

### FISCAL PULSE

November 18, 2025

#### Contributors

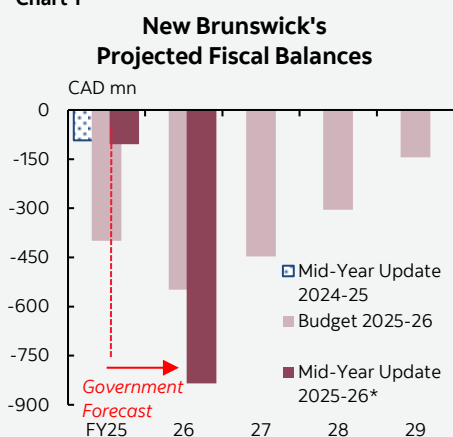
##### Mitch Villeneuve

Director, Economic Policy  
Scotiabank Economics  
416.350.1175  
[mitch.villeneuve@scotiabank.com](mailto:mitch.villeneuve@scotiabank.com)

##### John Fanjoy

Economist  
Scotiabank Economics  
416.866.4735  
[john.fanjoy@scotiabank.com](mailto:john.fanjoy@scotiabank.com)

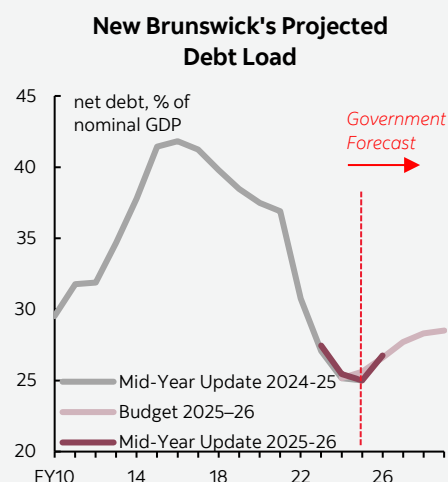
Chart 1



\* FY25 figure is final result.

Sources: Scotiabank Economics, New Brunswick Finance.

Chart 2



Sources: Scotiabank Economics, New Brunswick Finance, Statistics Canada, Finance Canada.

## New Brunswick: 2025–26 Mid-Year Fiscal Update

### REVENUE DOWNGRADE, HIGHER SPENDING FUEL INCREASE IN PROJECTED DEFICIT

- **New Brunswick released its mid-year economic and fiscal update, with a projected FY26 deficit of \$835 mn (1.7% of GDP), compared to \$549 mn (1.1%) in the Budget.** No new policy measures were announced.
- **A lower revenue forecast drove most of the increase in the FY26 deficit.** Corporate and personal income taxes, as well as various other categories, are now expected to be lower than forecast in the budget, such that essentially no growth in total revenues is now expected year-over-year. As we previewed in [our piece on the 2024 Provincial Economic Accounts](#), New Brunswick's nominal GDP level (i.e., the tax base) was recently revised lower by Statistics Canada. In addition, the assumed nominal growth rate for 2025 has been revised down to 3.1% compared to 3.2% in the Spring budget.
- **Higher spending is responsible for about a third of the increase in the projected deficit.** Increased projected spending by the health and social development departments has led overall projected expenses higher, despite lower spending by some other departments. Overall, expenses are projected to be 5.5% higher than the previous fiscal year.
- **Net debt is projected to rise.** Based on the published government forecast for GDP, which pre-dated the recent economic revisions, net debt is expected to rise from 25.0% in FY25 to 26.8% in FY26. However, our calculations indicate that the recent GDP revisions will increase the FY25 figure to 25.4%. Despite the projected increase, New Brunswick's public debt burden remains lower than most other provinces.
- **Medium-term fiscal risks appear tilted to the downside.** While the worst case scenarios for the U.S. tariff war seem to have been avoided, the province is facing slowing growth on top of the downward revisions to the size of the provincial economy. In addition, the government is facing spending pressures from health and social services, and the finance minister has signalled that a new compensation deal for physicians could increase projected spending further before the end of the year. More moderate spending growth alongside a pickup in revenues will be needed to achieve the declining deficit path set out in the Spring budget.

### Updated Fiscal Forecast

\$ millions except where noted

	FY25		FY26	
	Bud.'25	Mid-Year	Bud.'25	Mid-Year
Own Source Revenue	8,285	8,588	8,652	8,473
Federal Transfers	5,090	5,059	5,207	5,206
<b>Total Revenue</b>	<b>13,375</b>	<b>13,647</b>	<b>13,860</b>	<b>13,679</b>
Program Spending	12,647	13,061	13,668	13,774
Debt Service	687	690	740	740
% of Revenue	5.1	5.1	5.3	5.4
<b>Total Expenditure</b>	<b>13,334</b>	<b>13,751</b>	<b>14,409</b>	<b>14,514</b>
<b>Budget Balance</b>	<b>40.9</b>	<b>-104.4</b>	<b>-549.0</b>	<b>-834.7</b>
% of GDP	0.1	-0.2	-1.1	-1.7
<b>Net Debt</b>	<b>11,760</b>	<b>12,270</b>	<b>13,430</b>	<b>13,480</b>
% of GDP	24.1	25.0	26.6	26.8

Sources: Scotiabank Economics, New Brunswick Finance.

This report has been prepared by Scotiabank Economics as a resource for the clients of Scotiabank. Opinions, estimates and projections contained herein are our own as of the date hereof and are subject to change without notice. The information and opinions contained herein have been compiled or arrived at from sources believed reliable but no representation or warranty, express or implied, is made as to their accuracy or completeness. Neither Scotiabank nor any of its officers, directors, partners, employees or affiliates accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

These reports are provided to you for informational purposes only. This report is not, and is not constructed as, an offer to sell or solicitation of any offer to buy any financial instrument, nor shall this report be construed as an opinion as to whether you should enter into any swap or trading strategy involving a swap or any other transaction. The information contained in this report is not intended to be, and does not constitute, a recommendation of a swap or trading strategy involving a swap within the meaning of U.S. Commodity Futures Trading Commission Regulation 23.434 and Appendix A thereto. This material is not intended to be individually tailored to your needs or characteristics and should not be viewed as a “call to action” or suggestion that you enter into a swap or trading strategy involving a swap or any other transaction. Scotiabank may engage in transactions in a manner inconsistent with the views discussed this report and may have positions, or be in the process of acquiring or disposing of positions, referred to in this report.

Scotiabank, its affiliates and any of their respective officers, directors and employees may from time to time take positions in currencies, act as managers, co-managers or underwriters of a public offering or act as principals or agents, deal in, own or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to securities or related derivatives. As a result of these actions, Scotiabank may receive remuneration. All Scotiabank products and services are subject to the terms of applicable agreements and local regulations. Officers, directors and employees of Scotiabank and its affiliates may serve as directors of corporations.

Any securities discussed in this report may not be suitable for all investors. Scotiabank recommends that investors independently evaluate any issuer and security discussed in this report, and consult with any advisors they deem necessary prior to making any investment.

**This report and all information, opinions and conclusions contained in it are protected by copyright. This information may not be reproduced without the prior express written consent of Scotiabank.**

™ Trademark of The Bank of Nova Scotia. Used under license, where applicable.

Scotiabank, together with “Global Banking and Markets”, is a marketing name for the global corporate and investment banking and capital markets businesses of The Bank of Nova Scotia and certain of its affiliates in the countries where they operate, including: Scotiabank Europe plc; Scotiabank (Ireland) Designated Activity Company; Scotiabank Inverlat S.A., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, Scotia Inverlat Derivados S.A. de C.V. – all members of the Scotiabank group and authorized users of the Scotiabank mark. The Bank of Nova Scotia is incorporated in Canada with limited liability and is authorised and regulated by the Office of the Superintendent of Financial Institutions Canada. The Bank of Nova Scotia is authorized by the UK Prudential Regulation Authority and is subject to regulation by the UK Financial Conduct Authority and limited regulation by the UK Prudential Regulation Authority. Details about the extent of The Bank of Nova Scotia's regulation by the UK Prudential Regulation Authority are available from us on request. Scotiabank Europe plc is authorized by the UK Prudential Regulation Authority and regulated by the UK Financial Conduct Authority and the UK Prudential Regulation Authority.

Scotiabank Inverlat, S.A., Scotia Inverlat Casa de Bolsa, S.A. de C.V., Grupo Financiero Scotiabank Inverlat, and Scotia Inverlat Derivados, S.A. de C.V., are each authorized and regulated by the Mexican financial authorities.

Not all products and services are offered in all jurisdictions. Services described are available in jurisdictions where permitted by law.