Economic Update



FALL **2026**

Newfoundland & Labrador

2026 Economic Update

International

Global economic growth has remained resilient in 2026 despite trade policy uncertainty, elevated geopolitical tensions, and energy market volatility. According to the International Monetary Fund (IMF), global real gross domestic product (GDP) is expected to increase 3.1 per cent in 2026, down from 3.5 per cent growth in 2025. While conflicts in the Middle East have contributed to higher energy prices and renewed inflationary pressures, economic activity in many major economies has generally been stronger than expected. Higher incomes, consumer spending, business investment, government spending on defence, cost-of-living measures, and investment in new technologies have helped sustain global economic activity and offset some of the effects of higher energy costs.

Growth prospects vary across major economies. Advanced economies are expected to expand by 2.1 per cent in 2026, including 2.3 per cent growth in the United States and 1.1 per cent growth in the euro area. The U.S. economy has remained comparatively strong, supported by consumer spending, business investment, and growth in AI-related manufacturing, technology and data centre development. Real GDP in the U.S. increased at annualized rates of 2.5 per cent and 2.2 per cent in the first and second quarters of 2026, respectively, before accelerating to 3.4 per cent in the third quarter. In China, growth is expected to reach 4.5 per cent in 2026, supported by public infrastructure spending and high-technology manufacturing, although domestic demand and the property sector remain relatively weak. India is again expected to be the world's fastest-growing major economy, with growth of 7.0 per cent in 2026.

Canada's economy strengthened through the first half of 2026 following a period of relatively modest growth. Real GDP increased at an annualized rate of 3.3 per

cent in the second quarter, driven by stronger household spending, residential and non-residential investment, and improved export performance. Investment in machinery, equipment and technology-related assets contributed to growth, while higher energy prices generally supported Canada's trade balance as a net energy exporter. Labour market conditions have remained comparatively subdued, while uncertainty surrounding Canada-U.S. trade relations continues to weigh on the outlook.

The international outlook remains subject to considerable uncertainty. Ongoing conflicts in the Middle East continue to pose risks to global supply chains, energy markets, and inflation, particularly given uncertainty surrounding shipping routes and energy exports in the region. At the same time, trade policy uncertainty and changing market access conditions continue to weigh on business and investment decisions. While continued strength in consumer spending and investment could support global growth, geopolitical risks, trade policy uncertainty, energy market volatility, and broader financial risks remain elevated.

Provincial

Newfoundland and Labrador's economy has remained strong in 2026, driven primarily by increased offshore oil production, higher oil prices and solid export performance. Growth in nickel and gold production, strength in the fisheries and aquaculture industry,



The Hebron offshore oil platform with supply vessels in the Jeanne d'Arc Basin
Department of Energy and Mines

increased tourism activity, and resilient consumer spending have also contributed to economic activity during the year. Labour market conditions have been stable, while labour income continued to increase. Despite elevated trade policy uncertainty associated with U.S. tariff actions, export performance remained strong and several industries benefited from expanding international markets.

The province's oil industry strengthened considerably in 2026. Offshore oil production increased 17.5 per cent year-to-date through September compared with the same period in 2025, driven by higher output from all major producing fields. Production gains were recorded at Hibernia (+20.5 per cent), Terra Nova (+27.7 per cent), White Rose/ North Amethyst (+42.4 per cent), and Hebron (+12.9 per cent). The increase reflects strong operational performance across the offshore oil industry and continued recovery of production at White Rose. Oil prices were

also considerably higher than a year earlier, with Brent crude averaging approximately US$93 per barrel from January to September, up 31.5 per cent from the same period in 2025. With both stronger production and higher prices, the value of offshore oil production increased 53.2 per cent year-to-date to an estimated $9.7 billion.

Performance in the province's mining sector is expected to strengthen in 2026. Voisey's Bay nickel production increased during the first half of the year as underground mining operations continued to ramp up. Production eased in the third quarter due to planned maintenance at both Voisey's Bay and the Long Harbour Processing Plant; however, year-to-date nickel production remained above 2025 levels. Total gold production in the province increased following the start of commercial operations at the Valentine Gold Mine and New Found Gold's Hammerdown project. These gains were partially offset by weaker iron ore production at Rio Tinto – Iron Ore Company of Canada in Labrador. Production and shipments declined during the first half of the year as the company made operational changes aimed at improving long-term pit productivity, mine development, and reliability. Both rebounded in the third quarter as operating conditions improved. Overall, Labrador's iron ore output remains on track to increase in 2026, supported by the province's three producing operations. Mineral exploration activity remained strong across the province, with spending intentions for 2026 reaching a record $283.3 million, supported by continued investment in iron ore, gold, critical minerals, and other resource projects.



Gold produced at the Valentine Gold Mine in central Newfoundland

Equinox Gold Corp.

Preliminary data indicate that the fisheries and aquaculture industry remained strong in 2026. Higher snow crab prices and increased harvesting opportunities for key groundfish species are supporting activity in the fishery. The average raw material price for snow crab increased by 11.3 per cent in 2026, contributing to another successful season. Preliminary data indicate snow crab landings declined 2.3 per cent compared with 2025, while landed value increased 8.7 per cent. Groundfish landings have strengthened considerably following the reopening of the Northern cod commercial fishery in 2024. The total allowable catch for Northern cod increased from 38,000 tonnes in 2025 to 59,000 tonnes in 2026,



Dock with fishing boat near Trinity

supporting growth in harvesting. Recent stock assessments indicate Northern cod has reached the Healthy Zone under Fisheries and Oceans Canada's Precautionary Approach Framework, supporting continued growth in the fishery. While shellfish remains the dominant contributor to industry value, increasing cod and other groundfish production reflects greater industry diversification. Aquaculture also continues to be an important contributor to the provincial economy and a key source of employment in rural communities. Following record production and market value in 2025, aquaculture production is expected to remain stable in 2026, although the industry continues to manage biological and environmental challenges as experienced in recent years.

Tourism activity in Newfoundland and Labrador strengthened in the first nine months of 2026. An estimated 444,100 non-resident visitors arrived by air and ferry between January and September, an increase of 15 per cent compared with the same period in 2025. Growth was driven primarily by increased air travel, while tourism-related indicators such as accommodation revenues, room occupancy rates, and visitation at Provincial Historic Sites and Visitor Information Centres also increased. Overall, tourism continued to contribute to economic activity, benefiting accommodation, food services, transportation, and other tourism-related industries.

Consumer Spending

Consumer spending has remained resilient in 2026 despite higher prices for energy and other goods and services. Retail sales increased 4.6 per cent year-to-date through September compared with the same period in 2025, with gains across most major retail categories. The value of new motor vehicle sales increased 1.6 per cent year-to-date through September, surpassing the previous record for the January-September period set in 2025.

Housing market activity was relatively robust during the first nine months of the year. While residential resale transactions moderated compared with the elevated levels recorded in 2025, average home prices continued to increase. The average resale price rose 6.3 per cent year-to-date through October, partially offsetting lower sales volumes, while the total

value of home sales increased 0.4 per cent. Residential construction activity strengthened, with total housing starts increasing 21.8 per cent through the third quarter. Growth was concentrated in urban areas and driven primarily by apartment and other multi-unit developments, particularly in the St. John's Census Metropolitan Area, reflecting continued population growth, demand for housing and increased residential investment.

Spending on food services and drinking places continued to strengthen, increasing 5.5 per cent year-to-date through August. Strong tourism activity during the first half of the year likely provided additional support to restaurants, accommodations, and other consumer-oriented businesses. Combined with strength in the housing market and retail sales, these indicators suggest household demand remained relatively healthy despite increased inflationary pressures.

International Exports

Newfoundland and Labrador's international merchandise exports have strengthened significantly in 2026. The value of total merchandise exports increased 38.3 per cent year-to-date through September compared with the same period in 2025, reaching $14.6 billion.

The increase was driven primarily by the energy sector. The value of oil exports rose 52.6 per cent year-to-date, reflecting both higher offshore oil production and stronger crude oil prices. Export growth was accompanied by a notable shift in destination markets, with exports to the United Kingdom, Germany and France increasing substantially compared with 2025. While the U.S. remained an important market, a larger share of oil exports has been directed toward Europe so far this year.

Exports of renewable fuel products also increased significantly. Much of this increase reflects a return to normal operations following a temporary shutdown of the Braya Renewable Fuels refinery during the first half of 2025. Most renewable fuel exports were destined for European markets, particularly the Netherlands and the United Kingdom.

Seafood exports continued to perform well, with value increasing 23.3 per cent year-to-date through September. Strong demand from the U.S. remained an important driver of export performance, with the U.S. accounting for approximately 71 per cent of Newfoundland and Labrador's seafood exports. Export growth was also supported by increased shipments to several international markets, including Vietnam, Denmark, Portugal, and South Korea. Crab exports remained strong, supported by U.S. demand, while farmed salmon exports increased substantially. Shrimp and lobster exports benefited from growing sales into European and Asian markets.

Mining-related exports produced mixed results. Exports of nickel, copper, and cobalt increased year-to-date through September, reflecting higher production and processing activity at Voisey's Bay and Long Harbour. The value of nickel exports increased 0.4 per cent, while copper and cobalt exports rose 38.0 per cent and 65.1 per cent, respectively. These gains were more than offset by a 17.7 per cent decline in iron ore exports, reflecting lower production and shipments from Rio Tinto - Iron Ore Company of Canada. Over half of the total value of mineral exports were sold to European markets, such as the Netherlands, Germany, and Belgium.



Haul truck operating at the Tacora Mine in Labrador West
Department of Energy and Mines

Trade policy uncertainty remained elevated throughout 2026 as Canada and the U.S. continued to apply tariff and counter-tariff measures affecting a variety of industries. Governments introduced supports for affected workers and businesses while expanding initiatives aimed at market diversification, labour mobility, and reducing interprovincial trade barriers. Despite these challenges, Newfoundland and Labrador's export performance remained strong, supported by growth in energy and seafood exports and continued diversification into domestic and international markets.

Labour Market

The labour market in Newfoundland and Labrador has performed as expected in 2026. Employment edged up slightly through October (+0.5 per cent) compared with the same period in 2025, while the unemployment rate declined by 1.0 percentage points to 9.1 per cent, which is low by historical standards. The labour force declined modestly during the year, contributing to lower unemployment levels. Growth in full-time employment offset declines in part-time employment. Employment increased in several industries, including accommodation and food services, health care and social assistance, mining, quarrying and oil and gas extraction, other services, and wholesale trade. These gains were partially offset by declines in manufacturing and educational services.

Although employment has remained relatively constant during the year, labour income continued to increase. Average weekly earnings increased 1.6 per cent

year-to-date through August 2026 compared with the same period in 2025, while total compensation of employees rose 3.5 per cent during the first six months of the year. Growth in labour income was particularly evident in local government public administration, professional and personal services, and manufacturing industries. Job vacancy rates eased somewhat compared with a year ago but remained above pre-pandemic levels, suggesting labour demand remained relatively healthy across many industries of the economy.

Inflation and Interest Rates

Inflationary pressures thus far in 2026 largely reflect higher energy prices. Consumer prices in Newfoundland and Labrador increased an average of 3.7 per cent during the first ten months of the year. Energy prices rose 14.7 per cent over the period, while shelter and food prices increased 4.0 per cent and 3.4 per cent, respectively. Although price growth accelerated in recent months, reaching 4.9 per cent year-over-year in October, inflation excluding energy averaged a more moderate 2.5 per cent year-to-date, indicating that much of the increase in consumer prices was concentrated in energy-related components.

Although inflation excluding energy remained relatively moderate, the Bank of Canada increased its policy interest rate by 25 basis points to 2.5 per cent in October in response to concerns that sustained high energy prices could contribute to broader inflationary pressures. Even with this increase, borrowing costs remain well below recent peak levels.

Population

Newfoundland and Labrador's population was estimated at 552,462 as of July 1, 2026, an increase of 2,260 persons (+0.4 per cent) over the previous year, the sixth consecutive annual population increase, reaching its highest annual population level in nearly 30 years. While population growth has moderated from the exceptionally strong gains recorded in recent years, the province's population has continued to increase despite ongoing demographic pressures associated with population aging and natural population losses.

Population growth over the past year was driven by continued migration gains from both international and interprovincial sources. Net international migration totalled 4,567 persons, while net interprovincial migration remained positive for a sixth consecutive year with a net gain of 932 persons. These gains more than offset a natural population decline of 3,239 persons, as deaths continued to exceed births. Statistics Canada's latest release also incorporated revisions to recent population and migration estimates and methodological changes affecting non-permanent resident estimates, resulting in higher population levels than previously reported.



Near Elliston on the Bonavista Peninsula
Department of Tourism, Culture, Arts and Recreation

Economic Outlook

Newfoundland and Labrador's economy is expected to record strong growth in 2026. Real GDP is forecast to increase by 7.1 per cent, driven primarily by higher offshore oil and mineral production. Offshore oil production is projected to rise substantially from 2025 levels, increasing by approximately 16 per cent due to higher output from all producing fields. Mineral output is expected to increase, supported by higher gold and nickel production. Nominal GDP is forecast to increase by 15.7 per cent, reflecting both strong real economic growth and higher prices for key commodities, particularly oil and gold.

Employment is forecast to increase modestly by 0.3 per cent in 2026, while the unemployment rate is expected to decline further to 9.1 per cent. Household income growth, driven by wage gains, is expected to continue to support consumer spending. Retail sales are projected to grow by 4.7 per cent, reflecting both rising income and inflationary pressures. Inflation is expected to remain elevated relative to recent years, reflecting higher energy prices and broader cost pressures.

Capital investment is expected to decline by 4.2 per cent as construction activity associated with several major projects moderates and economic growth increasingly reflects production activity rather than project construction. However, residential investment is expected to rise as a result of new construction, with housing starts forecast to increase by 21.8 per cent to approximately 1,900 units.

Although the outlook for 2026 remains positive, risks and uncertainties persist. Global economic growth is expected to moderate, while trade policy uncertainty continues to affect business and investment decisions. At the same time, efforts to expand market access domestically and internationally may offer new opportunities for businesses. Commodity prices, geopolitical developments, and conditions in key export markets will continue to influence economic performance. Overall, the province is expected to benefit from strong resource-sector economic activity, rising exports, and continued growth in several key industries during 2026.

Looking beyond 2026, several major projects currently in the planning phase have the potential to support renewed growth in capital investment. If advanced, these projects could generate significant economic benefits for the province and support economic activity across the oil and gas, mining, renewable energy, and defence sectors. Recent offshore developments also point to continued industry interest in the province's offshore resources. In October, Shell announced an agreement to acquire a 30 per cent interest in the proposed Bay du Nord project, increasing the participation of major international operators in the province's offshore sector. The latest offshore Call for Bids also attracted more than $260 million in work bid commitments across 10 exploration parcels, including six successful bids from Shell, an additional two joint bids from Shell and Equinor, and two successful bids from the Oil and Gas Corporation of Newfoundland and Labrador (OilCo).

Table 1: NL Economic Indicators Forecast (Calendar Year 2026)

	2025	Fall Update 2026f	Per cent change
Nominal GDP ($M)	43,749	50,615	15.7
Real GDP ($2017M)	33,711	36,113	7.1
Household Income ($M)	34,289	35,618	3.9
Retail Sales ($M)	12,490	13,083	4.7
Consumer Price Index (2002 = 100)	164.2	170.3	3.7
Housing Starts (units)	1,568	1,911	21.8
Capital Investment ($M)	11,056	10,590	-4.2
Population (thousands)	550.2	552.5*	0.4
Employment (persons)	244.8	245.5	0.3

f: forecast

*: actual

$M: millions

Source: Statistics Canada; Department of Finance

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Newfoundland & Labrador