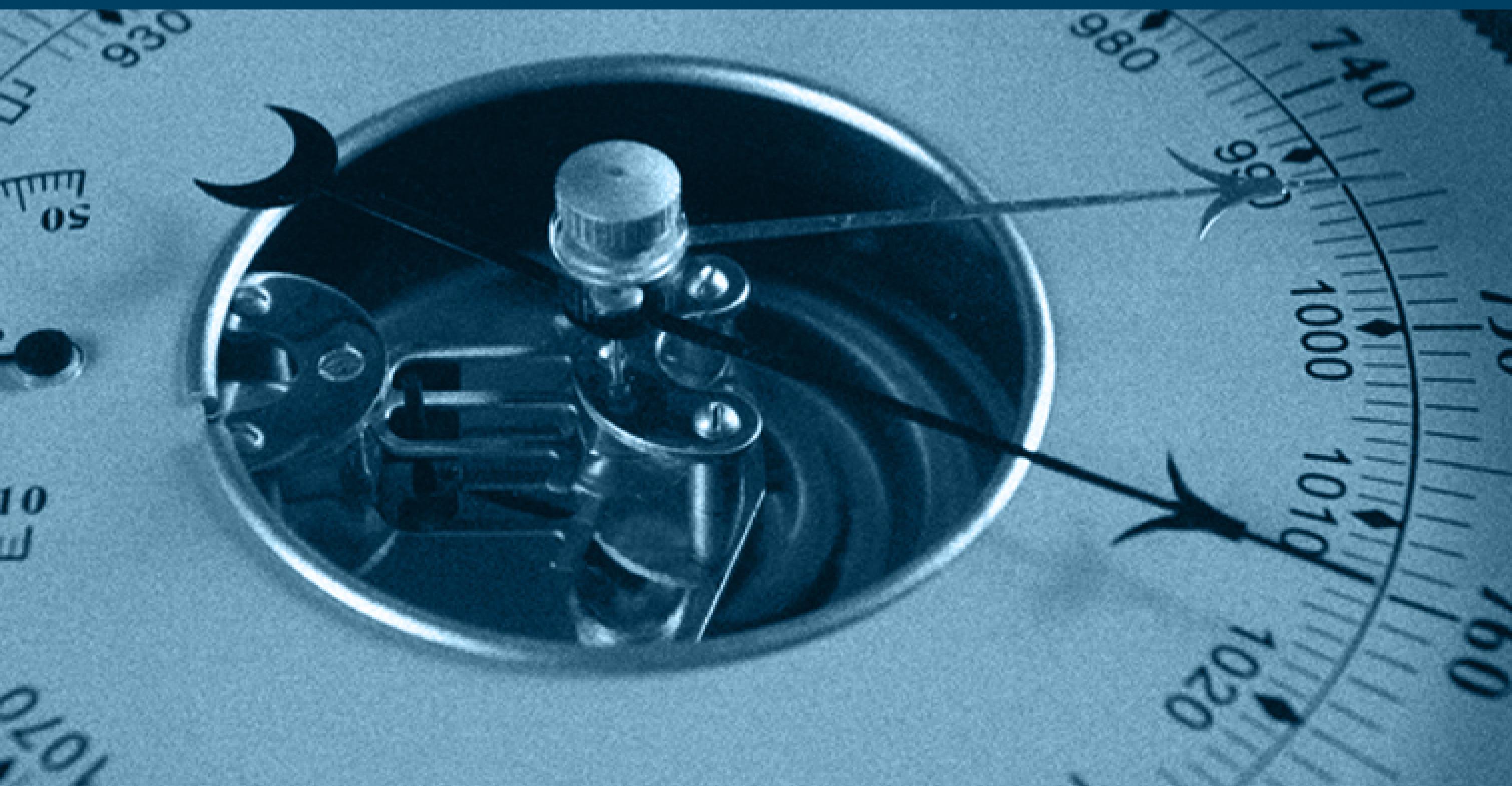




*In business
for your business..*

Monthly Business Barometer®

January 2026



12-month Small Business Confidence Index

59.5

Monthly change

 **-0.5**

3-month Small Business Confidence Index

52.8

Monthly change

 **4.2**

Business Barometer®: Report summary

Small business confidence in Canada

CFIB's Business Barometer® long-term index, which is based on 12-month forward expectations for business performance, reached 59.5—a slight decrease of 0.5 point from December. The short-term optimism index, based on a 3-month outlook, rose by 4.2 points to 52.4, indicating a small improvement.

Provincial overview

The long-term confidence improved in Manitoba, New Brunswick, Quebec and Nova Scotia, all four posting index levels at or above 60. Short-term confidence remains noticeably lower in all provinces, ranging from the mid-40s to the mid-50s, pointing to ongoing economic uncertainty at the start 2026.

Inflation indicators

The average price increase remained steady at 2.6% in January, while the average wage decreased slightly to 2.1%.

Sectoral overview

Long-term confidence was up in almost all sectors but retail. Professional services, health and education, and wholesale trade showed improving momentum, with confidence levels reaching 60 or higher.

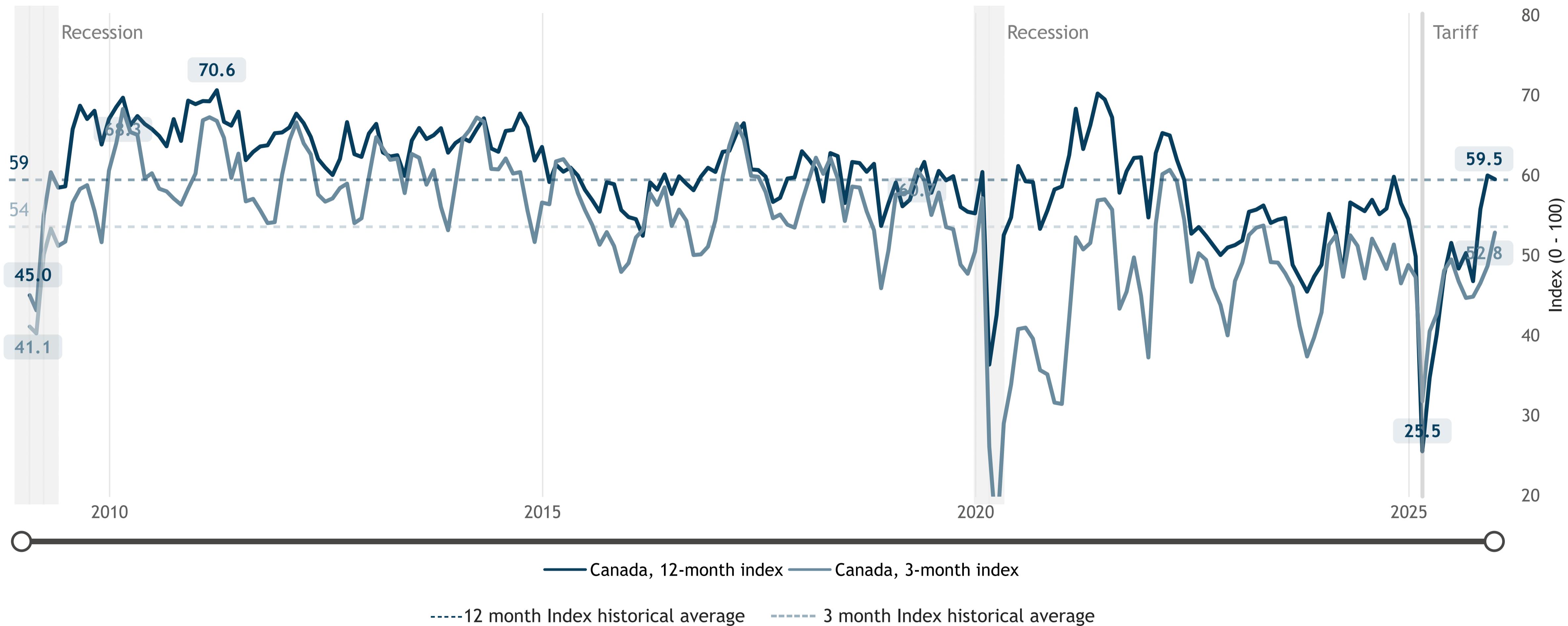
Other indicators

Full-time staffing plans point to a modest employment uptick, with a larger share of employers planning to hire (15%) than to lay off staff (10%), illustrating a positive net balance for the first time since August 2025.

Insufficient demand remains the leading obstacle to business and production expansion, cited by 54% of SMEs—around 16 percentage points above its historical average. Cost related pressures continue to weigh heavily on growth prospects, led by tax and regulatory expenses (70%), wage costs (69%), and insurance costs (62%). Capital and technology costs are also rising steadily, likely reflecting the impact of newly imposed tariffs.

Business sentiment is moderately positive for the year ahead. Many businesses view 2026 as a year of improved conditions and growth, while others expect stability or continued challenges. Although uncertainty remains, it appears less prevalent than in 2025.

Business Barometer®: 12-month and 3-month small business confidence index, Canada



Survey questions:

How do you expect your firm to be performing in **12 months** compared to now?

Allowing for normal seasonal influences, what are your business performance expectations for the next **3 or 4 months**?

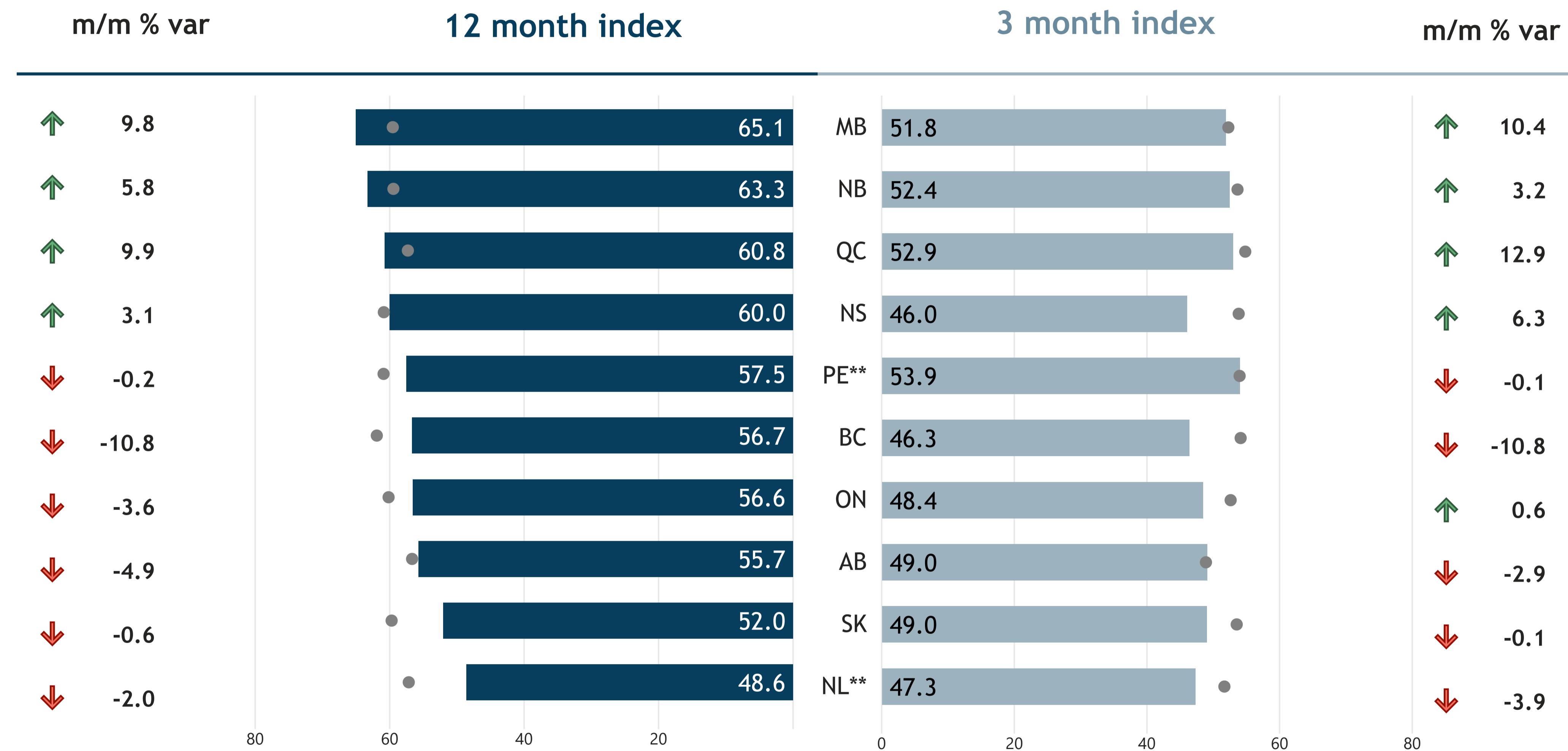
Sources : CFIB, Your business outlook survey, February 2009 - January 2026. 640 responses received from January 6-12.

C.D. Howe Institute Business Cycle Council (Recession dates)

Note: Index > 50 = more businesses expecting stronger performance than weaker performance

CFIB

Business Barometer®: Small business confidence index, provinces



Survey question: How do you expect your firm to be performing in **12 months** compared to now?

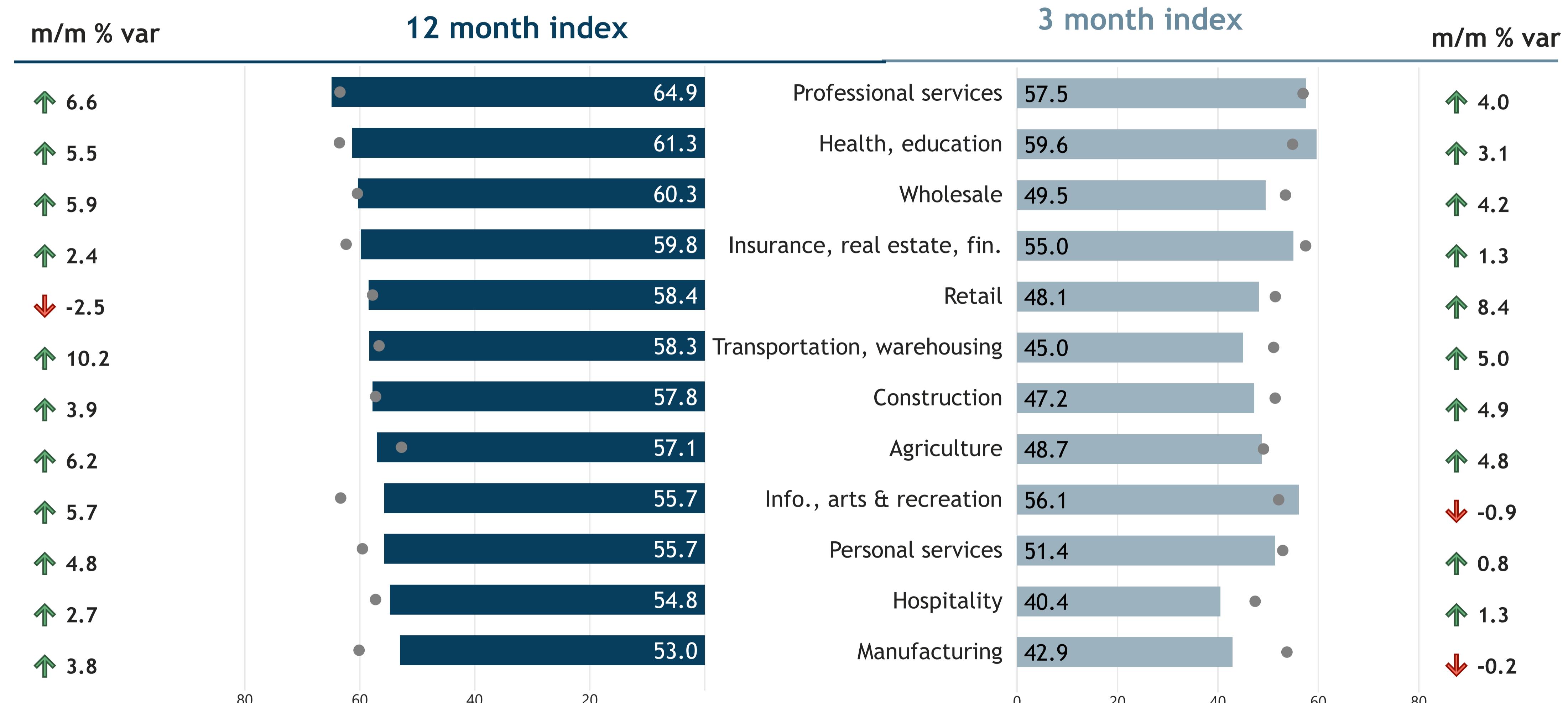
Survey question: Allowing for normal seasonal influences, what are your business performance expectations for the next **3 or 4 months**?

Source: CFIB, Your business outlook survey, February 2009 - January 2026. 640 responses received from January 6-12.

Note: ● Historical averages. Data presented by 3-month moving average. **Data presented by 12-month moving average.

Index > 50 = more businesses expecting stronger performance than weaker performance

Business Barometer®: Small business confidence index, sectors



Survey question: How do you expect your firm to be performing in **12 months** compared to now?

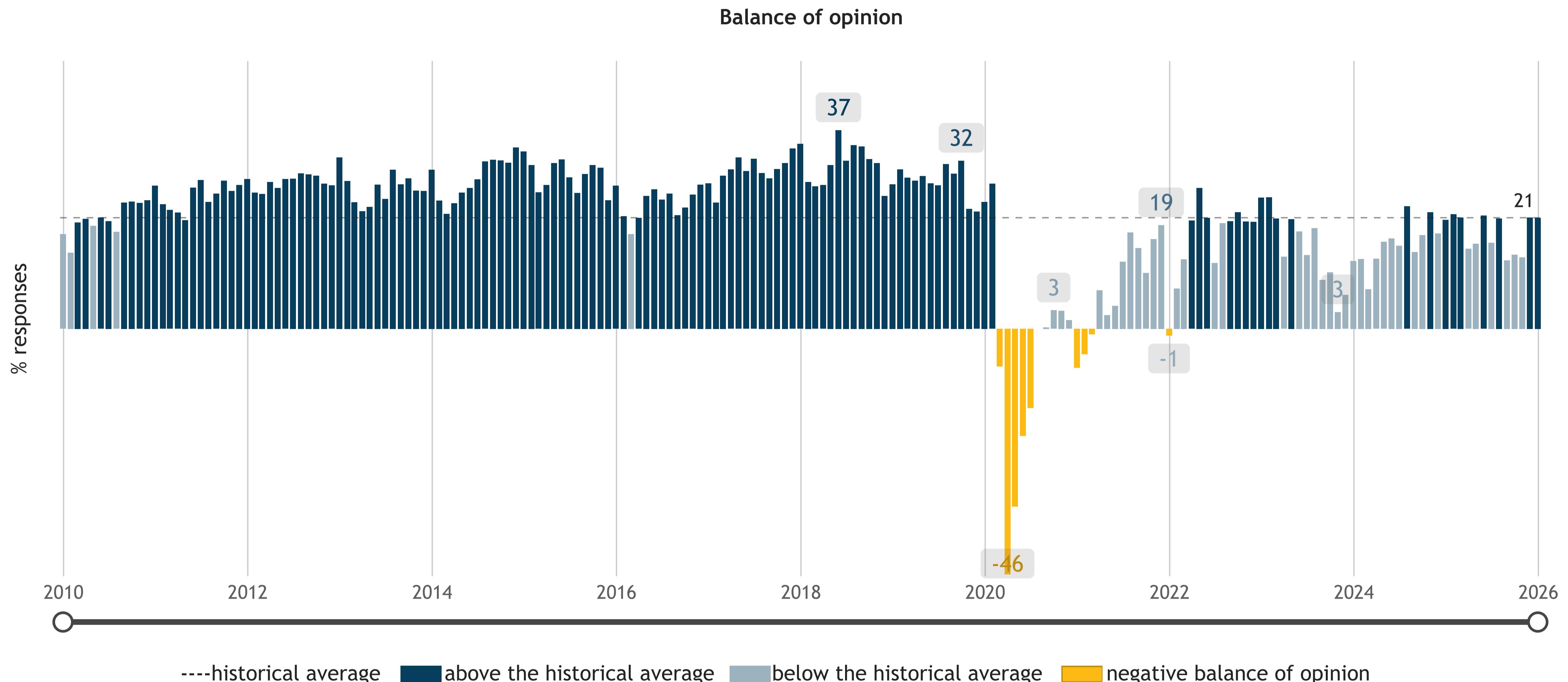
Survey question: Allowing for normal seasonal influences, what are your business performance expectations for the next **3 or 4 months**?

Source: CFIB, Your business outlook survey, February 2009 - January 2026. 640 responses received from January 6-12.

Notes: ● Historical averages. Data is presented as 3-month moving average. Natural resources is not included.

Index > 50 = more businesses expecting stronger performance than weaker performance

Business Barometer®: General state of business health



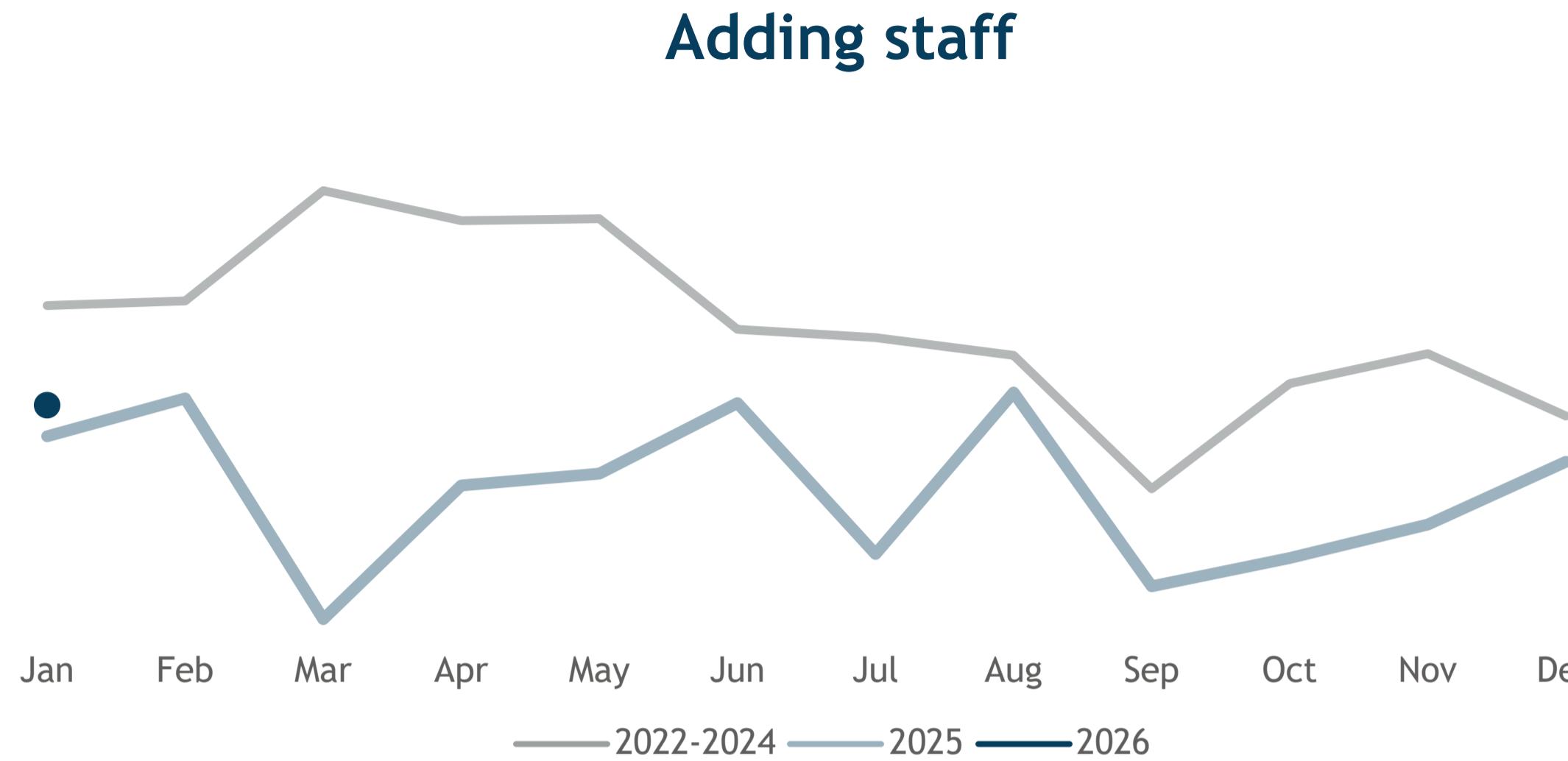
Survey question: Currently, what is the general business situation of your company?

Source: CFIB, Your business outlook survey, February 2009 - January 2026. 640 responses received from January 6-12.

Note: Balance of opinion = [Share of respondents answering **Good**]- [Share of respondents answering **Bad**].

Business Barometer®: Full-time staffing plans, short term

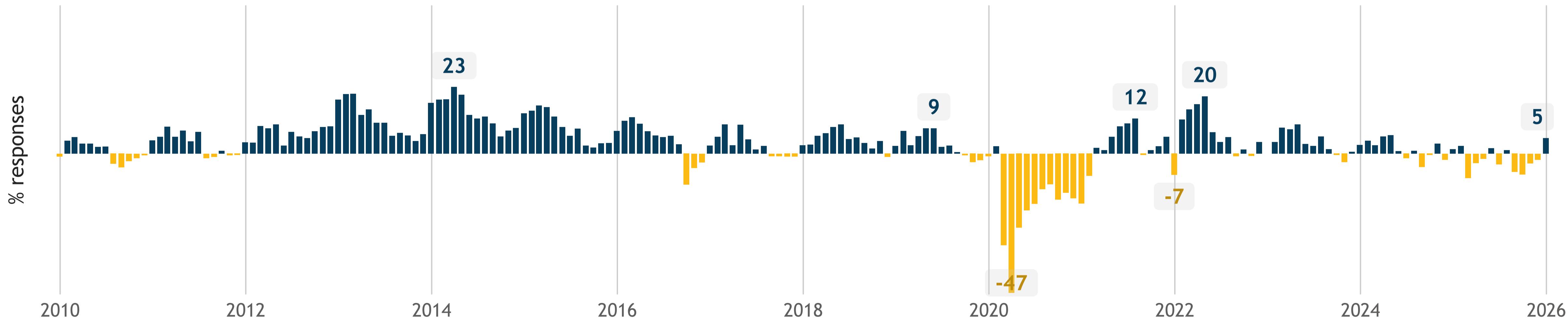
Adding staff



Reducing staff



Net staffing intentions, full time



Survey question: How are your expected employment levels to change in the next 3 or 4 months? (Up, Same, Down)

Source: CFIB, Your business outlook survey, February 2009 - January 2026. 640 responses received from January 6-12.

Note: Net staffing intentions = [Share of respondents answering UP]- [Share of respondents answering Down]

Business Barometer®: Future price and wage increase plans



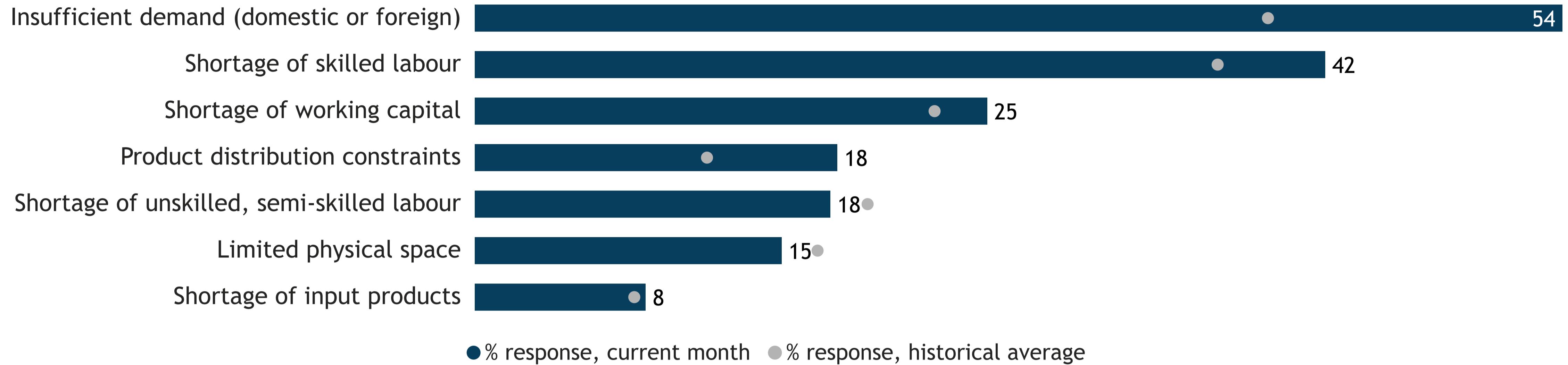
Survey questions:

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

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

Source: CFIB, Your business outlook survey, February 2009 - January 2026. 640 responses received from January 6-12.

Business Barometer®: Factors limiting sales or production growth - current levels and trend

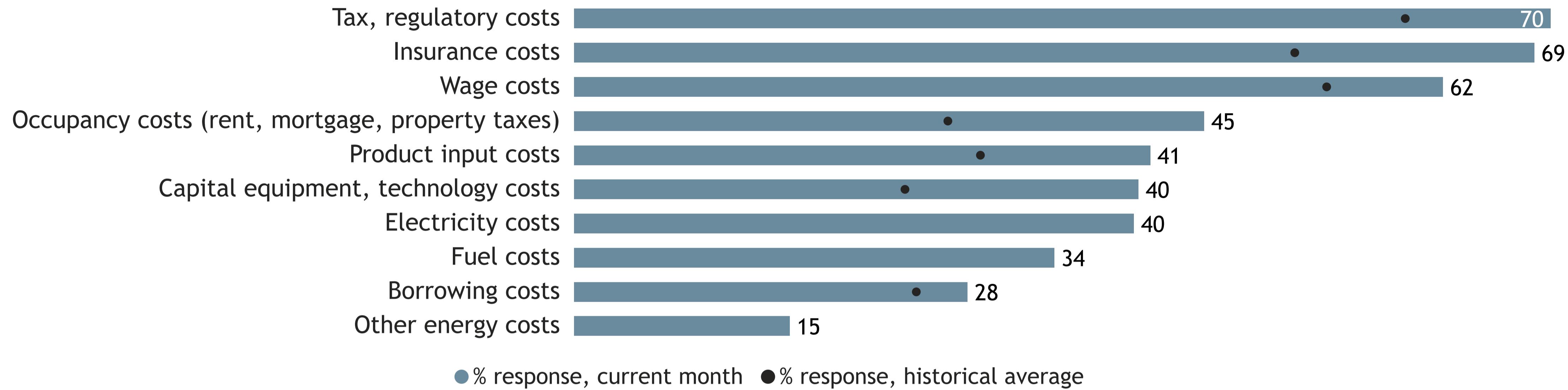


● % response, current month ● % response, historical average

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

Source: CFIB, Your business outlook survey, February 2009 - January 2026. 640 responses received from January 6-12.

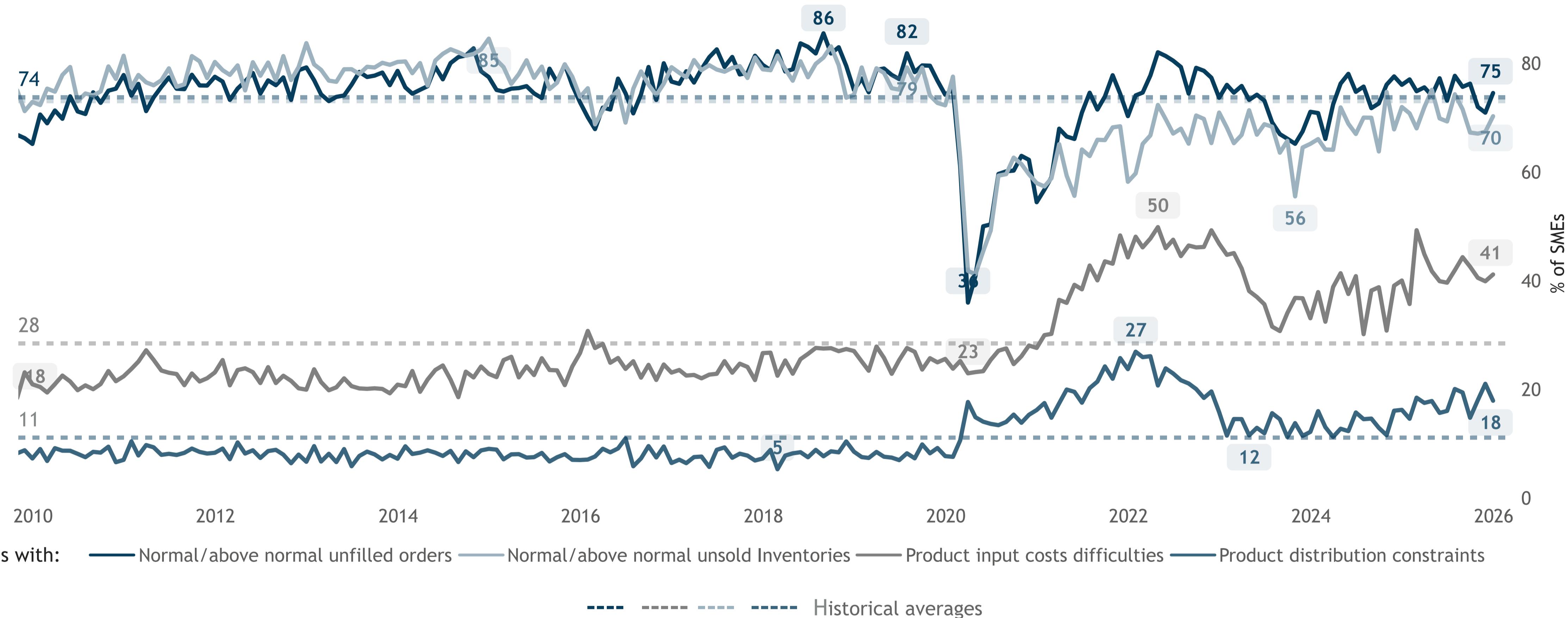
Business Barometer®: Major input cost constraints - current levels and trend



Survey question: What types of input costs are currently causing difficulties for your business?

Source: CFIB, Your business outlook survey, February 2009 - January 2026. 640 responses received from January 6-12.

Business Barometer®: Supply chain indicators



Survey questions:

Allowing for normal seasonal influences, what are **current unfilled orders** and **unsold inventories** compared to normal?

What types of input costs are currently causing difficulties for your business? [Respondents selecting "Product input costs"]

What factors are limiting your ability to increase sales or production? [Respondents selecting "Product distribution constraints"]

Source: CFIB, Your business outlook survey, February 2009 - January 2026. 640 responses received from January 6-12.

Business Barometer®: What CFIB members are saying

The survey gathered 105 written comments, in English and French. Taxes were the most frequently cited topic, followed by tariffs and difficulty finding skilled labour. Inflation and uncertainty over the economy round up the top five topics. One firm noted 'I feel like taxes will be more this year with less sales and less profit.'. On the tariff front, another member wrote 'the tariff situation is making it difficult to get parts for my computer and scoring systems. The cost has increased exponentially and it is taking weeks to get parts, whereas before, it was days'.

“At this time, we anticipate no major increases or decreases in our business—remaining relatively steady. Rising costs - especially for equipment - have also been a challenge. Earlier this year, we were forced to purchase a new printer sooner than planned to avoid an additional \$7,000 due to tariffs.”

- Retail business owner, Alberta.

“2025 was a downturn for us but 2026 is looking like we will get back on track with a good amount of work already pre-sold.”

- Construction business owner, Ontario.

“As a small business the government overreach for taxes are horrendous. The added tariffs in our own country are impeding growth.”

- Retail business owner, New Brunswick.

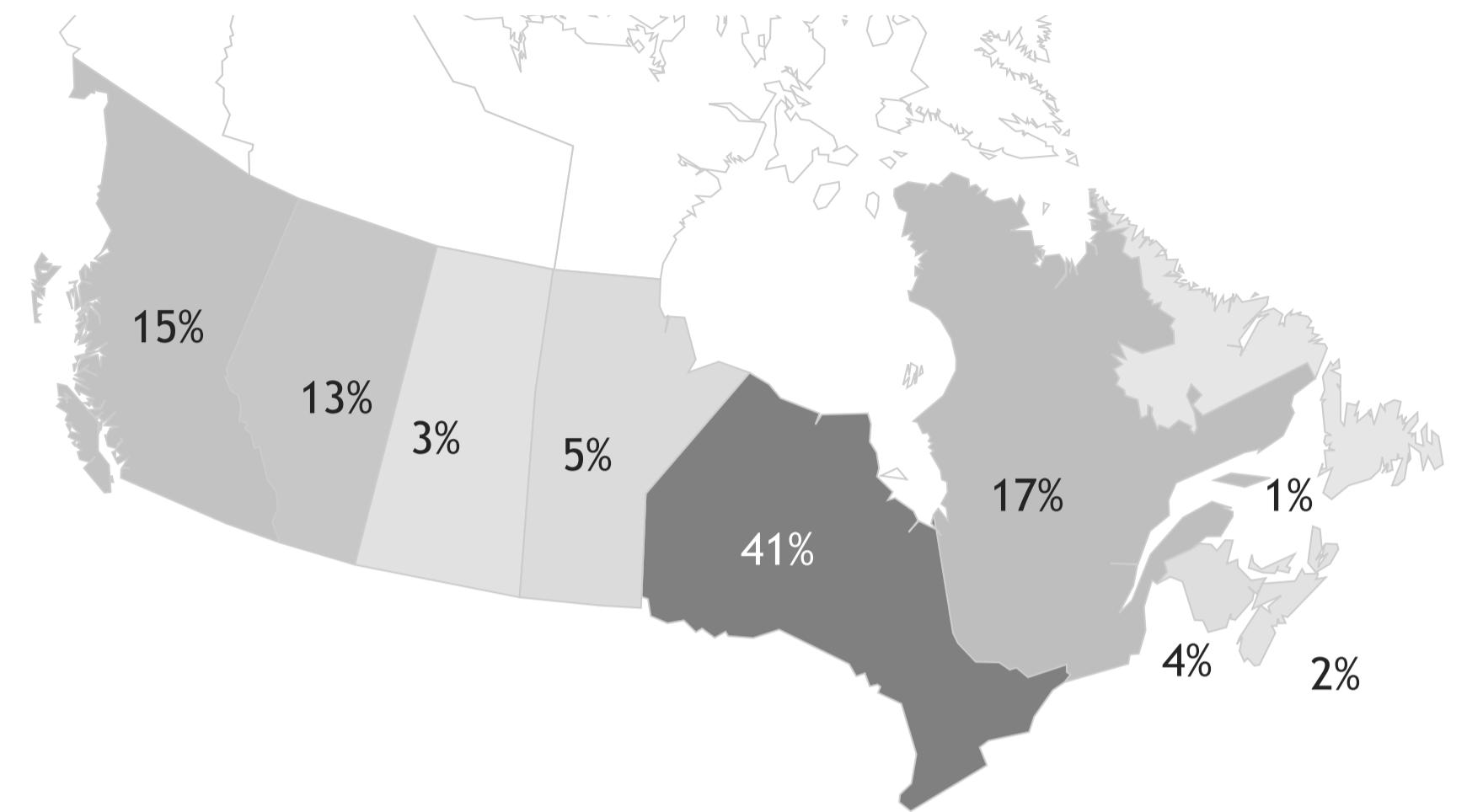
“Overall, we have a positive forecast across the board. The one unknown factor of concern is the rollout of AI and how that will affect our clients' needs and our operational processes.”

- Professional services business, Quebec.

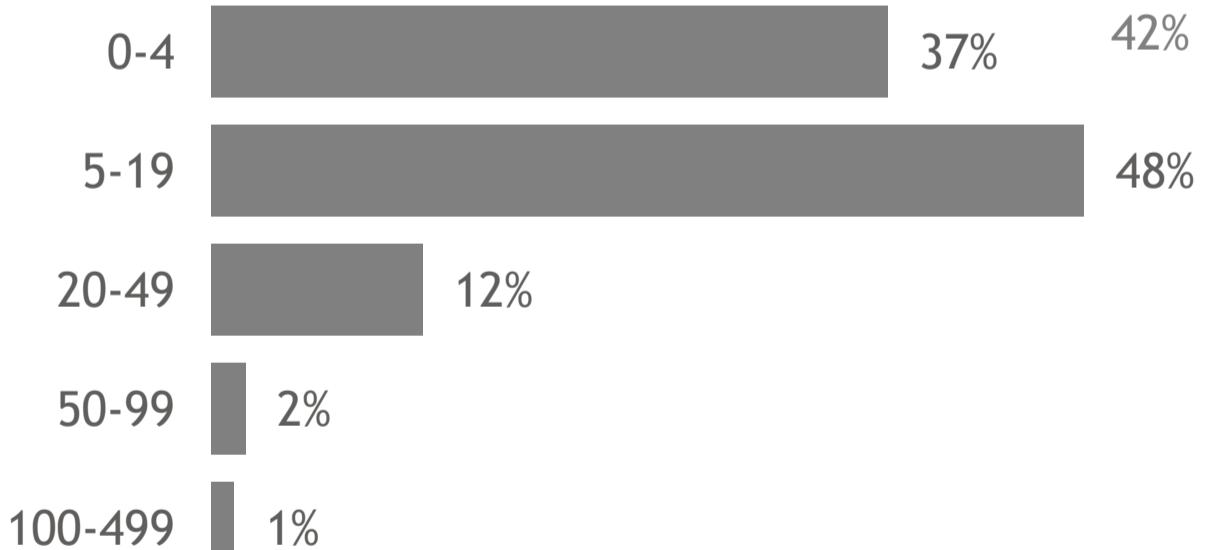
Source: CFIB, Your business outlook survey, January 2026.

Business Barometer®: Sample distribution

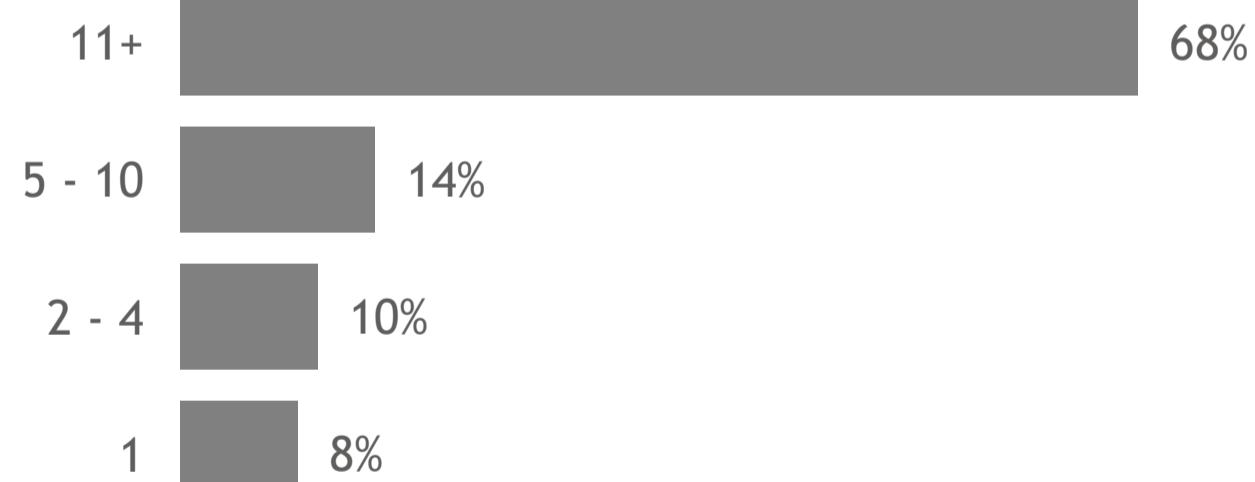
By location of the business



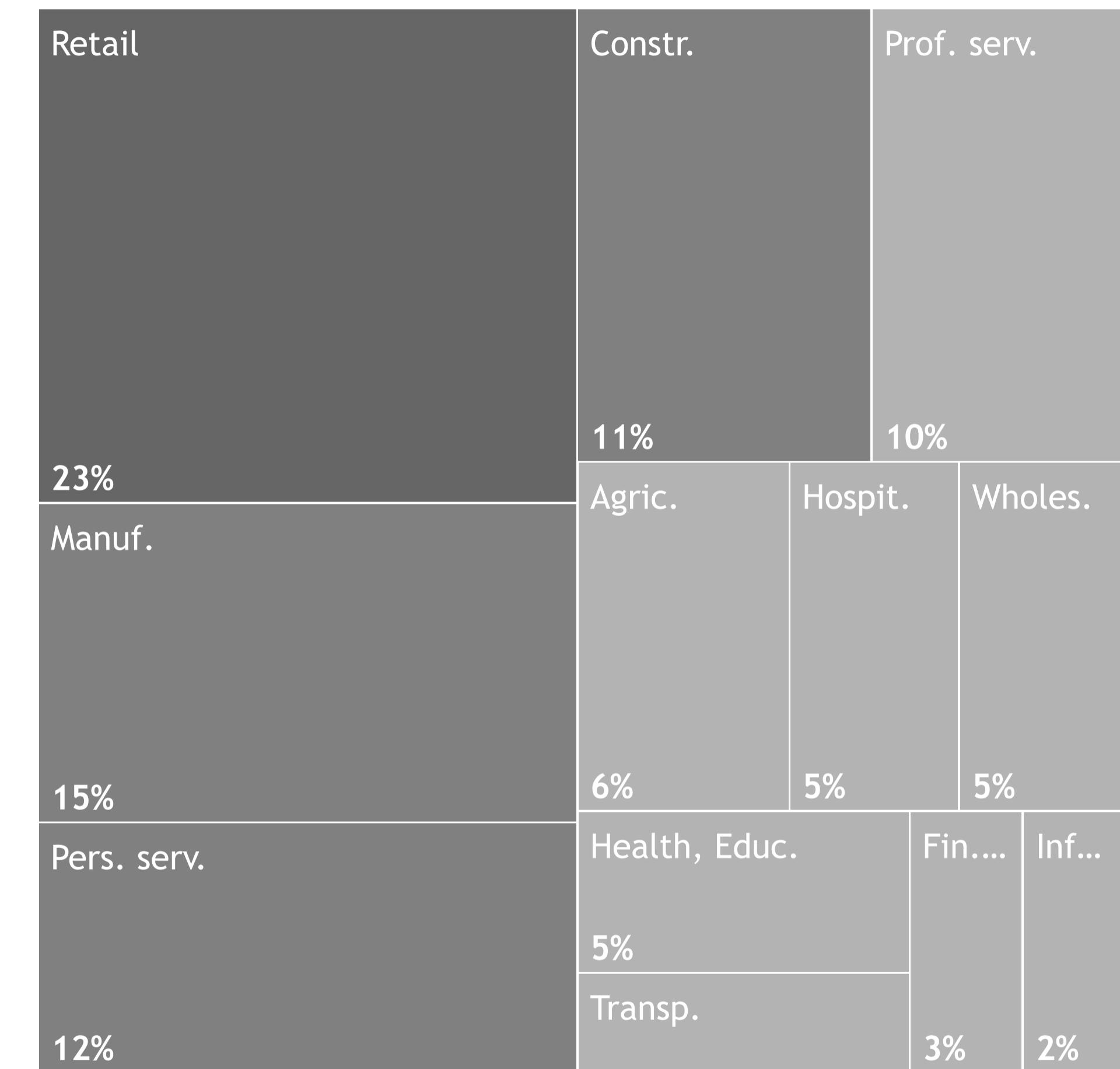
By number of employees



By years in business



By industry



Methodology

- CFIB, Your business outlook survey, January 2026
- Stratified random sample of CFIB members to a controlled-access web survey: 640 responses
- Responses were received from: January 6-12
- The survey is considered accurate to within +/- 3.9 percentage points, 19 times out of 20.
- Every new month, all indicators are 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.

Questions or data requests

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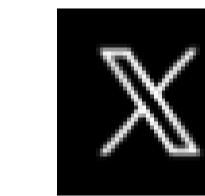


Additional information

All CFIB research



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