

Economic Forecasts, Canada

Table 1 – Key macroeconomic variables, historical and forecasted data, Canada, 2023-2025

	History				Estimate	Forecast	Trends (2023 Q4-2025 Q1)
	2023 Q4	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	
GDP by expenditure							
Level, chained \$B (2017)	2,388	2,400	2,413	2,420	2,439	2,454	
Q/Q annualized growth	0.7%	2.0%	2.2%	1.0%	3.2%	2.5%	
Y/Y growth	1.2%	0.8%	1.1%	1.5%	2.1%	2.2%	
GDP by industry, business sector							
Level, chained \$B (2017)	1,813	1,817	1,825	1,828	1,844	1,856	
Q/Q annualized growth	1.8%	1.0%	1.8%	0.7%	3.4%	2.7%	
Y/Y growth	1.5%	0.8%	1.0%	1.3%	1.7%	2.1%	
Retail sales							
Level, \$M	66,675	66,363	66,082	66,799	67,815	68,094	
Q/Q annualized growth	4.3%	-1.9%	-1.7%	4.4%	6.2%	1.7%	
Y/Y growth	2.1%	0.7%	0.8%	1.2%	1.7%	2.6%	
CPI, total							
Level, index (2002 = 100)	159	160	161	161	162	163	
Q/Q annualized growth	2.5%	1.3%	2.4%	1.8%	2.0%	2.4%	
Y/Y growth	3.2%	2.9%	2.8%	2.0%	1.9%	2.2%	
CPI, excluding food and energy							
Level, index (2002 = 100)	149	150	151	152	152	153	
Q/Q annualized growth	3.4%	1.9%	2.7%	2.0%	1.9%	2.3%	
Y/Y growth	3.4%	3.0%	2.8%	2.5%	2.1%	2.2%	
Private investment							
Level, chained \$B (2017)	412	411	414	411	412	414	
Q/Q annualized growth	-7.6%	-0.9%	3.3%	-3.6%	1.2%	2.2%	
Y/Y growth	-1.6%	-1.4%	-2.3%	-2.3%	0.0%	0.7%	
Payroll Employment							
Level, k persons	18,041	18,114	18,181	18,222	18,227	18,317	
Q/Q annualized growth	-0.5%	1.6%	1.5%	0.9%	0.1%	2.0%	
Y/Y growth	1.6%	1.2%	1.2%	0.9%	1.0%	1.1%	

Source: Modelling and forecasts by AppEco using CFIB's monthly Business Barometer® data.

Note: Forecasts are based on weighted CFIB data. The interpretation of recent dynamics can differ from that of unweighted data. All series are seasonally adjusted.

Canadian economy to see stronger than anticipated growth in Q4 2024 and moderate growth in Q1 2025

Economic forecasts based on the most recent monthly Business Barometer® data indicate that GDP growth jumped to 3.2% in 2024 Q4, supported by a strong performance from the business sector in September and October. Growth should moderate in 2025 Q1 but remain healthy at 2.5%.

Retail sales surpassed expectations in 2024 Q3, growing by 4.4% in nominal terms. This strength spilled over in Q4 as the current estimate sits at 6.2%, supported by robust growth in September and October. However, this is partly due to price increases, with the volume of sales being almost flat in October. For the start of 2025, retail sales growth is forecast at 1.7%, a relatively slow pace by historical standards.

CPI inflation declined significantly in Q3, as expected, and should stabilize around the Bank of Canada's target of 2% year-over-year. With the policy rate in - or closer to - the neutral zone, businesses and consumers should expect a more modest path for rate cuts in 2025.

Private investment rebounded in Q4, and the pace is poised to accelerate in 2025 after a disappointing performance in 2024. Still, the level of private investment is currently about at the same level as it was a year ago.

Payroll employment growth continued to weaken in Q4, posting a mere 0.1% gain. A rebound is nonetheless expected in 2025 Q1, with growth forecast at 2.0% for the quarter.

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