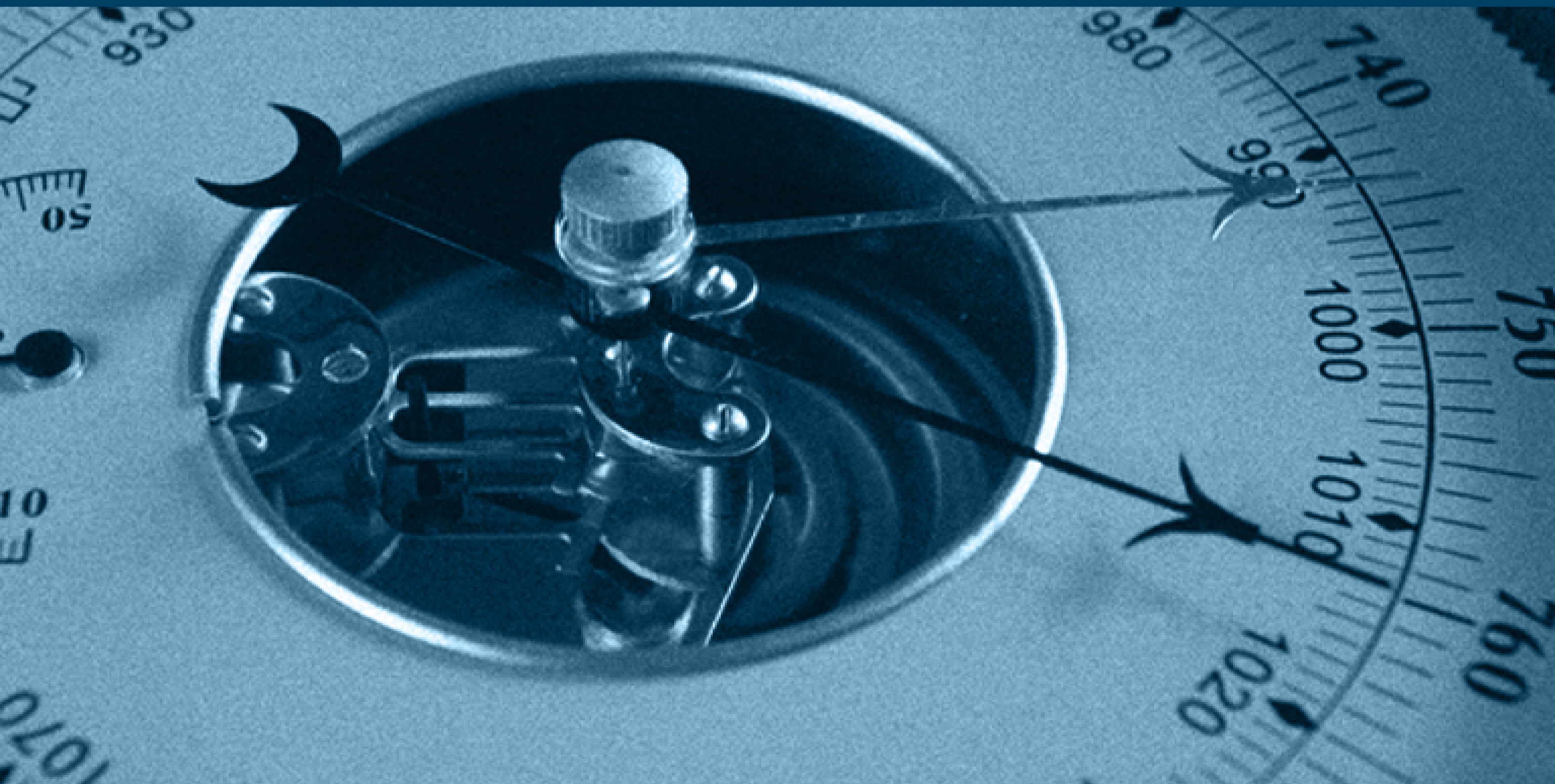




In business
for your business.

Monthly Business Barometer®

May 2026



12-month Small Business Confidence Index

46.3

Monthly change

↓ -11.7

3-month Small Business Confidence Index

47.9

Monthly change

↓ -7.2

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, fell to 46.3—a decrease of about 12 points from April. The short-term optimism index, based on a 3-month outlook, also declined, dropping about 7 points to 47.9, signaling a significant deterioration.

Provincial overview

All provincial indices display a downwards pattern over both time horizons. The four largest provincial economies are clustered in the middle with levels around the 50 mark. Saskatchewan and New Brunswick small businesses are particularly less confident, both recording optimism levels below 50 over the long- and short-term.

Sectoral overview

Long-term confidence by industry decreased overall, with some sectors seeing significant drops in optimism e.g. retail, hospitality, and health and education. Business in hospitality and agriculture are the least optimistic for the next year and over the next 3-4 months, with index levels in the 40s.

Inflation indicators

The average price increase remained elevated above 3% in May, marking the second month in a row at such high levels. The average wage increase remained unchanged at 2.4%.

State of business health

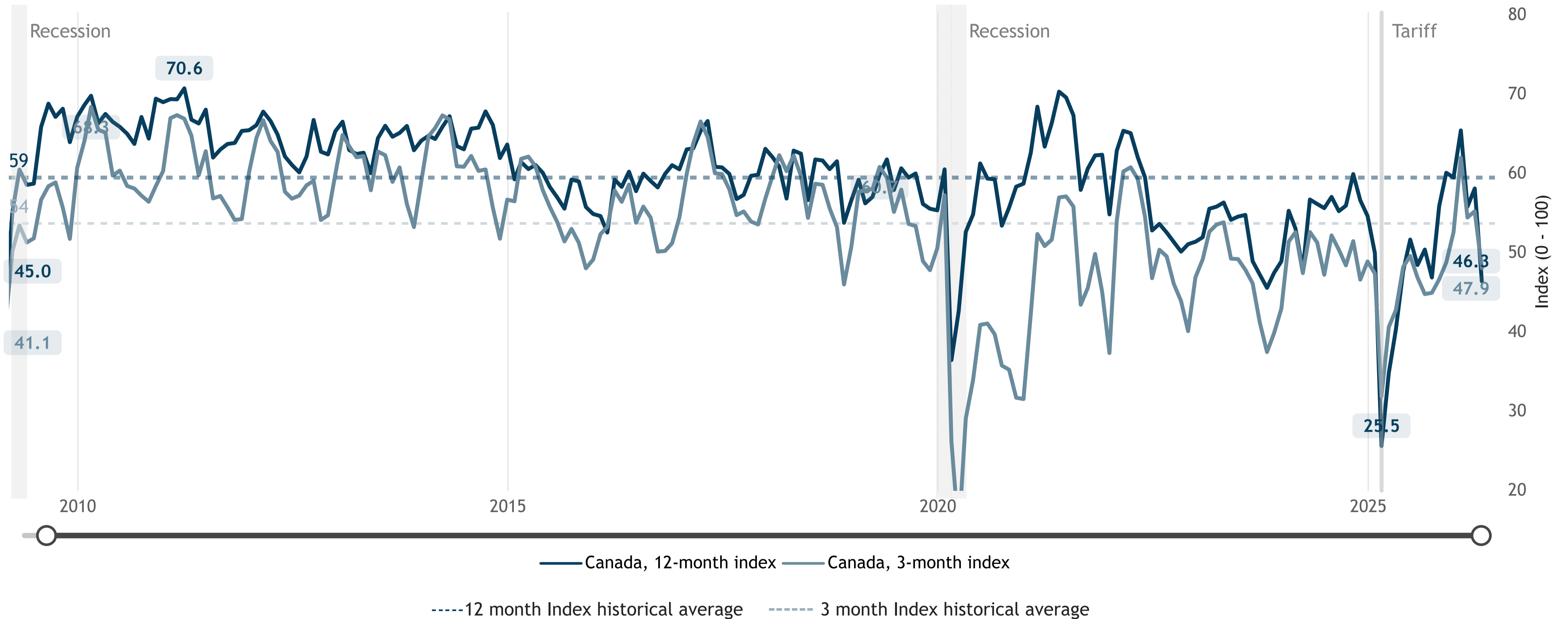
The balance of opinion on the current state of business health dropped slightly and it is below the historical average for the third consecutive month.

Other indicators

Full-time staffing plans remain weak, with a higher share of employers planning to lay off staff (16%) than to hire (14%). This marks the first month of 2026 with negative net staffing intentions, following several months of a net positive balance.

Insufficient demand remains the top limitation on business and production expansion, cited by 53% of SMEs—about 15 percentage points above its historical average and worsening compared to the recent months. Cost related pressures continue to weigh heavily on growth prospects, led by fuel costs (72%), tax and regulatory expenses costs (64%), insurance costs (60%), and wage costs (60%). Fuel costs remain high amid ongoing geopolitical tensions. Product input and raw material costs, as well as capital and technology costs, also remain significant constraints, with 44% and 38% of SMEs respectively reporting them as major constraints.

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**?

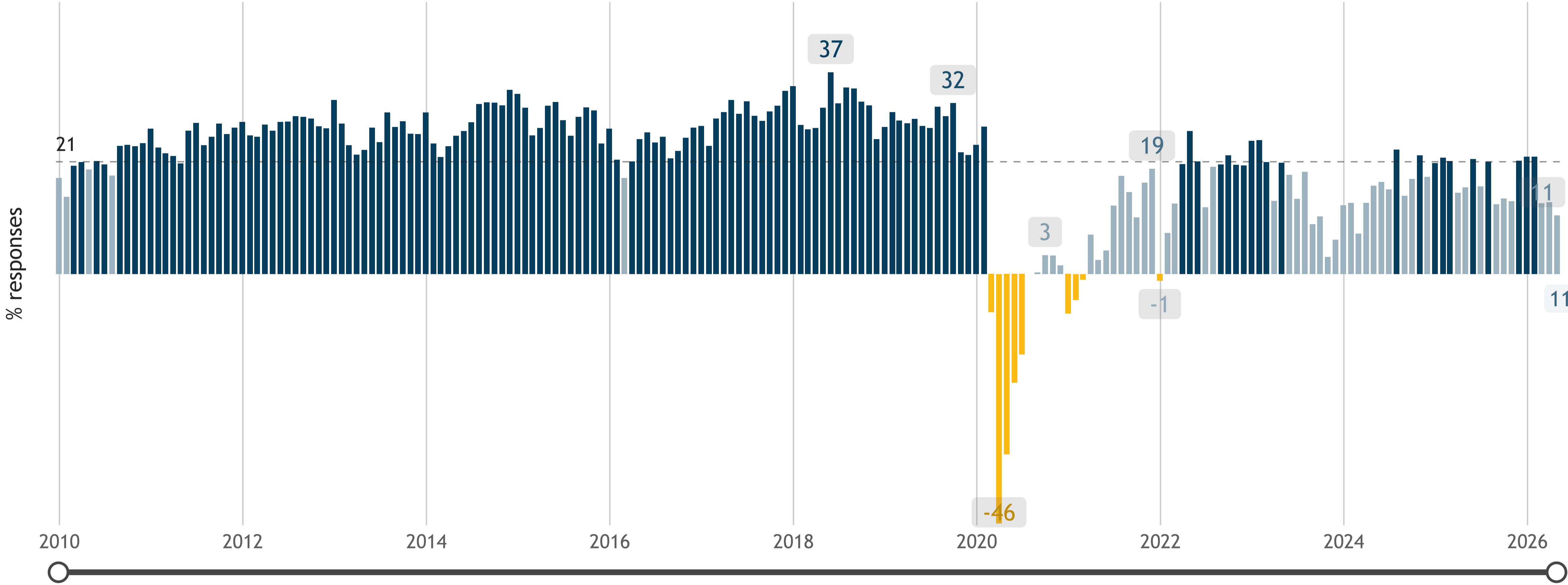
Sources : CFIB, Your business outlook survey, February 2009 - May 2026. 563 responses received from May 5-12.

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

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

Business Barometer®: General state of business health

Balance of opinion



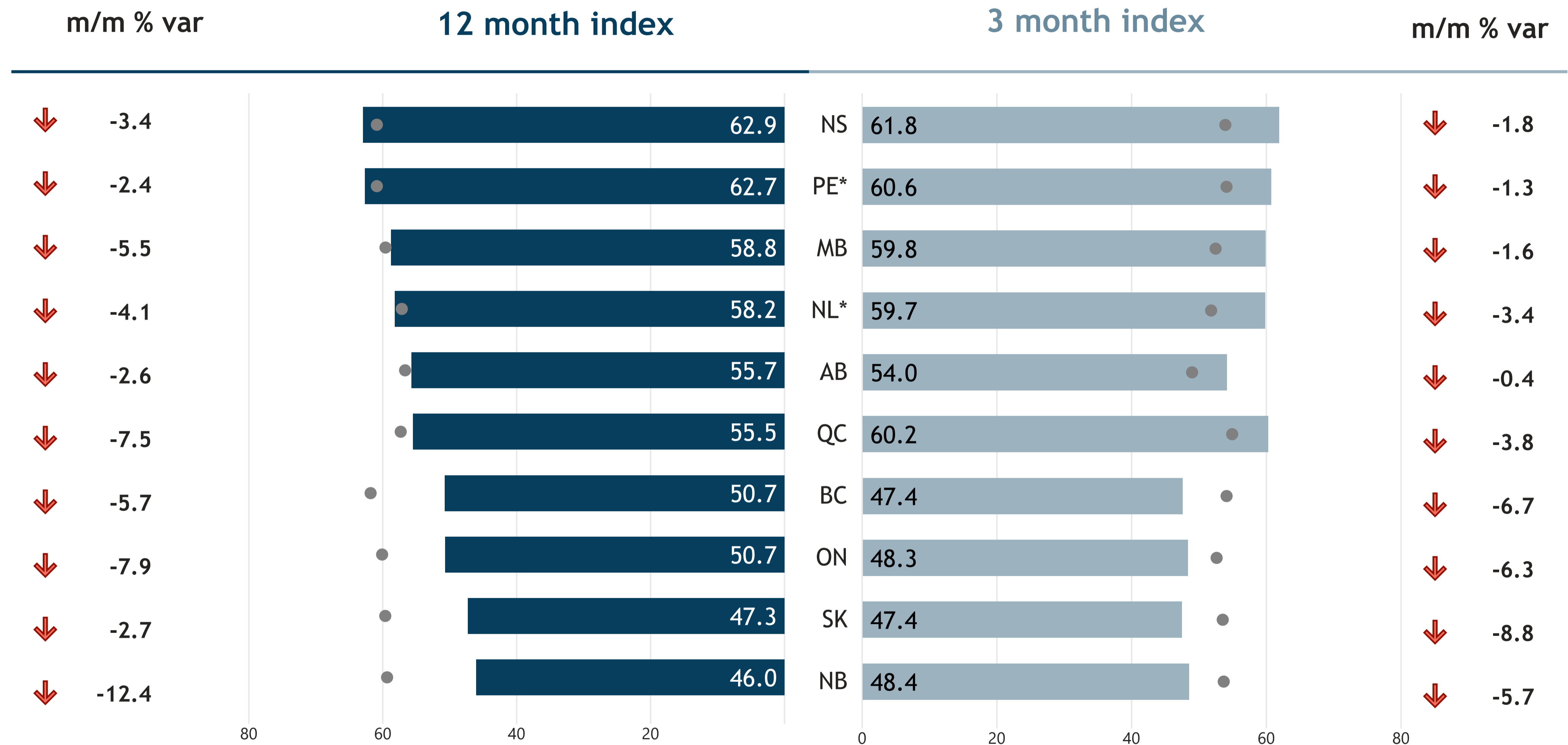
----historical average ■ above the historical average ■ below the historical average ■ negative balance of opinion

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

Source: CFIB, Your business outlook survey, February 2009 - May 2026. 563 responses received from May 5-12.

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

Business Barometer®: Small business confidence index, provinces



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

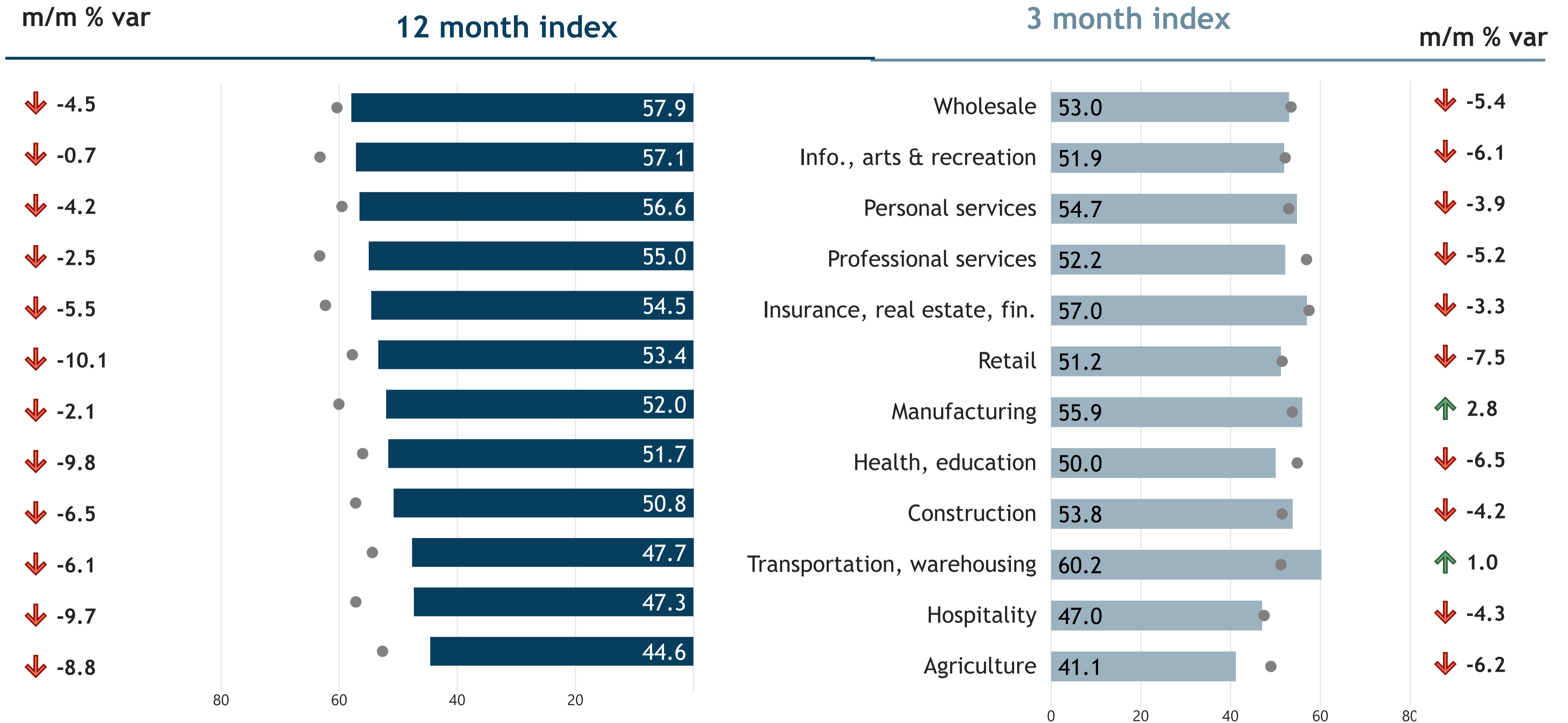
Survey question: Allowing for normal seasonal influences, what are your business performance expectations for the next **3 or 4 months**?

Source: CFIB, Your business outlook survey, February 2009 - May 2026. 563 responses received from May 5-12.

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

Index < 50 = more businesses expecting weaker performance than stronger 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**?

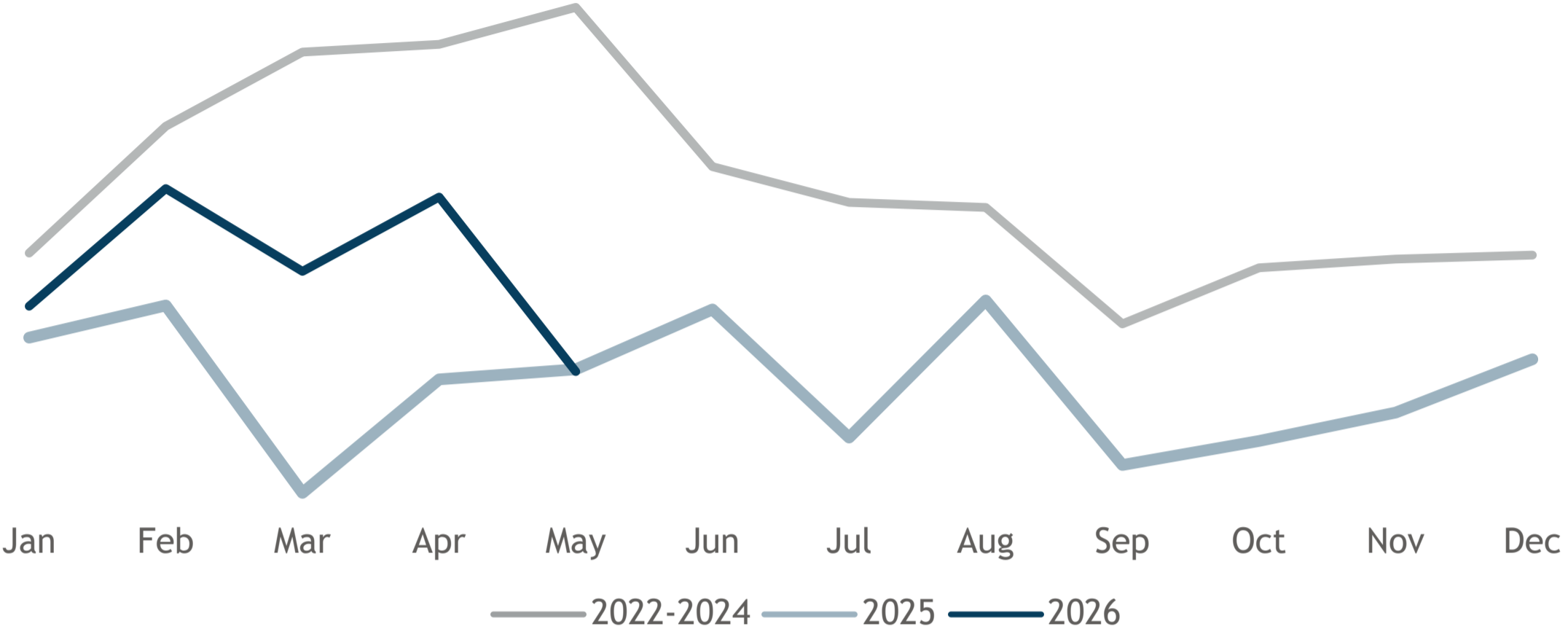
Source: CFIB, Your business outlook survey, February 2009 - May 2026. 563 responses received from May 5-12.

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

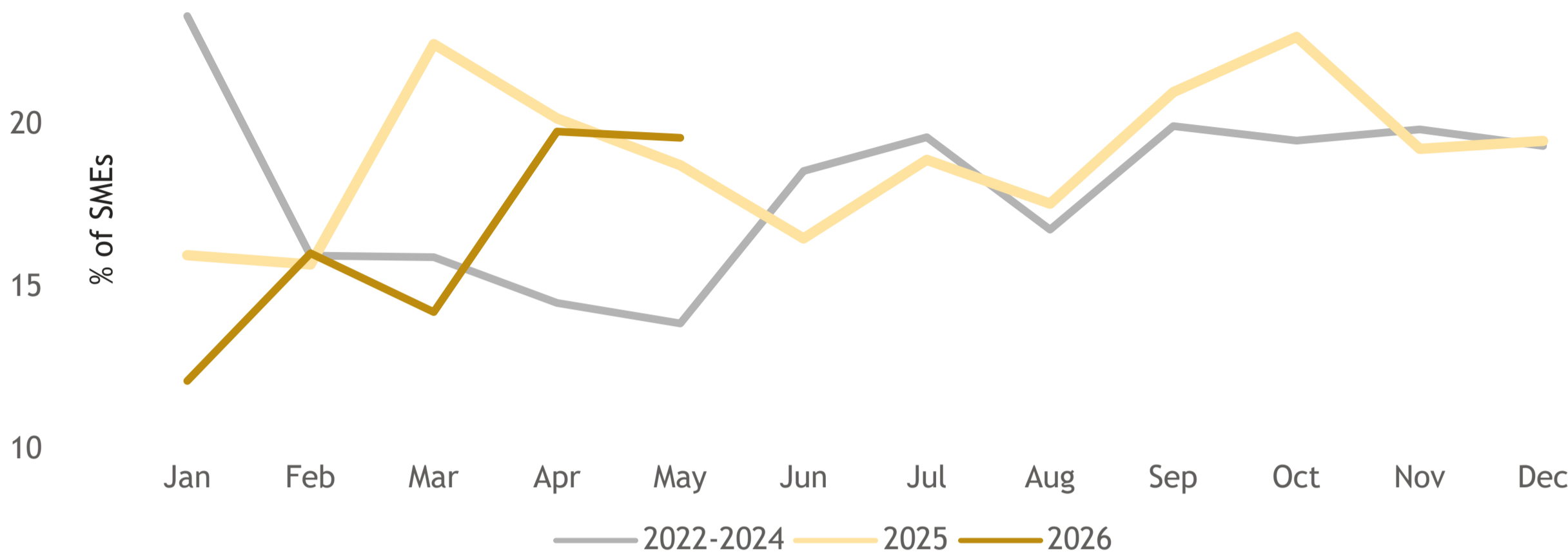
Index < 50 = more businesses expecting weaker performance than stronger performance

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

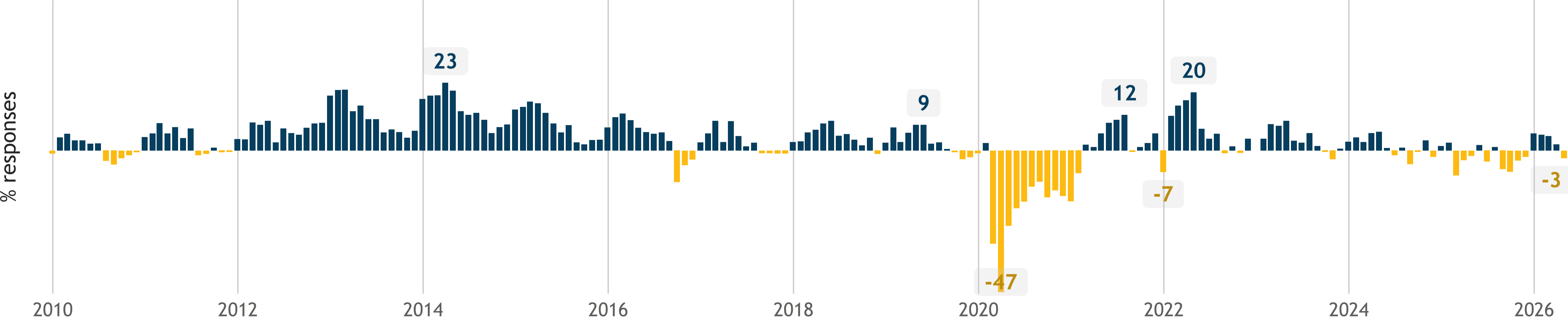
Adding staff



Reducing staff



Net staffing intentions, full time

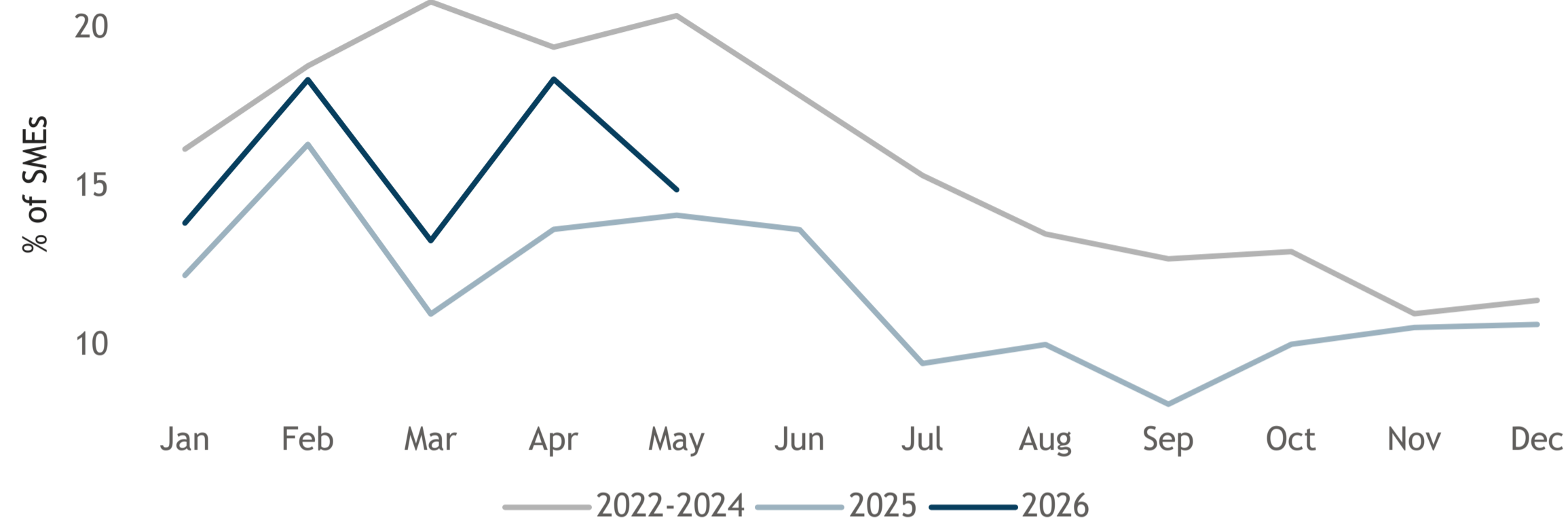


Survey question: How are your expected employment levels to change in the next 3 or 4 months? (Up, Same, Down)
Source: CFIB, Your business outlook survey, February 2009 - May 2026. 563 responses received from May 5-12.
Note: Net staffing intentions = [Share of respondents answering UP]- [Share of respondents answering Down]

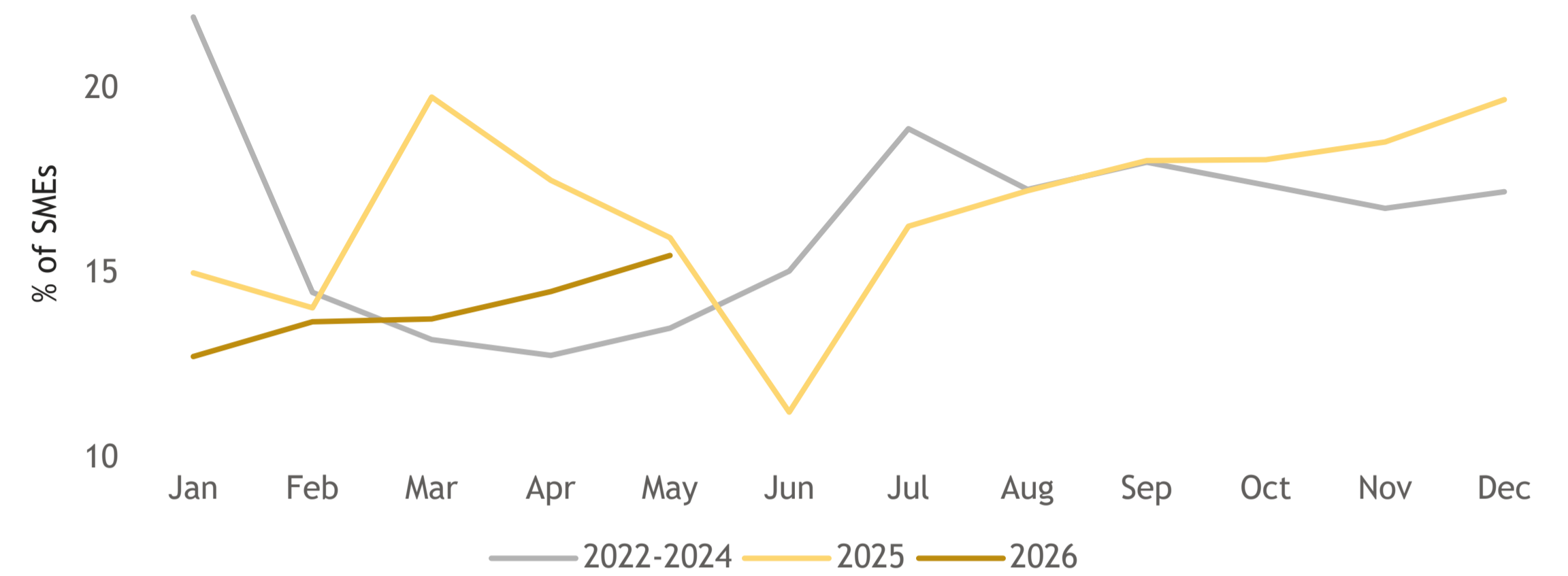


Business Barometer®: Part-time staffing plans, short term

Adding staff, part time



Reducing staff, part time



Net staffing intentions, part 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 - May 2026. 563 responses received from May 5-12.

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

Business Barometer®: Future price and wage increase plans



— Average price plans — Average wage plans

- - - - - Historical averages

Survey questions:

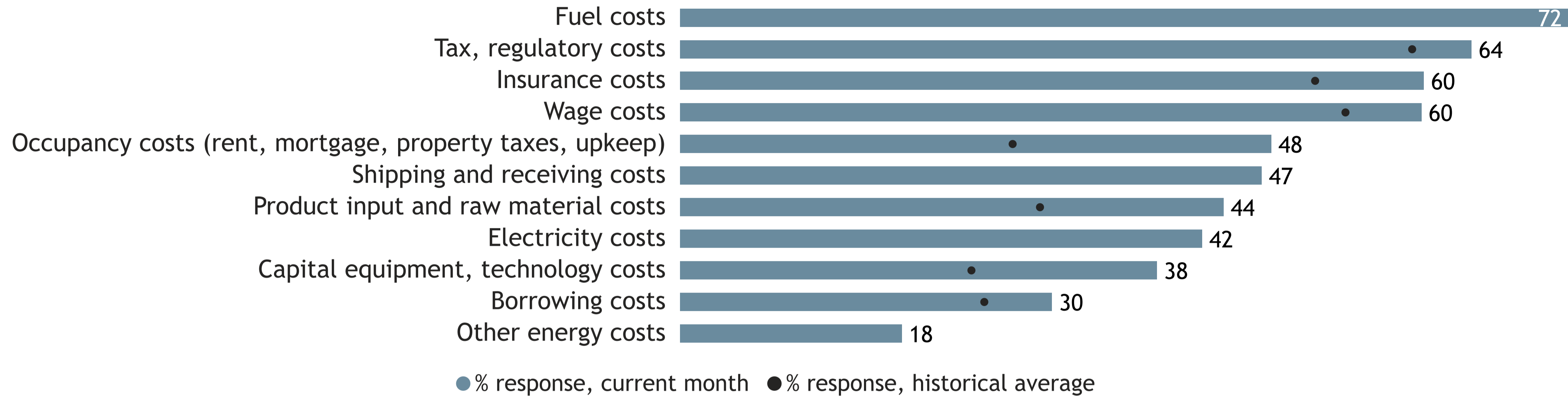
In the next year, how much do you expect **average prices** to change?

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

Source: CFIB, Your business outlook survey, February 2009 - May 2026. 563 responses received from May 5-12.



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

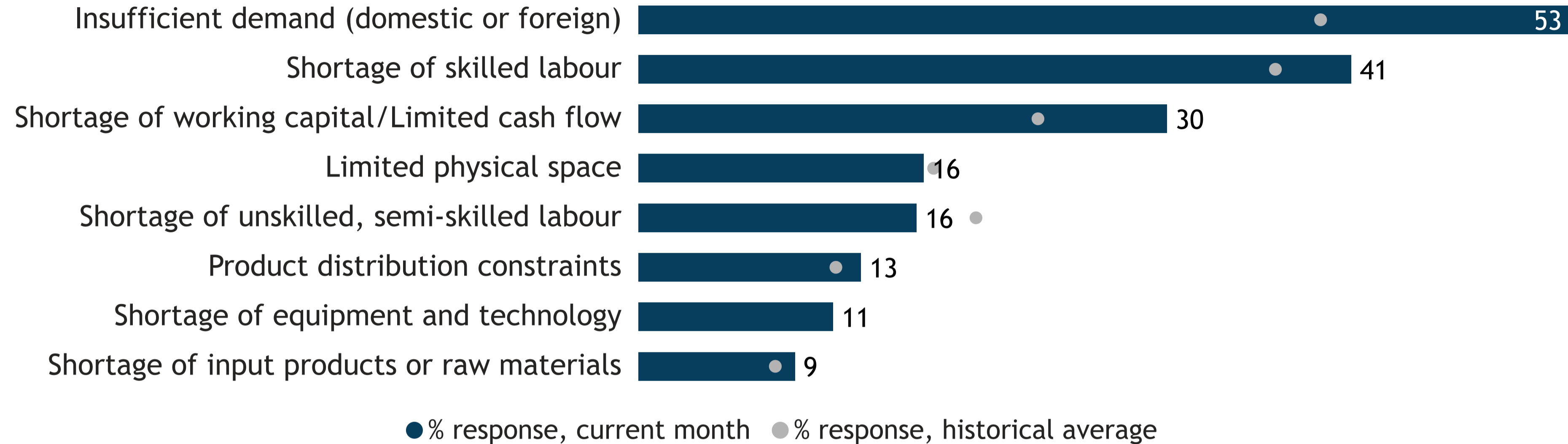


Survey question: What types of input costs are currently causing difficulties for your business?

Source: CFIB, Your business outlook survey, February 2009 - May 2026. 563 responses received from May 5-12.

Note: Since February 2026, the question includes a new data point on shipping and receiving costs.

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

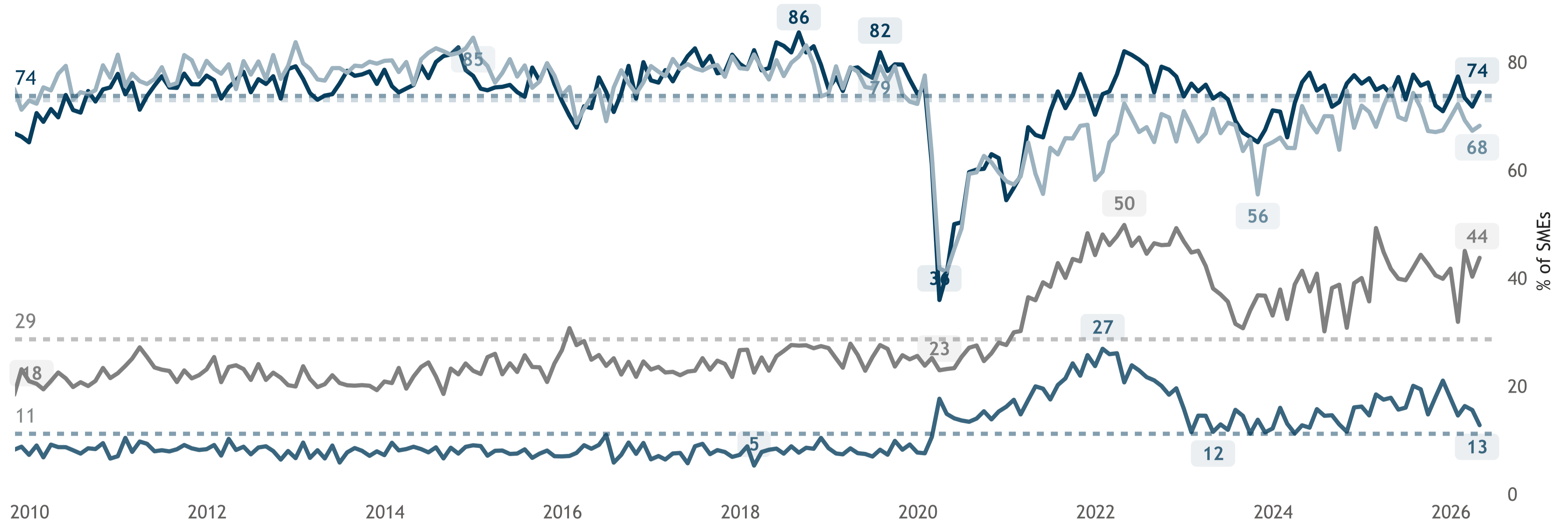


Survey question: What factors are limiting your ability to increase sales or production?

Source: CFIB, Your business outlook survey, February 2009 - May 2026. 563 responses received from May 5-12.

Note: Since February 2026, the question includes a new data point on shortages of equipment and technology.

Business Barometer®: Supply chain indicators



Firms with: — Normal/above normal unfilled orders — Normal/above normal unsold Inventories — Product input costs difficulties — Product distribution constraints

----- Historical averages

Survey questions:

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

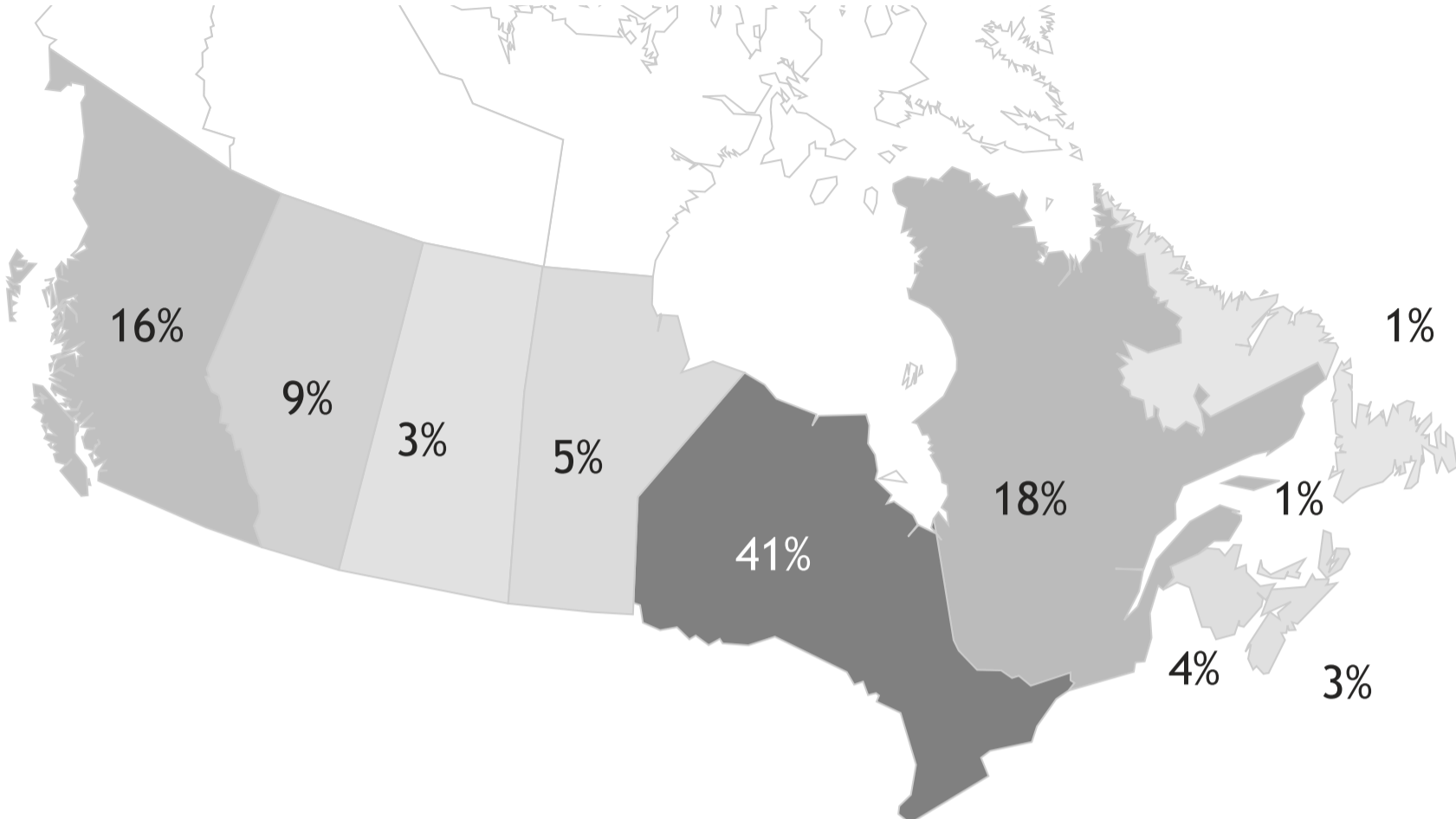
What types of input costs are currently causing difficulties for your business? [Respondents selecting "Product input costs"]

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

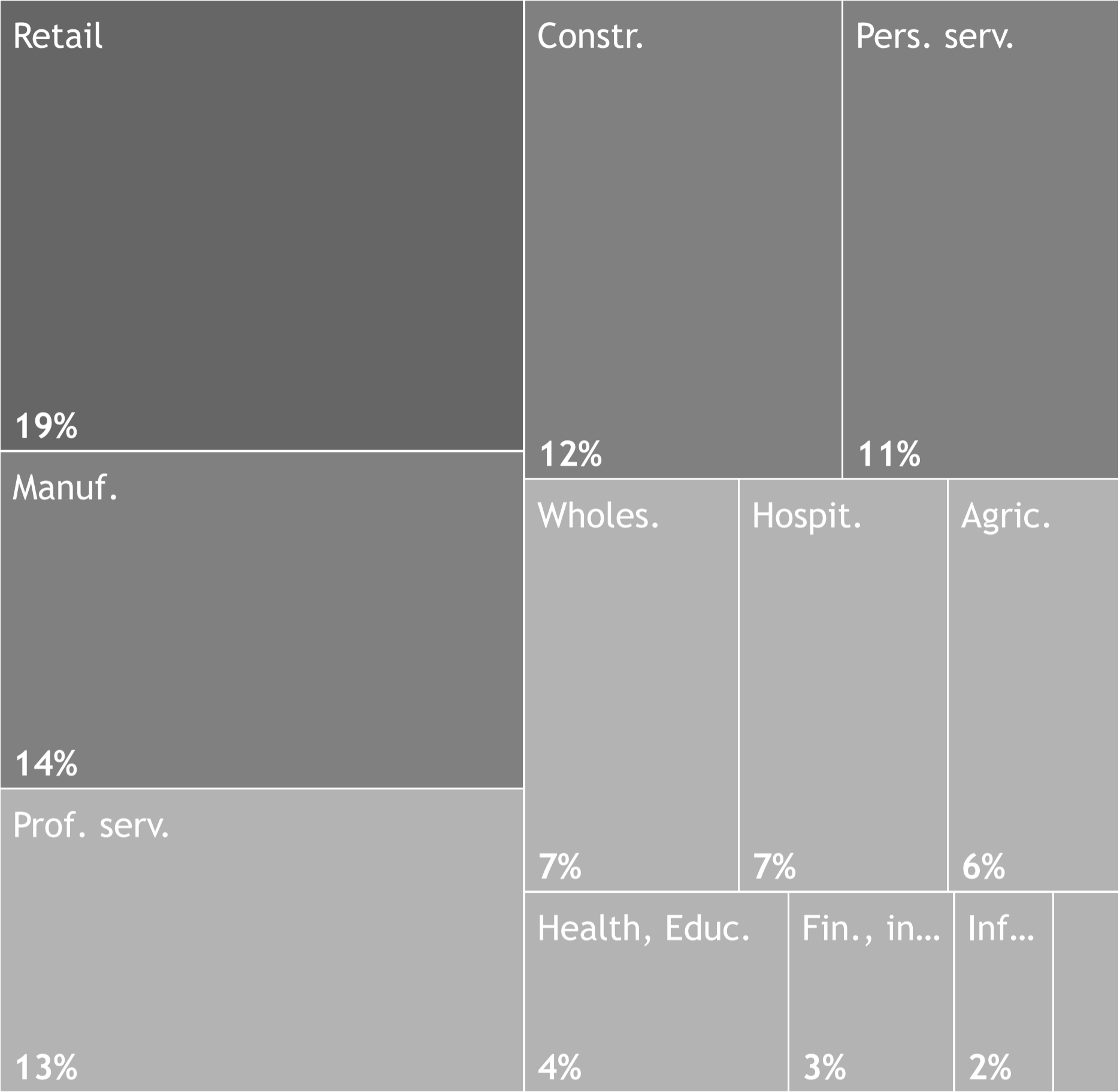
Source: CFIB, Your business outlook survey, February 2009 - May 2026. 563 responses received from May 5-12.

Business Barometer®: Sample distribution

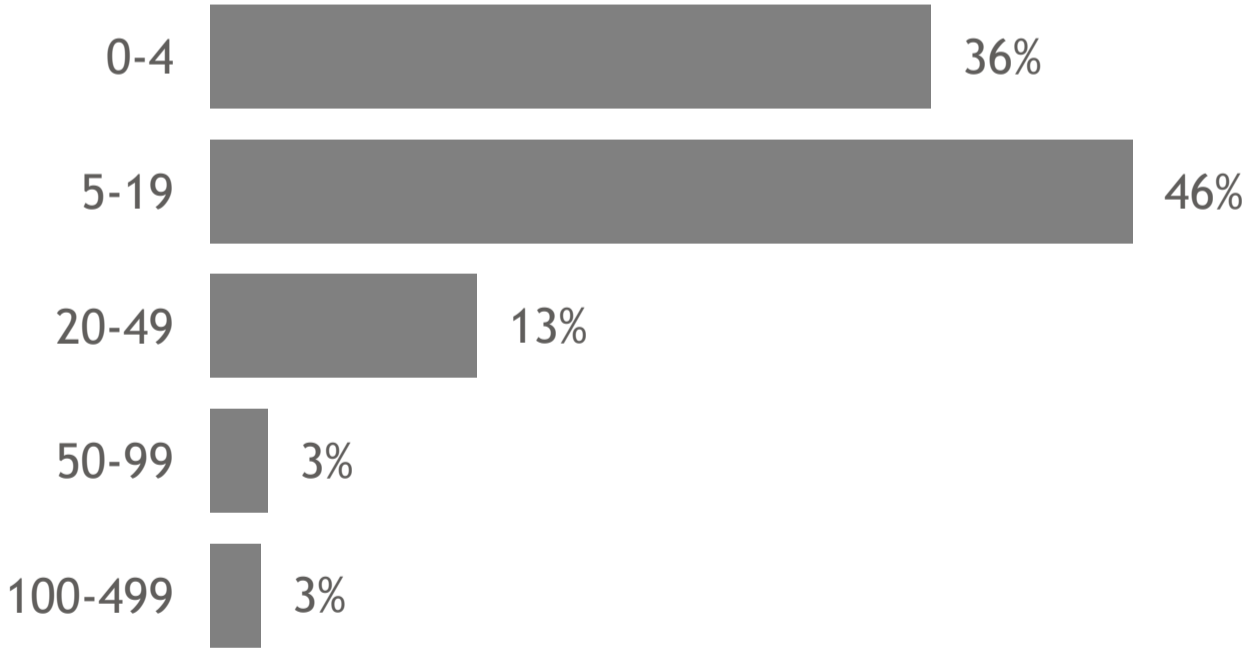
By location of the business



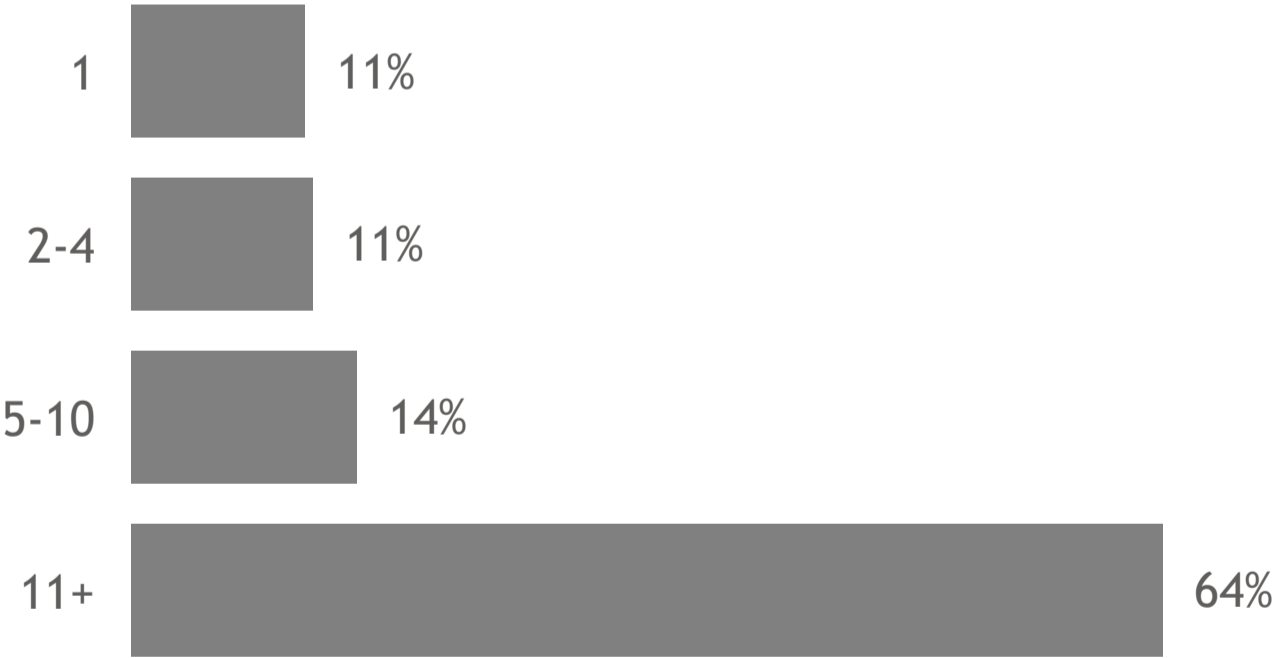
By industry



By number of employees



By years in business



Methodology

- CFIB, Your business outlook survey, May 2026
- Stratified random sample of CFIB members to a controlled-access web survey: 563 responses
- Responses were received from: May 5-12.
- The survey is considered accurate to within +/- 4.1 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. Accordingly, April's results were recalculated to include 9 additional responses beyond the 317 originally used.
- Measured on a scale between 0 and 100, an index below 50 means owners expecting their business's performance to be weaker over the next three or 12 months outnumber those expecting stronger performance.
- Since February 2026, the survey includes two new data points on shipping and receiving costs; and on shortages of equipment and technology. Provincial and sectoral details are not available yet.

Questions or data requests

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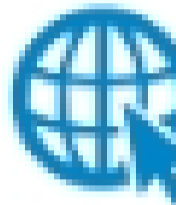
Economist

Laure-Anna.Bomal@cfib.ca

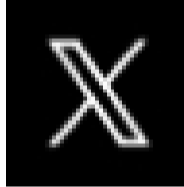


Additional information

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