

Business Barometer®

June 2021 SME business outlook survey results

Andreea Bourgeois, Sr. Analyst

Small business confidence over the short and long-term gained momentum in June. With many provinces announcing easing of restrictions, due to solid vaccine rollout plans and lower hospitalization rates, business optimism improved without a doubt.

CFIB's Business Barometer® Index, which is based on 12-month forward expectations for business performance, reached 70.1—an almost four-point gain since May. The more immediate optimism index based on the 3-month outlook improved by five points and reached 56.8.

National employment plans trend upwards with 24 per cent of entrepreneurs planning on hiring while 15 per cent are forecasting layoffs. More entrepreneurs are indicating that their business health is good compared to firms stating that their business health is poor. Future pricing plans are still skyrocketing with an average price increase estimated at 3.5 per cent; while future wage plans (2.2) are strong but below that level.

In almost all provinces, business optimism has improved over the next 3 months and even more so over the next 12 months. Short-term confidence ranges now between 50s to 60s except for NL, PEI and NS which are at levels below 50. Quebec and Saskatchewan entrepreneurs have the strongest optimism over the next few months (60.7 and 60.5 respectively).

Short term sectoral confidence is more closely clustered with most sectors ranging from the low to high 50s. Firms in health services, hospitality, personal services and arts and recreation are the least optimistic for the short-term with index levels below 50. This is not surprising considering they were the ones most affected by the business restrictions. Things are trending in the right direction, but many firms still do not operate at regular capacity yet, especially in some sectors or provinces.

Measured on a scale between 0 and 100, an index above 50 means owners expecting their business'

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

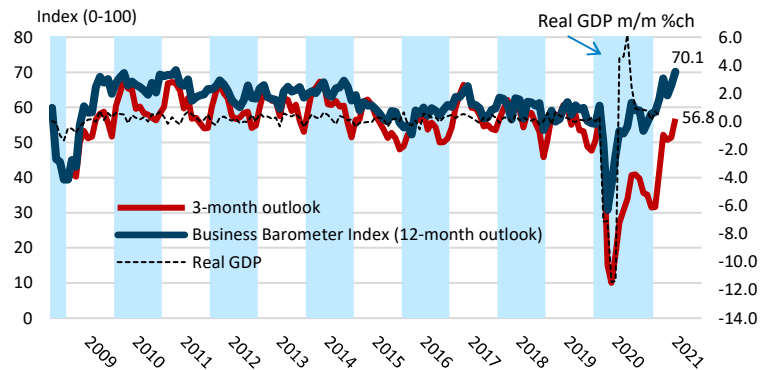


Figure 2: **Full-time staffing plans, next 3 months**

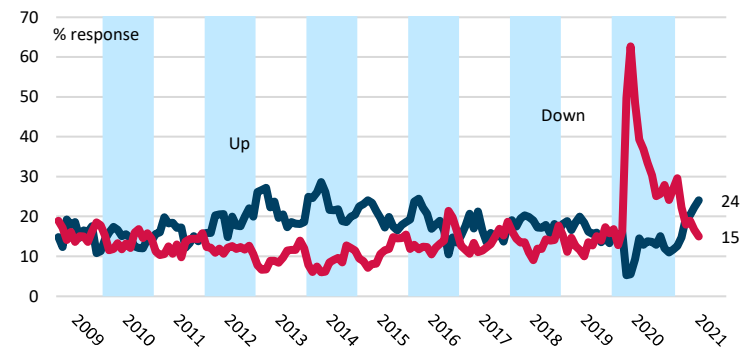


Figure 3: **General state of business health**

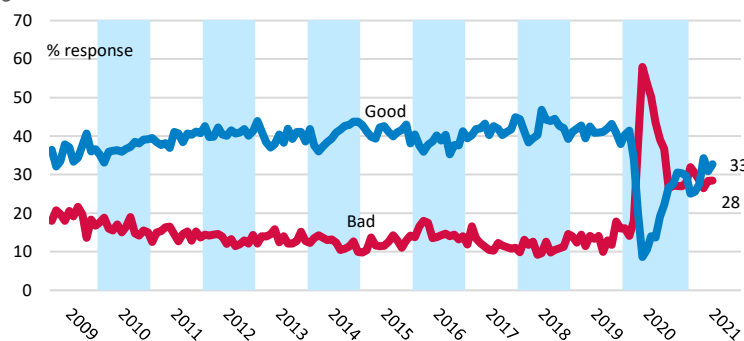


Figure 4: **Business indicators 'normal' or 'better than normal'**

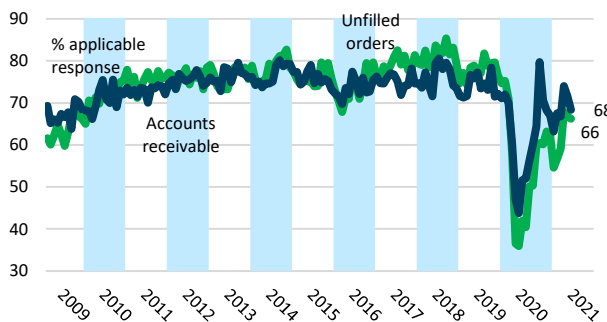


Figure 5: **Future pricing and wage plans**

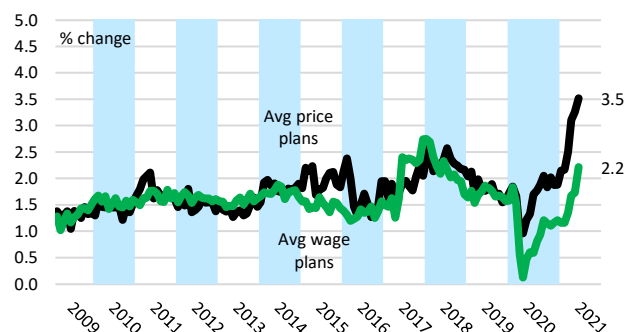


Figure 6: **3-month Index and 12-month Index by province***

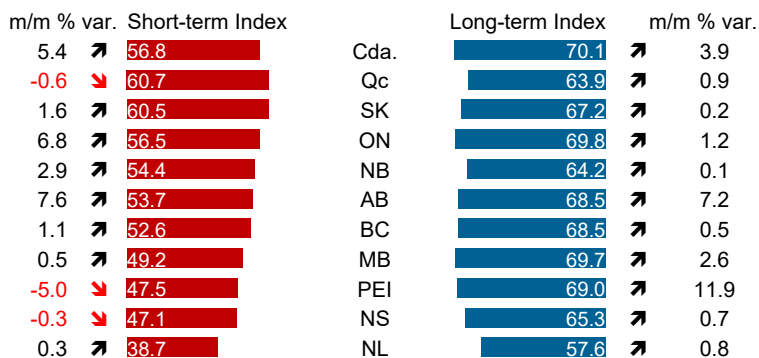
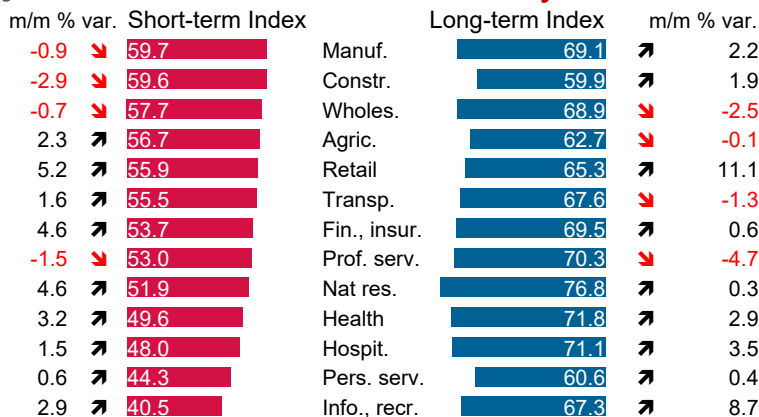


Figure 7: **3-month Index and 12-month Index by sector***



* 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**

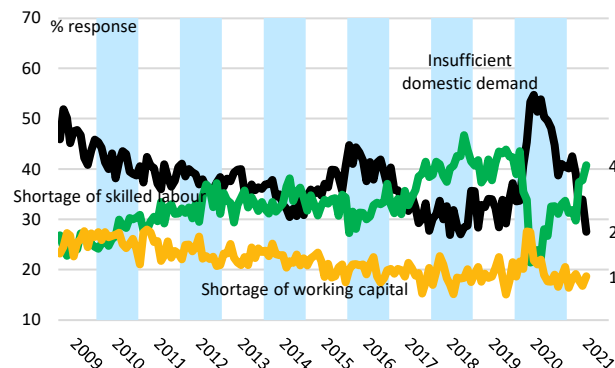


Figure 9: **3-month capital spending plans**

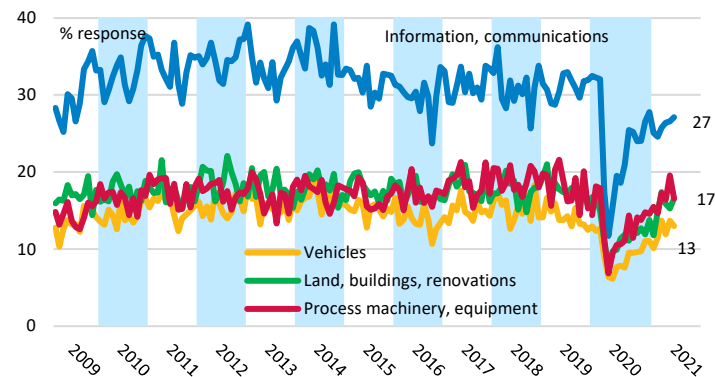


Figure 10: **Limitations on sales or production growth**

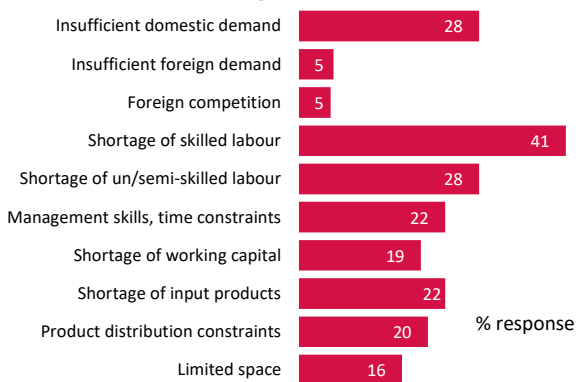
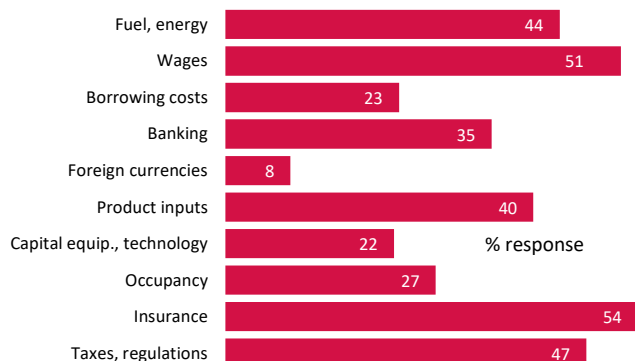
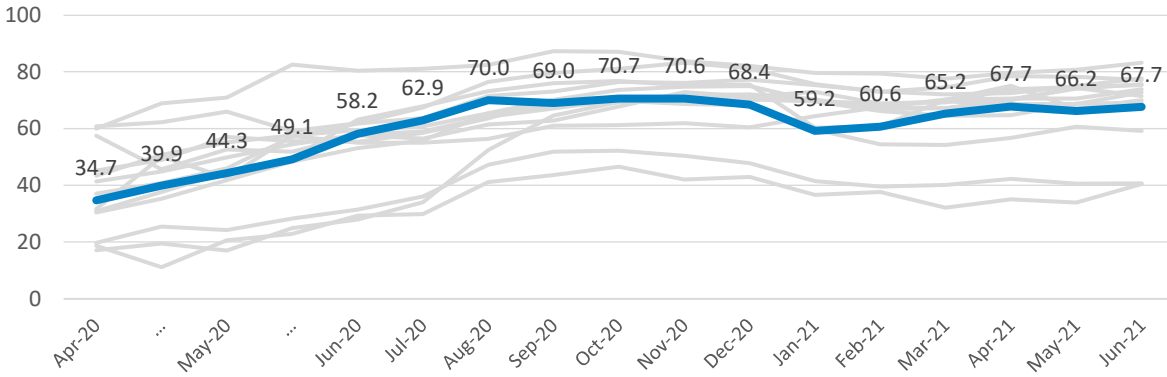


Figure 11: **Major cost constraints**



Capacity utilization

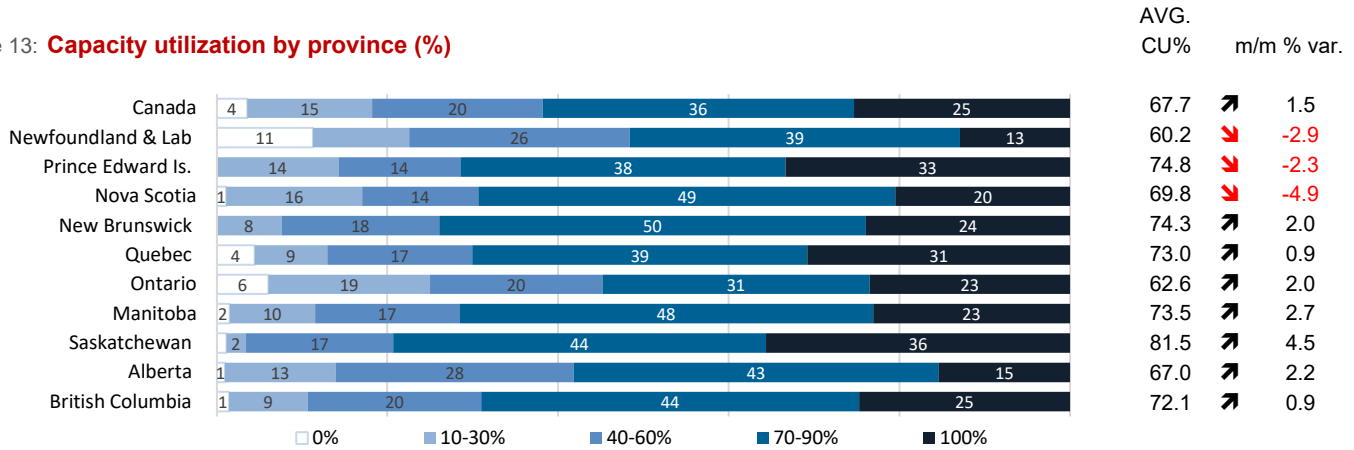
Figure 12: **Trend in average capacity utilization rate, Canada**



Note 1: Chart based on the 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? (Your best estimate as a percentage of full capacity)

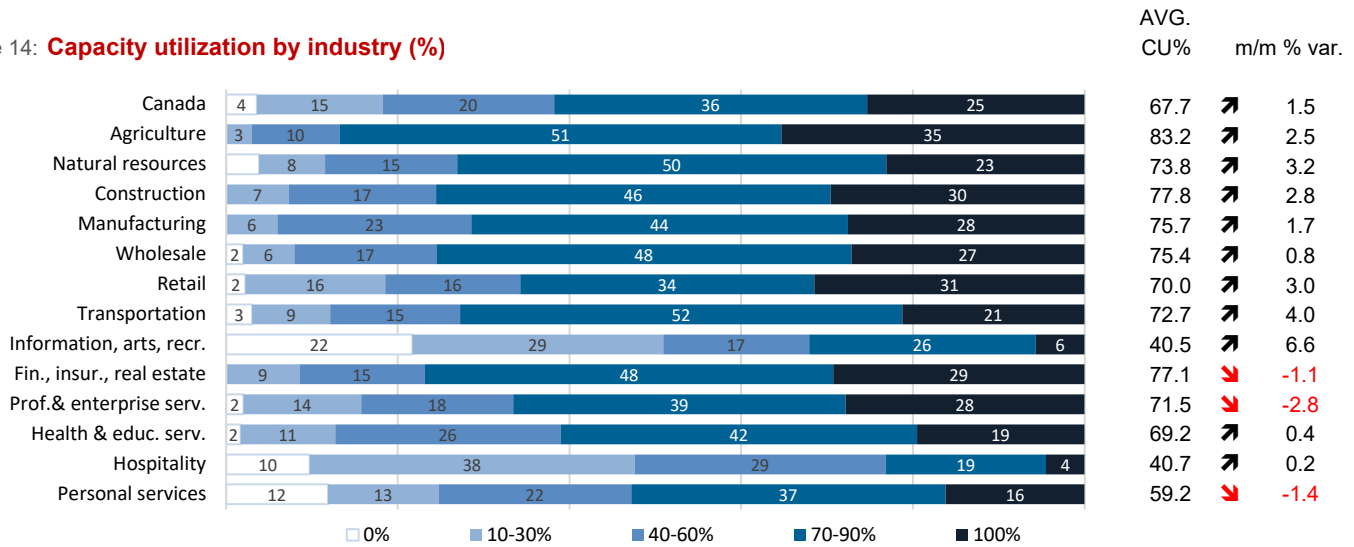
Note 2: Grey lines represent the various industry sectors.

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



Note: totals may not add up to 100 due to roundings.

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



Note: totals may not add up to 100 due to roundings.

June findings are based on 823 responses from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received from June 1 to 15. Findings are statistically accurate to +/- 3.4 per cent 19 times in 20.

Andreea Bourgeois, Senior Analyst, Andreea.Bourgeois@cfib.ca
 Simon Gaudreault, Vice-President, National Research, Simon.Gaudreault@cfib.ca