 2026, reaching 2.44% in Canada and 2.20% in Québec by the end of 2027. In Canada, headline inflation would rise slightly in the short term, from 2.15% in the first quarter of 2026 to 2.17% in the second. This projection does not fully account for a potential energy shock linked to recent geopolitical tensions. Core inflation would remain close to 2.00% through the end of 2027. In Québec, both headline and core inflation would slow together: from 2.90% and 2.82% at the start of 2026 to 2.24% and 2.16% by the end of 2027. For the 2028–2030 annual horizons, median forecasts for both headline and core inflation would remain consistent with the target range, although they often fall slightly below the 2% midpoint, especially in Québec. These results should be interpreted with caution, as the recent rise in energy prices has not yet been incorporated into the data used by our models.

The USD/CAD exchange rate would remain broadly stable in 2026 and 2027, fluctuating between 1.37 and 1.38 Canadian dollars per U.S. dollar. Beyond 2027, a gradual weakening of the Canadian dollar is anticipated: the rate would reach about 1.39 in 2029 and 1.40 in 2030. Uncertainty nevertheless remains high. The upper bound of the forecast interval could reach 1.47 in 2029 and 1.48 in 2030, underscoring the exchange rate's sensitivity to external shocks and international financial conditions.

Labour Market

Employment and labour-force projections for Canada point to a short-term slowdown followed by a gradual recovery. Employment growth would reach 1.02% in 2026, rise to 1.65% in 2027, then stabilize around 1.45% in 2030. The labour force would grow by 0.38% in 2026, then range between 1.25% and 1.43% from 2027 to 2030. Over the 2026–2030 horizon, median employment growth would remain slightly higher than labour-force growth. The unemployment rate would follow a downward trend, reaching 6.17% in 2030. Forecast intervals are wider than in the previous edition and exhibit right-skewness, except for the unemployment rate, where the skew is to the left. Overall, these results depict a labour market experiencing a short-term slowdown but with medium-term prospects still compatible with gradual improvement.

In Québec, the labour market saw virtually no employment growth in the first quarter of 2026 (0.03%) and a slight decline in the labour force (-0.07%). Employment growth is nonetheless expected to accelerate over the coming months, reaching 0.92% in the last quarter of 2026 and 1.26% in the last quarter of 2027. For the labour force, the models project a pronounced median contraction in the second quarter of 2026 (-1.34%), followed by a gradual rebound. On an annual basis, labour-force growth would be -0.67% in 2026, 0.70% in 2027, then range between 0.89% and 1.15% from 2028 to 2030. Unemployment-rate forecasts point to strong short-term persistence but a slight medium-term downward trend: the median rate would fall from 5.60% in 2026 to 5.45% in 2027, then to 5.04% in 2030. A contextual factor remains important: the low unemployment level observed at the end of 2025 continues to influence the projections, despite the increase recorded in the first quarter of 2026. This dynamic makes the downward trajectory more pronounced than in the previous edition.

Wage variations, measured by the Chaire's composite index, stand at 3.17% in Canada and 3.27% in Québec in the fourth quarter of 2025. In the first quarter of 2026, they reach 3.26% in Canada and remain at 3.27% in Québec, suggesting persistent wage pressures despite the slowdown in employment.[2] In 2025, Québec recorded slightly stronger real wage growth than the Canadian average (1.35% compared with 1.13%). However, in both the fourth quarter of 2025 and the first quarter of 2026, real wage growth in Québec fell below that observed in Canada.

Housing Sector

For Canada, the downward adjustment in new-home prices has intensified. After declines of 1.63% in the third quarter of 2025 and 1.93% in the fourth, the drop reaches 2.25% in the first quarter of 2026, signalling a deeper-than-expected correction. The last three quarters of 2026 would nonetheless show smaller decreases (-2.05%, -1.51%, -0.68%). The uncertainty bands also display an upward bias, suggesting the possibility of an earlier market rebound. New-home prices would recover in the first quarter of 2027, then grow on average by 1.32% in 2027 and 2.95% in 2028, before slowing to 2.56% in 2029 and 2.14% in 2030. Housing starts fell by roughly 13,000 units in the first quarter of 2026 compared with the annualized level of the fourth quarter of 2025, reaching 242,090 units. This decline has a significant impact on the forecasts, as housing starts typically exhibit persistent autoregressive dynamics. They would reach 245,850 units in 2026, then 251,240, 249,830, and 254,170 units from 2027 to 2029. This level remains slightly above the 245,070 housing starts recorded in 2024.

Quebec contrasts sharply with Canada: while new housing prices are declining at the country level, they continue to display persistent upward momentum in Quebec. After increases of 3.48% in the fourth quarter of 2025 and 3.20% in the first quarter of 2026, growth should remain near 3.00% over the 2026–2030 forecast period. Projections for Quebec housing starts are around 62,500 units in 2026 and 2027, indicating sustained activity despite volatility at the Canadian level. This remains well above the 48,810 housing starts recorded in 2024.

[2] Methodological details for the index are presented in the Labour market section of 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	1.65	0.70	-0.05	0.76 [-0.03,1.88]	1.40 [0.77,2.08]	1.82 [1.45,2.21]	2.23 [1.78,2.49]	2.24 [1.86,2.43]	2.38 [1.98,2.71]	2.41 [1.94,2.63]	1.86	0.98 [0.53,1.53]	2.32 [1.89,2.57]	2.36 [1.97,2.68]	2.37 [2.20,2.77]	2.36 [2.11,2.66]
Nominal GDP	4.11	3.39	3.01	3.82 [3.13,5.20]	4.14 [3.71,4.81]	4.35 [3.92,4.91]	4.71 [4.15,4.91]	4.68 [4.10,4.89]	4.86 [4.38,5.27]	4.93 [4.41,5.53]	4.41	3.83 [3.44,4.48]	4.79 [4.26,5.15]	4.69 [4.18,5.09]	4.67 [4.54,5.21]	4.72 [4.35,5.14]
Real Consumption	1.74	1.77	1.61	1.97 [1.50,2.31]	2.08 [1.71,2.34]	2.26 [1.73,2.40]	2.41 [2.05,2.51]	2.44 [1.98,2.52]	2.47 [2.16,2.55]	2.49 [2.10,2.56]	2.36	1.98 [1.64,2.17]	2.45 [2.08,2.53]	2.42 [2.20,2.60]	2.40 [2.30,2.54]	2.46 [2.39,2.81]
Real Investment	2.27	0.52	0.35	0.97 [0.41,1.77]	1.38 [0.50,1.89]	2.01 [1.00,2.48]	2.39 [1.40,2.93]	2.34 [1.88,2.65]	2.36 [2.04,2.90]	2.35 [1.98,3.19]	1.57	1.18 [0.56,1.62]	2.36 [1.83,2.92]	2.25 [1.26,2.67]	2.60 [1.08,2.88]	2.69 [0.77,2.97]
GDP Deflator	2.36	2.66	3.03	2.85 [2.50,3.89]	2.68 [2.41,3.14]	2.48 [2.08,2.82]	2.39 [2.25,2.69]	2.30 [2.38,2.31]	2.37 [2.13,2.36]	2.44 [2.25,2.87]	2.51	2.76 [2.50,3.22]	2.38 [2.25,2.56]	2.26 [2.13,2.37]	2.19 [2.19,2.50]	2.34 [2.31,2.72]
Overall Inflation Rate	1.98	2.25	2.15	2.17 [2.00,2.41]	2.16 [2.05,2.50]	2.23 [1.98,2.68]	2.28 [1.89,2.59]	2.22 [1.95,2.56]	2.21 [1.95,2.46]	2.22 [1.96,2.52]	2.07	2.18 [2.05,2.43]	2.23 [1.94,2.53]	2.18 [1.92,2.32]	2.11 [1.97,2.39]	2.06 [1.98,2.37]
Core Inflation Rate	2.46	2.54	2.07	1.89 [1.75,2.18]	1.88 [1.69,2.26]	1.93 [1.67,2.26]	2.10 [1.72,2.38]	2.11 [1.73,2.32]	2.06 [1.82,2.25]	1.99 [1.81,2.29]	2.52	1.94 [1.79,2.19]	2.06 [1.77,2.31]	1.92 [1.75,2.20]	1.95 [1.87,2.28]	1.85 [1.71,2.33]
USD/CAD Exchange Rate	1.38	1.39	1.37	1.37 [1.36,1.38]	1.37 [1.37,1.39]	1.37 [1.37,1.40]	1.37 [1.37,1.40]	1.38 [1.37,1.41]	1.38 [1.37,1.42]	1.38 [1.37,1.42]	1.40	1.37 [1.37,1.38]	1.38 [1.37,1.41]	1.38 [1.37,1.44]	1.39 [1.37,1.47]	1.40 [1.38,1.48]
Employment	1.13	1.25	0.43	0.50	1.46 [0.84,3.17]	1.68 [1.03,3.15]	1.98 [1.32,3.88]	1.53 [1.10,4.43]	1.51 [1.27,3.23]	1.57 [1.30,3.34]	1.43	1.02 [0.70,1.81]	1.65 [1.25,3.72]	1.49 [1.13,2.42]	1.53 [1.32,2.69]	1.45 [0.93,2.14]
Labour Force	1.70	1.25	0.39	0.23	0.45 [0.28,0.63]	0.43 [0.10,0.64]	1.17 [0.89,1.48]	1.29 [0.93,1.53]	1.23 [1.05,1.23]	1.32 [1.17,1.70]	1.94	0.38 [0.25,0.47]	1.25 [1.01,1.48]	1.32 [1.08,1.68]	1.43 [1.59,1.95]	1.29 [1.34,1.32]
Unemployment Rate (%)	7.03	6.77	6.63	6.67	6.60 [5.77,6.69]	6.53 [5.55,6.72]	6.53 [5.36,6.75]	6.50 [5.39,6.80]	6.52 [5.22,6.88]	6.42 [4.87,6.82]	6.86	6.61 [6.15,6.68]	6.49 [5.21,6.81]	6.47 [4.90,6.91]	6.29 [4.80,6.78]	6.17 [4.85,6.69]
Salaires-composite†	3.25	3.17	3.26	3.22*							3.33	3.24*				
Real Salaires-composite†	1.09	0.92	1.05								1.13	1.05**				
New Housing Prices	-1.63	-1.93	-2.25	−2.05 [-2.13,-0.14]	−1.51 [-1.76,0.35]	−0.68 [-1.11,1.43]	0.17 [-0.51,1.99]	1.00 [0.53,2.27]	1.76 [1.42,2.21]	2.34 [1.90,3.02]	-1.08	−1.62 [-1.81,-0.15]	1.32 [0.84,2.37]	2.95 [1.92,3.44]	2.56 [1.59,2.86]	2.14 [1.01,2.45]
Housing Starts‡ (x1000)	272.95	255.48	242.09	244.38 [242 , 254]	248.07 [242 , 259]	248.85 [243 , 259]	250.06 [243 , 258]	251.63 [244 , 264]	252.43 [244 , 268]	250.86 [242 , 265]	258.40	245.85 [242 , 254]	251.24 [243 , 264]	249.83 [242 , 267]	254.17 [242 , 282]	253.46 [242 , 291]
Québec																
Real GDP	0.12	-0.47	-0.23	0.78 [0.43,1.32]	1.30 [0.88,1.80]	1.86 [1.31,2.14]	2.09 [1.61,2.49]	1.97 [1.62,2.50]	2.02 [1.71,2.35]	2.07 [1.65,2.40]	0.61	0.93 [0.60,1.26]	2.04 [1.65,2.44]	2.07 [1.64,2.60]	2.04 [1.88,2.53]	2.06 [1.83,2.48]
Nominal GDP	4.14	3.58	3.64	3.93 [3.54,4.74]	3.98 [3.53,4.44]	4.15 [3.50,4.50]	4.21 [3.99,4.50]	4.19 [4.04,4.54]	4.26 [4.15,4.84]	4.25 [4.15,5.19]	4.76	3.93 [3.55,4.33]	4.23 [4.08,4.77]	4.22 [4.01,4.82]	4.28 [4.17,4.99]	4.31 [4.18,5.04]
Real Consumption	0.77	0.11	0.25	1.08 [0.43,2.11]	1.48 [1.10,2.11]	2.03 [1.37,2.27]	2.31 [1.85,2.57]	2.30 [1.74,2.43]	2.40 [2.03,2.57]	2.39 [1.90,2.53]	1.90	1.21 [0.79,1.68]	2.35 [1.88,2.52]	2.21 [1.93,2.46]	2.07 [1.95,2.45]	2.22 [2.06,2.63]
Real Investment	1.15	-0.45	-0.65	0.42 [-0.43,1.62]	1.37 [0.87,2.30]	2.21 [1.12,2.87]	2.44 [1.73,3.19]	2.23 [1.66,3.33]	2.30 [1.39,2.85]	2.27 [1.21,2.68]	2.49	0.83 [0.23,1.53]	2.31 [1.50,3.01]	2.19 [1.34,2.64]	2.26 [1.02,2.71]	2.67 [1.39,3.45]
GDP Deflator	3.98	4.01	3.91	3.10 [2.49,3.50]	2.60 [2.29,2.99]	2.30 [1.87,2.56]	2.04 [1.88,2.55]	2.10 [1.89,2.43]	2.17 [2.17,2.39]	2.20 [2.23,2.52]	4.10	2.98 [2.64,3.24]	2.13 [2.04,2.47]	2.15 [2.01,2.51]	2.17 [2.06,2.46]	2.21 [2.31,2.74]
Overall Inflation Rate	2.77	3.15	2.90	2.70 [2.25,2.81]	2.51 [2.01,2.70]	2.43 [1.89,2.76]	2.40 [1.90,2.68]	2.39 [1.91,2.59]	2.28 [1.97,2.56]	2.24 [1.94,2.64]	2.46	2.64 [2.26,2.79]	2.33 [1.93,2.62]	2.11 [1.87,2.28]	2.00 [1.89,2.33]	1.93 [1.71,2.40]
Core Inflation Rate	3.05	3.10	2.82	2.53 [2.28,2.63]	2.39 [1.91,2.58]	2.27 [1.78,2.48]	2.31 [1.86,2.46]	2.30 [1.80,2.67]	2.26 [1.90,2.39]	2.16 [1.77,2.30]	2.70	2.50 [2.20,2.63]	2.26 [1.83,2.45]	1.99 [1.74,2.25]	1.87 [1.74,2.19]	1.72 [1.53,2.26]
Employment	1.75	1.00	0.03	-1.04	0.21 [-0.55,1.76]	0.92 [0.11,1.89]	1.45 [0.75,2.78]	1.37 [0.75,2.93]	1.15 [1.02,2.19]	1.26 [0.68,2.28]	1.71	0.03 [-0.36,0.66]	1.31 [0.80,2.55]	1.19 [0.83,2.02]	1.38 [1.02,2.24]	1.09 [0.52,1.82]
Labour Force	1.92	0.48	-0.07	-1.34	−0.78 [-1.12,-0.58]	−0.47 [-0.88,-0.30]	0.05 [-0.30,0.42]	0.91 [0.49,1.15]	0.88 [0.51,0.91]	0.95 [0.80,1.03]	2.01	−0.67 [-0.85,-0.57]	0.70 [0.37,0.88]	0.89 [0.74,1.16]	1.15 [1.48,1.88]	0.90 [0.90,1.03]
Unemployment Rate (%)	5.70	5.23	5.50	5.73	5.60 [4.98,5.72]	5.55 [4.96,5.76]	5.48 [4.44,5.72]	5.51 [4.17,5.75]	5.46 [4.13,5.89]	5.34 [3.77,5.77]	5.62	5.60 [5.29,5.68]	5.45 [4.13,5.78]	5.31 [3.87,5.87]	5.18 [3.89,5.83]	5.04 [3.92,5.94]
Salaires-composite†	3.56	3.27	3.27	3.43*							3.75	3.36*				
Real Salaires-composite†	1.07	0.61	0.74								1.35	0.74**				
New Housing Prices	2.82	3.48	3.20	3.07 [2.71,3.42]	2.97 [2.65,3.33]	2.93 [2.50,3.42]	3.00 [2.57,3.47]	2.94 [2.56,3.62]	2.97 [2.58,3.53]	2.95 [2.59,3.45]	2.63	3.04 [2.76,3.34]	2.96 [2.57,3.52]	2.96 [2.56,3.38]	2.95 [2.45,3.31]	2.90 [1.74,3.28]
Housing Starts‡ (x1000)	59.58	60.57	62.85	62.23 [60 , 63]	62.38 [60 , 65]	62.52 [60 , 66]	62.33 [60 , 67]	62.35 [60 , 67]	62.42 [60 , 66]	62.74 [59 , 67]	59.40	62.49 [61 , 64]	62.46 [60 , 67]	62.29 [58 , 67]	62.60 [56 , 66]	62.86 [54 , 67]

Notes :
The values in brackets represent our 10^{th} and 90^{th} 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 2026-05.
** The reported value is the average of our quarterly salaires-composite measure, over the period of interest, containing information up to 2026-03.