

GoC-Ont present two schools of [budgetary] thought

By Warren Lovely

Last week, Canada's two largest governments offered detailed, multi-year budgetary guidance. The two updates in question—a much-anticipated (overdue?) *Budget* from the Government of Canada and the regularly scheduled *Fall Economic Statement (FES)* from the Province of Ontario—were separated by less than 48 hours. And while U.S. tariff-related fingerprints were easy enough to identify in both cases, the similarities might have ended there.

Examined side-by-side, Canada's *Budget* and Ontario's *FES* offer, in many important respects, a study in contrasts. When it comes to fiscal

philosophies—as expressed via budget balances, debt burdens, fiscal anchors, borrowing needs, funding strategies—two schools of thought are on display, as we aim to highlight in this *Market View*.

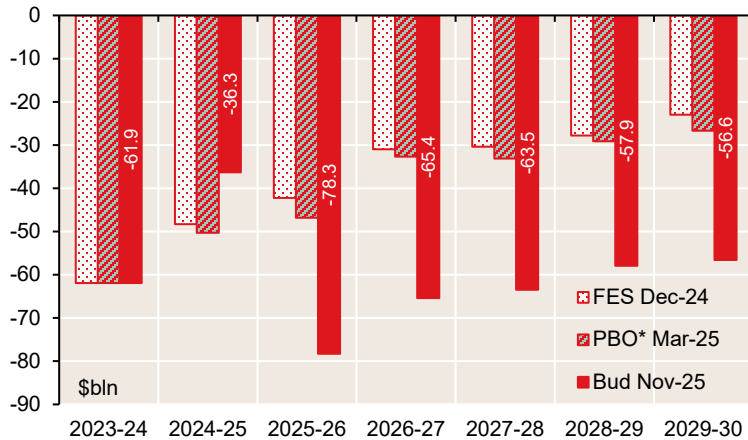
Note: Desiring a deeper dive? Certain of these links could prove useful...

GoC Budget 2025 [presented 4-Nov-25]
[Budget](#) | [NBC comment](#) | [Market View](#)_{Fiscal} | [Market View](#)_{Borrow} | [Infographic](#)_{PM Comp}

Ontario FES 2025 [presented 6-Nov-25]
[Statement](#) | [Investor Fact Sheet](#) | [OFA Video Update](#)_{Transcript} | [NBC comment](#)

Chart 1: Ottawa's budget spilled plenty more red ink...

Government of Canada (GoC) budget balance: Budget 2025 vs. prior projections

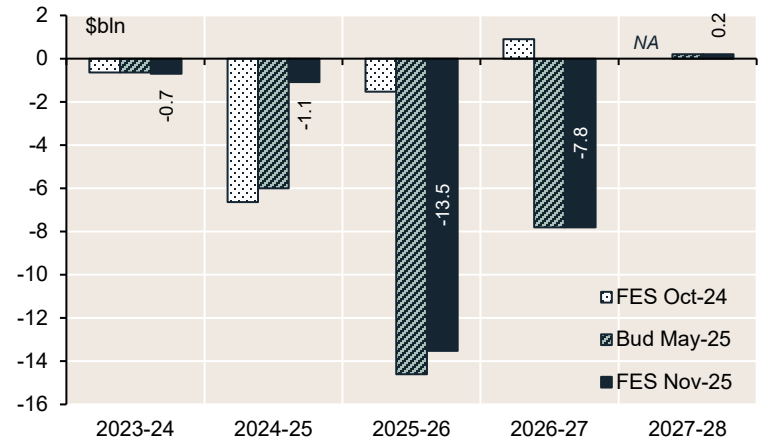


Source: NBC, GoC, PBO | Note: PBO is 2025 Election Proposal Costing Baseline

The federal budget confirms a serious fiscal shift, with large(r) deficits as far as you can see. Notwithstanding a stronger starting point (from 2024-25), \$155bln in extra red ink was spilled over six years vs. the last official plan—one of the more significant fiscal erosions in memory.

Chart 2: ... while Ontario's FES maintained a path to balance

Ontario budget balance: FES 2025 vs. prior projections

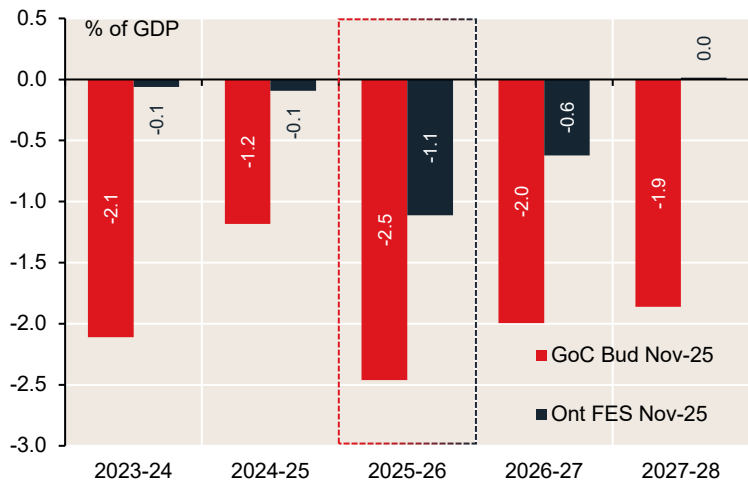


Source: NBC, Ont | Note: Inclusive of spending contingencies & reserves

Ontario's trade-sensitive economy has been buffeted by U.S. tariffs. But pressures were acknowledged earlier. Aided by a stronger 2024-25 handoff (nearly balanced in the end), Ontario's FES stayed the course. A pledge to balance the books by 2027-28 was reiterated.

Chart 3: Federal shortfall to remain relatively larger...

GoC & Ontario budget balances, including latest projections

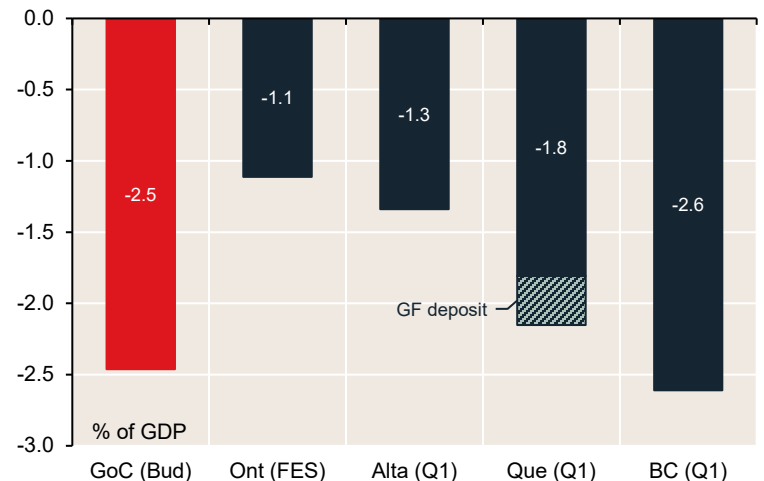


Source: NBC, GoC, Ont | Note: Actuals to 2024-25

Federal 'fiscal anchors' are less-than-ambitious. One sets out a declining deficit-to-GDP ratio over time; the other aims for operational balance by 2028-29. Regardless, Ottawa's structural imbalance contrasts with Ontario's plan—the latter also layering in more padding/prudence.

Chart 4: ... while Ontario's deficit smallest of large provinces

GoC & select provincial gov't budget balances: 2025-26 (latest projections)



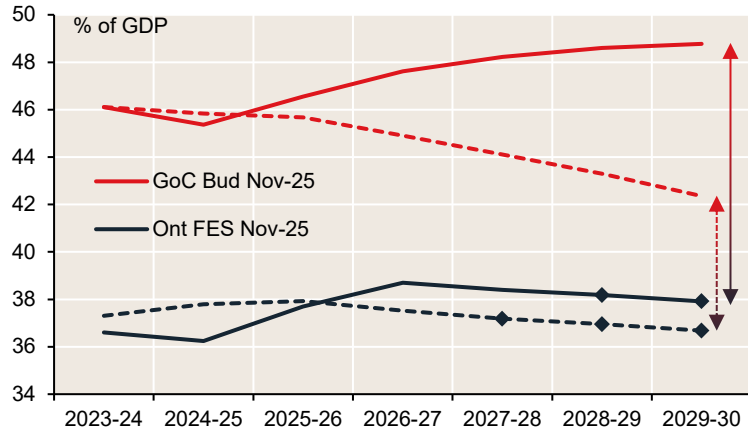
Source: NBC, GoC, prov gov'ts | Note: Q2 reports from Alta, Que & BC to arrive shortly

While striking, Ontario's budgetary edge over the GoC isn't new. The province's era of fiscal outperformance (vs. the feds) dates from 2016-17. Ontario's finances also compare favourably to the other large provinces, where mid-year/Q2 fiscal updates are still to be released.



Chart 5: Debt burdens growing apart [Ditto for interest bites]

GoC & Ontario net debt burden: Latest projections (solid) vs. FES 2024 (dotted)

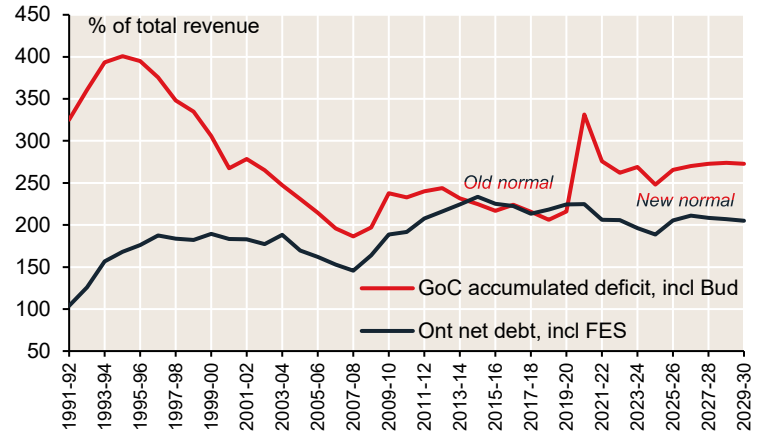


Source: NBC, GoC, Ont | Note: Actuals to 2024-25; based on net financial liabilities

Ontario's debt burden is set to peak sooner and a lower level vs. GoC, as the relative gap is poised to grow. Federally, a Liberal election promise to keep debt-to-GDP declining is MIA.

Chart 6: Federal debt burden structurally higher

GoC & Ontario preferred debt burden, including latest projections

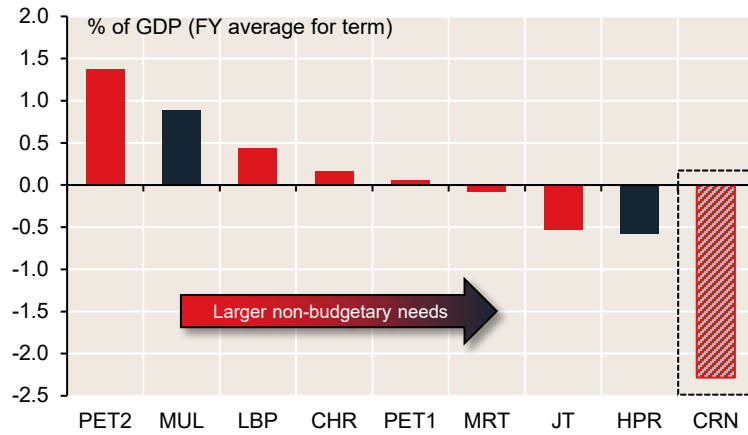


Source: NBC, GoC, Ont | Note: Actuals to 2024-25; Ont incl NBC projections for 2028-29 on

The federal debt burden—already displaying 'long COVID' symptoms—steps up vs. prior plan and vs. Ontario as fresh commitments aim to spur private investment and longer-term growth.

Chart 7: Carney's non-budgetary needs stand out...

GoC non-budgetary transactions: Average during Prime Minister's term (Ordered)

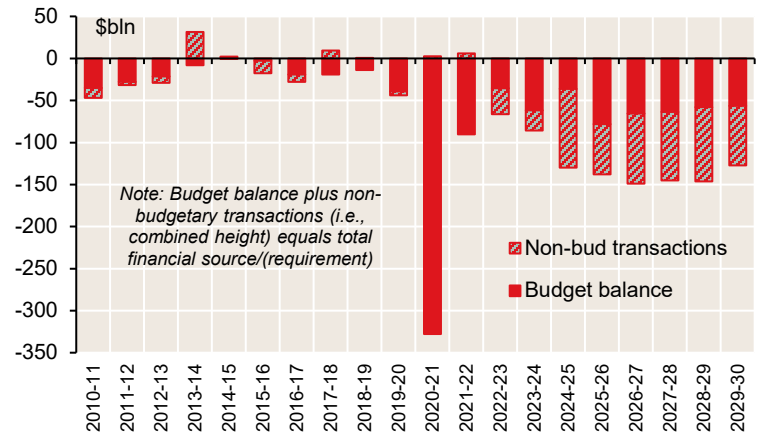


Source: NBC, GoC, StatCan, Parliament of Cda | Note: Refer to detailed Infographic [here](#)

Looking at average budget balances, PM Carney's fresh plan (if implemented) would put him 'middle of the pack' vs. his predecessors. But his non-budgetary needs are more extreme.

Chart 8: ... and are a big(ger) part of GoC funding picture

GoC budget balance & non-budgetary transactions, including latest projections

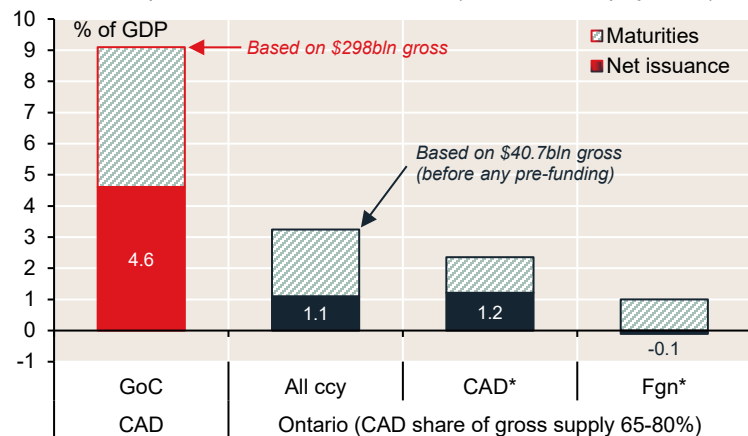


Source: NBC, GoC, StatCan | Note: Actuals to 2024-25

Non-budgetary transactions account for the majority of Ottawa's net financial requirements from 2026-27 on. Beyond CMB purchases, there's not a tremendous amount of disclosure here.

Chart 9: Relatively ample GoC supply in gross or net terms

GoC & Ontario planned bond issuance: 2026-27 (based on latest projections)

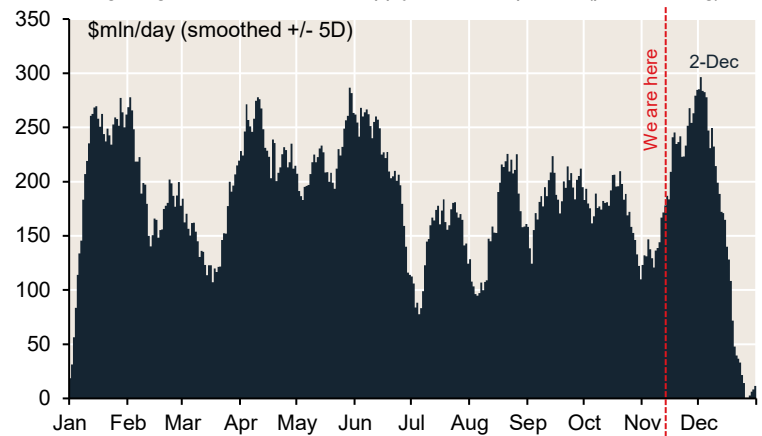


Source: NBC, GoC, Ont, BBG | Note: Ont CAD/Fgn are NBC est, based on current range

At \$298bln, planned gross GoC bond issuance for 2026-27 exceeds 9% of GDP and is nearly 3X what Ontario's corresponding requirement works out to. Unlike the feds, Ontario can steer a non-trivial share of supply away from the domestic market... as was just demonstrated.

Chart 10: Super-seasonals could encourage provi supply

Provincial gov't gross domestic bond supply: Seasonal pattern (past 15Y avg)



Source: NBC, BBG | Note: Based on domestic issuance, all provinces, from 2010-24

Ontario's fresh 10Y USD trade pushes the 2025-26 funding program even further ahead of schedule. Saying that, a very special seasonal window is upon us, with December's outsized cash and duration adjustments often pulling in domestic provincial bond supply (all else equal).



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