


# The Main Street Quarterly

Small business insights into the Canadian economy | 2024 Q1

## Economic Forecasts, Canada

Table 1 – Key macroeconomic variables, historical and forecasted data, Canada, 2022-2024

 APPÉCO <small>ANALYSING STRATEGIES &amp; ANALYTICS</small>	History				Forecasts		Trends (2023 Q1-2024 Q2)
	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	
<b>GDP by expenditure</b>							
Level, chained \$B (2017)	2,349	2,352	2,349	2,355	2,368	2,374	
Q/Q annualized growth	2.6%	0.6%	-0.5%	1.0%	2.2%	1.1%	
YYY growth	1.8%	1.0%	0.5%	0.3%	0.8%	0.3%	
<b>GDP by industry, business sector</b>							
Level, chained \$B (2017)	1,779	1,782	1,775	1,782	1,792	1,797	
Q/Q annualized growth	2.4%	0.5%	-1.5%	1.5%	2.4%	1.0%	
YYY growth	1.8%	1.0%	0.0%	0.7%	0.7%	0.8%	
<b>Retail sales</b>							
Level, \$M	65,877	65,828	66,203	66,855	67,145	67,586	
Q/Q annualized growth	2.6%	-0.3%	2.3%	4.0%	1.7%	2.7%	
YYY growth	3.7%	0.7%	2.1%	2.1%	1.9%	2.7%	
<b>CPI, total</b>							
Level, index (2002 = 100)	155	156	156	159	160	160	
Q/Q annualized growth	2.6%	2.8%	4.3%	2.5%	1.2%	2.0%	
YYY growth	5.2%	3.5%	3.7%	3.2%	2.8%	2.6%	
<b>CPI, excluding food and energy</b>							
Level, index (2002 = 100)	146	147	148	149	150	151	
Q/Q annualized growth	3.6%	3.5%	3.1%	3.4%	1.7%	2.2%	
YYY growth	4.8%	4.0%	3.5%	3.4%	2.9%	2.6%	
<b>Private investment</b>							
Level, chained \$B (2017)	405	409	403	398	394	392	
Q/Q annualized growth	-4.4%	4.3%	-5.4%	-5.3%	-4.2%	-1.7%	
YYY growth	-8.5%	-4.5%	-3.3%	-2.8%	-2.7%	-4.2%	
<b>Payroll Employment</b>							
Level, k persons	17,908	17,965	18,064	18,041	18,112	18,161	
Q/Q annualized growth	3.3%	1.3%	2.2%	-0.5%	1.6%	1.1%	
YYY growth	4.2%	2.7%	2.4%	1.6%	1.1%	1.1%	

Source: Modelling and forecasts by AppEco using CFIB's monthly Business Barometer® data.

Note: Forecasts are based on weighted CFIB data. The interpretation of recent dynamics can differ from that of unweighted data.

### Above expectations growth at the beginning of Q1 encourages soft rebound

Economic forecasts based on the most recent Monthly Business Barometer® data indicate that GDP growth rebounded to 2.2% in the first quarter of the year, supported by above-expectations GDP growth in January reflecting largely the end of strikes in the public sector. The pace should come down to 1.1% in the second quarter.

Retail sales grew by 1.7% in 2024 Q1 and further strength in nominal terms is expected in Q2 as GDP, employment, and prices continue to increase.

CPI inflation continued its downward trend in Q1, falling below the 3% mark at 2.8%. Excluding food and energy, inflation fell to 2.9%, and the decline is expected to persist in Q2. Evidently, more and more signals show that inflation is getting under control, which should motivate the Bank of Canada to lower rates in the near term.

Private investment contracted for the third consecutive quarter in Q1, and is expected to keep declining in Q2, albeit at a slower pace.

Total payroll employment increased by 1.6% in 2024 Q1 following a slight contraction at the end of 2023. Year-over-year, employment is expected to remain 1.1% higher over the first half of 2024.

### Also featured

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# Private Sector Job Vacancies



## The job vacancy rate continues to decline

The job vacancy rate in Canada's private sector in Q1 2024 dropped to 3.5% (Figure 1), slowly approaching its 2019 level (3.3%).

## Most provinces experienced a drop or remained stable

With the exception of New Brunswick, which recorded an increase in its quarterly vacancy rate (Figure 1 and Table 2), all provinces experienced a decrease or remained stable. Saskatchewan, British Columbia and Prince Edward Island had the largest quarterly change (-0.3%).

## All sectors saw a decline or remained unchanged

Similarly to Q4 2023, all sectors recorded a quarterly and annual decline in their vacancy rates. While having the highest vacancy rates, personal services and construction were among the sectors recording the biggest quarterly decline (-0.3%), with the finance, insurance and real estate sector leading with a 0.4% drop (Figure 2 and Table 2).

## The vacancy rate declined for all size of business

Vacancy rates decreased across businesses of all sizes, with smaller businesses continuing to experience higher rates. The biggest quarterly drop was recorded for micro businesses (fewer than 5 employees) (Table 2). Out of the 500,000 national job vacancies, about 200,000 are in businesses with fewer than 20 employees (Figure 3).

## Sources

(1) CFIB, Your Business Outlook Survey, Jan. 2004-March 2024. Trended.  
 (2) Statistics Canada. Table 14-10-0398-01. Adjusted for seasonality.  
 Note: \* Q/Q (3-month) and Y/Y (12-month) changes are in percentage points.

Figure 1 – Job vacancy rates by province, Canada<sup>1,2</sup>

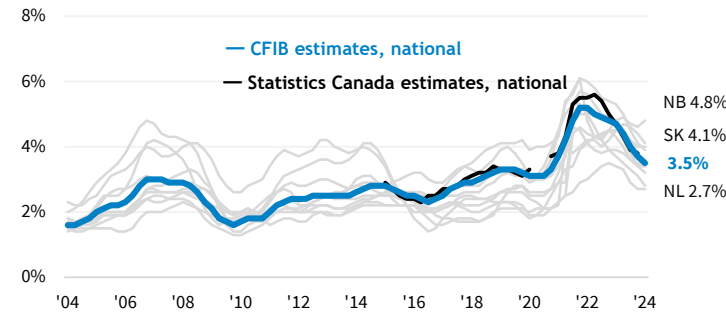


Figure 2 – Job vacancy rates by sector, Canada<sup>1</sup>

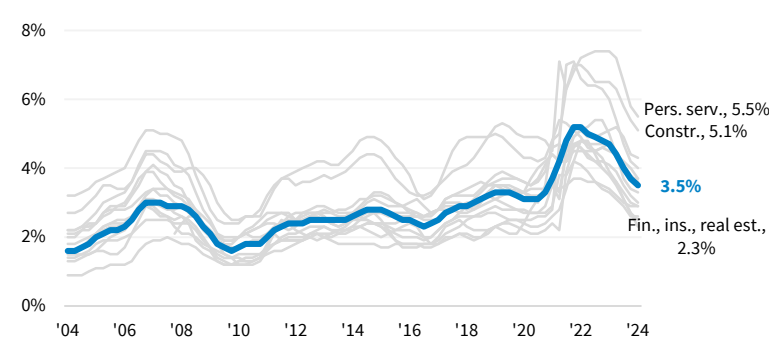


Figure 3 – Total vacancies by business size (in thousands)<sup>1</sup>

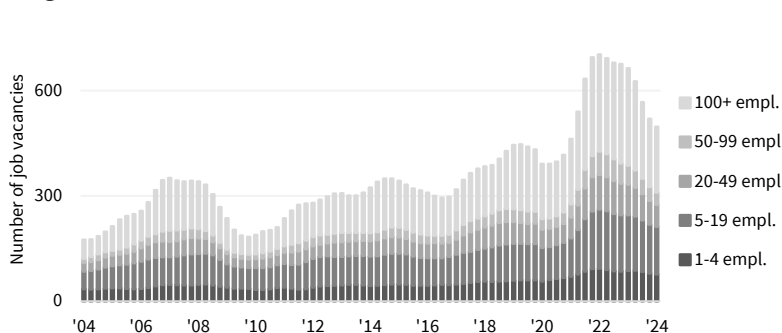


Table 2 – Private sector job vacancies, 2024 Q1<sup>1</sup>

	Vacancy rate (%)	Q/Q change*	Y/Y change*	Total vacancies (n)
<b>Canada</b>	<b>3.5%</b>	<b>-0.2%</b>	<b>-1.2%</b>	<b>496,700</b>
New Brunswick	4.8%	0.2%	0.0%	12,300
Saskatchewan	4.1%	-0.3%	-0.4%	15,000
Manitoba	4.0%	0.0%	-0.5%	18,900
Quebec	3.9%	-0.2%	-1.4%	124,600
British Columbia	3.5%	-0.3%	-1.3%	70,600
Nova Scotia	3.4%	-0.1%	-0.5%	11,600
Alberta	3.4%	0.0%	-0.9%	58,800
Ontario	3.2%	-0.2%	-1.4%	179,400
Prince Edward Island	2.8%	-0.3%	-0.9%	1,400
Newfoundland and Labrador	2.7%	0.0%	-0.7%	4,100
Personal services	5.5%	-0.3%	-1.9%	34,300
Construction	5.1%	-0.3%	-1.4%	64,700
Agriculture	4.3%	-0.1%	-0.8%	8,000
Hospitality	4.0%	-0.2%	-2.0%	56,400
Enterprise management	3.7%	0.0%	-1.0%	38,200
Health, education	3.7%	-0.3%	-0.8%	45,600
Professional services	3.6%	-0.2%	-1.1%	46,300
Transportation	3.3%	-0.1%	-1.7%	23,500
Retail	3.0%	-0.2%	-1.1%	62,800
Natural resources	2.9%	0.0%	-0.5%	6,400
Manufacturing	2.9%	-0.1%	-0.9%	47,500
Wholesale	2.6%	0.0%	-0.7%	22,100
Information, arts, recreation	2.5%	-0.2%	-1.4%	14,800
Finance, insurance, real estate	2.3%	-0.4%	-1.5%	26,100
1-4 employees	6.8%	-0.3%	-0.8%	76,200
5-19 employees	5.7%	-0.2%	-1.1%	135,700
20-49 employees	3.5%	-0.2%	-1.3%	63,200
50-99 employees	2.5%	-0.2%	-1.3%	34,900
100+ employees	2.5%	-0.1%	-1.2%	186,800

# In Focus: Insufficient Demand



## Half of small and medium-sized enterprises (SMEs) are affected by insufficient demand, the highest point since the pandemic

Insufficient demand is currently the top limitation on sales or production growth<sup>1</sup>. The share of firms affected by the lack of demand has been trending upwards since Q2 2023. Half of SMEs report insufficient demand, domestic or foreign, which is the highest share since the pandemic and similar to the share registered during the 2015 economic slowdown (Figure 4). As shown from the inverse relationship, insufficient demand affects a business's general situation. Bank of Canada's recent efforts to cool down the overheated demand are paying off, but to the detriment of businesses' situation.

## Price plans differ for businesses with insufficient demand versus those with adequate demand

In general, businesses with insufficient demand have been more cautious with their plans to increase prices. Market conditions and significant cost increases in 2021 and 2022 pushed all firms to raise prices. However, perhaps with the hope of attracting customers, since Q1 2023 firms with insufficient demand have been planning on much lower price increases than those with adequate demand (Figure 5).

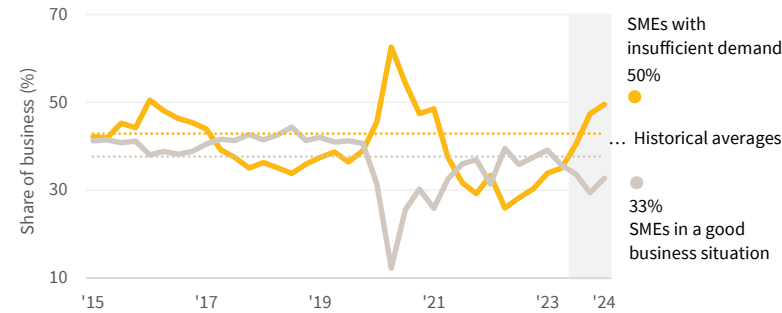
## All industries are impacted by the lack of demand

Some industries are grappling with higher-than-average lack of demand, like retail and hospitality, while others such as professional services are less affected (Table 3). Overall, however, goods- and services-producing industries are equally affected (Figure 6).

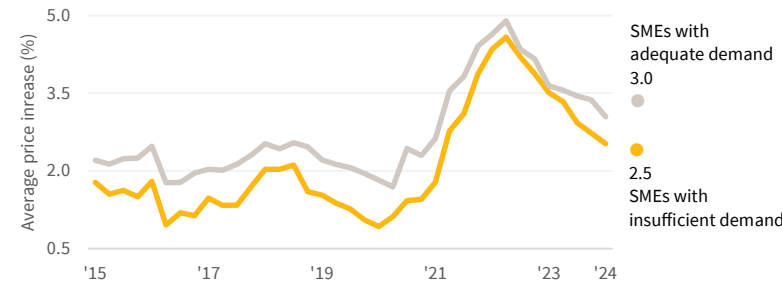
## Sources and notes

(1) CFIB, [Monthly Business Barometer](#) report, March 2024.  
 (2) CFIB, Your Business Outlook Survey, January 2015-March 2024.  
 Question: What factors are limiting your ability to increase sales or production? (select as many as apply). Since January 2024, 'insufficient demand' has replaced the previous options 'insufficient domestic demand' and 'insufficient foreign demand'.  
 Question: Currently, what is the general business situation of your company? (select one). Good, Satisfactory, Bad.  
 Note: Data for the natural resource sector not available due to insufficient responses.

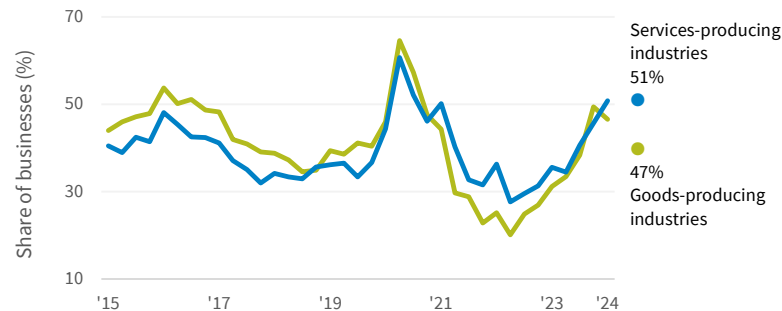
**Figure 4 – A growing share of SMEs are experiencing insufficient demand while fewer firms report being in a good business situation**



**Figure 5 – SMEs experiencing insufficient demand are planning on much lower price increases**



**Figure 6 – Insufficient demand affects equally goods- and services-producing industries**



**Table 3 – Businesses affected by insufficient demand, and in a good business situation<sup>2</sup>**

	Share of firms with insufficient demand		Share of firms reporting they are in a good business situation	
	Q1 2024 (%)	Y/Y change	Q1 2024 (%)	Y/Y change
<b>Canada</b>	<b>50</b>	<b>+16</b>	<b>33</b>	<b>-6</b>
Ontario	53	+18	31	-8
British Columbia	49	+16	31	-2
Alberta	49	+9	27	-3
Manitoba	48	+17	33	-3
Newfoundland and Labrador*	48	+22	31	-4
Quebec	48	+14	42	-9
Saskatchewan	42	+9	27	-13
Nova Scotia	39	+8	36	-9
New Brunswick	34	+9	24	-11
Prince Edward Island*	33	+14	50	-7
Retail	64	+19	27	-5
Hospitality	58	+21	17	-6
Transportation*	58	+31	39	-14
Manufacturing	53	+17	35	-7
Agriculture	53	+17	39	-7
Wholesale	51	+22	37	-19
Enterprise management	49	+9	40	+9
Finance, insurance, real estate	46	+18	43	-2
Information, arts, recreation	42	+8	33	+10
Construction	39	+18	37	-15
Health, education	38	+8	35	-5
Personal services	38	+16	36	-6
Professional services	28	-2	45	-6
1-4 employees	51	+13	29	-2
5-19 employees	49	+17	33	-9
20-49 employees	47	+17	41	-12
50-99 employees	48	+21	50	+5

\* Low count of responses.

# Sectoral Profile: Transportation



## Footprint

The transportation industry contributes around 4% to the Canadian GDP. Small and mid-sized enterprises (SMEs, 1 to 499 employees) account for about 43% of the sector GDP, make up the majority of businesses (99.9%) and employ 52% of the workforce in that sector (Table 4).

**Table 4 – The transportation sector in Canada**

	GDP <sup>1,2</sup>	Businesses <sup>3,4</sup>	Workforce <sup>5</sup>
<b>Total</b>	<b>\$91B</b>	<b>264,000</b>	<b>1,010,050</b>
<b>Sector's share of the economy</b>	<b>4%</b>	<b>5.8%</b>	<b>5%</b>
<b>SMEs' share of the sector</b>	<b>43%</b>	<b>99.9%</b>	<b>52%</b>

The transportation sector includes businesses that move passengers and goods, warehouse, and store goods, and offer related services.<sup>6</sup> Modes of transportation are road (trucking, transit and ground passenger), rail, water, air and pipeline.

This sector also includes national post office and courier businesses, which also transport goods. Warehousing and storage businesses are subdivided according to the type of service and facility that is operated.

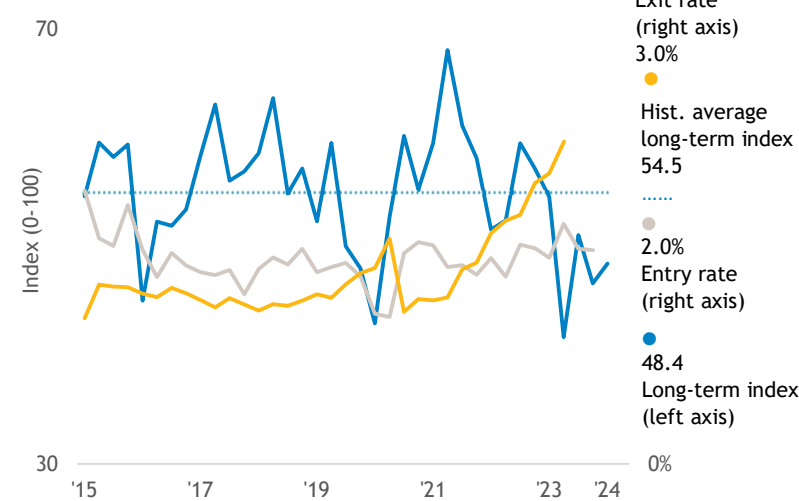
## Sources

- (1) Statistics Canada. Table 36-10-0434-03.
- (2) Innovation, Science and Econ. Dev. Canada, Key Small Business Statistics 2023.
- (3) Statistics Canada. Table 33-10-0717-01.
- (4) Statistics Canada. Table 33-10-0718-01.
- (5) Statistics Canada, Labour Force Survey data, custom tabulations.
- (6) Statistics Canada. North American Industry Classification System (NAICS) Canada 2022 Version 1.0.
- (7) CFIB, Your Business Outlook Survey. January 2015 to March 2024.
- (8) Statistics Canada. Table 33-10-0270-01. Accessed on March 26, 2024.
- (9) CFIB, Business Barometer®, [Retrospective 2023](#).

## Fitness

The long-term confidence index for transportation SMEs is reaching its lowest levels since the pandemic (Figure 7). Furthermore, transportation businesses are experiencing the highest exit rate in the last 10 years, which surpasses by a large margin the entry rate, even more so than during the pandemic.

**Figure 7 – Low optimism drives transporters to exit the market, while entries on the market are stagnant<sup>7,8</sup>**

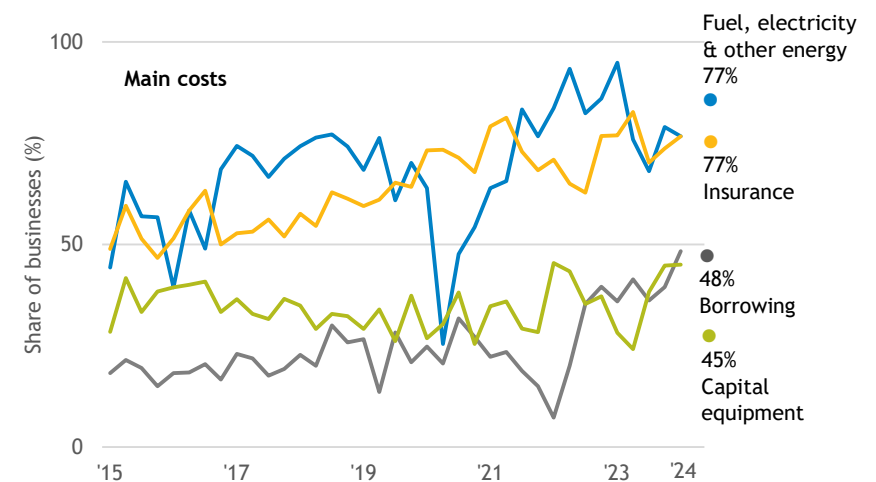


Note: Entry and exit rates are calculated as the number of business entries, and exits respectively, divided by the number of active businesses. Both rates are presented as quarterly numbers. The exit rate is until Q2 2023, while the entry rate is until Q4 2023.

## Challenges

Transportation SMEs are facing numerous challenges, most notably labour shortages, and various cost constraints.<sup>9</sup> Fuel, electricity and other energy costs have been traditionally the main cost hindrance on these businesses. More recently, insurance costs are affecting just as many transportation firms than energy costs (77%), and this trend has been rising gradually over the past 10 years (Figure 8). Borrowing costs and capital equipment costs also saw an increase over the last few quarters, creating difficulties for 48% and 45% of SMEs, respectively.

**Figure 8 – Businesses in transportation are facing multiple costs, with insurance becoming the most important one, equalling the fuel and energy-related costs in Q1 2024**



## Methodology

CFIB's research is based on members' views, which are collected through various controlled-access member surveys using a one-member one-vote system. CFIB produces clear, credible, and compelling analysis that supports the success of independent business in Canada.

CFIB membership has good representation across regions, sectors, and business sizes; hence the survey data offers a reasonable estimate of the distribution of economic activity across Canada.

**Your Business Outlook** is a monthly CFIB tracking survey that covers small business confidence, expectations, and operating conditions. Findings are typically based on several hundred responses from a stratified random sample of CFIB members. Every last Thursday of the month, results are released in our Business Barometer® reports (Canada, provinces and industries), at [cfib.ca/barometer](https://cfib.ca/barometer).

**Forecasts** are based on CFIB data collected via the Your Business Outlook survey, a data set that is available the same month it is collected. By contrast, most other publicly available economic indicators have a delay, sometimes longer than two months.

**Job vacancies estimates** are also based on the Your Business Outlook survey. The analysis uses data from the CFIB survey, Statistics Canada's Survey of Employment, Payrolls and Hours as well as custom tabulations from Statistics Canada's Labour Force Survey.

For more information on the methodologies used, visit [cfib.ca/research](https://cfib.ca/research).

## About CFIB



The Canadian Federation of Independent Business (CFIB) is Canada's largest association of small and medium-sized businesses with 97,000 members across every industry and region. CFIB is dedicated to increasing business owners' chances of success by driving policy change at all levels of government, providing expert advice and tools, and negotiating exclusive savings. Learn more at [cfib.ca](https://cfib.ca).

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## About AppEco



[AppEco](https://appeco.ca) is a consulting firm specializing in economic and strategic analysis. It possesses in-depth technical expertise and delivers first-class services in applied economics: economic impact studies, surveys and polls, cost-benefit analyses, modelling, econometrics, pricing, etc. Its mission is to provide useful services that contribute to economic growth and the success of clients' projects. AppEco works with firms of all sizes, from small to multinationals, as well as governments and non-profit organizations. Learn more at [appeco.ca/en/](https://appeco.ca/en/).

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