2026

Financial Accountability Office of Ontario

Ontario Economic Monitor

April to September 2026



Summary

- This report describes Ontario's recent economic performance based on the latest economic indicators.
- In the second quarter of 2026, Ontario's real Gross Domestic Product (GDP), the broadest measure of economic activity, rebounded by a strong 1.0% after no growth (0.0%) in the first quarter.[1] The advance in real GDP in 2026 Q2 was the strongest gain since late 2024.
- The latest economic indicators suggest Ontario's economy advanced at a slower pace in the third quarter of 2026, with gains in employment, retail sales, manufacturing sales, wholesale trade, home resales and the net trade of international goods. Lower activity was recorded in housing starts.
- The FAO's latest *Economic and Budget Outlook*, released in September 2026, projected that Ontario's annual real GDP would rise by 0.6% in 2026, while nominal GDP was expected to rise by 3.2%. Historical revisions showing higher economic growth in 2025 than previously estimated, combined with stronger than expected increases in both real and nominal GDP in 2026 Q2, have put upside pressure on the FAO's projection for Ontario's 2026 annual economic growth.

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 13, 2026.

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 focuses 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 Ontario's economic performance in the second quarter of 2026 (2026 Q2);
- a summary of the most recent monthly economic indicators for Ontario's households and businesses in 2026 Q3; and
- an assessment of the FAO's latest economic outlook based on recent economic trends and geopolitical events.

For definitions of the 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.

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[1] Real GDP was initially estimated to have declined by 0.1% in 2026 Q1, following a drop of 0.3% in 2025 Q4 and marking a modest technical recession during the period. The upward revision to real GDP growth in 2026 Q1 to 0.0% means Ontario is currently estimated to have not recorded a technical recession in the 2025 Q4 to 2026 Q1 period.

[2] The *Fiscal Sustainability, Transparency and Accountability Act, 2019* states that the quarterly Ontario Economic Accounts should be released within 45 days of Statistics Canada's 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 in the future.

2026 Second Quarter Ontario Economic Accounts

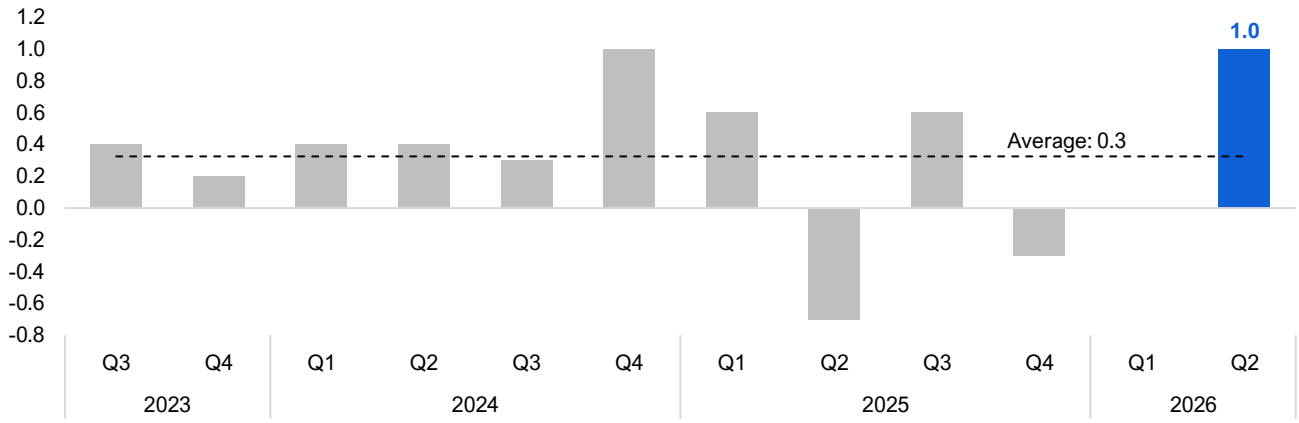
The Ontario Economic Accounts (OEA) for the second quarter (April to June) of 2026 was released on October 13, 2026. The OEA provides a comprehensive assessment of Ontario's recent economic performance.

Real Gross Domestic Product (GDP), the broadest measure of economic activity, rebounded in 2026 Q2, with output rising by a strong 1.0%, following no growth (0.0%) in the first quarter.[4] The advance in real GDP in 2026 Q2 was the strongest gain since late 2024.

Figure 1

Real GDP increased by 1.0% in 2026 Q2

Seasonally adjusted, quarter-over-quarter growth, %



Source: Ontario Economic Accounts and FAO.

Real GDP measures economic activity by adding up household consumption, business investment, government spending, net trade (exports less imports) and changes in inventories. The volume of spending in these categories excludes the effects of inflation, which helps identify underlying economic trends. The 1.0% increase in Ontario's 2026 Q2 real GDP was due to wide-spread gains across the economy:

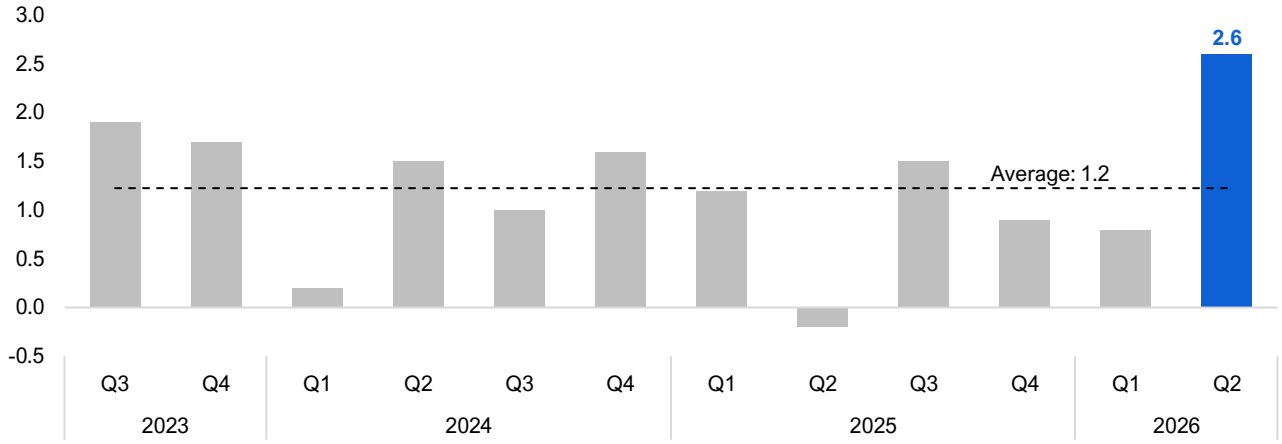
- Household consumption grew by 1.1%, driven mainly by increased spending on services (1.1%), durable goods (2.1%) and semi-durable goods (1.8%).
- Business investment increased by 2.4%, with gains in machinery and equipment investment (7.0%), housing (2.2%) and non-residential structures (1.0%).
- Government spending by all levels (federal, provincial and municipal) increased by 0.6%, while capital expenditures by government declined 2.9%.
- Total exports increased by 3.5%, as resumed auto production helped international exports to grow by 4.8%, while interprovincial exports rose 0.5%.
- Total imports rose by 0.4%, with interprovincial imports rising by 1.2% and international imports increasing 0.2%.
- A rundown in inventories (-$9.6 billion) partially offset the increases in the other categories of real GDP.

[4] Real GDP was initially estimated to have declined by 0.1% in 2026 Q1, following a drop of 0.3% in 2025 Q4 and marking a modest technical recession during the period. The upward revision to real GDP growth in 2026 Q1 to 0.0% means Ontario is currently estimated to have not recorded a technical recession in the 2025 Q4 to 2026 Q1 period.

Nominal GDP, the broadest measure of the tax base and which includes inflation, grew significantly by 2.6% in 2026 Q2, up from a gain of 0.8% in the previous quarter and the strongest increase in three years.

Figure 2
Nominal GDP increased by 2.6% in 2026 Q2

Seasonally adjusted, quarter-over-quarter growth, %



Source: Ontario Economic Accounts and FAO.

On an income basis,[5] nominal GDP is measured by adding up all the income earned in the economy, including labour income,[6] corporate profits,[7] net mixed income,[8] as well as other forms of income. In 2026 Q2:

- Labour income grew by 1.5%, driven by rising employment and ongoing hourly wage gains.
- Corporate profits grew by 11.7%, accelerating from a 1.3% gain in the previous quarter, and the fastest increase since 2010 Q1, excluding the pandemic.
- Net mixed income increased by 1.7%, rebounding from a 1.3% decrease in the previous quarter.
- All other forms of income grew by 0.6%.

For more detailed information on Ontario's economic performance in 2026 Q2, see the Ontario Economic Accounts.

[5] Nominal GDP can also be measured on an expenditure basis and an industry basis. See Appendix C: How GDP is measured in the Ontario Economic Accounts.
[6] This is called "compensation of employees" in the Ontario Economic Accounts and includes wages and salaries as well as supplementary labour income.
[7] This is called "net operating surplus of corporations" in the Ontario Economic Accounts.
[8] This includes farm income, unincorporated business income and rental income.

Ontario's 2026 Third Quarter Economic Indicators

The latest economic indicators suggest Ontario's economy advanced at a slower pace in the third quarter of 2026, with gains in both household and business activity.

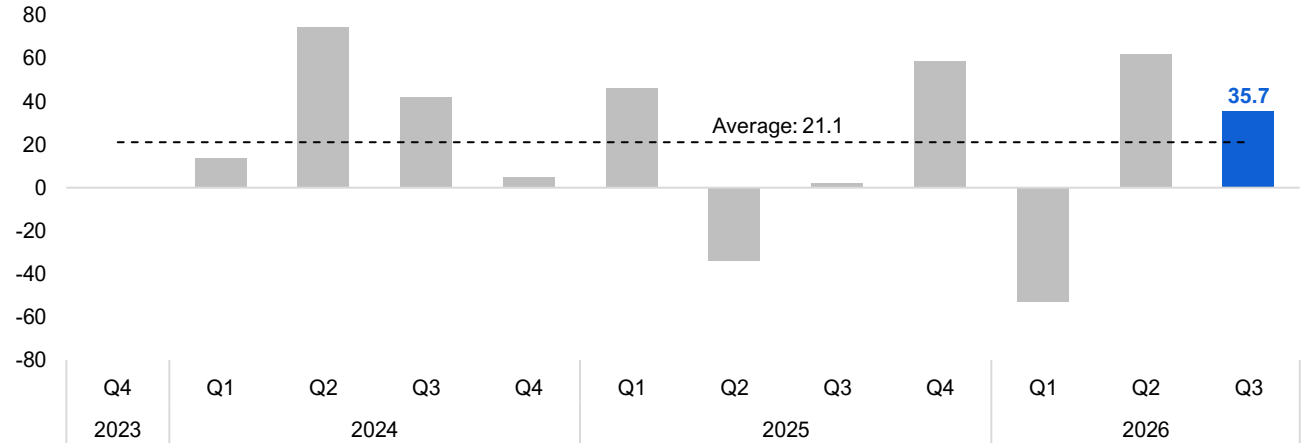
Households

Employment in Ontario increased by 35,700 jobs (or 0.4%) in 2026 Q3, slowing from a gain of 61,900 jobs (0.8%) in the previous quarter. Job gains were the result of a 43,500 increase in part-time positions, which outweighed a loss of 7,800 full-time positions. Job gains were concentrated in the private sector (48,400) and self-employment (25,300), partially offset by a decline in the public sector (-38,000), which was affected by the ending of temporary hiring related to the 2026 Census.[9]

Figure 3

Employment increased by 35,700 jobs in 2026 Q3

Seasonally adjusted, quarter-over-quarter change, thousands



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

By major age group, job gains in 2026 Q3 were concentrated in core-age workers (aged 25 to 54) with employment increasing by 28,600, marking the fourth increase in the past five quarters. Employment rose by 3,900 among older workers (aged 55 and over) and increased by 3,200 among youth (aged 15 to 24).

Ontario saw employment increases across several major industries in 2026 Q3, with the largest gains recorded in professional, scientific and technical services (14,400); manufacturing (10,400); wholesale and retail trade (9,300); transportation and warehousing (8,800); and construction (8,100).[10] These gains were partially offset by losses in educational services (-14,300), public administration (-9,000) and agriculture (-8,100).

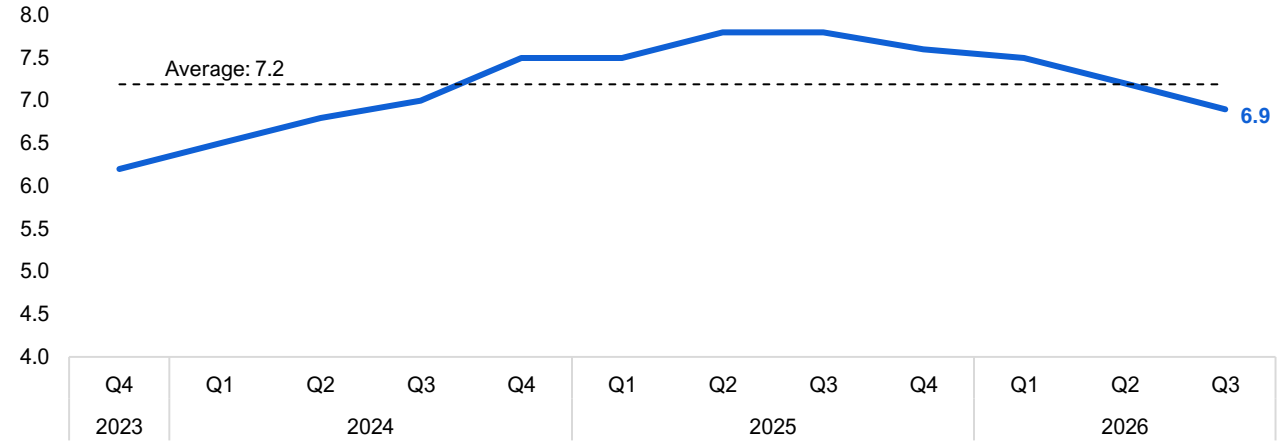
Ontario's labour force increased by 11,300 (0.1%) in 2026 Q3. With job growth exceeding the number of people entering the labour force, Ontario's **unemployment rate** declined by 0.3 percentage points from 7.2% in 2026 Q2 to 6.9% in 2026 Q3, the lowest rate in two years. The unemployment rate declined for both core-age workers (from 6.1% to 5.9%) and youth (from 15.7% to 14.7%). In contrast, the unemployment rate of older workers increased by 0.2 percentage points to 5.0%.

[9] Source: Statistics Canada Table 14-10-0288-01 and FAO.
[10] Source: Statistics Canada Table 14-10-0355-01 and FAO.

Figure 4

Unemployment rate declined to 6.9% in 2026 Q3

Seasonally adjusted, quarterly, %



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

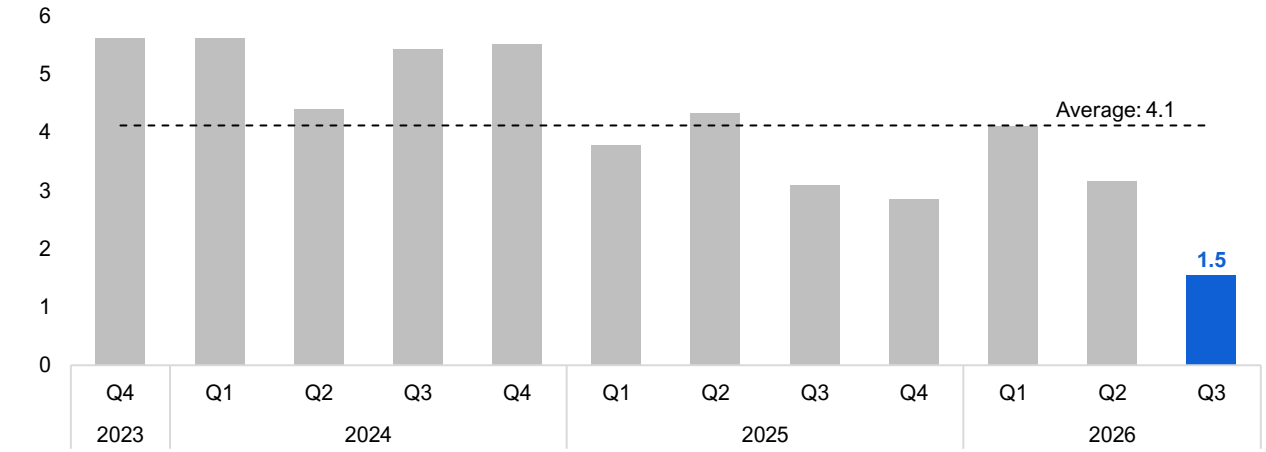
Average hourly wages grew 1.5% in 2026 Q3 compared to 2025 Q3, the smallest rate of increase since mid-2021. Hourly wage growth in 2026 Q3 was widespread across most major industries, with wages in goods-producing industries rising 1.1% and services-producing industries increasing 1.6%. Industries with the fastest wage growth included agriculture; finance, insurance and real estate; forestry, fishing, mining, quarrying, oil and gas; accommodation and food services; and wholesale and retail trade.

Wage gains have been moderating since early 2025, reflecting a weaker job market and declining job vacancies. In 2026 Q3, the increase in average hourly wages (1.5%) trailed Ontario's CPI inflation rate (2.3%) for the first time since early 2023.

Figure 5

Average hourly wages grew 1.5% in 2026 Q3

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



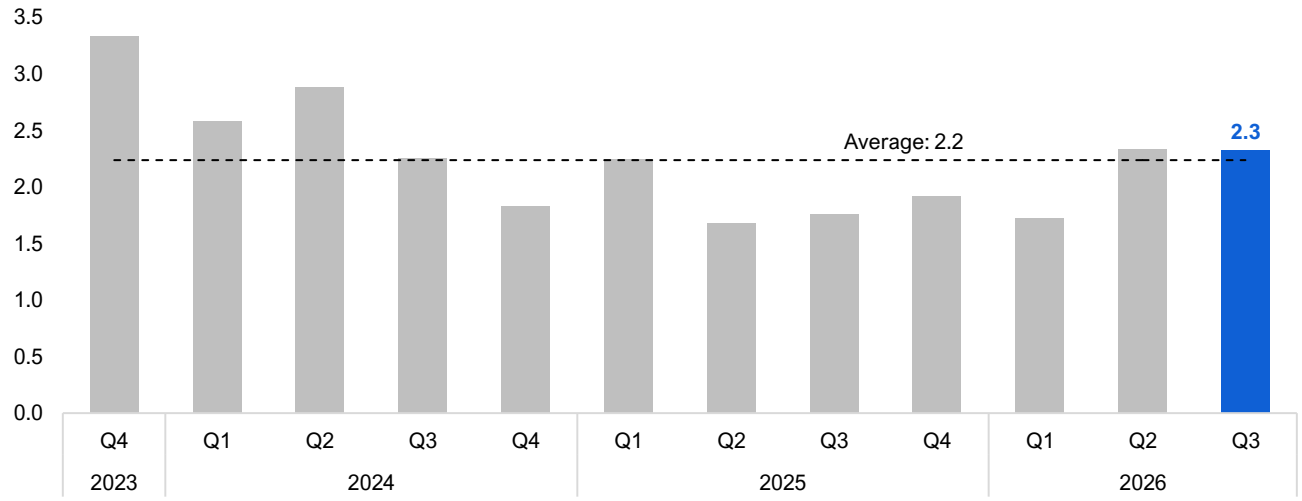
Source: Statistics Canada Table 14-10-0063-01 and FAO.

The Ontario **Consumer Price Index (CPI) inflation rate**[11] was 2.3% in 2026 Q3, unchanged from the previous quarter. Of the major CPI components, energy was a significant contributor (17.1%) in 2026 Q3, led by a surge in gasoline prices (28.2%) reflecting the impact of the war in Iran. Excluding energy, Ontario's inflation rate was 1.4% in 2026 Q3, almost one percentage point below the all-items rate.

Categories with inflation higher than the headline rate in 2026 Q3 were transportation (7.8%), recreation and reading (3.9%), alcohol and tobacco (3.0%), food (2.6%) and clothing and footwear (2.4%). In contrast, health and personal care (1.7%), shelter (0.0%) and household operations (-0.7%) all trailed the overall inflation rate.

Figure 6
CPI inflation rate was 2.3% in 2026 Q3

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



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

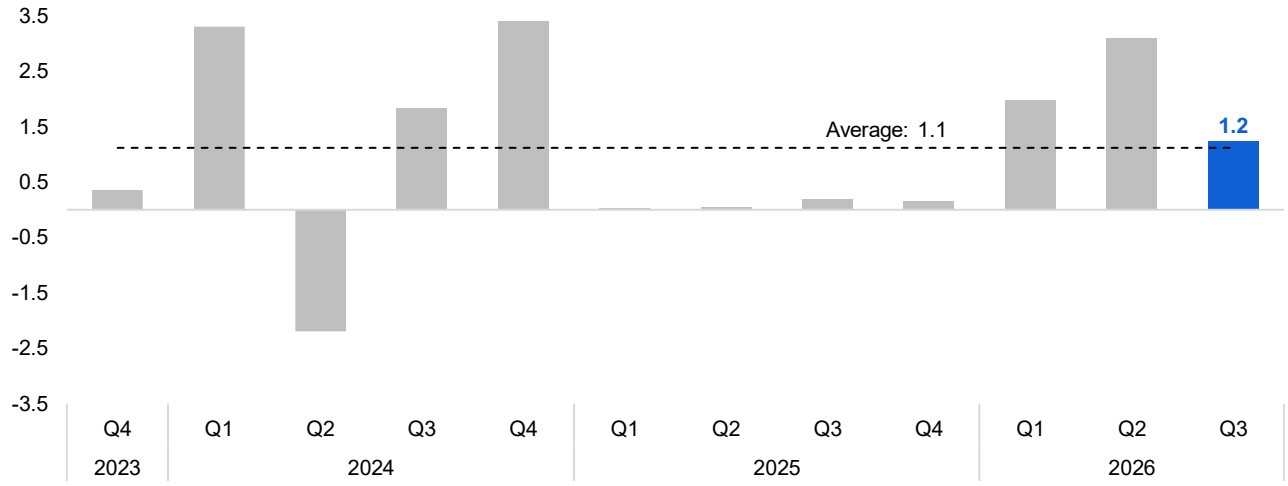
Retail sales[12] increased by 1.2% in 2026 Q3 in Ontario, moderating from strong gains in both 2026 Q2 (3.1%) and 2026 Q1 (2.0%). Consumers continue to express caution around future spending plans, concerned about high prices and heightened economic uncertainty related to Canada-US trade tensions.[13]

[11] Measured on a year-over-year basis.
[12] As September data were not available at the time of publication, Statistics Canada's Canadian advance retail indicator was used to calculate the 2026 Q3 Ontario value. See Statistics Canada's Retail trade, August 2026.
[13] For details, see the Bank of Canada's Canadian Survey of Consumer Expectations—Third Quarter of 2026.

Figure 7

Retail sales increased by 1.2% in 2026 Q3

Seasonally adjusted, quarter-over-quarter growth, %



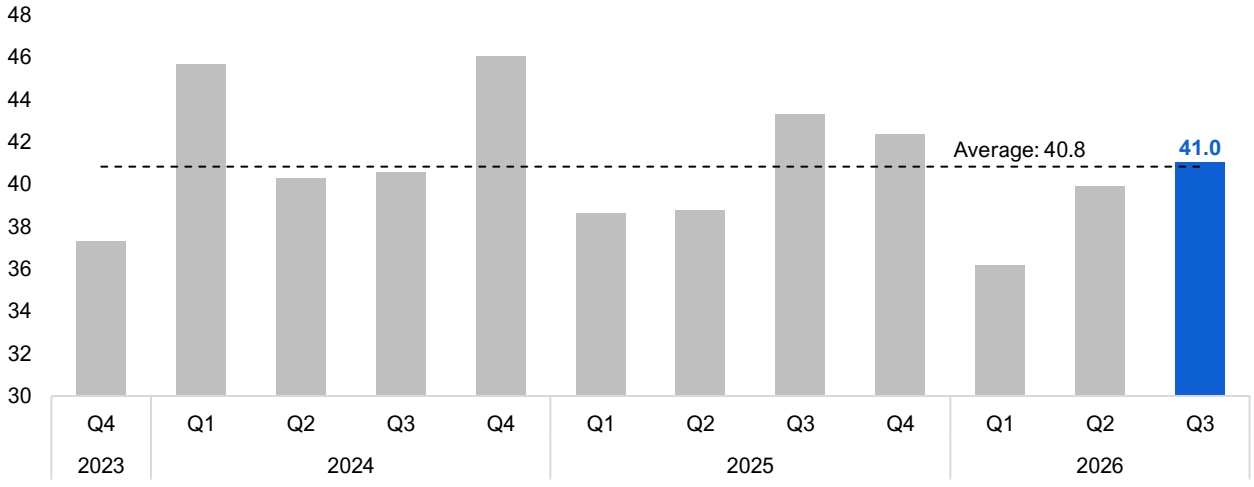
Source: Statistics Canada Table 20-10-0056-01 and FAO.

Ontario **home resales** in 2026 Q3 totalled 41,000 units, an increase of 2.9% from the previous quarter. The increase in 2026 Q3 brought the level of home resales to just over its three-year average pace of activity.

Figure 8

Housing resales increased to 41,000 units in 2026 Q3

Seasonally adjusted, thousands of units



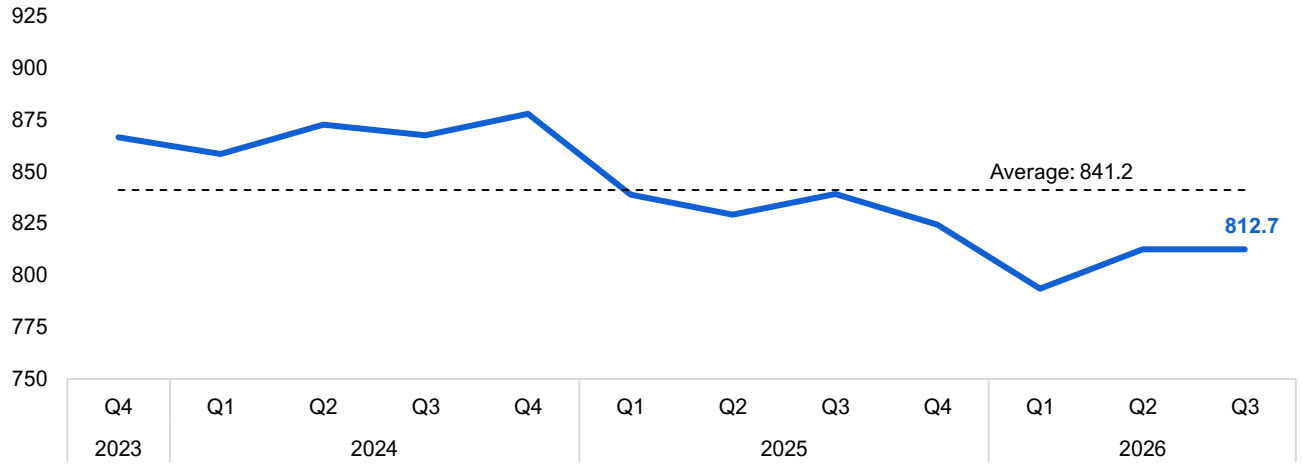
Source: Canadian Real Estate Association and FAO.

Home resale prices in Ontario averaged $812,700 in 2026 Q3, unchanged (0.0%) from the previous quarter. In 2026 Q3, the average resale home price was $226,200 (or -21.8%) below the peak reached in 2022 Q1 ($1,038,900).

Figure 9

Home resale prices averaged $812,700 in 2026 Q3

Seasonally adjusted, $ thousands



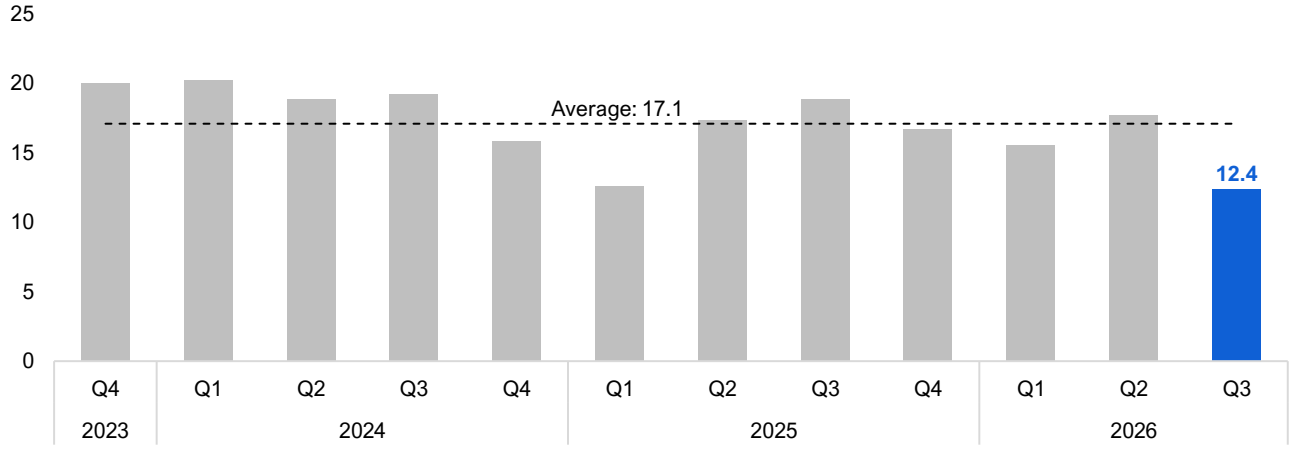
Source: Canadian Real Estate Association and FAO.

Housing starts[14] in 2026 Q3 totalled 12,400 units in Ontario, a decrease of 30% from 2026 Q2 and the lowest level since 2009 Q3. In 2026 Q3, 77% of total housing starts were multiple unit dwellings, while 23% were single detached homes.[15]

Figure 10

Housing starts declined to 12,400 units in 2026 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). According to the non-seasonally adjusted data in Statistics Canada Table 34-10-0135-01, the share of single detached housing starts has been declining since the 1990s, when it peaked at 68%, reflecting affordability challenges, changes in household preferences and planning efforts aimed at increasing density.

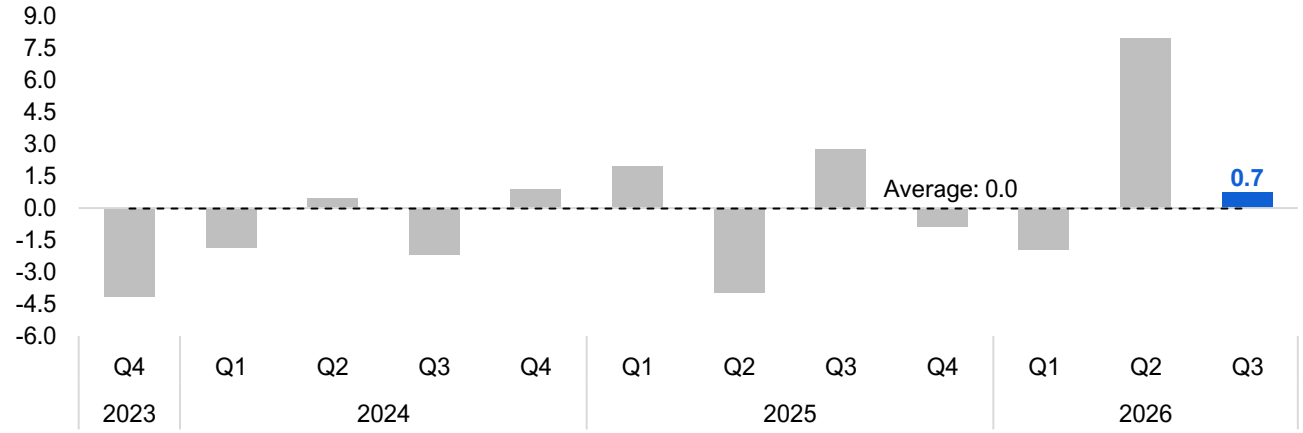
Businesses

Manufacturing sales increased by 0.7% in 2026 Q3, slowing sharply from a gain of 8.0% in 2026 Q2. The increase in Q3 resulted largely from higher sales of primary metals, chemical products, and computer and electronic products. This was partially offset by lower sales of petroleum and coal products, food, and fabricated metal products.

Figure 11

Manufacturing sales increased by 0.7% in 2026 Q3

Seasonally adjusted, quarter-over-quarter growth, %



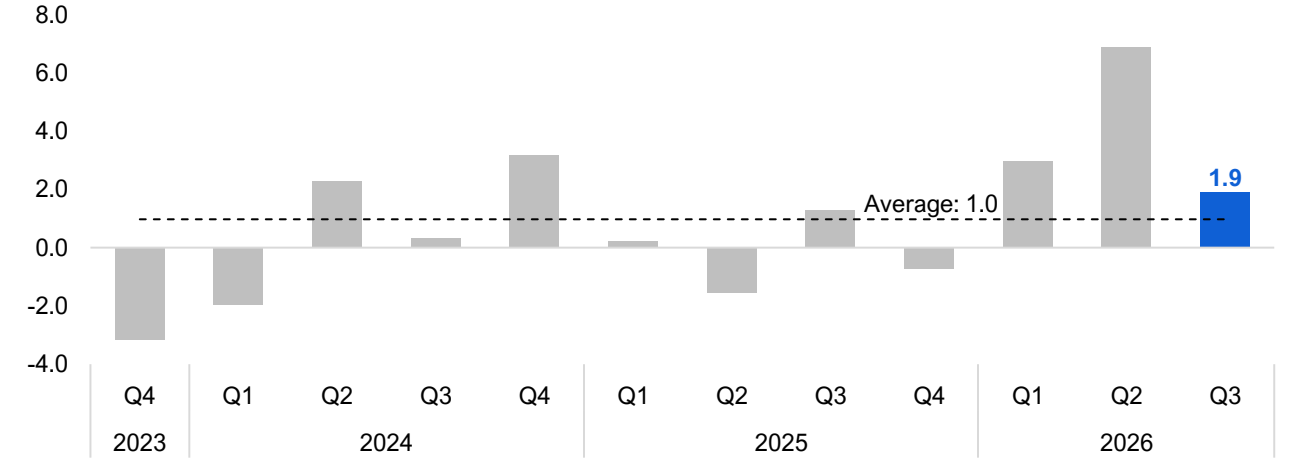
Source: Statistics Canada Table 16-10-0048-01 and FAO.

Wholesale trade, which measures sales of bulk items to retailers and businesses, increased by 1.9% in 2026 Q3, moderating from a 6.9% gain in the previous quarter. The Q3 increase was largely the result of growth in: machinery, equipment and supplies; personal and household goods; and motor vehicles and parts. This was partially offset by declines in: food, beverage and tobacco products; and miscellaneous products.

Figure 12

Wholesale trade increased by 1.9% in 2026 Q3

Seasonally adjusted, quarter-over-quarter growth, %



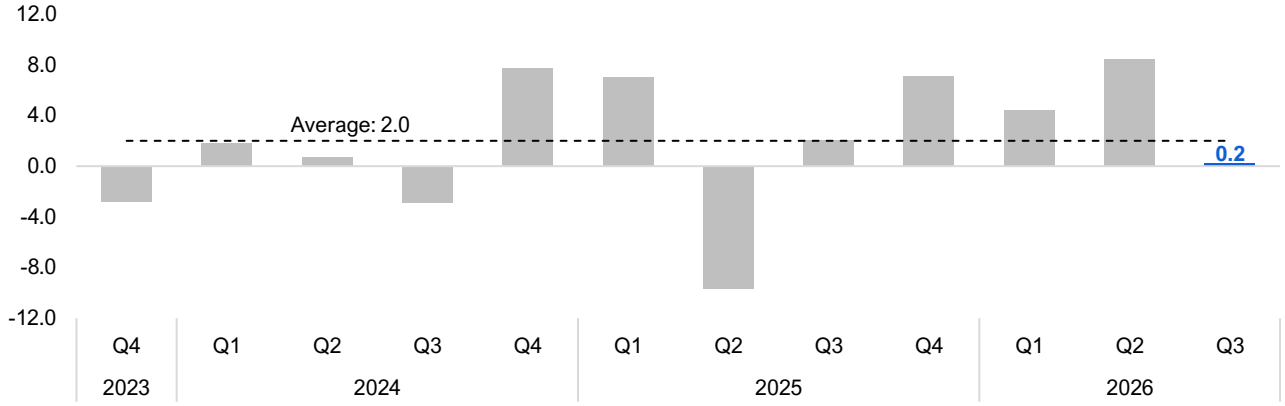
Source: Statistics Canada Table 20-10-0074-01 and FAO.

International merchandise exports, which accounts for all goods leaving the country through Ontario, edged up by 0.2% in 2026 Q3, a notable slowdown from growth of 8.4% in the previous quarter. The slight increase in the third quarter was mainly attributed to higher exports of consumer goods; industrial machinery; and aircraft and other transportation equipment and parts. These gains were partially offset by declines in metal and non-metallic mineral products; motor vehicles and parts; and forestry products and building and packaging materials.

Figure 13

International merchandise exports increased 0.2% in 2026 Q3

Seasonally adjusted, quarter-over-quarter growth, %



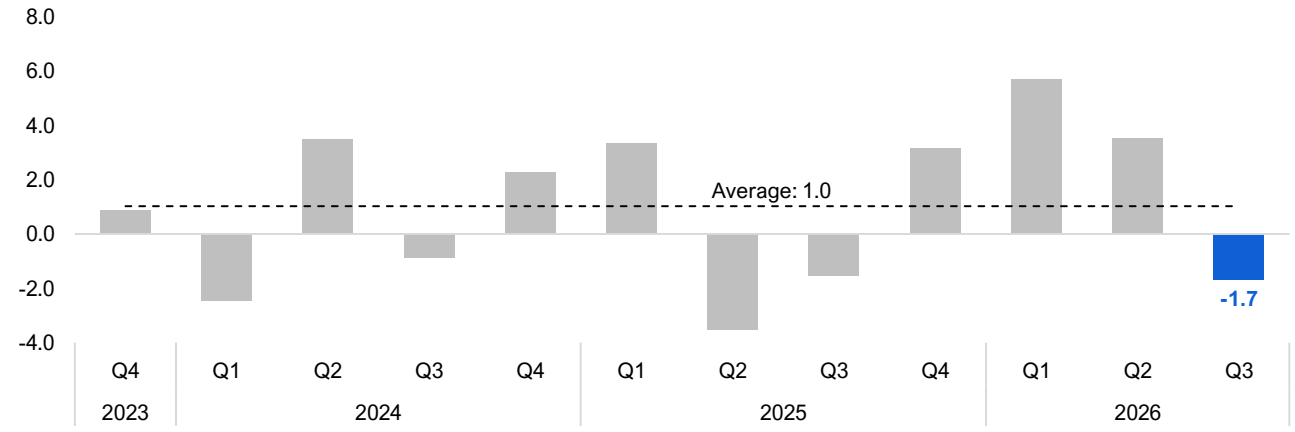
Source: Statistics Canada Table 12-10-0175-01, Table 12-10-0163-01 and FAO estimate.

International merchandise imports, which measures international goods entering Ontario, decreased by 1.7% in 2026 Q3, after a 3.5% increase the previous quarter. The decrease mainly reflected lower imports of motor vehicles and parts; metal ores and non-metallic minerals; and metal and non-metallic mineral products. This was partially offset by gains in electronic and electrical equipment and parts; industrial machinery, equipment and parts; and basic and industrial chemical, plastic and rubber products.

Figure 14

International merchandise imports decreased 1.7% in 2026 Q3

Seasonally adjusted, quarter-over-quarter growth, %



Source: Statistics Canada Table 12-10-0175-01, Table 12-10-0163-01 and FAO estimate.

Implications of Recent Economic Trends

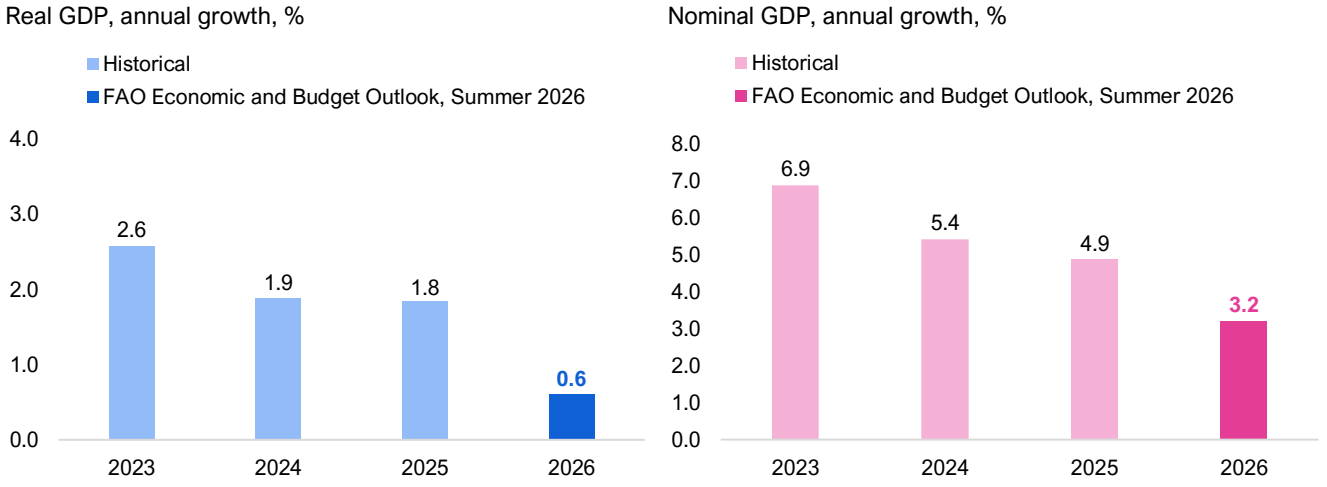
Looking ahead to the full year, the FAO's latest Economic and Budget Outlook[16] (EBO), released in September 2026, projected that Ontario's annual real GDP would rise by 0.6% in 2026, while nominal GDP was expected to rise by 3.2%.

Historical revisions showing higher economic growth in 2025 than previously estimated, combined with stronger than expected increases in both real and nominal GDP in 2026 Q2, have put upside pressure on the FAO's projection for Ontario's 2026 annual economic growth.

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.

Figure 15

Recent economic trends indicate upward revisions to the FAO's 2026 economic growth projections



Source: Provincial and Territorial Economic Accounts, Statistics Canada Table 36-10-0222-01 and Table 18-10-0004-01.

[16] See the FAO's *Economic and Budget Outlook, Summer 2026*.

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 can be measured on an expenditure, income and industry 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 share 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 gains 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 Ontario'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.

Prepared by:
Yefei Zhang (Economist, Economic and Fiscal Analysis) under the direction of Edward Crummey (Director, Economic and Fiscal Analysis) and Paul Lewis (Chief Economist).

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.



FAO
Financial Accountability
Office of Ontario

Financial Accountability Office of Ontario
2 Bloor Street West, Suite 900 Toronto, Ontario M4W 3E2 | fao-on.org | info@fao-on.org | 416-644-0702
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