# Ontario Economic Monitor

April to September 2026

Financial Accountability Office of Ontario




Presentation

# Overview

- This report presents the latest trends in the Ontario economy over the April to September 2026 period based on the most recent data from the Ontario Economic Accounts, Statistics Canada and other organizations.

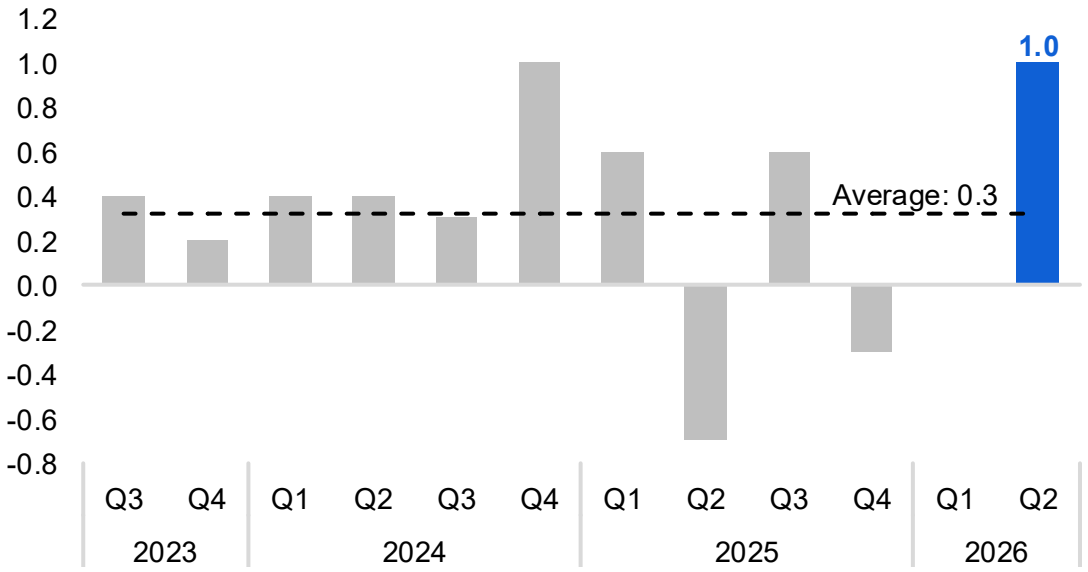
- The report also provides an assessment of the FAO's latest economic forecast given recent economic trends and global events.



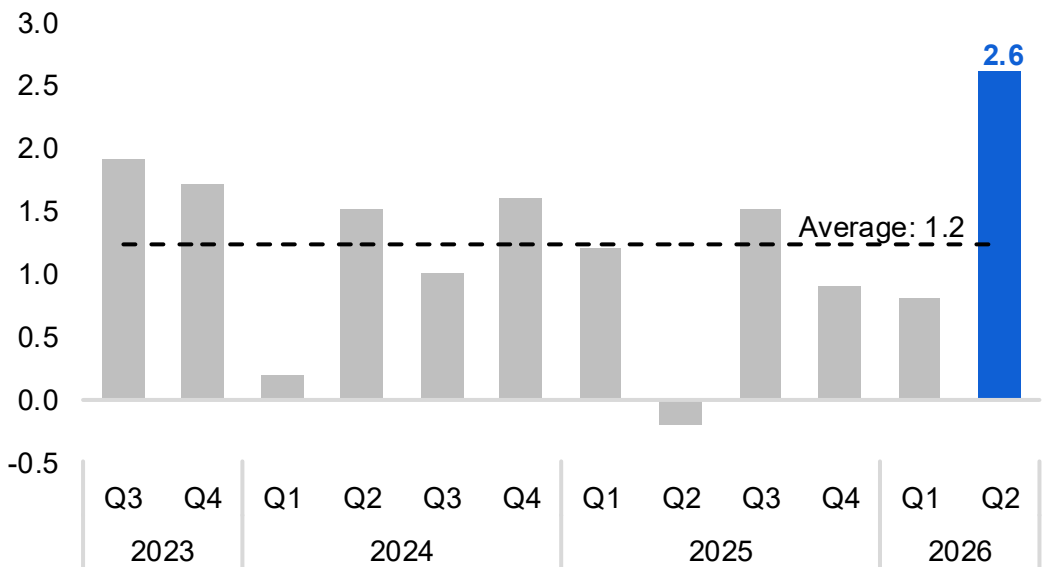
# 2026 Q2 – Ontario Gross Domestic Product

- Ontario's 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. The advance in real GDP in 2026 Q2 was the strongest gain since late 2024.
- 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.

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




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

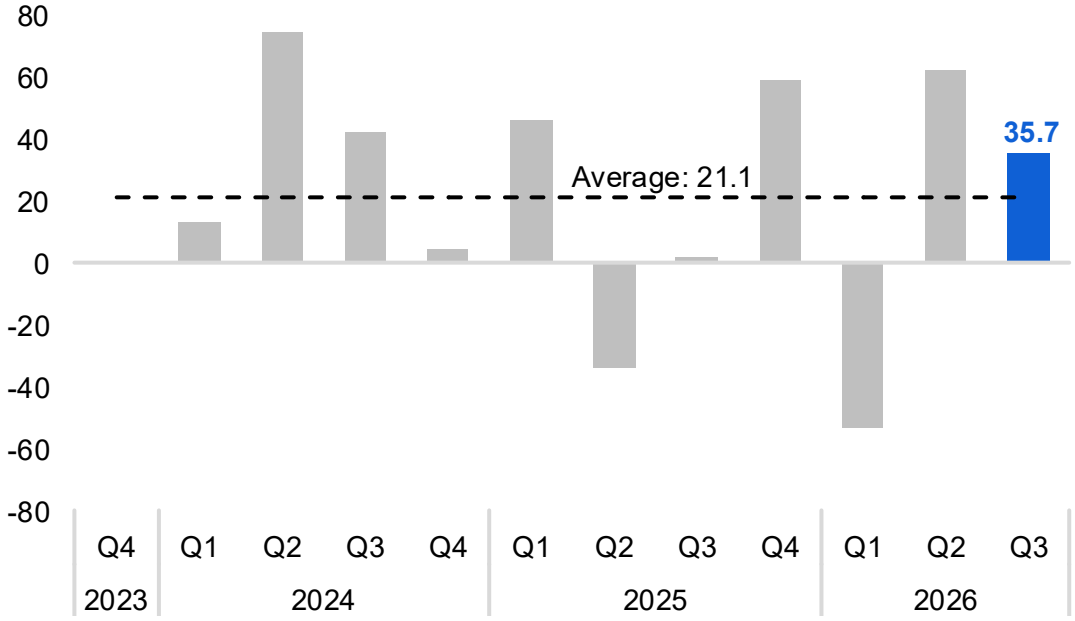



Source: Ontario Economic Accounts and FAO.

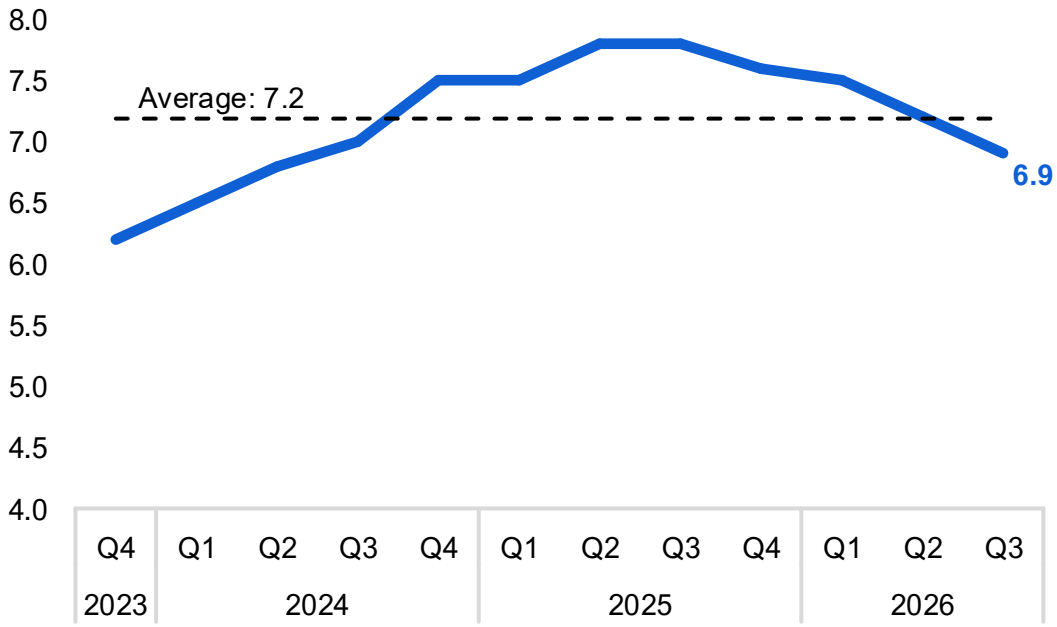
# 2026 Q3 – Labour market

- 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.
- 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.

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




**Unemployment rate**
Seasonally adjusted, quarterly, %

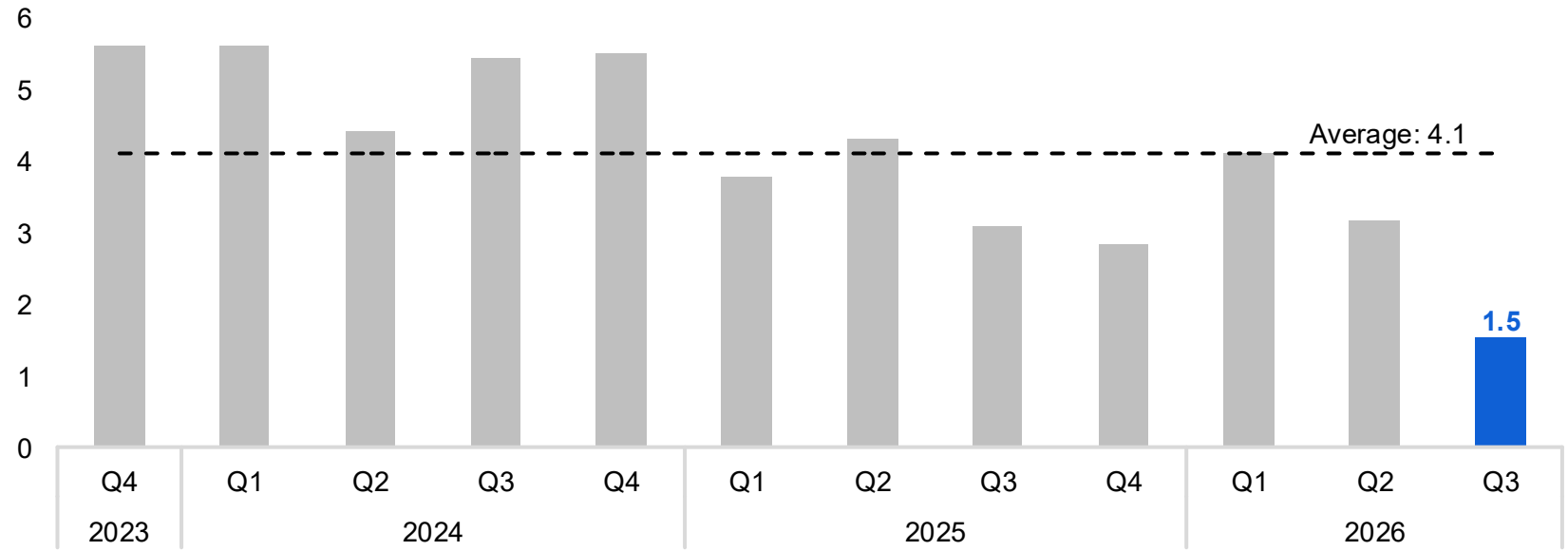



Source: Statistics Canada Table 14-10-0287-01 and FAO.

# 2026 Q3 – Average hourly wages

- 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%.

**Average hourly wages**
Non-seasonally adjusted, year-over-year change, %

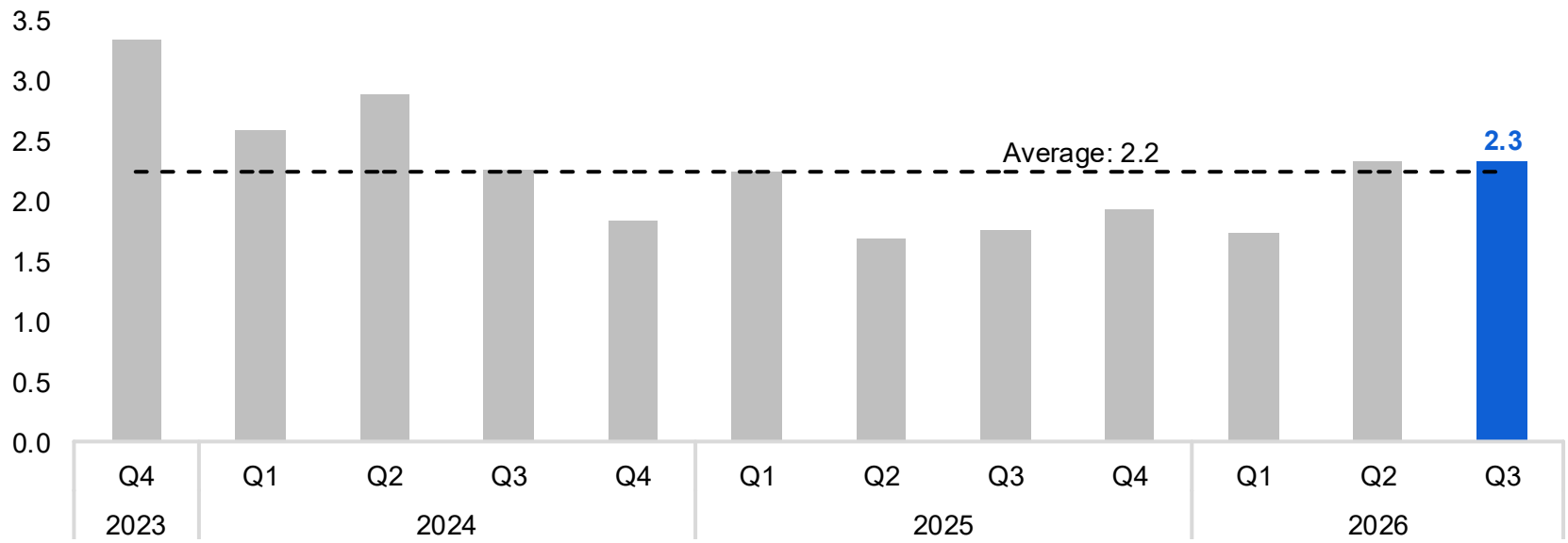



Source: Statistics Canada Table 14-10-0063-01 and FAO.

# 2026 Q3 – CPI inflation

- The Ontario Consumer Price Index (CPI) inflation rate 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.
  - In contrast, health and personal care (1.7%), shelter (0.0%) and household operations (-0.7%) all trailed the overall inflation rate.

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

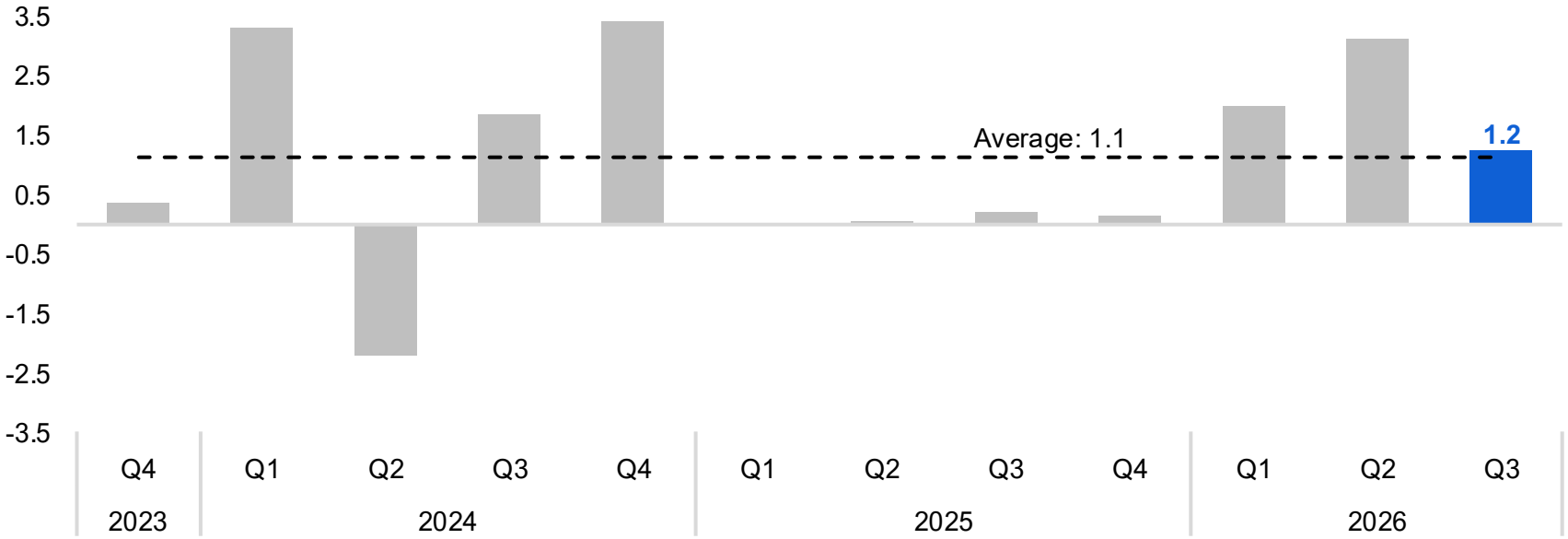



Source: Statistics Canada Table 18-10-0004-01 and FAO.

# 2026 Q3 – Retail sales

- Retail sales 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.

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

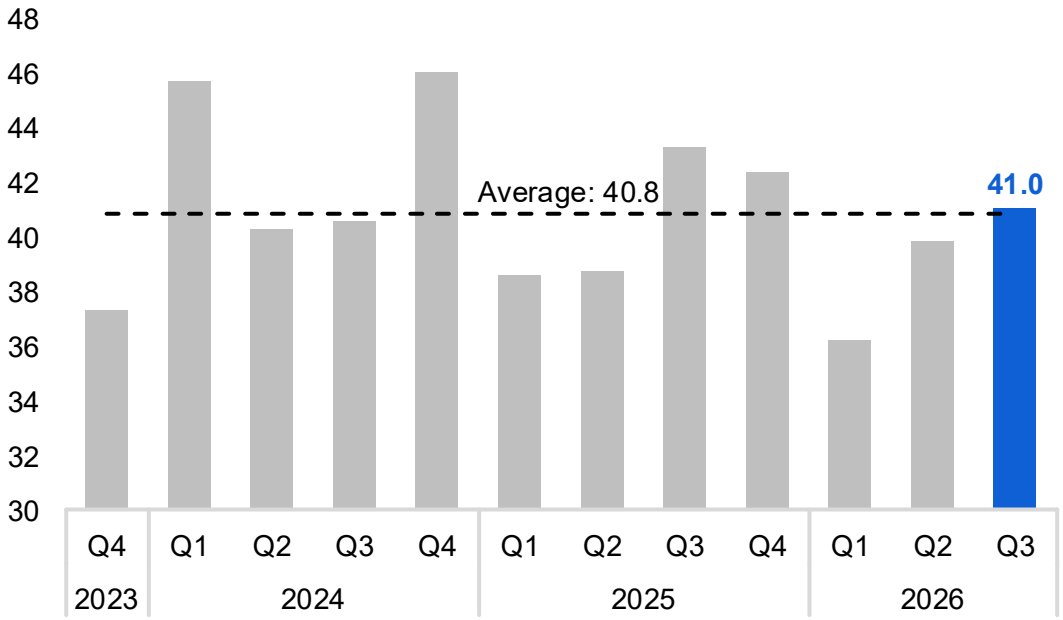



Source: Statistics Canada Table 20-10-0056-01 and FAO.

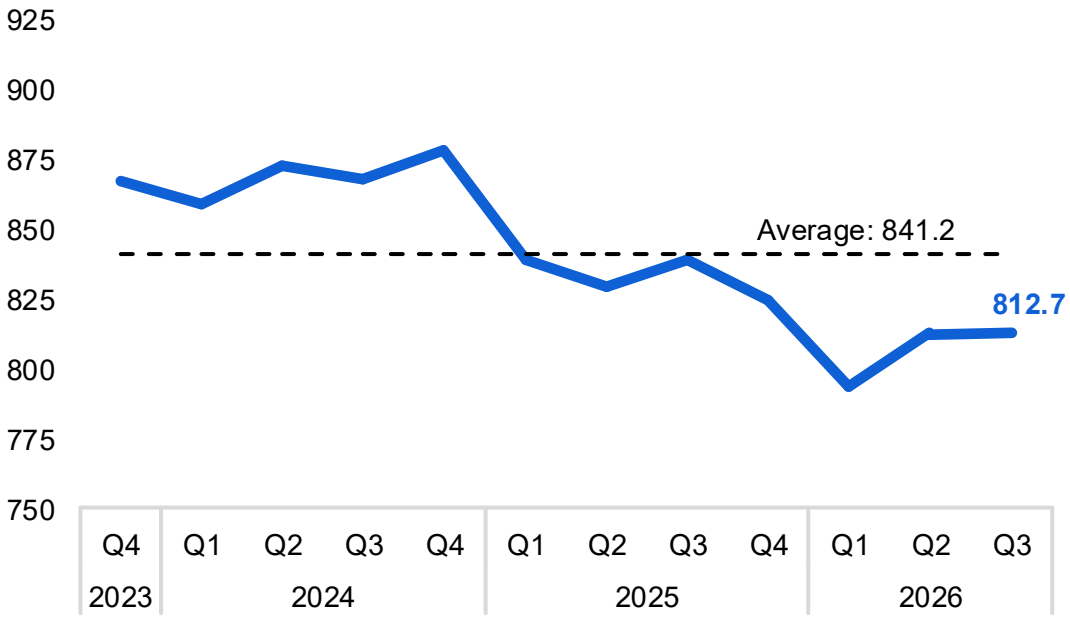
# 2026 Q3 – Housing market

- Ontario home resales in 2026 Q3 totalled 41,000 units, an increase of 2.9% from the previous quarter.
- Home resale prices in Ontario averaged $812,700 in 2026 Q3, unchanged (0.0%) from the previous quarter.

**Housing resales**
Seasonally adjusted, thousands of units




**Average home resale prices**
Seasonally adjusted, $ thousands

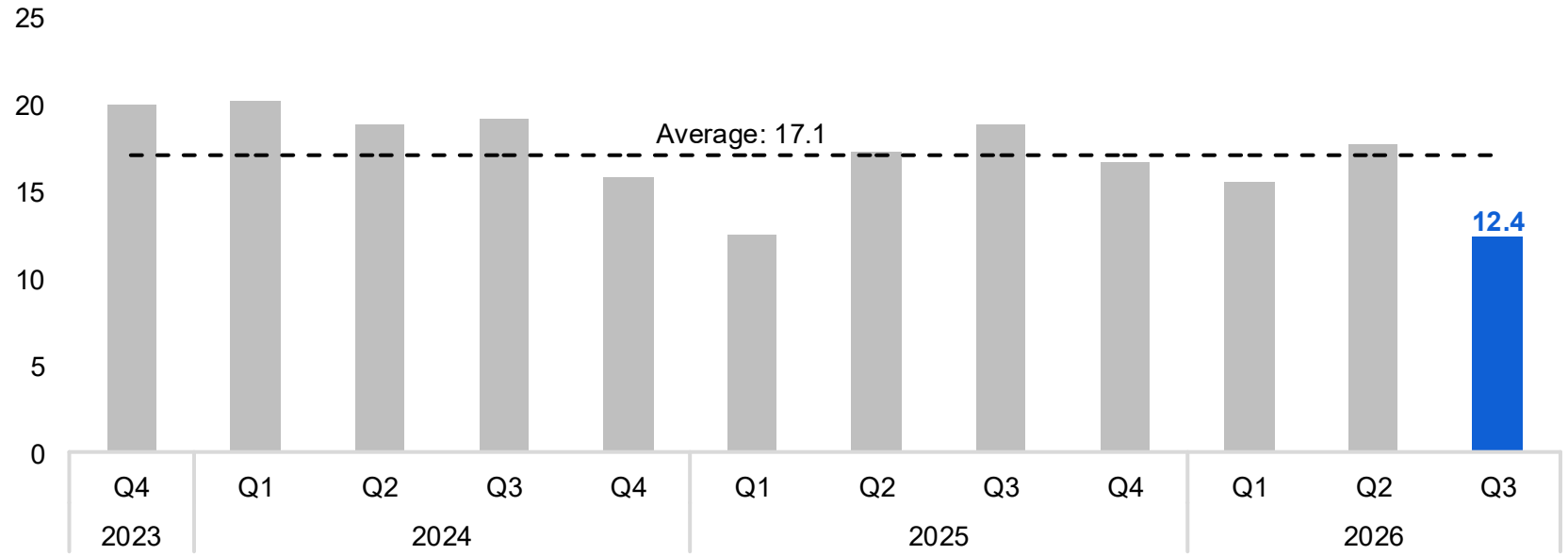



Source: Canadian Real Estate Association and FAO.

# 2026 Q3 – Housing starts

- Housing starts 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.

**Housing starts**
Seasonally adjusted, thousands of units

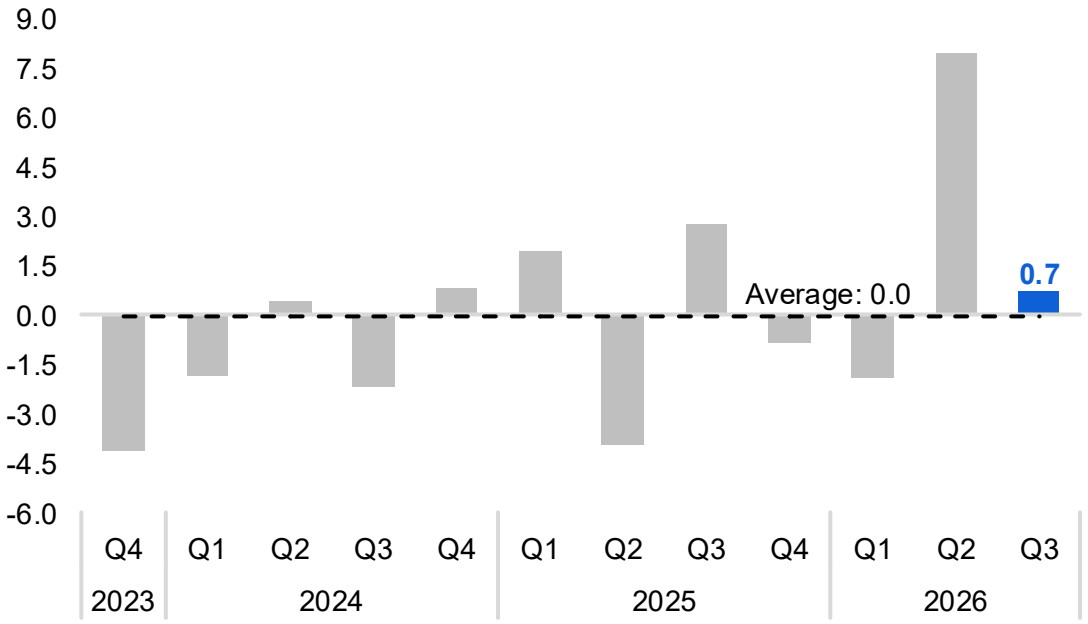



Source: Statistics Canada Table 34-10-0141-01 and FAO.

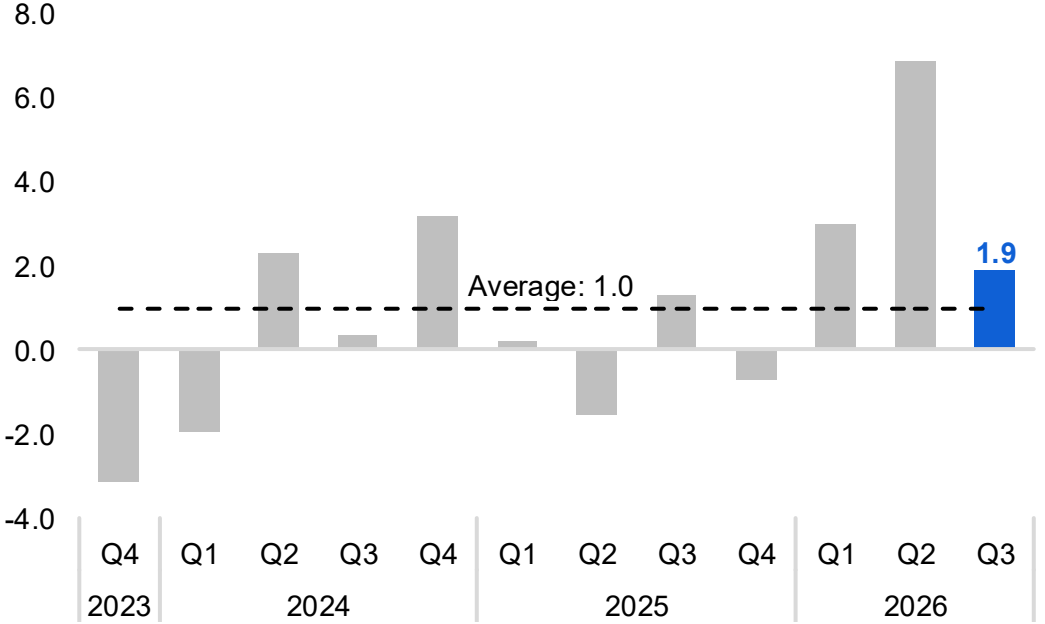
# 2026 Q3 – Manufacturing and Wholesale

- Manufacturing sales increased by 0.7% in 2026 Q3, slowing sharply from a gain of 8.0% in 2026 Q2.
- 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.

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




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

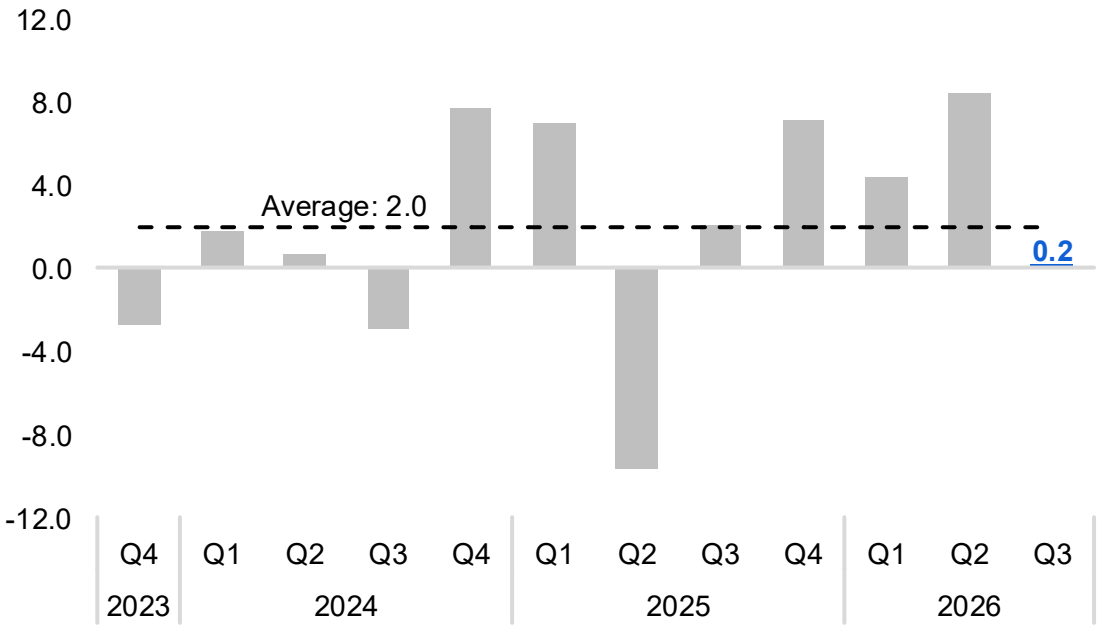



Source: Statistics Canada Table 16-10-0048-01, Table 20-10-0074-01 and FAO.

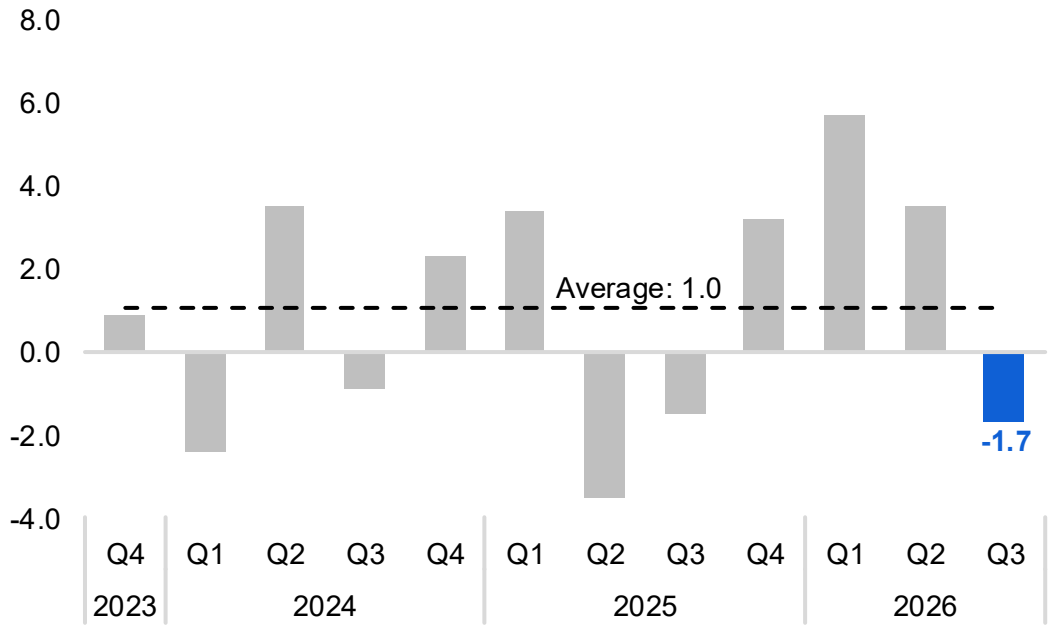
# 2026 Q3 – International merchandise trade

- 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.
- International merchandise imports, which measures international goods entering Ontario, decreased by 1.7% in 2026 Q3, after a 3.5% increase the previous quarter.

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




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

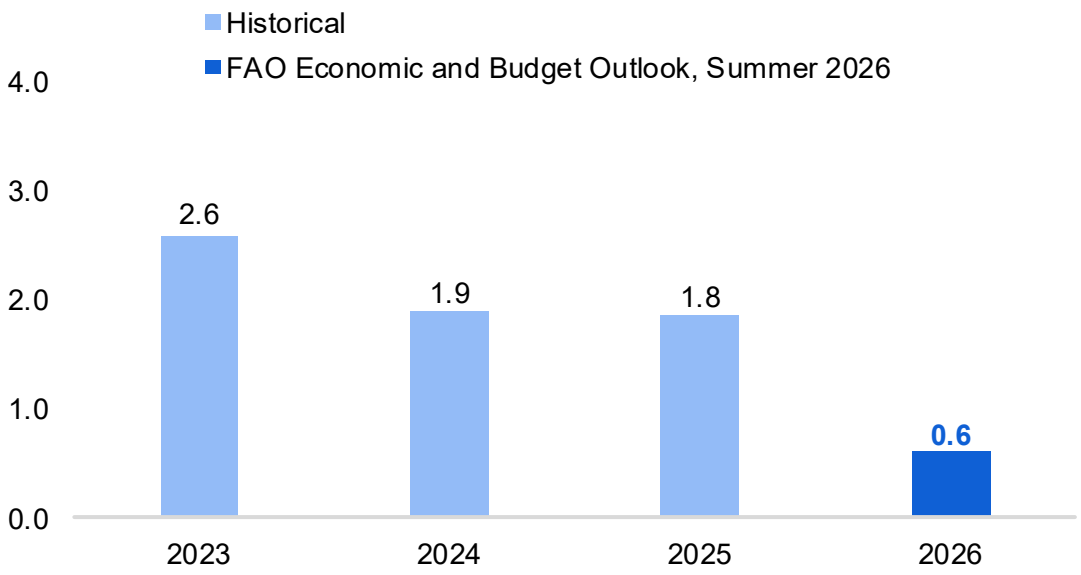



Source: Statistics Canada Table 12-10-0175-01, Table 12-10-0163-01 and FAO estimate.

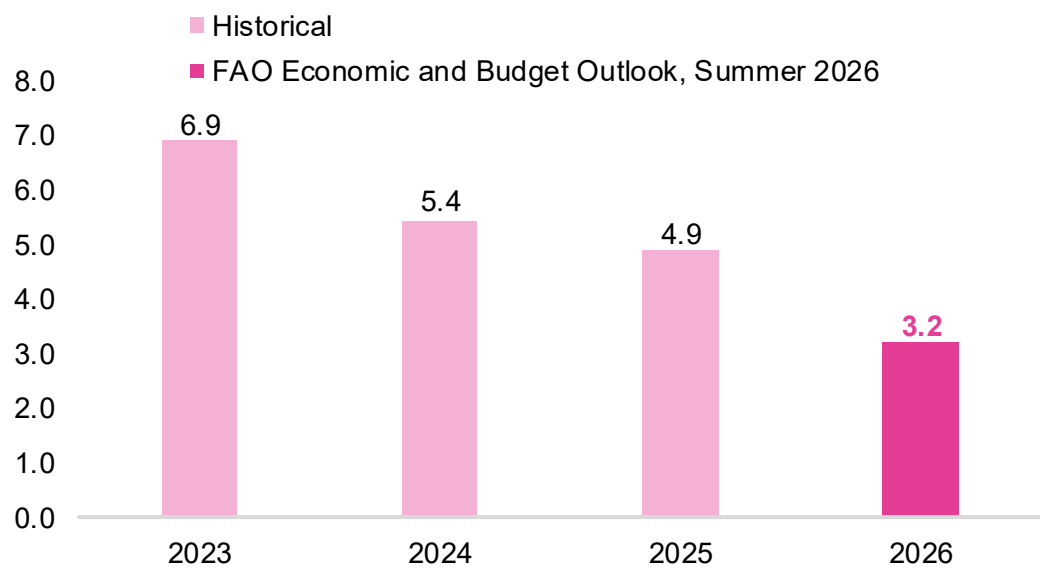
# Implications of recent economic trends

- The FAO's latest Economic and Budget Outlook (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.

**Real GDP**
Annual growth, %




**Nominal GDP**
Annual growth, %




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

# Thank you!



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