

Business Barometer®

May 2021 SME business outlook survey results

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Small business confidence over the short-term and long-term held steady compared to the previous month. May has been a month of mitigating circumstances with new wave of business restrictions coming into effect in some provinces, such as Nova Scotia or Manitoba and easing of restrictions in others such as Quebec or New Brunswick.

CFIB’s Business Barometer® Index, which is based on 12-month forward expectations for business performance, reached 66.2—an almost three-point gain since April. The more immediate optimism index based on the 3-month outlook remained almost unchanged at 51.4.

Among the other business indicators, employment plans trend better with hiring plans surpassing layoffs currently and insufficient domestic demand dropping. Nevertheless, future pricing plans are still increasing. Currently, the average price increase is 3.3—almost double of what future average wage plans are.

Newly imposed restrictions in Manitoba and Nova Scotia, meant that both their short-term and long-term expectations deteriorated. The rest of the provinces, however, have seen some minor improvements in business optimism over the next 3 months and even more so over the next 12 months. Despite these minimal gains, the short-term outlook remains weak with levels ranging from 38.4 in NL to 61.3 in Quebec; yet most provinces are around the high 40’s to low 50’s mark.

Short term sectoral confidence is also driven by current restrictions and is making the information, arts and recreation, personal services, hospitality, and retail the least optimistic sectors. It is important to note that retail and personal services are the least optimistic over the long term also.

Measured 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.

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

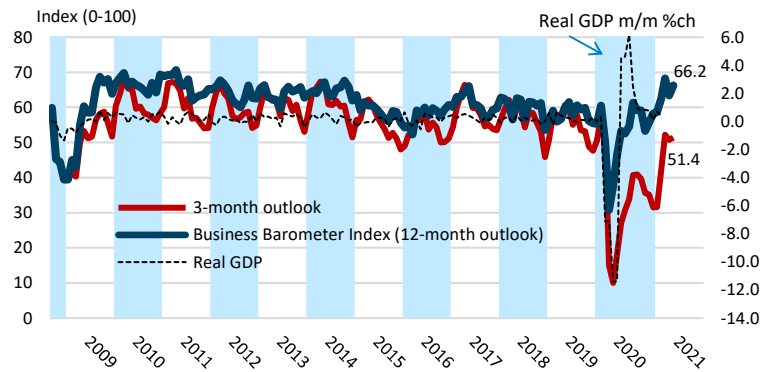


Figure 2: **Full-time staffing plans, next 3 months**

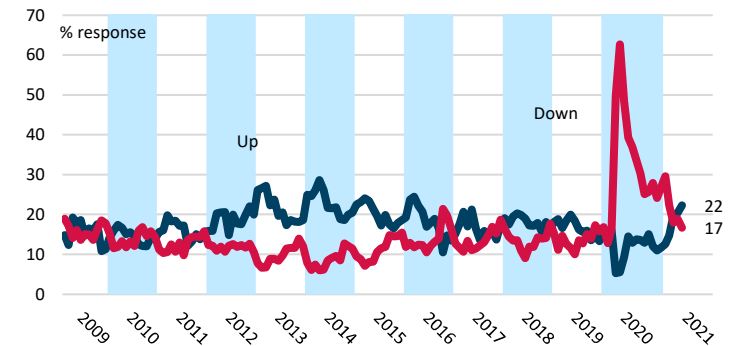


Figure 3: **General state of business health**

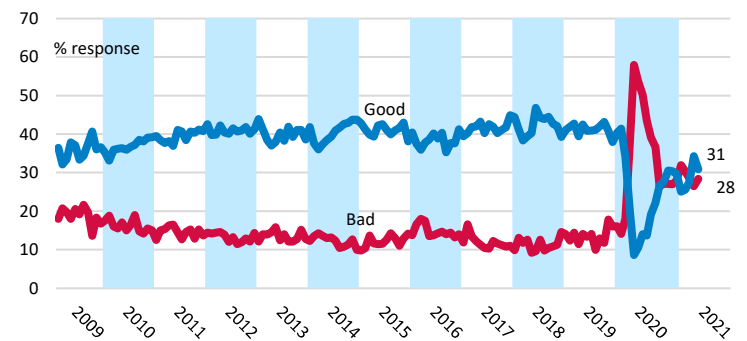


Figure 4: **Business indicators 'normal' or 'better than normal'**

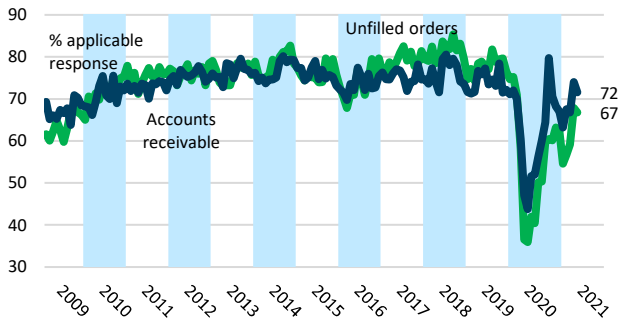


Figure 5: **Future pricing and wage plans**

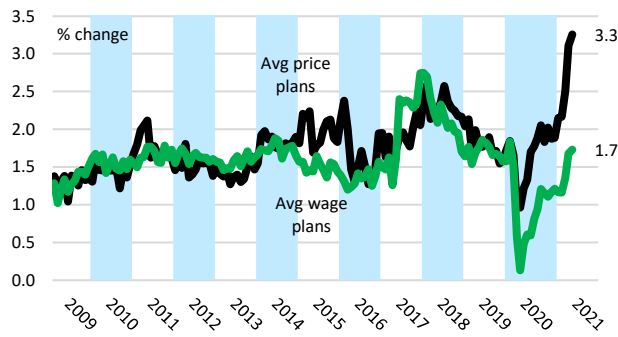


Figure 6: **3-month Index and 12-month Index by province***

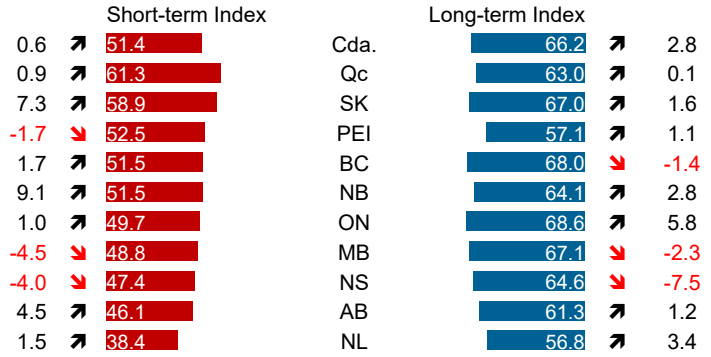
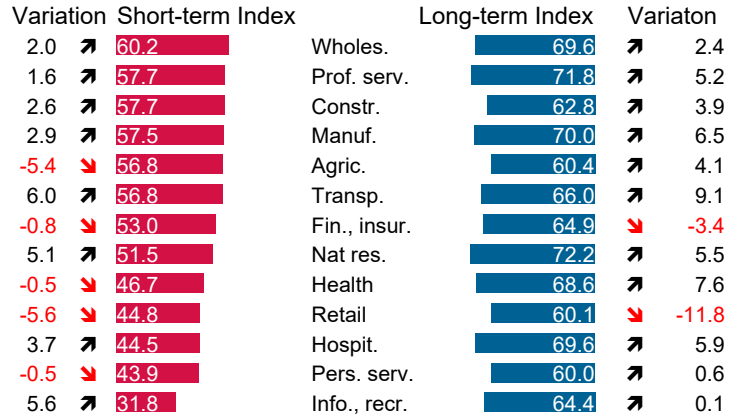


Figure 7: **3-month Index and 12-month Index by sector***



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

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

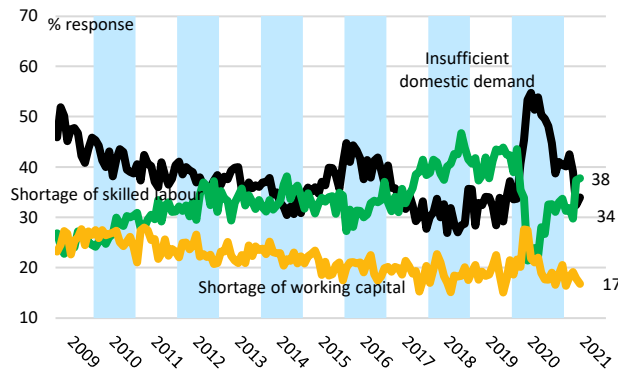


Figure 9: **3-month capital spending plans**

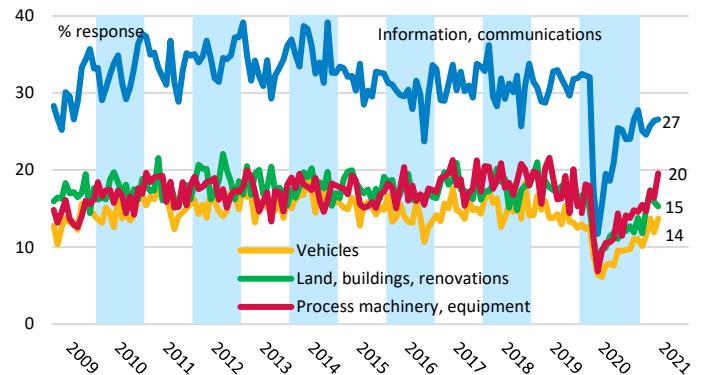


Figure 10: **Limitations on sales or production growth**

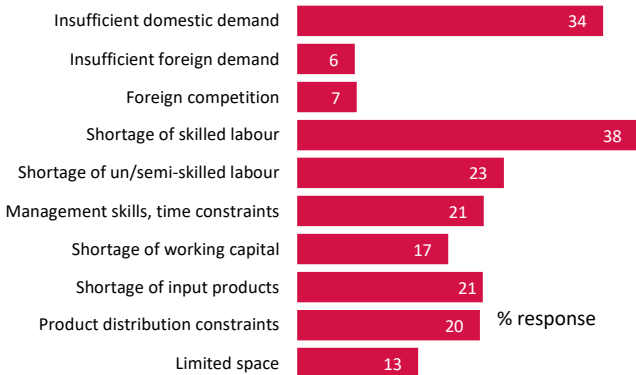
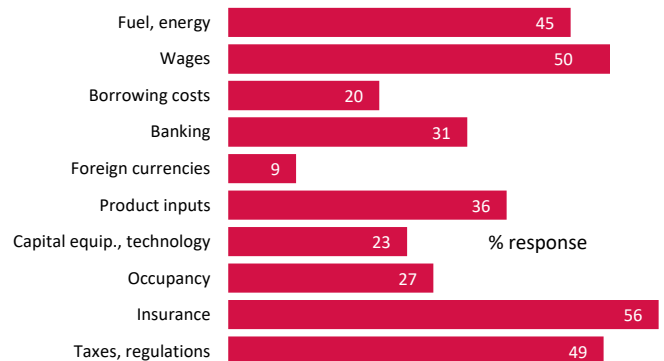


Figure 11: **Major cost constraints**



Capacity utilization

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? (Your best estimate as a percentage of full capacity)

Figure 12: **Trend in average capacity utilization rate, Canada**
(Industry trends in grey)

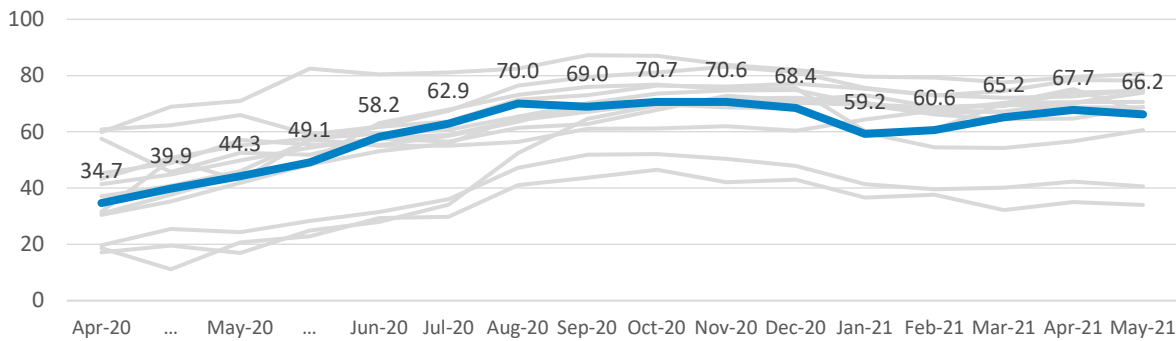


Figure 13: **Capacity utilization by province (%)**

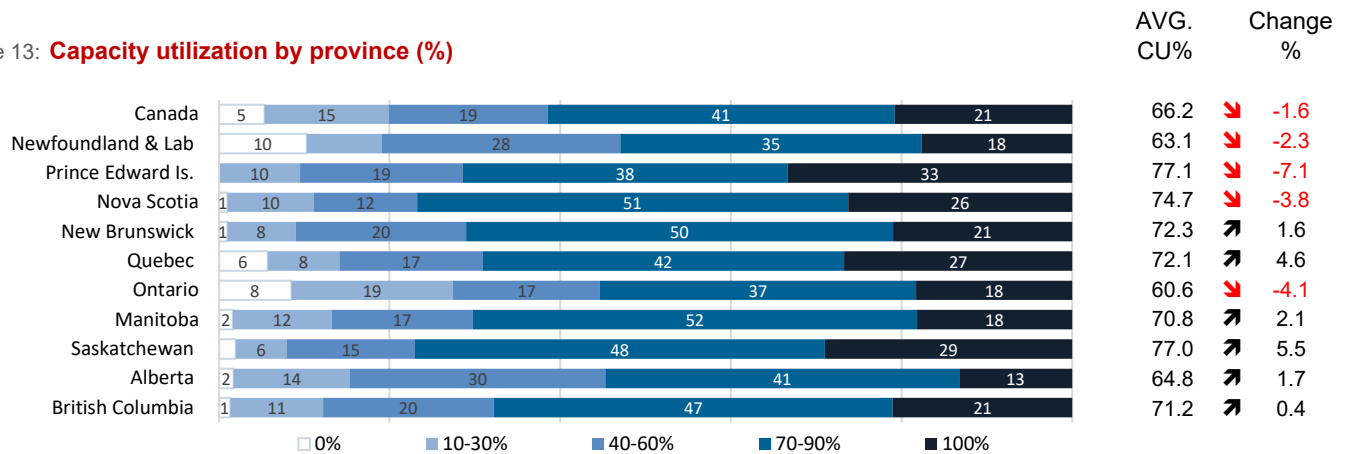
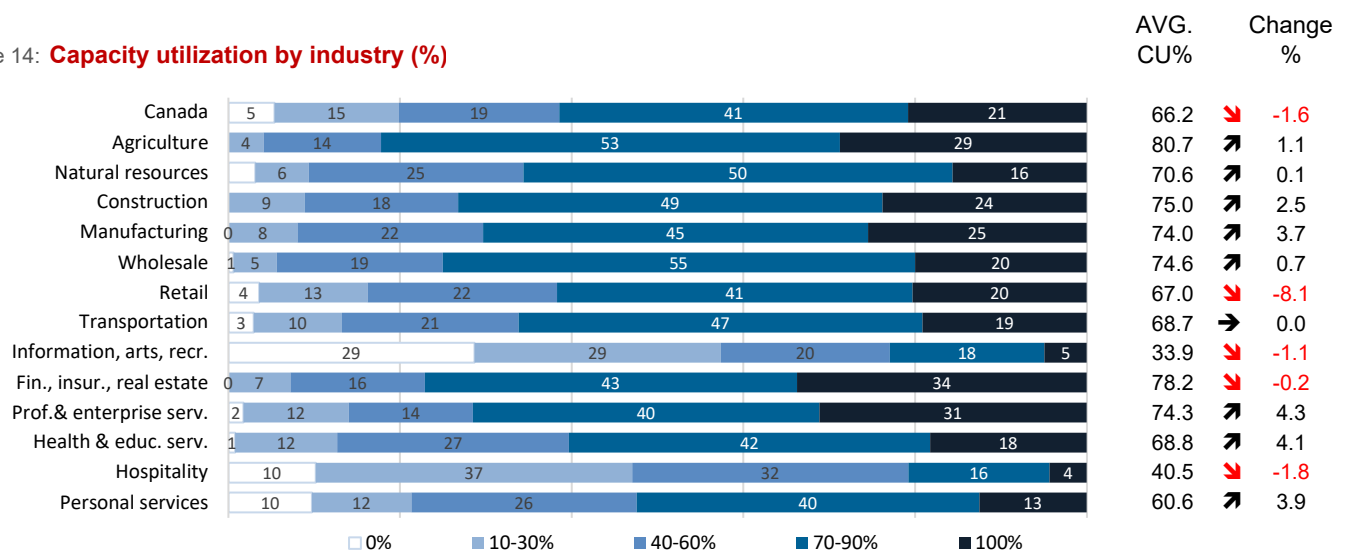


Figure 14: **Capacity utilization by industry (%)**



Note: due to roundings, the totals may add up to 99 or 101.

The May findings are based on 993 responses from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received from May 4 to 14. Findings are statistically accurate to +/- 3.1 per cent 19 times in 20.

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