

Monthly Business Barometer®

June 2023



12-month Small Business Confidence Index

54.1

Monthly change

↓ -2.1

3-month Small Business Confidence Index

48.7

Monthly change

↓ -5.0

Business Barometer®: Report summary

Highlights for June

Canada's small business optimism index has taken a dip in June after rising for seven consecutive months. Future price increases are on a quick downwards trend.

Small business optimism in Canada

CFIB's Business Barometer® long-term index, which is based on 12-month forward expectations for business performance, slid back to 54.1—2 points below last month's high for this year. The short-term optimism index, based on a 3-month outlook, also took a few steps back to 48.7—about 5 points below May's high.

Labour market indicators

Full-time staffing plans are weaker in June than in May, with only 18% of SMEs planning to hire while 15% are planning to lay off. Average wage increase plans have seen another decrease to 2.9 from May level of 3.2.

Inflation indicator

Average price increase plans have taken a sharp fall to 3.3 from May level of 3.7. The current level is the lowest since May 2021 when it recorded a similar value.

Methodology

June findings are based on 528 responses from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received from June 5 to the 13. Findings are statistically accurate to +/- 4.3 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.

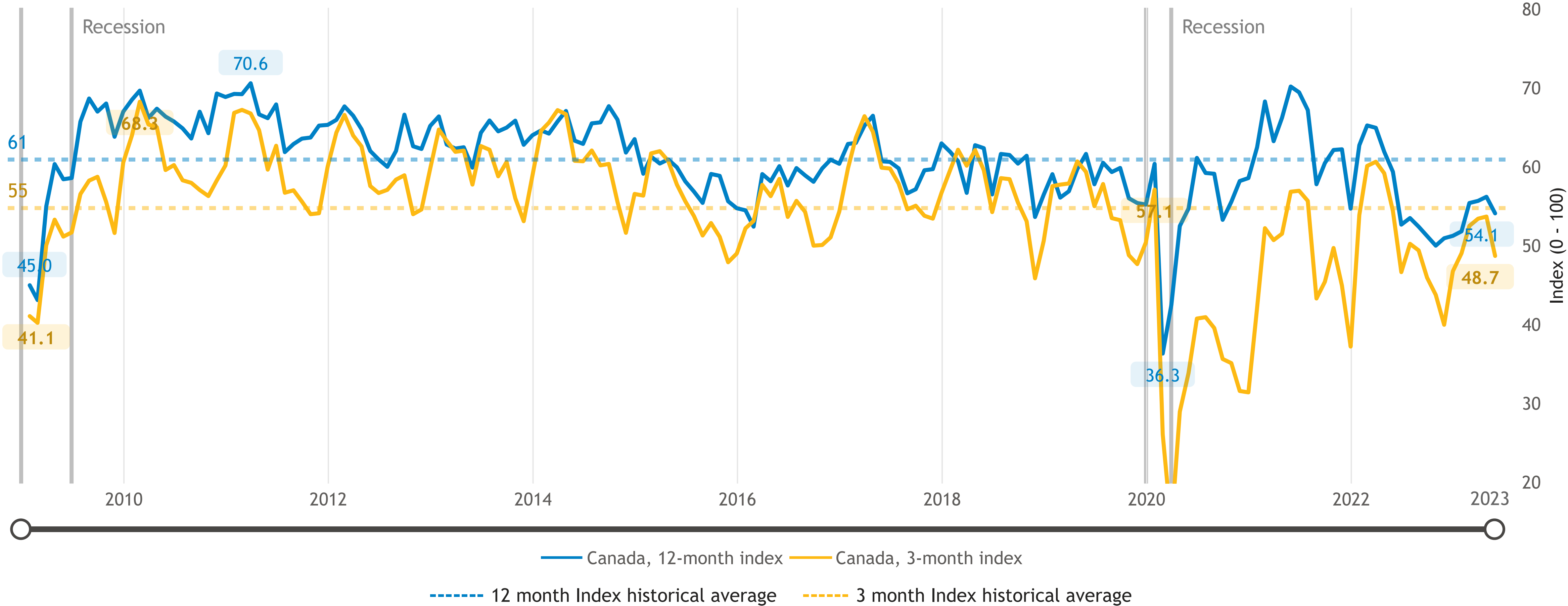
Provincial picture

Over the long term, all provinces but Saskatchewan (47.8) report optimism levels above 50. PEI (77.8) is still leading in optimism and its current level is above its historical average for this time of the year. Quebec, PEI, and NB have bucked the downwards trend that the rest of the provinces have seen in June.

Sectoral picture

Long term optimism by industry has seen significant variation in June. A few sectors have seen large jumps upwards (e.g., Finance, insurance, and real estate +10.2 points, information and recreation +7.8 points), while others have registered big drops in optimism (e.g., retail -10.8, natural resources -10.2, health and education -7.0). The first three sectors at the top of the confidence scale are reporting healthy levels of optimism (information, recreation; hospitality; and health and education—all with indexes above 60). At the opposite end, natural resources, agriculture, transportation, and retail are below 50 and on downwards trends overall.

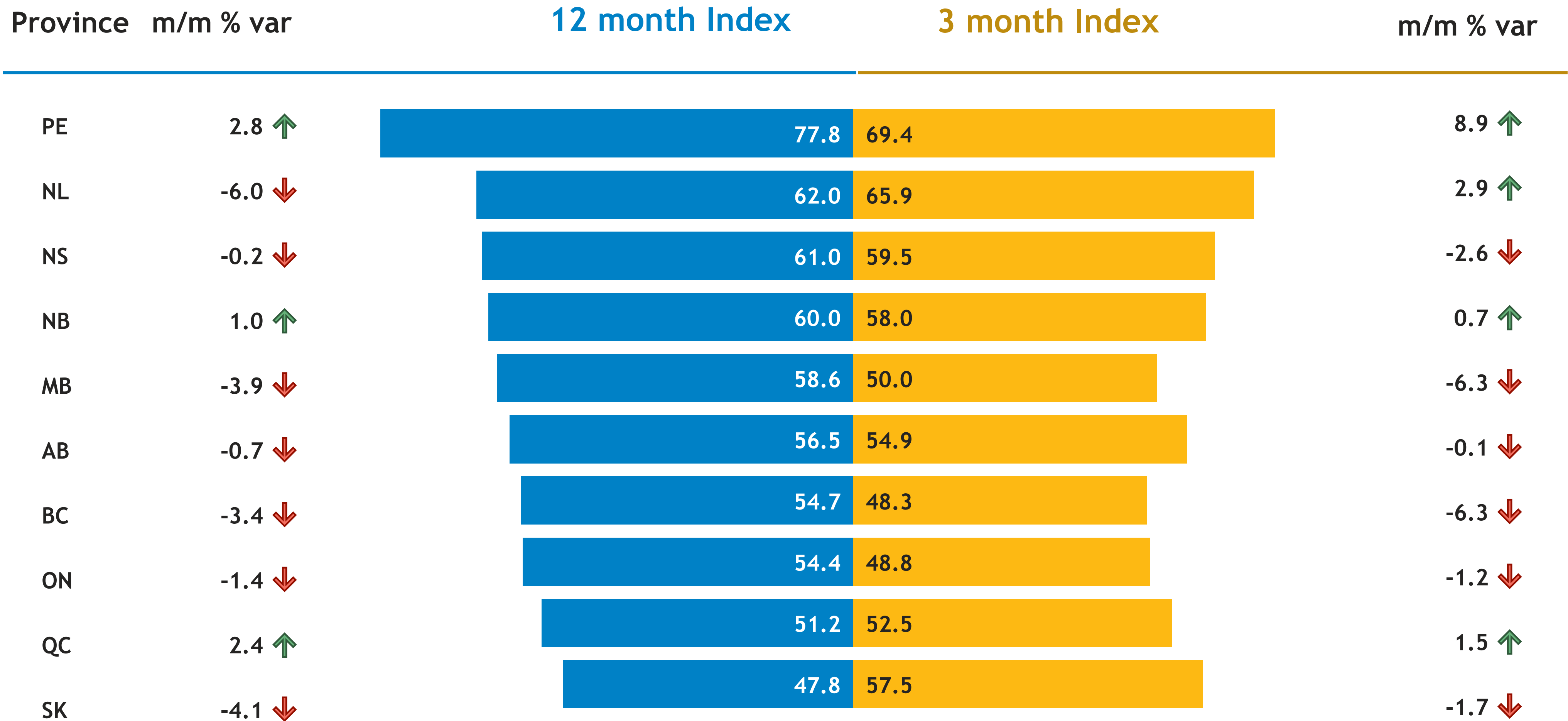
Business Barometer®: 12-month and 3-month small business confidence index, Canada



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**?

Source : CFIB and Recession: [C.D. Howe Institute Business Cycle Council](#)



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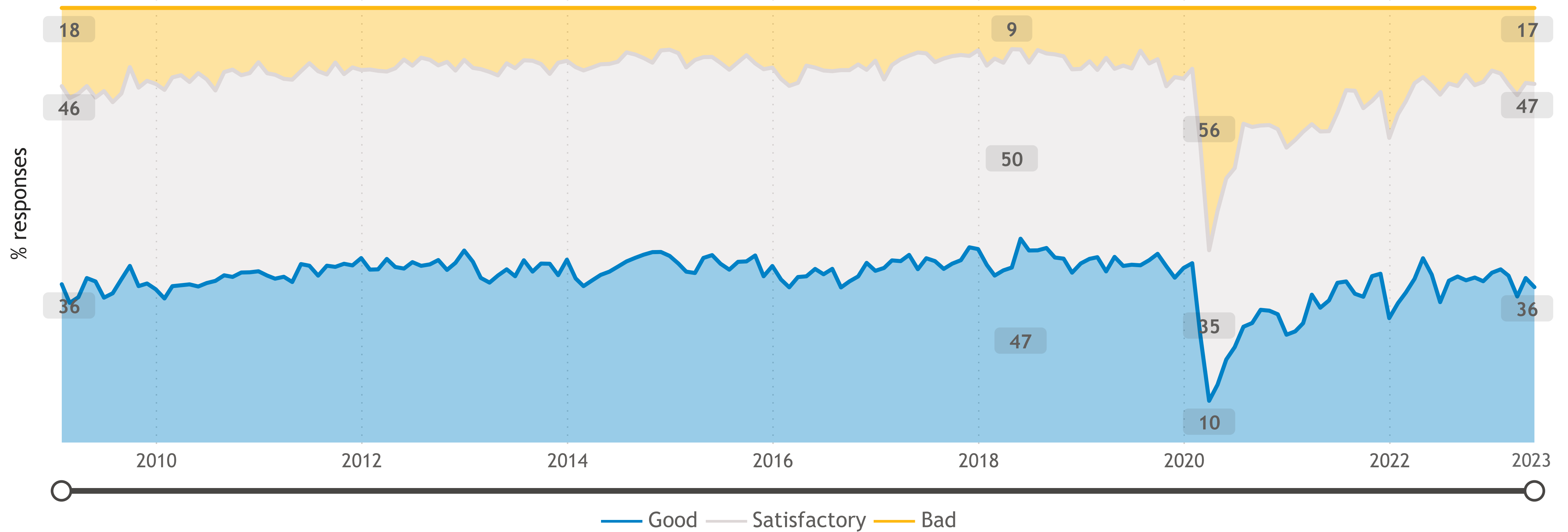
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Sector	m/m % var	12 month Index	3 month Index	m/m % var
Info., Arts & Recreation	7.8 ↑	69.1	57.6	7.6 ↑
Hospitality	1.2 ↑	60.8	56.7	-1.1 ↓
Health, Education	-7.0 ↓	60.5	50.7	-6.6 ↓
Personal, Misc. Services	-1.0 ↓	58.0	56.9	-3.4 ↓
Professional Services	-5.9 ↓	57.8	50.7	-6.5 ↓
Finance, Insurance, Real Estate...	10.2 ↑	55.9	51.0	5.6 ↑
Construction	-0.6 ↓	55.6	57.9	0.4 ↑
Manufacturing	2.2 ↑	55.4	49.2	1.5 ↑
Wholesale	-3.7 ↓	52.1	50.9	-1.6 ↓
Natural Resources	-10.2 ↓	47.7	40.9	-4.1 ↓
Agriculture	0.9 ↑	46.5	48.7	-5.1 ↓
Transportation	-3.9 ↓	44.6	35.2	-2.7 ↓
Retail	-10.8 ↓	44.3	39.7	-16.7 ↓

Survey questions:

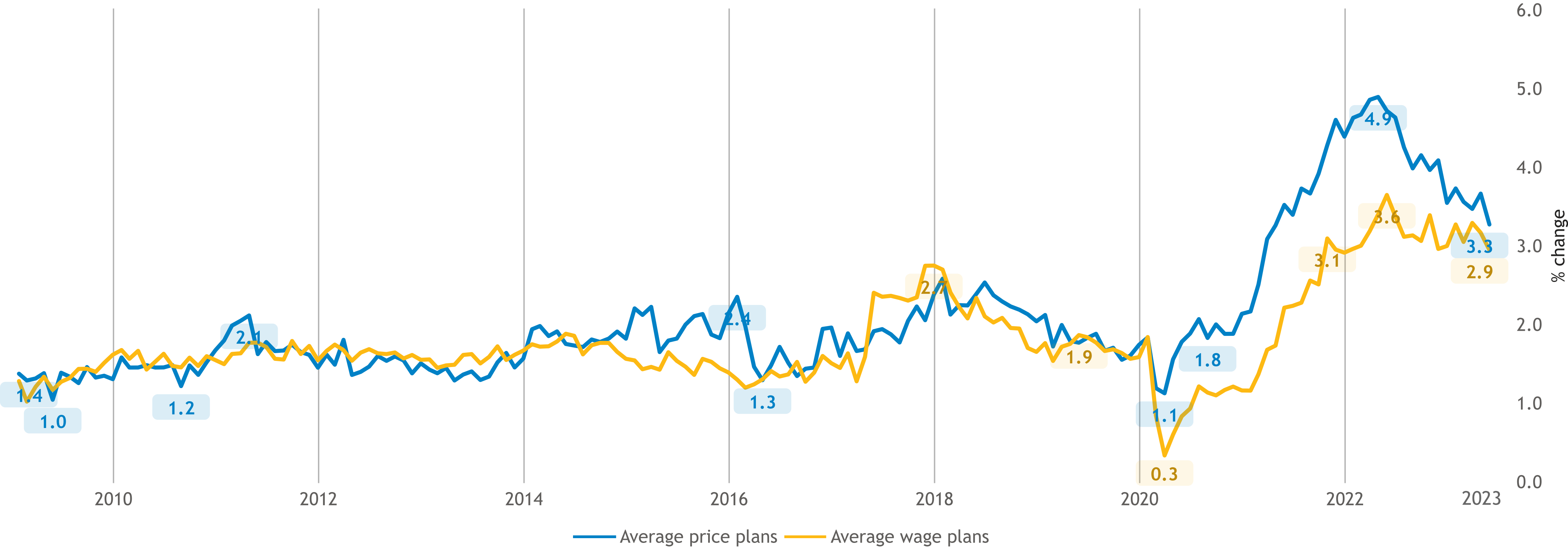
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Survey question:
Currently, what is the general business situation of your company?

Business Barometer®: Future pricing and wage increasing plans

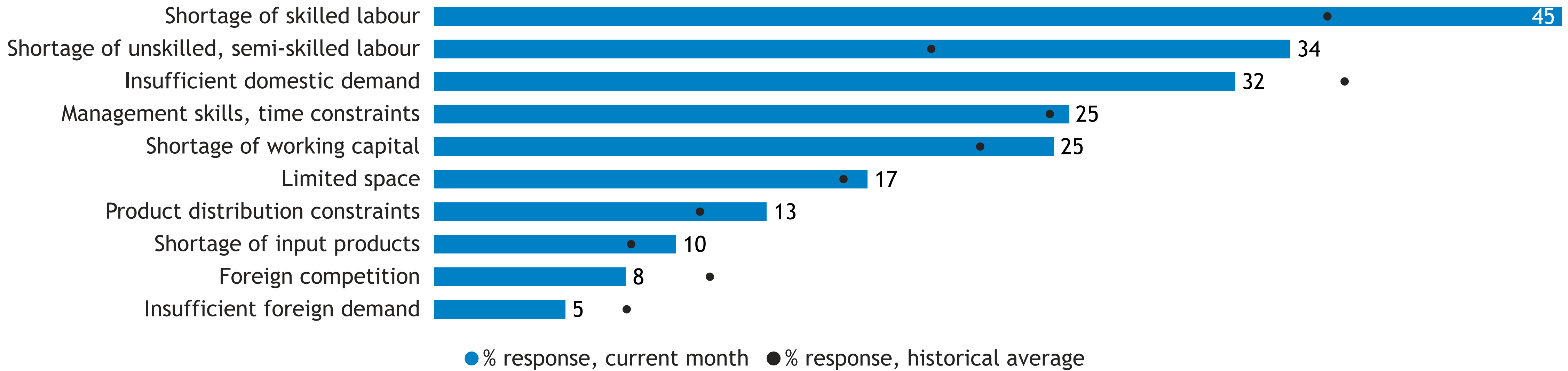


Survey questions:

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

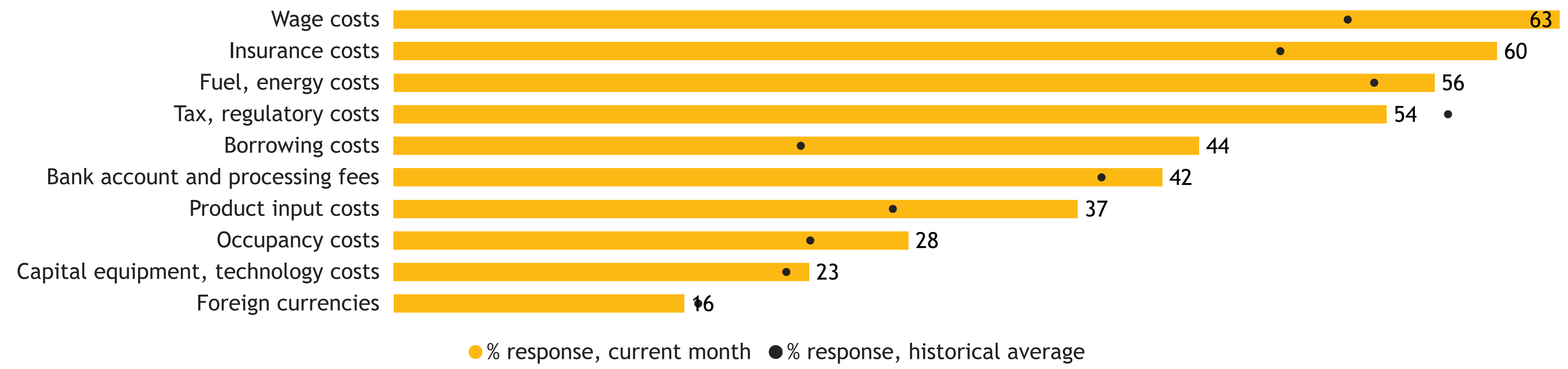
In the next year, how much do you expect **average wages** to change?

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



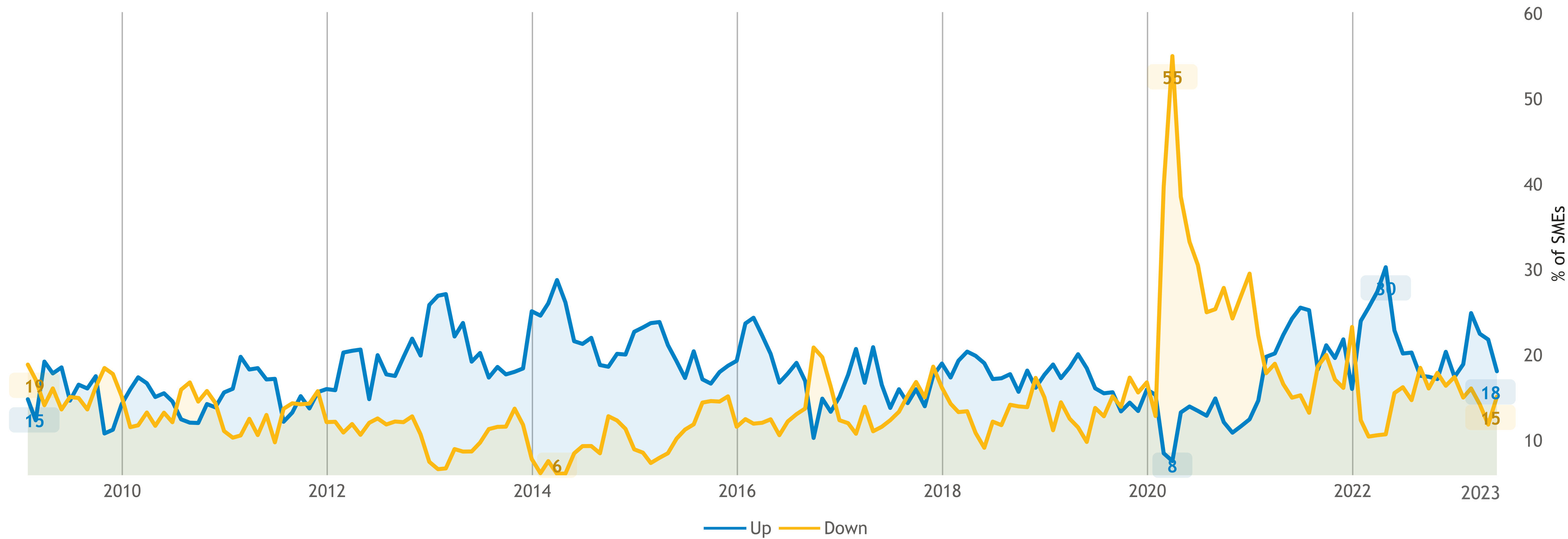
Survey question:
 What factors are limiting your ability to increase sales or production?

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

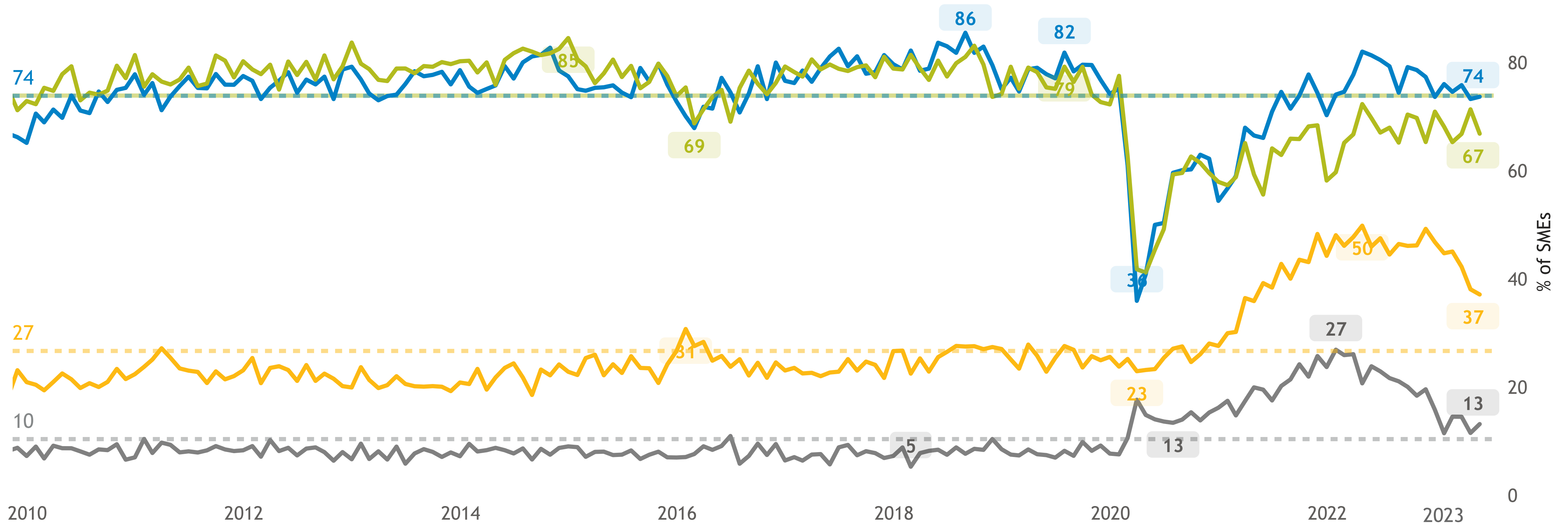


Survey question:

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



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



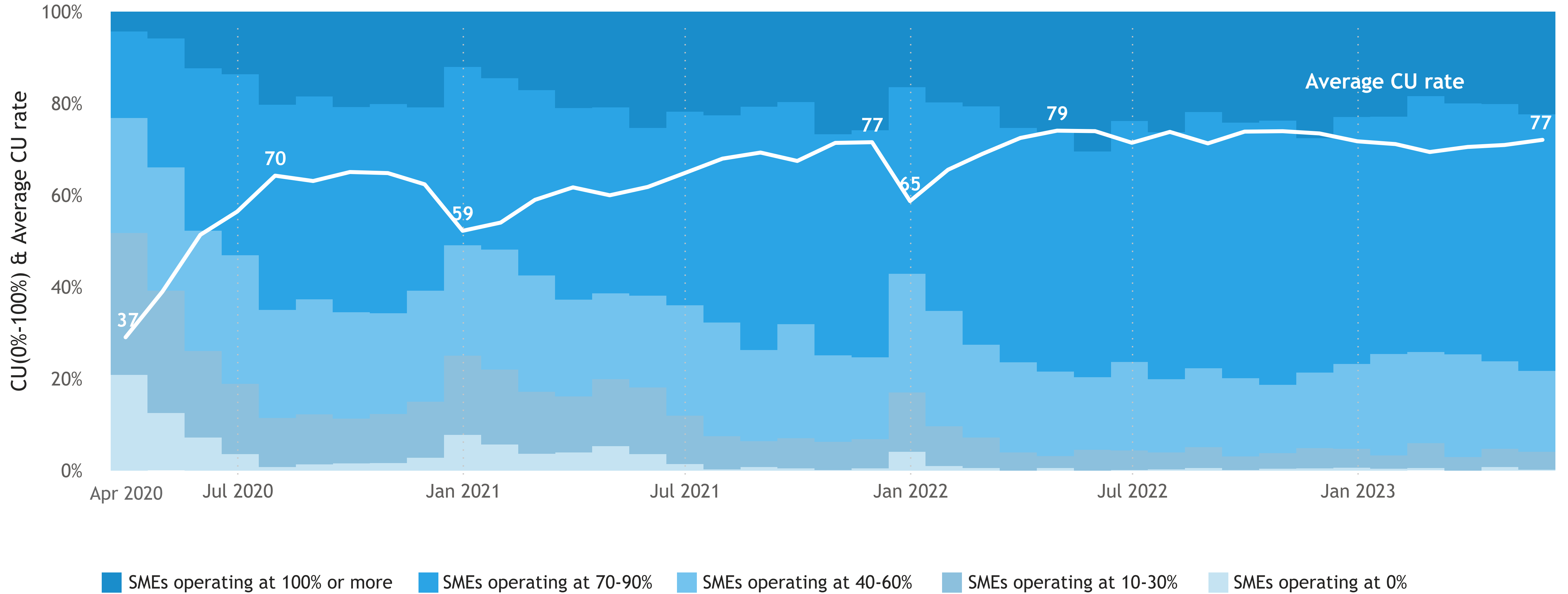
Firms with: — Normal/above normal unfilled orders — Normal/above normal unsold Inventories — Product input costs difficulties — Product distribution constraints
 - - - - - historical averages

Survey questions:

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

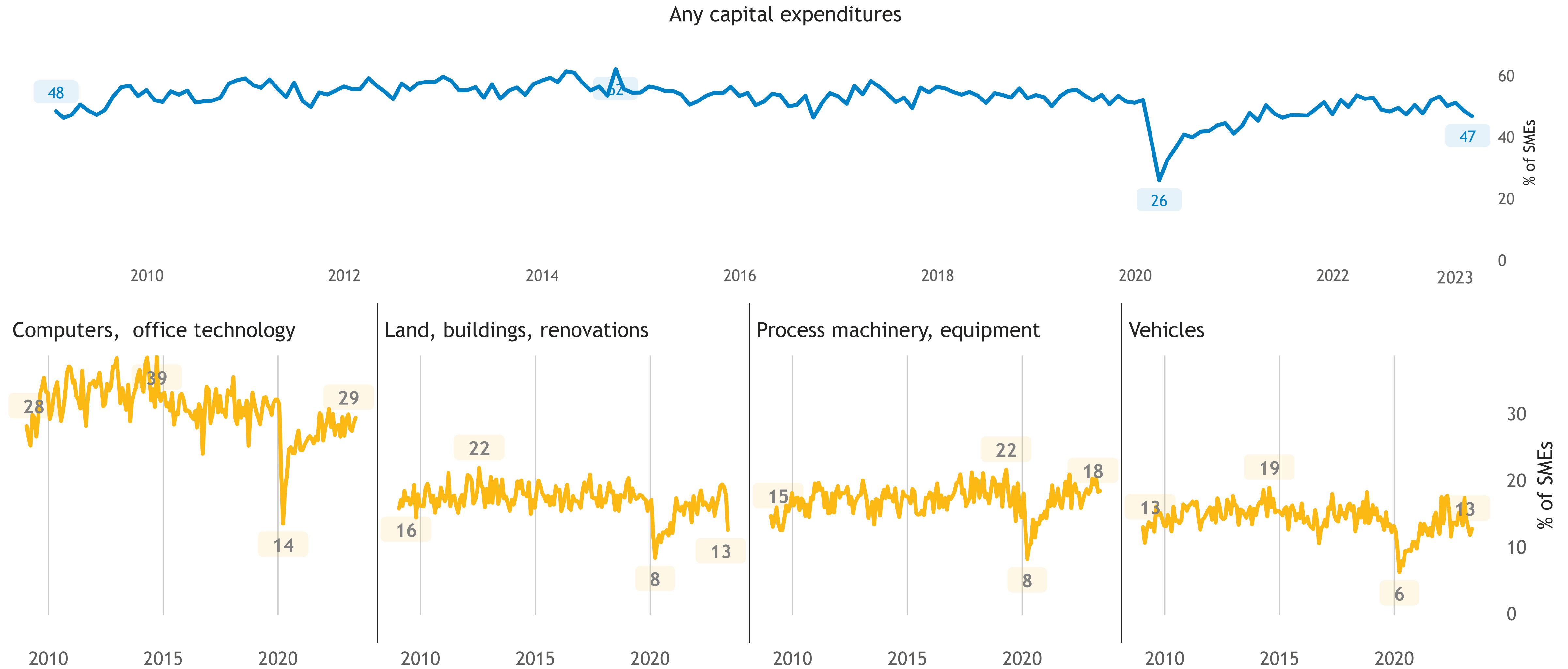
What types of **input costs** are currently causing difficulties for your business?

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



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?



Survey question:

What kinds of capital expenditures do you plan to make within the next 3 or 4 months?