

In Focus: Tariffs and Business Price-Setting Plans

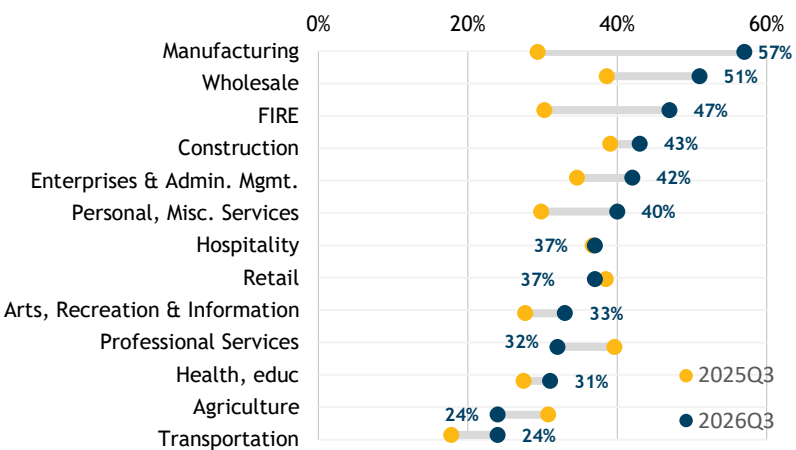


Amid rising cost pressures, business price-setting behaviour exceeds inflation target

Two out of five businesses (39%) plan to increase their unit selling prices by more than 3% over the next 12 months, exceeding the Bank of Canada's 1% to 3% inflation target range (Table 1). A further 35% expect price increases within the target range. High costs and economic uncertainty continue to shape pricing plans, with businesses more likely to expect price increases above the inflation target than within it.

Compared to 2025 Q3, the share of businesses planning price increases of over 3% increased on average by 4.3 percentage points (Figure 1). This increase was especially pronounced in tariff-exposed industries such as manufacturing (+27 pp), and wholesale trade (+12 pp), where more than half of businesses report increases above inflation targets in the coming year. This lower willingness to keep prices steady reflects ongoing cost pressures facing businesses, including those stemming from the U.S.-Canada trade war and higher fuel prices.

Figure 1 – The share of businesses planning on increasing prices by more than 3% has increased in almost all sectors¹



Canada-U.S. trade war contributed to ongoing business cost pressures

Nearly two-thirds of businesses (65%) report moderate to major negative impacts from the U.S.-Canada trade war.² The escalation of Canada-U.S. trade tension in recent months, which saw the introduction of U.S. tariffs on a broad range of Canadian goods and subsequent retaliatory measures by Canada, has heightened concerns about the impact of increased costs and uncertainty surrounding cross-border trade.

Tariff pass-through is divided between modest and substantial increases. Most businesses expect to pass at least some tariff-related costs on to customers (Figure 2). About 28% plan to pass through the full amount, with only 18% prepared to the full cost. Businesses are less likely to anticipate a partial pass-through, suggesting many see limited room between absorbing costs and raising prices. 18% have not yet determined their pricing approach, pointing to widespread uncertainty.

Figure 2 –About 37% of firms expect to pass none or a small part of the additional costs caused by tariffs on to customers, while 28% expect to pass all tariff costs on to customers

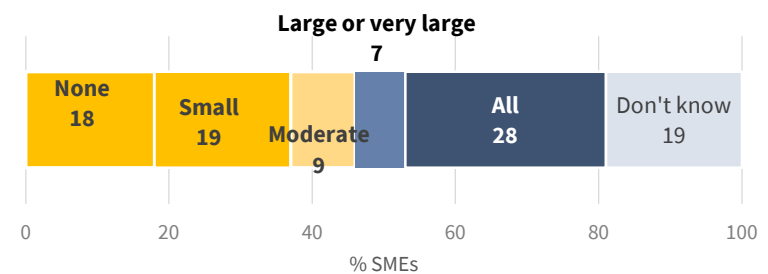


Table 1 - Businesses' price setting plans for the next 12 months⁴

	Share of businesses planning on increasing prices by 1%-3%		Share of businesses planning on increasing prices by more than 3%	
	2026Q3 (%)	YOY Change (p.p.)	2026Q3	YOY Change
Canada	35%	-2.1 pp	39%	+4.3 pp
Manitoba	35	1.8	43	4.6
Ontario	33	-4.2	40	5.6
Quebec	39	-1.3	39	6.3
Alberta	29	-8.2	38	6.5
British Columbia	37	4.6	36	1
Newfoundland & Labrador*	43	7.6	36	6.3
Nova Scotia	40	-0.8	35	4.2
New Brunswick	28	-3	33	-9.1
Saskatchewan	45	12.8	31	-2.9
Prince Edward Island*	36	-25.8	21	-17
Manufacturing	27	-11.9	57	27.6
Wholesale	25	-14.9	51	12.3
Natural Resources*	25	-12.1	50	24.3
FIRE*	13	-14.6	47	16.4
Construction	32	-6.2	43	4.1
Admin & Mgmt.	28	-6.8	42	7.1
Personal Services	35	-3.6	40	9.7
Hospitality	47	5.4	37	0
Retail	43	6.6	37	-1.1
Arts & Info	24	-3.9	33	5.7
Professional Services	43	9.5	32	-7.9
Social Services	36	-0.4	31	3.3
Agriculture	24	-6.4	24	-6.4
Transportation	36	-19.6	24	6.2
0-4 employees	34	+0.5	36	+0.6
5-19 employees	35	-4.4	41	+6.9
20-49 employees	38	+0.7	39	+4.5
50-99 employees	48	-5.2	35	+15.0

*Small sample size (n<20), interpret with caution.

Sources

- (1) & (4) CFIB, Your Business Outlook Survey, [Monthly Business Barometer](#), Q 3, 2026. n = 1,292.
- (2) CFIB, Special survey on the U.S.-Canada trade war. [Preliminary results as of August 31, 2026](#).
- (3) CFIB, [Your Voice Survey](#), U.S.-Canada Trade War: Impact on Your Business. Aug 28 – Sep 8. n=1,394.