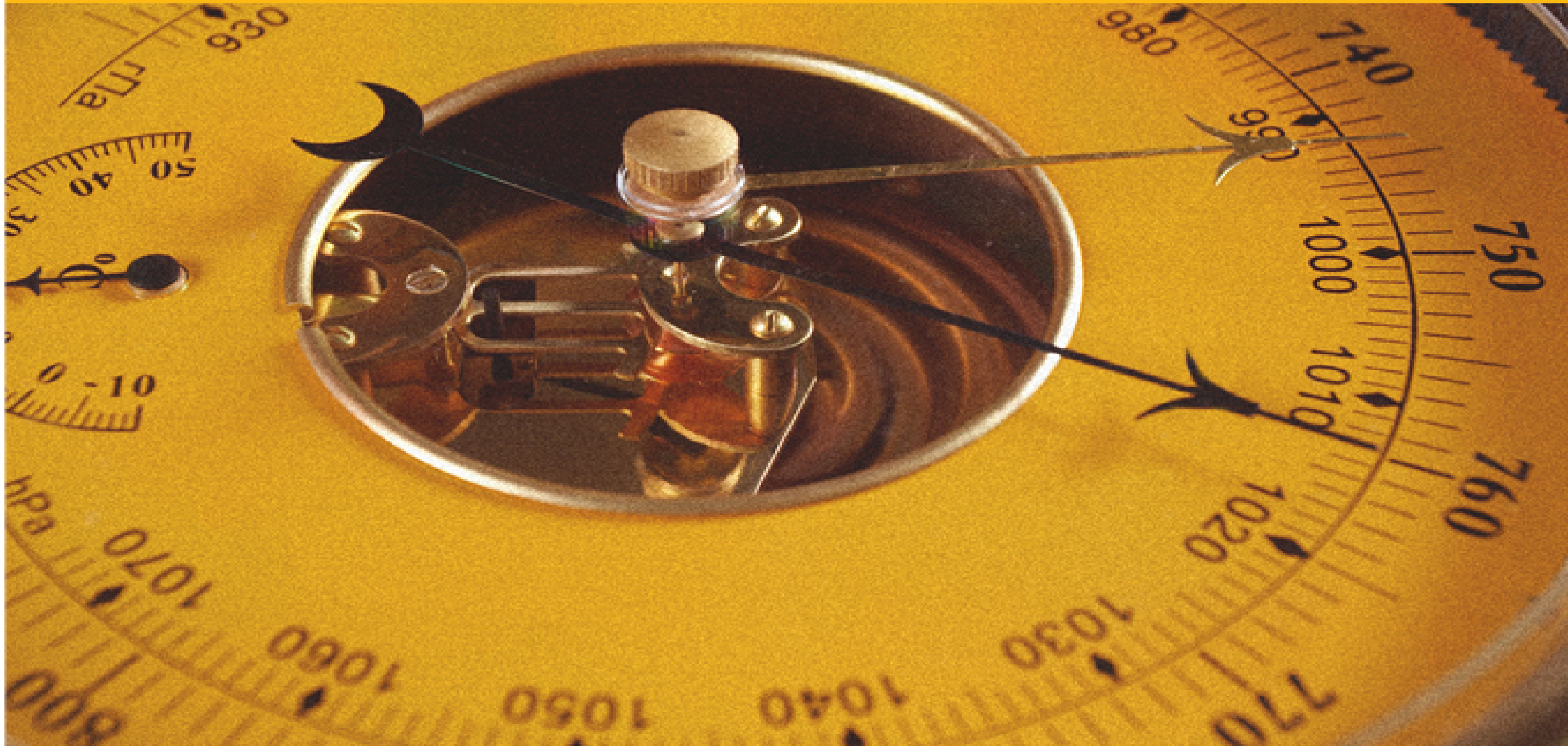


Monthly Business Barometer®

May 2024



12-month Small Business Confidence Index

56.4

Monthly change

↑ 8.8

3-month Small Business Confidence Index

52.3

Monthly change

↑ 5.0

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, soared almost 9 points in May to reach 56.4. The short-term optimism index, based on a 3-month outlook, also gained five points, and reached 52.3. Long-term optimism is at a similar level as last May (56.1) and the highest level since.

Provincial overview

Canada's long-term confidence is driven mostly by Ontario's significant gain in optimism. Quebec (+1.0 points), Manitoba (+1.9 points) and BC (+0.8 points) have also seen improvements in confidence. Alberta, Saskatchewan and the Atlantic provinces registered declines in optimism.

Other indicators

The gain in optimism translated into modest signs of improvement in other indicators as well. Staffing plans and general business health showed some positive changes. Slightly fewer firms reported domestic/foreign demand as the main limitation on sales or production growth (49%). Labour shortages eased off somewhat, albeit they remain at high levels of concern for many business owners. The share of businesses citing insurance costs remained almost unchanged (68%) - close to its peak reading.

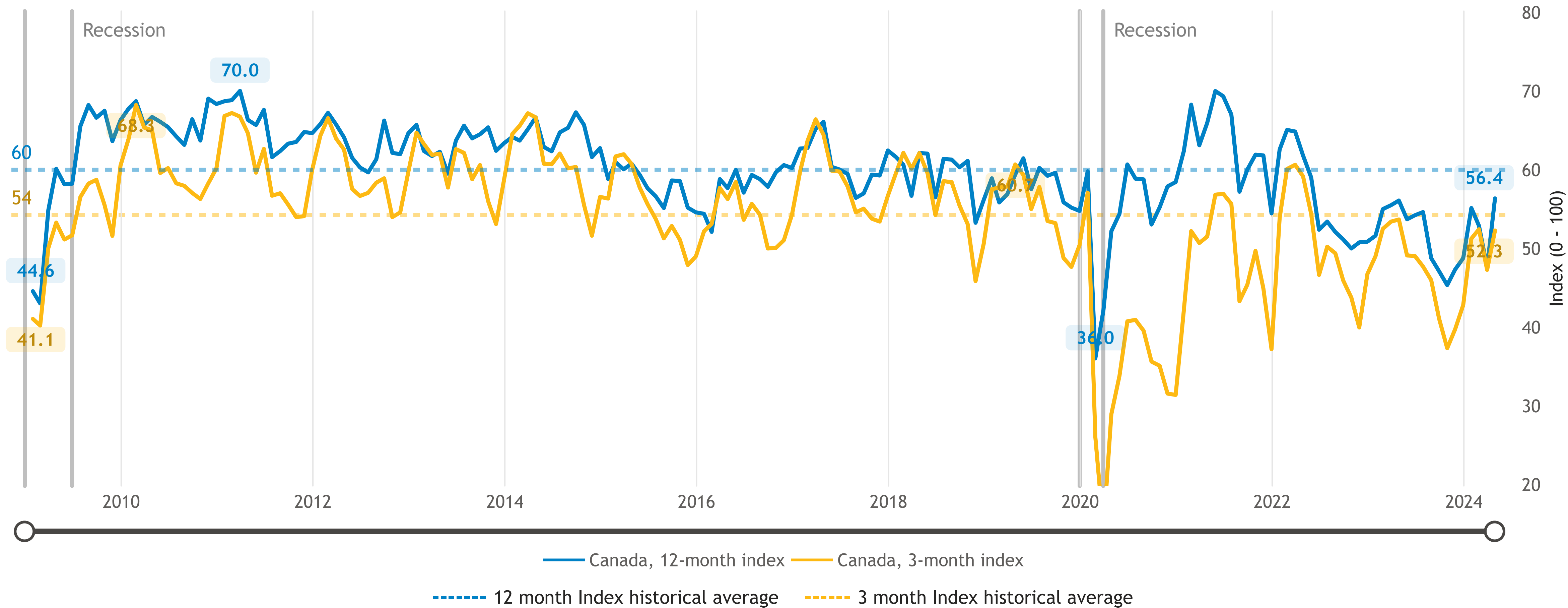
Sectoral overview

The sectoral monthly changes are a mix up of increases (in 7 sectors) and declines (in 5 sectors). The most notable changes are in the retail and transportation sectors; both have registered sizeable improvements of 4.9 and 4.7 points. Hospitality and agriculture are still mostly negative about their long-term outlook with levels below 50 (46.6 and 40.5 respectively).

Inflation indicator

The average price increase indicator cooled back down to 2.8 shaving off the 0.5 points gained in April, and almost on par with March level (2.7). The average wage increase plans for the next 12 months dropped slightly to 2.8 in May, a small correction from the April 2.9 level but higher than the March reading of 2.5.

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

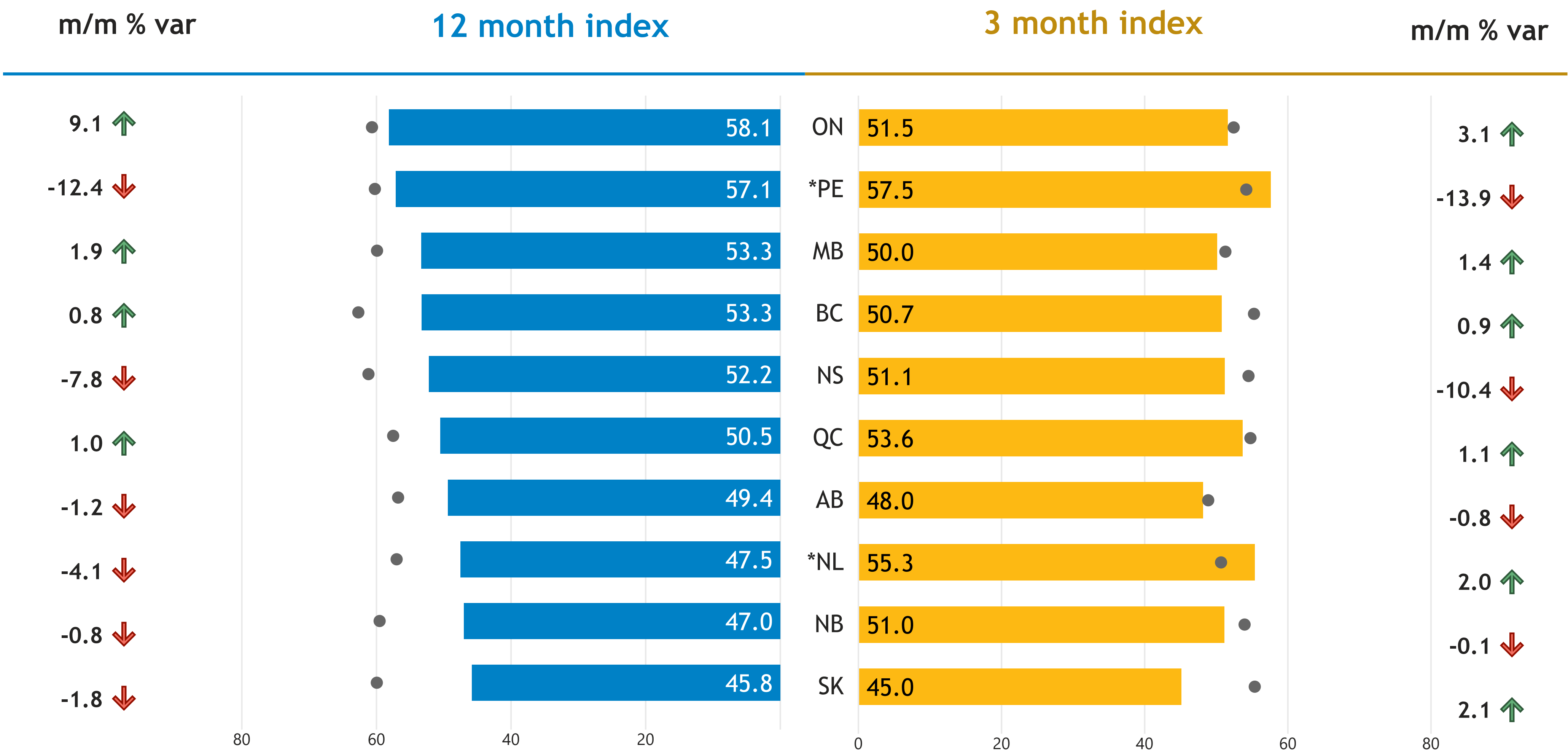


Survey questions:

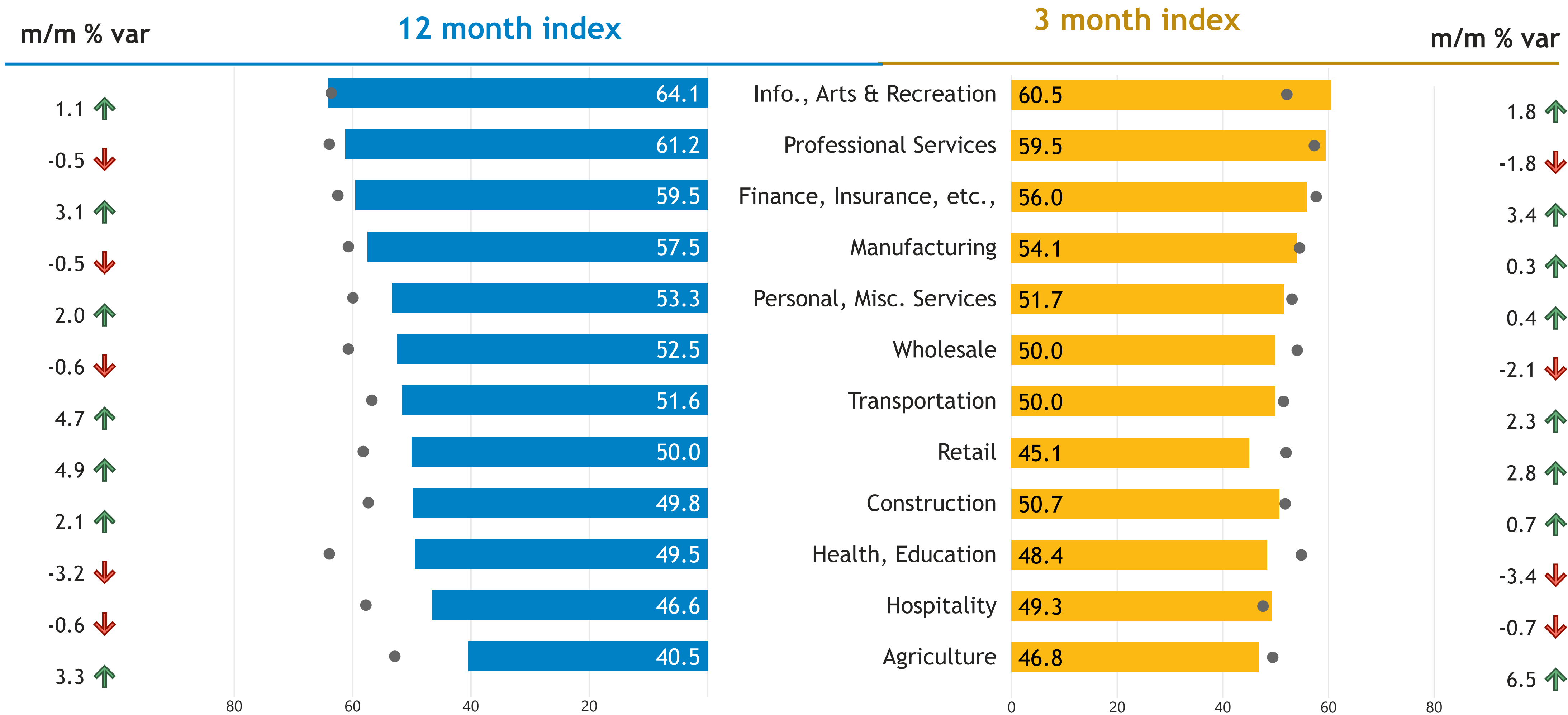
How do you expect your firm to be performing in **12 months** compared to now?

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](#)

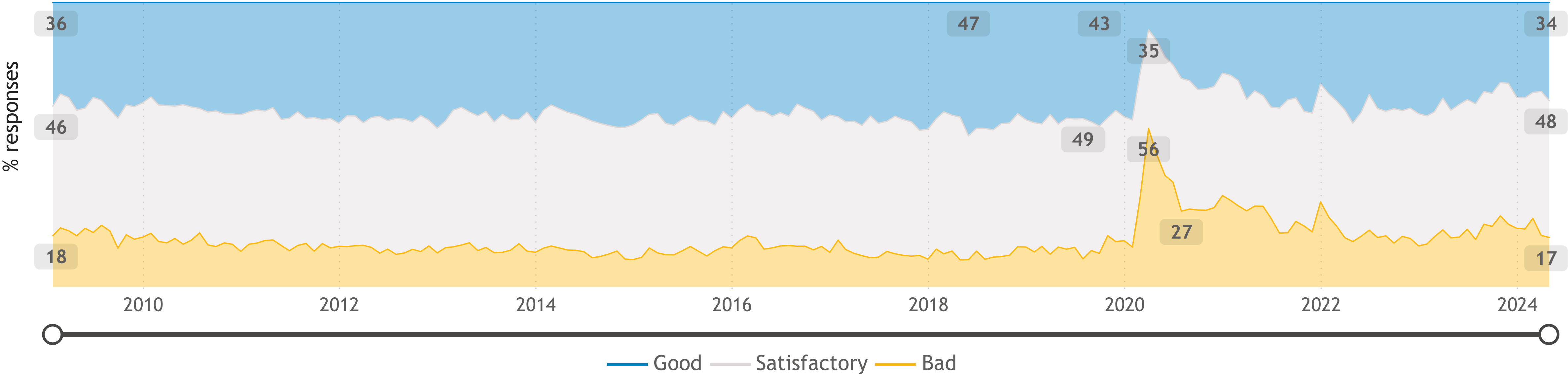


Survey question: How do you expect your firm to be performing in 12 months compared to now?
Survey question: Allowing for normal seasonal influences, what are your business performance expectations for the next 3 or 4 months?
Notes : *Number of responses under 40 ● Historical averages

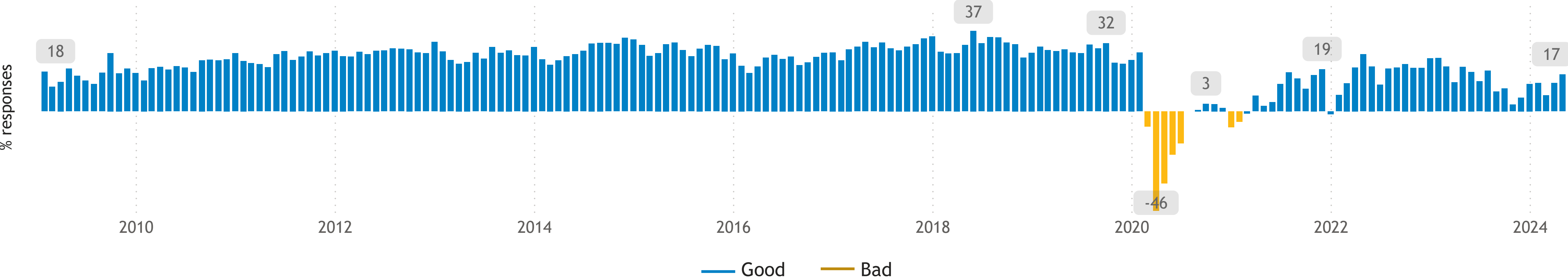


Survey question: How do you expect your firm to be performing in 12 months compared to now?
Survey question: Allowing for normal seasonal influences, what are your business performance expectations for the next 3 or 4 months?
Notes: ● Historical averages **Natural resources is not included.

Business Barometer®: General state of business health

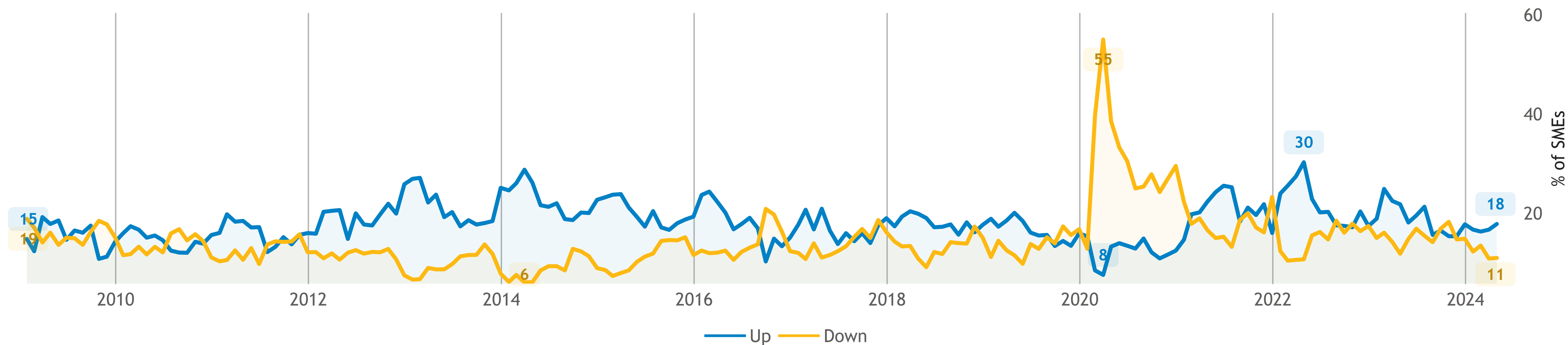


Balance of opinion

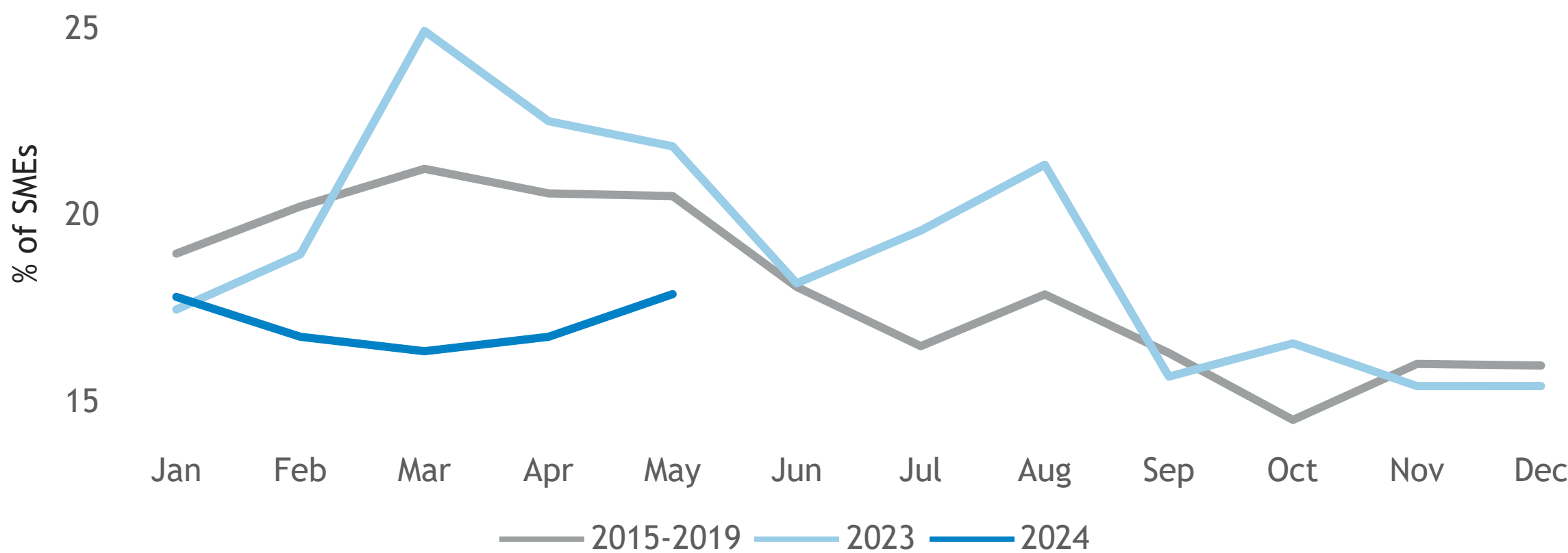


Survey question: Currently, what is the general business situation of your company?
Note: Balance of opinion = [Share of respondents answering Good]- [Share of respondents answering Bad]

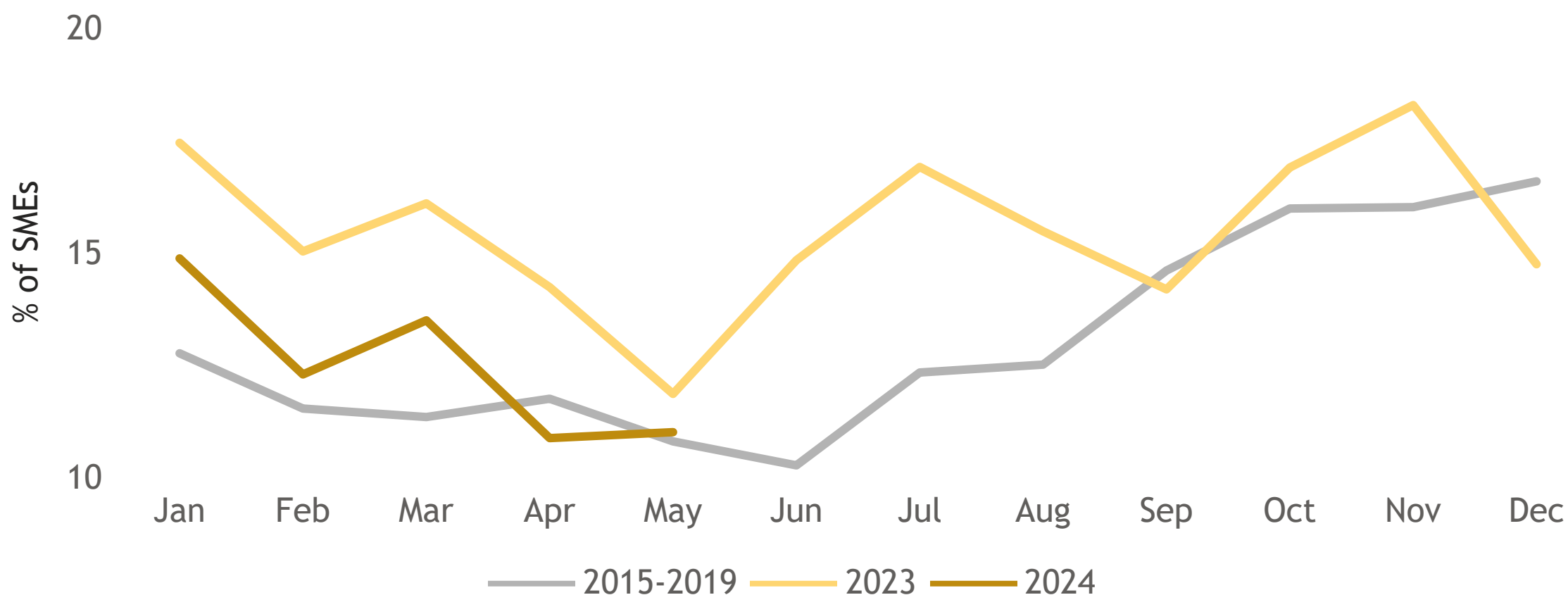
Business Barometer®: Full-time staffing plans, short term



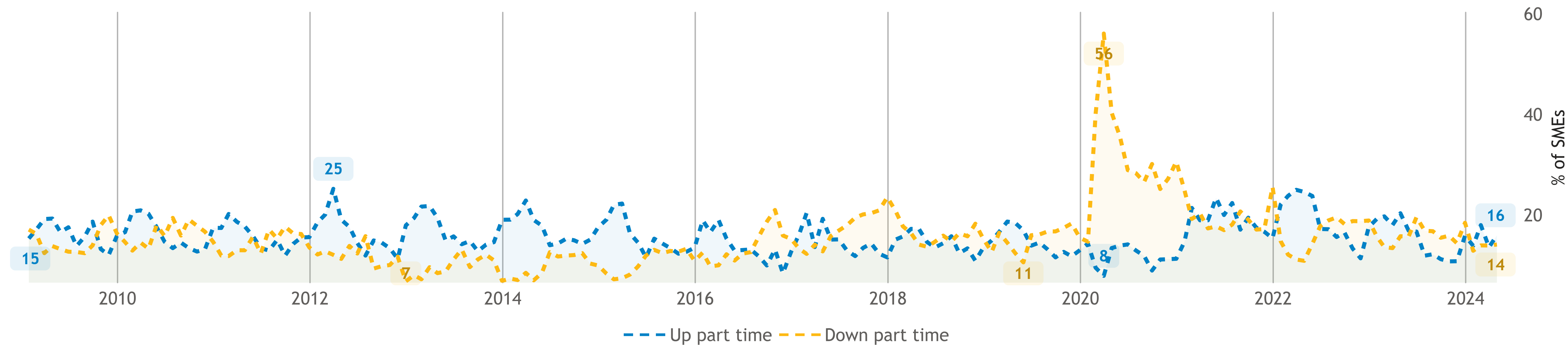
Up



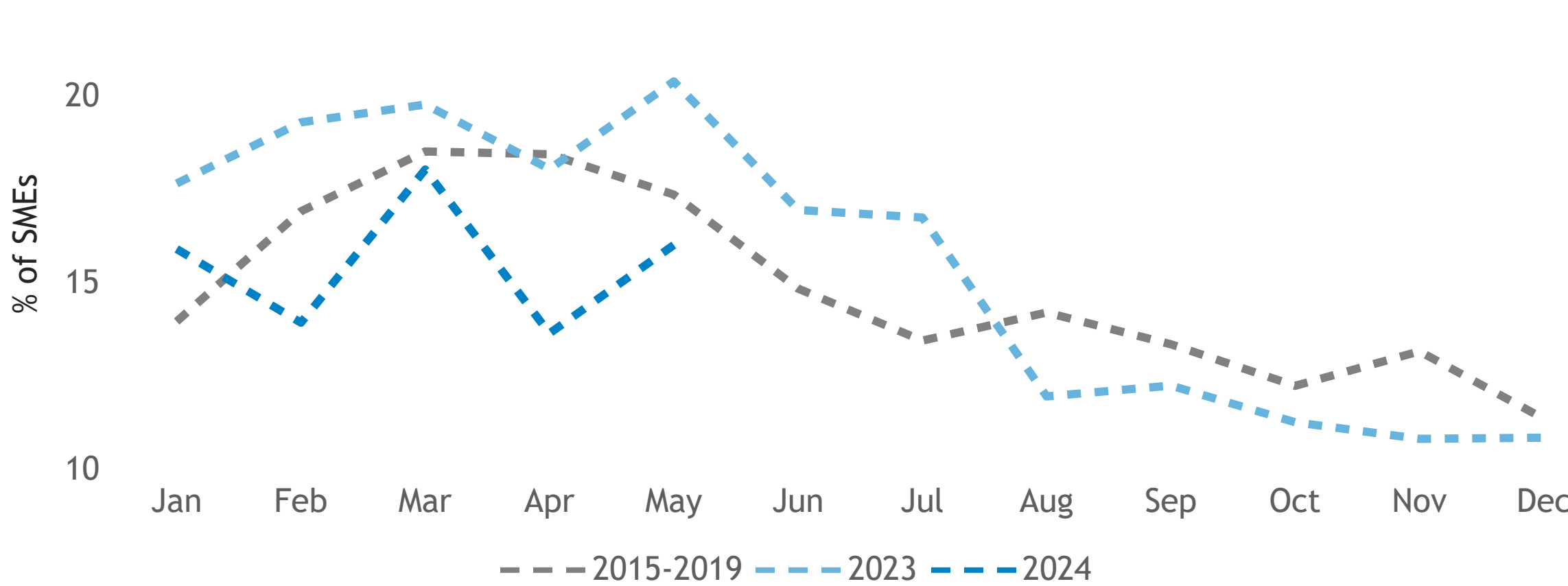
Down



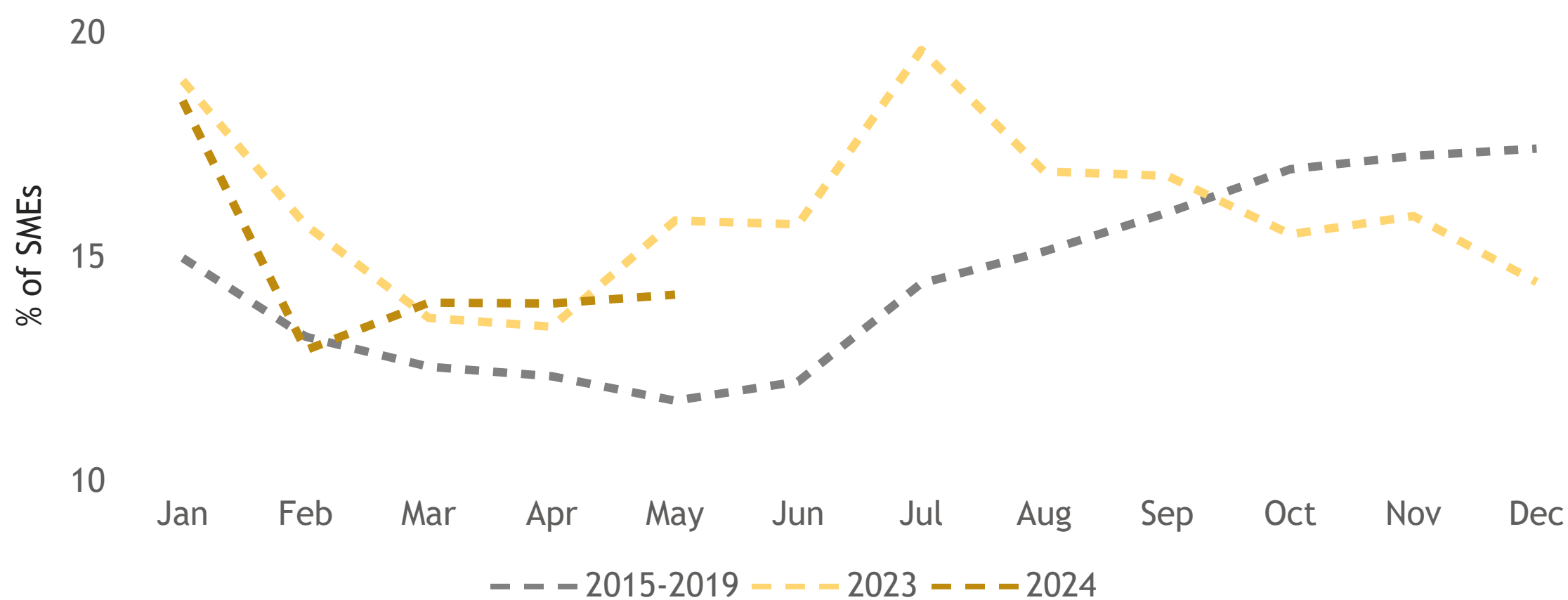
Survey question: How are your expected employment levels to change in the next 3 or 4 months? (Up, Same, Down)



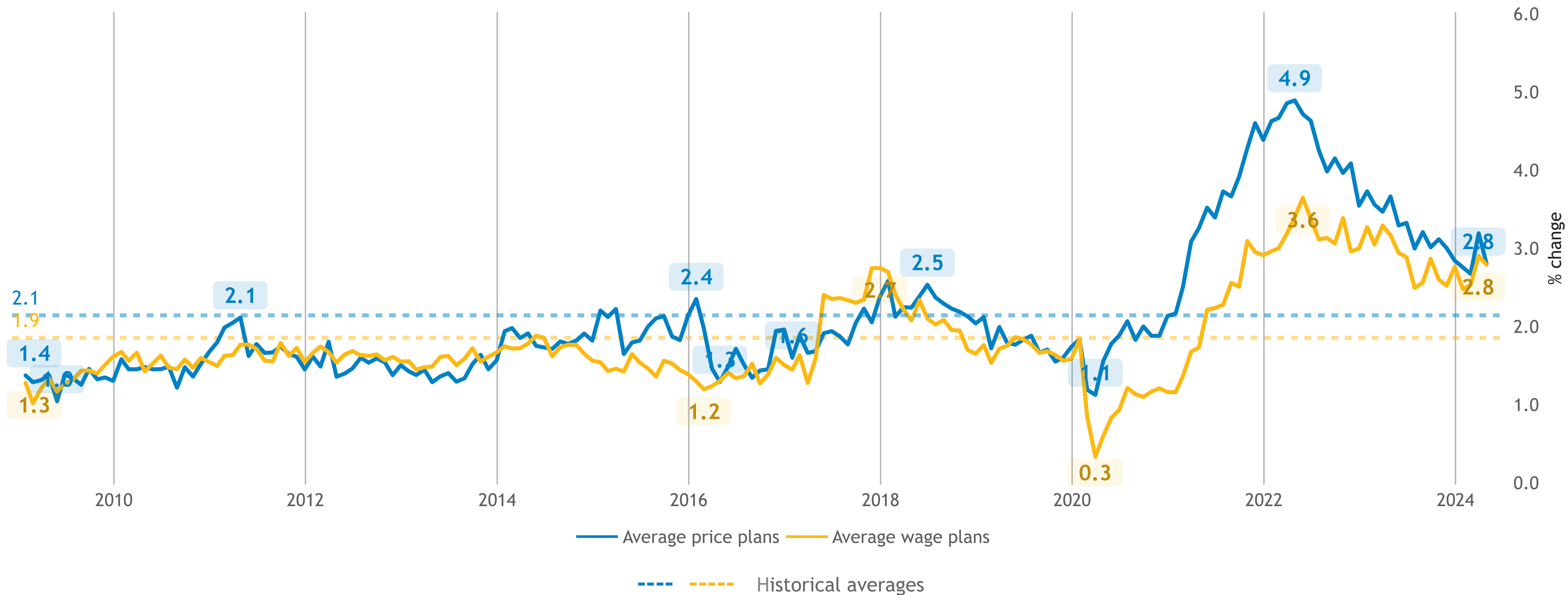
Up



Down



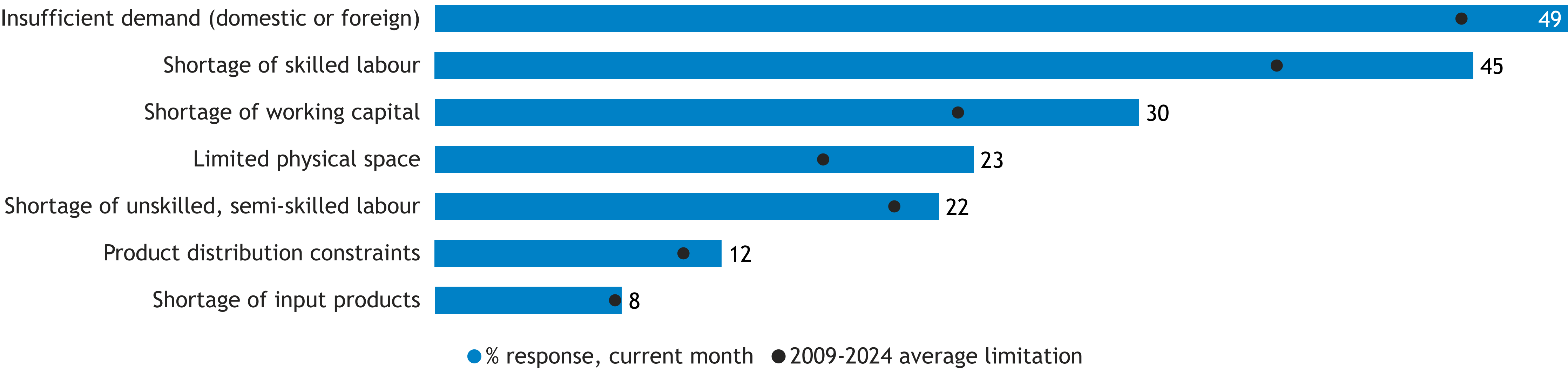
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Survey questions:

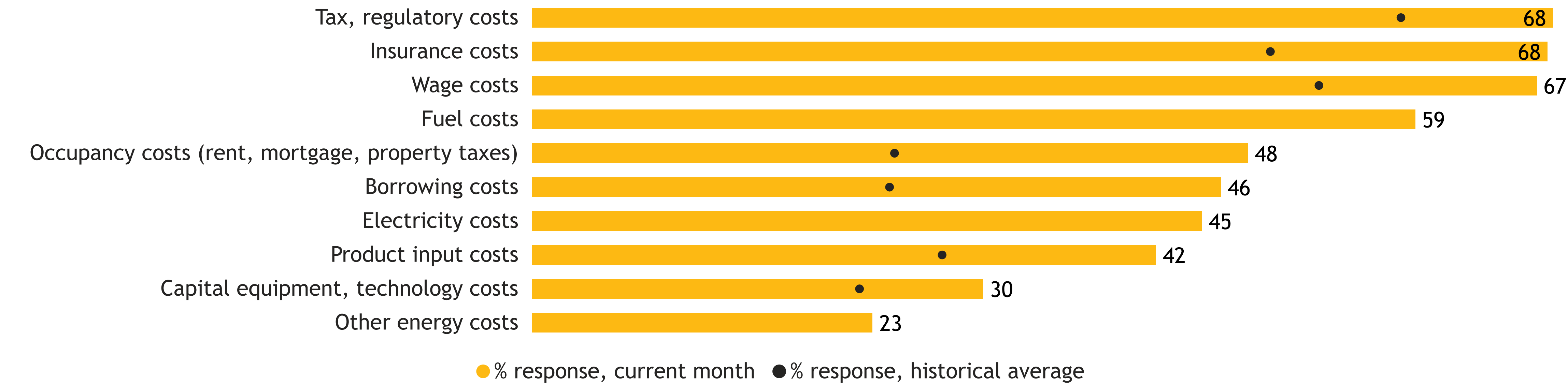
In the next year, how much do you expect **average prices** to change?

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

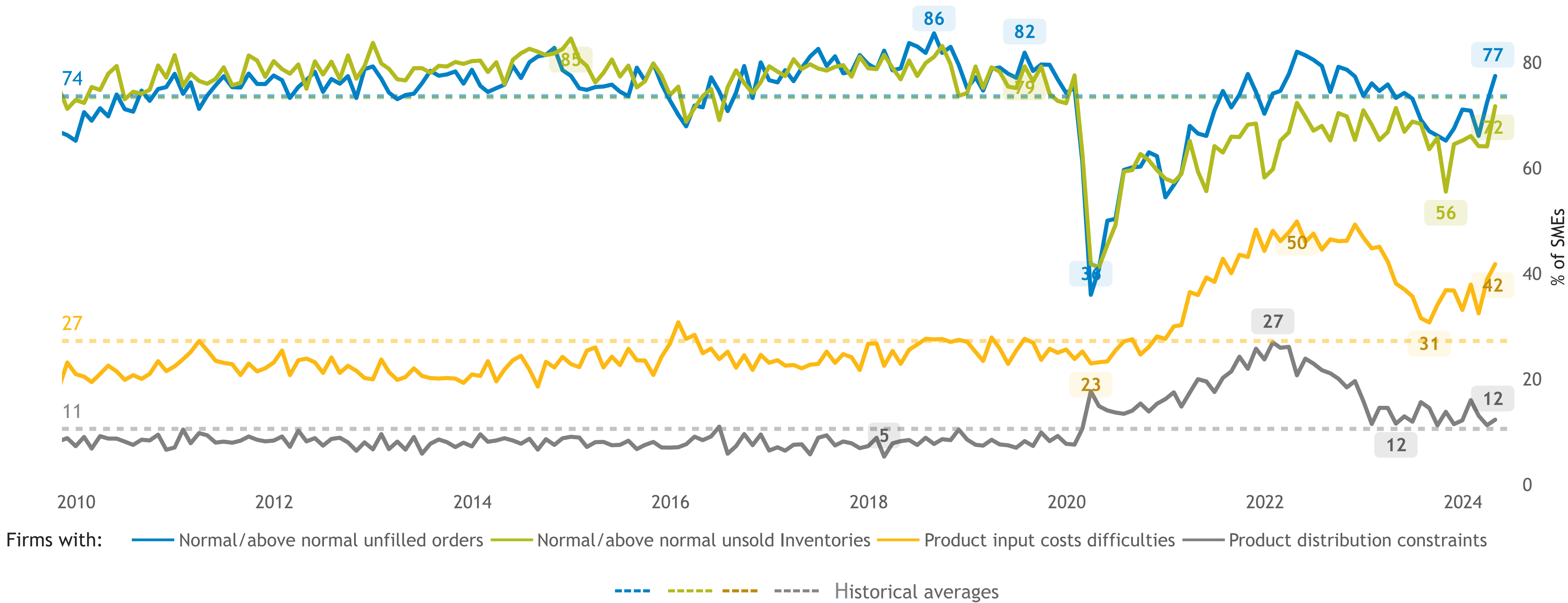


Survey question: What factors are limiting your ability to increase sales or production?
Note: Starting January 2024, the options "Insufficient domestic demand" and "insufficient foreign demand" have been combined into one option "insufficient demand". The option 'foreign competition' has been removed.

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



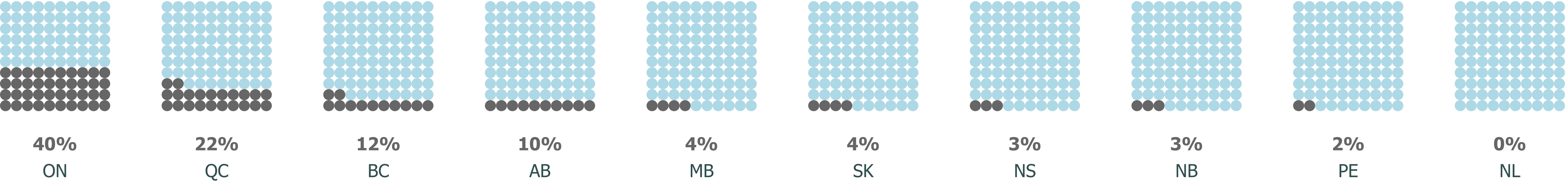
Survey question: What types of input costs are currently causing difficulties for your business?
Note: Starting January 2024, the option "Fuel, energy costs" was divided into separate options: "Fuel costs", "Electricity costs", "Other energy costs".



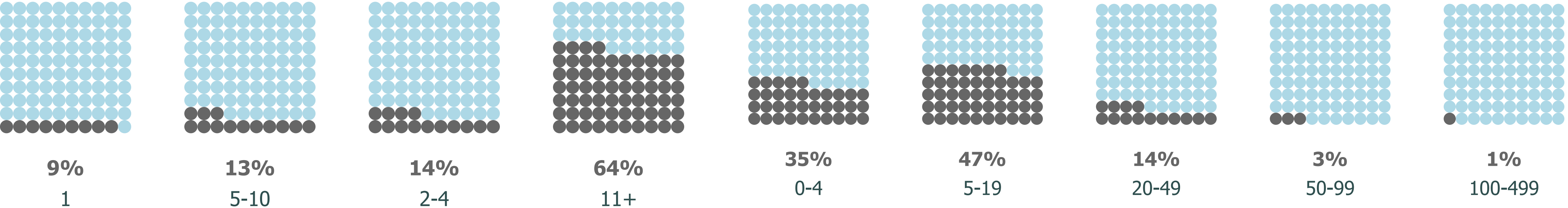
Survey questions:
Allowing for normal seasonal influences, what are **current unfilled orders** and **unsold inventories** compared to normal?
What types of input costs are currently causing difficulties for your business? [Respondents selecting "**Product input costs**"]
What factors are limiting your ability to increase sales or production? [Respondents selecting "**Product distribution constraints**"]

Current month sample distribution

By location of business



By number of years in business



By number of employees

Methodology

- Stratified random sample of CFIB members to a controlled-access web survey: 602 responses
- Responses were received from: May 8-15
- The survey is considered accurate to within +/- 4.0 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.
- An index level near 65 normally indicates that the economy is growing at its potential.