

Monthly Business Barometer®

July 2024



12-month Small Business Confidence Index

55.4

Monthly change

↓ -0.6

3-month Small Business Confidence Index

47.0

Monthly change

↓ -4.1

Business Barometer®: Report summary

Small business confidence in Canada

CFIB's Business Barometer® long-term index, which is based on 12-month forward expectations for business performance, remained fairly stable in July at 55.4. The short-term optimism index, based on a 3-month outlook, dropped however four point to 47,0. Both readings are at similar levels as last July, moderate and far from historical averages.

Provincial overview

Canada's marginal drop in long-term confidence is driven mostly by Ontario's small decline of 3.8 points. However, most provinces have seen improvements. PEI, NL, Manitoba, Alberta, and British Columbia are leading in optimism, and all are above Canada's reading. The top four provinces are in fact at or shy above their respective historical averages.

Other indicators

Staffing plans, both full and part-time, are below their seasonal levels, mostly due to a lack of appetite for hiring. Consequently, labour shortages eased off. About 53% of SMEs reported domestic/foreign demand as the main limitation on sales or production growth. Capital equipment and technology costs have registered a small increase, and it stands at the highest level recorded for this indicator (34%).

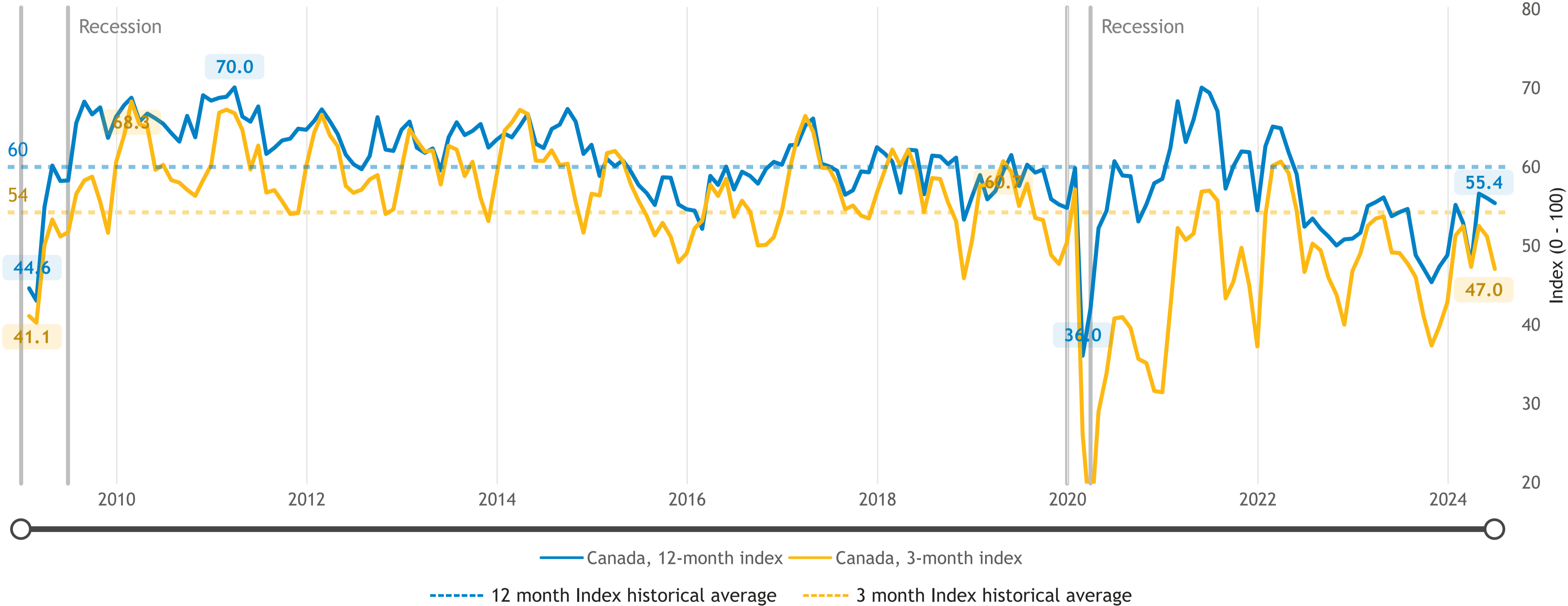
Sectoral overview

Almost all sectors recorded improvements in long term optimism. The most notable gains were seen in transportation (+10.2), information, arts and recreation (+8.3) and agriculture (+7.7). Construction (54.6), hospitality (54.1) and agriculture (50.8) are the least optimistic about their long-term outlook; however, their outlooks are just above the 50 mark.

Inflation indicator

The average price increase indicator increased by 0.1 at 2.6. The average wage increase plans for the next 12 months dropped slightly again to 2.5, similar to the March reading.

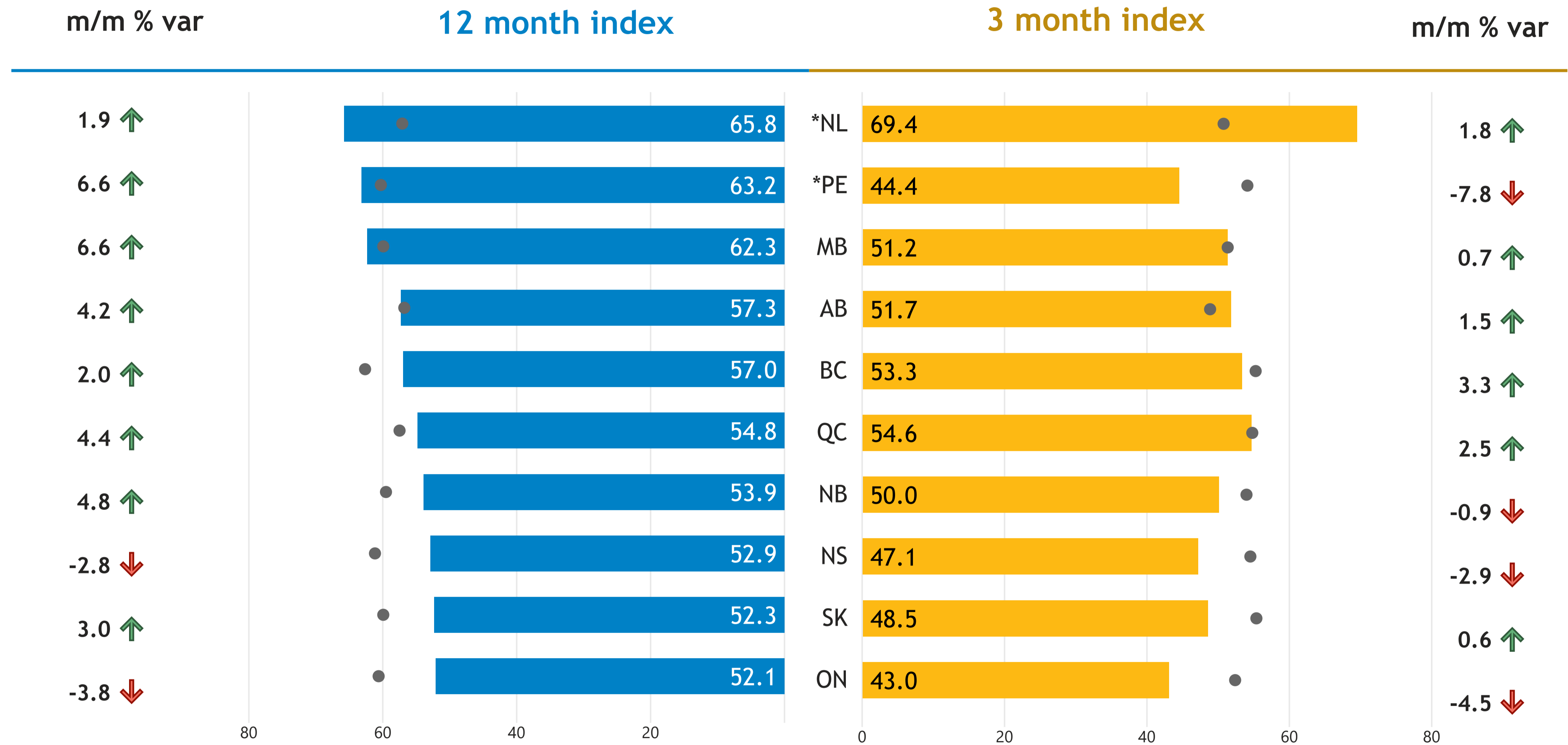
Business Barometer®: 12-month and 3-month small business confidence index, Canada



Survey questions:

How do you expect your firm to be performing in **12 months** compared to now?
 Allowing for normal seasonal influences, what are your business performance expectations for the next **3 or 4 months**?

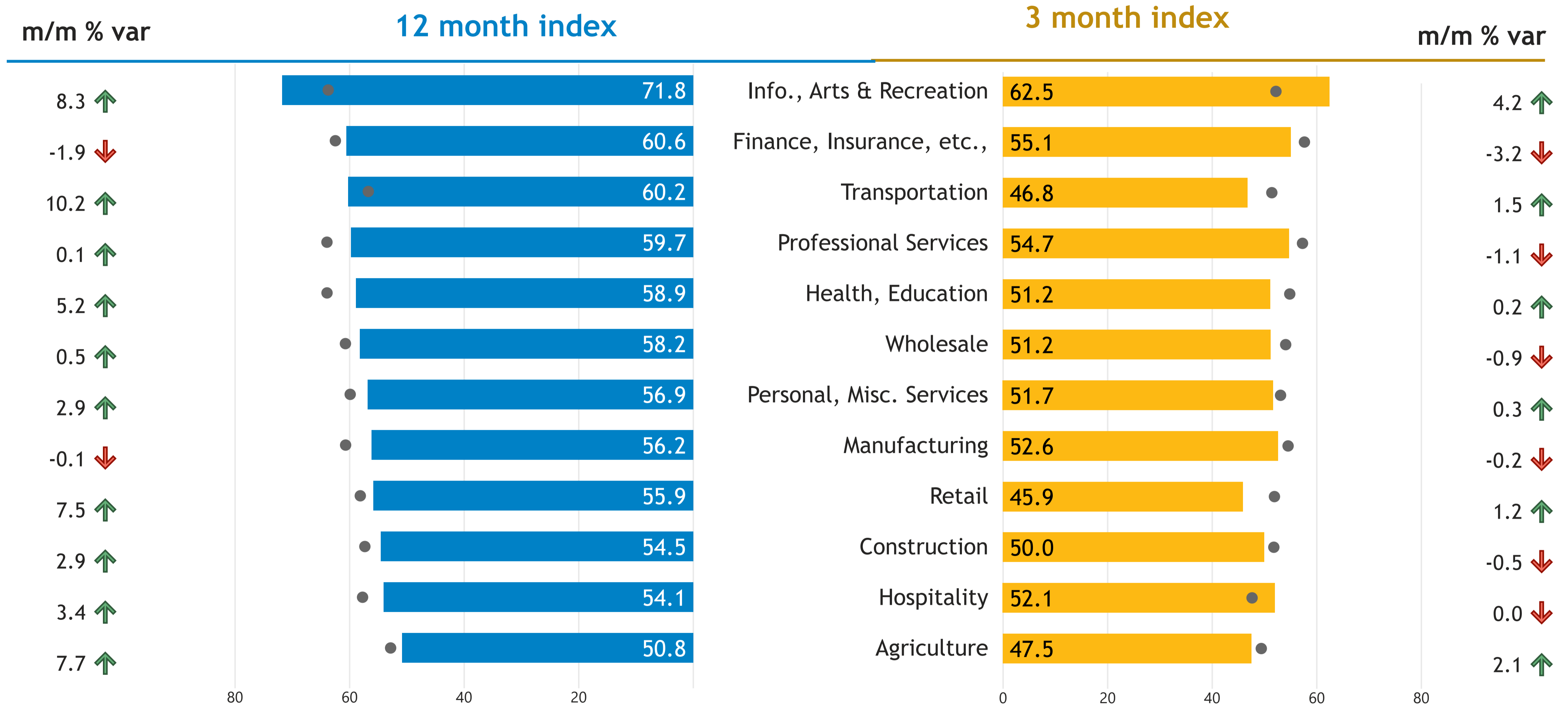
Source : CFIB and Recession: C.D. Howe Institute Business Cycle Council



Survey question: How do you expect your firm to be performing in **12 months** compared to now?

Survey question: Allowing for normal seasonal influences, what are your business performance expectations for the next **3 or 4 months**?

Notes : *Number of responses under 40 ● Historical averages

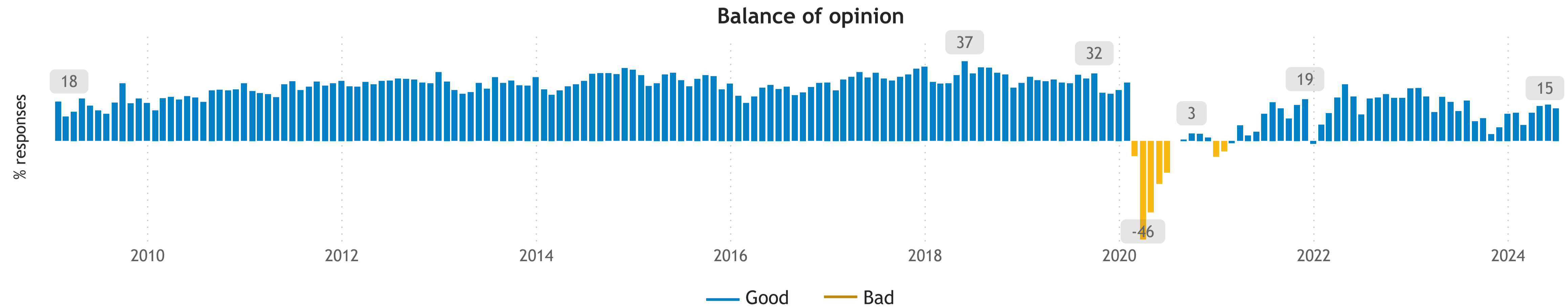
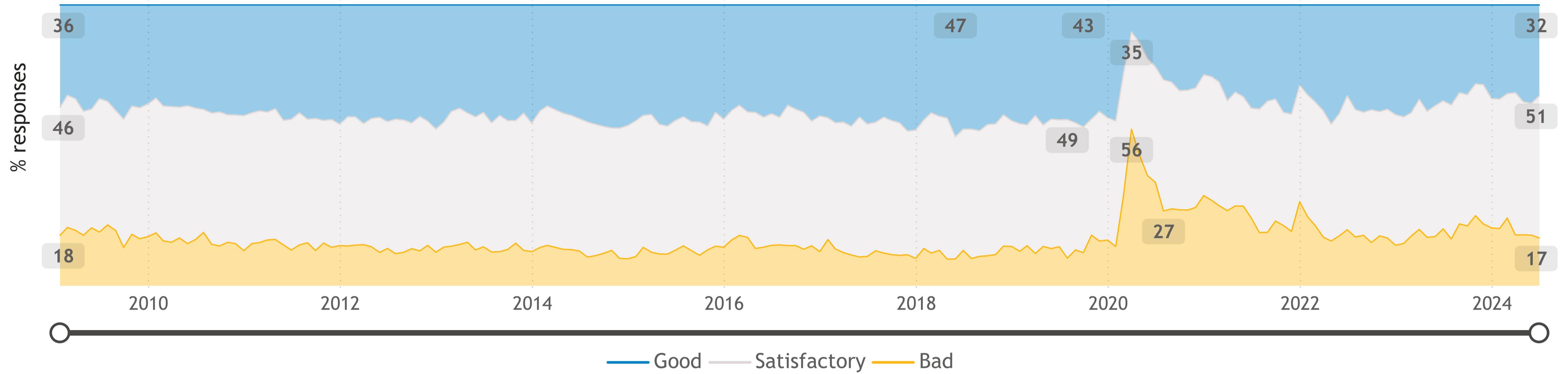


Survey question: How do you expect your firm to be performing in **12 months** compared to now?

Survey question: Allowing for normal seasonal influences, what are your business performance expectations for the next **3 or 4 months**?

Notes: ● Historical averages **Natural resources is not included.

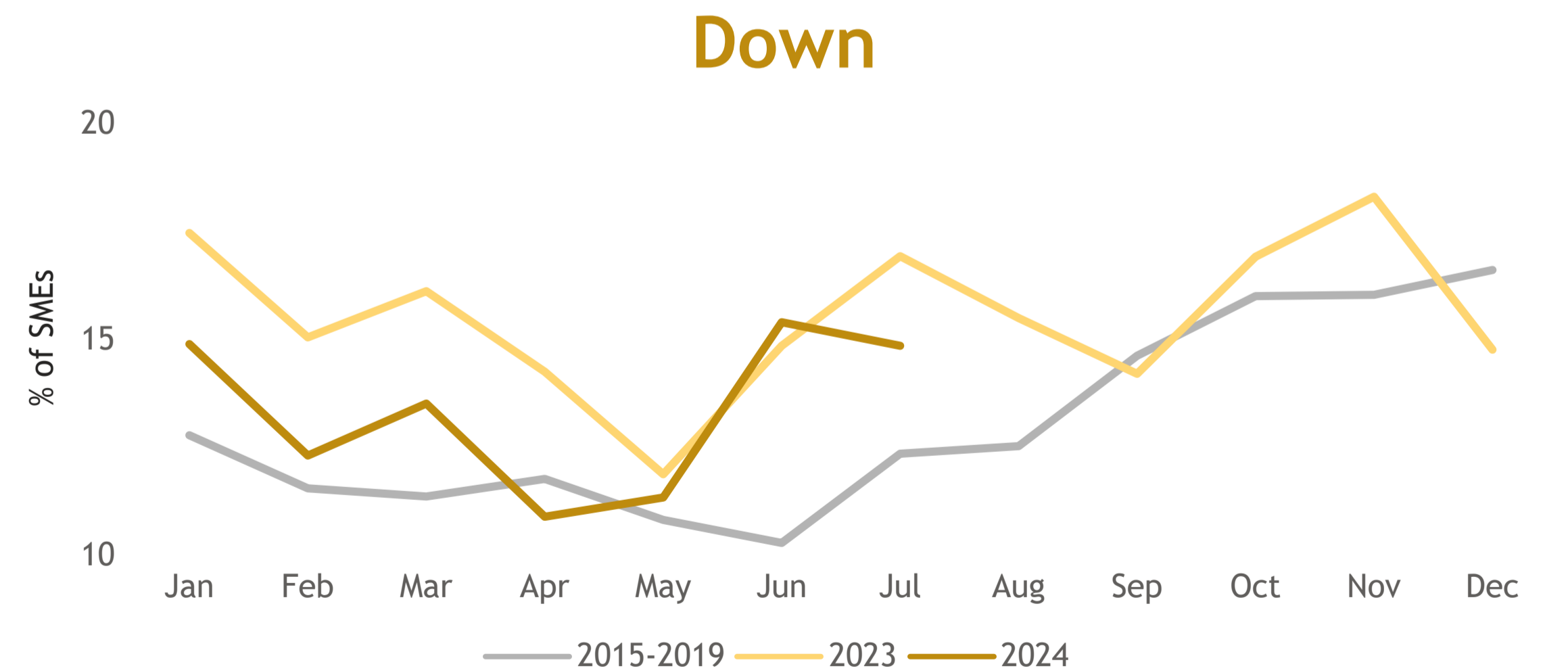
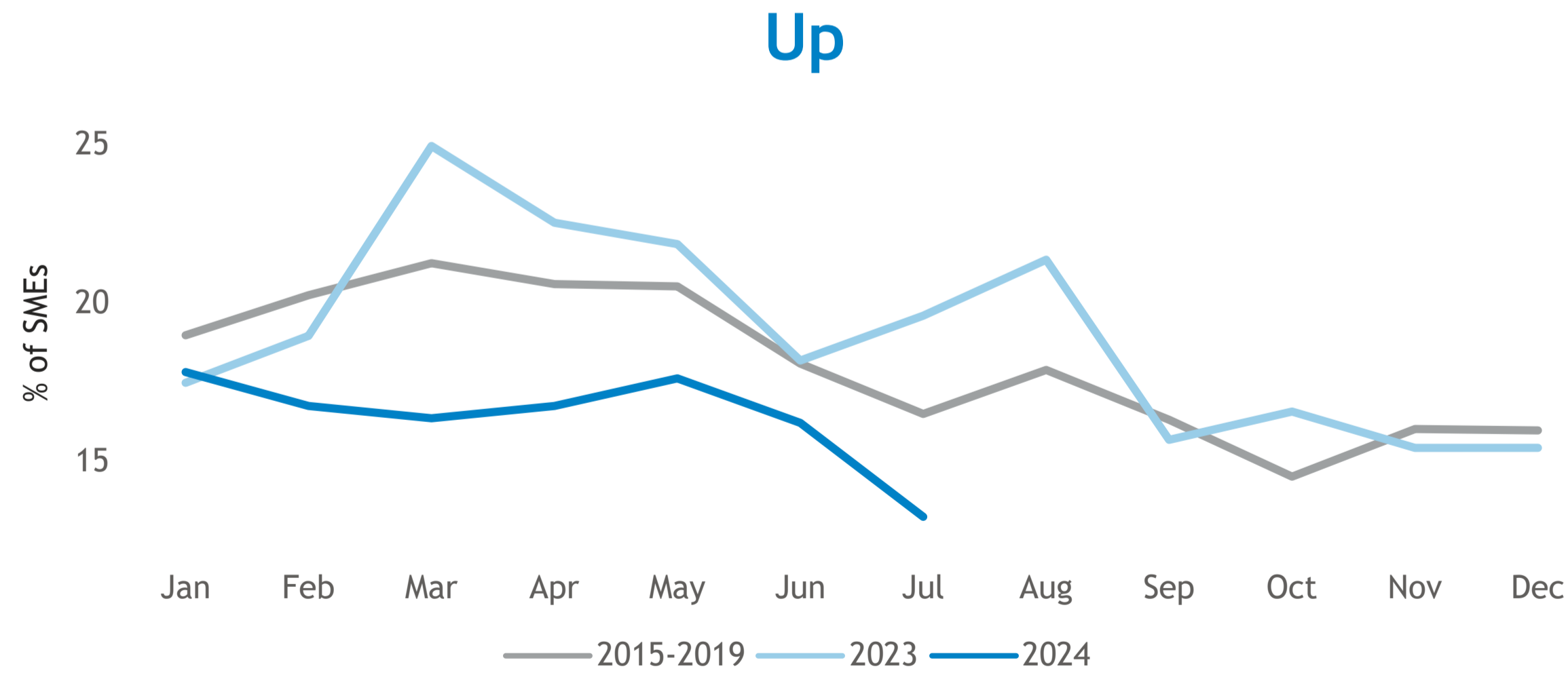
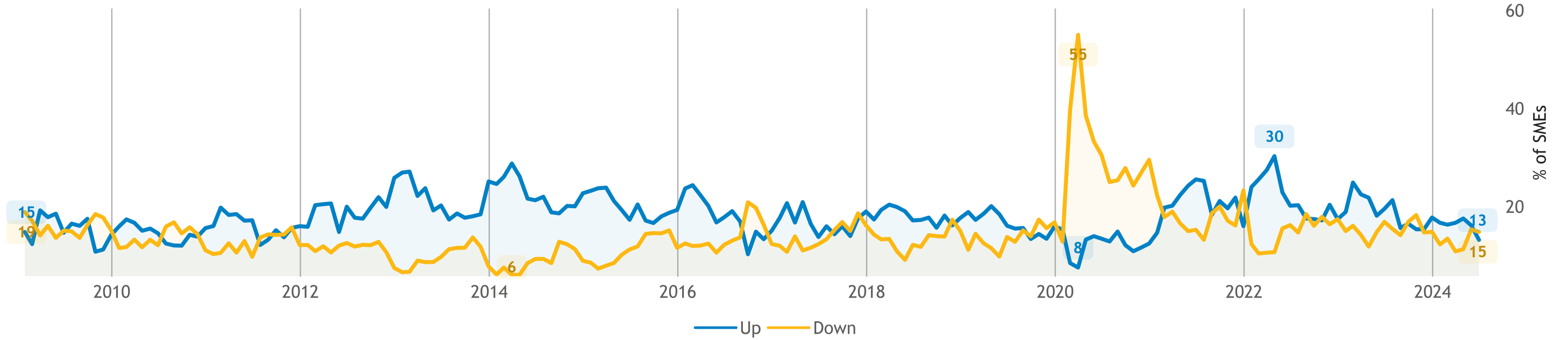
Business Barometer®: General state of business health



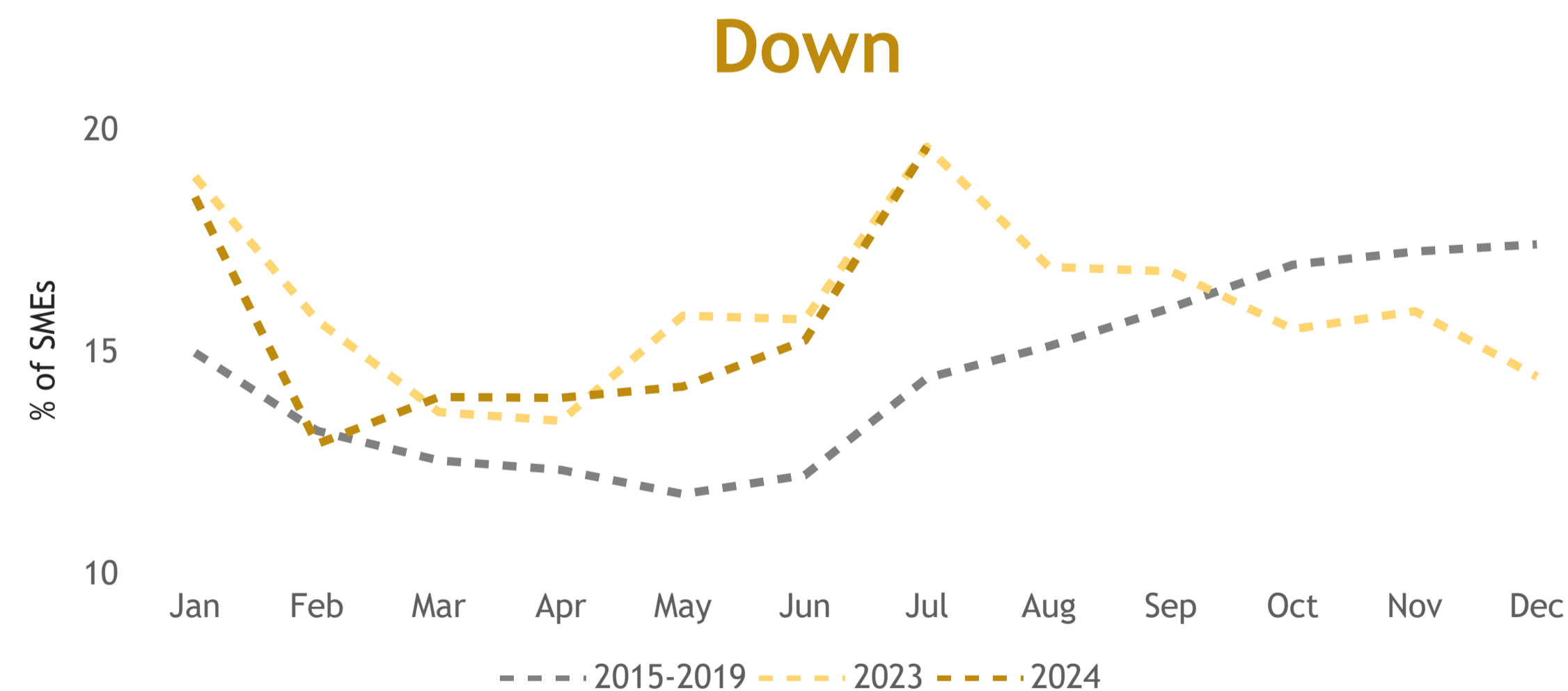
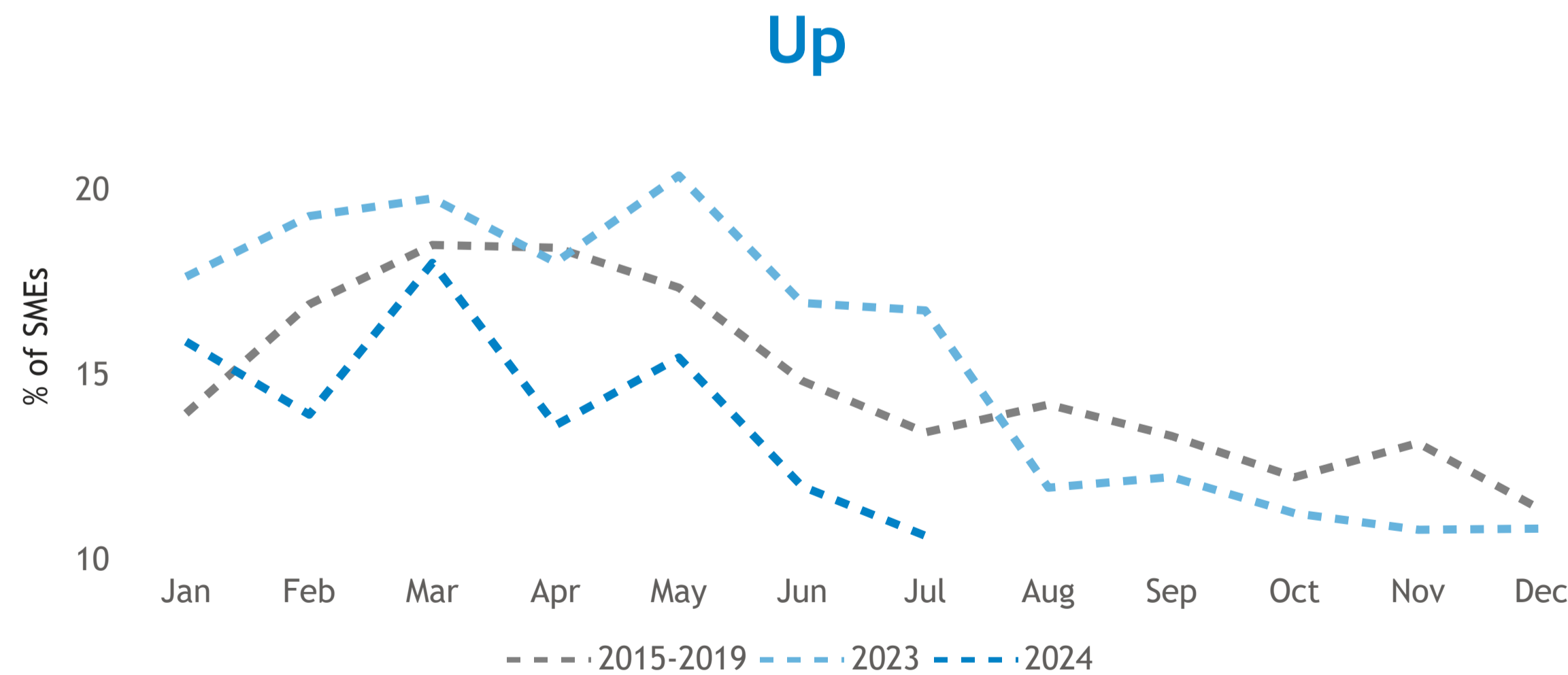
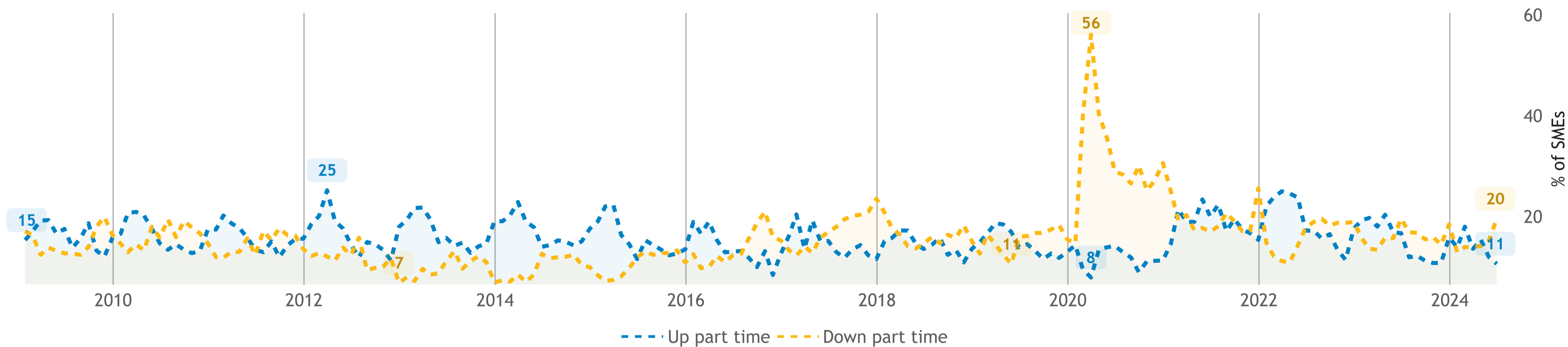
Survey question: Currently, what is the general business situation of your company?

Note: Balance of opinion = [Share of respondents answering **Good**]- [Share of respondents answering **Bad**]

Business Barometer®: Full-time staffing plans, short term

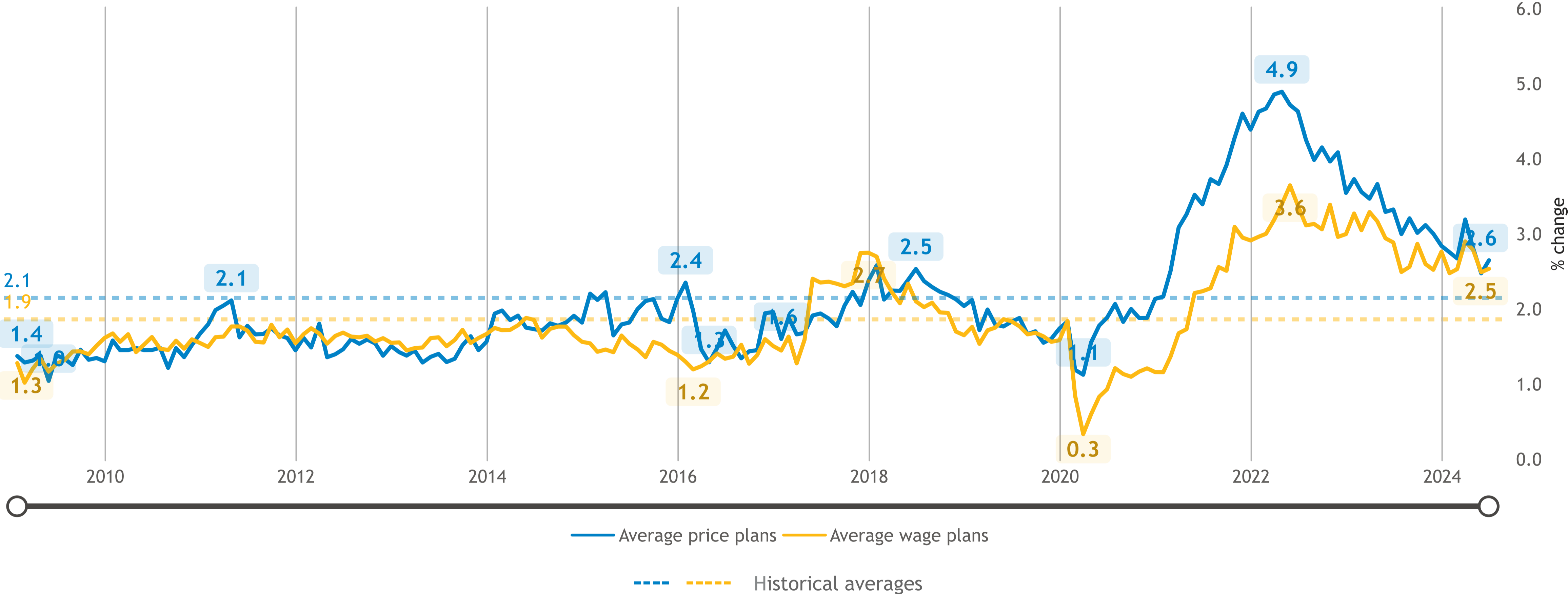


Survey question: How are your expected employment levels to change in the next 3 or 4 months? (Up, Same, Down)



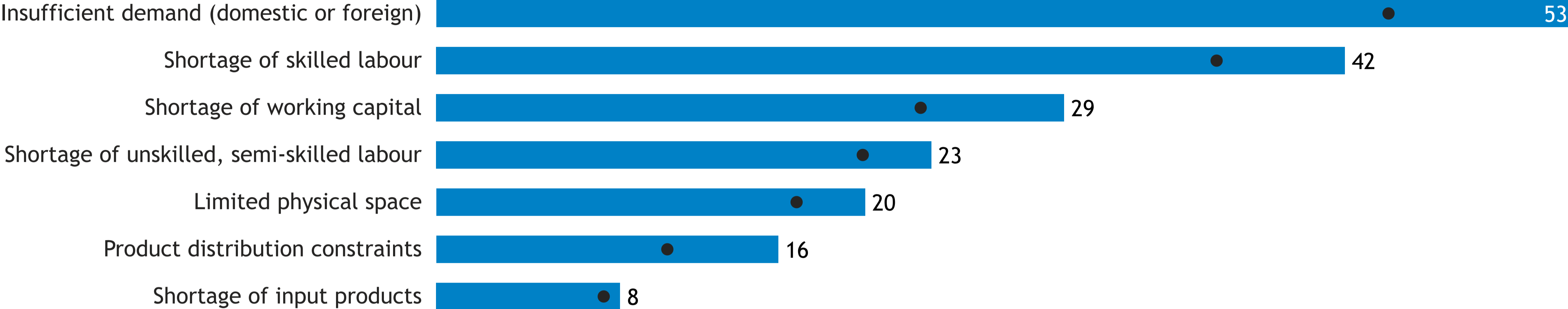
Survey question: How are your expected employment levels to change in the next 3 or 4 months? (Up, Same, Down)

Business Barometer®: Future price and wage increase plans



Survey questions:
 In the next year, how much do you expect **average prices** to change?
 In the next year, how much do you expect **average wages** to change?

Business Barometer®: Factors limiting sales or production growth- current levels and trend

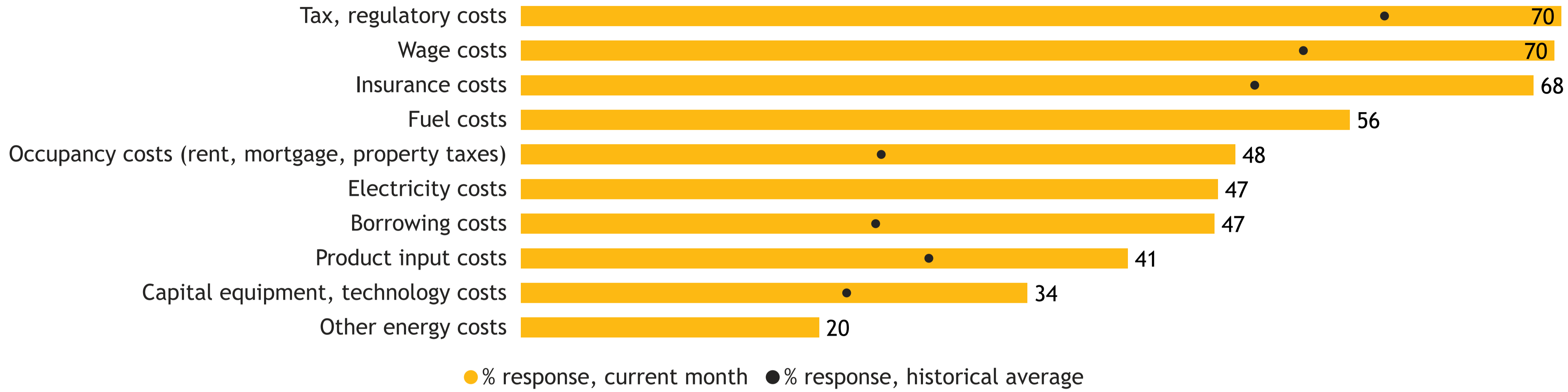


● % response, current month ● 2009-2024 average limitation

Survey question: What factors are limiting your ability to increase sales or production?

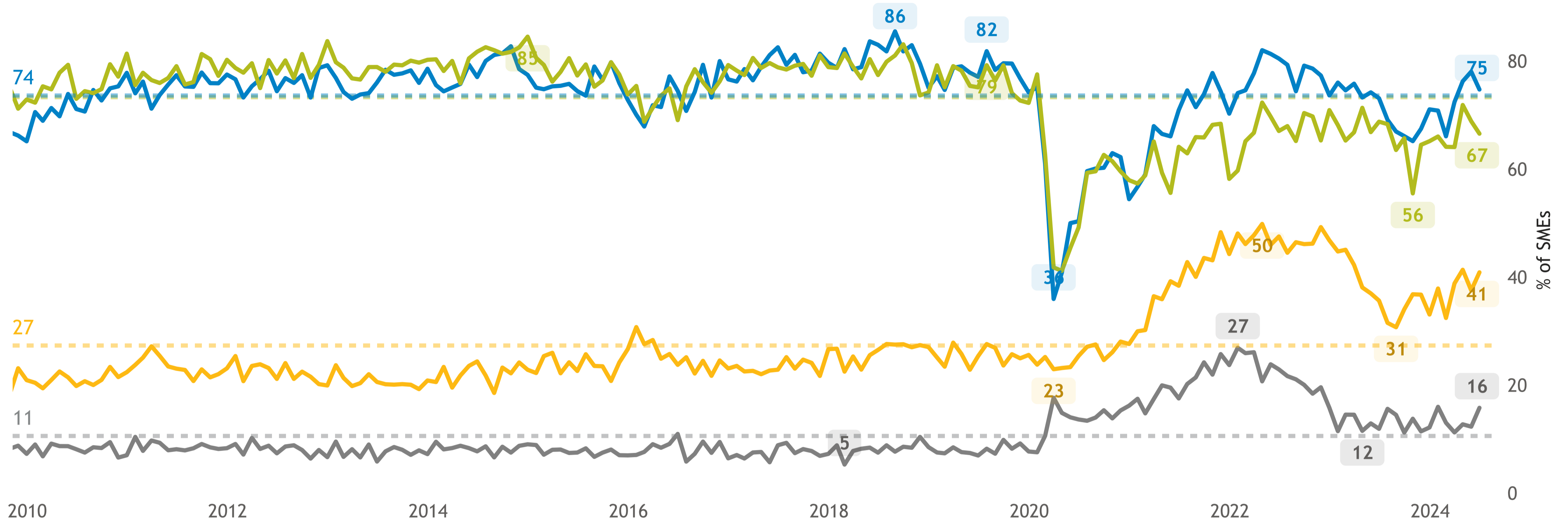
Note: Starting January 2024, the options "Insufficient domestic demand" and "insufficient foreign demand" have been combined into one option "insufficient demand". The option 'foreign competition' has been removed.

Business Barometer®: Major input cost constraints- current levels and trend



Survey question: What types of input costs are currently causing difficulties for your business?

Note: Starting January 2024, the option "Fuel, energy costs" was divided into separate options: "Fuel costs", "Electricity costs", "Other energy costs".



Firms with: — Normal/above normal unfilled orders — Normal/above normal unsold Inventories — Product input costs difficulties — Product distribution constraints

--- Historical averages

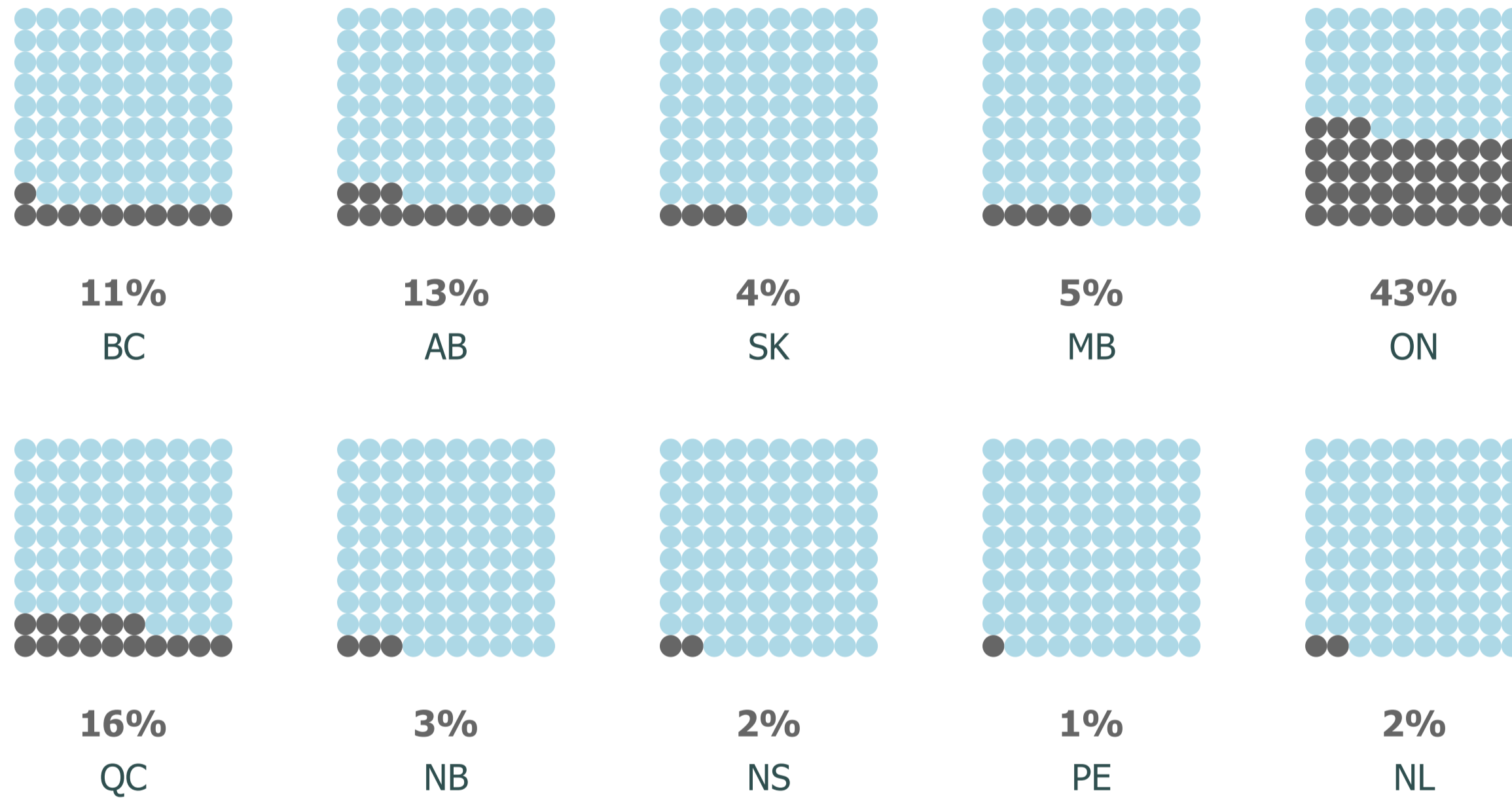
Survey questions:

Allowing for normal seasonal influences, what are **current unfilled orders** and **unsold inventories** compared to normal?

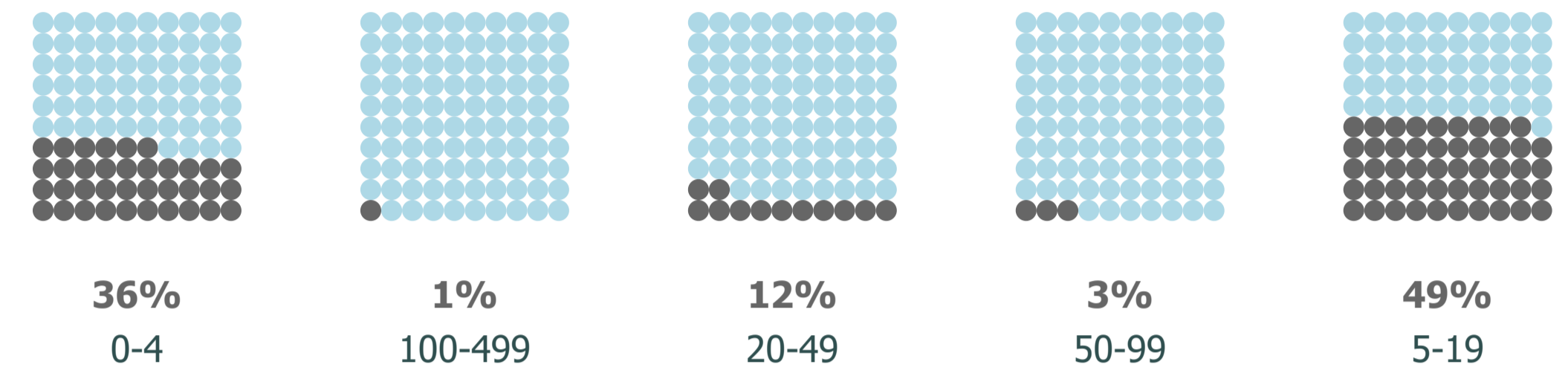
What types of input costs are currently causing difficulties for your business? [Respondents selecting "**Product input costs**"]

What factors are limiting your ability to increase sales or production? [Respondents selecting "**Product distribution constraints**"]

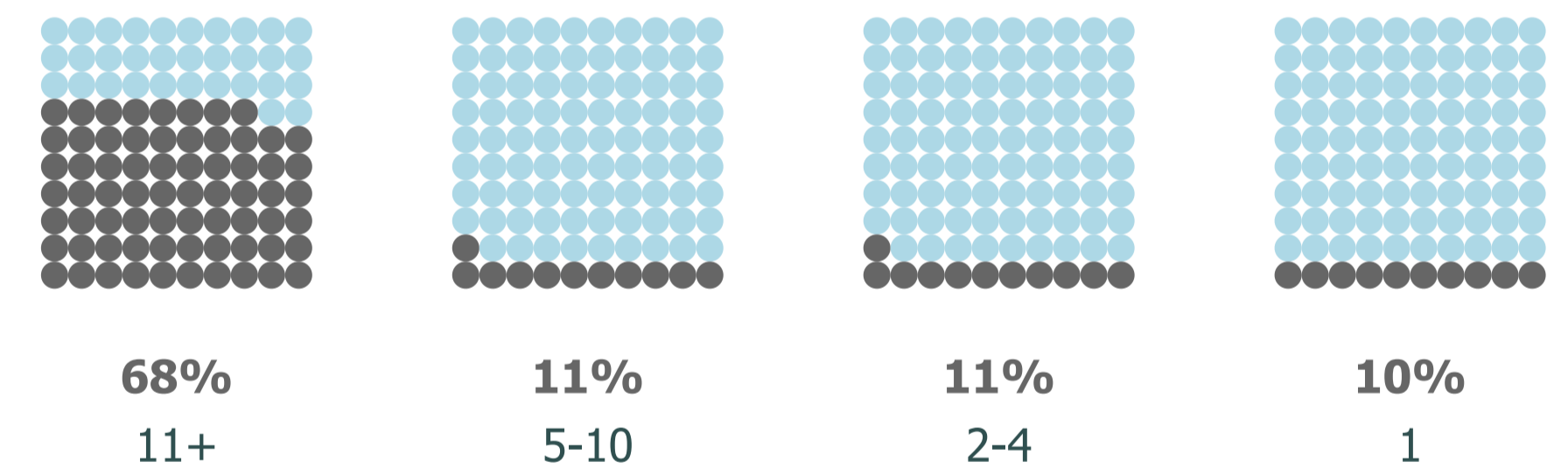
By location of business



By number of employees



By number of years in business



Methodology

- Stratified random sample of CFIB members to a controlled-access web survey: 467 responses
- Responses were received from: July 3-15
- The survey is considered accurate to within +/-4.5 percentage points, 19 times out of 20.
- Every new month, all indicators are recalculated for the previous month to include all survey responses received in that previous month.
- Measured on a scale between 0 and 100, an index above 50 means owners expecting their business's performance to be stronger over the next three or 12 months outnumber those expecting weaker performance.
- An index level near 65 normally indicates that the economy is growing at its potential.
- Because the provincial and sectoral responses, except Ontario and retail, are presented as three-months moving averages, the provincial or sectoral charts may not show the same movements as the aggregate Canada data.