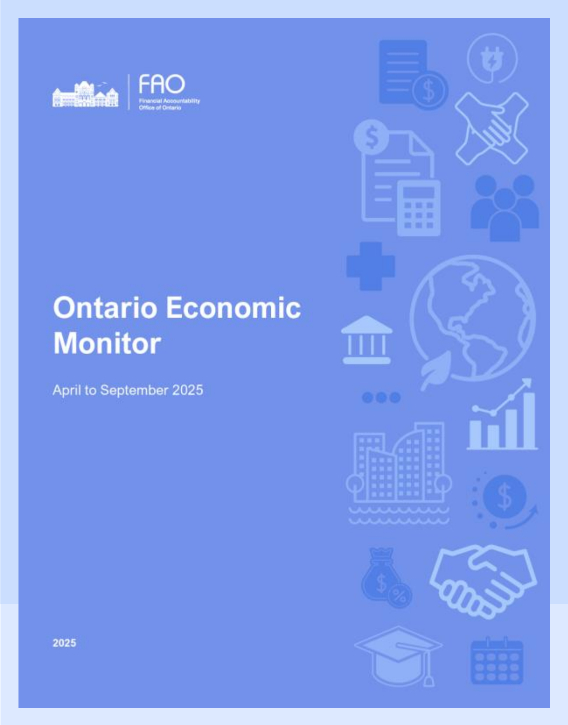
FAO
Financial Accountability Office of Ontario

Ontario Economic Monitor

April to September 2025

2025

Ontario Economic Monitor

April to September 2025

Presentation

FAO
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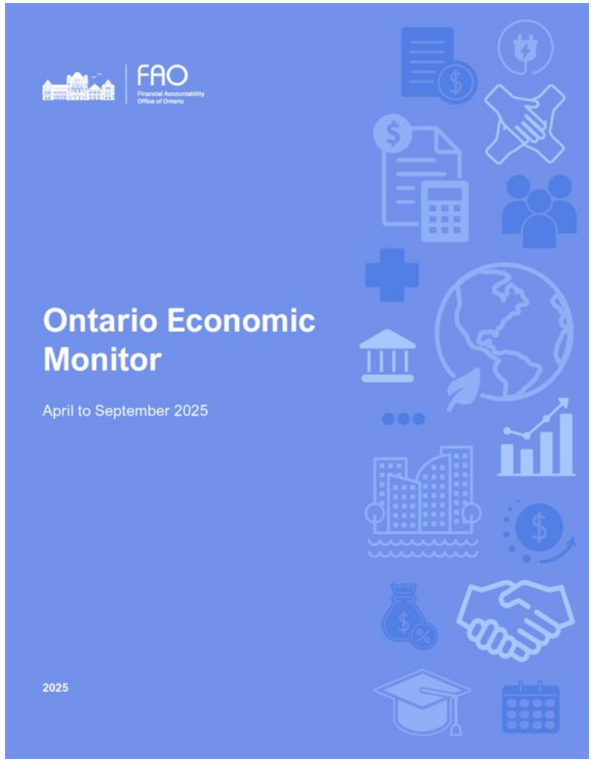
Office of Ontario

Overview

- This report presents the latest trends in the Ontario economy over the April to September 2025 period based on the most recent data from the Ontario Economic Accounts (OEA), Statistics Canada and other organizations.

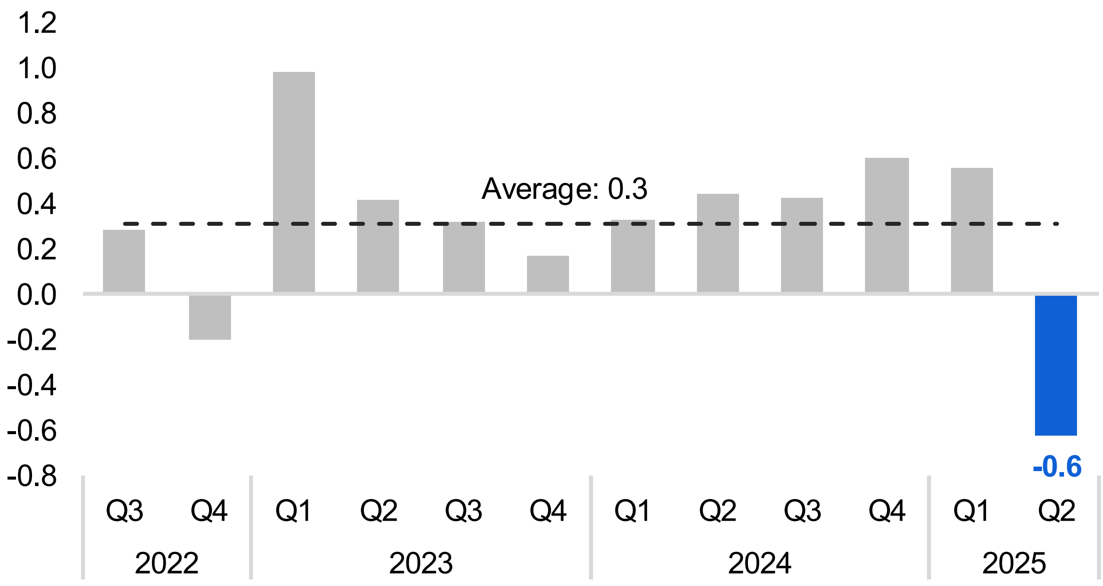
- The report also provides an assessment of the FAO's latest economic forecast given the recent economic performance.



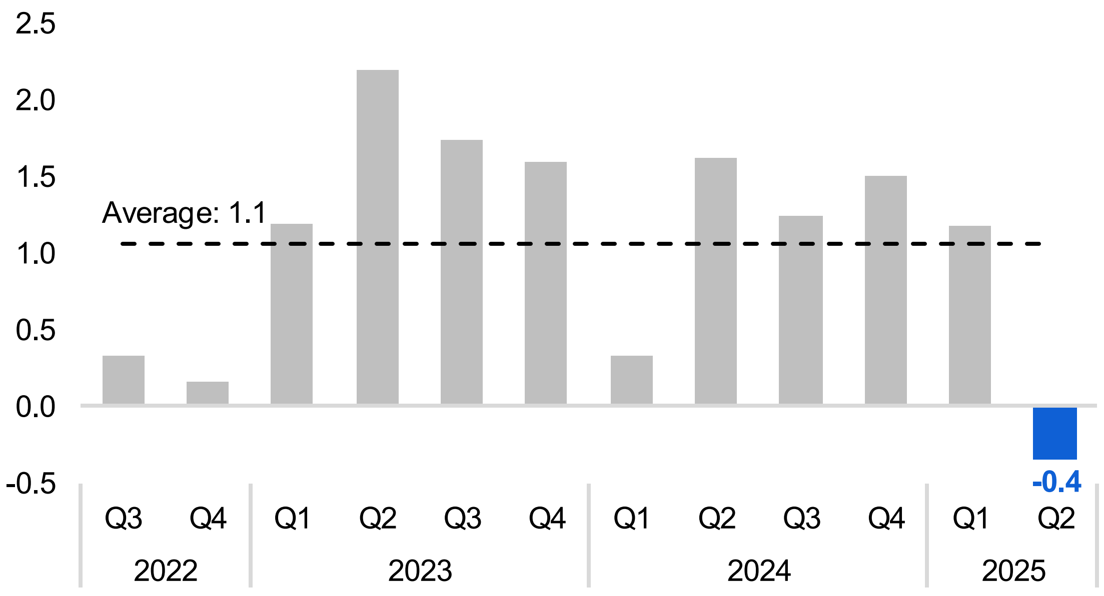
2025 Q2 – Ontario Gross Domestic Product

- Ontario's real Gross Domestic Product (GDP), the most comprehensive measure of economic activity, declined 0.6% in 2025 Q2, as the imposition of US tariffs impacted the Ontario economy.
- Nominal GDP, the broadest measure of the tax base and which includes inflation, decreased by 0.4% in 2025 Q2, down dramatically from growth of 1.2% in 2025 Q1.

Real GDP
Seasonally adjusted, quarter-over-quarter growth, %



Nominal GDP
Seasonally adjusted, quarter-over-quarter growth, %

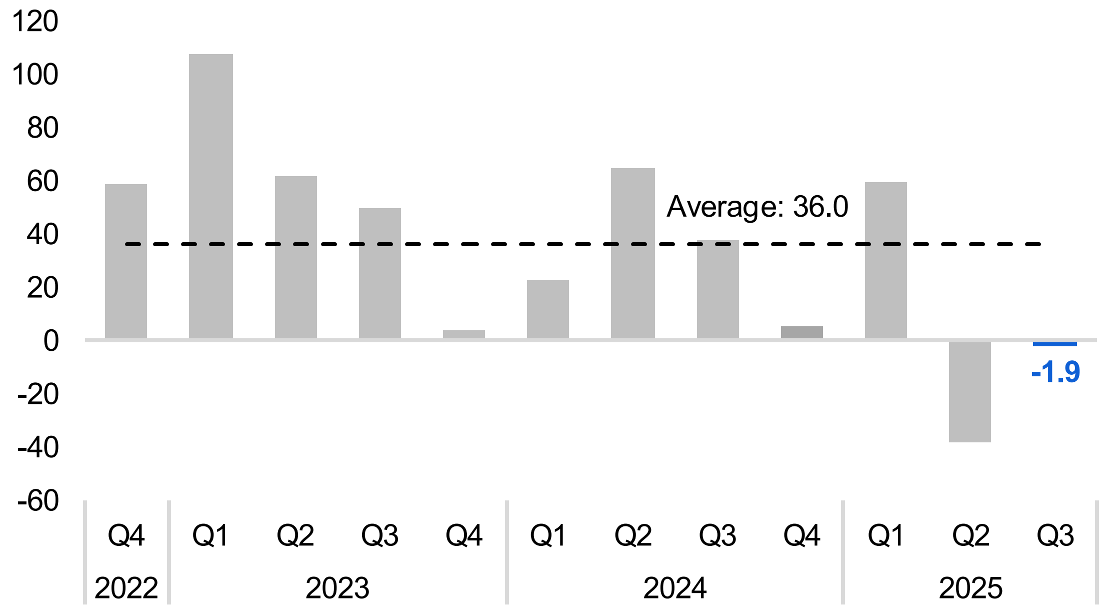


Source: Ontario Economic Accounts and FAO.

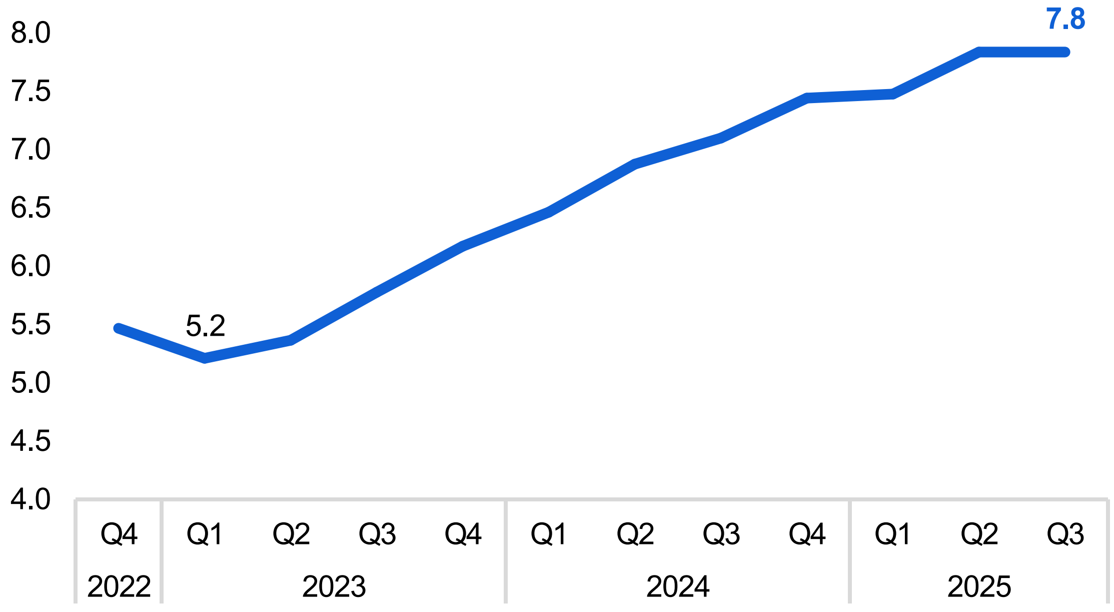
2025 Q3 – Labour market

- Employment in Ontario declined by 1,900 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.
- The unemployment rate was unchanged at 7.8%, following nine consecutive quarterly increases.

Employment
Seasonally adjusted, quarter-over-quarter change, thousands



Unemployment rate
Seasonally adjusted, quarterly, %



Source: Statistics Canada Table 14-10-0287-01 and FAO.

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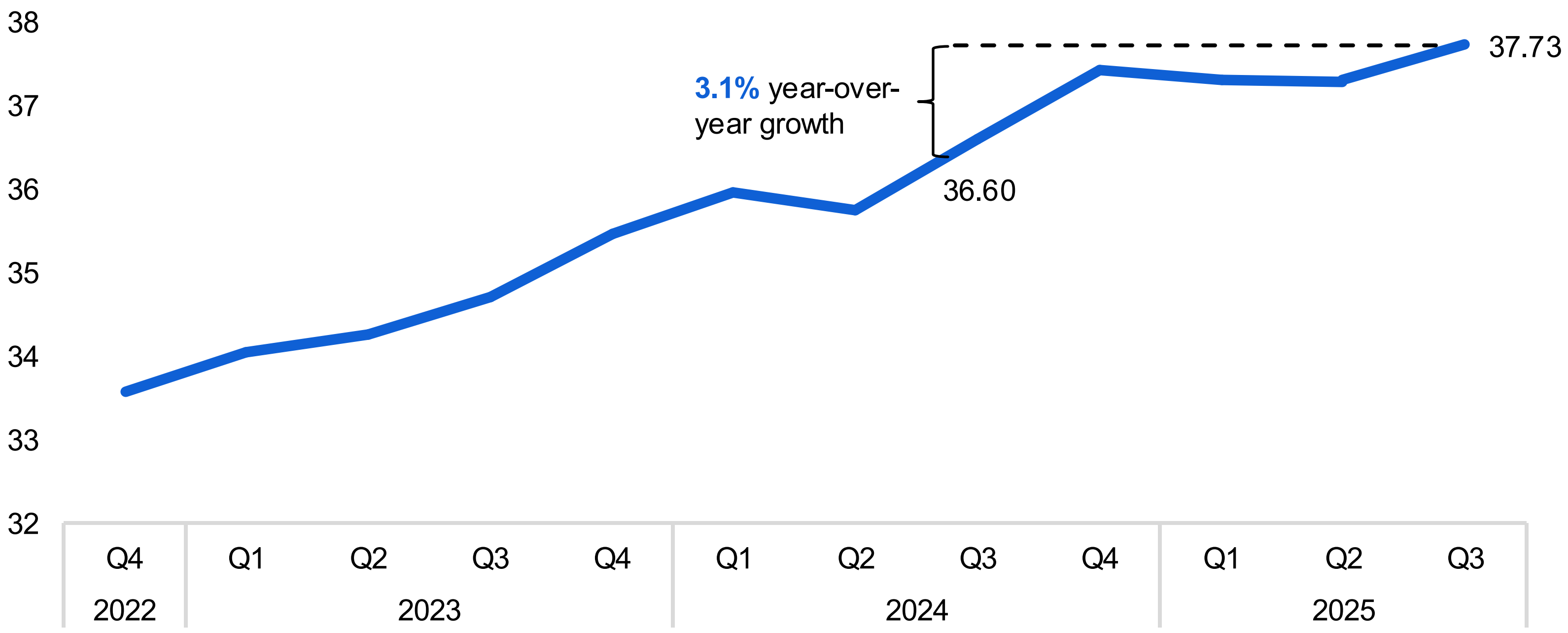
2025 Q3 – Average hourly wages

- Average hourly wages grew 3.1% in 2025 Q3 compared to 2024 Q3, reaching $37.73 an hour.
- 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%.

Average hourly wages
Non-seasonally adjusted, dollars per hour

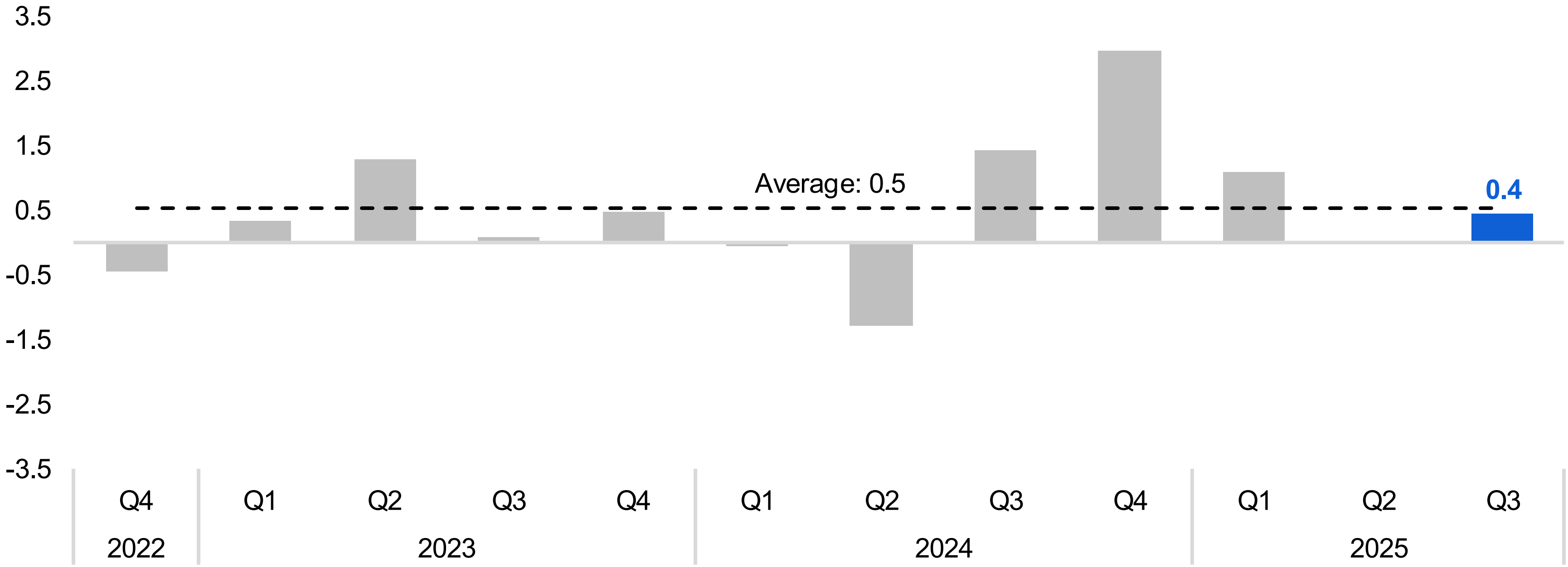


Source: Statistics Canada Table 14-10-0063-01 and FAO.

2025 Q3 – Retail sales

- Retail sales increased by 0.4% in 2025 Q3 in Ontario, following no growth (0.0%) in the previous quarter.
- Households are generally less pessimistic compared to earlier in the year, despite ongoing economic uncertainty related to the Canada-US trade conflict, reflecting lower interest rates and reductions in gasoline prices which has supported spending.

Retail sales
Seasonally adjusted, quarter-over-quarter growth, %

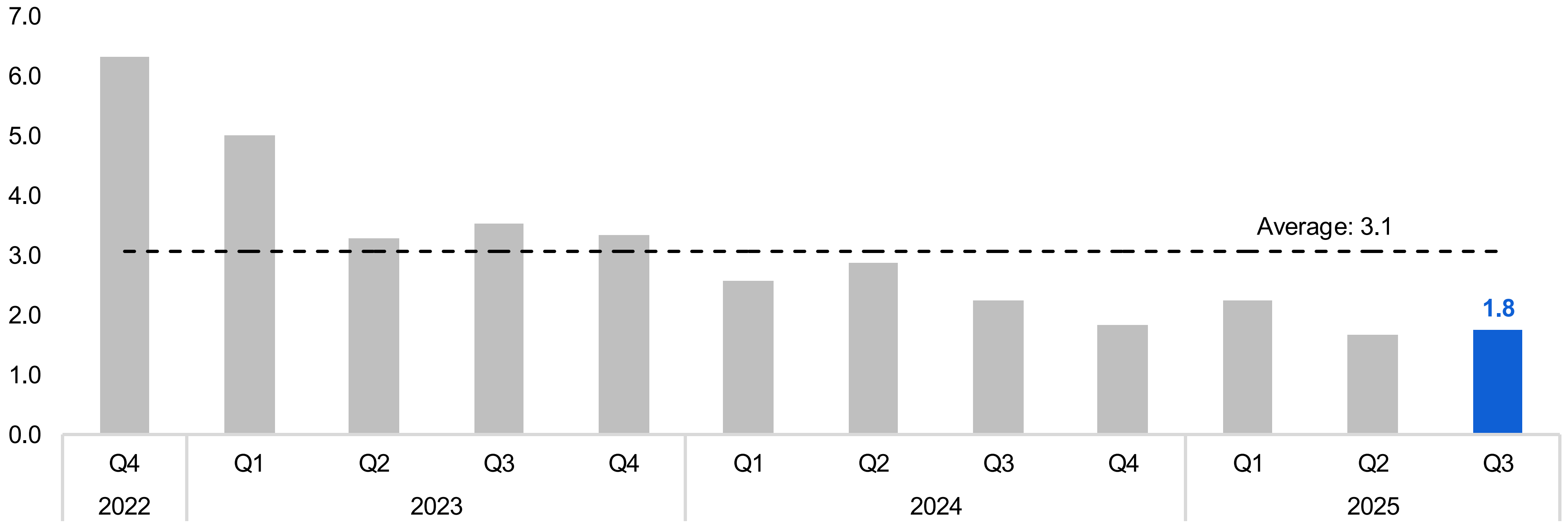


Source: Statistics Canada Table 20-10-0056-01 and FAO.

2025 Q3 – CPI inflation

- The Ontario Consumer Price Index (CPI) inflation rate was 1.8% in 2025 Q3, up from 1.7% in 2025 Q2.
- Prices for energy were 8.7% lower than a year earlier, suppressing the overall inflation rate. Excluding energy, the inflation rate was 2.5% in 2025 Q3, 0.7 percentage points above the all-items inflation rate of 1.8%.

CPI inflation rate
Non-seasonally adjusted, year-over-year, %

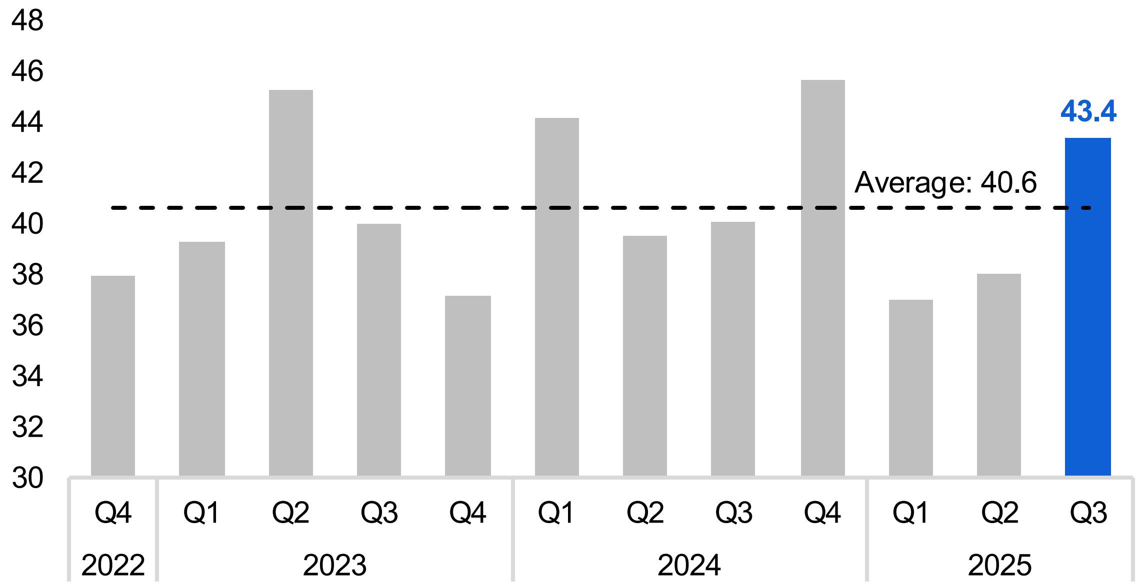


Source: Statistics Canada Table 18-10-0004-01 and FAO.

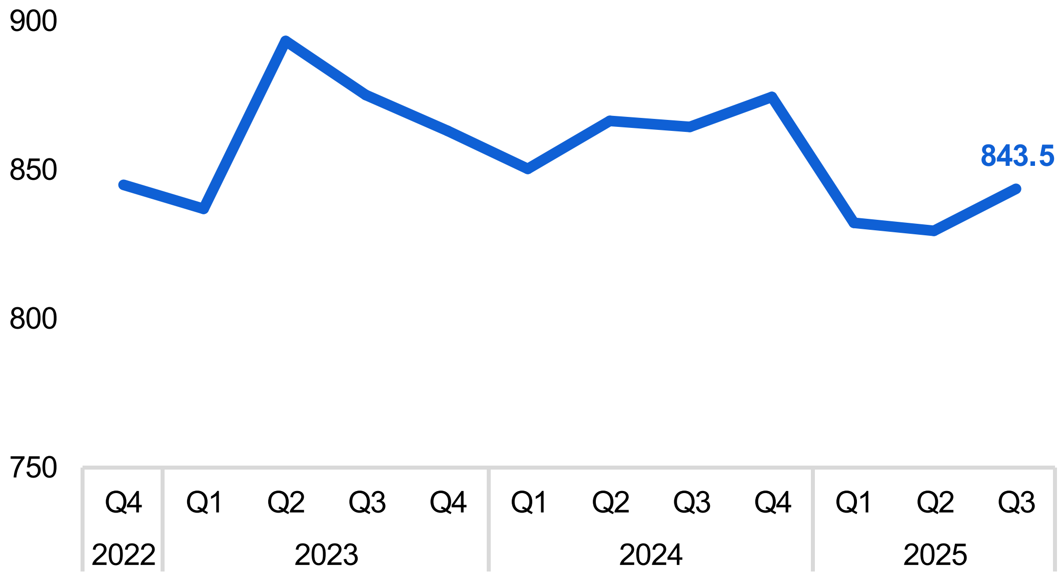
2025 Q3 – Housing market

- Ontario home resales in 2025 Q3 totalled 43,400 units, an increase of 14.1%, following a gain of 2.8% in 2025 Q2.
- Home resale prices in Ontario averaged $843,500 in 2025 Q3, a 1.7% increase from the previous quarter.

Housing resales
Seasonally adjusted, thousands of units



Average home resale prices
Seasonally adjusted, $ thousands

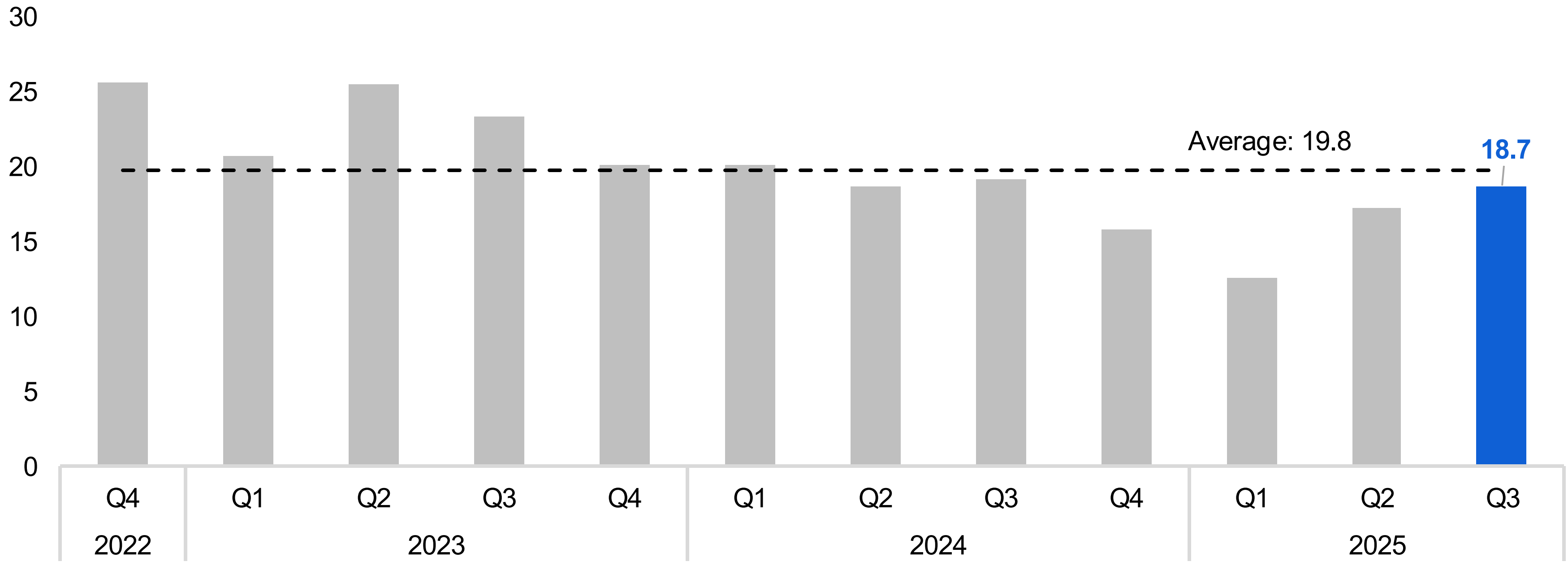


Source: Canadian Real Estate Association and FAO.

2025 Q3 – Housing starts

- Housing starts in 2025 Q3 totalled 18,700 units in Ontario, an increase of 8.4%, building on a gain of 37.0% in 2025 Q2.
- About 85% of total housing starts were multiple unit dwellings, while 15% were single detached homes.

Housing starts
Seasonally adjusted, thousands of units

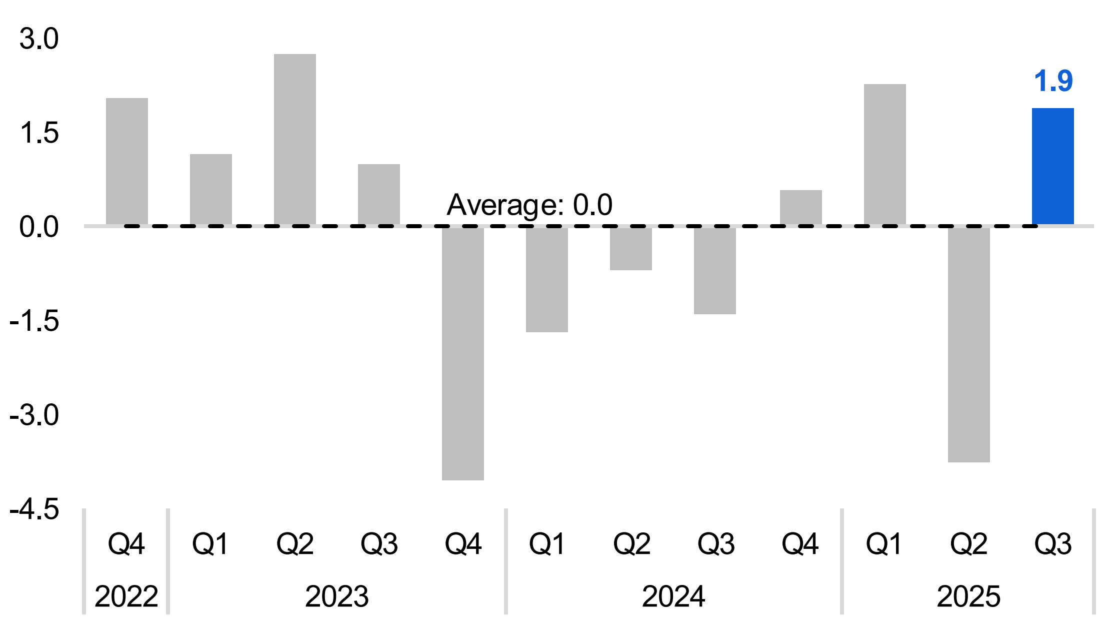


Source: Statistics Canada [Table 34-10-0141-01] and FAO.

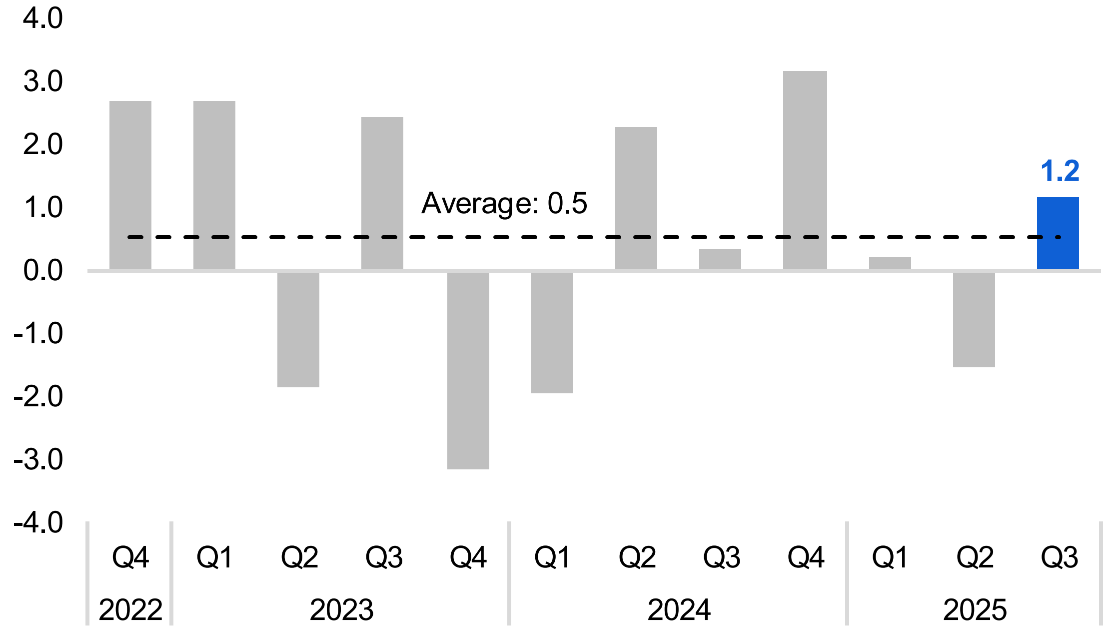
2025 Q3 – Manufacturing sales and wholesale trade

- Manufacturing sales increased by 1.9% in 2025 Q3, following a sharp 3.8% drop in 2025 Q2 when US tariffs took hold.
- Wholesale trade, which measures sales of bulk items, increased by 1.2% in 2025 Q3, following a 1.6% drop in the previous quarter.

Manufacturing sales
Seasonally adjusted, quarter-over-quarter growth, %



Wholesale trade
Seasonally adjusted, quarter-over-quarter growth, %

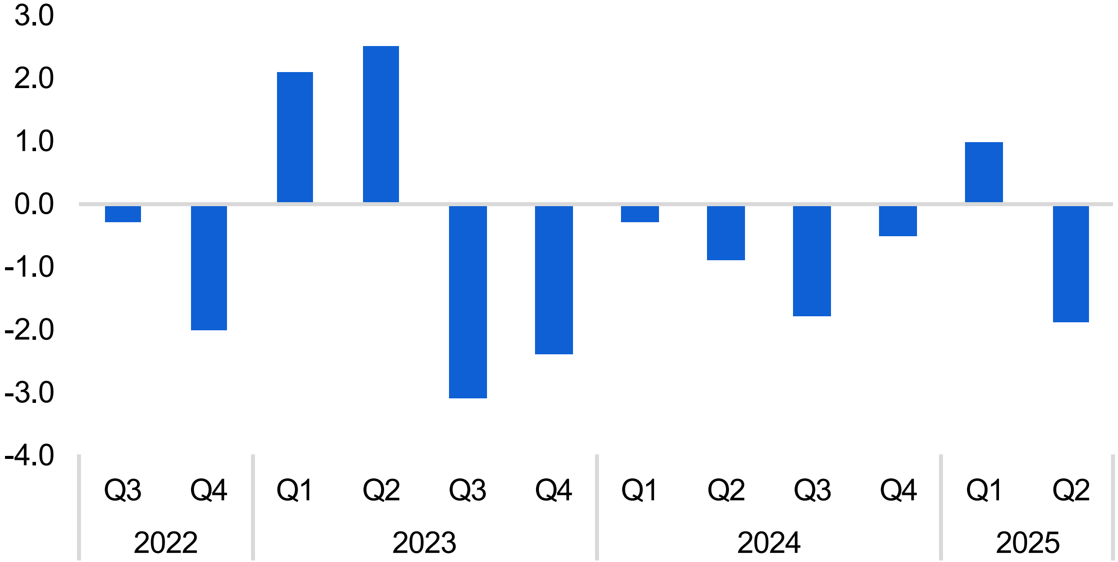


Source: Statistics Canada Table 16-10-0048-01, Table 20-10-0074-01 and FAO.

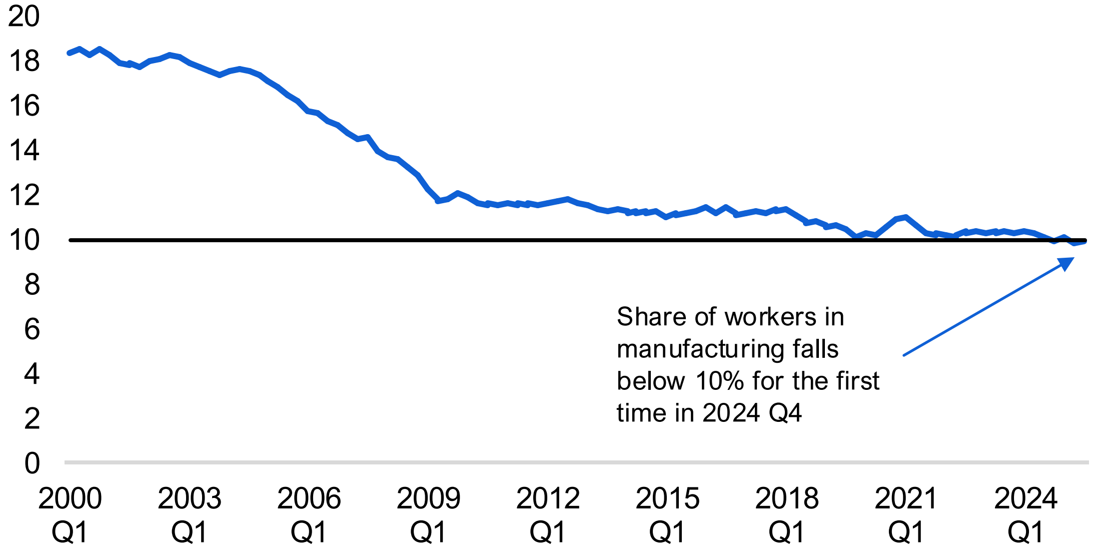
Ontario's manufacturing sector

- Ontario's manufacturing real GDP has declined in seven of the past eight quarters (2023 Q3 to 2025 Q2), and is down nearly 10%, with weakness concentrated in autos, machinery, and primary and fabricated metal products.
- The share of manufacturing jobs in Ontario's total employment recently fell below 10% for the first time since record keeping began in 1976.

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



Manufacturing employment
Share of total employment, %

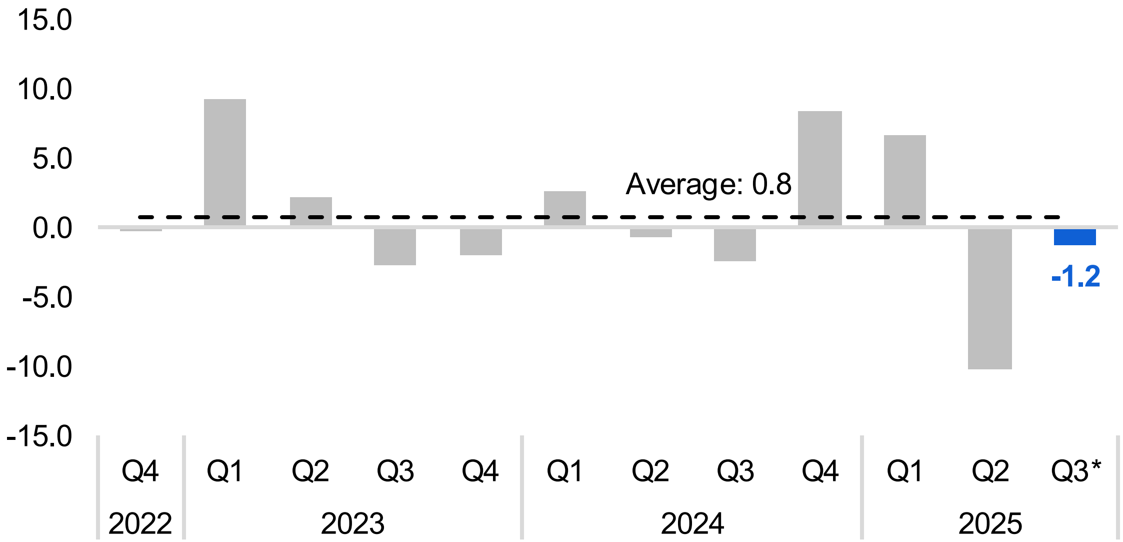


Source: Ontario Economic Accounts (left chart) and Statistics Canada Table 14-10-0355-01 (right chart).

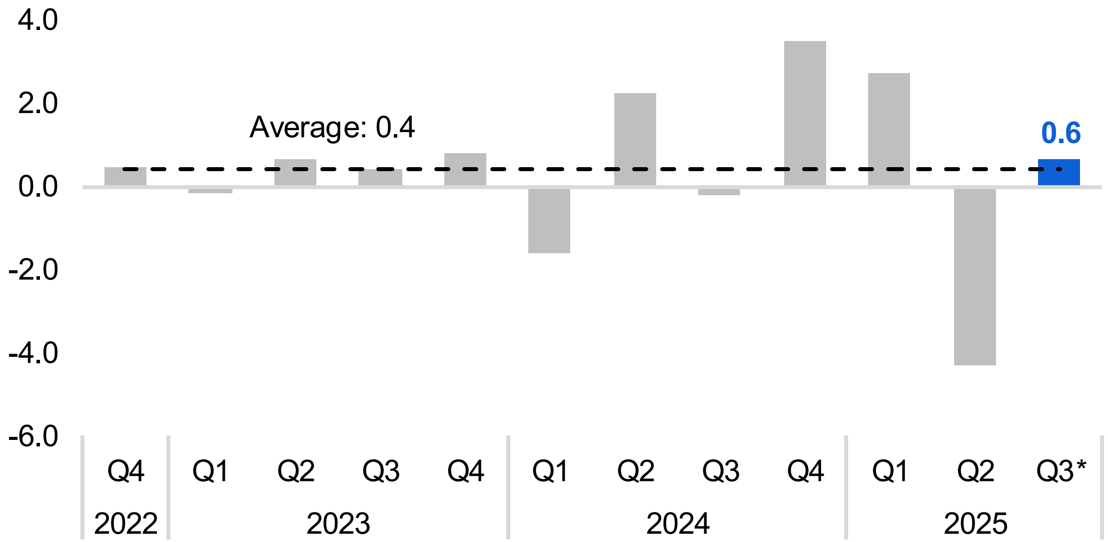
2025 Q3 – International merchandise trade

- International merchandise exports dropped an estimated 1.2% in 2025 Q3, a continuation of the tariff-related 10.2% decline in the previous quarter.
- International merchandise imports increased by an estimated 0.6% in 2025 Q3 after a significant 4.3% drop in the previous quarter.

Exports
Seasonally adjusted, quarter-over-quarter growth, %



Imports
Seasonally adjusted, quarter-over-quarter growth, %

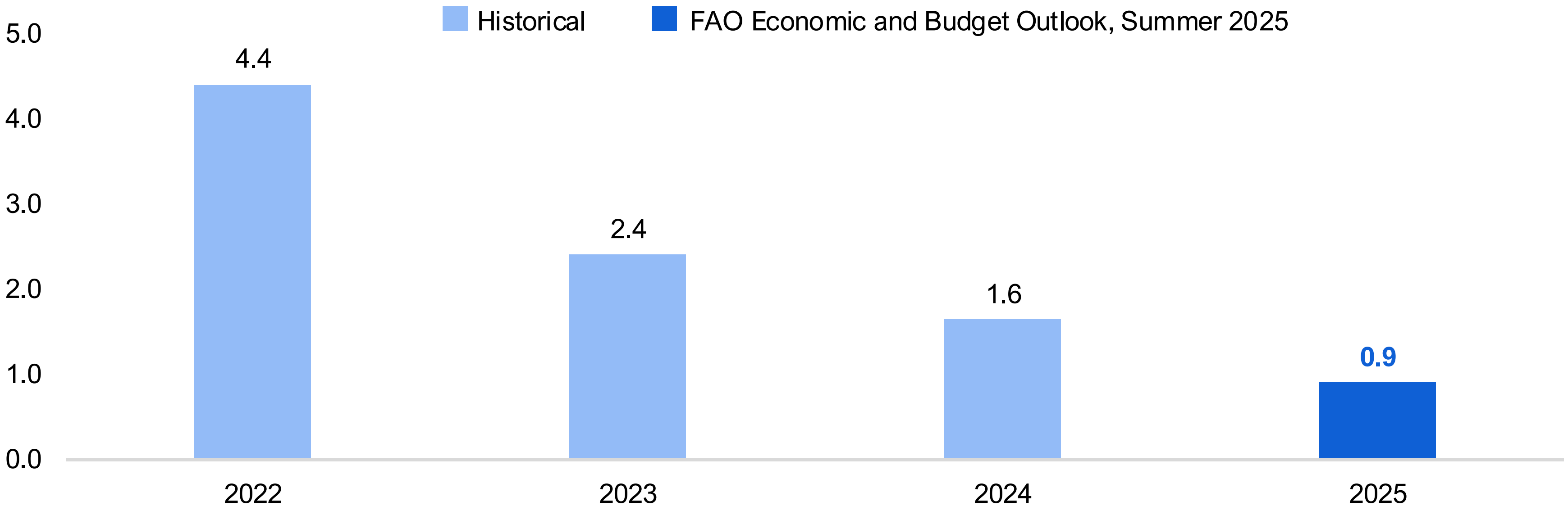


* International trade data for September 2025 was not published by Statistics Canada due to the temporary US government shutdown. See Delay of publication of monthly Canadian international trade data.
To calculate quarterly growth for 2025 Q3, the FAO assumed flat growth in September.
Source: Statistics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

Implications of recent economic trends

- Based on the Q3 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, released in September 2025, Ontario's real GDP growth was projected to slow to 0.9% in 2025. Economic activity over the first three quarters of 2025 is largely consistent with the FAO's projection.

Real GDP
Year-over-year growth, %



Source: Statistics Canada Table 36-10-0222-01 and FAO.

Thank you!

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