

Business Barometer®

August 2018 SME business outlook survey results

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The seesaw in small business confidence so far through 2018 continued in August, with trade-related concerns registered in previous months appearing to have eased off. Climbing to 61.6, CFIB's Business Barometer® index gained back nearly all the points lost in July's plunge. The latest number is not the highest reading of the year, but it is still one of the better ones seen since 2015.

The index improved in 8 of 10 provinces, with the biggest gains seen in Saskatchewan (57.9) and Newfoundland & Labrador (56.5)—provinces long held back by the resource price crunch. In keeping with previous results, business owners are most confident in Prince Edward Island (74.0) and Quebec (71.8). Gains in Nova Scotia (66.9) and Manitoba (62.4) also suggest reasonably positive business sentiment there. Confidence in New Brunswick (58.0) and Ontario (57.6) remain below average, while in British Columbia (55.9) and Alberta (53.9) sentiment fell slightly—enough to make them the least optimistic regions in the country.

Changes to the sector picture is more balanced, with sentiment rising in seven and falling in six industries. The biggest improvements were in retail and natural resources. The biggest declines were seen in financial services, transportation and construction.

On a scale between 0 and 100, an index above 50 means owners expecting their business' performance to be stronger in the next year outnumber those expecting weaker performance. One normally sees an index level of between 65 and 70 when the economy is growing at its potential.

Forty-four per cent of owners say their businesses are in good shape, versus 10 per cent who report being in bad shape—a slight improvement over July. There has been no real change to net hiring plans with 17 per cent of owners expecting to add full-time staff compared to 12 per cent who plan to cut back in the next three or four months. Owners also say they are planning wage and price increases averaging 2.0 and 2.4 per cent respectively over the next 12 months.

Figure 1: **Business Barometer Index and GDP**

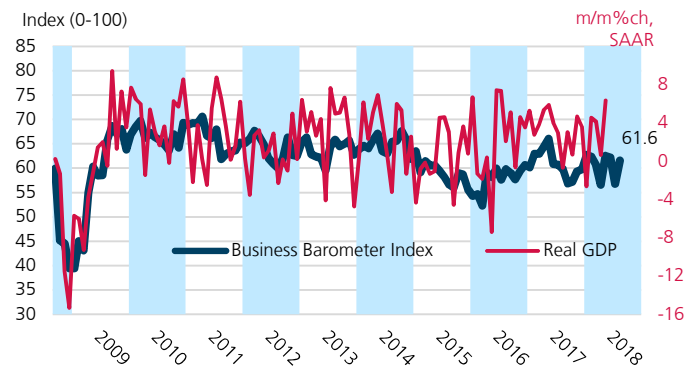


Figure 2: **Index by province***

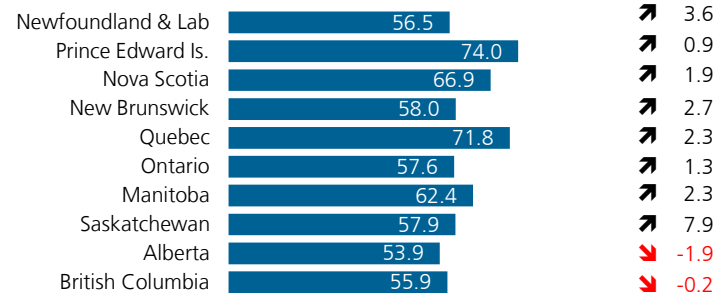
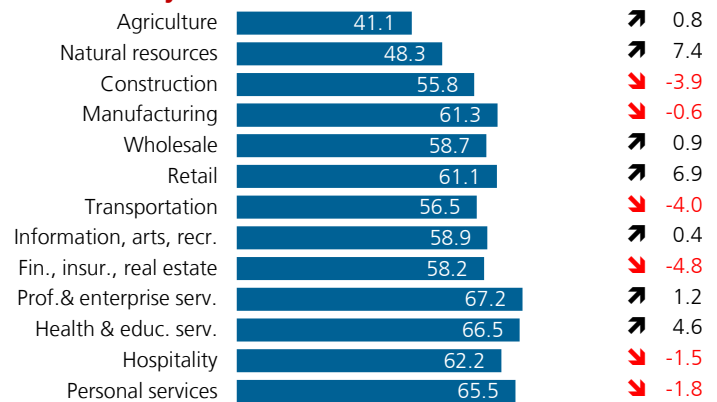


Figure 3: **Index by sector***



* Provincial and sector sub-indexes, with the exception of Ontario and Retail are calculated as 2-,3- or 4-month moving averages.

Figure 4: Full-time staffing plans, next 3 months

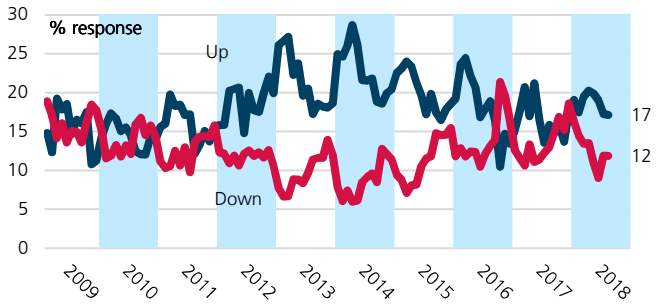


Figure 5: General state of business health

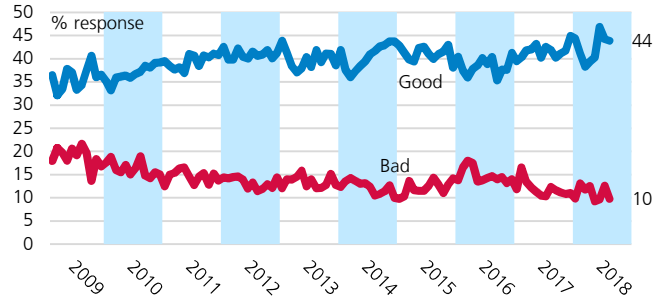


Figure 6: Future pricing and wage plans

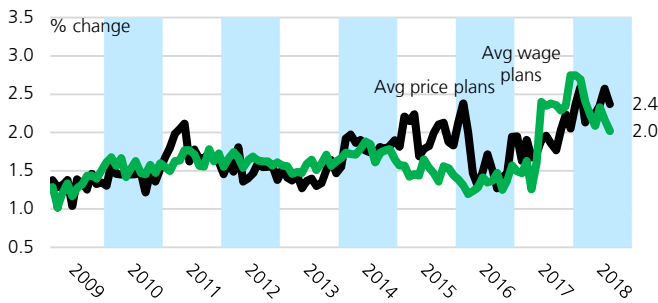


Figure 7: Business indicators 'normal' or 'better than normal'

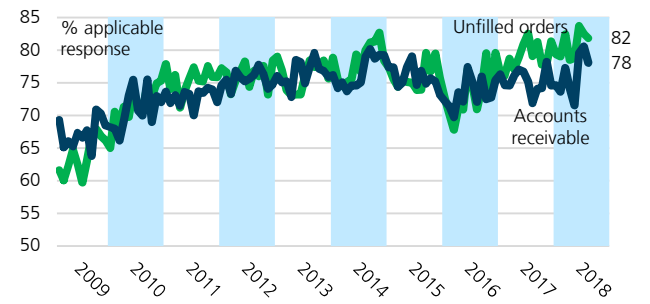


Figure 8: Limitations on sales or production growth



Figure 9: 3-month capital spending plans

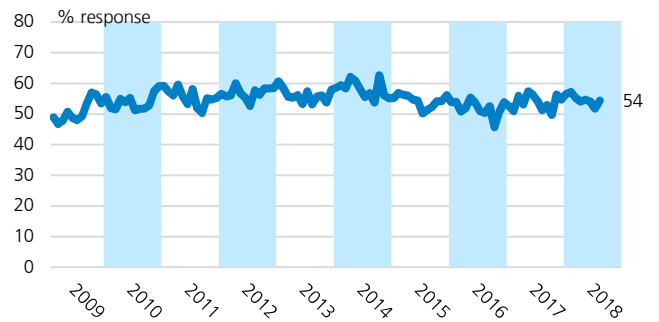


Figure 10: Trends: limitations on growth

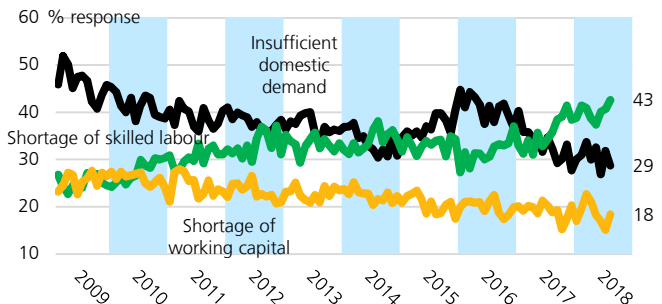
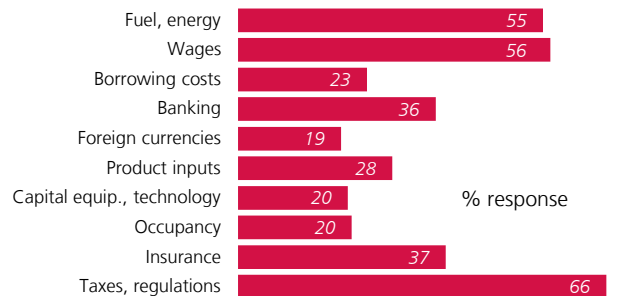


Figure 11: Major cost constraints



August 2018 findings are based on 768 responses, collected from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received through August 20. Findings are statistically accurate to +/- 3.5 per cent 19 times in 20.

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