

Ontario Economic Monitor

October 2025 to March 2026



Presentation

Overview

- This report presents the latest trends in the Ontario economy over the October 2025 to March 2026 period based on the most recent data from the Ontario Economic Accounts, Statistics Canada and other organizations.
- The report also provides an assessment of the FAO's latest economic forecast given the recent economic trends and global events.

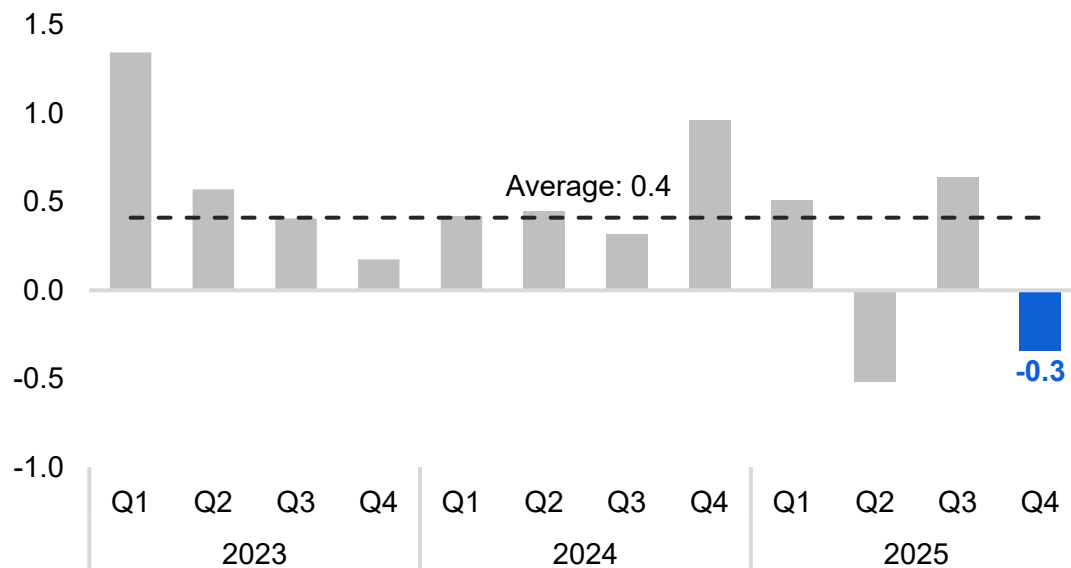


2025 Q4 – Ontario Gross Domestic Product

- Ontario’s real Gross Domestic Product (GDP), the most comprehensive measure of economic activity, decreased by 0.3% in 2025 Q4, marking the second decline in the past three quarters.
- Nominal GDP, the broadest measure of the tax base and which includes inflation, increased by 0.8% in 2025 Q4, slowing from a gain of 1.5% in the previous quarter.

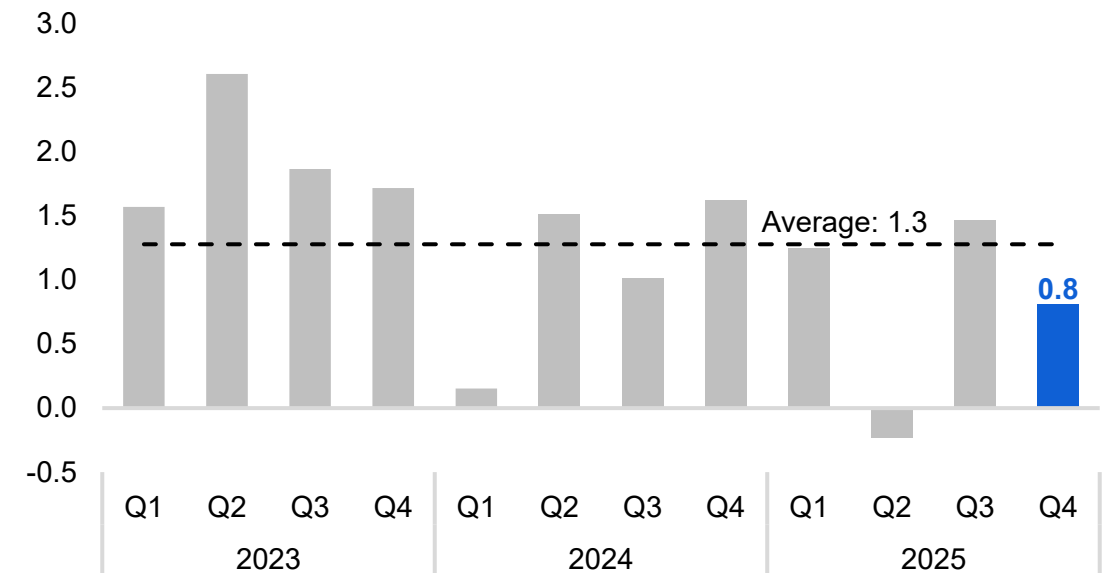
Real GDP

Seasonally adjusted, quarter-over-quarter growth, %



Nominal GDP

Seasonally adjusted, quarter-over-quarter growth, %



Source: Ontario Economic Accounts and FAO.

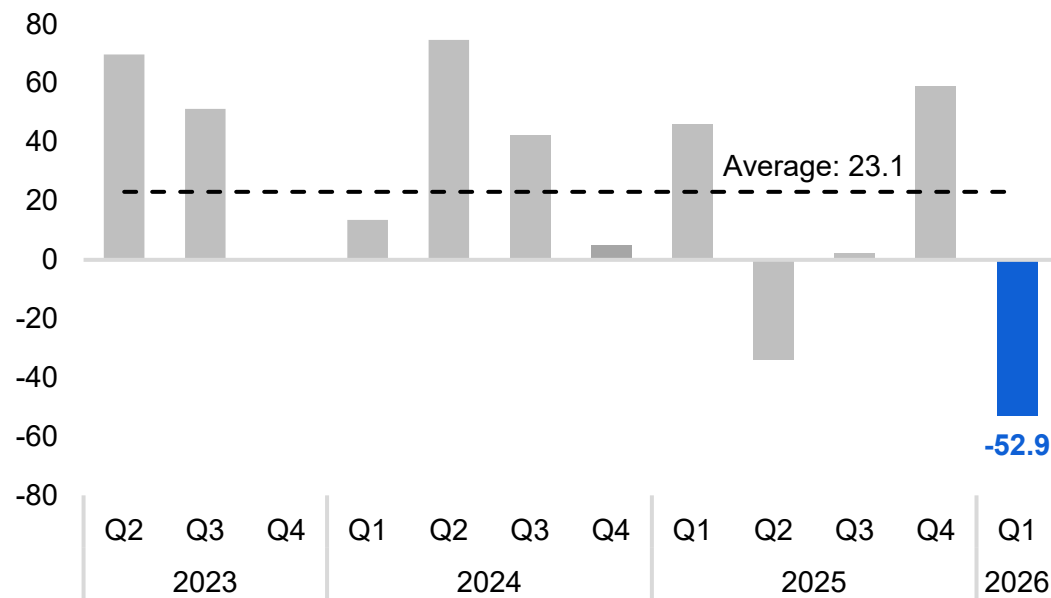


2026 Q1 – Labour market

- Employment in Ontario decreased by a significant 52,900 (or -0.6%) in 2026 Q1, after an increase of 58,900 jobs in the previous quarter. This was the steepest quarterly job loss since early 2009, excluding the pandemic.
- The unemployment rate edged down 0.1 percentage points to 7.5% in 2026 Q1, as the number of people exiting the labour force exceeded the loss of jobs.

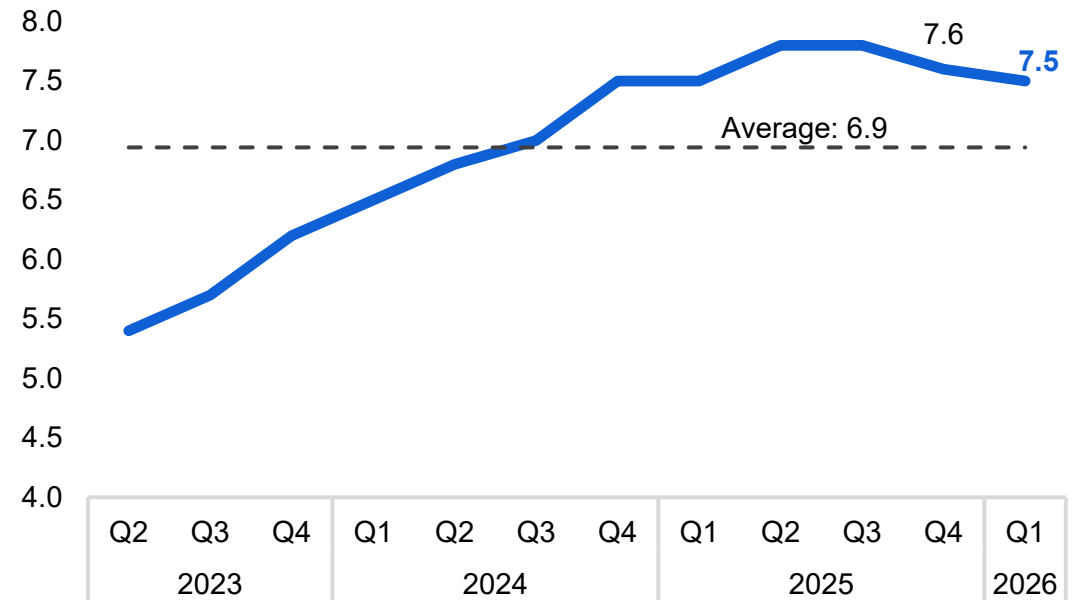
Employment

Seasonally adjusted, quarter-over-quarter change, thousands



Unemployment rate

Seasonally adjusted, quarterly, %



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

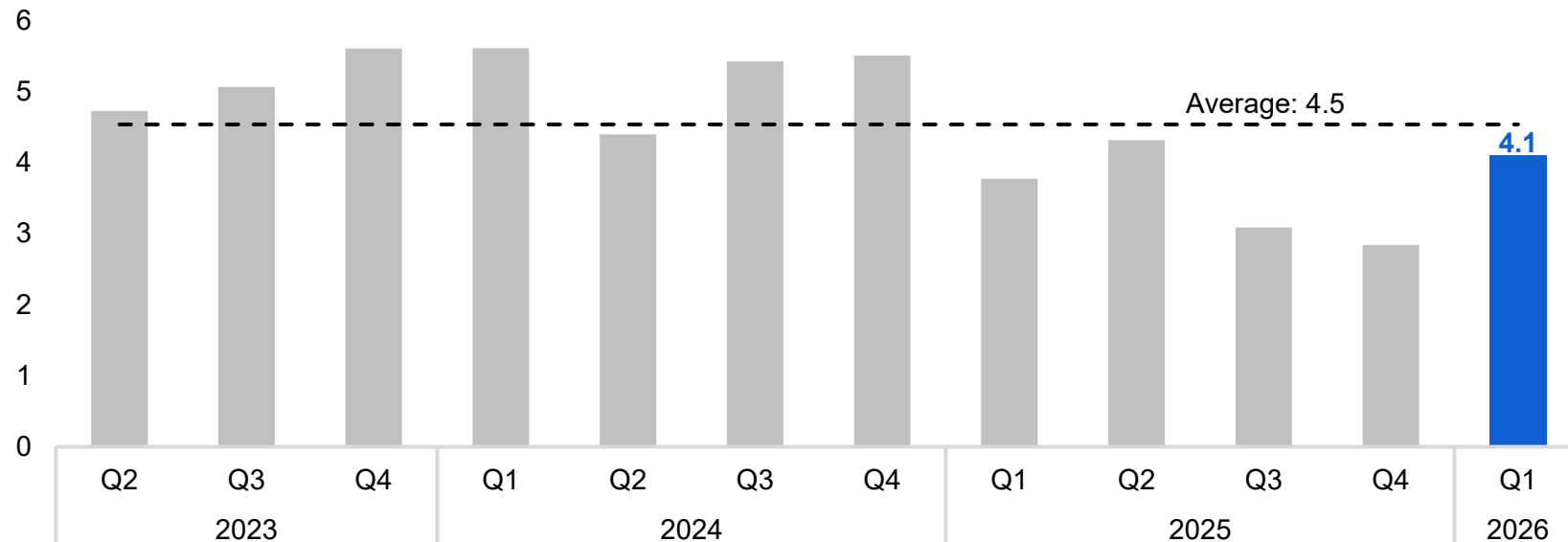


2026 Q1 – Average hourly wages

- Average hourly wages grew 4.1% in 2026 Q1 compared to 2025 Q1, reaching \$38.85 an hour. The increase in average hourly wages in the first quarter came after two quarters of slower wage gains.
- Hourly wage growth was broad-based across most major industries, with wages in goods-producing industries rising 5.0% and services-producing industries increasing 3.9%.

Average hourly wages

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



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

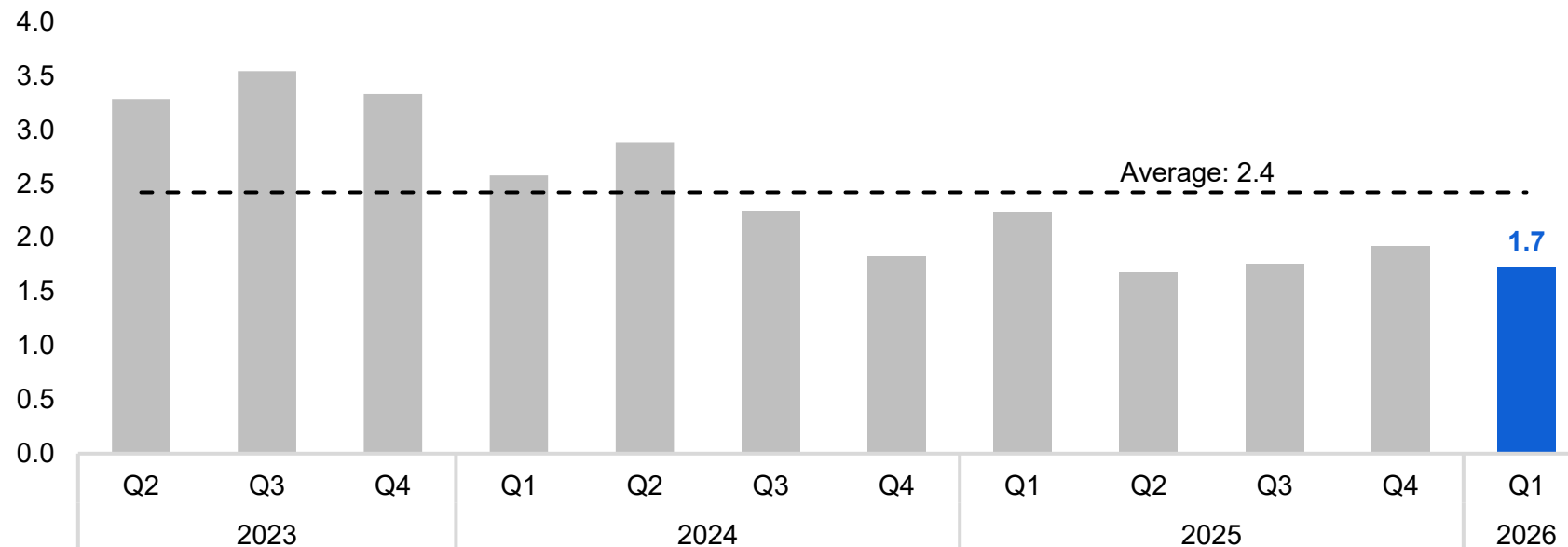


2026 Q1 – CPI inflation

- The Ontario Consumer Price Index (CPI) inflation rate was 1.7% in 2026 Q1, lower than the 1.9% rate recorded in 2025 Q4.
- Food inflation was a significant contributor (6.8%) in 2026 Q1, while shelter prices (0.0%) were essentially unchanged. The last time shelter inflation was this low occurred in late 2009 and early 2010.
- The sharp rise in oil prices since the start of the war in Iran is expected to noticeably boost inflation in 2026 Q2.

CPI inflation rate

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



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

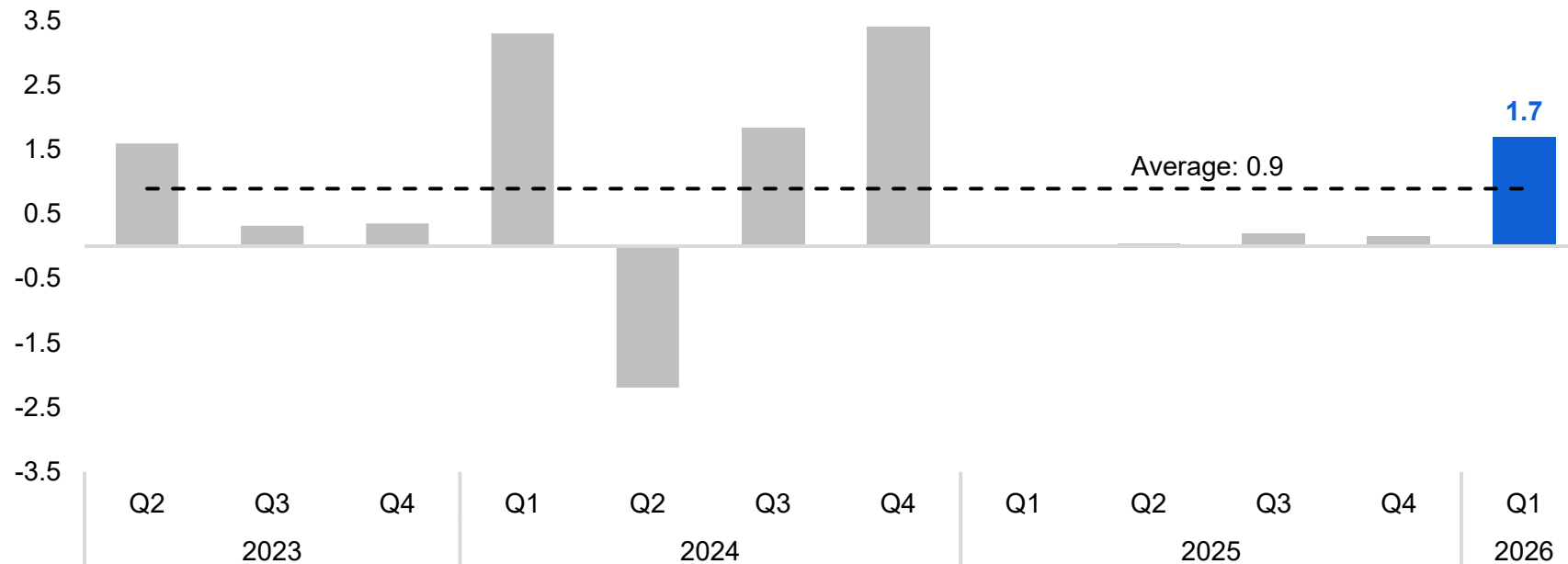


2026 Q1 – Retail sales

- Retail sales increased by 1.7% in 2026 Q1 in Ontario, after four quarters of prolonged weakness.
- High prices and economic uncertainty continue to impact consumer spending, though concerns about US-Canada trade tensions have diminished somewhat.

Retail sales

Seasonally adjusted, quarter-over-quarter growth, %



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

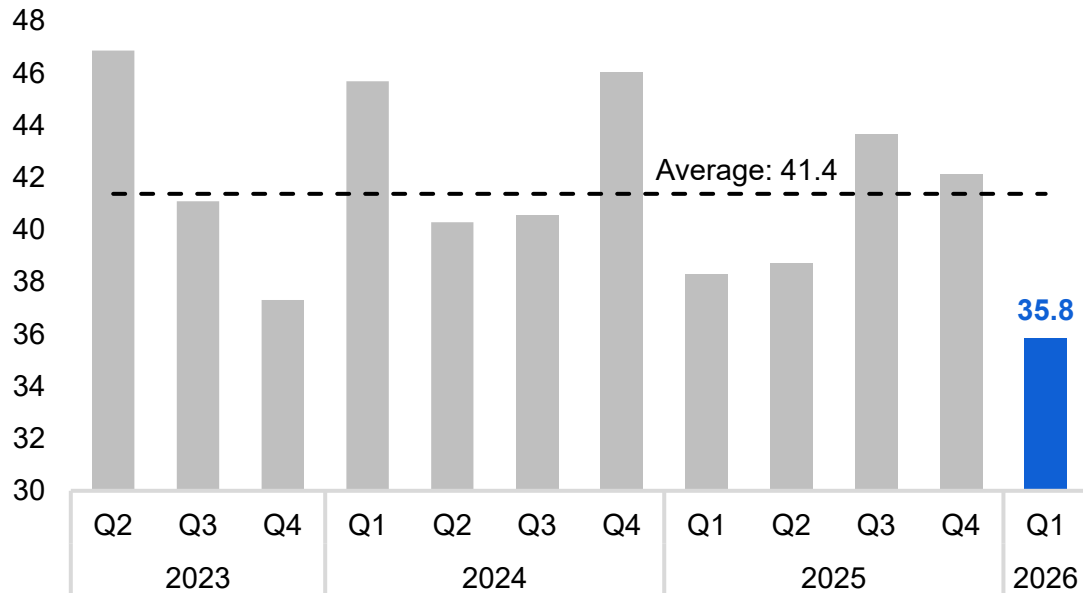


2026 Q1 – Housing market

- Ontario home resales in 2026 Q1 totalled 35,800 units, a decrease of 14.9%, following a decline of 3.5% in 2025 Q4. The level of resales in 2026 Q1 was the lowest since early 2009, excluding the pandemic.
- Home resale prices in Ontario averaged \$795,200 in 2026 Q1, a 3.3% decline from the previous quarter.

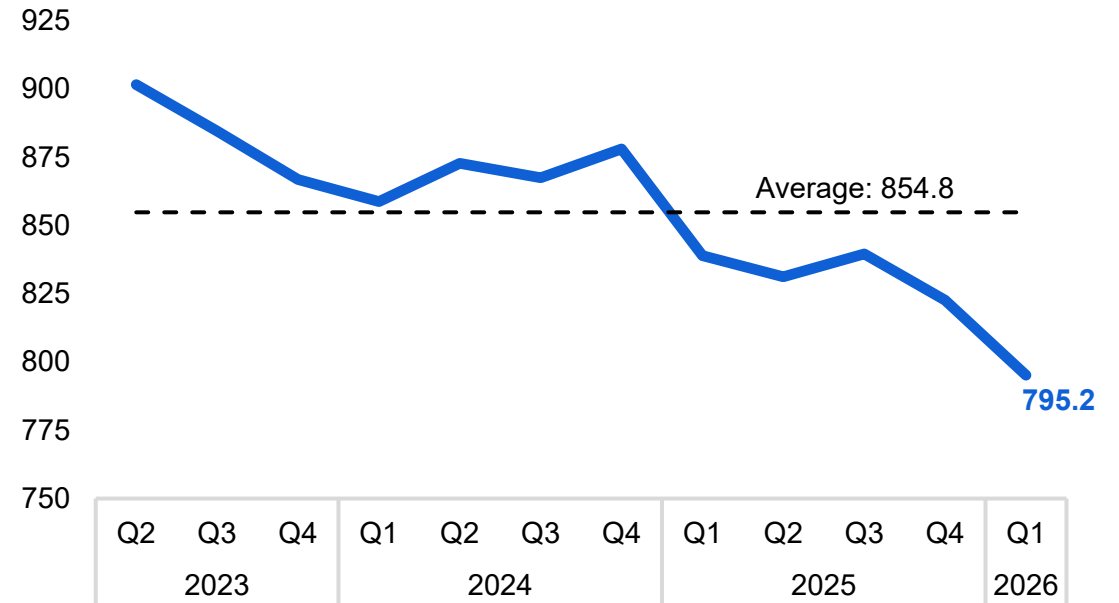
Housing resales

Seasonally adjusted, thousands of units



Average home resale prices

Seasonally adjusted, \$ thousands



Source: Canadian Real Estate Association and FAO.



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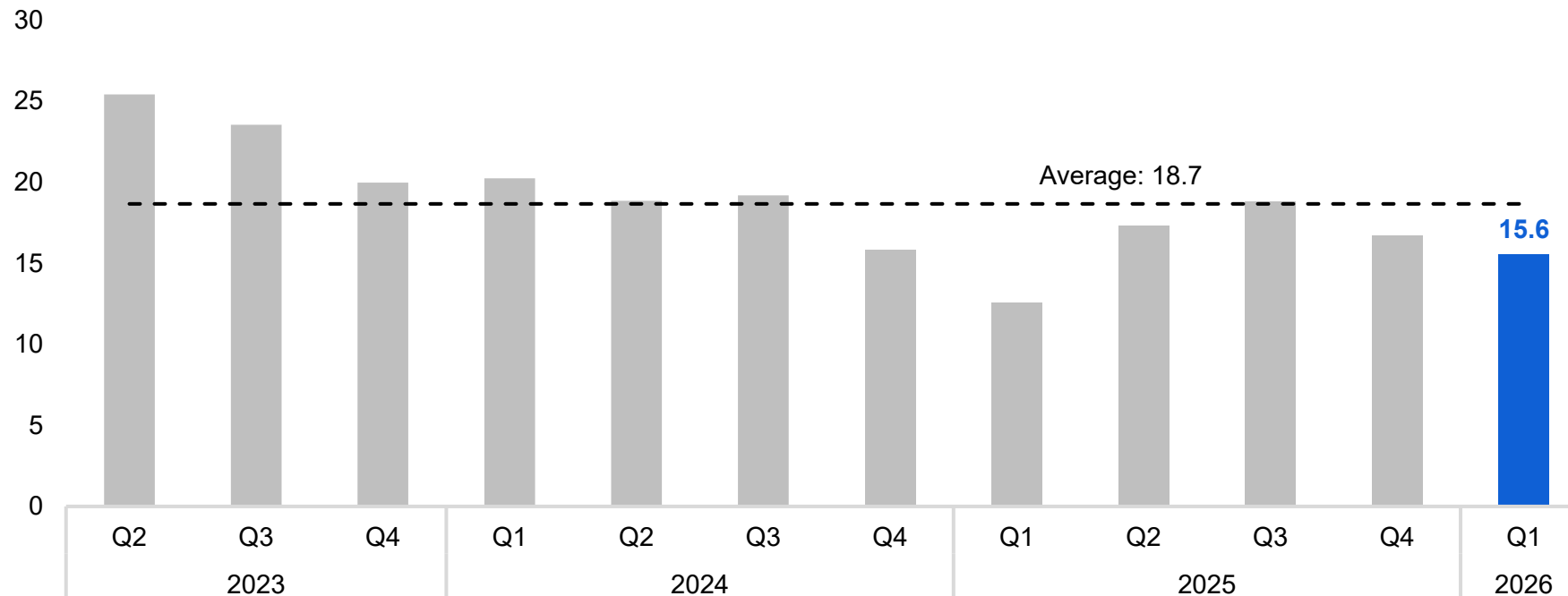


2026 Q1 – Housing starts

- Housing starts in 2026 Q1 totalled 15,600 units in Ontario, a decline of 6.8% from 2025 Q4. This marked the second consecutive quarterly decline, following an 11.2% drop in 2025 Q4.
- In 2026 Q1, 84% of total housing starts were multiple unit dwellings, while 16% were single detached homes.

Housing starts

Seasonally adjusted, thousands of units



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

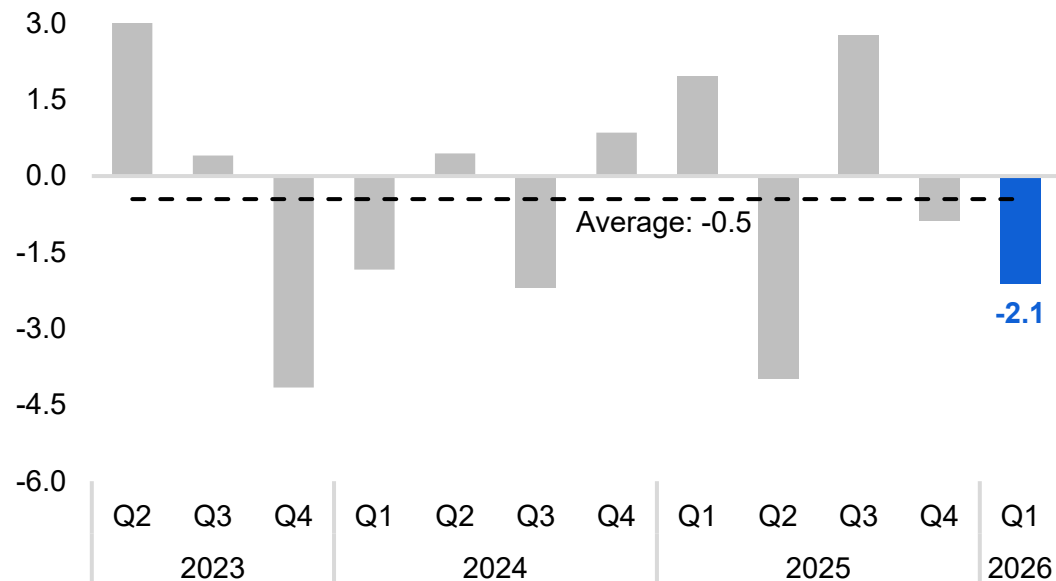


2026 Q1 – Manufacturing sales and wholesale trade

- Manufacturing sales declined by 2.1% in 2026 Q1, following a 0.9% decrease in 2025 Q4. Sales have fallen 9.0% since mid-2023, reflecting auto plant retooling and the impact of US tariffs.
- Wholesale trade, which measures sales of bulk items to retailers and businesses, increased by 2.9% in 2026 Q1, following a 0.7% decline in the previous quarter.

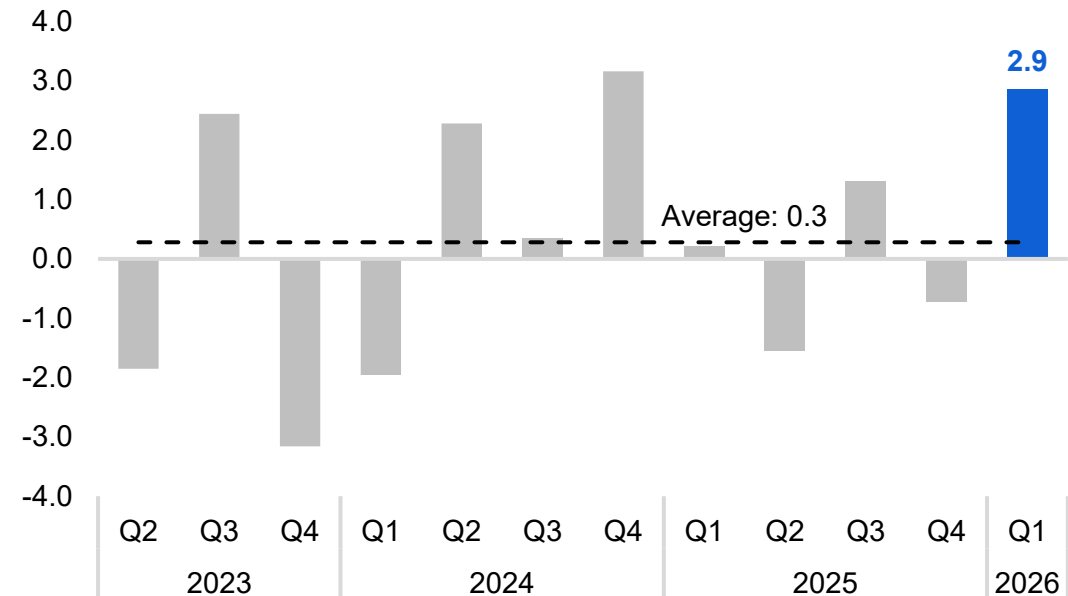
Manufacturing sales

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.

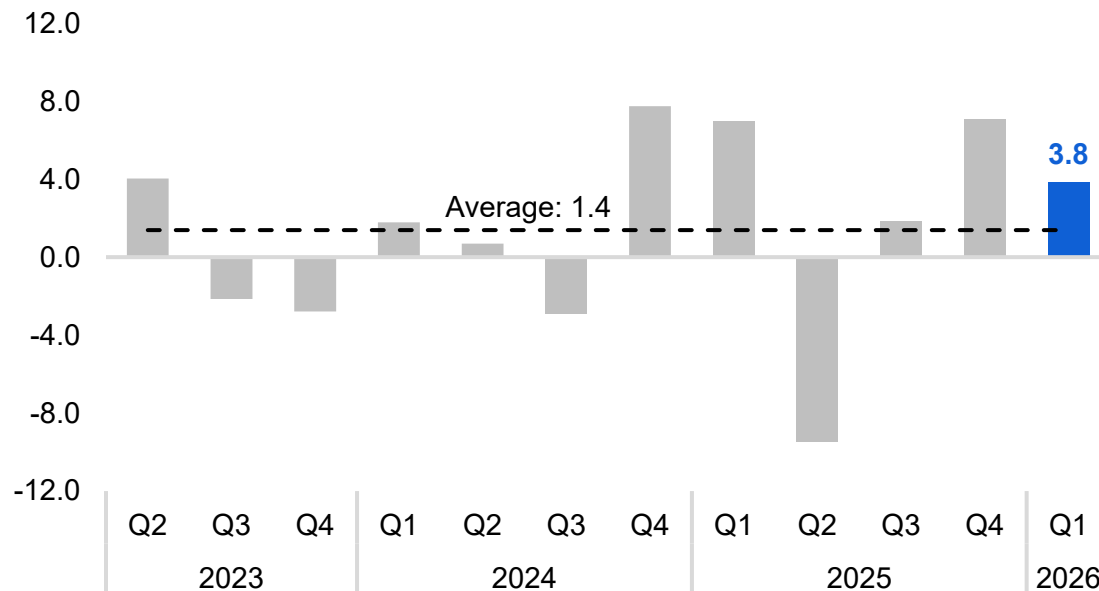


2026 Q1 – International merchandise trade

- International merchandise exports, which account for all goods leaving the country through Ontario, increased by 3.8% in 2026 Q1, after growth of 7.1% in the previous quarter.
- International merchandise imports, which measures international goods entering Ontario, increased by 4.2% in 2026 Q1, after a 3.0% increase the previous quarter.

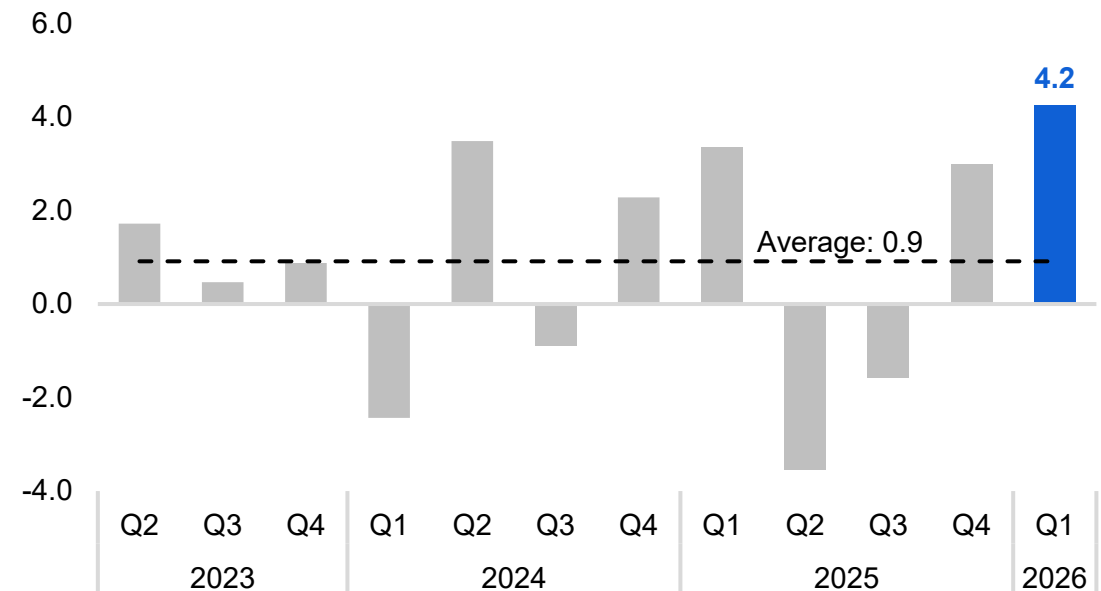
Exports

Seasonally adjusted, quarter-over-quarter growth, %



Imports

Seasonally adjusted, quarter-over-quarter growth, %



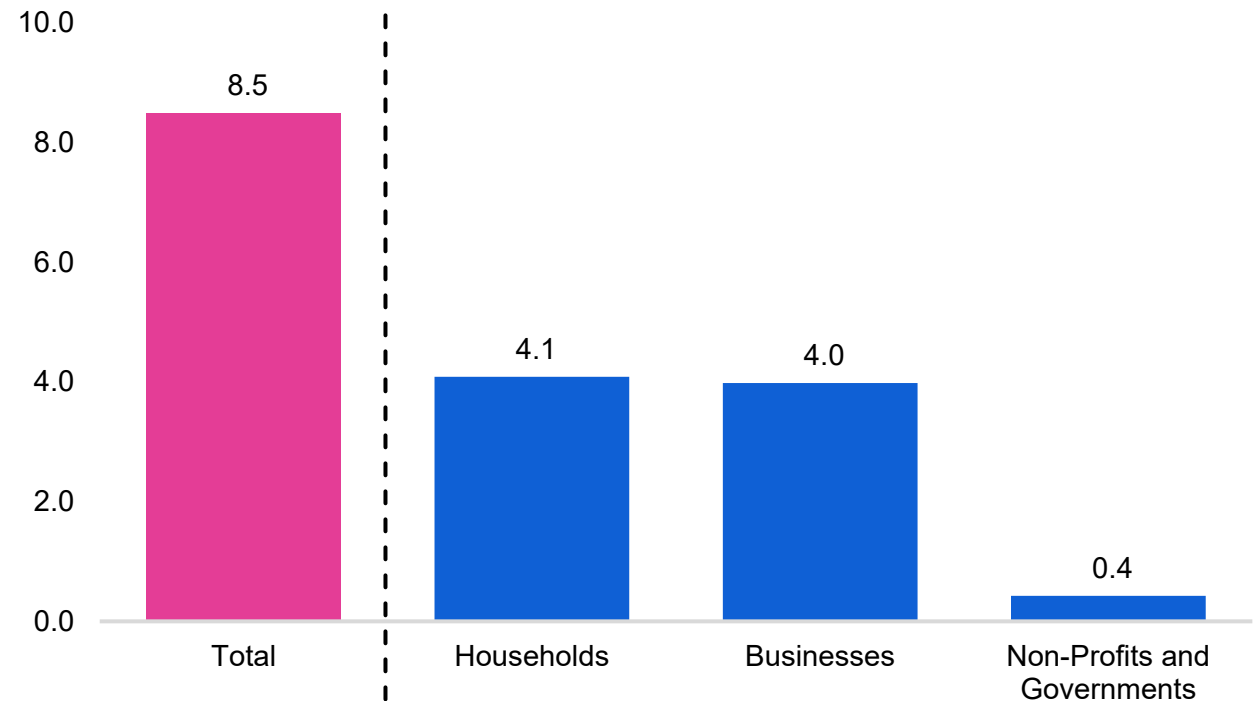
Source: Statistics Canada [Table 12-10-0175-01](#), [Table 12-10-0163-01](#) and FAO estimate.



Higher gasoline and diesel prices will raise costs for households and businesses

- Since February 2026, the war in Iran has raised global oil prices significantly, which raised the average price of gasoline in Ontario by 58 cents per litre (44%) and diesel by 54 cents per litre (35%).
- If an agreement is reached to reopen the Strait of Hormuz, fuel prices in Ontario are expected to decline but remain above pre-Iran war levels through 2026.
- Under this scenario, the FAO estimates that Ontario would face an additional \$8.5 billion in gasoline and diesel costs in 2026.
- The FAO estimates that higher gasoline and diesel prices would add \$648 in additional fuel costs to the average Ontario household in 2026.

Estimated increase in Ontario gasoline and diesel costs in 2026 due to the war in Iran
\$ billions



Note: These costs do not include price changes to other refined oil products or other commodities due to the war in Iran, or any reduction in fuel use due to higher prices, or any pass-through of price increases from businesses to households through supply chains.

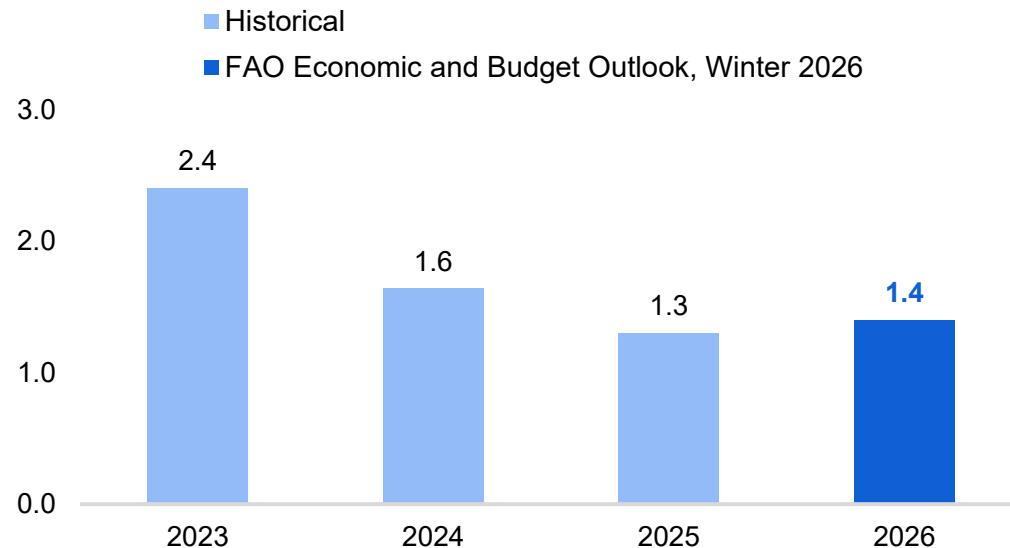
Source: Statistics Canada Tables: [25-10-0030-01](#), [36-10-0478-01](#), Ontario Ministry Energy and Electrification's [Fuels price survey information](#), and FAO estimates.



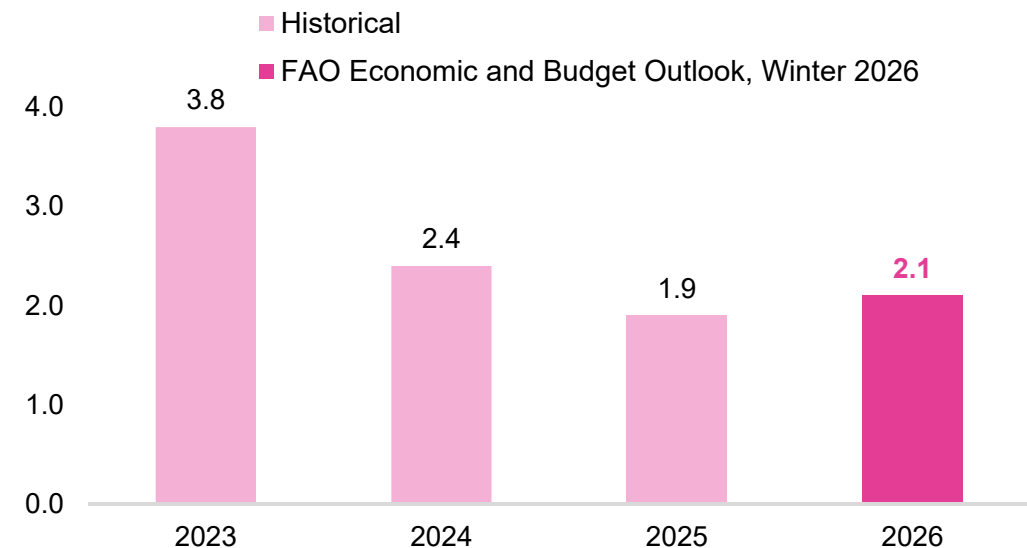
Implications of recent economic trends

- The FAO's latest Economic and Budget Outlook (EBO), released in February 2026, projected that Ontario's real GDP would grow by 1.4% in 2026, while CPI inflation was expected to be 2.1%.
- Since the latest EBO, recent economic data and global events, including a decline in Ontario's population and the dramatic increase in oil prices, have put downside pressure on the FAO's projection for 2026 real GDP growth, and upside pressure for 2026 CPI inflation.

Real GDP
Annual growth, %



CPI inflation rate
Annual, %



Source: Ontario Economic Accounts, Statistics Canada [Table 36-10-0222-01](#) and [Table 18-10-0004-01](#), and FAO.



Thank you!



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