

# Ontario's Credit Rating

Fall 2025 Update

**Presentation**



**FAO**  
Financial Accountability  
Office of Ontario

# Background

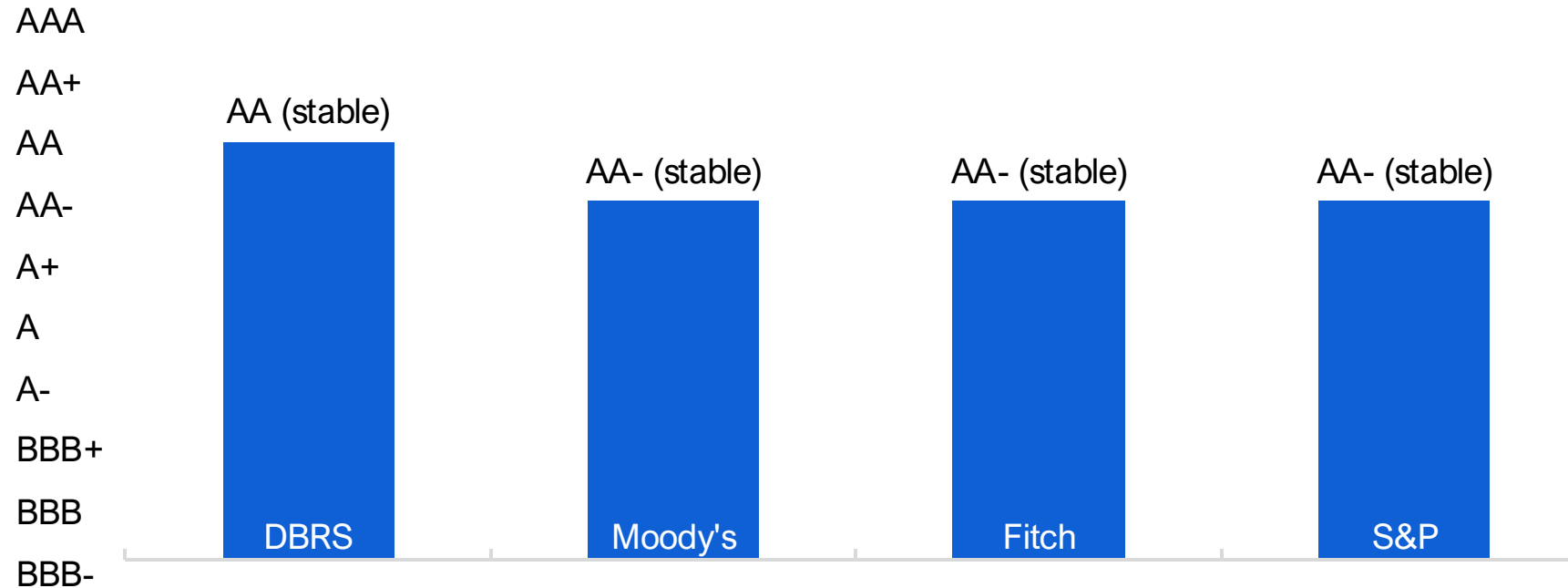
- Ontario's debt is rated by four principal international credit rating agencies:
  - Morningstar DBRS
  - Fitch Ratings
  - Moody's Ratings
  - S&P Global Ratings
- Credit ratings represent the credit rating agencies' opinions on Ontario's ability to meet its debt-related financial obligations.
- Provinces with higher credit ratings tend to have lower borrowing rates.



# Ontario's credit rating and outlook

- S&P upgraded Ontario's credit rating from A+ to AA- in December 2024.
- Moody's revised its outlook for Ontario from positive to stable in May 2025, indicating a low likelihood of a credit rating change.

Standardized credit rating\*



\* Ratings are based on a standardized framework that aligns the credit ratings assigned by the four rating agencies to those of S&P and Fitch.  
The credit rating agencies' outlook is shown in brackets  
Source: Fitch, Moody's, DBRS, S&P and FAO.



# Credit rating agencies' assessments: positive factors

- **Economy** – large and diversified economy, including well-developed services and manufacturing sectors, and favourable demographics and wealth factors.
- **Liquidity and debt management** – large liquid reserves, strong access to borrowing markets and a prudent debt management program which aims to limit the impact of risks related to refinancing, changes in interest rates and exchange rate fluctuations on its debt.
- **Canada's federal-provincial framework** – provides provinces with the flexibility to adjust both tax policy and program spending, in addition to predictable federal transfers.



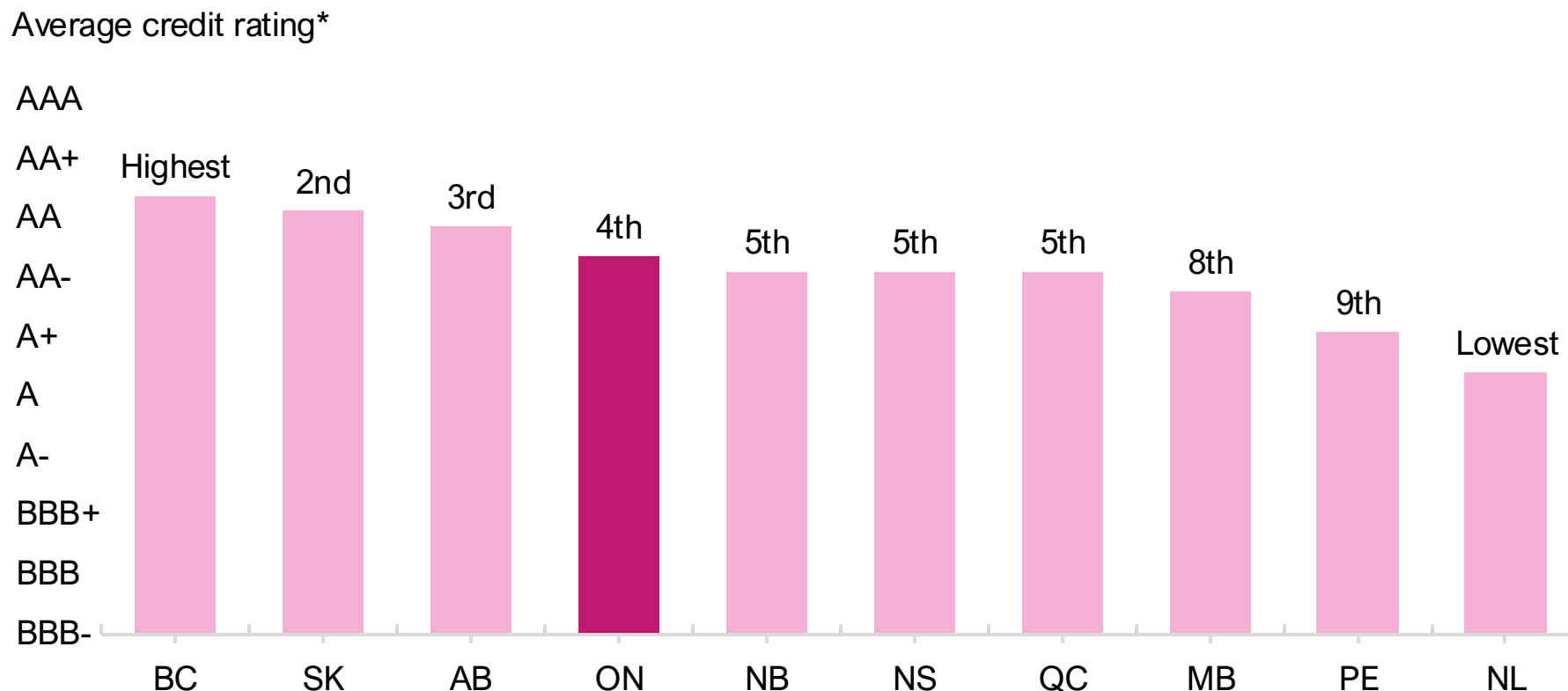
# Credit rating agencies' assessments: negative factors

- **Macroeconomic conditions** – ongoing trade tensions with the US, slower population growth due to updated federal immigration targets for non-permanent residents, and broader global macroeconomic uncertainties are downward risks to the Province's fiscal projections.
- **Debt burden** – high debt burden means that if interest rates remain higher for longer than expected, the Province may face greater budgetary pressure from increased interest on debt expenses.
- **Spending pressures** – the government faces spending pressures from affordability challenges, demands for public services and support for businesses affected by US tariffs.



# Ontario is the fourth highest rated province

- Ontario's average credit rating was the fourth highest among the provinces, up from the fifth highest in the FAO's previous credit rating report released in October 2024.

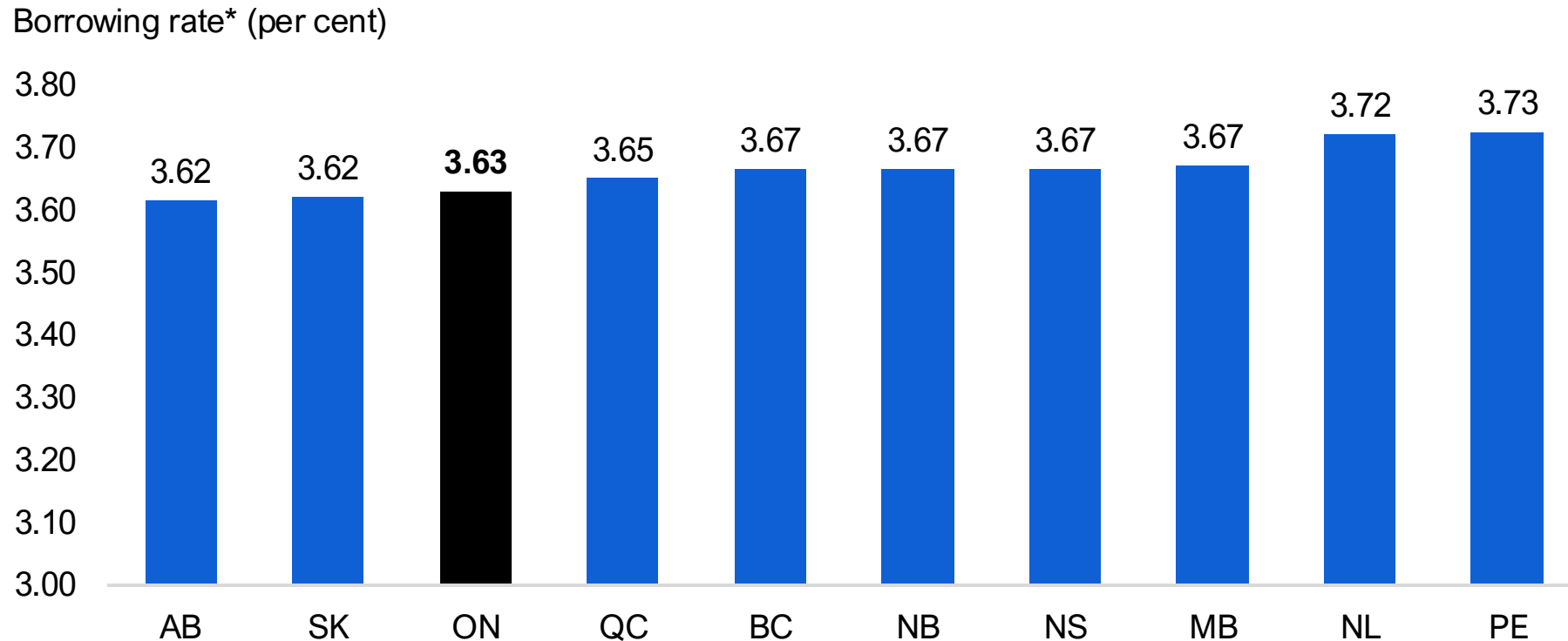


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Source: Fitch, Moody's, DBRS, S&P and FAO.



# Ontario's borrowing rate third lowest among the provinces

- Ontario had the third lowest borrowing rate among all provinces. Last year, Ontario had the lowest borrowing rate, tied with Alberta.



\* Borrowing rates are shown as the yields on 10-year bonds, as of October 16, 2025.  
Source: Information provided by the Province and FAO.



# Thank you!



## FAO

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