

Business Barometer®

January 2021 SME business outlook survey results

Andreea Bourgeois, Sr. Analyst

Both long-term and short-term small business sentiment remained unchanged in January as a result of worsening health situations with implications on the economic activity in most provinces.

CFIB's Business Barometer® Index, which is based on 12-month forward expectations for business performance, reached 58.7—a mere half-point better than at the end of 2020. The more immediate optimism index based on a 3-month outlook remained flat at 31.6. The gap between these two indexes is widening at levels seen only during March and April of 2020.

Operating capacity dropped sharply 10 points to 59.2 per cent. The share of businesses barely operating (30 per cent capacity or less) has increased by 10 per cent while the share of firms operating at full capacity (60 per cent or more) dropped by 10 per cent. The recreation, hospitality and personal services sectors remain far below their normal operating capacity, with high shares of firms at zero capacity.

The provincial picture mirrors the Canadian trend with some gains in long-term optimism and minor loses in short-term expectations. The sectoral outlook shrunk more over the short term while the long-term is weak but more optimistic.

No improvement was noted in staffing plans or investments. Pricing plans, however, are on the rise as businesses are doing their best to recoup some of the losses incurred in 2020 or their investments in COVID-protective equipment. Average price increase is at 2.1 per cent, the highest in the past year.

Figure 1: **Business Barometer Index, 3 and 12-month outlook**

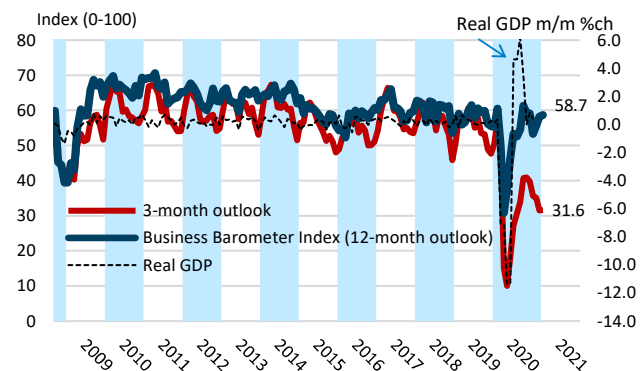


Figure 2: **3-month Index and 12-month Index by province***

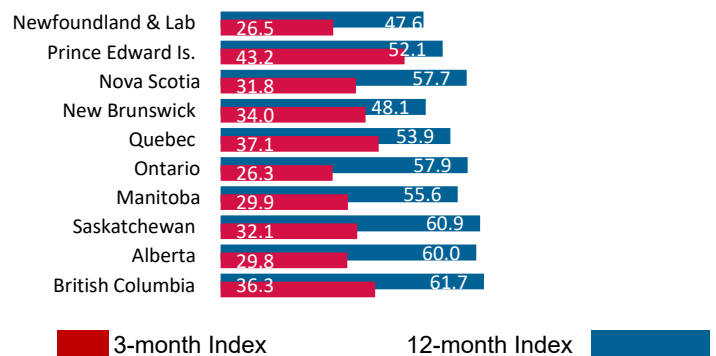
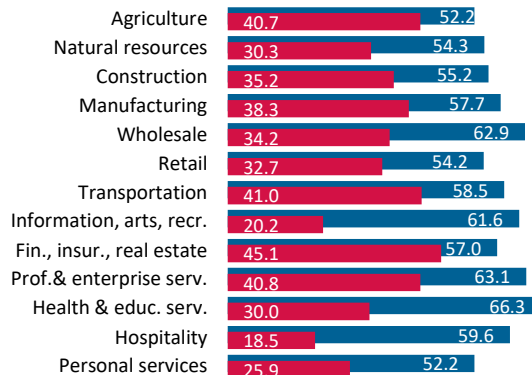


Figure 3: **3-month Index and 12-month Index by sector***



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

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

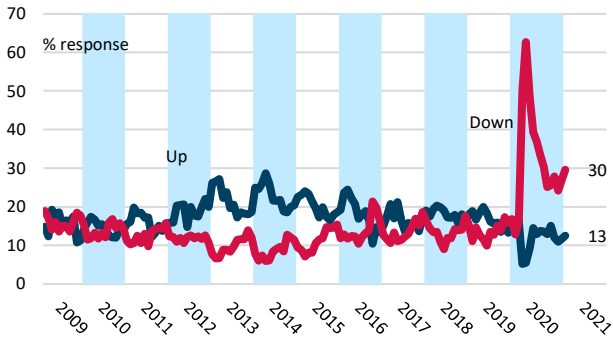


Figure 5: **General state of business health**

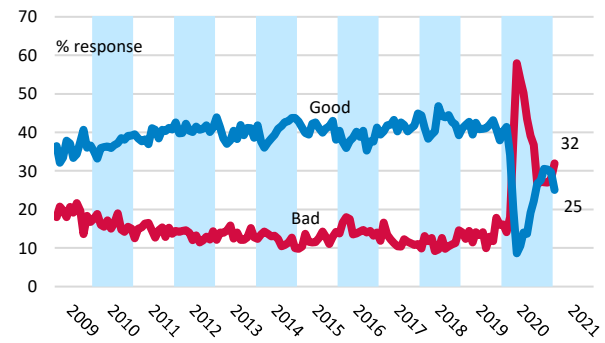


Figure 6: **Future pricing and wage plans**

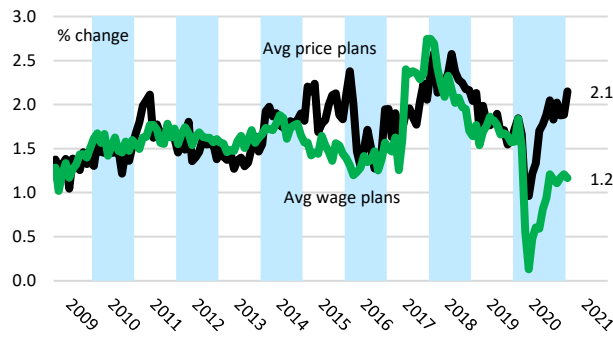


Figure 7: **Business indicators 'normal' or 'better than normal'**

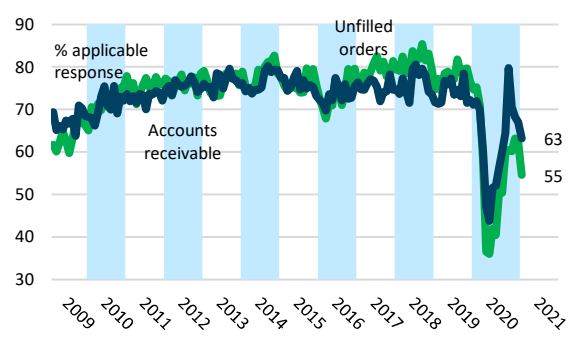


Figure 8: **Trends: limitations on growth**

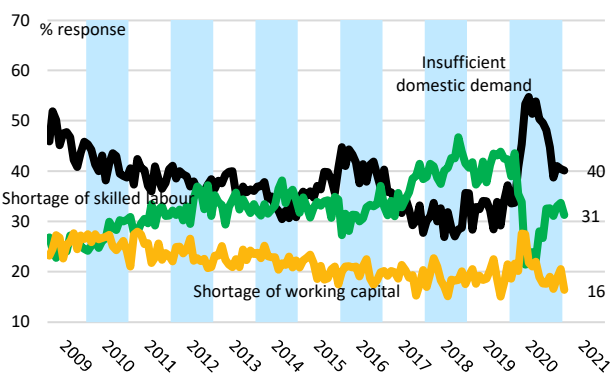


Figure 9: **3-month capital spending plans**

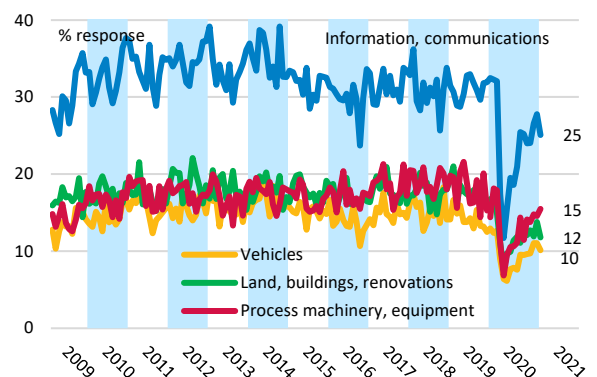


Figure 10: **Limitations on sales or production growth**

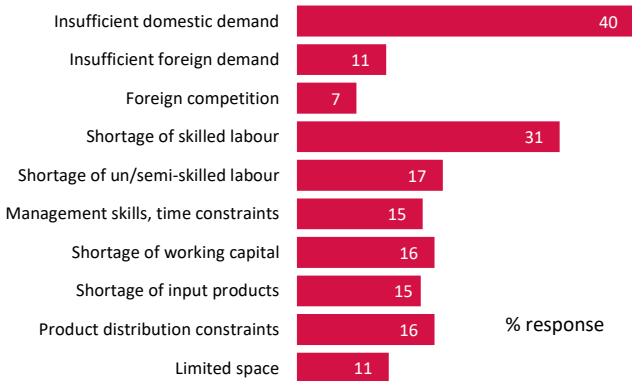


Figure 11: **Major cost constraints**

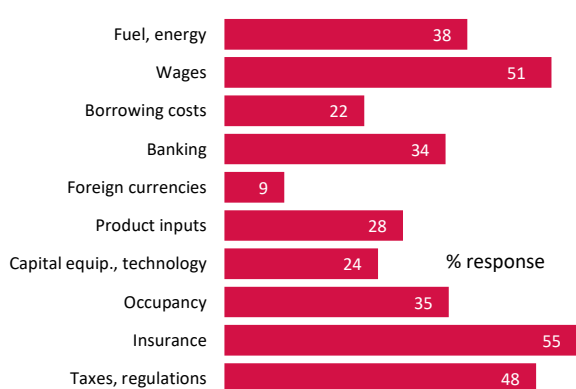


Figure 12: **% Capacity utilization rates**
(Industry trends in grey)

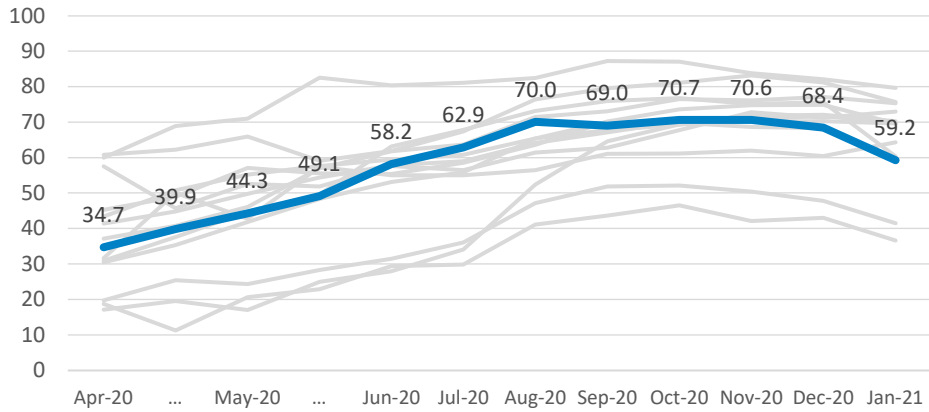


Figure 13: **Capacity utilization by province, January 2021**

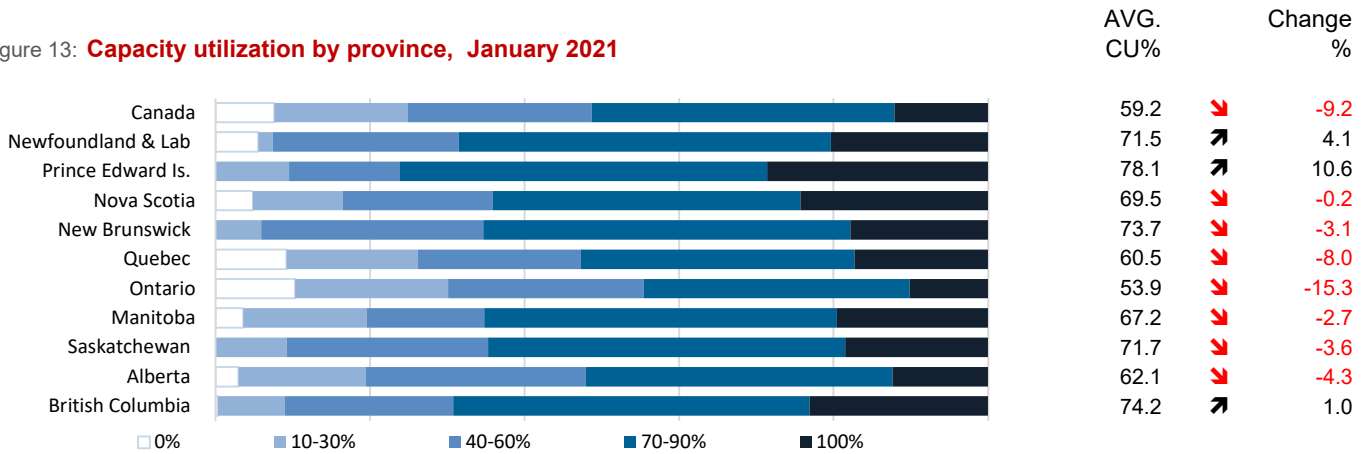
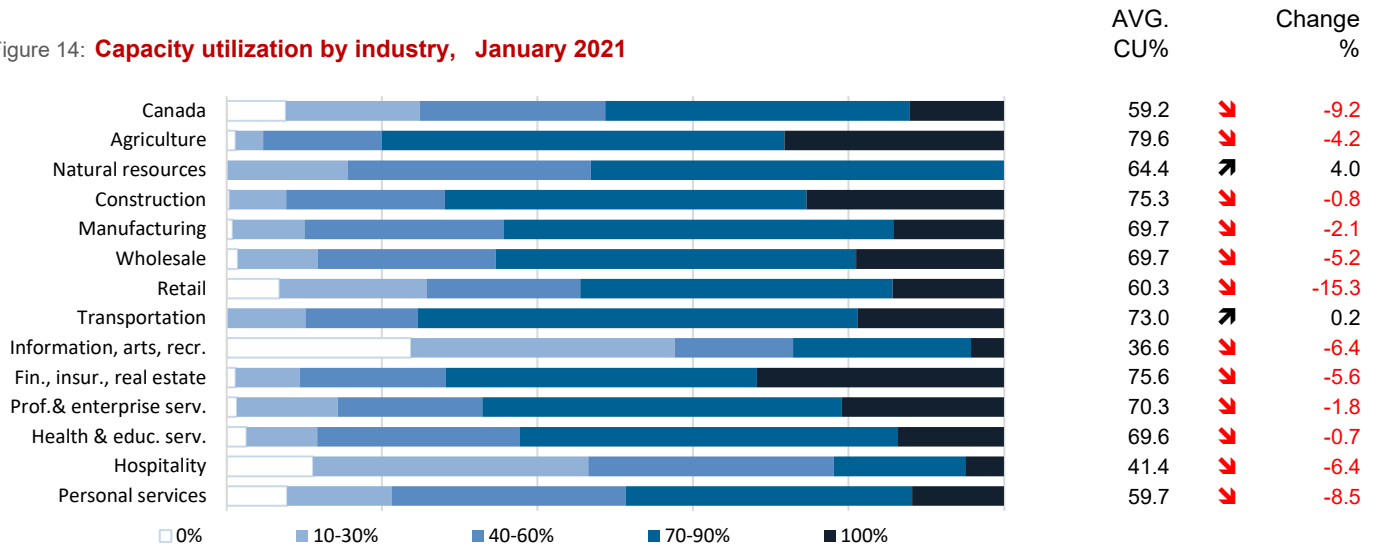


Figure 14: **Capacity utilization by industry, January 2021**



The January findings are based on 1346 responses from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received from January 11 to 18. Findings are statistically accurate to +/- 2.7 per cent 19 times in 20.

Andreea Bourgeois, senior analyst, Andreea.Bourgeois@cfib.ca
Simon Gaudreault, senior director, national research, Simon.Gaudreault@cfib.ca