

Ontario Economic Monitor

July to December 2025

Briefing Deck



FAO

Financial Accountability
Office of Ontario

Overview

- This report presents the latest trends in the Ontario economy over the July to December 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.

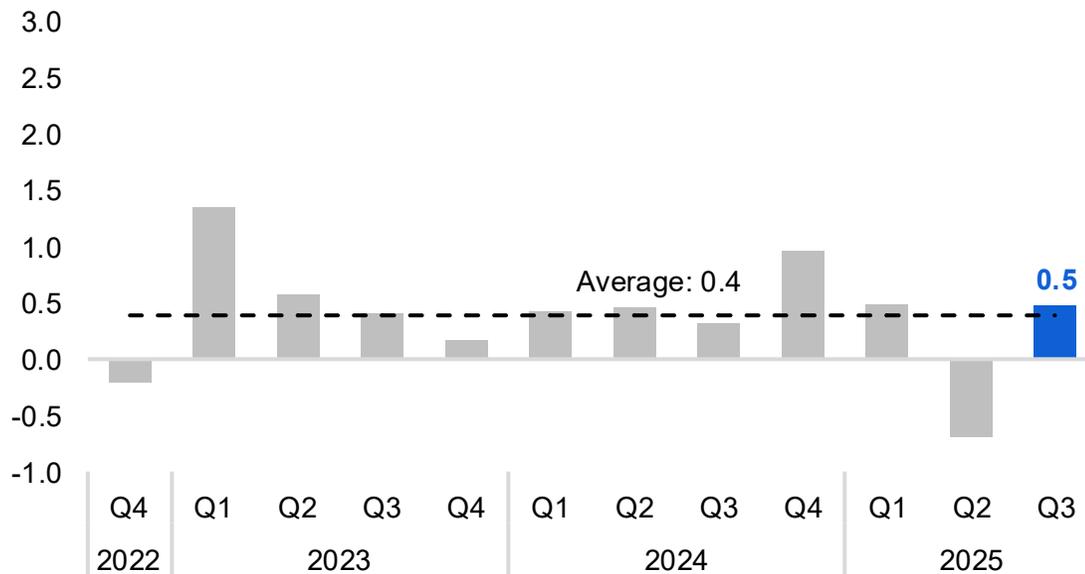


2025 Q3 – Ontario Gross Domestic Product

- Ontario’s real Gross Domestic Product (GDP), the most comprehensive measure of economic activity, increase 0.5% in 2025 Q3, rebounding after a 0.7% decline in the previous quarter when the imposition of US tariffs began to impact the Ontario economy.
- Nominal GDP, the broadest measure of the tax base and which includes inflation, increased by 1.4% in 2025 Q3, after declining 0.2% in the previous quarter, when US tariffs were imposed.

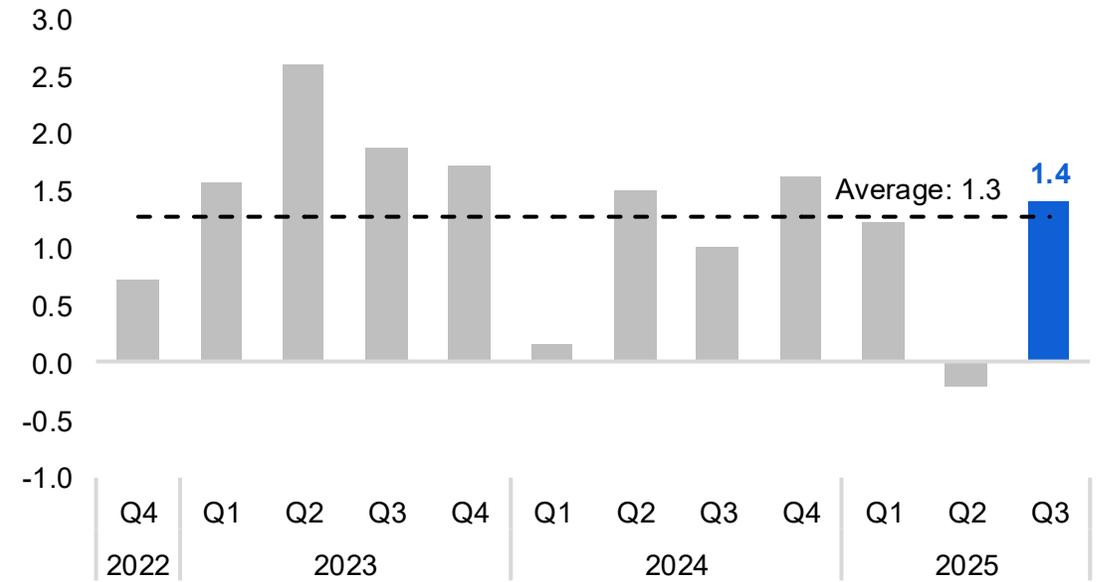
Real GDP

Seasonally adjusted, quarter-over-quarter growth, %



Nominal GDP

Seasonally adjusted, quarter-over-quarter growth, %



Source: Ontario Economic Accounts and FAO.

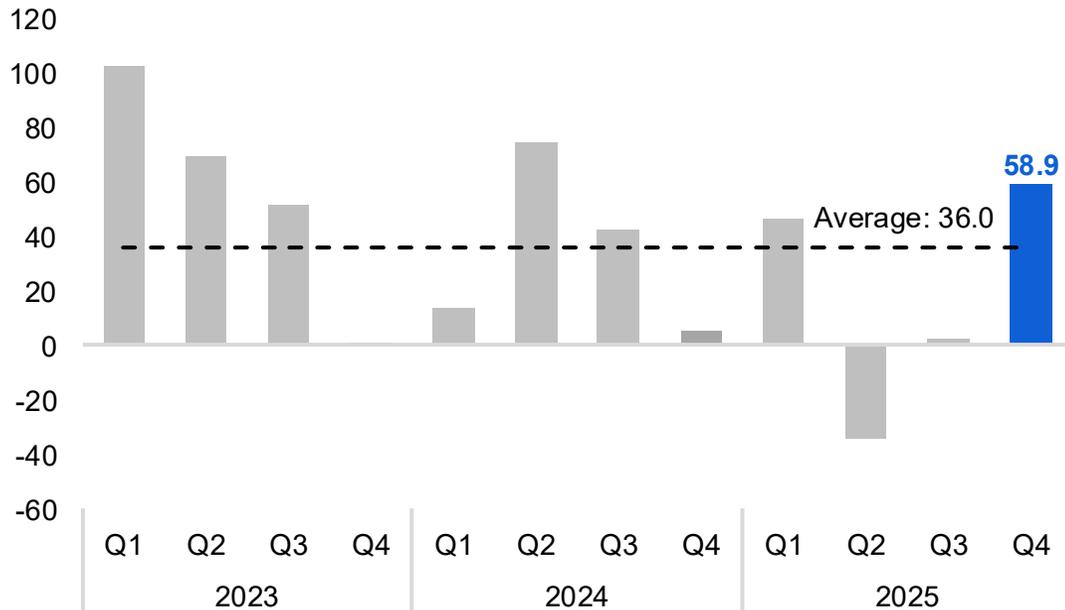


2025 Q4 – Labour market

- Employment in Ontario increased by a strong 58,900 (or 0.7%) in 2025 Q4, an improvement after weak job performance in the previous two quarters.
- The unemployment rate edged down 0.2 percentage points to 7.6% in 2025 Q4, the first quarterly drop in almost three years.

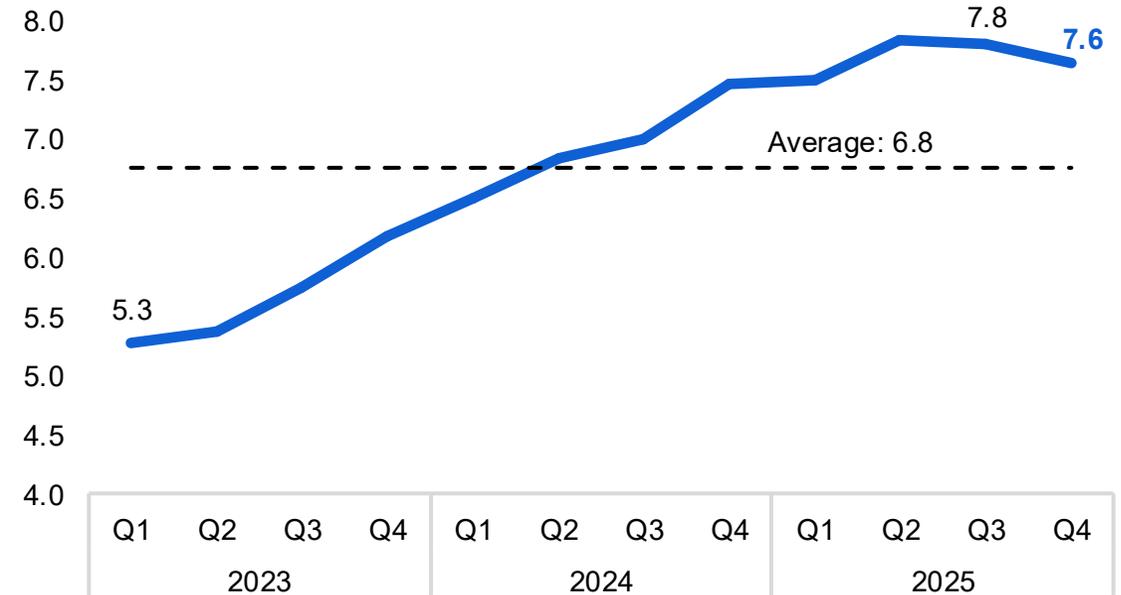
Employment

Seasonally adjusted, quarter-over-quarter change, thousands



Unemployment rate

Seasonally adjusted, quarterly, %



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

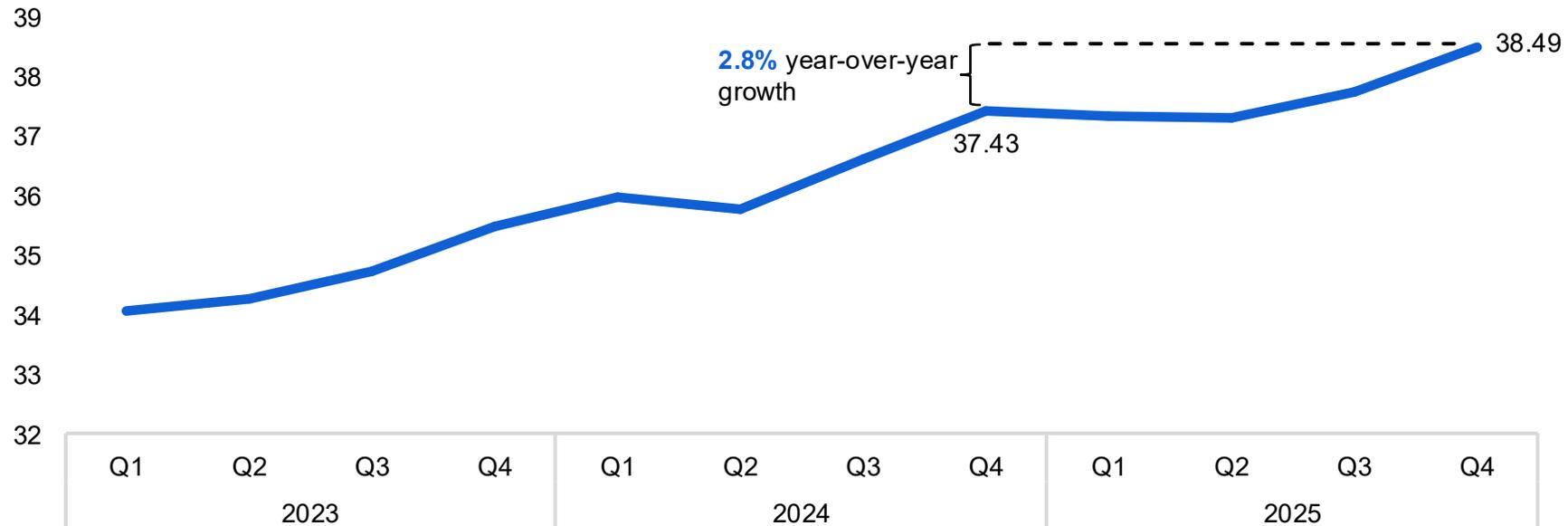


2025 Q4 – Average hourly wages

- Average hourly wages grew 2.8% in 2025 Q4 compared to 2024 Q4, reaching \$38.49 an hour. The increase in average hourly wages in the fourth quarter marked the slowest pace of wage gains since mid-2021, reflecting a softening labour market.
- Hourly wage growth was broad-based across most major industries, with wages in services-producing industries rising 3.0% and goods-producing industries increasing 1.9%.

Average hourly wages

Non-seasonally adjusted, dollars per hour



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

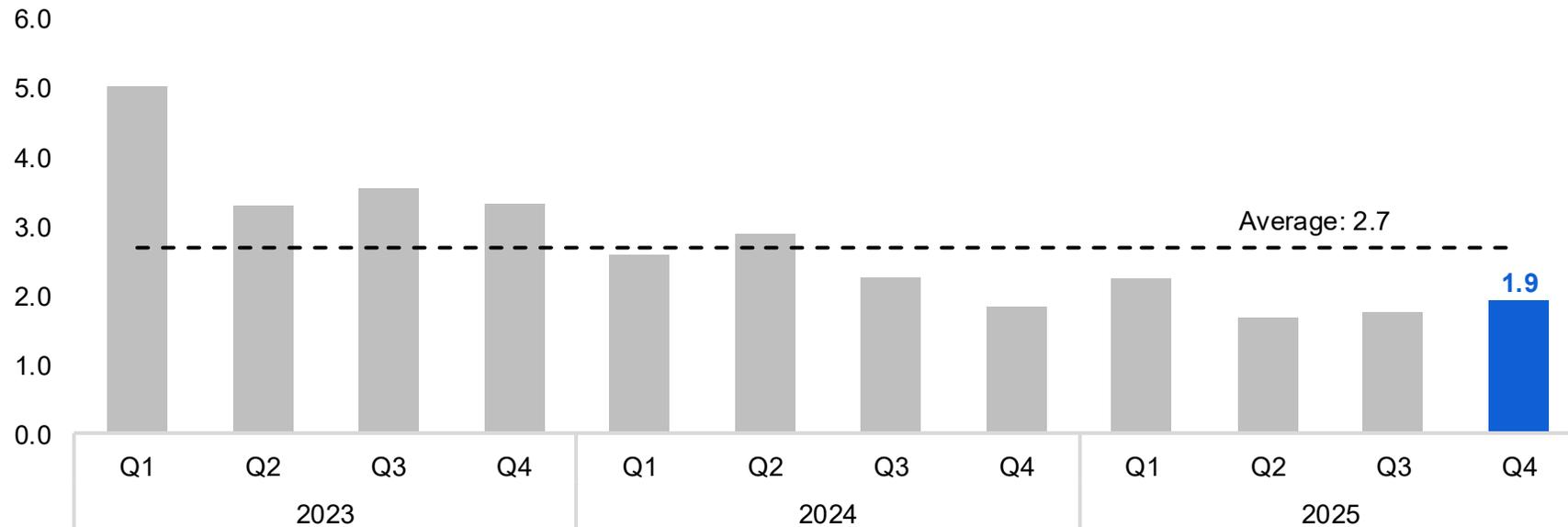


2025 Q4 – CPI inflation

- The Ontario Consumer Price Index (CPI) inflation rate was 1.9% in 2025 Q4, slightly higher than the 1.8% rate recorded in 2025 Q3.
- Prices for energy were 9.2% lower than a year earlier, suppressing the overall inflation rate and reflecting in part the removal of the Canada consumer carbon tax. Excluding energy, the inflation rate was 2.7% in 2025 Q4, 0.7 percentage points above the all-items inflation rate of 1.9%.

CPI inflation rate

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



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

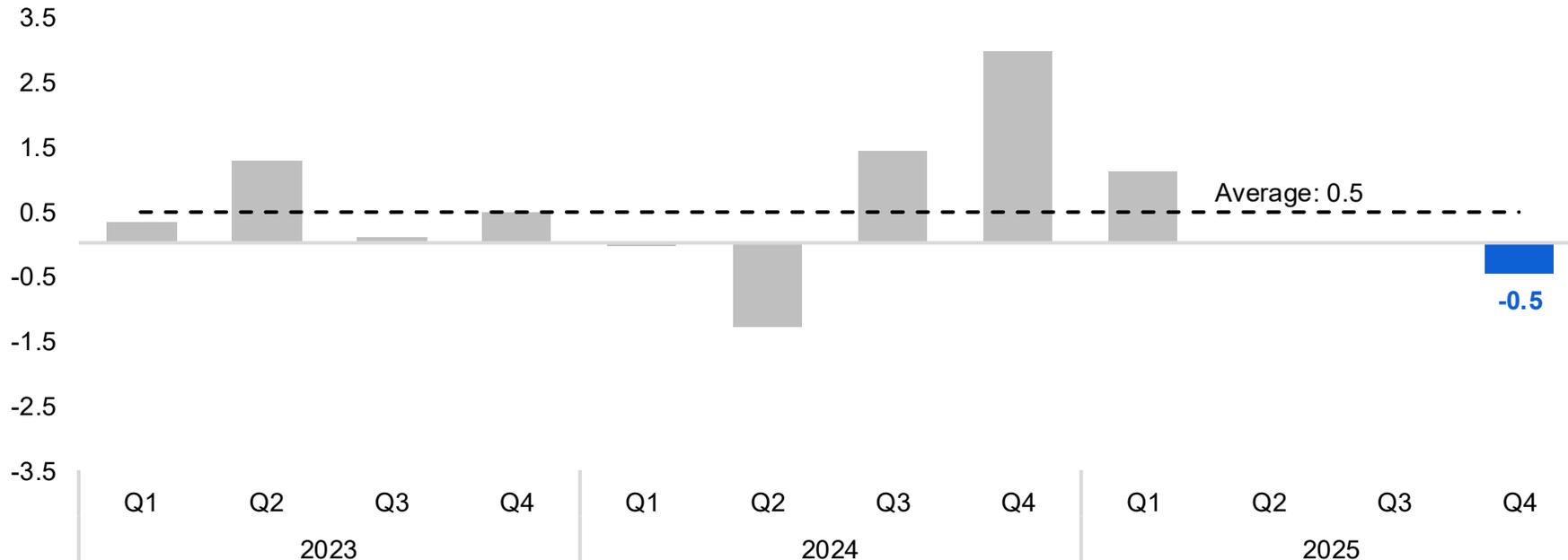


2025 Q4 – Retail sales

- Retail sales decreased by 0.5% in 2025 Q4 in Ontario, marking a three-quarter period of prolonged weakness.
- Consumer spending continues to be negatively impacted by high prices, economic uncertainty and elevated housing costs.

Retail sales

Seasonally adjusted, quarter-over-quarter growth, %



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

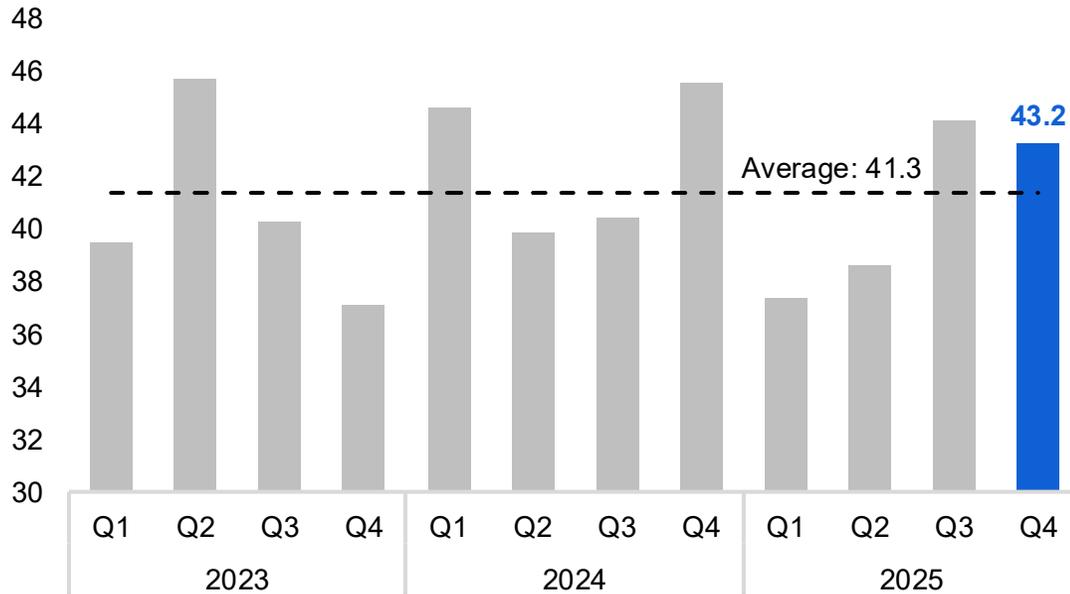


2025 Q4 – Housing market

- Ontario home resales in 2025 Q4 totalled 43,200 units, a decrease of 1.9%, following a gain of 14.3% in 2025 Q3.
- Home resale prices in Ontario averaged \$830,400 in 2025 Q4, a 1.3% decline from the previous quarter.

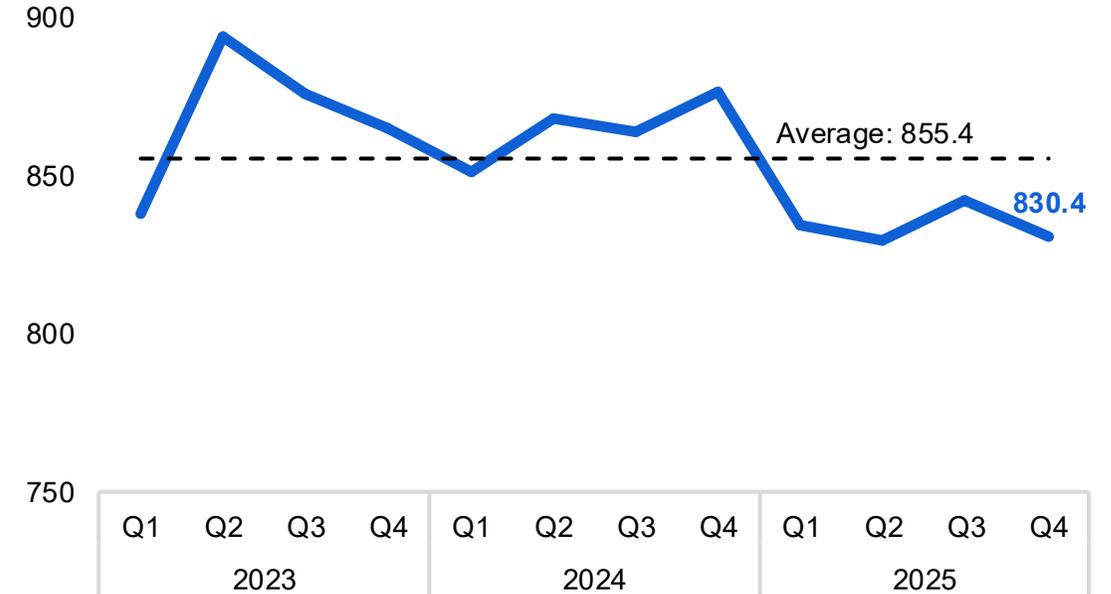
Housing resales

Seasonally adjusted, thousands of units



Average home resale prices

Seasonally adjusted, \$ thousands



Source: Canadian Real Estate Association and FAO.

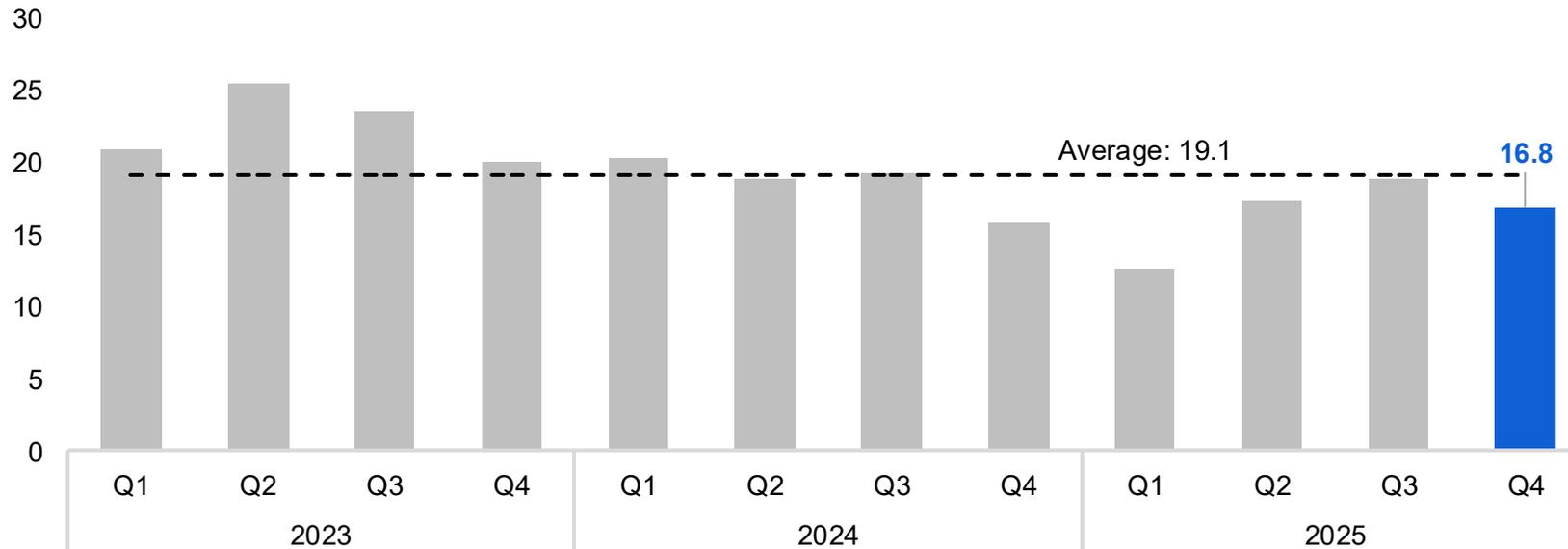


2025 Q4 – Housing starts

- Housing starts in 2025 Q4 totalled 16,800 units in Ontario, a decline of 10.7% from 2025 Q3, following two consecutive quarterly increases.
- Housing starts in 2025 totalled 65,400, the lowest number of annual starts since 2014.

Housing starts

Seasonally adjusted, thousands of units



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

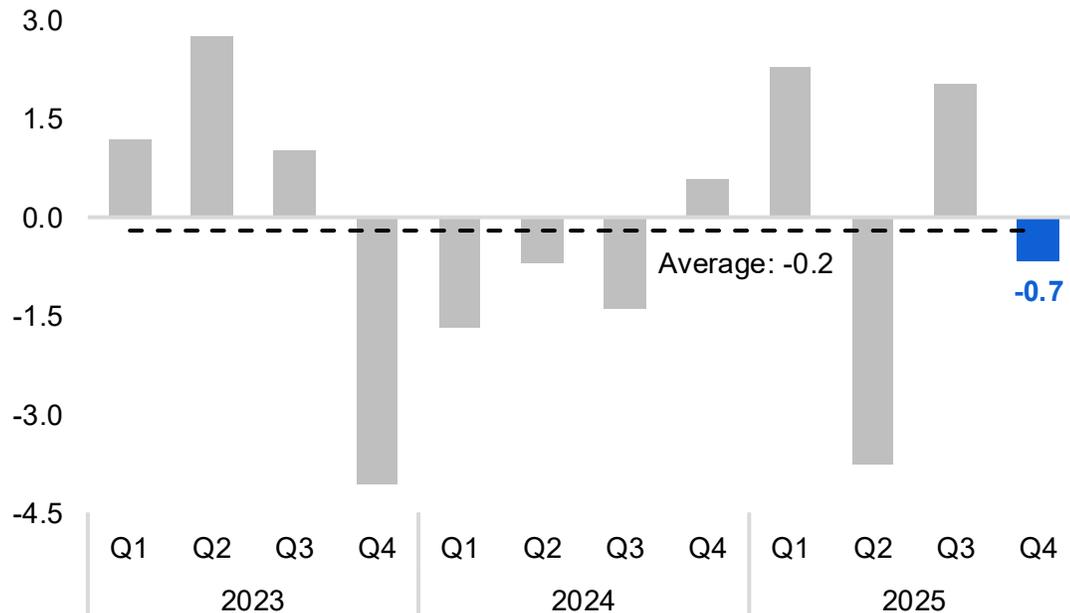


2025 Q4 – Manufacturing sales and wholesale trade

- Manufacturing sales declined by 0.7% in 2025 Q4, following a 2.0% increase in 2025 Q3.
- Wholesale trade, which measures sales of bulk items, declined by 0.7% in 2025 Q4, following a 1.3% increase in the previous quarter.

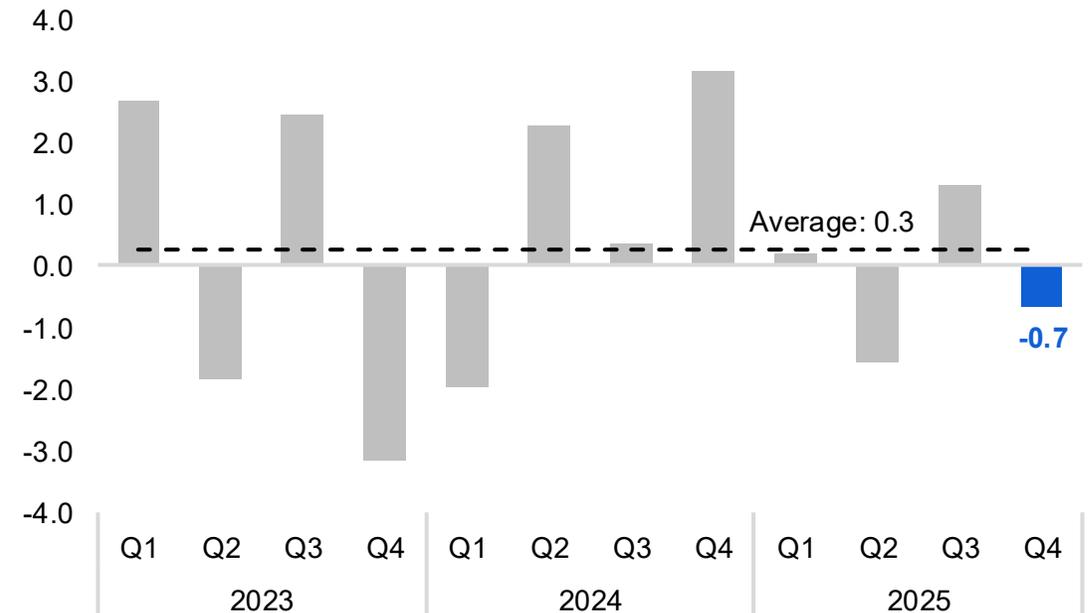
Manufacturing sales

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.

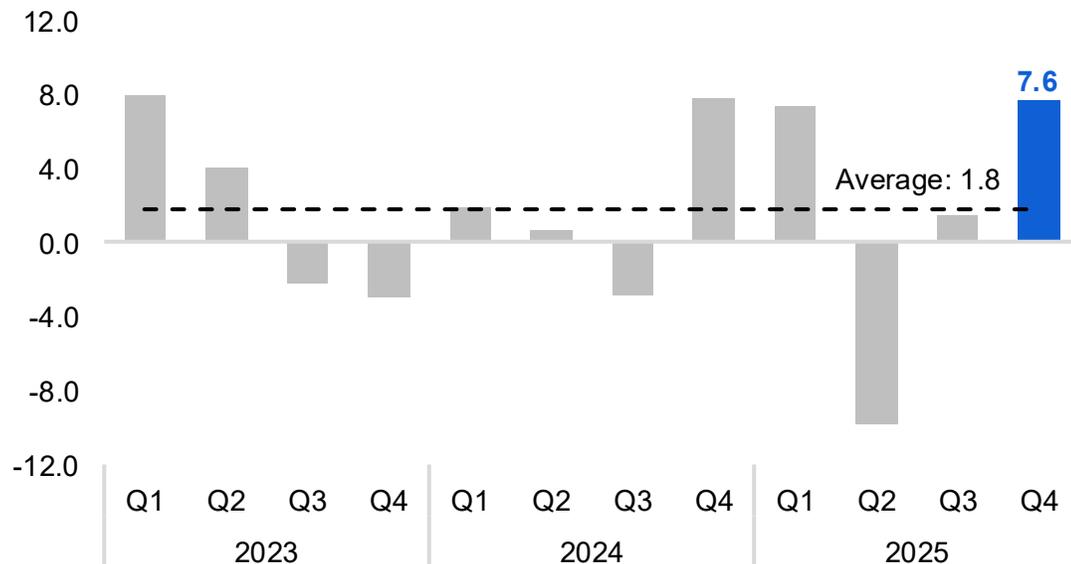


2025 Q4 – International merchandise trade

- International merchandise exports, which account for all goods leaving the country through Ontario, increased by 7.6% in 2025 Q4, building on growth of 1.5% in the previous quarter.
- International merchandise imports, which measures international goods entering Ontario, increased by 3.2% in 2025 Q4 after two consecutive quarterly declines.

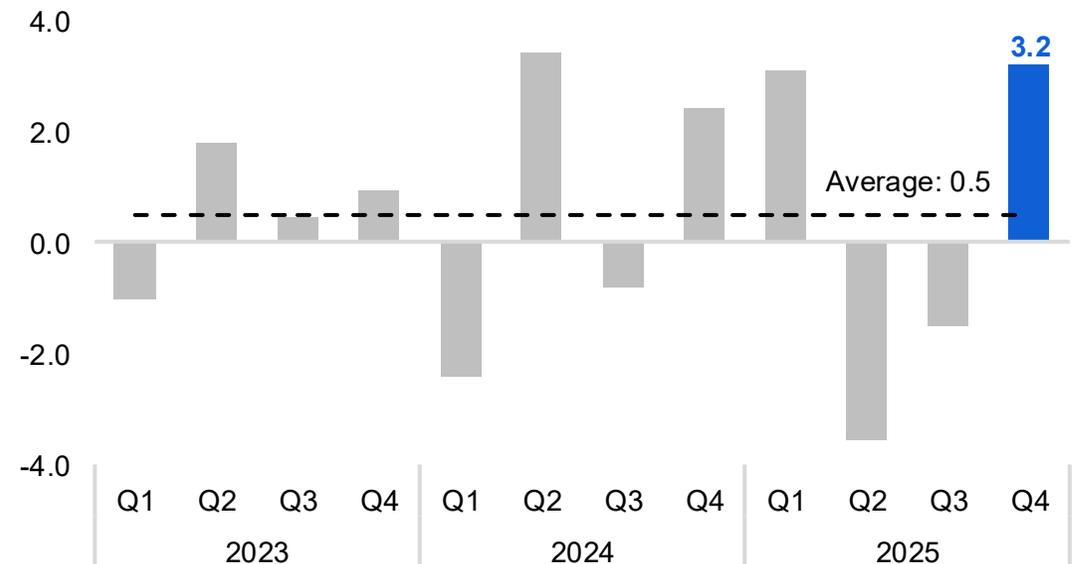
Exports

Seasonally adjusted, quarter-over-quarter growth, %



Imports

Seasonally adjusted, quarter-over-quarter growth, %



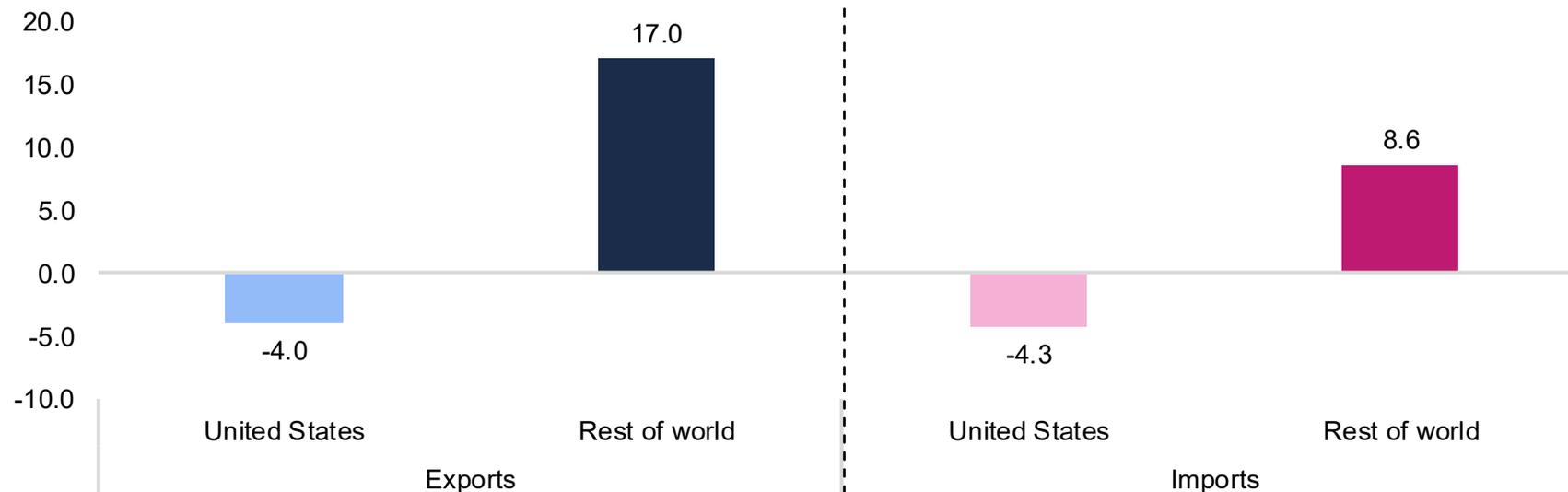
Source: Statistics Canada [Table 12-10-0175-01](#), [Table 12-10-0163-01](#) and FAO estimate.



US tariffs impacted Ontario's trade patterns in 2025

- Ontario's goods exports to the US decreased by 4.0% in 2025, while exports to the rest of the world increased sharply by 17.0%. Despite the decline in US exports, the US continues to be the main destination of Ontario's international goods exports, with a share of 83.3% in 2025, slightly lower than the average share since 2007.
- Ontario's goods imports from the US declined by 4.3% in 2025, while imports from the rest of the world rose by a strong 8.6%. The increase in imports from the rest of the world pushed their share of the province's total international goods imports to 50.4% in 2025, marking the highest share since record keeping began in 1997.

Ontario international merchandise trade
2025 annual growth, %



Note: Exports and imports have been adjusted to exclude gold. Rapidly rising gold prices through 2025 have sharply increased the value of gold exports and may not reflect underlying economic conditions, distorting Ontario's trade performance. For more information, see Bank of Canada's [Monetary Policy Report – January 2026](#).
Source: Statistics Canada Tables: [12-10-0175-01](#), [12-10-0163-01](#), Innovation, Science and Economic Development Canada [Trade Data Online](#), and FAO estimate.



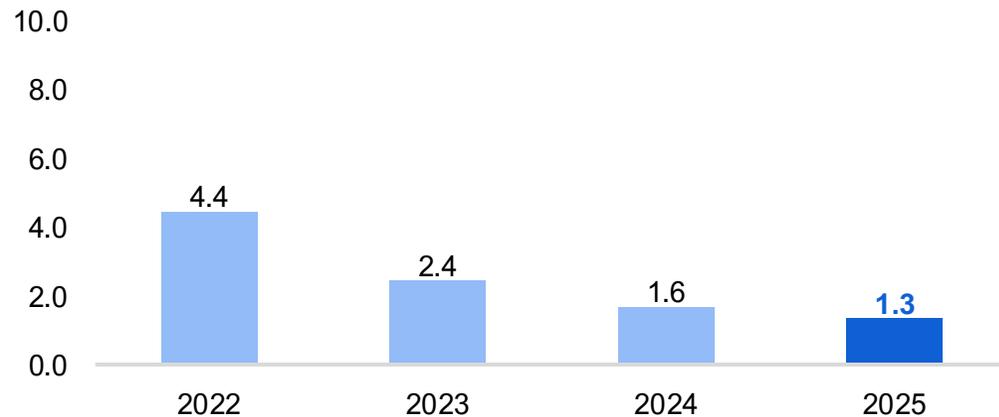
Implications of recent economic trends

- After a 0.5% rise in real GDP in 2025 Q3, the latest economic indicators suggest Ontario's economy was little changed in the fourth quarter of 2025.
- The FAO's latest Economic and Budget Outlook projected that Ontario's real GDP growth would slow to 1.3% in 2025 and nominal GDP growth would slow to 4.2%.
- Economic activity in the fourth quarter of 2025 is largely consistent with the FAO's projections.

Real GDP

Annual growth, %

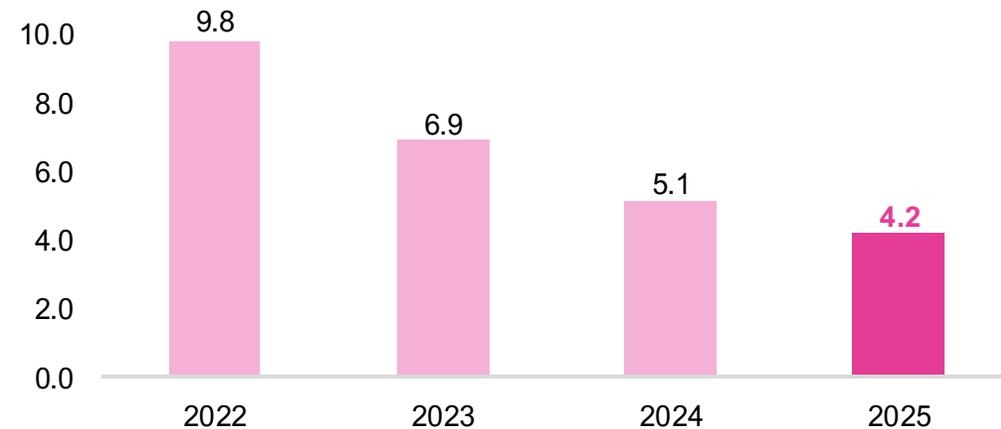
- Historical
- FAO Economic and Budget Outlook, Winter 2026



Nominal GDP

Annual growth, %

- Historical
- FAO Economic and Budget Outlook, Winter 2026



Source: Ontario Economic Accounts and FAO.



Thank you!



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