

Business Barometer®

September 2021 SME business outlook survey results

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Entrepreneurs' perspectives nosedived in September...

Canada's small business optimism over the short and long-term dropped sharply in September. Uncertainty around the outcome of the federal elections (most survey responses were received in the second week of September), and a mix of new restrictions and implications from vaccine passports can partly explain this significant fall of optimism among all provinces and sectors.

CFIB's Business Barometer® Short-term Index, which is based on 3-month forward expectations for business performance, dropped more than 12 points to 43.2. The long-term optimism index which is based on 12-month outlook dropped 9 points to 57.8. Both indices are back to levels seen at the beginning of this year.

Measured on a scale between 0 and 100, an index above 50 means owners expecting their business's performance to be stronger in the next year outnumber those expecting weaker performance.

Ontario and Quebec have seen the largest drops in optimism both over the short and long term. All short term indices range currently from 43 to 50, with the exception of PEI which sits at 34.8 and BC at the other end at 54.9.

All sectoral short-term outlooks worsened, with professional services, hospitality and construction plummeting the most. Long-term optimism dropped the most in retail and agriculture.

...but other indicators show current business conditions are stable or improving

The tumbling optimism among provinces and sectors has been registered despite other factors marginally improving or remaining constant. In fact, capacity utilization has increased slightly to 74.8 and most sectors have seen improvements except for some seasonal small drops in construction, natural resources, and transportation.

At 3.7% and 2.6% respectively, 12-month price and wage plans remained at the elevated levels seen during the previous months. National employment plans are muted with 19% of small employers planning to hire or layoff in the next months.

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

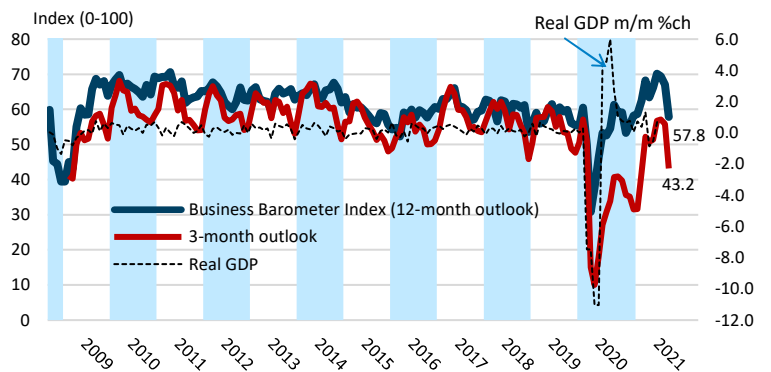


Figure 2: **Full-time staffing plans, next 3 months**

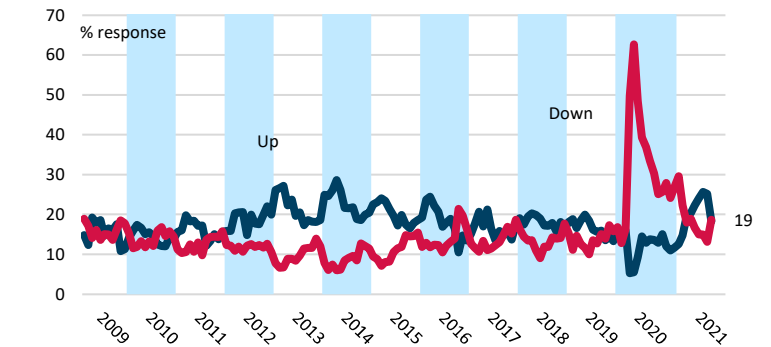


Figure 3: **General state of business health**

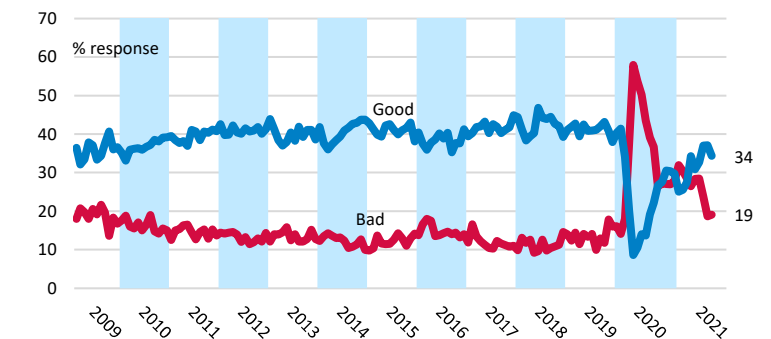


Figure 4: **Business indicators 'normal' or 'better than normal'**

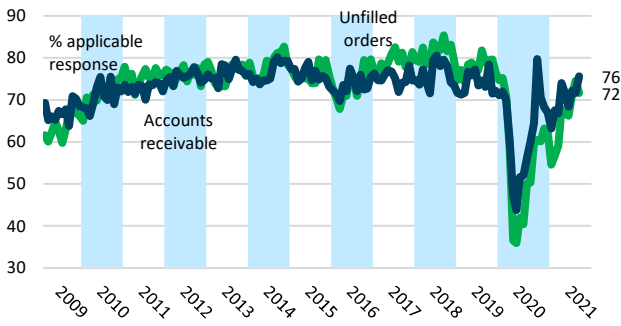


Figure 5: **Future pricing and wage plans**

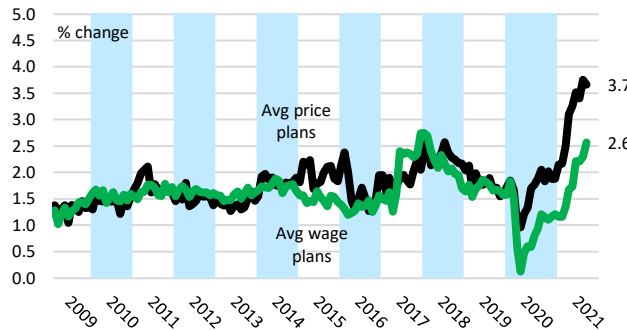


Figure 8: **Trends: limitations on growth**

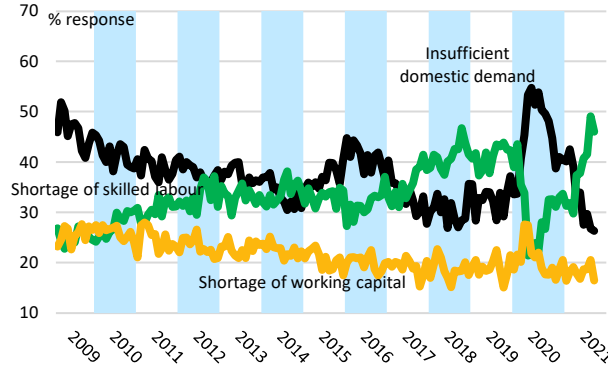


Figure 10: **Limitations on sales or production growth**

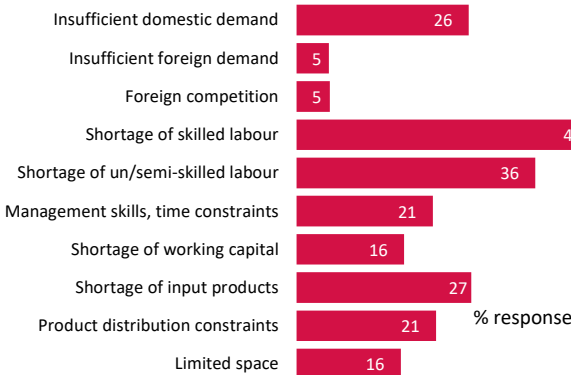


Figure 6: **3-month Index and 12-month Index by province***

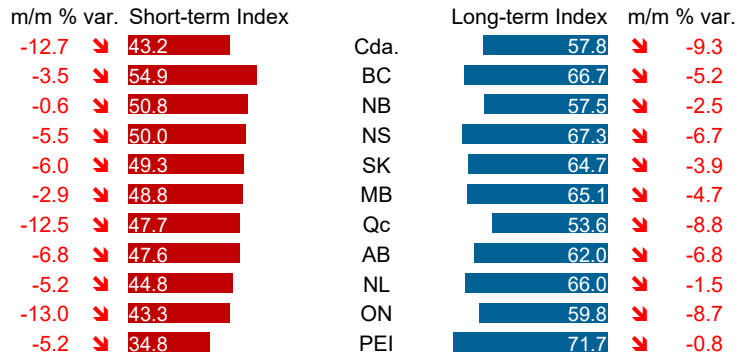
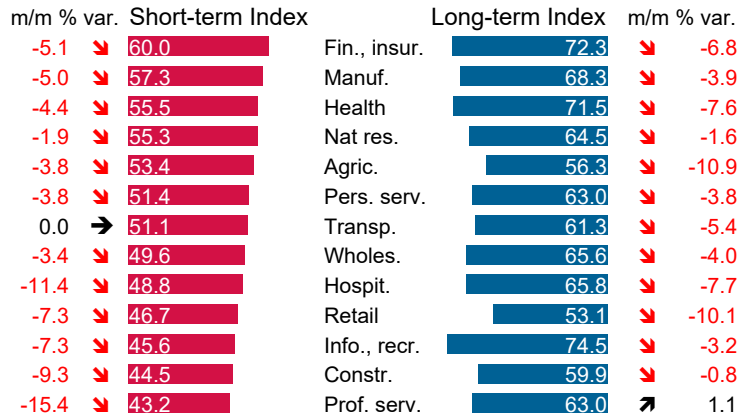


Figure 7: **3-month Index and 12-month Index by sector***



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

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

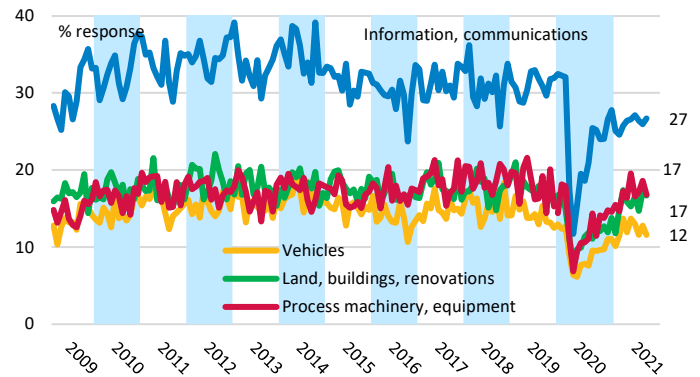
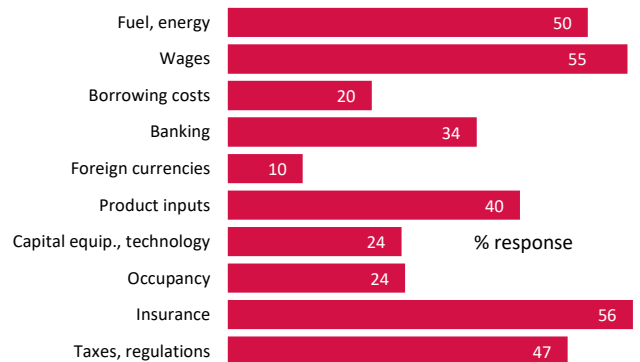
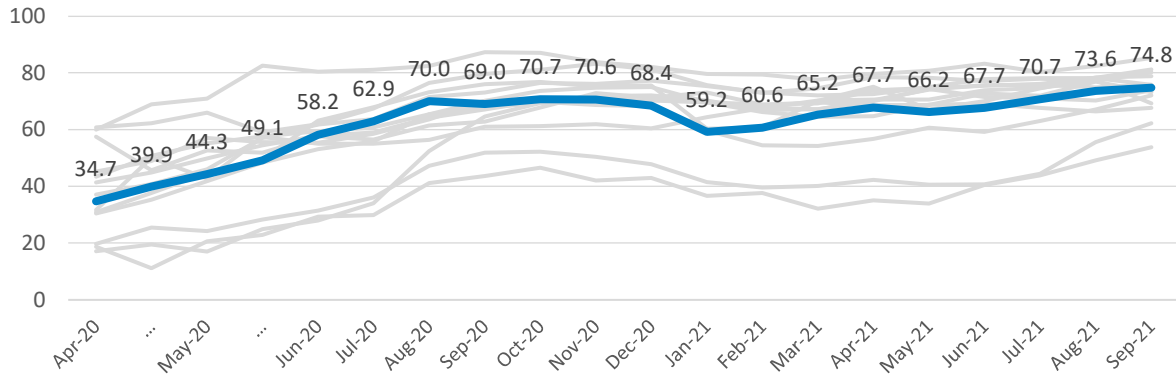


Figure 11: **Major cost constraints**



Capacity utilization

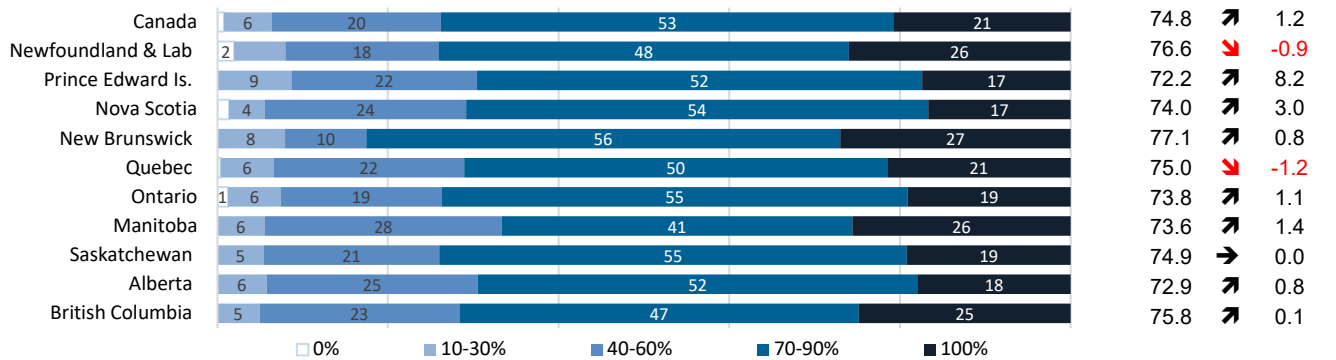
Figure 12: **Trend in average capacity utilization rate, Canada**



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)

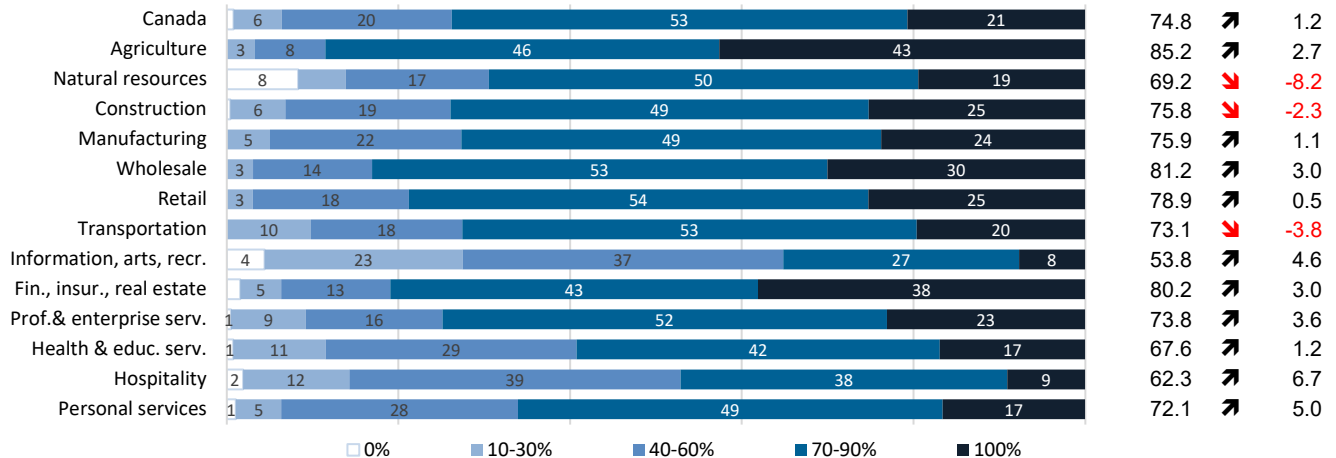
Note 2: Grey lines represent the various industry sectors.

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



PEI* results are based on a low number of responses.

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



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

September findings are based on 894 responses from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received from September 7 to 20. Findings are statistically accurate to +/- 3.3 per cent 19 times in 20.

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