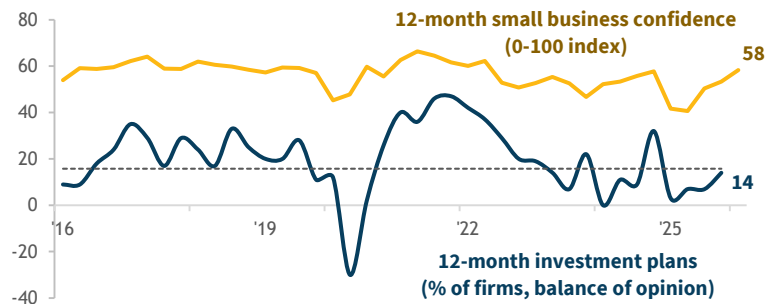


## Recent investment outlook modestly positive, reflects caution

After a sharp contraction in early 2025—the steepest quarterly drop since the COVID-19 shock—business investment intentions remained below their historical average through most of the year, weighed down by uncertainty and weak demand (Figure 1). Expectations turned modestly positive in 2025 Q4 with a balance of opinion of +14%, signalling an emerging recovery.

That fragile momentum might hold, based on recent business confidence. While new geopolitical tensions in early 2026 have reintroduced uncertainty and pushed up costs, CFIB’s long-term monthly Business Barometer®, a reflection of entrepreneurs’ mood, fluctuated considerably in 2026 Q1 and hovered around the modestly positive 58-point mark, still indicative of cautious optimism.

**Figure 1 – SME investment plans approaching historical average with rising business confidence indicating cautious optimism**



**Investment plans:** Bank of Canada, Business Outlook Survey.

**Question:** Over the next 12 months, is your firm’s investment spending on machinery and equipment expected to be higher, lower or the same as over the past 12 months?

Balance of opinion: [% higher] - [% lower]

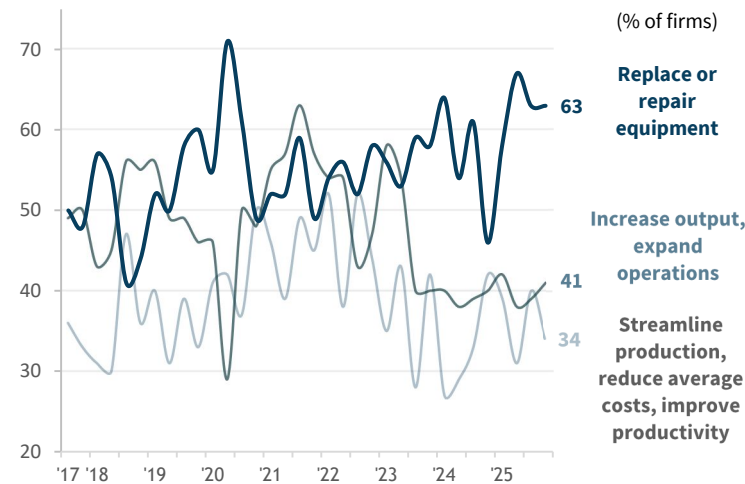
**Confidence index:** CFIB, Your Business Outlook Survey, [Monthly Business Barometer®](#).

## Investment priorities favour upkeep over expansion

The structure of business investment has shifted decisively toward maintenance rather than growth. Bank of Canada data show that spending on equipment replacement has pulled well ahead of both expansion and productivity-enhancing investments since late 2022, a gap that widened through 2025 (Figure 2).

This sustained divergence signals a structural shift toward maintaining existing operations rather than expanding capacity or boosting productivity, reflecting a more cautious, risk-averse stance amid higher costs, uncertainty, and softer demand.

**Figure 2 – Business owners keep prioritizing upkeep over expansion projects**



**Source:** Bank of Canada, Business Outlook Survey

**Question:** What is the primary objective for your investment spending? (Multiple response options, share of firms)

**Note:** Shares sum to more than 100% as multiple responses were allowed. Results for 2017 Q2 are excluded due to a change in response options.

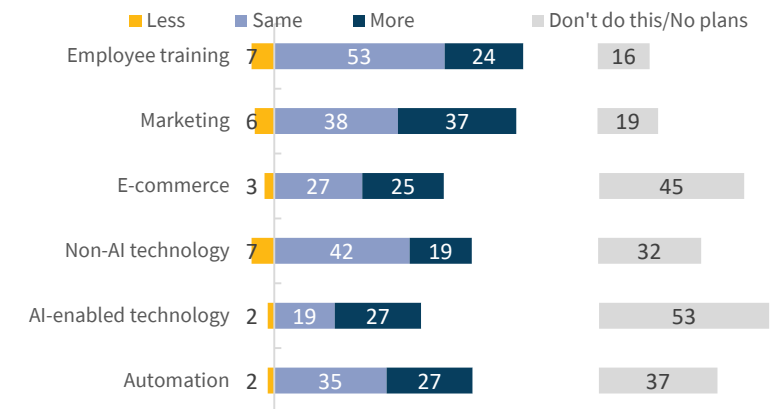
## Investment plans for 2026 are focused on skills and marketing

CFIB data show that small firms’ investment plans for 2026 remain largely defensive and concentrated in areas where they have already been investing. Most firms expect to maintain or increase investment levels, with relatively few planning reductions (Figure 3).

Among the more traditional investment categories, employee training and marketing continue to be the main areas of focus and are still growing. Marketing stands out with the highest share of firms planning increased spending, reflecting efforts to protect or stimulate demand in an uncertain environment.

On the technology side, non-AI technology and equipment remain the top investment priority, followed by automation, with both largely planned to proceed at a similar pace rather than at increased levels. This signals a focus on maintaining existing capabilities rather than expanding them further. AI-enabled technology continues to lag, with just over half of SMEs reporting no investment plans. However, firms that have already adopted AI are more likely to invest further.

**Figure 3 – Today’s investment priorities persist into future growth**



**Source:** CFIB, Your Voice Survey – February 2026, February 5-25, 2026, final results.

**Question:** In 2026 does your business intend to do more or less of the following compared to 2025? (Select one for each line)