



60TH PACIFIC NORTHWEST REGIONAL ECONOMIC CONFERENCE

The Canadian Economy

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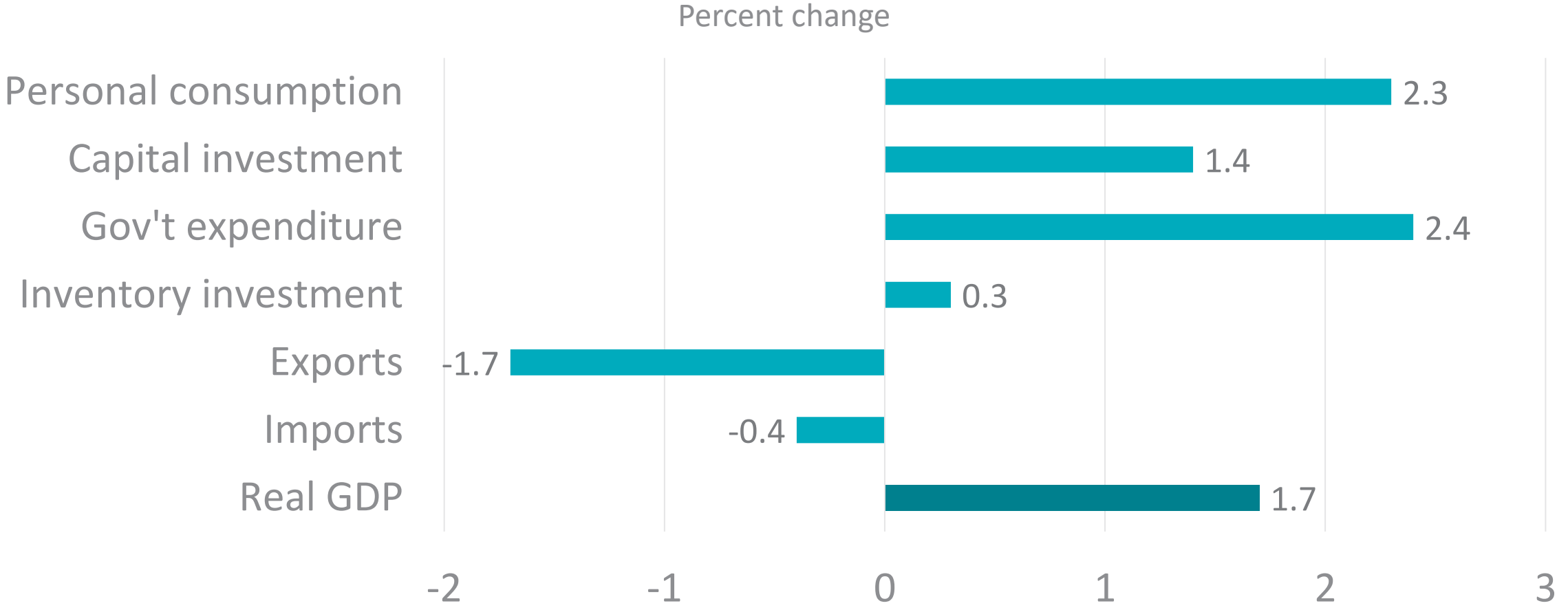
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Overview

- 2025 a year of volatility:
 - Surprising Canadian election result
 - Liberation Day & further upheaval
 - Canadian stock market surges
- 2026 & beyond:
 - Trade: CUSMA 2.0? Global re-alignment?
 - Infrastructure & defence focus
 - Canada productivity challenge



Real GDP in 2025

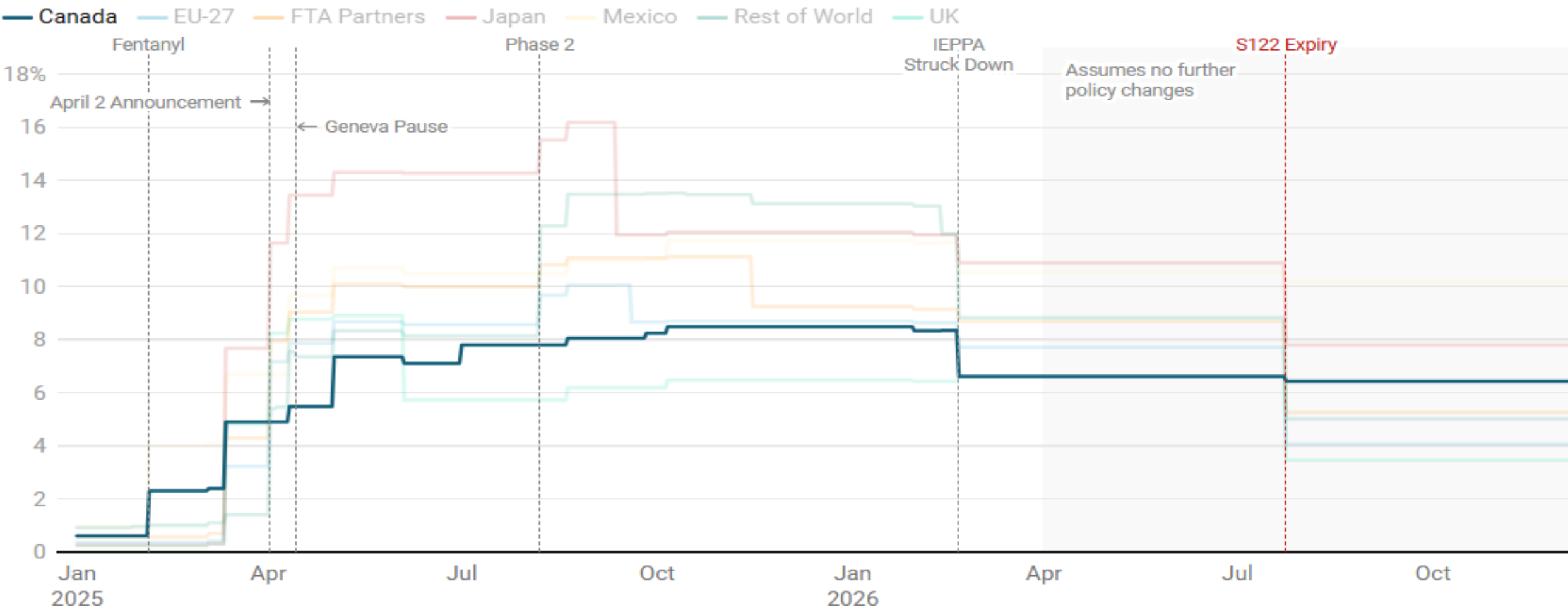


Canada: economic situation & outlook

- 2025: first annual decline in population
- Oil price rise a modest terms of trade boost; varied regional/industry impacts
- Affordability: federal consumer carbon tax eliminated (March 2025), fuel excise tax (May-Sept 2026) and GST/HST low-income credit increased starting in July
- ~1% real GDP growth expected in '26, 2% in '27
- Federal policy pivot to defence, energy, infrastructure, away from climate
- Upcoming CUSMA 2.0 review spurs Canadian efforts to diversify export markets

US tariffs on Canada

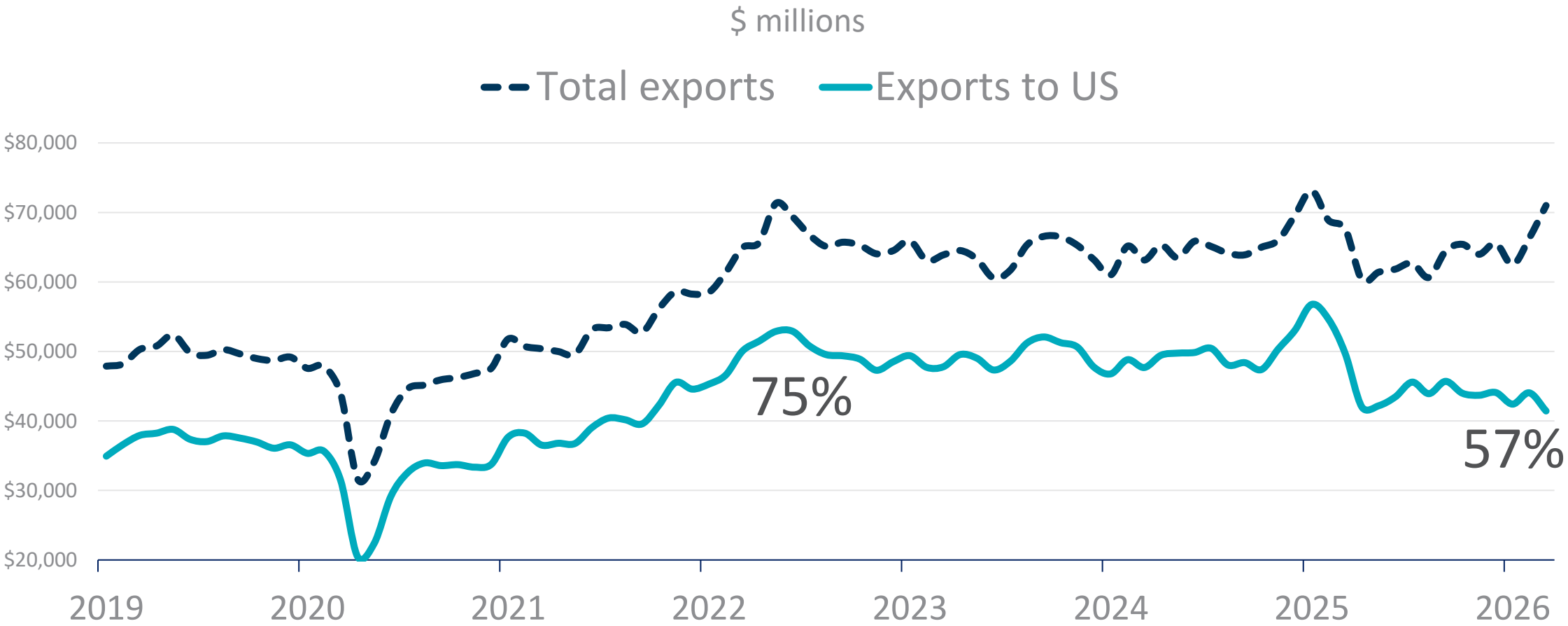
Panel B. Daily ETR by Trading Partner (Excluding China)
Import-weighted tariff rate by partner region, excluding China



Partners: Canada, Mexico, EU-27, UK, Japan, FTA Partners, Rest of World. S122 expiry applied at 2026-07-23.

Chart: The Budget Lab • Source: Yale Budget Lab Tariff Rate Tracker • Created with [Datavrapper](#)

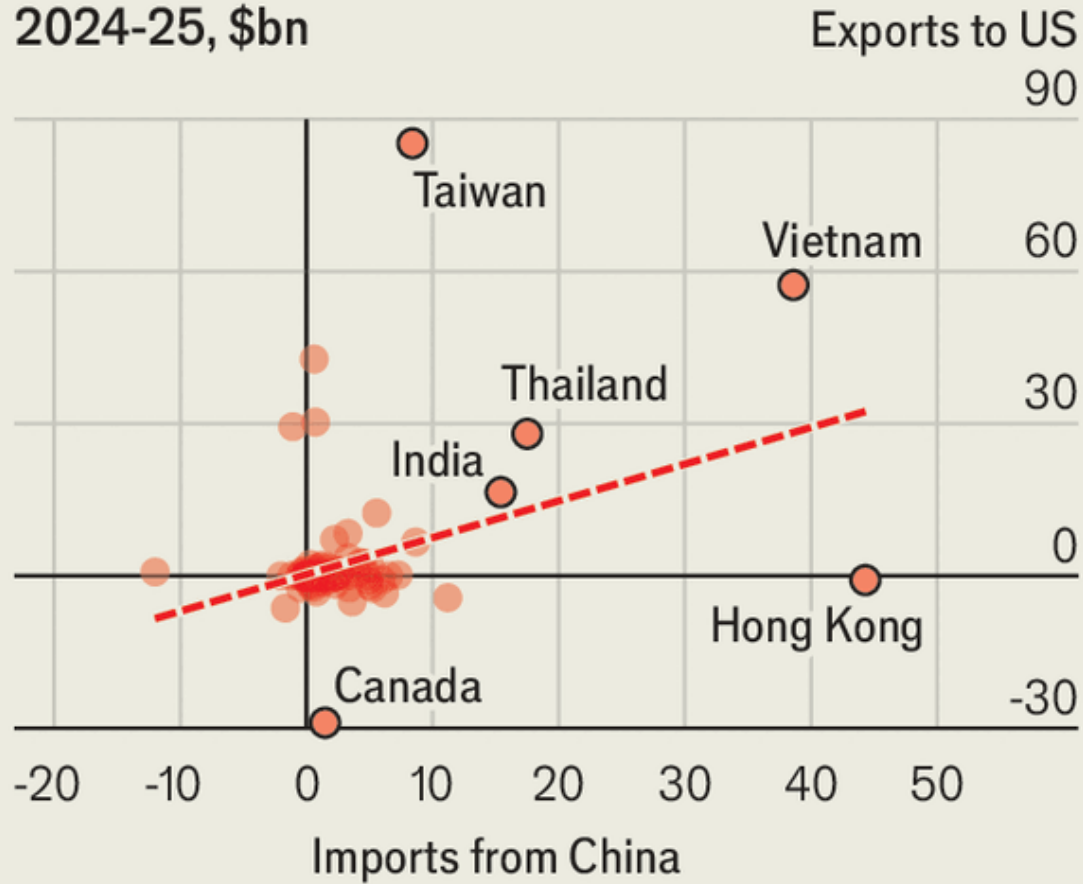
Canadian merchandise exports – US share falls



Willing buyers

3

204 countries and territories,
change in imports/exports,
2024-25, \$bn

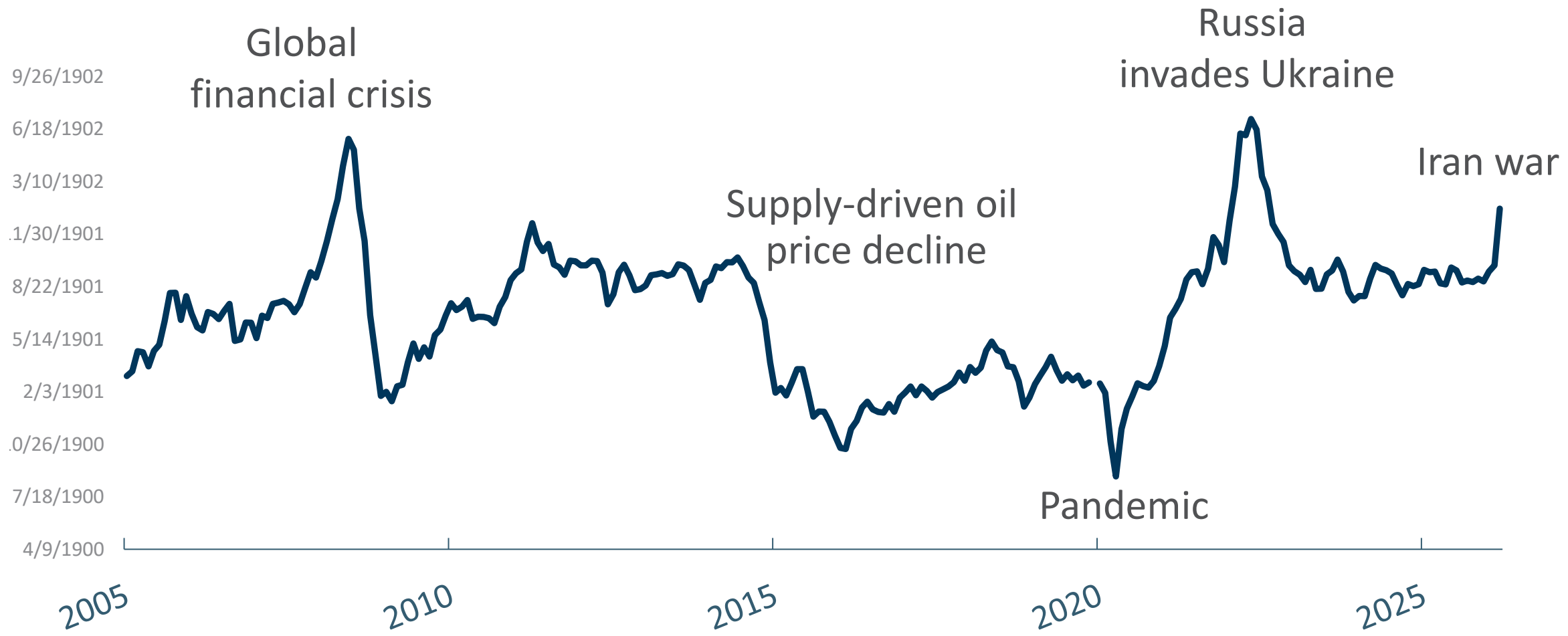


Sources: China Customs; USITC; *The Economist*

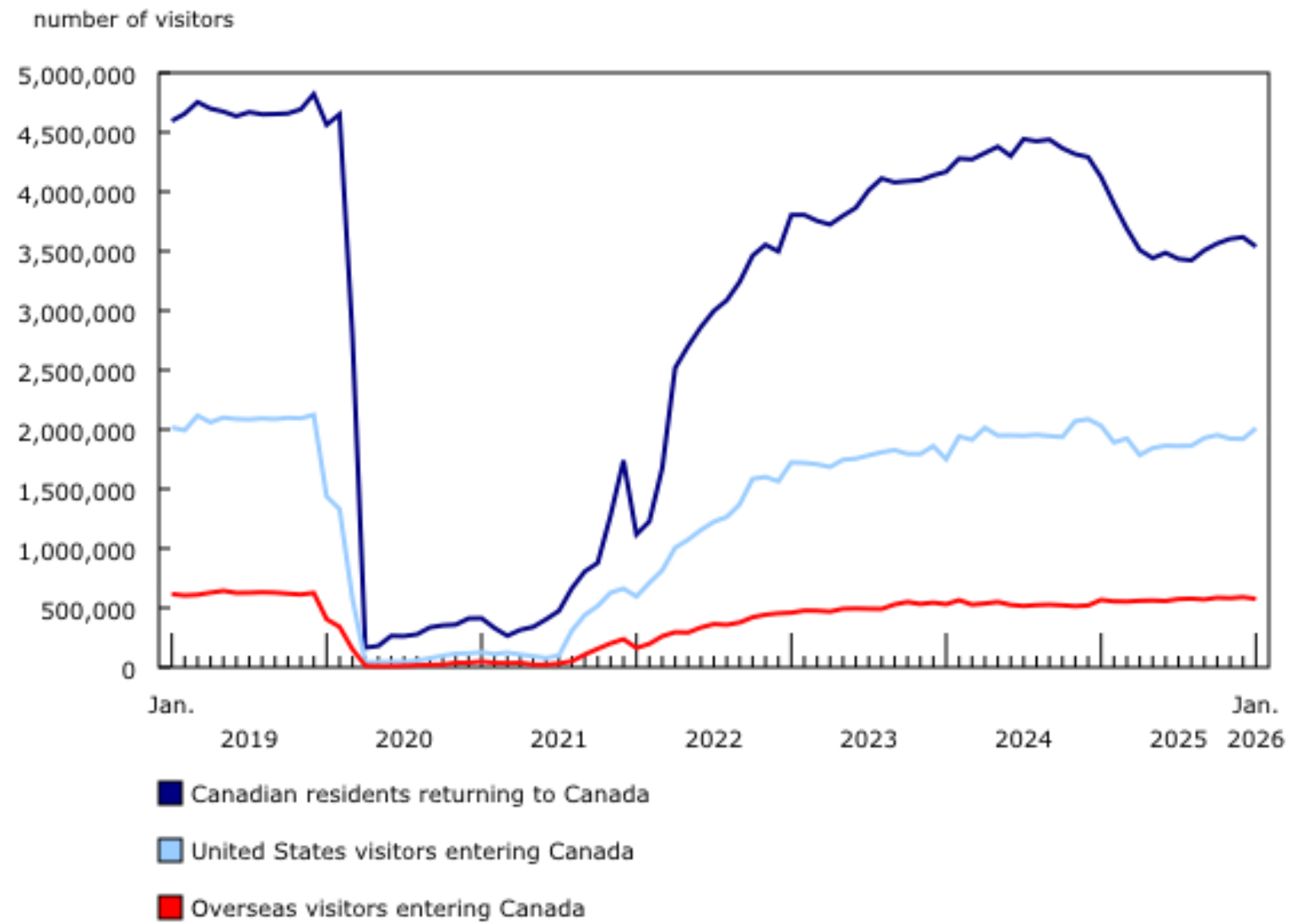
Iran war - another supply shock

- Forecasts late in 2025: oil would *weaken* from \$60 to \$50 in '26
- Bank of Canada oil price forecast now: \$90 Q2 '26 to \$75/bbl mid-'27
- Oil affects entire petrochemical complex:
 - sulfur, ammonia, nitrogen, helium
 - polymers - plastics, packaging, electronic chips
 - natural gas mostly a Europe & Asia problem; positive for Canadian West Coast LNG exports
- Terms of trade improve, C\$ rise – but by less after an oil supply shock

Canadian commodity price index



Cross-border travel



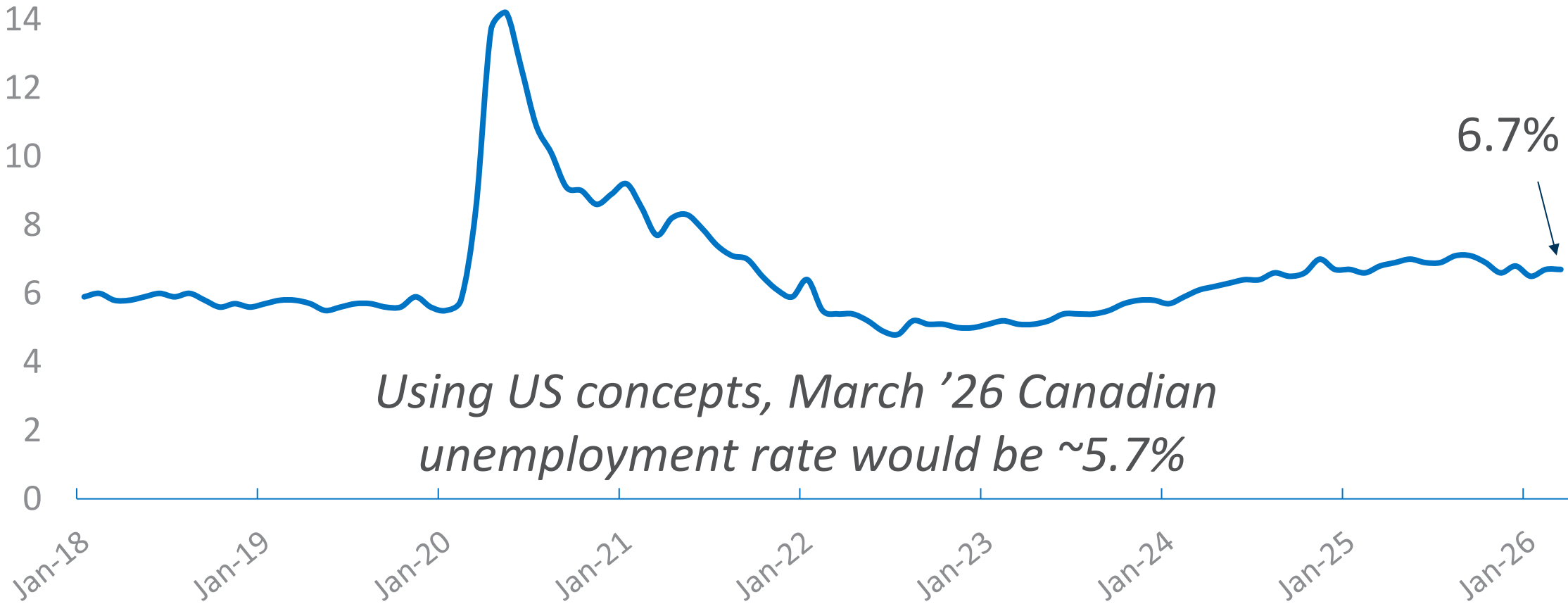
Canadian employment

Actual hours worked, Y/Y % change in 5-month moving average



Unemployment rate

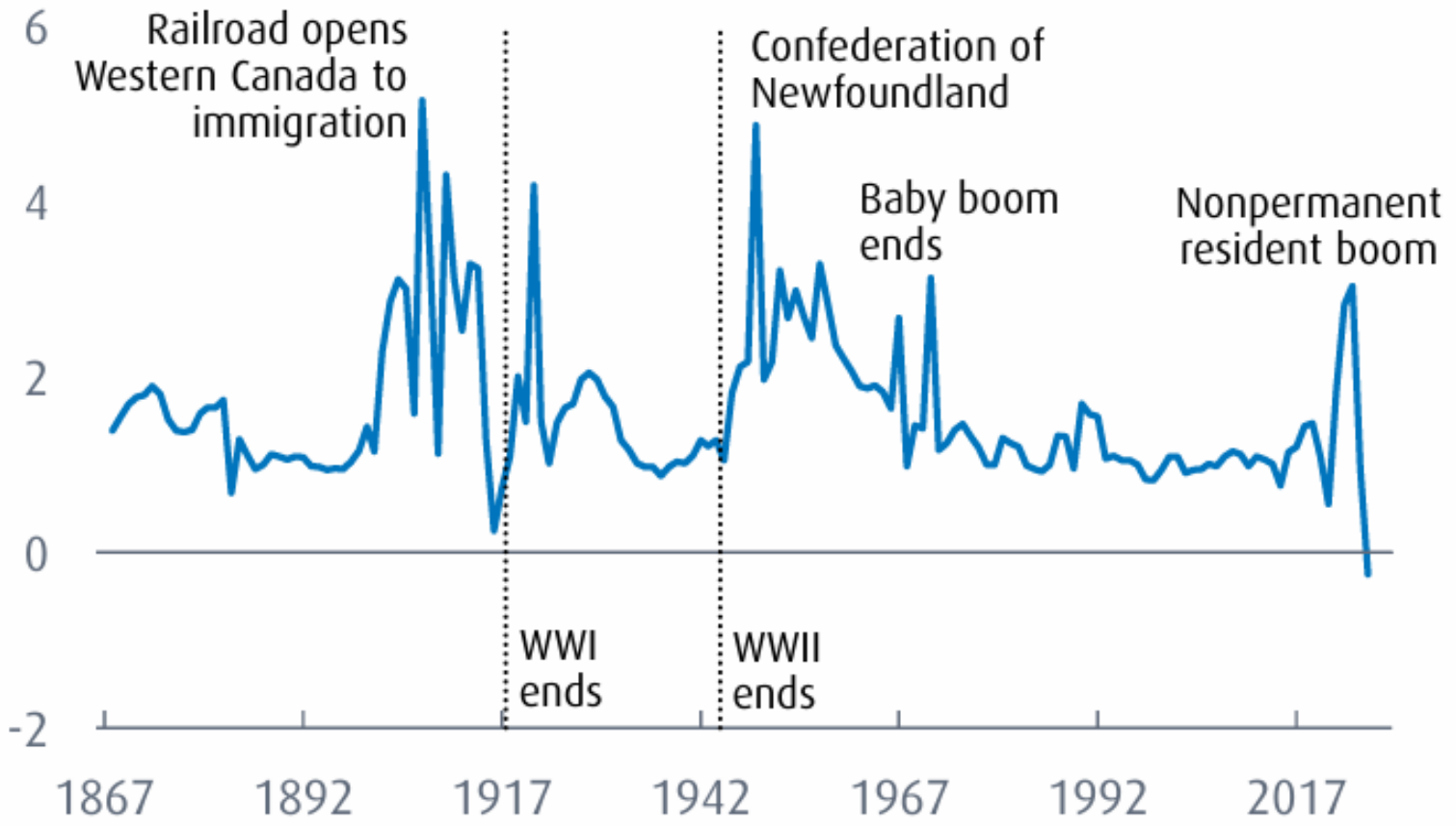
Percent, monthly



Using US concepts, March '26 Canadian unemployment rate would be ~5.7%

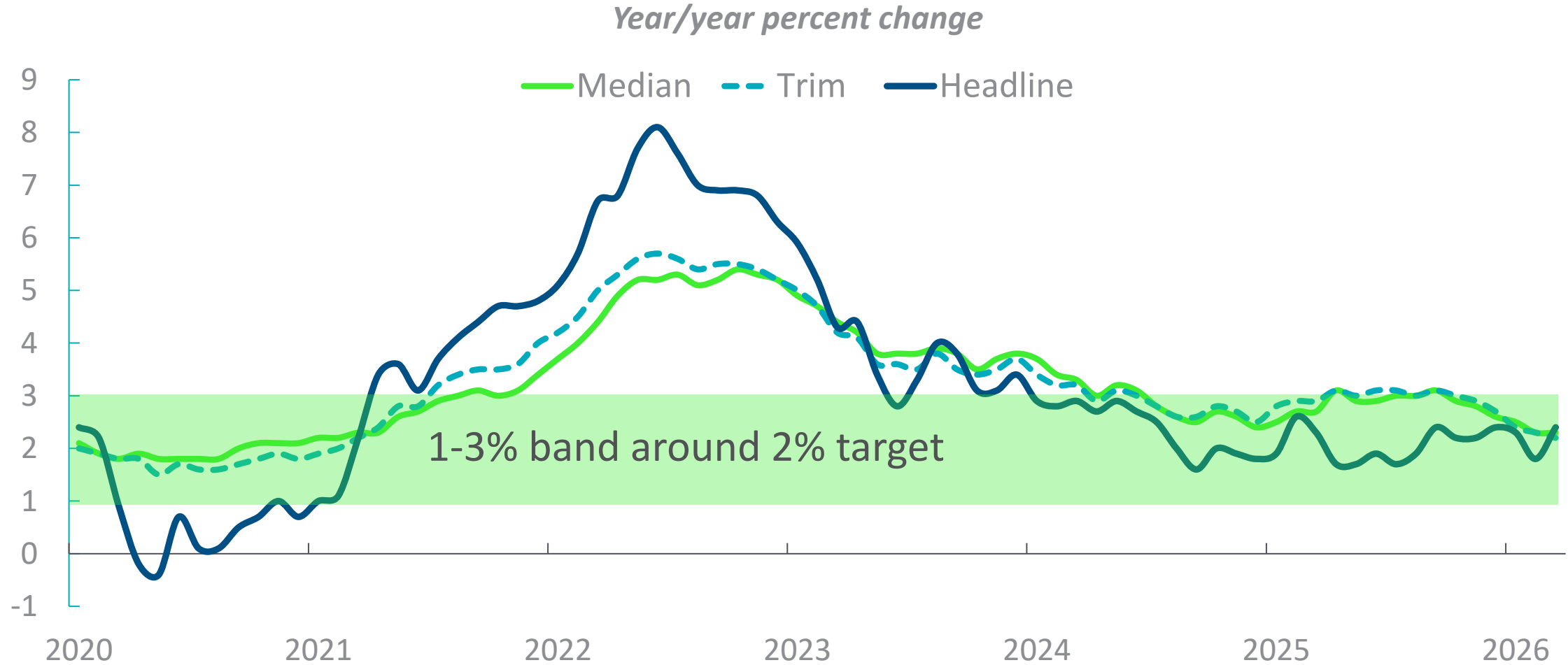
First decline ever

Population Growth — Canada (y/y % chng)



Sources: BMO Economics, Statistics Canada

Canadian inflation



Canada – infrastructure investment



HOUSING



NORTHERN
ROAD, PORTS &
DEFENCE
PROJECTS



NEW ELECTRICITY
TRANSMISSION
LINES & STRATEGIC
INTERTIES



HIGH-SPEED RAIL
IN TORONTO-
MONTREAL
CORRIDOR



SMALL
MODULAR
REACTORS



DATA CENTRES



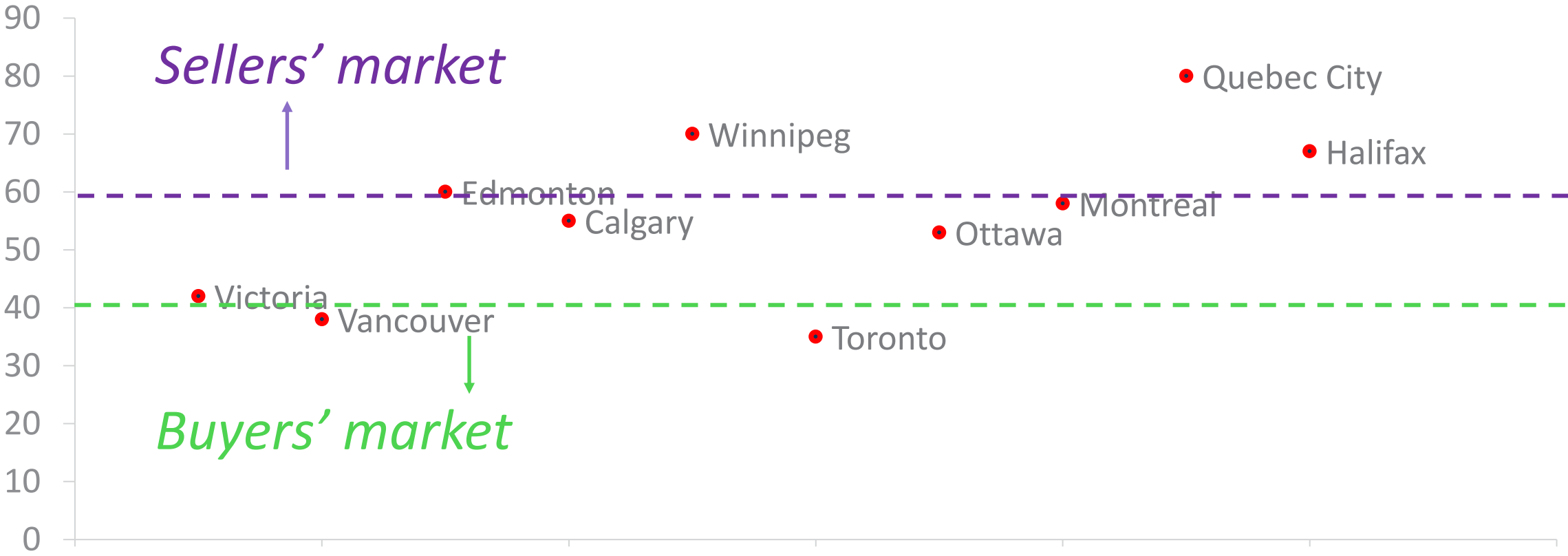
CARBON
CAPTURE &
STORAGE



ANOTHER
PIPELINE FROM
ALBERTA TO B.C.
COAST?

Canada housing re-sale market conditions

Sales-to-new listings ratio, March 2026



Canada - economic indicators

Employment - Y/Y change, total hours worked	April 2026	-0.5%
Unemployment rate	April 2026	6.7%
Housing starts - Y/Y change	Q1 2026	7.9%
Retail trade - Y/Y change	February 2026	3.8%
Capital investment intentions	2026	3.0%
Current account - % of GDP	2025	-1.2
Real GDP – annualized change	Q1 E	1.6%
CPI - Y/Y change	March 2026	2.4%
Federal deficit - % of GDP	2025-26 E	-2.1

Policy & political issues

- Climate policy vs. infrastructure goals
- First Nations role in economic and industrial development
- Brexit redux? Alberta & Quebec separation referenda later in 2026
- Online harms/social media regulation
- Dairy policies, US liquor bans – hot-button CUSMA issues for USA negotiators
- What is a CUSMA extension worth?