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## Canadian provinces take the road less traveled [Part A: Supply]

By Warren Lovely

Canadian provinces took the road less traveled in 2025. For both gross bond issuance and credit spreads, 2025 was indeed a record-breaking year. The former, gross bond supply—our initial focus here (in Part A)—shot to unprecedented heights; the latter, credit spreads—shortly to be explored in a complementary note (in Part B)—dove to record tights.

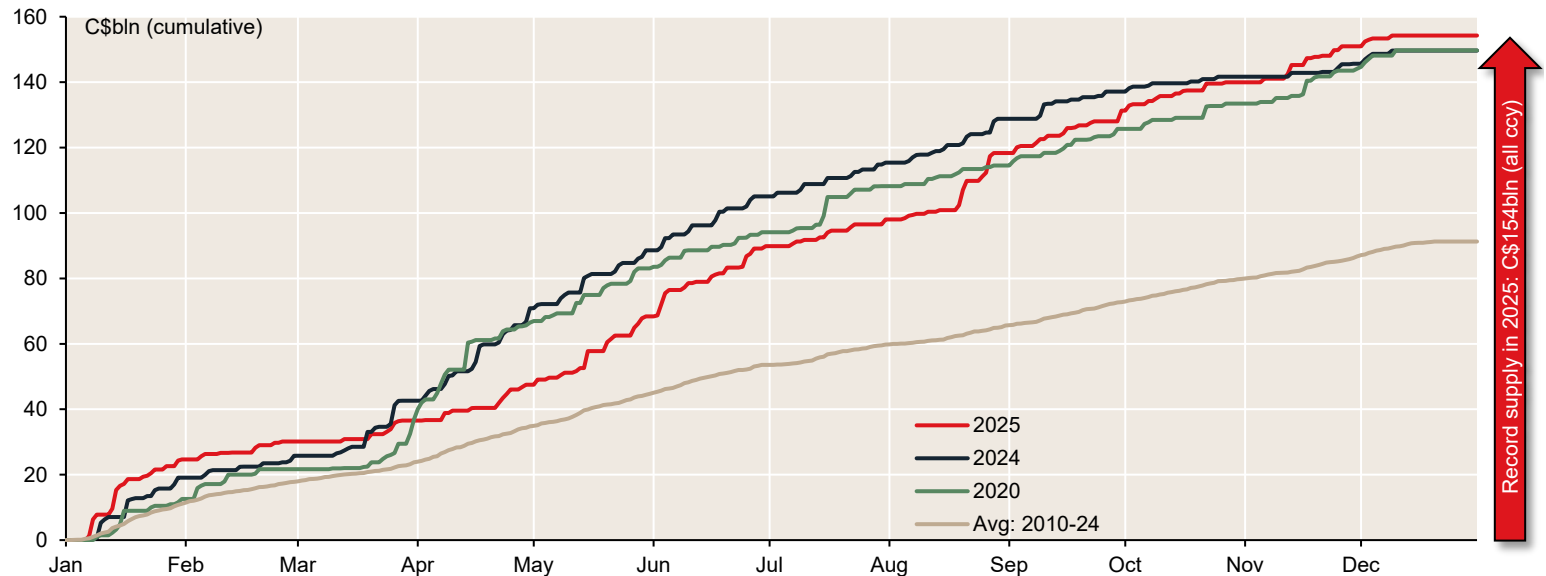
While not necessarily serving as a definitive roadmap, this supply retrospective could provide useful context for what is apt to be another

relatively busy year for provincial bond issuers. At a minimum, last year's record-breaking issuance tally is worthy of closer examination.

Note: As domestic investors just saw, the largest issuer in the provincial sector (Ontario) just kicked calendar 2026 off a C\$750 million re-opening of a 10-year domestic benchmark. PEI followed close behind with C\$300 million. Meanwhile, Quebec has fired up the international funding engine (5Y USD). In all, we see ample supply in 2026, likely on the order of C\$150 billion (across all markets), based on current thinking/guidance.

### Chart 1: 2025 was busiest-ever year for provincial bond issuers

Gross provincial bond issuance in all currencies: Progression of cumulative supply over course of calendar year (2025 vs. other large issuance years & long-term trend)

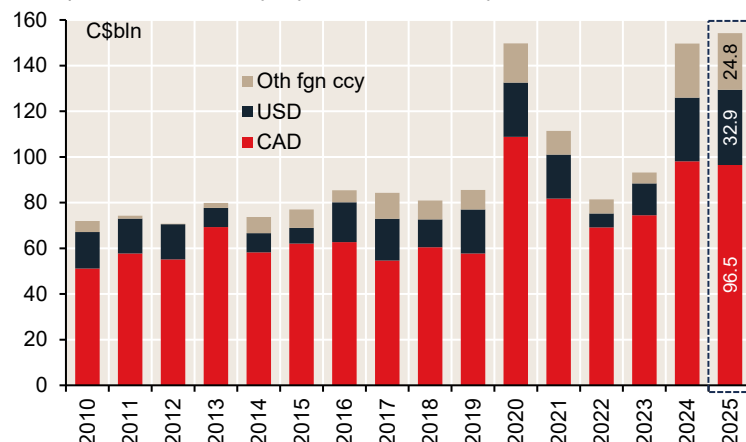


Source: NBC, BBG | Note: In all cases (and in other relevant charts), foreign ccy issuance converted to CAD at prevailing FX rate at time of deal

At C\$154bln, gross provincial bond issuance (all currencies) set a calendar year record in 2025. The prior high, C\$150bln, was initially set in 2020 and was matched in 2024. Current fiscal projections imply modest progress on deficits from here, but capital plans remain ambitious and refi needs are non-trivial. We're apt to get ~C\$150bln of supply in 2026, upcoming budgets useful for fine-tuning.

### Chart 2: Sensible utilization of international markets

Gross provincial issuance by ccy of issue: Calendar year

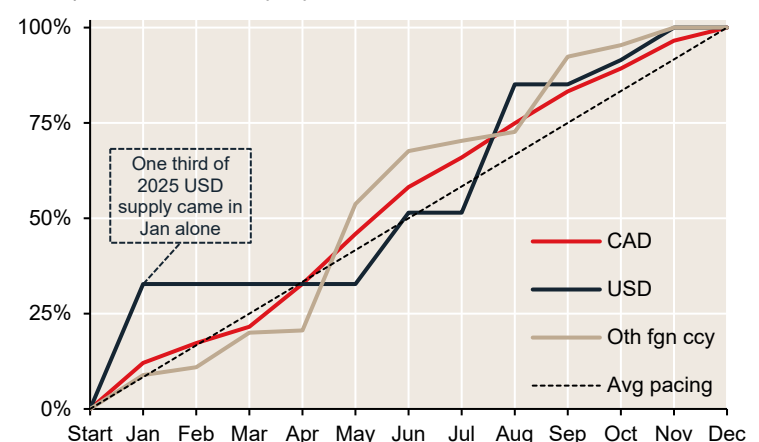


Source: NBC, BBG

Reflecting on last year's record bond tally, give a clear assist to international debt capital markets where the equivalent of C\$58bln was sourced. That included unprecedented utilization of USD and EUR markets, alongside a collection of other foreign currency trades (mainly CHF and AUD). The U.S. market was put to good use early in calendar 2025, as three provinces issued in dollars.

### Chart 3: Perspective on the relative pacing of 2025 supply

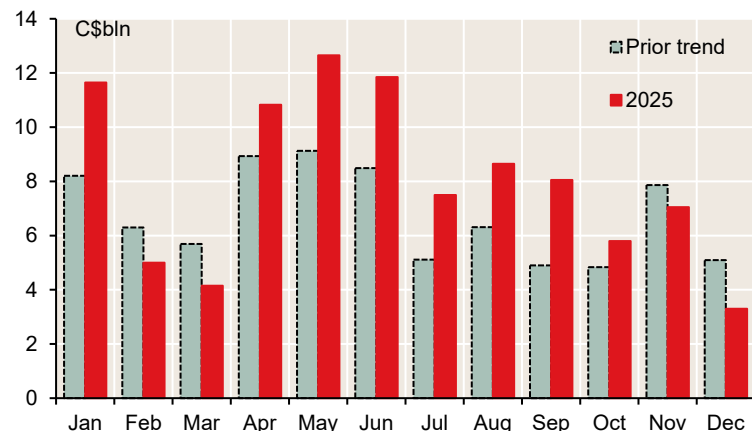
Gross provincial issuance by ccy of issue: Cumulative share of 2025 issuance



Source: NBC, BBG

**Chart 4: Quick start common, but Q2 typically busiest**

Monthly pattern of gross provincial issuance in CAD: 2025 vs. prior trend

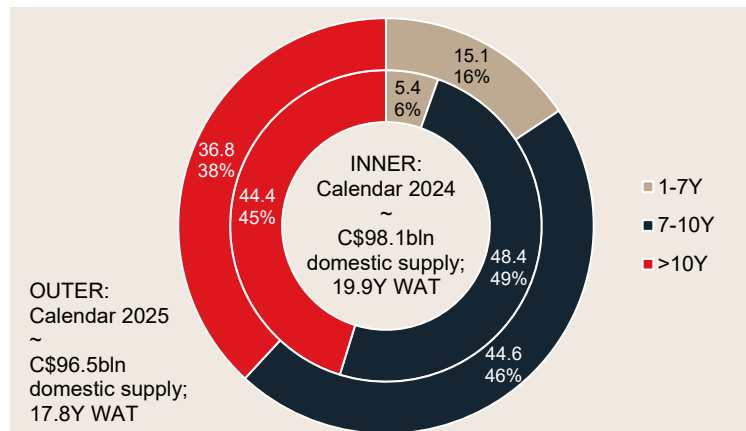


Source: NBC, BBG | Note: CAD issuance only; prior trend based on 4Y avg from 2021-24

Domestic investors scooped up \$96.5bln in supply last year. While not a record, that was distinctly above the longer-term trend. CAD supply got off to fast start in 2025 and a similar story may play out this year. Saying that, calendar Q2 really tends to be busiest. More CAD supply was steered down the curve, but the average term of domestic issuance was still long(ish) at 17.8 years in 2025.

**Chart 5: Marginal CAD supply down curve but avg term ~18Y**

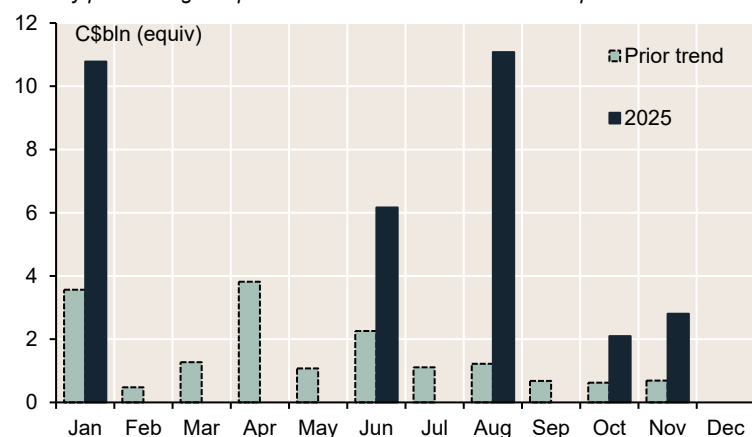
Level &amp; share of gross provincial issuance in CAD: 2025 vs. prior calendar year



Source: NBC, BBG | Note: CAD issuance only; top data labels are gross supply in C\$bln

**Chart 6: USD supply typically chunkier & more concentrated**

Monthly pattern of gross provincial issuance in USD: 2025 vs. prior trend

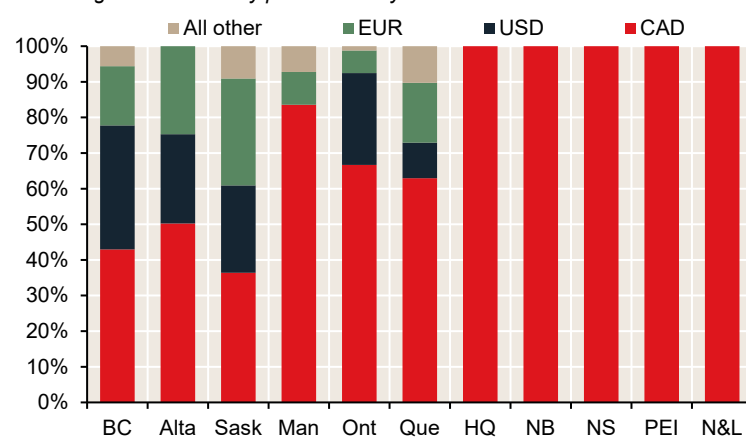


Source: NBC, BBG | Note: USD issuance only; prior trend based on 4Y avg from 2021-24

International supply tends to be chunkier (i.e., fewer but larger trades vs. the average domestic print) and more concentrated (i.e., with seasonal issuance windows often more distinct). Given our estimate of gross borrowing needs, international markets are likely to remain an important funding source, with foreign investor attitudes and funding arbs likely to be closely monitored.

**Chart 7: Heavy use of international markets by some**

Share of gross issuance by province &amp; ccy of issue: 2025



Source: NBC, BBG | Note: Based on total issuance (CAD equiv); provs ordered west to east

**Table: On fiscal year basis, provincial borrowing programs well advanced... but no time for complacency**

NBC provincial borrowing program update: 2025-26 fiscal year (April 2025 to March 2026) | As at 6-Jan-26 @ 11:30ET

Province / Agency	Ticker	Completed C\$bln 2024-25	Required <sup>a</sup> C\$bln 2025-26	Required <sup>a</sup> ~C\$/per capita <sup>b</sup> 2025-26	Completed <sup>c</sup> C\$bln 2025-26	Domestic % 2025-26	Foreign % 2025-26	Remaining C\$bln 2025-26	Funded Status % 2025-26
British Columbia <sup>d</sup>	BRCOL	27.56	32.20	5,600	27.86	47%	53%	4.34	87%
Alberta	ALTA	11.95	10.50	2,100	6.93	40%	60%	3.57	66%
Saskatchewan	SCDA	4.88	4.82	3,900	4.45	48%	52%	0.37	92%
Manitoba <sup>e</sup>	MP	6.46	6.00	4,000	2.94	92%	8%	3.06	49%
Ontario <sup>f</sup>	ONT	49.50	42.50	2,600	40.35	66%	34%	2.15	95%
Québec <sup>g</sup>	Q	36.70	23.84	3,200	25.04	64%	36%	0.00	105%
Hydro-Québec <sup>h</sup>	QHSL	6.10	5.00		6.25	100%	0%	0.00	125%
New Brunswick <sup>i</sup>	NBRNS	1.78	3.49	4,100	2.80	100%	0%	0.69	80%
Nova Scotia	NS	2.50	3.17	2,900	2.60	100%	0%	0.57	82%
Prince Edward Island	PRINCE	0.40	0.80	4,500	0.80	100%	0%	0.00	100%
Newfoundland & Labrador <sup>j</sup>	NF	2.80	4.10	7,500	3.40	100%	0%	0.70	83%
<b>TOTAL</b>		<b>150.6</b>	<b>136.4</b>	<b>3,300</b>	<b>123.4</b>	<b>64%</b>	<b>36%</b>	<b>15.5</b>	<b>90%</b>

% FY elapsed: 77%

Not to be confused with the above discussion of CALENDAR YEAR supply, provincial borrowing programs for the 2025-26 FISCAL YEAR are generally well advanced. Collectively, 90% of gross funding is on board at the 77% mark of the fiscal year. Quebec is actively pre-funding and Ontario could soon be. While notionally 'ahead of schedule', elevated uncertainty and still-large funding needs for 2026-27 hint at near-term activity.

Source: NBC, BBG, prov govt's, StatCan | Notes: (a) Long-term gross funding requirement based on latest available official estimates; includes capital needs, loans/advances, other cash adjustments & refinancings; requirements generally exclude pre-funding for future years (with some exceptions); (b) Per capita requirement is rounded & based on 2025:Q1 population estimates from StatCan; (c) Funds borrowed to date, based on known issuance; (d) Budget requirement refers to gross borrowing from all sources; (e) Budget requirement includes \$1.9bln in pre-funding (equivalent to roughly six months of needs); (f) Includes requirement for certain hydro-related financing under province's banner; (g) Includes requirement for Financement-Québec; (h) Funds in own name with explicit provincial guarantee; fiscal year is January – December; (i) Includes requirements for NB Power & NB Municipal Finance Corp.; (j) Includes requirement for N&L Hydro



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### To contact us:

514-879-2529

#### Stéfane Marion

Chief Economist and Strategist

[stefane.marion@nbc.ca](mailto:stefane.marion@nbc.ca)

#### Matthieu Arseneau

Deputy Chief Economist

[matthieu.arseneau@nbc.ca](mailto:matthieu.arseneau@nbc.ca)

#### Jocelyn Paquet

Senior Economist

[jocelyn.paquet@nbc.ca](mailto:jocelyn.paquet@nbc.ca)

#### Kyle Dahms

Senior Economist

[kyle.dahms@nbc.ca](mailto:kyle.dahms@nbc.ca)

#### Alexandra Ducharme

Senior Economist

[alexandra.ducharme@nbc.ca](mailto:alexandra.ducharme@nbc.ca)

#### Daren King, CFA

Senior Economist

[daren.king@nbc.ca](mailto:daren.king@nbc.ca)

#### Warren Lovely

Chief Rates and Public Sector Strategist

[warren.lovely@nbc.ca](mailto:warren.lovely@nbc.ca)

#### Taylor Schleich

Rates Strategist

[taylor.schleich@nbc.ca](mailto:taylor.schleich@nbc.ca)

#### Ethan Currie

Strategist

[ethan.currie@nbc.ca](mailto:ethan.currie@nbc.ca)

#### Angelo Katsoras

Geopolitical Analyst

[angelo.katsoras@nbc.ca](mailto:angelo.katsoras@nbc.ca)

#### Nathalie Girard

Senior Coordinator

[n.girard@nbc.ca](mailto:n.girard@nbc.ca)

#### Giuseppe Saltarelli

Desktop Publisher

[giuseppe.saltarelli@nbc.ca](mailto:giuseppe.saltarelli@nbc.ca)

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