

Monthly Business Barometer®

May 2023



12-month Small Business Confidence Index

56.4

Monthly change

↑ 0.7

3-month Small Business Confidence Index

53.5

Monthly change

↑ 0.1

Business Barometer[®]: Report summary

Highlights for May

Canada's small business optimism index has now been on the rise for seven months in a row and is at the highest level in almost a year. Labour shortages and their side effects are still one of the biggest headaches for small businesses.

Small business optimism in Canada

CFIB's Business Barometer[®] long-term index, which is based on 12-month forward expectations for business performance, inched forward at 56.4—about 5 points below the historical average. The short-term optimism index, based on a 3-month outlook, remained unchanged at 53.5—about 2 points below the historical average.

Labour market indicators

Full-time staffing plans are moderate for this time of the year with only 22% of SMEs planning to hire while 12% are planning to lay off. Average wage increase plans have seen a small decrease to 3.2 from April level of 3.3.

Methodology

May findings are based on 558 responses from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received from May 3 to the 10. Findings are statistically accurate to +/- 4.1 per cent 19 times in 20. Every new month, the entire series of indicators is 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.

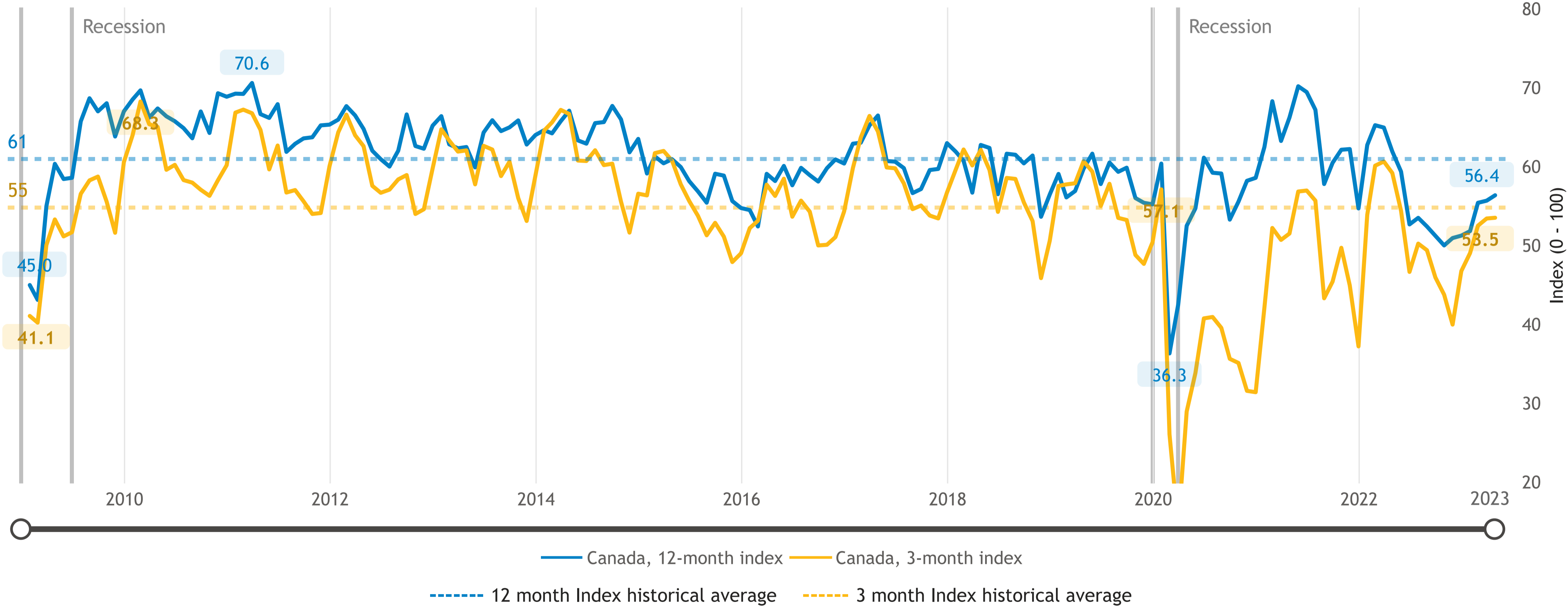
Provincial picture

All but two provinces report optimism levels above mid-50. Saskatchewan and Quebec are the only ones just below the 50 mark. PEI and NL are leading in optimism over the long term with significant improvements from the previous month, and even above their historical averages for this time of the year. Saskatchewan is the only province that had a notable drop in optimism reaching 51.9.

Sectoral picture

Overall, long term optimism is improving in most sectors. All but three industries report confidence levels above 50: transportation; finance, insurance, real estate, and leasing; and agriculture. For agriculture businesses, this is the 6th consecutive month of very low readings of optimism. While some sectors have seen small improvements in optimism, a few have registered decreases in business confidence, most notably transportation and natural resources sectors.

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

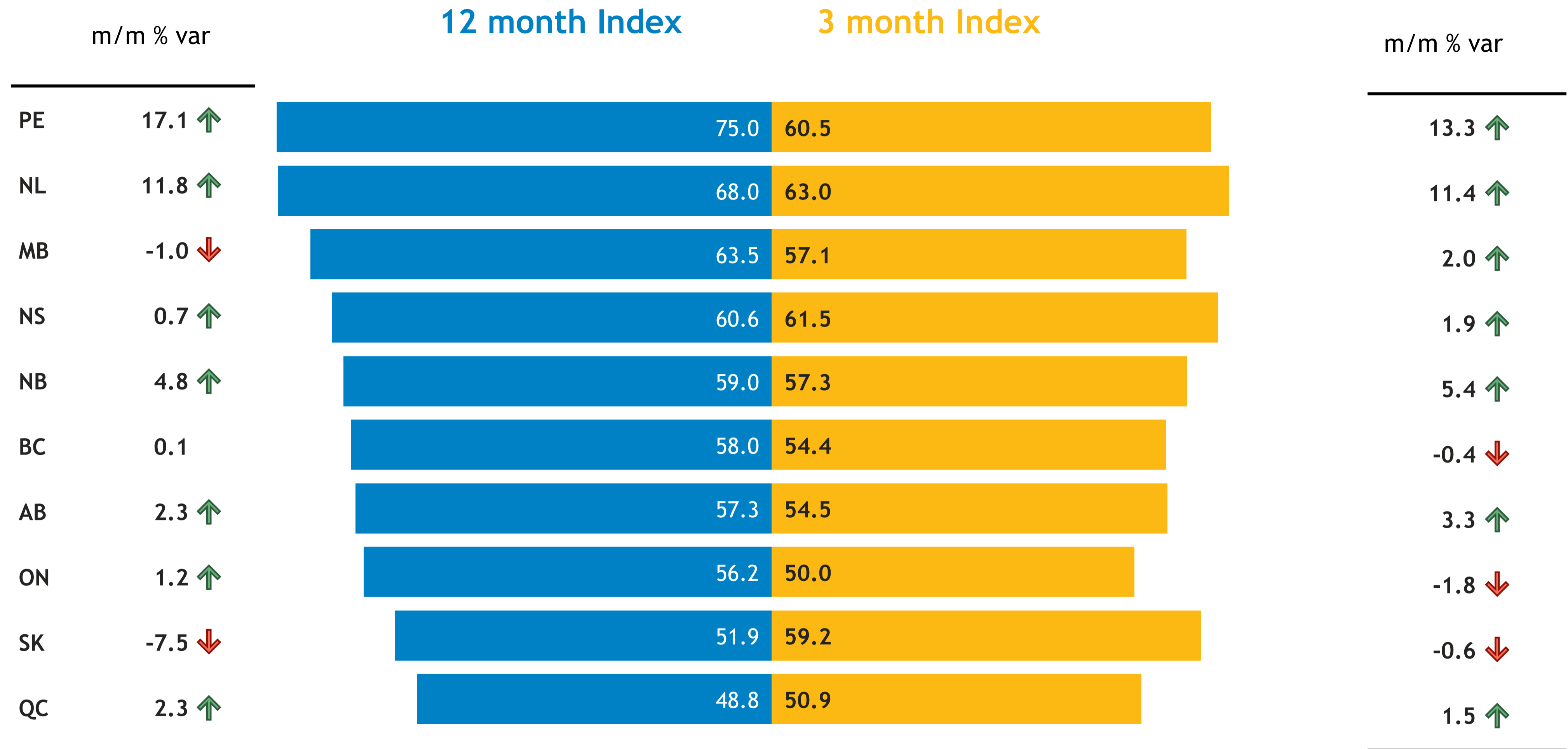


Survey questions:

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

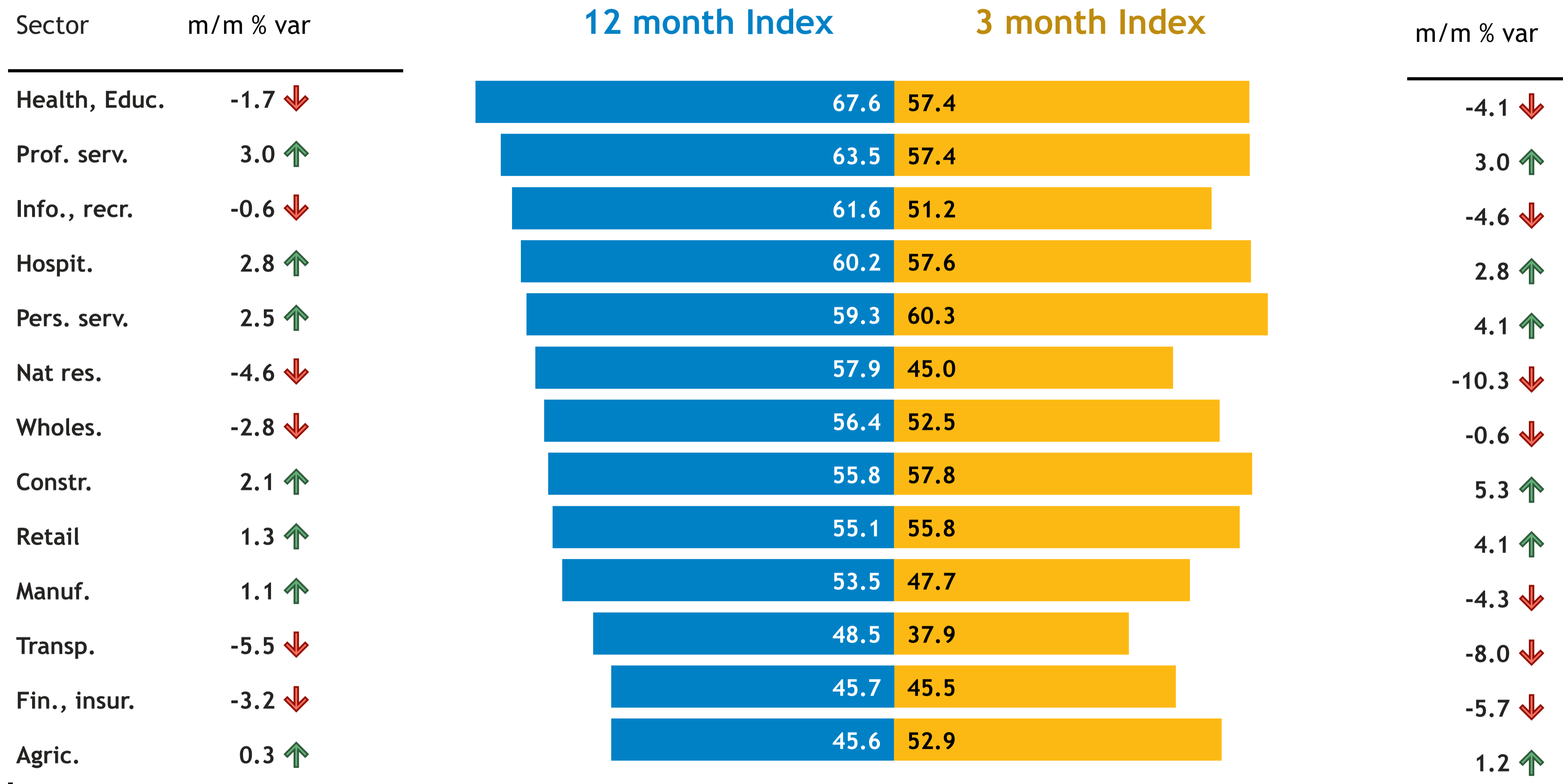
Business Barometer®: Small business confidence index, provinces



Survey questions:

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

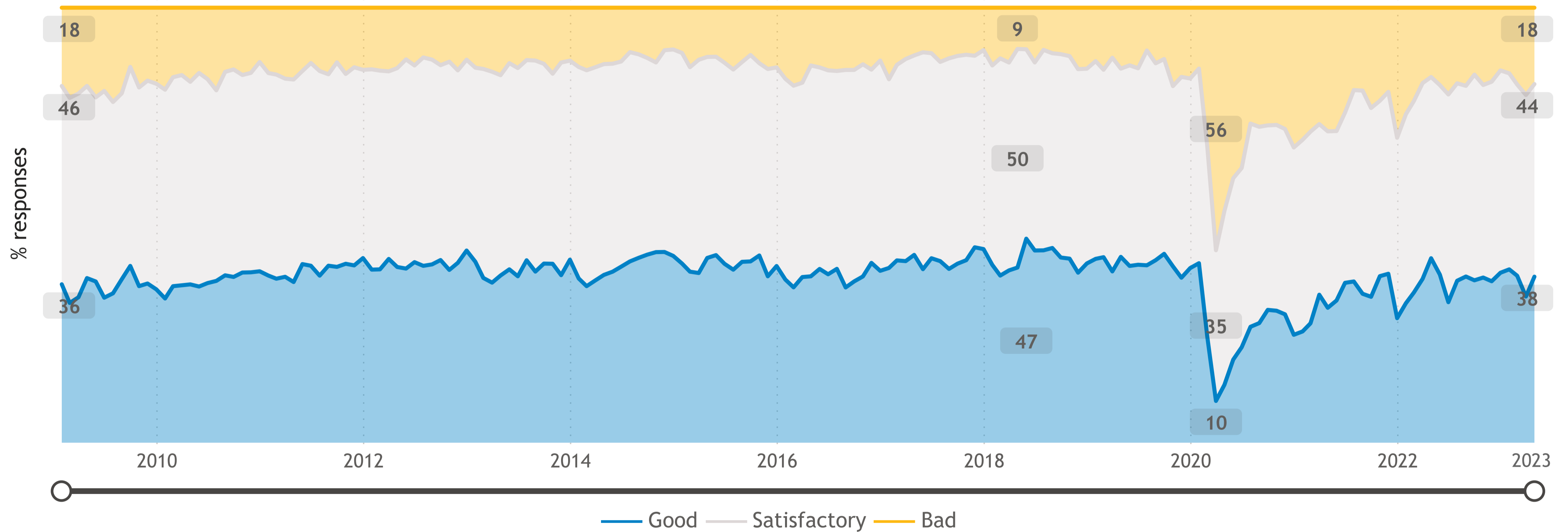
Allowing for normal seasonal influences, what are your business performance expectations for the next **3 or 4 months**?



Survey questions:

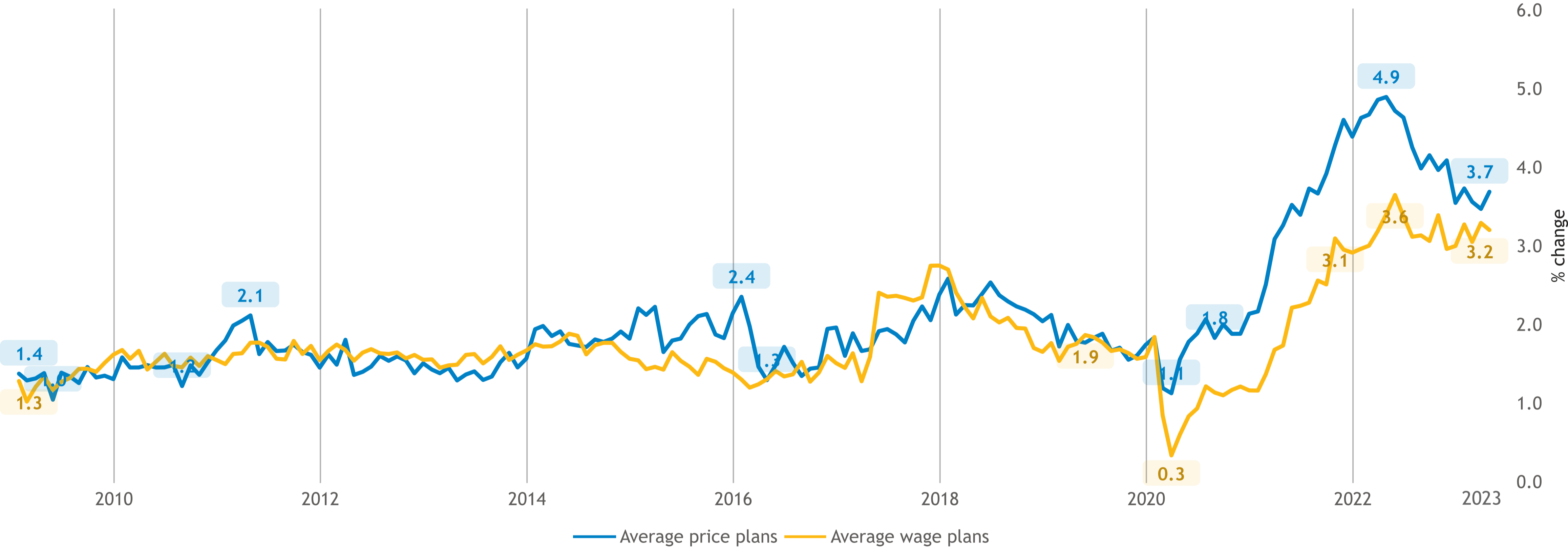
How do you expect your firm to be performing in **12 months** compared to now?

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



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

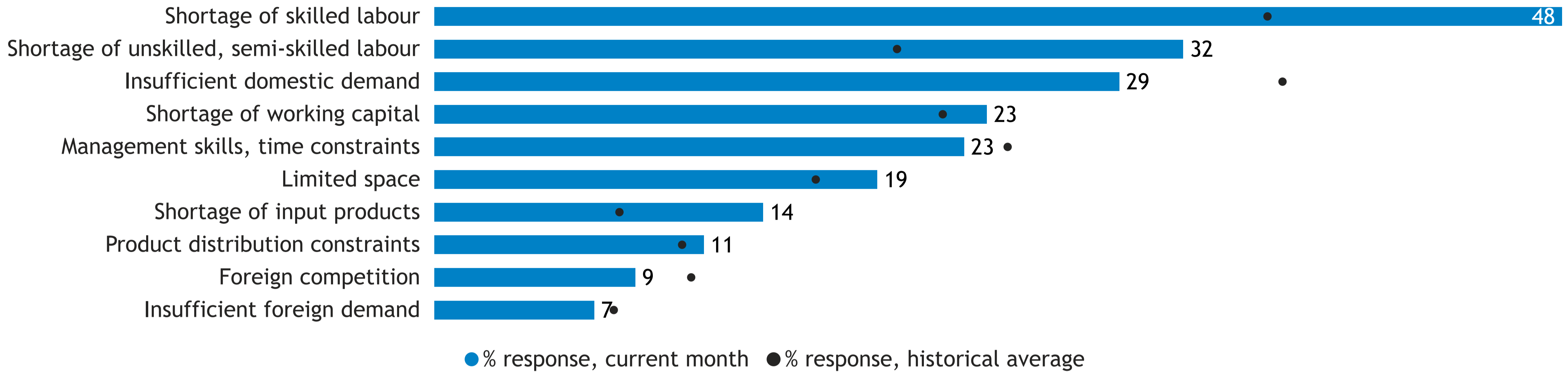
Business Barometer®: Future pricing and wage increasing plans



Survey questions:

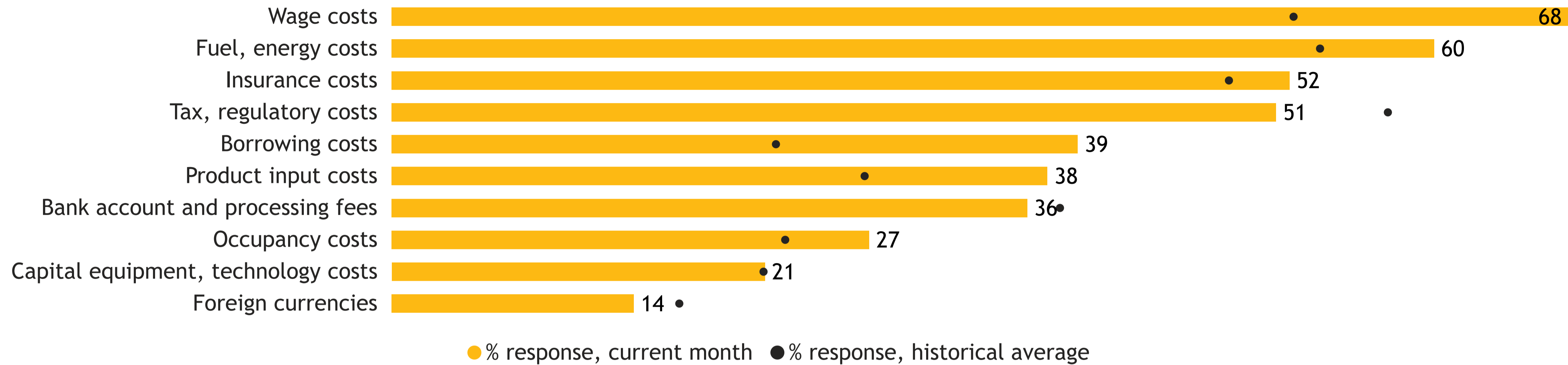
In the next year, how much do you expect **average prices** to change?

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



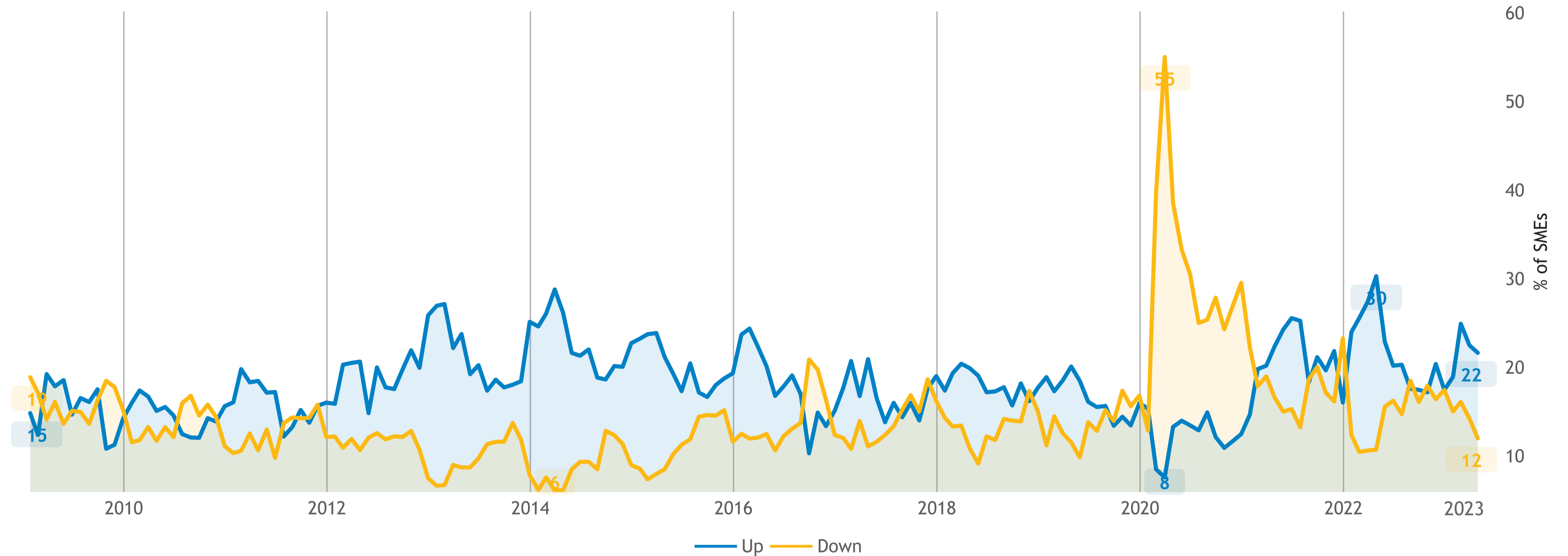
Survey question:
 What factors are limiting your ability to increase sales or production?

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

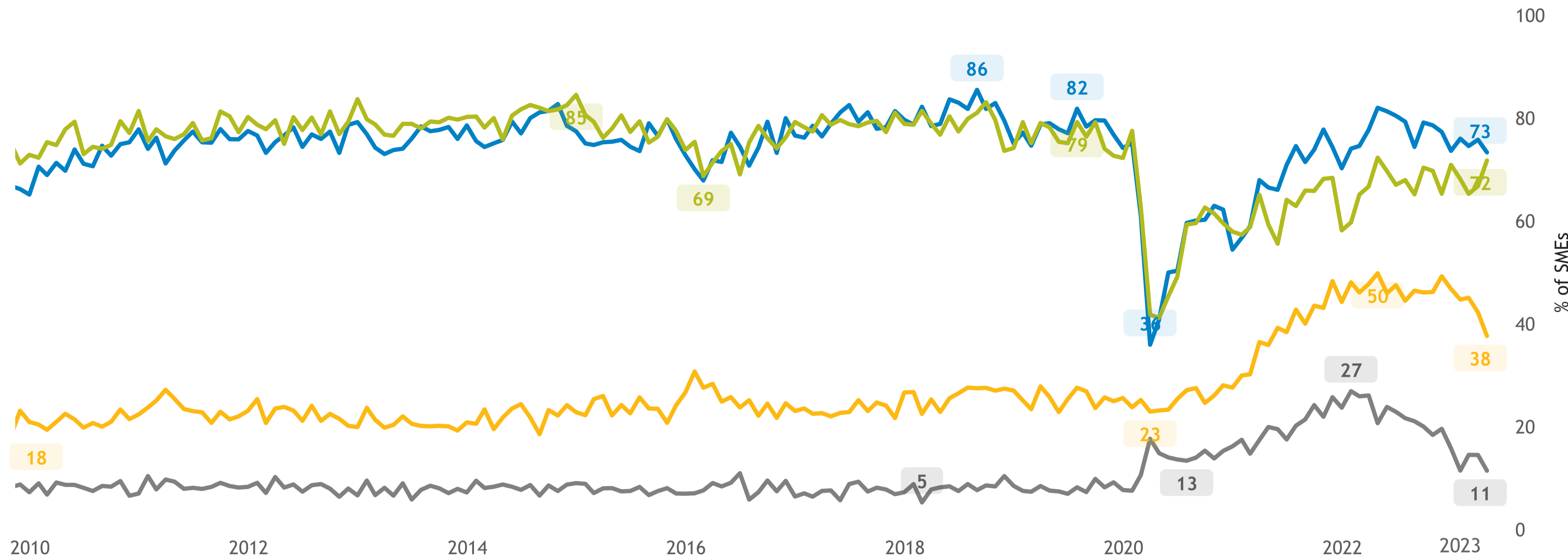


Survey question:

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



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



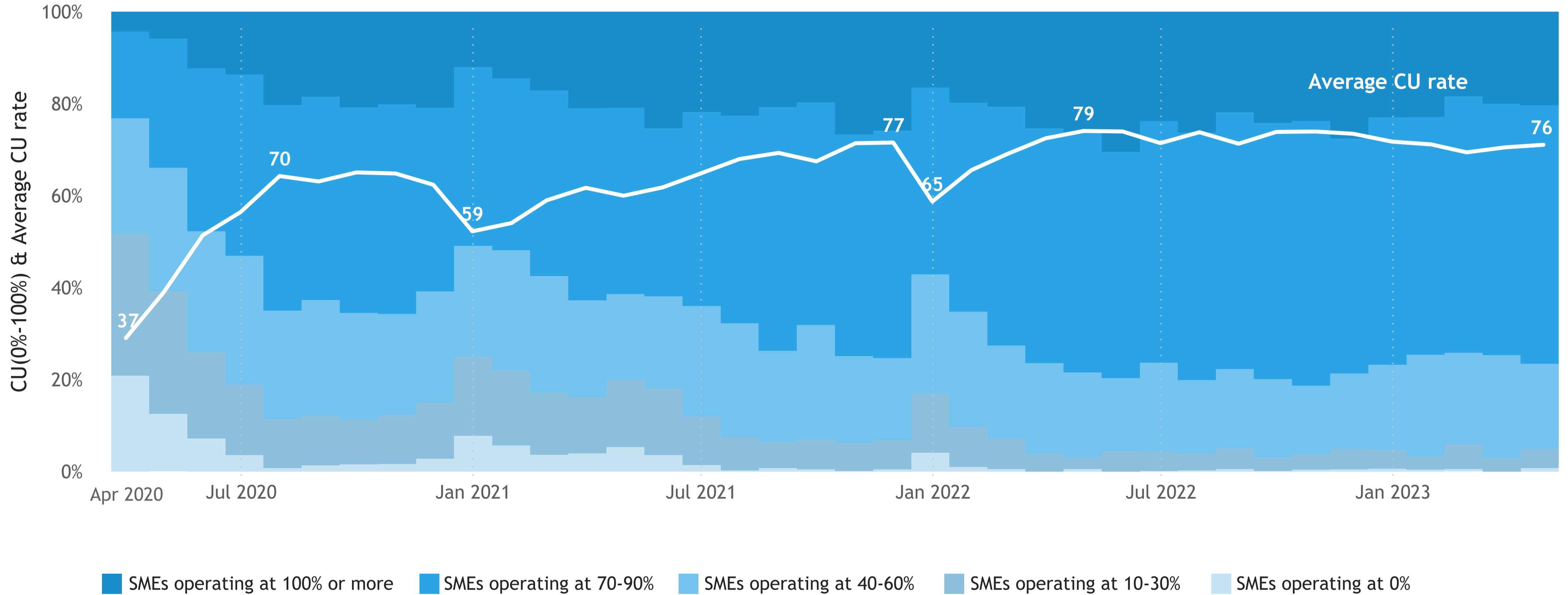
Firms with: — Normal/above normal unfilled orders — Normal/above normal unsold inventories — Product input costs difficulties — Product distribution constraints

Survey questions:

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

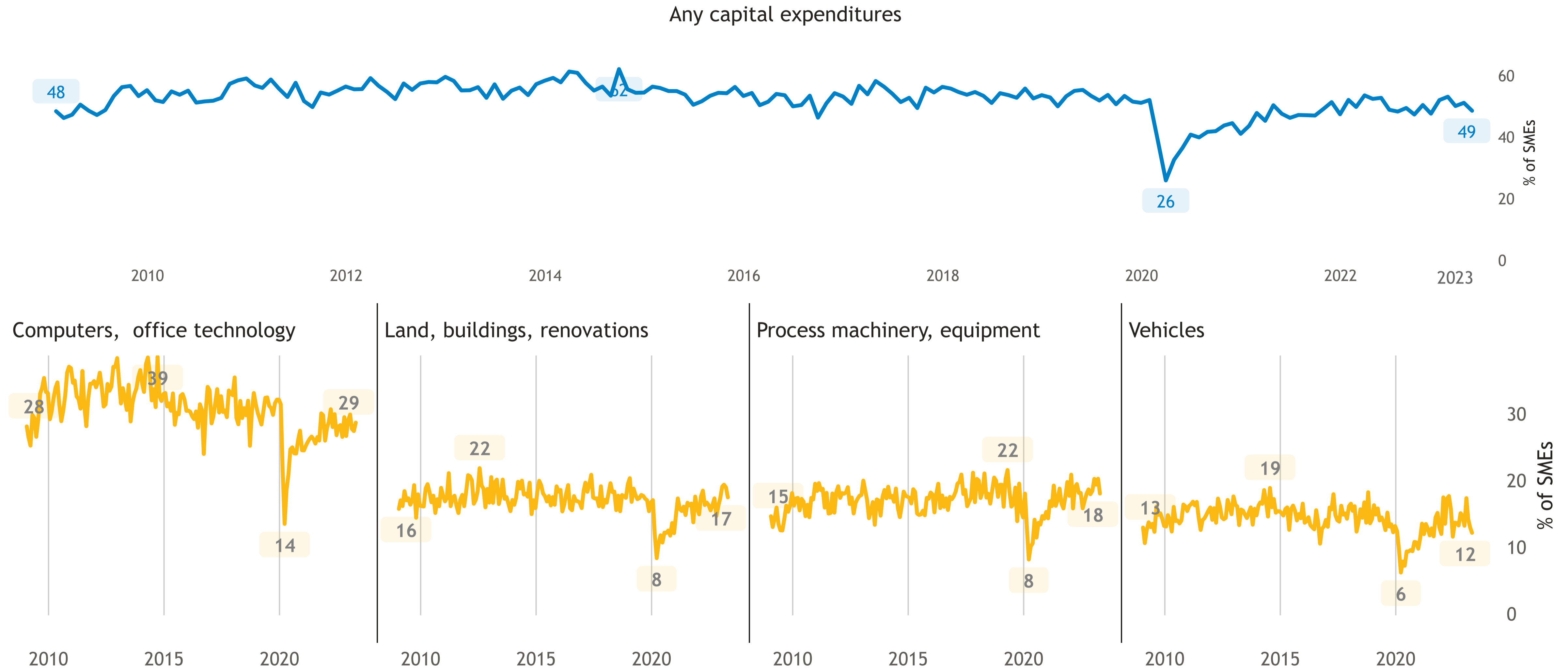
What types of **input costs** are currently causing difficulties for your business?

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



Survey question:

Taking into consideration your factors of production for this time of year (normal levels of staff, space, equipment, means of transport, etc.), at what capacity is your firm currently operating?



Survey question:

What kinds of capital expenditures do you plan to make within the next 3 or 4 months?