



Ontario Economic Monitor

January to June 2025

Briefing Deck



FAO
Financial Accountability
Office of Ontario

Overview

- This report presents the latest trends in the Ontario economy over the January to June 2025 period based on the most recent data from the Ontario Economic Accounts (OEA), Statistics Canada and other organizations.
- The report also provides an assessment of the FAO's latest economic forecast given the recent economic performance.

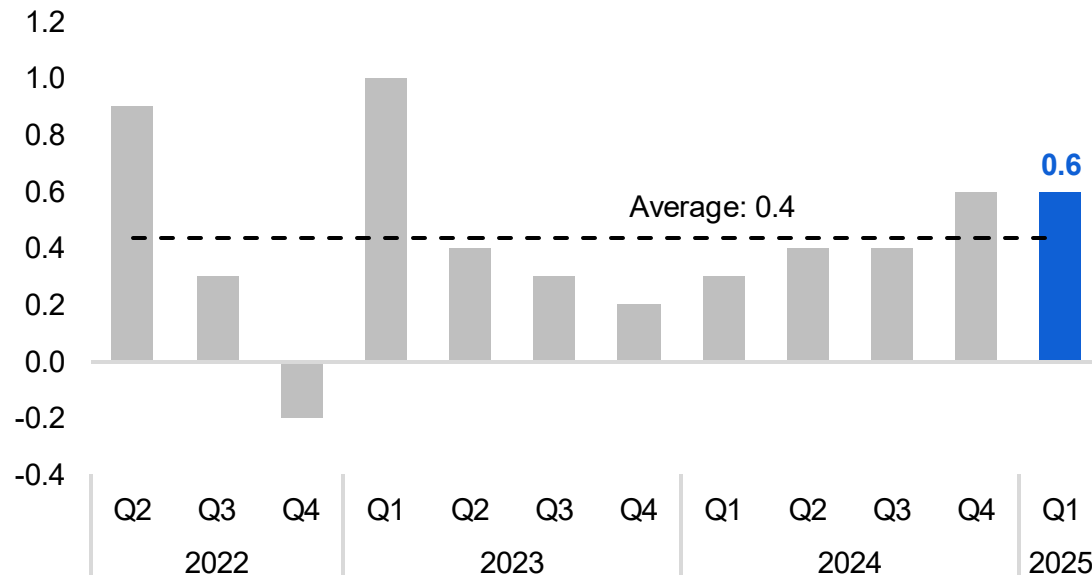


2025 Q1 – Ontario Gross Domestic Product

- Ontario's real Gross Domestic Product (GDP), the most comprehensive measure of economic activity, grew by a solid 0.6% in 2025 Q1, the same growth rate as in 2024 Q4.
- Nominal GDP, the broadest measure of the tax base and which includes inflation, increased by 1.2% in 2025 Q1, slowing from growth of 1.5% in 2024 Q4.

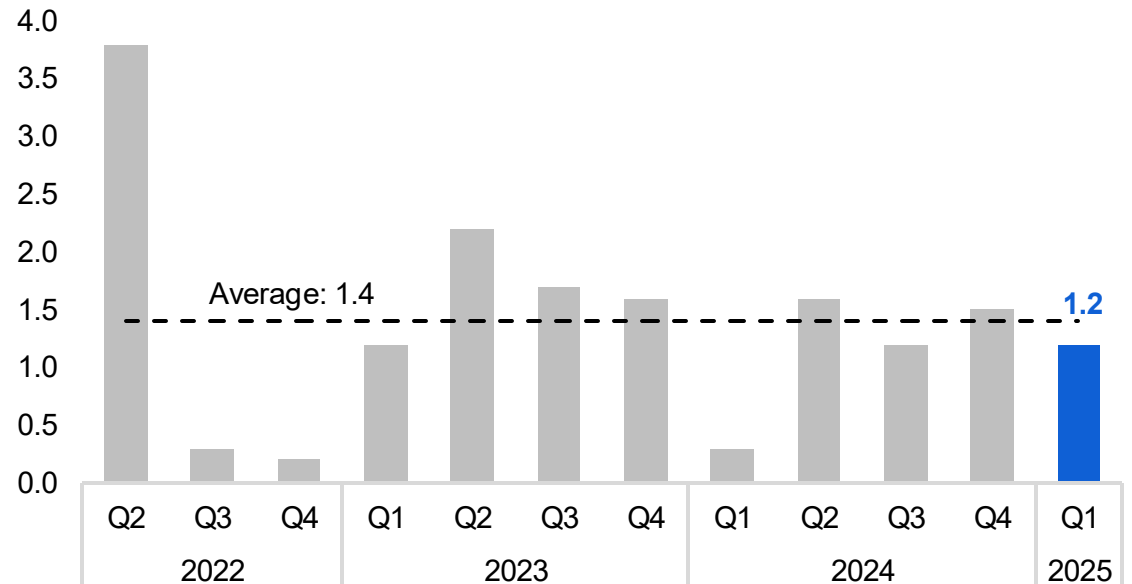
Real GDP

Seasonally adjusted, quarter-over-quarter growth, %



Nominal GDP

Seasonally adjusted, quarter-over-quarter growth, %



Source: Ontario Economic Accounts and FAO.

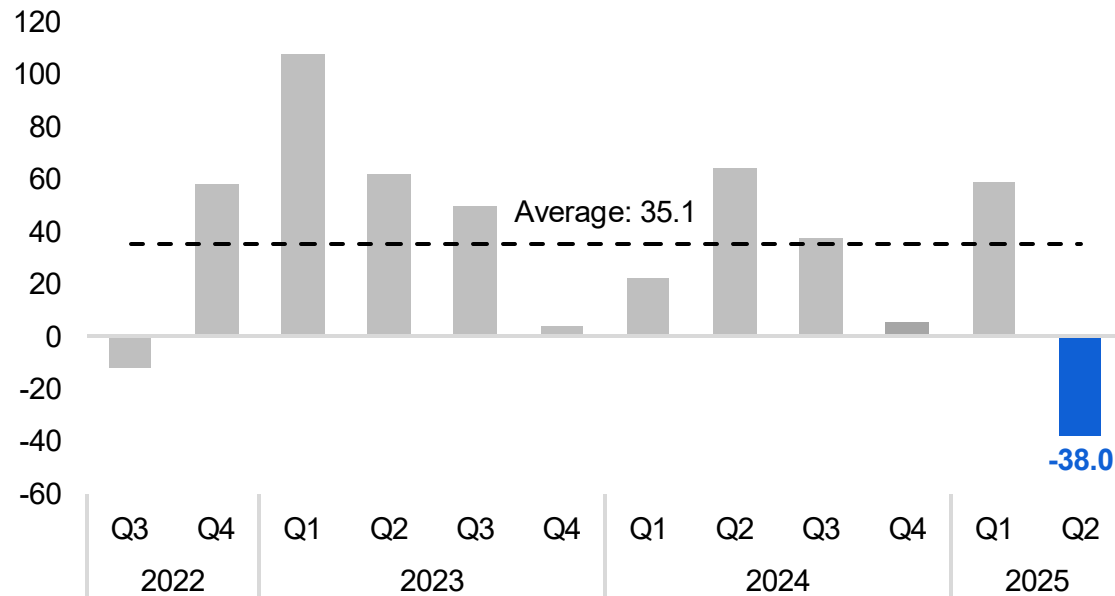


2025 Q2 – Labour market

- Employment in Ontario declined significantly by 38,000 (or -0.5%) in 2025 Q2, the first quarterly loss in nearly three years. Job losses of this magnitude had only previously been recorded during recessions or periods of weak economic growth.
- The unemployment rate rose for the ninth consecutive quarter, reaching 7.8% in 2025 Q2.

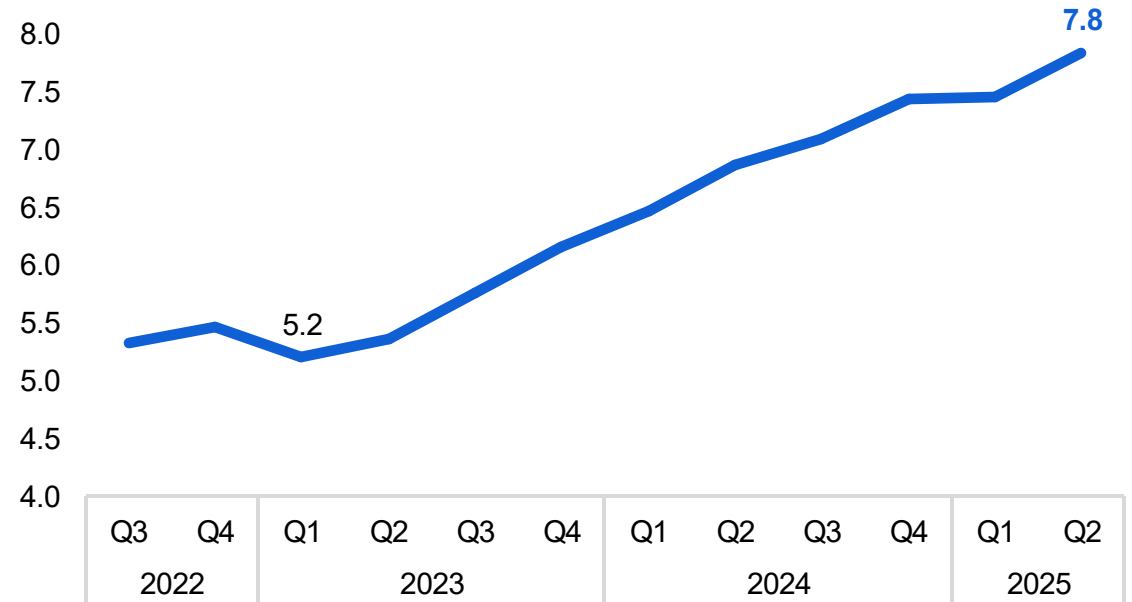
Employment

Seasonally adjusted, quarter-over-quarter change, thousands



Unemployment rate

Seasonally adjusted, quarterly, %



Source: Statistics Canada [Table 14-10-0287-01](#) and FAO.

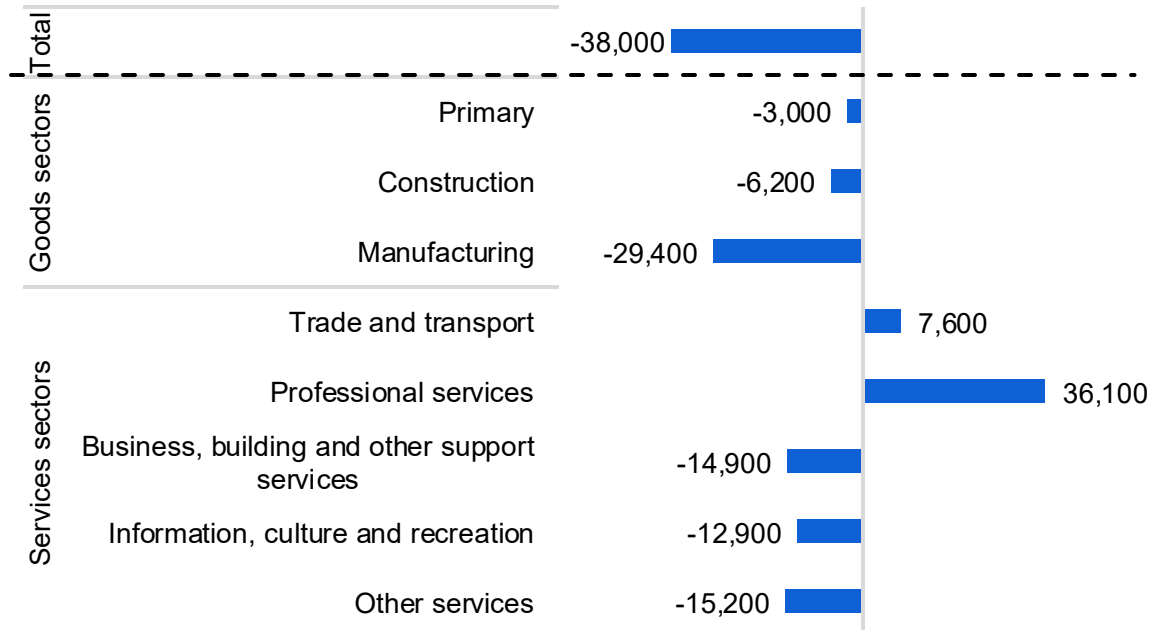


2025 Q2 – Tariffs are beginning to affect employment

- Ontario's employment decline in 2025 Q2 was concentrated in the trade-exposed manufacturing sector, which recorded job losses of 29,400 (-3.5%), the largest loss since 2009, excluding the pandemic.
- Among the CMAs, Windsor saw the sharpest employment decline (-4.3%) in 2025 Q2.

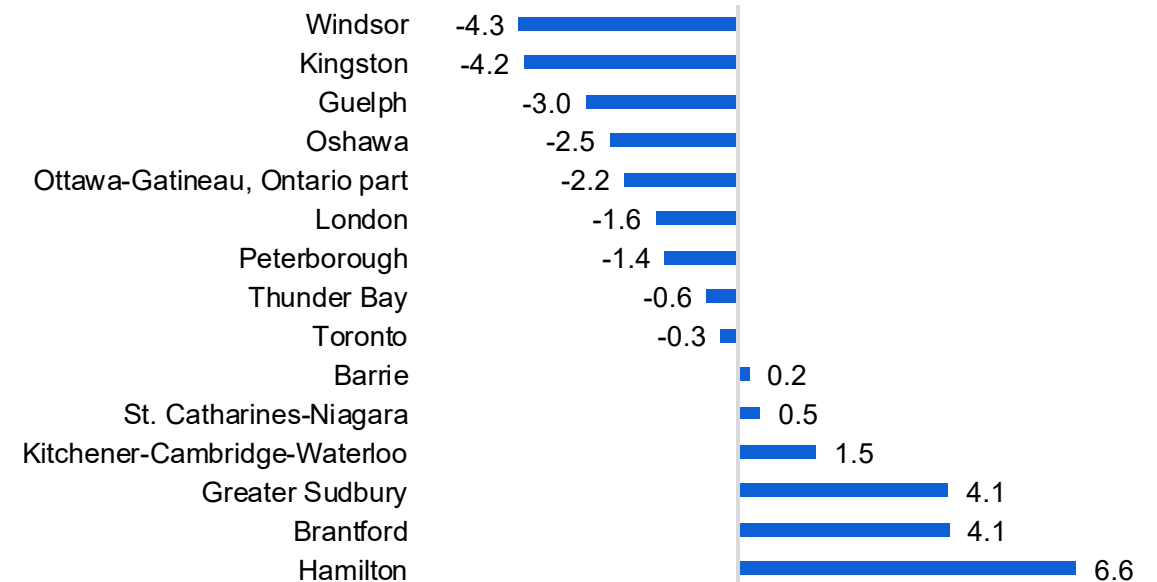
Employment changes by sector

Changes from 2025 Q1 to Q2, number of jobs



Employment changes by census metropolitan area*

Changes from 2025 Q1 to Q2, per cent



* Census metropolitan area represents where workers live, which may not correspond to the region in which they work. Note: The CMA Belleville – Quinte West was excluded due to high volatility in its labour market data.

Source: Statistics Canada [Table 14-10-0355-01](#), [Table 14-10-0459-01](#) and FAO.

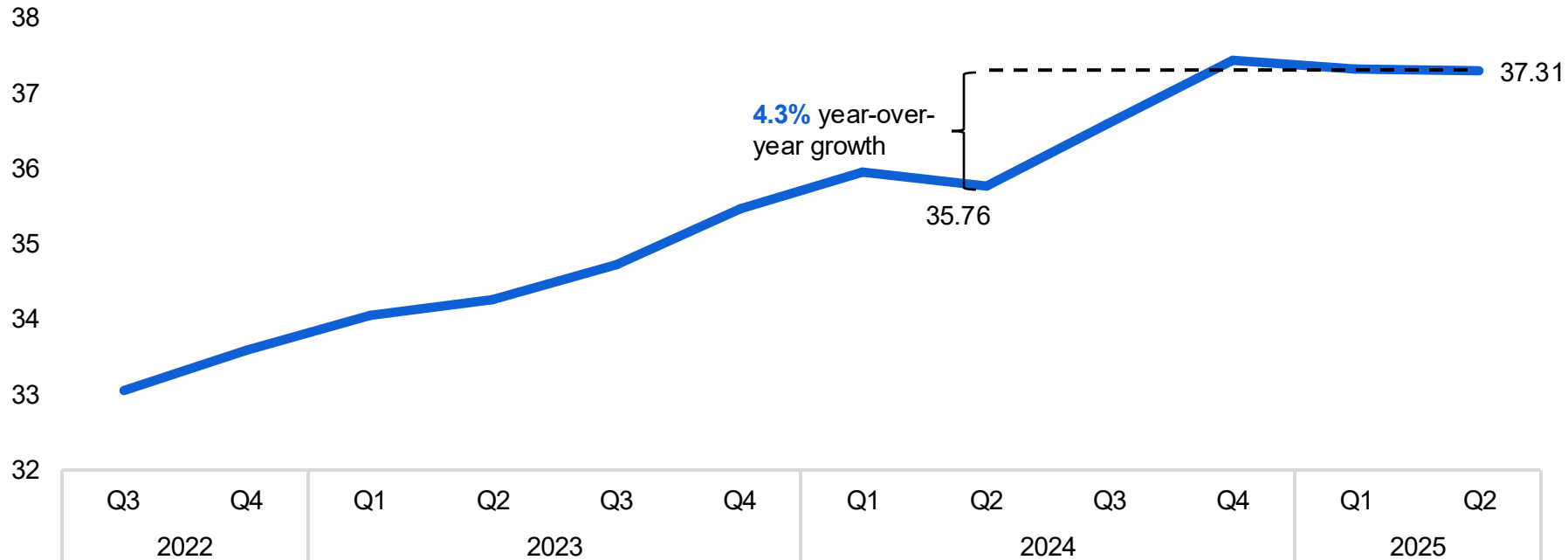


2025 Q2 – Average hourly wages

- Average hourly wages grew 4.3% in 2025 Q2 compared to 2024 Q2, reaching \$37.31 an hour.
- Hourly wage growth was broad-based across most major industries, with wages in services-producing industries rising 4.6% and goods-producing industries increasing 3.0%.

Average hourly wages

Non-seasonally adjusted, dollar per hour



Source: Statistics Canada [Table 14-10-0063-01](#) and FAO.

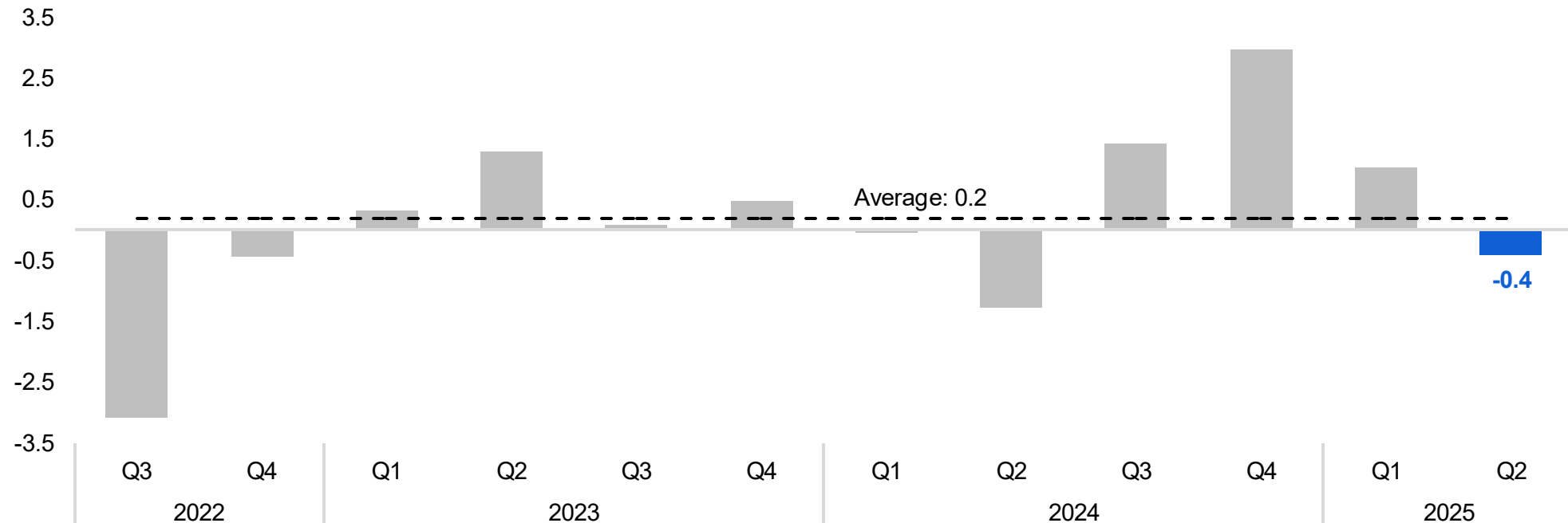


2025 Q2 – Retail sales

- Retail sales declined by 0.4% in 2025 Q2 in Ontario, following strong gains in the previous three quarters.
- Economic uncertainty related to the trade conflict continued to weigh on consumers, raising concerns about personal finances and negatively affecting their spending plans.

Retail sales

Seasonally adjusted, quarter-over-quarter growth, %



Source: Statistics Canada [Table 20-10-0056-01](#) and FAO.

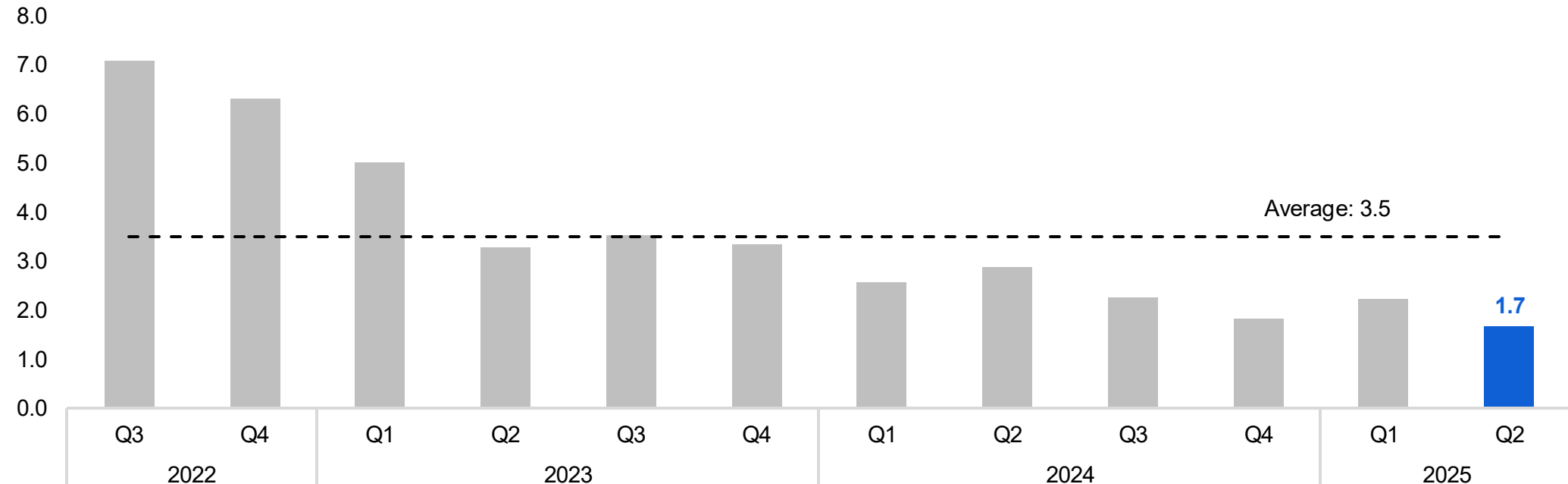


2025 Q2 – CPI inflation

- The Ontario Consumer Price Index (CPI) inflation rate was 1.7% in 2025 Q2, down from 2.2% in 2025 Q1, reflecting in part the removal of the consumer carbon tax in April.
- Food (3.4%), health and personal care (2.5%) and shelter (2.4%) increased faster than headline inflation.

CPI inflation rate

Non-seasonally adjusted, year-over-year, %



Source: Statistics Canada [Table 18-10-0004-01](#) and FAO.

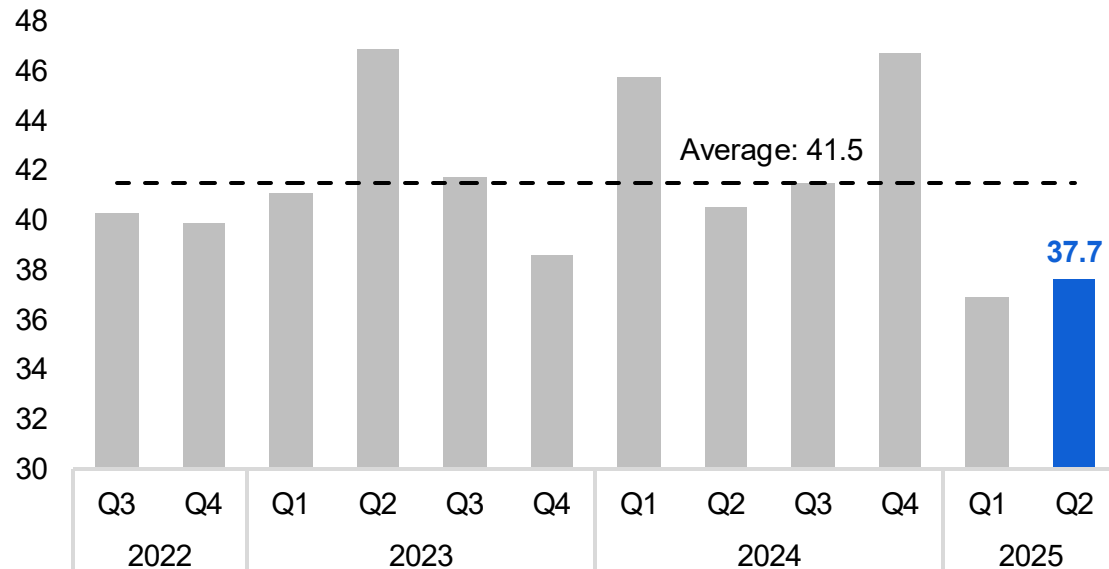


2025 Q2 – Housing market

- Ontario home resales increased by 2.1% in 2025 Q2 from the previous quarter's low, with 37,700 units sold.
- Home resale prices in Ontario averaged \$829,900 in 2025 Q2, a 0.2% decrease from the previous quarter, and the lowest since 2020.

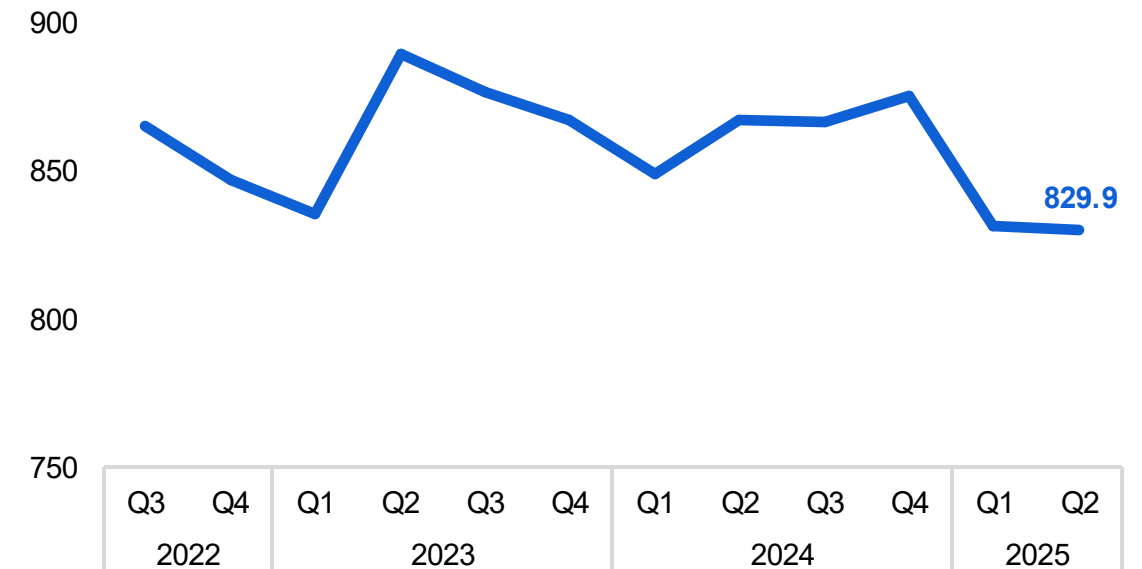
Housing resales

Seasonally adjusted, thousands of units



Housing prices

Seasonally adjusted, \$ thousands



Source: Canadian Real Estate Association and FAO.

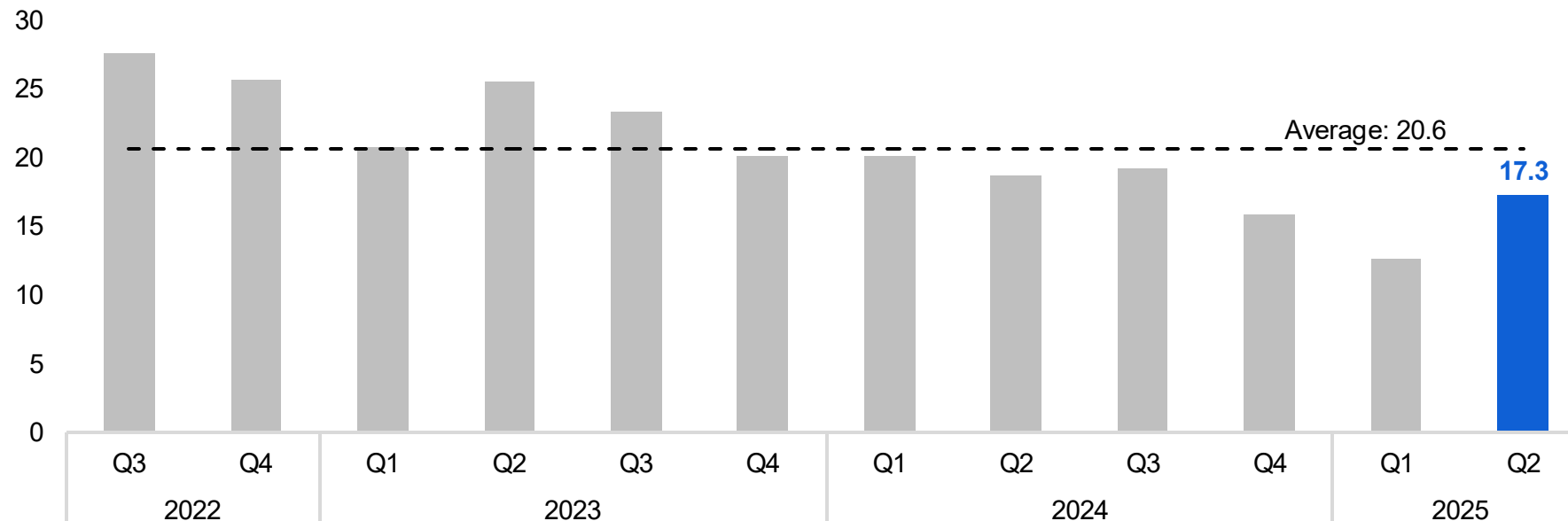


2025 Q2 – Housing starts

- Housing starts in 2025 Q2 totalled 17,300 units in Ontario, a 37.3% increase from the low of 12,600 units started in 2025 Q1.
- About 80% of total housing starts were multiple unit dwellings, while 20% were single detached homes.

Housing starts

Seasonally adjusted, thousands of units



Source: Statistics Canada [Table 34-10-0141-01](#) and FAO.

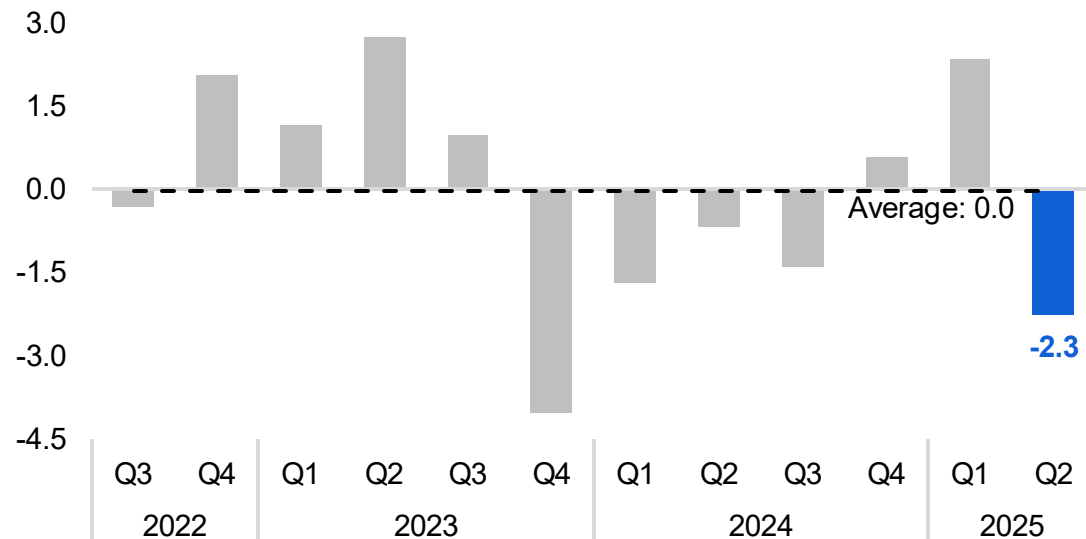


2025 Q2 – Manufacturing sales and wholesale trade

- Manufacturing sales fell by 2.3% in 2025 Q2, following a 2.4% gain in 2025 Q1, when sales surged ahead of US tariffs.
- Wholesale trade dropped by 1.8% in 2025 Q2, following four consecutive quarterly gains.

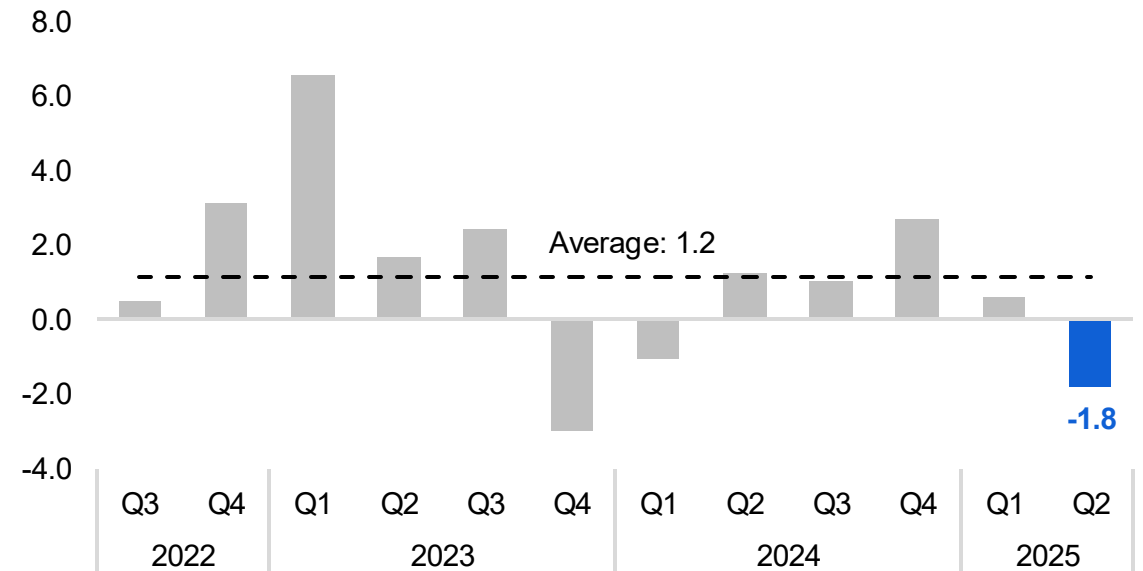
Manufacturing sales

Seasonally adjusted, quarter-over-quarter growth, %



Wholesale trade

Seasonally adjusted, quarter-over-quarter growth, %

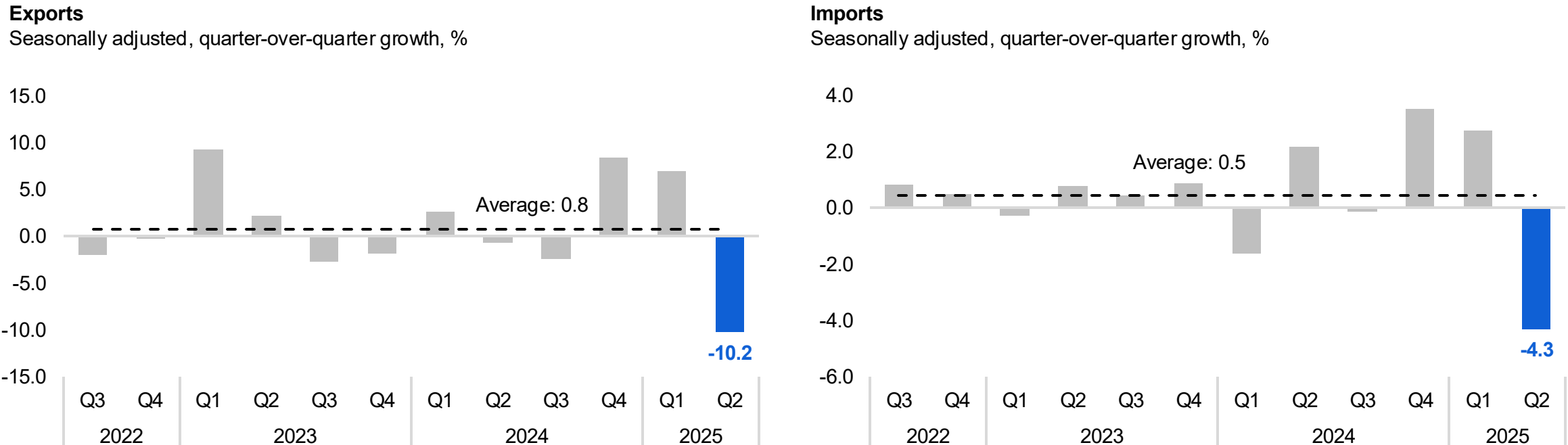


Source: Statistics Canada [Table 16-10-0048-01](#), [Table 20-10-0074-01](#) and FAO.



2025 Q2 – International merchandise trade

- International merchandise exports dropped dramatically by 10.2% in 2025 Q2, reflecting the impact of newly imposed US tariffs, as well as a pullback in trade activity that had accelerated ahead of the implementation of tariffs.
- International merchandise imports decreased significantly by 4.3% in 2025 Q2, following two large consecutive quarterly increases.

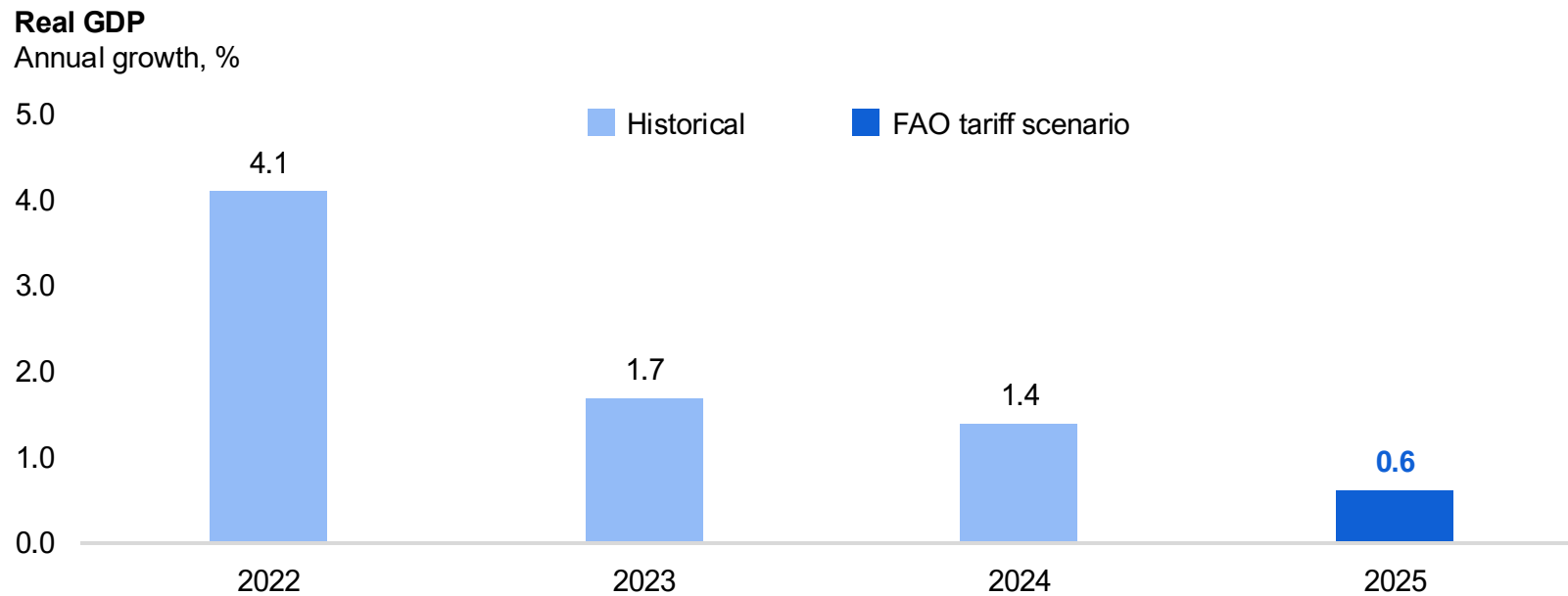


Source: Statistics Canada [Table 12-10-0175-01](#), [Table 12-10-0163-01](#) and FAO estimate.



Implications of recent economic trends

- Based on tariff policy as of April 17, the FAO estimated that Ontario's annual real GDP growth would slow to 0.6% in 2025 (the FAO tariff scenario).
- While Ontario's economic indicators in 2025 Q2 were consistent with the FAO projection, real GDP growth in the first quarter was stronger than expected. Taken together, these results pose modest upside risks to the FAO's outlook, while subsequent tariff changes are expected to have both positive and negative impacts.



Note: The FAO tariff scenario estimates the potential impact of US and Canadian tariffs on Ontario's economy, based on tariff policy as of April 17. See the FAO's [The Potential Impacts of US Tariffs on the Ontario Economy](#).
Source: Ontario Economic Accounts and FAO.



Thank you!



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