

2025

# Economic Update

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Minister of Finance

# 2025 Economic Update

## International

Global real gross domestic product (GDP) is projected to expand by 3.2 per cent in 2025, following growth of 3.3 per cent in 2024, according to the International Monetary Fund (IMF). A slowdown was expected, mainly due to United States (U.S.) tariffs dampening trade and investment prospects. However, the IMF recently raised its 2025 forecast by 0.4 percentage points, reflecting lower-than-expected effective tariff rates and improved financial conditions. Equity markets have recovered from earlier declines, reaching record highs. Economic activity in the first half of the year was also boosted by front-loading, as firms accelerated orders ahead of anticipated tariffs, driving up industrial output.

Advanced economies are expected to grow by 1.6 per cent in 2025, with slower growth in the euro area (+1.2 per cent) than in the U.S. (+2.0 per cent). Emerging and developing economies are expected to grow by 4.2 per cent, led by India (+6.6 per cent), which is expected to outpace China (+4.8 per cent) again this year. China's real estate sector remains fragile, contributing to ongoing deflation. Still, its economy outperformed expectations in early 2025, helped by lower-than-anticipated U.S.-China tariffs and front-loaded exports. Despite strong Q2 GDP growth in the U.S. (+3.8 per cent annualized), employment growth has slowed in recent months with June recording the first



Port au Port  
Department of Tourism, Culture, Arts and Recreation

monthly decline since 2020. Global inflation has eased relative to recent years, but has started to increase again in the U.S. and other advanced economies. This may reflect tariff impacts and a weaker U.S. dollar.

Canada's economy lagged the U.S. in early 2025, with real GDP contracting 1.8 per cent in Q2, its sharpest decline since the pandemic. The downturn was driven by steep drops in goods exports (-30.7 per cent) and machinery and equipment investment (-19.1 per cent) following new U.S. tariffs on Canadian exports. Growth rebounded in Q3, with GDP rising 2.6 per cent, supported by an improving trade balance as imports fell and exports edged higher. However, underlying weakness persisted—consumer spending slipped (-0.4 per cent) and business investment declined for a third straight quarter.

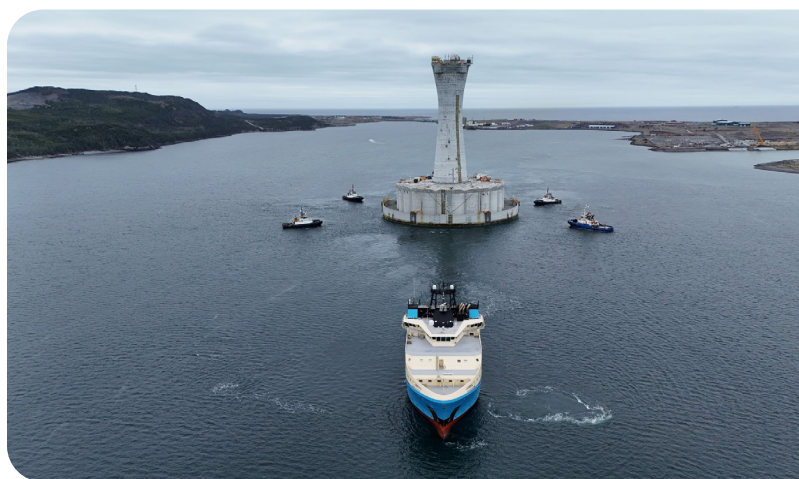
Labour market conditions also softened, with the unemployment rate climbing steadily each month on a year-over-year basis.

U.S. tariffs on Canadian goods not compliant with the Canada-United States-Mexico Agreement (CUSMA) currently stand at 35 per cent, 10 per cent for energy and potash, 25 per cent for vehicles and parts, and 50 per cent for aluminum, steel, and copper. While the effective average tariff is much lower, with about 85 per cent of Canadian exports qualifying for exemption under CUSMA, the remaining tariffs are negatively impacting key Canadian industries, including steel, aluminum, and autos.

The IMF forecasts global growth of 3.1 per cent in 2026, with advanced economies growing by 1.6 per cent and developing economies by 4.0 per cent, led by India (+6.2 per cent), and China (+4.2 per cent). This outlook hinges on trade negotiations—failed talks could trigger an escalation of protectionist measures, while successful negotiations may foster a more investment-friendly environment. According to the latest consensus of forecasters, Canada's real GDP is expected to grow by 1.2 per cent in 2025 and 1.3 per cent in 2026.

## Provincial

Newfoundland and Labrador's economy has remained resilient in 2025, building on momentum from last year. Some key economic indicators point to continued growth, and inflation has remained lower than anticipated. House sales have increased despite supply constraints, and early signals suggest another successful tourism season. While some indicators, such as housing starts and employment in the goods-producing sector, are showing declines, real GDP growth is expected to lead all provinces this year. Economic growth is being driven by increased oil and nickel production and rising export volumes.



West White Rose GBS Tow Out  
Department of Energy and Mines

The province's oil and gas sector has seen a notable rebound in 2025, with offshore oil production rising 13.2 per cent year-to-date through September compared to the same period in 2024. Strong output from Hebron contributed the most to the overall increase, while the White Rose project resumed production in March 2025 following a refit of the SeaRose floating production, storage and offloading vessel (FPSO) which had been offline since January 2024. As of the end of September, the West White Rose project was approximately 98 per cent complete, as the 210,000-tonne concrete gravity structure was floated out to the Grand Banks field in June and mated with the topsides in July. Subsea tie-ins from the West White Rose platform to the SeaRose FPSO were completed, and hookup and commission activities are underway. First oil for the project remains on track for the second quarter of 2026. The price of Brent crude oil averaged approximately US\$70 per barrel over the January to October 2025 period, 14.1 per cent lower than the same period in 2024.

In the mining sector, production levels for many of the province's key mineral exports have increased in the first three quarters of 2025. Nickel production increased significantly, doubling over the January to September period compared to the same period last



First Gold Pour at Valentine Gold Mine  
Equinox Gold Corp.

year, largely reflecting the continued ramp-up from the Voisey's Bay underground mines. Iron ore production at the Iron Ore Company of Canada also increased, up 3.4 per cent through September. Other major developments in the mining sector include the startup of ore processing at the Valentine Gold Mine and expanded drilling and exploration across Labrador and central Newfoundland. The province is a key player in Canada's resource economy, with active projects in gold, nickel, copper, cobalt, barite, gypsum, peat and emerging critical minerals like antimony and lithium.

The fishery and aquaculture sector has performed well in 2025, driven by a 41.0 per cent increase in the average raw material price for snow crab and higher quotas for key species. From January to October, total seafood landed value was already over 20 per cent higher than all of 2024, largely due to a very successful snow crab season that saw a 9.0 per cent increase in landings and a 53.7 per cent rise in value. With the Northern cod moratorium lifted in June 2024, the 2025 quota doubled to 38,000 tonnes, resulting in a 63.0 per cent increase in landings through October over the full year of 2024. Aquaculture production is also set to grow in 2025, partly due to early salmon harvesting caused by summer environmental challenges,

which may affect future output. Despite this, the aquaculture industry remains a major economic contributor, valued at over \$250 million in 2024 and supporting rural employment.

## Consumer Spending

Almost all indicators of consumer spending show growth in 2025, led by new motor vehicle sales, which continue to outperform the national average. Other key indicators, such as retail sales and some service sector measures, have posted year-over-year gains in nearly every month.

Overall, retail trade sales totalled \$9.3 billion over the January to September 2025 period, a 4.6 per cent increase compared to the same period of 2024. The 'Health and personal care retailers' category accounted for the largest percentage increase over the period (+31.0 per cent), followed by 'Building material and garden equipment and supplies dealers' (+9.0 per cent) and 'Motor vehicle and parts dealers' (+7.6 per cent), which includes new and used cars, parts, and services labour. The largest decline in retail sales was in the 'Gasoline stations and fuel vendors' category (-7.4 per cent), partly due to lower gasoline and fuel prices this year compared to last year.

After growing 21.4 per cent in 2024, new motor vehicles sales have remained strong in the province through the first nine months of 2025, increasing by 14.2 per cent through September compared to the same period last year. Over 90 per cent of sales fell under the 'Trucks' category, which includes minivans, sport-utility vehicles, light and heavy trucks, vans and buses. Sales in this category totalled 26,508 units (+16.2 per cent), while sales of 'Passenger cars' totalled 2,656 units (-2.4 per cent).

Although data on overall service sector performance are limited, sales for 'Food services and drinking places' totalled \$847.0 million





Snow Crab Processing in New-Wes-Valley  
Department of Fisheries and Aquaculture

through September, a 7.0 per cent increase over the same period in 2024. Sales at full-service restaurants—primarily family restaurants, diners, and fine dining—rose 5.9 per cent, while limited-service establishments such as coffee shops, fast food outlets, and ice cream parlours increased by 6.1 per cent. Additionally, many tourism indicators gained momentum between May and August, with visitation six per cent higher than during the same period in 2024—an increase of 16,200 visitors.

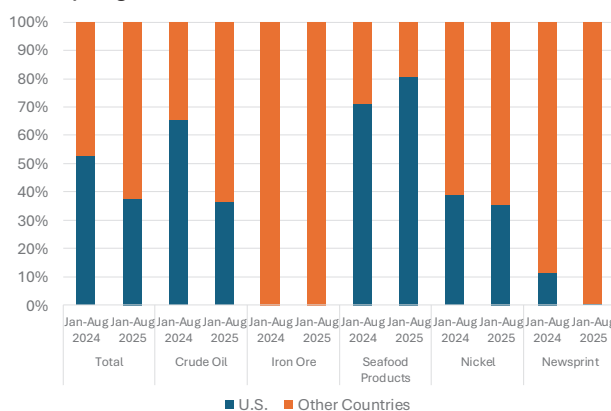
## Exports

There was considerable uncertainty around the province's main international exports at the start of 2025 due to U.S. tariff threats on Canadian goods. As the year progressed, it became clear that most provincial exports to the U.S. would continue to enter duty-free under CUSMA. Still, global trade shifts in response to U.S. tariffs have led to some reallocation of provincial exports to other markets (see Figure 1). Furthermore, since March 2025, a 25 per cent tariff on Canadian seafood exports to China has remained in place, leading to reduced shipments of several species. Through August, export values to China declined by 56.8 per cent for snow crab, 35.9 per cent for clams, and 25.4 per cent for halibut.

Overall, international exports from the province totalled \$9.7 billion in the January to August 2025 period, an increase of 2.8 per cent compared to the same period in 2024. Crude oil accounted for the largest export value over the period at \$5.2 billion (+0.5 per cent), followed by iron ore at \$1.7 billion (-3.9 per cent), seafood products at \$1.5 billion (+27.3 per cent), and nickel at \$698.0 million (+36.4 per cent). Commodity prices influence the value of exports for each of the products listed above. In the case of crude oil, iron ore, and nickel, higher production was partially or fully offset by price declines through the first part of the year. For seafood products, higher prices for snow crab in 2025 have been one of the main contributors to the increase in total export value.

Through August, 37.5 per cent of the province's international exports went to the U.S. (down from 52.8 per cent over the same period in 2024), followed by 20.9 per cent to the Netherlands (up from 13.2 per cent), 9.6 per cent to the United Kingdom (up from 6.5 per cent), and 8.6 per cent to Germany (up from 6.9 per cent). Other notable export markets include China (4.6 per cent), Algeria (2.5 per cent), Belgium (2.5 per cent), Italy (2.2 per cent), Spain (2.1 per cent), and France (1.4 per cent). The remaining export value was distributed among other countries.

**Figure 1: Shares of NL International Export Values**  
January-August 2024 and 2025



Source: Statistics Canada; U.S. Census Bureau



Voisey's Bay Mine, Labrador  
Department of Energy and Mines

## Labour Market

The Newfoundland and Labrador labour market continues to demonstrate stability in 2025, with monthly employment levels holding near 2024 levels. Employment averaged 245,600 persons over the January to October period, essentially on par with the same period last year. The unemployment rate averaged 10.1 per cent, up 0.2 percentage points year-to-date, but still near historic lows.

Employment gains through October were concentrated in part-time employment (+1,600 persons), offset by losses in full-time employment (-2,000 persons). On an industry basis, gains in the services-producing sector (+3,300 persons) were offset by losses in the goods-producing sector (-3,700 persons). In the services-producing sector, the largest gains were recorded in 'Other services' (+1,500 persons), 'Public administration' (+1,200 persons), 'Business, building and other support services' (+1,100 persons), and 'Wholesale and retail trade' (+1,000 persons).<sup>1</sup> Notable losses in the services-producing

sector occurred in 'Accommodation and food services' (-1,000 persons), 'Health care and social assistance' (-600 persons) and 'Professional, scientific and technical services' (-600 persons). In the goods-producing sector, the largest employment losses were in 'Mining, quarrying and oil and gas extraction' (-2,900 persons) and 'Construction' (-1,700 persons). Employment gains occurred in 'Fishing, hunting and trapping' (+1,000 persons) and 'Utilities' (+200 persons).

Average weekly earnings in the province were \$1,280.56 over the January to September 2025 period, an increase of 3.6 per cent compared to the same period last year. This ranked just below the Canadian average of \$1,300.07.

## Inflation and Interest Rates

Both inflation and interest rates have been significantly lower in 2025 compared to 2024. According to the Consumer Price Index, inflation in the province averaged 1.2 per cent over the January to October 2025 period compared to 2.0 per cent in the same period last year. Inflation for essentials such as 'Food' (+2.5 per cent) and 'Shelter' (+3.7 per cent) remained above the 'All-items' index through most of the year, while 'Energy' prices declined (-2.3 per cent), as lower oil prices and the removal of the federal consumer carbon tax on April 1, 2025, lowered the price of gasoline. Interest rates also fell—the Bank of Canada's target for the overnight rate started the year at 3.25 per cent and decreased to 2.25 per cent in October, well below the 2024 high of 5.0 per cent.

<sup>1</sup>'Other services' includes establishments, not classified to any other sector, primarily engaged in repairing, or performing general or routine maintenance, on motor vehicles, machinery, equipment and other products to ensure that they work efficiently; providing personal care services, funeral services, laundry services and other services to individuals, such as pet care services and photo finishing services; organizing and promoting religious activities; supporting various causes through grant-making, advocating (promoting) various social and political causes, and promoting and defending the interests of their members. Private households are also included.

## Population

Newfoundland and Labrador has experienced population growth in every quarter since Q4 2020. As of July 1, 2025, the population stood at 549,911—the highest level since Q3 1997—a quarterly increase of 455 people (+0.1 per cent) from April 1, 2025.

On an annual basis, the province's population grew by 3,042 people (+0.6 per cent) from July 1, 2024, to July 1, 2025, marking the fifth consecutive yearly increase since a slight decline in 2020. Growth was driven primarily by international migration, with a modest gain in interprovincial migration, partly offset by natural population losses (more deaths than births). Natural population decline has accelerated over the past nine years, reflecting an aging population and lower fertility rates. The natural population change was -2,929 people over July 1, 2024. Net international migration reached its third-highest level (+5,906) since consistent records began in 1971, due to a record number of immigrants (+5,473) and an increase in net non-permanent residents (+574). Net interprovincial migration was positive for a fifth straight year (+65), with the largest net gain from Ontario (+1,006) and the largest net losses to Nova Scotia (-368) and Alberta (-355).

## Economic Outlook

The provincial economy is expected to show solid growth in 2025. Real GDP is expected to grow by 5.3 per cent, driven by oil and mining production as well as strong consumer spending. Employment is forecast to remain essentially unchanged at approximately 245,100 persons, while the unemployment rate is forecast to average 10.1 per cent. Retail sales are expected to moderate through the remainder of the year, but will remain relatively strong, increasing by 4.0 per cent. Inflation is expected to average 1.2 per cent for the year, down from 1.8 per cent in 2024. Capital investment is forecast



Spillars Cove, Bonavista Peninsula  
Department of Tourism, Culture, Arts and Recreation

to decline by 6.3 per cent, as major project construction activity associated with the Voisey's Bay underground mines and Valentine Gold Mine wrapped up this year, and residential construction is forecast to be lower.

In the medium term, there are several major projects in the planning phase that would lead to a rebound in capital investment in the province should they proceed. These projects have the potential to generate significant economic benefits for the province in sectors such as oil and gas, mining, and renewable energy.



**Table 1: NL Economic Indicators Forecast (Calendar Year 2025)**

	2024	Fall Update 2025f	Per cent change
Nominal GDP (\$M)	42,219	43,671	3.4
Real GDP (\$2017M)	32,350	34,060	5.3
Household Income (\$M)	33,378	34,010	1.9
Retail Sales (\$M)	12,214	12,698	4.0
Consumer Price Index (2002 = 100)	161.9	163.8	1.2
Housing Starts (units)	1,672	1,545	-7.6
Capital Investment (\$M)	8,745	8,197	-6.3
Population (thousands)	546.9	549.9*	0.6
Employment (thousands of PYs)	245.0	245.1	0.0

f: forecast

\*: actual

\$M: millions; PYs: person years

Source: Statistics Canada; Department of Finance



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