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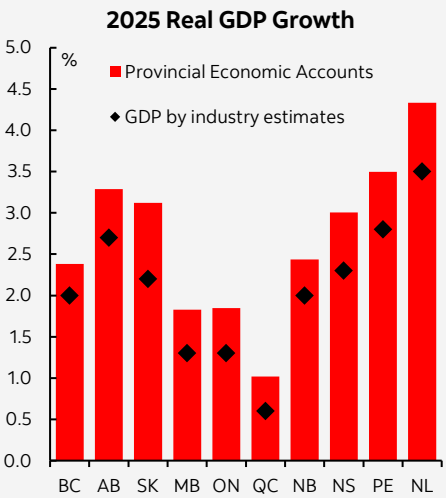
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2025 Provincial Growth and FY26 Debt Burdens

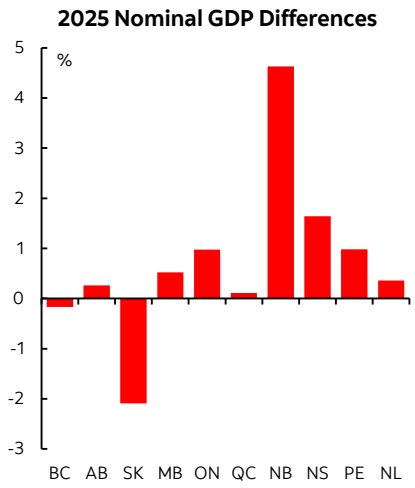
- Statistics Canada has released the 2025 Provincial Economic Accounts, and also made small revisions to previous years. Newfoundland & Labrador is estimated to have achieved the strongest real GDP growth rate among provinces in 2025, at a robust 4.3%—up from the 3.5% estimate in the provincial GDP by industry data released earlier this year. Each province saw an increase to its 2025 growth rate compared to the GDP by industry data (chart 1). This was broadly expected, as the GDP by industry estimates summed to national growth of 1.6%, compared to the 1.9% indicated by the latest quarterly national growth figures. Quebec is estimated to have recorded the weakest real GDP growth last year at 1.0% (though up from 0.6% in the earlier estimate).
- For Canada as a whole, Statistics Canada continues to estimate real GDP growth of 1.9% for 2025, though small revisions to several years cumulate to an increase in the GDP level of 0.1% compared to the latest quarterly series.
- This release also included the first estimate of 2025 provincial *nominal* GDP, which also came in higher than previously expected for most provinces compared to the numbers assumed in their recent FY26 Public Accounts (chart 2). New Brunswick has seen the largest positive difference (4.6% higher than previously projected), due to its 2025 nominal GDP growth coming in higher than expected in addition to an upward revision for 2024. Saskatchewan saw the largest decrease to its nominal GDP compared to previous expectations, driven by a downward revision to the estimate for 2023.
- Revised nominal GDP levels impact the calculations of provincial net debt as a share of GDP, which is a key metric for debt burdens and sustainability. For the provinces that saw increases to their nominal GDP levels, their debt burdens are now somewhat lower than they previously estimated. New Brunswick saw the largest reduction to its estimated net debt burden, by 1.2 percentage points. However, the overall debt burden rankings are unchanged, with Newfoundland & Labrador at the top end and Alberta at the bottom (chart 3).
- These higher real GDP growth numbers will indicate somewhat stronger economic momentum in each province than previously believed, and could lead provinces to somewhat increase their economic and revenue growth forecasts going forward (especially where nominal GDP has been revised substantially higher).

Chart 1



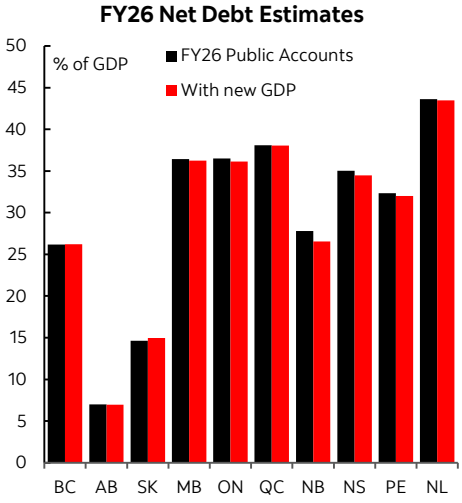
Sources: Scotiabank Economics, Statistics Canada.

Chart 2



Sources: Scotiabank Economics, Statistics Canada, provincial budget documents.

Chart 3



Sources: Scotiabank Economics, Budget Documents.

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