



April to September 2025

2025

Summary

- This report describes Ontario's recent economic performance based on the latest economic indicators.
- In the second quarter of 2025, Ontario's real Gross Domestic Product (GDP), the broadest measure of economic activity, declined by 0.6% from the previous quarter, largely due to a significant drop in Ontario's exports as US tariffs came into effect, as well as sharply lower business investment in machinery and equipment.
- The latest economic indicators suggest that Ontario's economy was little changed in the third quarter of 2025, with modest losses in employment and lower international exports, while gains were recorded in retail sales, wholesale trade, manufacturing sales and the housing market. Based on these economic indicators, Ontario's economy may avoid a technical recession – defined as two consecutive quarterly declines in real GDP – in the 2025 Q2 to Q3 period.
- In the FAO's latest Economic and Budget Outlook,¹ the FAO projected that Ontario's annual real GDP growth would slow to 0.9% in 2025, as US tariffs reduce demand for Ontario's exports and businesses cut back on investment and hiring. Economic activity over the first three quarters of 2025 is largely consistent with this projection. The FAO will continue to monitor Ontario's economic performance and will update its forecast for economic growth in its next Economic and Budget Outlook report.

Introduction and Background

The Ontario Economic Monitor presents an overview of the latest trends in the Ontario economy based on the most recent economic data as of November 14, 2025.

Each quarter, the Government of Ontario (the Province) releases the Ontario Economic Accounts (OEA), which provides data on GDP, a comprehensive measure of economic activity in Ontario. The OEA is produced by the Ontario Ministry of Finance and released approximately four months after the quarter closes.² The OEA is available on the Province's [Ontario Economic Accounts](#) website.

In addition, Statistics Canada and other organizations produce many monthly economic indicators that provide insight into Ontario's economy. These form part of the underlying data used to produce the OEA. This report focusses on these indicators, which are typically released one to two months after the data are collected, and provides more up-to-date information on Ontario's economic performance in the most recent quarter.³

The report contains the following sections:

- a summary of the OEA describing the province's economic performance in the second quarter of 2025 (2025 Q2);
- a summary of the most recent monthly economic indicators for Ontario's households and businesses in 2025 Q3; and
- an assessment of the FAO's latest economic outlook⁴ based on recent economic trends.

For definitions of the various economic indicators covered in this report, as well as technical definitions of economic concepts, see the report's [Glossary](#). For information on the data used, see the report's [Methodology](#).

¹ See the FAO's [Economic and Budget Outlook, Summer 2025](#).

² The *Fiscal Sustainability, Transparency and Accountability Act, 2019* states that the quarterly Ontario Economic Accounts should be released within 45 days of the Statistics Canada release of the National Income and Expenditure Accounts.

³ Some of these data are regularly revised, and the growth rates presented in this report may differ from updated data published at a later date.

⁴ See the FAO's [Economic and Budget Outlook, Summer 2025](#).

2025 Second Quarter Ontario Economic Accounts

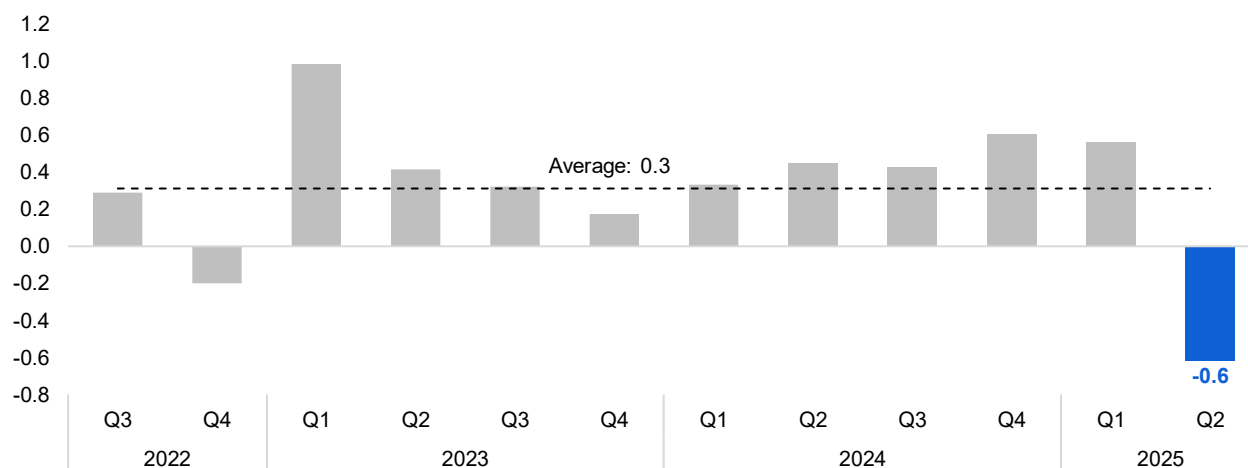
The Ontario Economic Accounts (OEA) for the second quarter (April to June) of 2025 was released on October 10, 2025. The OEA provides a comprehensive assessment of Ontario's recent economic performance.

Real Gross Domestic Product (GDP), the broadest measure of economic activity, declined by 0.6% in 2025 Q2, as the imposition of US tariffs impacted the Ontario economy. The quarterly decline in economic activity was the largest since the 2008-2009 recession (excluding the COVID-19 pandemic) and resulted from a significant 5.8% drop in Ontario's exports as US businesses reduced their purchases of Canadian goods. Growth was also negatively affected by a sharp 9.8% drop in investment in machinery and equipment as uncertainty from US tariffs caused businesses to hold off on new investments.⁵

Figure 1

Real GDP declined by 0.6% in 2025 Q2

Seasonally adjusted, quarter-over-quarter growth, %



Source: Ontario Economic Accounts and FAO.

Although overall economic activity declined, household consumption increased by 0.6% in 2025 Q2 after a modest 0.3% gain in the previous quarter. The increase in consumer spending occurred despite weakening consumer sentiment stemming from uncertainty about the impacts of US tariffs.⁶ Residential investment also grew by 1.7% as housing market activity rebounded from a weak first quarter. A rapid increase in inventory accumulation also significantly supported real GDP in the second quarter.

⁵ See Bank of Canada's [Business Outlook Survey—Second Quarter of 2025](#).

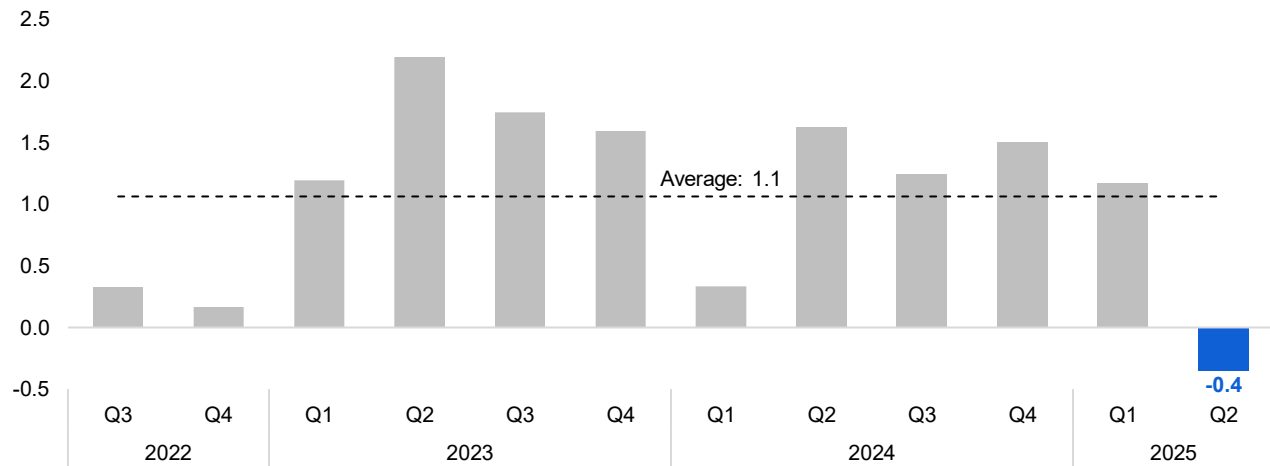
⁶ See Bank of Canada's [Canadian Survey of Consumer Expectations—Second Quarter of 2025](#).

Nominal GDP, the broadest measure of the tax base and which includes inflation, declined by 0.4% in 2025 Q2, down dramatically from growth of 1.2% in 2025 Q1. The drop in nominal GDP was the largest decline since the 2008-2009 recession (excluding the COVID-19 pandemic) and reflected a 2.1% reduction in corporate profits, while growth in labour income was relatively flat at 0.1%.

Figure 2

Nominal GDP declined by 0.4% in 2025 Q2

Seasonally adjusted, quarter-over-quarter growth, %



Source: Ontario Economic Accounts and FAO.

For more detailed information on Ontario's economic performance in 2025 Q2, see the [Ontario Economic Accounts](#).

Ontario's 2025 Third Quarter Economic Indicators

The latest economic indicators suggest Ontario's economy was little changed in the third quarter of 2025, with modest losses in employment and lower international exports at the same time as gains were recorded in retail sales, wholesale trade, manufacturing sales and the housing market. Although economic growth has been weak, based on these economic indicators, Ontario's economy may avoid a technical recession⁷ in the 2025 Q2 to Q3 period.

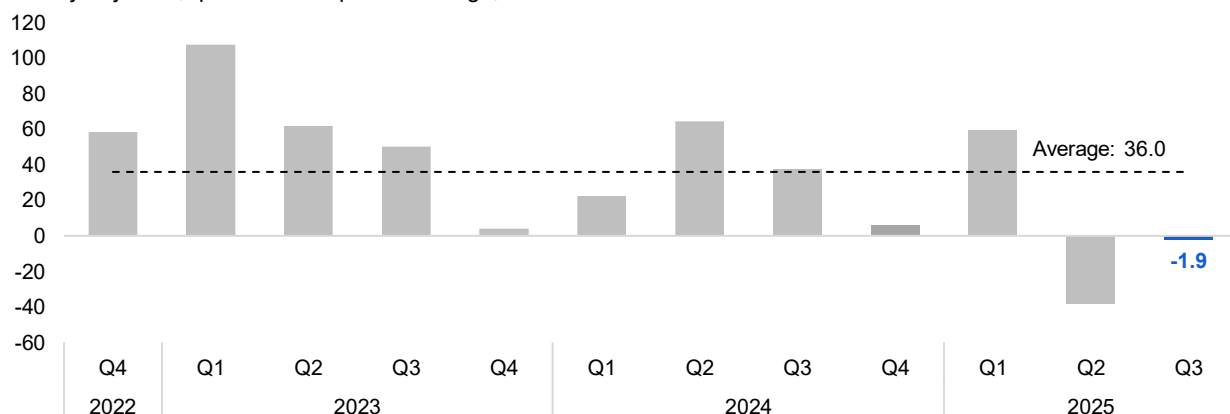
Households

Employment in Ontario declined by 1,900 (or -0.0%) in 2025 Q3, following a significant 38,000 drop in the previous quarter. This marked the first back-to-back quarterly decline in Ontario employment since mid-2009, excluding the pandemic. Part-time employment dropped by 53,900, largely offset by an increase of 52,000 in full-time employment in 2025 Q3. Job losses were concentrated in the public sector (-16,900) with smaller losses in self-employment (-9,000), mostly offset by job gains in the private sector (23,800).⁸

Figure 3

Employment declined by 1,900 jobs in 2025 Q3

Seasonally adjusted, quarter-over-quarter change, thousands



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

By major age group, employment declines in 2025 Q3 were concentrated in youth (aged 15 to 24), with 16,600 jobs lost (-1.6%), following a smaller job loss in 2025 Q2 (-4,700). After declining in the previous quarter, workers aged 55 and older saw an employment increase 12,200 (0.7%) while core-age workers (aged 25 to 54) recorded modest job growth of 2,500 (0.0%).

Half of Ontario's major industries experienced lower employment in 2025 Q3, with the largest losses recorded in business, building and support services (-17,000), followed by public administration (-9,000), education (-7,300), finance (-5,100), utilities (-4,600), agriculture (-4,100), professional, scientific and technical services (-3,700) and information and culture (-3,100).⁹

Industries with the largest job gains were transportation and warehousing (16,000) and manufacturing (9,000), both industries that experienced large job losses in the previous quarter as US tariffs hurt Ontario's exports. Job gains were also recorded in wholesale and retail trade (8,900), health (5,500), accommodation and food (4,900), other services (4,200) and construction (3,500).

⁷ Defined as two consecutive quarterly declines in real GDP.

⁸ Source: Statistics Canada [Table 14-10-0288-01](#) and FAO.

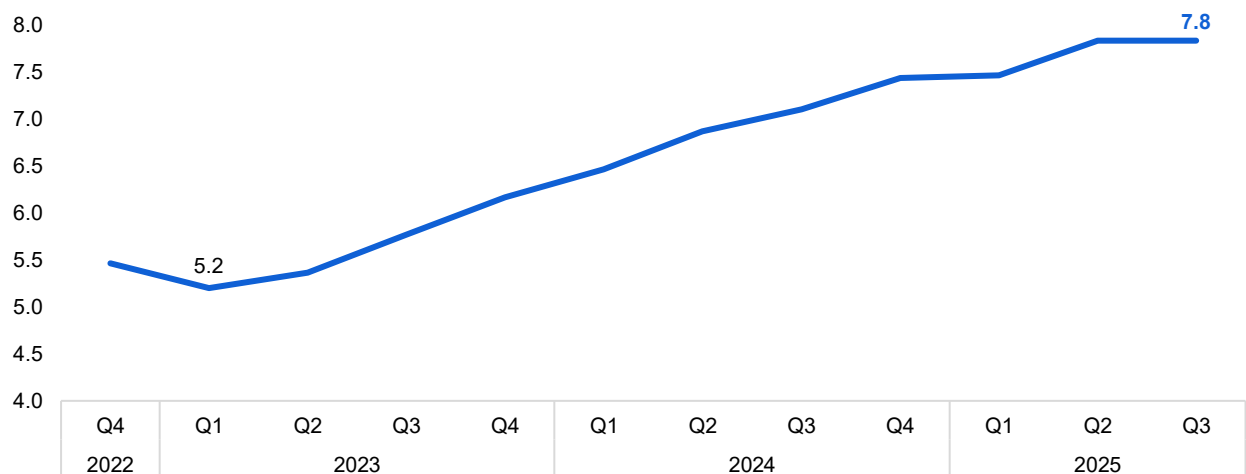
⁹ Source: Statistics Canada [Table 14-10-0355-01](#) and FAO.

The **unemployment rate** was unchanged at 7.8%, following nine consecutive quarterly increases. The jobless rate is 2.6 percentage points higher than the low of 5.2% recorded in 2023 Q1 and tied with the previous quarter for the highest unemployment rate since late 2012, excluding the pandemic. Among the major age groups, the unemployment rate of youth (15-24 years) rose to 16.8%, up 1.1 percentage points from 2025 Q2 and the highest rate since 2012, excluding the pandemic. Ontario's youth had the second highest unemployment rate among the provinces in 2025 Q3, trailing only Alberta (17.3%).

Workers are also having a harder time finding a job in Ontario's weak labour market as job vacancies trended lower. In 2025 Q3, long-term unemployment accounted for 28.5% of total unemployment, reaching the highest share since mid-1996, excluding the pandemic.¹⁰

Figure 4
Unemployment rate was unchanged at 7.8% in 2025 Q3

Seasonally adjusted, quarterly, %



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

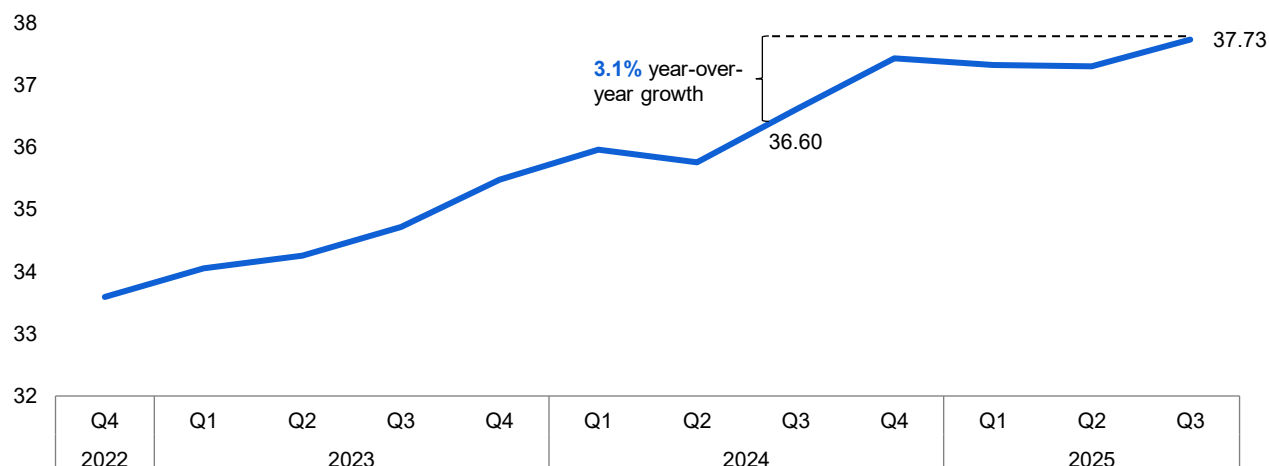
Average hourly wages grew 3.1% in 2025 Q3 compared to 2024 Q3, reaching \$37.73 an hour – the slowest pace of wage gains since early 2022. Hourly wage growth was broad-based across most major industries, with wages in services-producing industries rising 3.4% and goods-producing industries increasing 2.0%. Industries with the fastest wage growth were business, building and other support services; information, culture and recreation; and accommodation and food services.

¹⁰ Long-term unemployment includes those unemployed who were looking for work or laid-off for 27 weeks or more. Statistics Canada [Table 14-10-0342-01](#).

Figure 5

Average hourly wages grew 3.1% in 2025 Q3 compared to 2024 Q3

Non-seasonally adjusted, dollars per hour



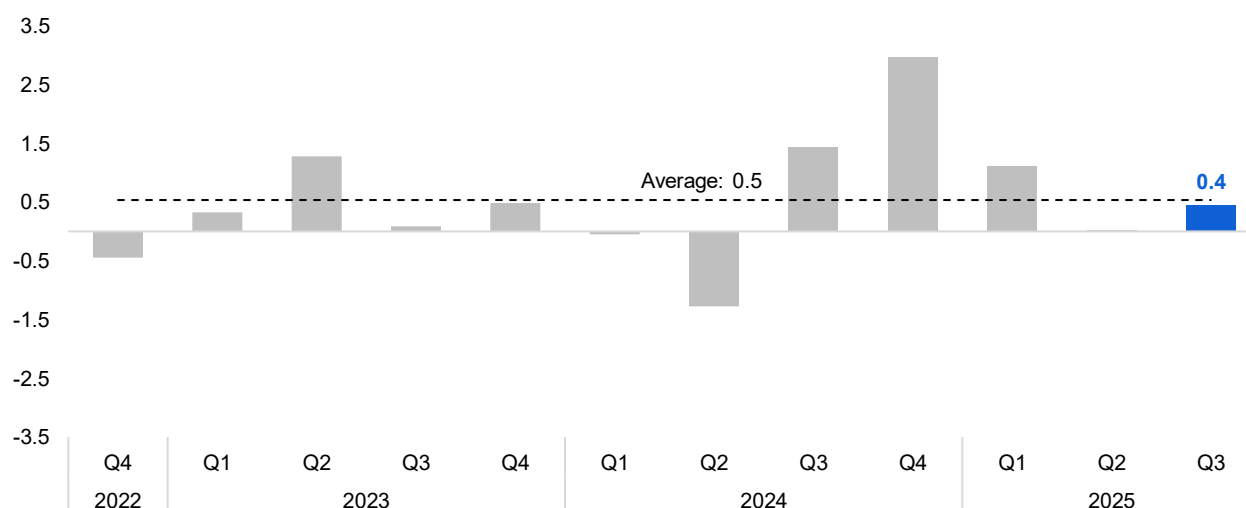
Source: Statistics Canada [Table 14-10-0063-01](#) and FAO.

Retail sales¹¹ increased by 0.4% in 2025 Q3 in Ontario, following no growth (0.0%) in the previous quarter. Higher sales in general merchandise; clothing and apparel; furniture, electronics and appliances; and food and beverage sales offset declines in the sale of motor vehicles; health and personal care; sporting goods and hobbies; gasoline and fuel; and building materials. Households are generally less pessimistic compared to earlier in the year,¹² despite ongoing economic uncertainty related to the Canada-US trade conflict, reflecting lower interest rates and reductions in gasoline prices which have supported spending.

Figure 6

Retail sales increased by 0.4% in 2025 Q3

Seasonally adjusted, quarter-over-quarter growth, %



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

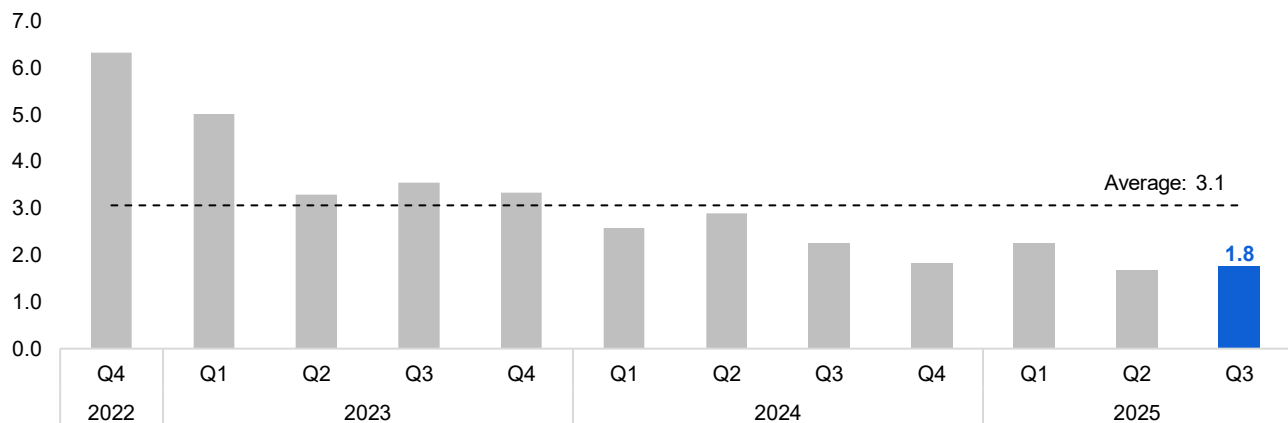
¹¹ As September data were not available at the time of publication, Statistics Canada's Canadian advance retail indicator was used to calculate the 2025 Q3 Ontario value. See Statistics Canada's [Retail trade, August 2025](#).

¹² See Bank of Canada's [Canadian Survey of Consumer Expectations—Third Quarter of 2025](#).

The Ontario **Consumer Price Index (CPI) inflation rate**¹³ was 1.8% in 2025 Q3, up from 1.7% in 2025 Q2. Of the major CPI components, food (3.6%), health and personal care (2.5%) and household operating expenses (2.3%) increased at rates faster than headline inflation in 2025 Q3, while shelter and recreation prices grew in line with headline inflation. In contrast, prices for energy were 8.7% lower than a year earlier, suppressing the overall inflation rate, reflecting in part the removal of the Canada consumer carbon tax. Excluding energy, the inflation rate was 2.5% in 2025 Q3, 0.7 percentage points above the all-items inflation rate of 1.8%.

Figure 7
CPI inflation rate was 1.8% in 2025 Q3

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

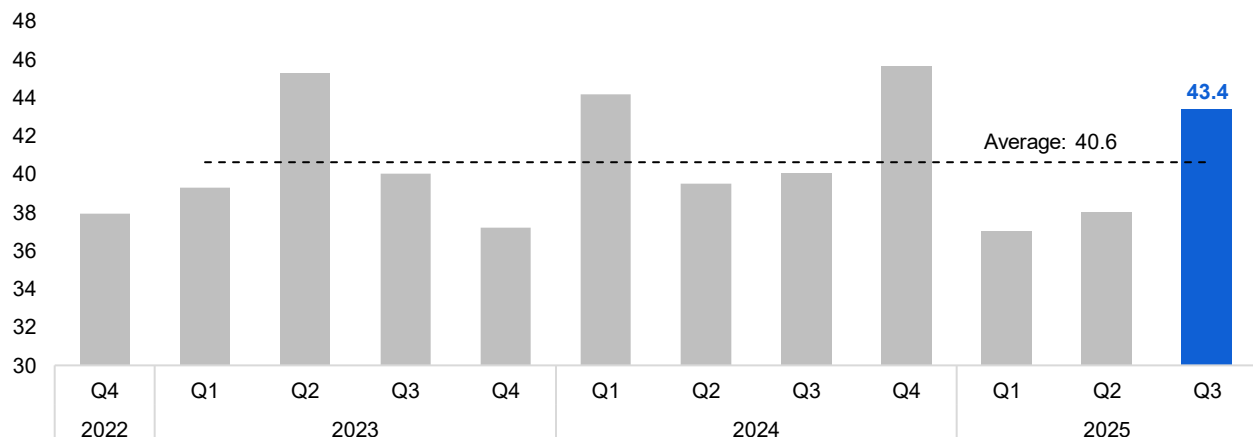


Source: Statistics Canada [Table 18-10-0004-01](#) and FAO.

Ontario **home resales** in 2025 Q3 totalled 43,400 units, an increase of 14.1%, following a gain of 2.8% in 2025 Q2. The recent pickup in home resale activity reflects the impact of lower mortgage rates, higher listings of homes for sale, lower average prices compared to recent years and pent-up demand.

Figure 8
Housing resales increased to 43,400 units in 2025 Q3

Seasonally adjusted, thousands of units



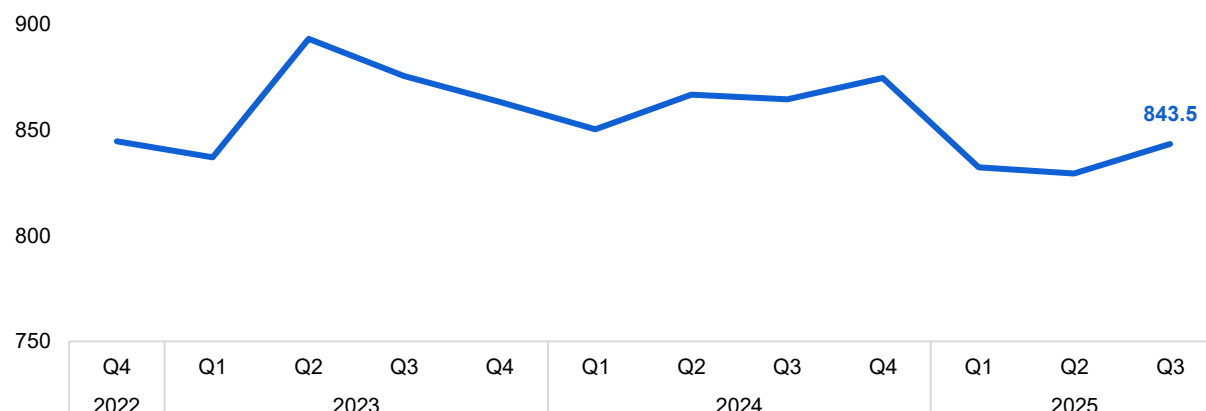
Source: Canadian Real Estate Association and FAO.

¹³ Measured on a year-over-year basis.

Home resale prices in Ontario averaged \$843,500 in 2025 Q3, a 1.7% increase from the previous quarter. Despite the increase, the average resale home price was \$187,300 (or -18.2%) below the peak of \$1,030,800 reached in 2022 Q1.

Figure 9
Average home resale prices increased to \$843,500 in 2025 Q3

Seasonally adjusted, \$ thousands

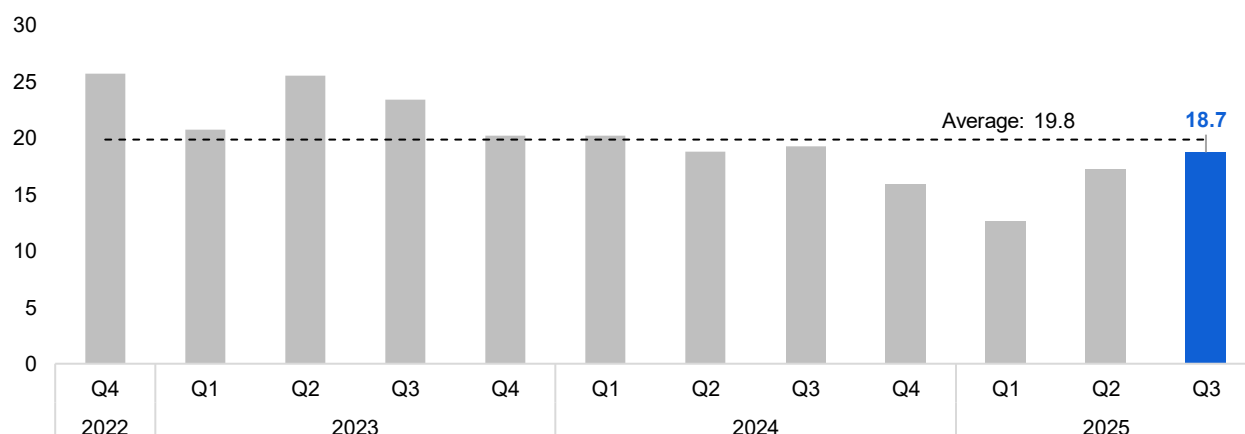


Source: Canadian Real Estate Association and FAO.

Housing starts¹⁴ in 2025 Q3 totalled 18,700 units in Ontario, an increase of 8.4%, building on a gain of 37.0% in 2025 Q2. In 2025 Q3, 85% of total housing starts were multiple unit dwellings, while 15% were single detached homes.¹⁵ New home construction has recently been affected by weak builder confidence related to continued trade uncertainty and lack of demand as buyers may be waiting for the implementation of the first-time home buyers GST rebate.¹⁶

Figure 10
Housing starts increased to 18,700 units in 2025 Q3

Seasonally adjusted, thousands of units



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

¹⁴ Canada Mortgage and Housing Corporation (CMHC) defines a housing unit as being a “structurally separate set of self-contained living premises [with] ... a private entrance from outside the building or from a common hall, lobby or stairway inside the building. The entrance must be one that can be used without passing through another separate [...] unit”. See CMHC’s [Starts and Completions Survey and Market Absorption Survey Methodology](#).

¹⁵ Source: Canada Mortgage and Housing Corporation, [Seasonally-adjusted Starts \(Canada and provinces\)](#).

¹⁶ See [2025 Q3 Housing Market Index](#), Canadian Home Builders’ Association.

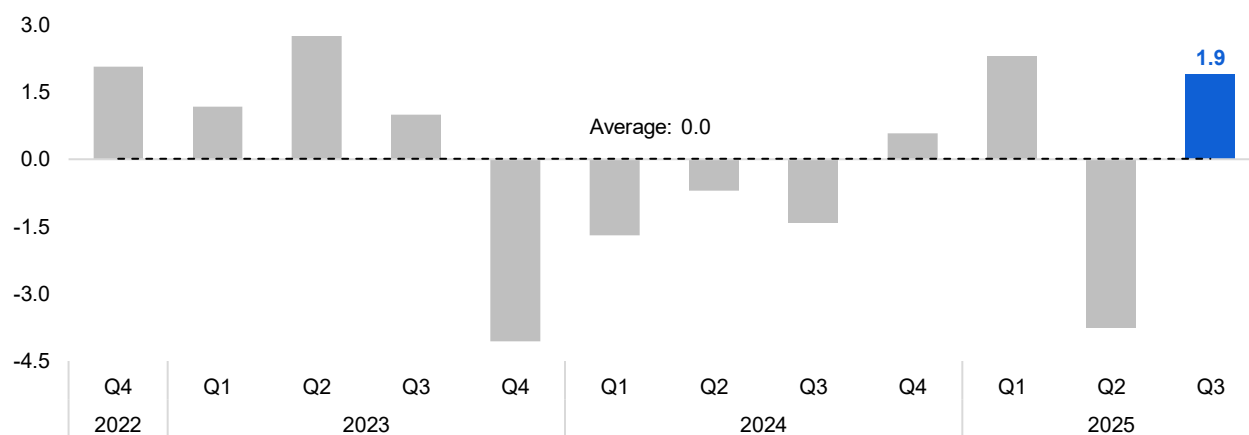
Businesses

Manufacturing sales increased by 1.9% in 2025 Q3, following a sharp 3.8% drop in 2025 Q2 when US tariffs took hold. The increase in 2025 Q3 reflects growth in the sales of motor vehicles (6.1%), machinery manufacturing (8.2%), petroleum and coal products (7.4%), primary metals (5.7%) and motor vehicle parts (2.0%). Despite the rise in manufacturing sales in 2025 Q3, the sector has struggled for several years.

Figure 11

Manufacturing sales increased by 1.9% in 2025 Q3

Seasonally adjusted, quarter-over-quarter growth, %



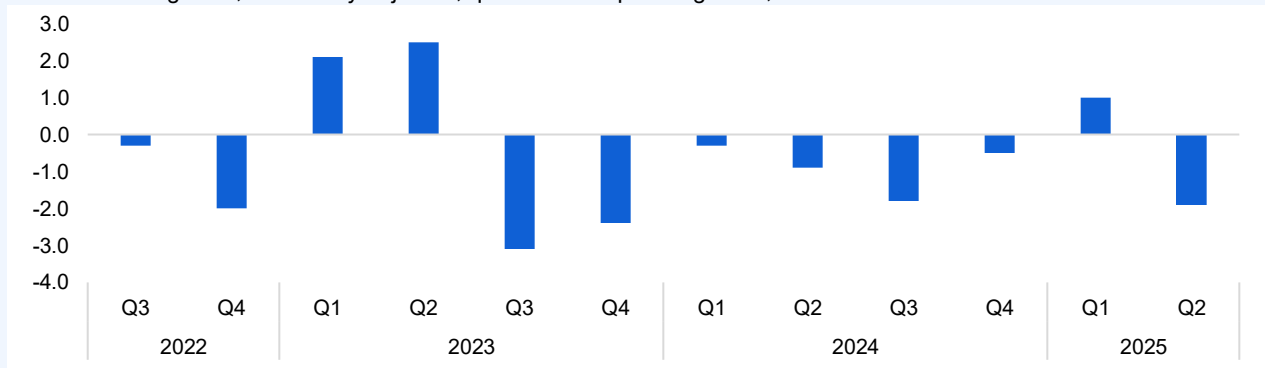
Source: Statistics Canada [Table 16-10-0048-01](#) and FAO.

Ontario's manufacturing sector

Ontario's manufacturing sector represents about 10% of the province's economy.¹⁷ Over the last few years, the sector has faced several challenges, including pandemic-related shutdowns, supply-chain disruptions, shipping issues, auto plant retooling, slowing demand and most recently US tariffs on Ontario's exports. As a result, Ontario's manufacturing real GDP has declined in seven of the past eight quarters (2023 Q3 to 2025 Q2) and is down nearly 10%. Over this period, the decline in manufacturing real GDP has been widespread, with the largest losses in the auto industry (-18.3%), machinery (-14.8%) and primary and fabricated metal products (-9.0%).¹⁸ As a result, real manufacturing activity in Ontario is at its lowest level since 2015, excluding the pandemic period.

Figure 12
Manufacturing output has fallen in 7 of the last 8 quarters

Real manufacturing GDP, seasonally adjusted, quarter-over-quarter growth, %

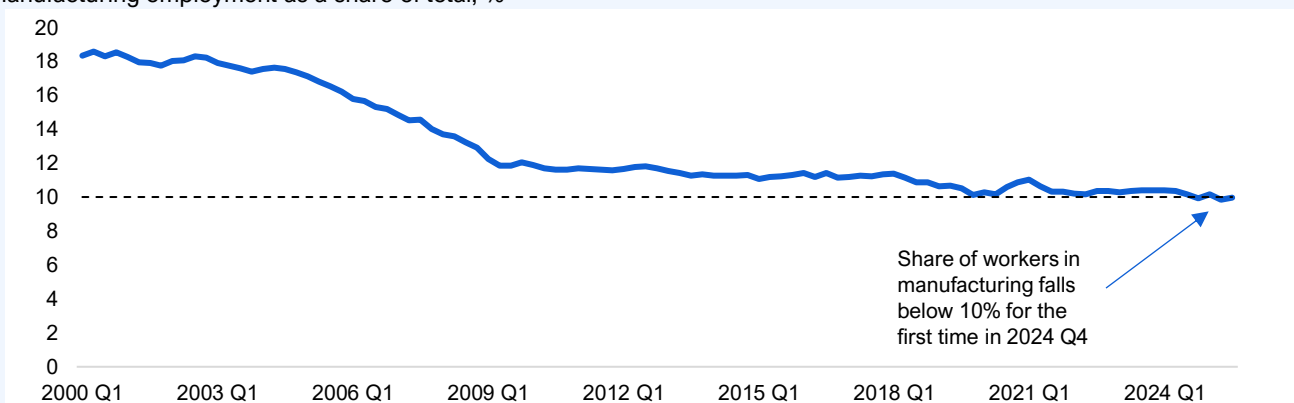


Source: Ontario Economic Accounts.

The loss in manufacturing output has adversely affected employment in the sector, with 20,600 fewer jobs compared to two years ago (2023 Q3). As a result, manufacturing jobs as a share of Ontario's total employment recently fell below 10% for the first time since record keeping began in 1976. Historically, when workers in export-dependent industries experience permanent job loss, many face lower earnings for several years.¹⁹

Figure 13
Ontario's manufacturing employment recently fell to its lowest share on record

Manufacturing employment as a share of total, %



Source: Statistics Canada [Table 14-10-0355-01](#)

¹⁷ Source: Statistics Canada [Table 36-10-0400-01](#).

¹⁸ Source: Ontario Economic Accounts.

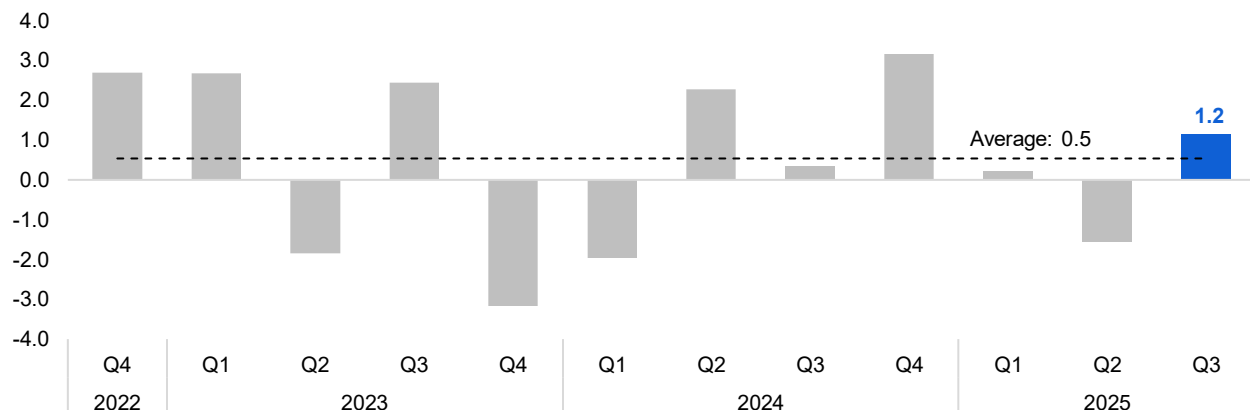
¹⁹ See Statistics Canada's [The impact of layoffs on labour market outcomes of workers in industries dependent on United States demand for Canadian exports](#).

Wholesale trade, which measures sales of bulk items, increased by 1.2% in 2025 Q3, following a 1.6% drop in the previous quarter. The 2025 Q3 increase was largely the result of higher food and beverage products (2.4%), personal and household goods (2.3%), motor vehicles and parts (1.2%), and building materials (2.1%).

Figure 14

Wholesale trade increased by 1.2% in 2025 Q3

Seasonally adjusted, quarter-over-quarter growth, %



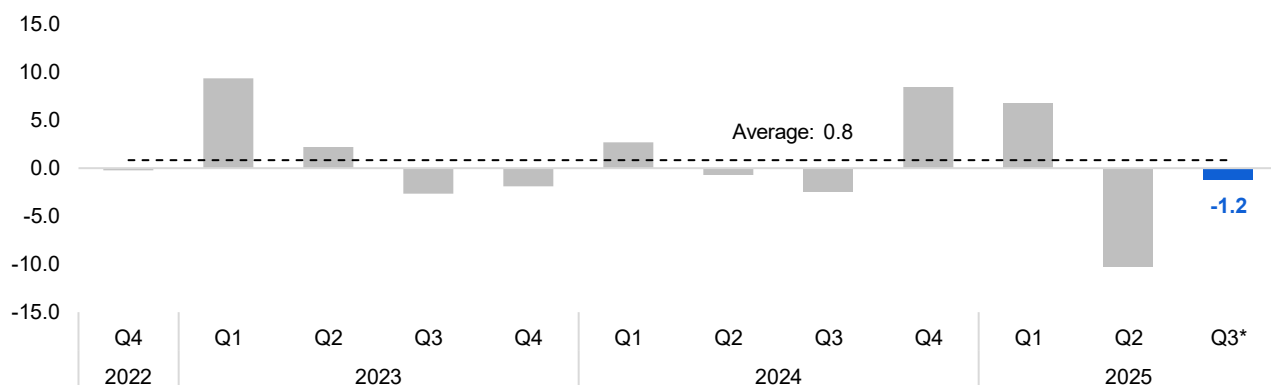
Source: Statistics Canada [Table 20-10-0074-01](#) and FAO.

International merchandise exports, which account for all goods leaving the country through Ontario, dropped by an estimated 1.2% in 2025 Q3,²⁰ a continuation of the tariff-related 10.2% decline in the previous quarter. The decline in 2025 Q3 was concentrated in metal and non-metallic minerals, likely impacted by the increase in the tariff rate on steel and aluminum exports to the US, which increased from 25% to 50% in June 2025.

Figure 15

International merchandise exports dropped by an estimated 1.2% in 2025 Q3

Seasonally adjusted, quarter-over-quarter growth, %



* International trade data for September 2025 were not published by Statistics Canada due to the temporary US government shutdown. See [Delay of publication of monthly Canadian international trade data](#). To calculate quarterly growth for 2025 Q3, the FAO assumed flat growth in September. Source: Statistics Canada [Table 12-10-0175-01](#), [Table 12-10-0163-01](#) and FAO estimate.

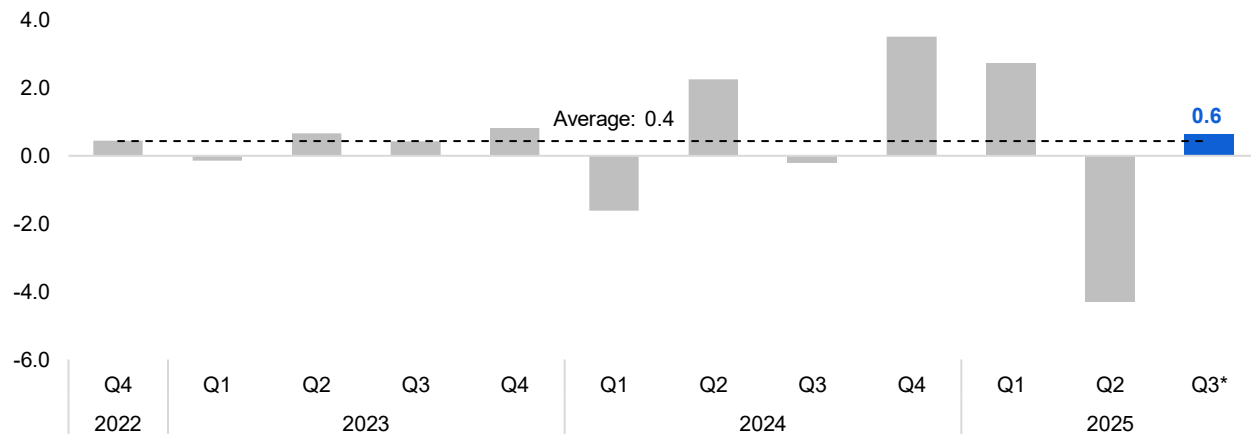
²⁰ International trade data for September 2025 were not published by Statistics Canada due to the temporary US government shutdown. See [Delay of publication of monthly Canadian international trade data](#). To calculate quarterly growth for 2025 Q3, the FAO assumed flat growth in September.

International merchandise imports, which measures international goods entering Ontario, increased by an estimated 0.6% in 2025 Q3²¹ after a significant 4.3% drop in the previous quarter. The increase reflected higher imports of metal and non-metallic minerals, and electronic and electrical equipment. At the same time, imports of motor vehicles and parts, farm and fishing products, industrial machinery, metal ores and non-metallic minerals, energy products, transportation equipment and industrial products all declined.

Figure 16

International merchandise imports increased by an estimated 0.6% in 2025 Q3

Seasonally adjusted, quarter-over-quarter growth, %



* International trade data for September 2025 were not published by Statistics Canada due to the temporary US government shutdown. See [Delay of publication of monthly Canadian international trade data](#). To calculate quarterly growth for 2025 Q3, the FAO assumed flat growth in September. Source: Statistics Canada [Table 12-10-0175-01](#), [Table 12-10-0163-01](#) and FAO estimate.

²¹ International trade data for September 2025 were not published by Statistics Canada due to the temporary US government shutdown. See [Delay of publication of monthly Canadian international trade data](#). To calculate quarterly growth for 2025 Q3, the FAO assumed flat growth in September.

Implications of Recent Economic Trends

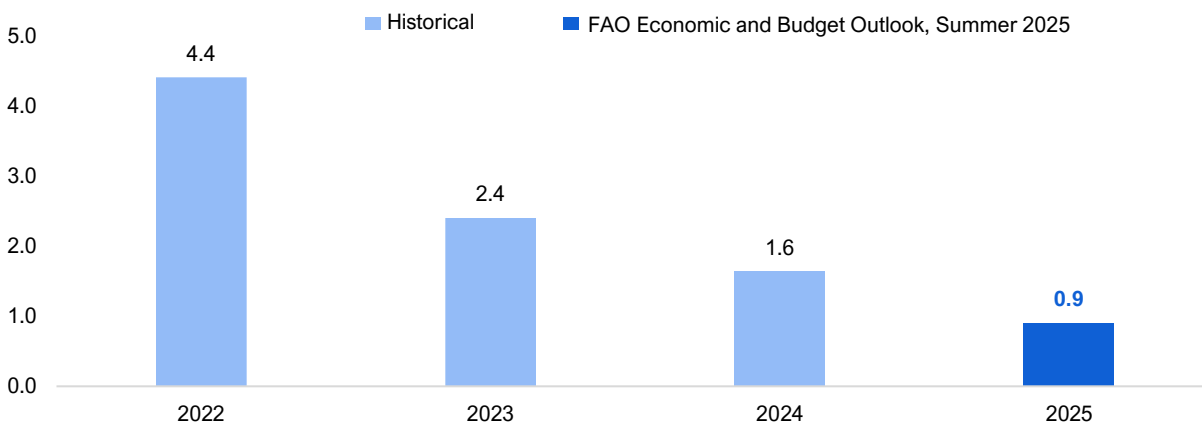
After a 0.6% decline in real GDP in 2025 Q2, the latest economic indicators suggest Ontario's economy was little changed in the third quarter of 2025. Based on these Q3 economic indicators, Ontario's economy may avoid a technical recession²² in the 2025 Q2 to Q3 period.

Looking at the full year, in the FAO's latest Economic and Budget Outlook,²³ released in September 2025, the FAO projected that Ontario's real GDP growth would slow to 0.9% in 2025, as US tariffs reduce demand for Ontario's exports and businesses cut back on investment and hiring.

Economic activity over the first three quarters of 2025 is largely consistent with the FAO's projection. The FAO will continue to monitor Ontario's economic performance and will update its forecast for economic growth in its next Economic and Budget Outlook report, expected in early 2026.

Figure 17
Ontario real GDP growth projected to slow to 0.9% in 2025

Real GDP, year-over-year growth, %



Source: Statistics Canada [Table 36-10-0222-01](#) and FAO.

²² Defined as two consecutive quarterly declines in real GDP.

²³ See the FAO's [Economic and Budget Outlook, Summer 2025](#).

Glossary

Economic Indicators

Gross Domestic Product (GDP)

GDP is a broad indicator of economic activity that measures the value of goods and services produced by an economy. GDP is measured on both an expenditure and income basis.

Employment and unemployment rate

Employment from Statistics Canada's Labour Force Survey estimates the number of individuals who did any work at a job or business (whether paid or unpaid) or those who had a job but were not at work due to factors unrelated to their job (e.g., their own illness or a labour dispute). The unemployment rate represents the number of people actively looking for work but not having a job as a proportion of the labour force. These two indicators are the most common measures of labour market performance.

Average hourly wages

Hourly wages are measured before taxes and other deductions, and include tips, commissions and bonuses for both hourly and salaried workers. This metric indicates wage inflation and labour market tightness.

Retail sales

Retail sales are the value of finished goods sold by retailers to the general public. This metric provides information on household spending by major commodity type.

Housing resales

Home resales data show the number of existing houses sold and is the most common measure of housing market activity.

Housing prices

The average price of existing houses sold. This metric is the most common measure of home prices that provides an indication of housing market strength.

Housing starts

Housing starts measures the number of housing units where construction has been started, including single and multiple unit dwellings. This metric provides a measure of change in the level of housing stock and can be compared to population growth to provide information on housing supply adequacy.

Manufacturing sales

The value of goods manufactured in Ontario that have been shipped to a customer. This metric is a measure of industrial production.

Wholesale trade

The value of merchandise sold in large quantities to retailers, businesses and institutional clients, such as governments. This metric provides insight into general business sector activity.

International merchandise exports and imports

The value of merchandise shipped out of the country from Ontario (exports) or into Ontario from outside the country (imports). International merchandise trade plays an important role in economic growth and provides information on the province's competitiveness with other jurisdictions.

Technical Definitions

Real dollars

Values reflect prices after adjusting for inflation.

Seasonally adjusted

Data have been adjusted to reflect seasonal factors that may impact the data.

Non-seasonally adjusted

Data have not been adjusted to reflect seasonal factors.

Year-over-year (Y/Y)

Data from a particular time period are compared with data from the same time period a year ago. For example, Y/Y growth in 2023 Q4 would compare 2023 Q4 data with 2022 Q4 data. Using Y/Y data mostly removes the impact of seasonal factors.

Quarter-over-quarter (Q/Q)

Data compared from one quarter to the next. Q/Q growth in 2023 Q4 would compare 2023 Q4 data with 2023 Q3 data. Q/Q growth may suffer from seasonal factors unless data are seasonally adjusted.

Methodology

Data used in this report are primarily presented on a quarterly basis. For economic indicators that are adjusted for seasonality, growth is presented from one quarter to the next (Q/Q). For indicators that are not seasonally adjusted, growth is presented from the same quarter of the previous year (Y/Y) to avoid the impact of seasonal factors on economic trends. Indicators are presented in current dollars unless otherwise specified.

For some economic data, including retail sales, manufacturing sales and wholesale trade, the final month of the quarter may not yet be available at the time of the report's publication. In these cases, Statistics Canada's national preliminary estimate is used to estimate Ontario's growth in that month.

About this Document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office of Ontario (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario.

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This report has been prepared with the benefit of publicly available information.

In keeping with the FAO's mandate to provide the Legislative Assembly of Ontario with independent economic and financial analysis, this report makes no policy recommendations.



Financial Accountability Office of Ontario

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