

## ECONOMIC OUTLOOK

In 2025, real GDP growth slowed (+0.8%). It is expected to strengthen gradually, reaching 1.1% in 2026 and 1.4% in 2027.

Domestic demand will continue to provide significant support for economic activity. In addition, relatively low interest rates and a labour market that will remain tight will continue to support growth.

Although it remains at a relatively low level, the unemployment rate rose from an average of 5.3% in 2024 to 5.6% in 2025.

In 2026, the shrinking labour pool will dampen job creation (+0.4%). Since employers will have to deal with a smaller labour pool, the unemployment rate is expected to decline to an average of 5.4% in 2026 and 4.6% in 2027.

In Canada, real GDP will decelerate from 1.7% in 2025 to 1.1% in 2026 and 1.6% in 2027. In the United States, real GDP is expected to grow by 2.3% in 2026 after increasing by 2.2% in 2025, then returning to 1.9% in 2027.

## ECONOMIC OUTLOOK IN QUÉBEC

(annual average, percentage change, unless otherwise indicated)

	2025	2026	2027
Real GDP	0.8	1.1	1.4
Exports in real terms	-1.7	1.2	2.2
Consumer Price Index	2.4	2.3	2.1
Housing starts (thousands of units)	59.9	56.0	49.0
Job creation (thousands)	78.8	20.4	16.1
Unemployment rate (per cent)	5.6	5.4	4.6
<b>Canadian financial markets</b> (annual average in per cent, unless otherwise indicated)			
Overnight rate target	2.6	2.3	2.4
3-month Treasury bill	2.6	2.2	2.4
10-year bond	3.2	3.3	3.3
Canadian dollar (in U.S. cents)	71.5	73.6	75.5

## QUÉBEC'S BUDGETARY SITUATION

The accounting deficit stands at \$7.7 billion in 2025-2026, or 1.2% of GDP, \$6.3 billion in 2026-2027, or 0.9% of GDP and \$4.0 billion in 2027-2028, or 0.6% of GDP. The financial framework includes a contingency reserve of \$2 billion in 2026-2027 and \$1.5 billion per year as of 2027-2028. The reserve was not used in 2025-2026.

The government is reaffirming its commitment with respect to its plan to restore fiscal balance by 2029-2030. This budget presents a budgetary situation that is proving to be better than that forecast in March 2025.

Revenue amounts to \$166.5 billion in 2026-2027, with growth of 3.7%. Growth will increase to 3.8% in 2027-2028.

Expenditure amounts to \$170.8 billion in 2026-2027, with growth of 1.5%. Growth will be 2.6% in 2027-2028.

## FINANCIAL FRAMEWORK FROM 2025-2026 TO 2030-2031

(millions of dollars, unless otherwise indicated)

	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	AAGR <sup>(1)</sup>
<b>Own-source revenue</b>	<b>129 952</b>	<b>134 361</b>	<b>139 808</b>	<b>144 593</b>	<b>149 442</b>	<b>154 832</b>	
% change <sup>(2)</sup>	3.5	3.4	4.1	3.4	3.4	3.6	3.6
Federal transfers	30 577	32 131	32 948	33 022	32 337	33 325	
% change	0.3	5.1	2.5	0.2	-2.1	3.1	1.7
<b>Total revenue</b>	<b>160 529</b>	<b>166 492</b>	<b>172 756</b>	<b>177 615</b>	<b>181 779</b>	<b>188 157</b>	
% change	2.8	3.7	3.8	2.8	2.3	3.5	3.2
Portfolio expenditures	-158 029	-160 489	-164 279	-165 909	-167 887	-173 218	
% change <sup>(3)</sup>	4.5	1.6	2.4	1.0	1.2	3.2	1.9
Debt service	-10 155	-10 268	-10 931	-11 340	-11 612	-12 271	
% change	1.9	1.1	6.5	3.7	2.4	5.7	3.9
<b>Total expenditure</b>	<b>-168 184</b>	<b>-170 757</b>	<b>-175 210</b>	<b>-177 249</b>	<b>-179 499</b>	<b>-185 489</b>	
% change <sup>(2)</sup>	4.3	1.5	2.6	1.2	1.3	3.3	2.0
Contingency reserve	—	-2 000	-1 500	-1 500	-1 500	-1 500	
<b>ACCOUNTING SURPLUS (DEFICIT)<sup>(4)</sup></b>	<b>-7 655</b>	<b>-6 265</b>	<b>-3 954</b>	<b>-1 134</b>	<b>780</b>	<b>1 168</b>	
<b>BALANCED BUDGET ACT</b>							
Gap to be bridged	—	—	750	2 250	2 000	1 750	
Deposits of dedicated revenues in the Generations Fund	-2 289	-2 347	-2 491	-2 616	-2 780	-2 918	
<b>BUDGETARY BALANCE WITHIN THE MEANING OF THE BALANCED BUDGET ACT</b>	<b>-9 944</b>	<b>-8 612</b>	<b>-5 695</b>	<b>-1 500</b>	<b>—</b>	<b>—</b>	

Note: Totals may not add due to rounding.

(1) Average annual growth rate, corresponding to the geometric mean over five years, from 2026-2027 to 2030-2031.

(2) In 2027-2028, the growth in own-source revenue is primarily due to the 3.4% change in nominal GDP in 2027, the increase in Hydro-Québec's results, and the effect of harmonization with the accelerated depreciation and expensing measures announced in the 2024 federal budget.

(3) Excluding 2025-2026 expenditures not recurring in 2026-2027, including advance payments for public transit infrastructure projects, the growth in portfolio expenditures stands at 3.3% in 2026-2027 instead of 1.6%.

(4) The accounting surplus (deficit) refers to the operating surplus (deficit) as presented in the public accounts.

## DEBT REDUCTION

As at March 31, 2026, Québec's net debt will stand at \$250.3 billion, or 38.8% of GDP. This is lower than the pre-pandemic level, which was 42.9% of GDP as at March 31, 2019. Québec's net debt burden has been adjusted downward compared to Budget 2025-2026 for each year of the financial framework. The government aims to reduce net debt to GDP to 32.5% by 2037-2038.

In 2026-2027, revenues dedicated to the Generations Fund will stand at \$2.3 billion. They will reach \$2.9 billion in 2030-2031. The balance of the Generations Fund, which will stand at \$16.6 billion as at March 31, 2026, is expected to reach \$29.1 billion as at March 31, 2031.

## FINANCING

For 2025-2026, the program stands at \$32.1 billion, which is \$2.4 billion more than projected in the March 2025 budget. This adjustment is primarily due to the \$9.3 billion in pre-financing carried out. The financing program will stand at \$26.2 billion in 2026-2027. For the four subsequent years, from 2027-2028 to 2030-2031, it will average \$31.1 billion.

## GOVERNMENT'S FINANCING PROGRAM FROM 2025-2026 TO 2030-2031

(millions of dollars)

	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Net financial requirements	24 746	26 040	20 799	17 217	13 638	13 390
Repayments of borrowings	18 995	14 448	13 143	14 535	17 727	23 958
Use of the Generations Fund to repay borrowings	-2 500	-2 500	—	—	—	—
Withdrawal from the Accumulated Sick Leave Fund	-180	—	—	—	—	—
Withdrawal from the Retirement Plans Sinking Fund	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500
Use of pre-financing	-12 752	-9 264	—	—	—	—
Transactions under the credit policy <sup>(1)</sup>	-1 014	—	—	—	—	—
Increase in the outstanding amount of Québec Treasury bills	-2 000	—	—	—	—	—
Pre-financing	9 264	—	—	—	—	—
<b>TOTAL</b>	<b>32 058</b>	<b>26 224</b>	<b>31 442</b>	<b>29 252</b>	<b>28 865</b>	<b>34 848</b>

Notes: A negative entry indicates a source of financing and a positive entry, a financial requirement.

Totals may not add due to rounding.

(1) Under the credit policy, which is designed to limit counterparty risk, the government disburses or receives sums in response to exchange rate movements, among other things. These sums do not affect the debt.

Thus far in 2025-2026, the government has contracted 47% of its borrowings on foreign markets, compared to an average of 31% over the last 10 years:

- US\$6.5 billion (CAD 9.0 billion);
- €3.0 billion (CAD 4.7 billion);
- AU\$900 million (CAD 798 million);
- CHF435 million (CAD 765 million).

To date, approximately 75% of the borrowings contracted in 2025-2026 had a maturity of 10 years or more, while the average over the last 10 years is 77%.

As at March 31, 2026, the average maturity of the debt is expected to be 11 years.

## CREDIT RATINGS

The five rating agencies that evaluate Québec's credit rating assign it a stable outlook.

### QUÉBEC'S CREDIT RATINGS

Credit rating agency	Credit rating	Outlook
Moody's	Aa2	Stable
S&P Global	A+	Stable
Fitch Ratings	AA-	Stable
Morningstar DBRS	AA (low)	Stable
Japan Credit Rating Agency (JCR)	AAA	Stable

Note: Québec's credit ratings as at March 6, 2026.

Since the March 2025 budget, demand for Québec bonds has been excellent, as evidenced by the record-breaking US\$4.5-billion bond issue of January 2026.

It was the largest foreign currency issue by a Canadian province at the time.

