Monthly Business Barometer®

June 30, 2022

Small Business Confidence Index
Short term, next 3 Month

54.4
-4.8

Small Business Confidence Index
Long term, next 12 Month

59.4
-2.6
Canada’s small business confidence over the short and long-term fell again in June.

CFIB’s Business Barometer® short-term index, based on 3-month forward expectations for business performance, declined to 54.4, a monthly drop of almost five points. The long-term optimism index, which is based on a 12-month outlook, fell nearly three points to 59.4. June marks the third consecutive month of decreased optimism for both indicators.

General business indicators

Among general business indicators, almost all have seen softening. The general state of business and full-time hiring plans while positive, marked a turn-around compared to the previous months. Average future price plans maintain their elevated level at 4.8%. Average wage plans have climbed to 3.7%, the highest ever.

The major limitations on business growth are labour and input products shortages. The major cost constraints that have worsened the most in June are fuel and energy costs, alongside with borrowing costs (a jump of 7 percentage points since May).

Provincial Outlook

Short-term business confidence deteriorated in almost all provinces—the largest decline being seen in Central Canada. Ontario, most notably, shaved six points while Quebec trimmed 4.5 points. PEI and New Brunswick were the only provinces where confidence improved somewhat.

Long-term optimism dropped in all but three provinces, (PEI, NB and SK). NL has fallen almost 10 points, while Ontario dropped 5 points.

Sectoral outlook

Sectoral outlooks are also on a downwards trend. The short-term confidence among firms operating in the information, arts and recreation fell 11 points, while in the health sector fell 5 points. Long-term optimism deteriorated among all sectors, with two exceptions where it didn’t change much (natural resources and finance and real estate).

Methodology

June findings are based on 700 responses from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received from June 2 to the 14. Findings are statistically accurate to +/- 3.7 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.
Business Barometer Index

Allowing for normal seasonal influences, what are your business performance expectations for next 3 or 4 months? How do you expect your firm to be performing in 12 months compared to now?

References:
- Statistics Canada. Table 36-10-0434-01 Gross domestic product (GDP) at basic prices, by industry, monthly (x 1,000,000)
Currently, what is the general business situation of your company?
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?
Limitations on Sales or Production Growth

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

- Shortage of skilled labour: 50%
- Shortage of unskilled, semi-skilled labour: 39%
- Shortage of input products: 30%
- Product distribution constraints: 24%
- Management skills, time constraints: 24%
- Shortage of working capital: 22%
- Insufficient domestic demand: 21%
- Limited space: 19%
- Foreign competition: 19%
- Insufficient foreign demand: 6%

% response

Click on any data bar in the chart above
What types of input costs are currently causing difficulties for your business?

- Fuel, energy costs: 77%
- Wage costs: 62%
- Insurance costs: 53%
- Tax, regulatory costs: 48%
- Product input costs: 46%
- Bank account and processing fees: 35%
- Borrowing costs: 28%
- Capital equipment, technology costs: 27%
- Occupancy costs: 22%
- Foreign currencies: 10%

Click on any data bar in the chart above
Future Pricing and Wage Plans

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

Average Price Plans
Average Wage Plans

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June 2022
Full-time Staffing Plans, next 3 Months

How are your expected employment levels to change in the next 3 or 4 months?
Allowing for normal seasonal influences, what are current unfilled customer orders and unsold inventories compared to normal?

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

Supply Chain Indicators

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