

# Business Barometer®

## August 2017 SME business outlook survey results

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Small business optimism dropped again in August, the third month in a row where sentiment has been lacklustre. CFIB's monthly Business Barometer® Index landed at 59.8, about a point lower than July's weak 60.7 reading.

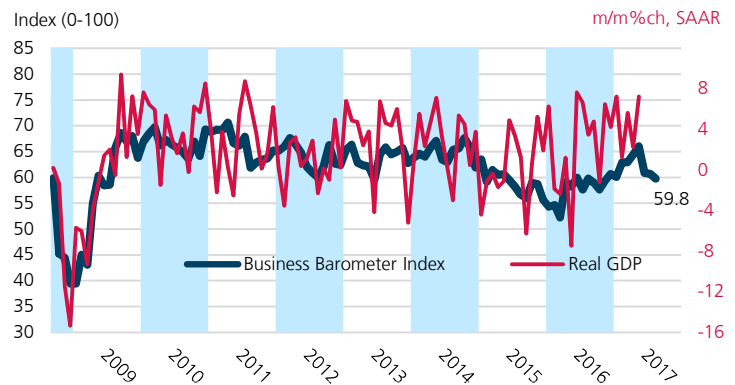
The story is turning into a tale of two economies. Business optimism continues to be robust in the east, with owners in PEI and Quebec showing the highest index levels at 72.7 and 71.5 respectively. Business owners in New Brunswick (67.6) and Nova Scotia (66.7) are also reasonably upbeat, along with Manitoba (65.2). Owners in Saskatchewan (52.9) and Newfoundland & Labrador (54.5) remain the most pessimistic, but movements in the August results are in the right direction. On the other hand, optimism in Ontario (56.9) and British Columbia (63.3) has tumbled--each dropping 2.6 points off their index levels this month--while sentiment in Alberta (57.8) shows little change.

Industry results are more broadly consistent, suggesting the business mood is locking into this downshift. Strongest industry index results, wholesale, professional services and health services, do not even break above the 65 mark. Weakest sentiment is in the agriculture, resources and retail sectors.

On a scale between 0 and 100, an index above 50 means owners expecting their business' performance to be stronger in the next year outnumber those expecting weaker performance. One normally sees an index level of between 65 and 70 when the economy is growing at its potential

Other business indicators show middling results. The general state of business health is 'good' for 42 per cent of respondents--still a reasonably positive result, but hiring plans, capital investment, new orders and accounts receivables are showing signs of weakness. In addition, expected wage growth remains elevated, likely due to labour legislation plans in Alberta, Ontario and now British Columbia.

### 1. Business Barometer Index and GDP



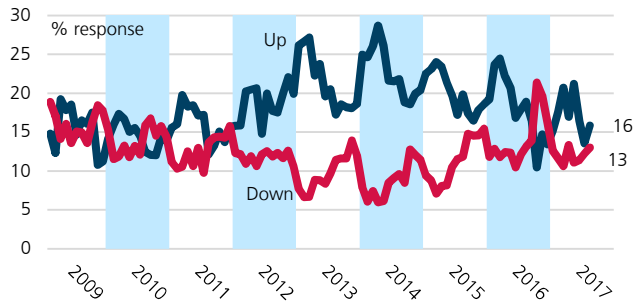
### 2. Index by province

Newfoundland & Lab	54.5	↗	2.7
Prince Edward Is.	72.7	↘	-1.1
Nova Scotia	66.7	↘	-0.2
New Brunswick	67.6	↗	3.7
Quebec	71.5	↗	2.6
Ontario	56.9	↘	-2.6
Manitoba	65.2	↘	-3.7
Saskatchewan	52.9	↗	2.9
Alberta	57.8	↗	0.5
British Columbia	63.3	↘	-2.6

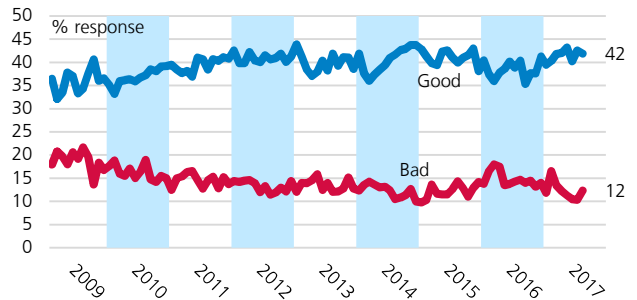
### 3. Index by sector

Agriculture	48.9	↘	-1.7
Natural resources	50.0		0.0
Construction	62.2	↘	-0.5
Manufacturing	62.8	↘	-2.9
Wholesale	64.8	↘	-0.3
Retail	56.6	↗	5.9
Transportation	60.3	↘	-1.0
Information, arts, recr.	60.3	↘	-3.4
Fin., insur., real estate	60.5	↘	-3.9
Prof. & enterprise serv.	63.8	↘	-2.7
Health & educ. serv.	64.2	↘	-2.5
Hospitality	61.9	↘	-1.7
Personal services	60.7	↘	-0.5

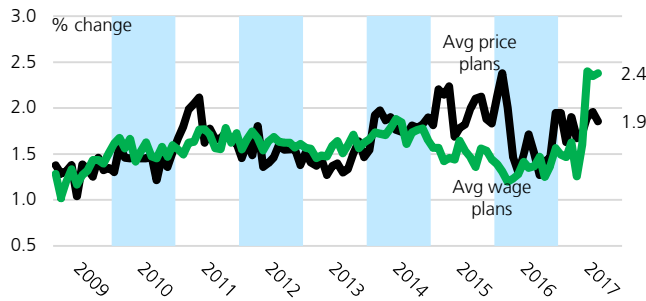
4. Full-time staffing intentions, next 3 months



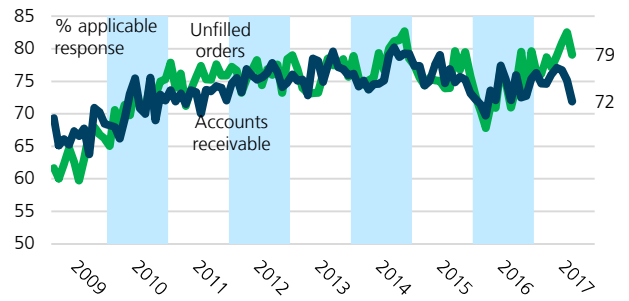
5. General state of business health



6. Future pricing and wage plans



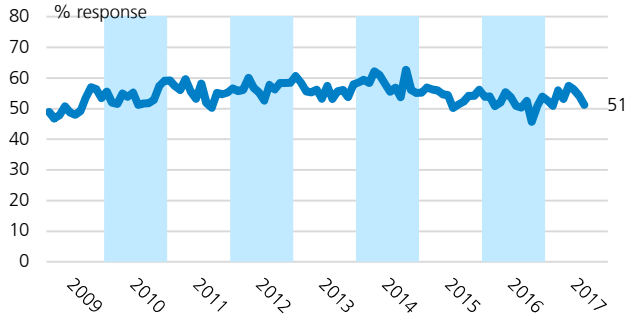
7. Business indicators 'normal' or 'better than normal'



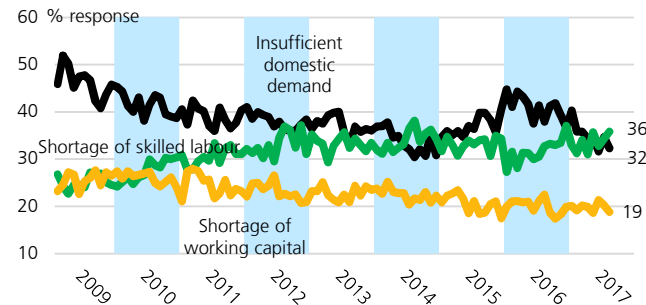
8. Limitations on sales or production growth



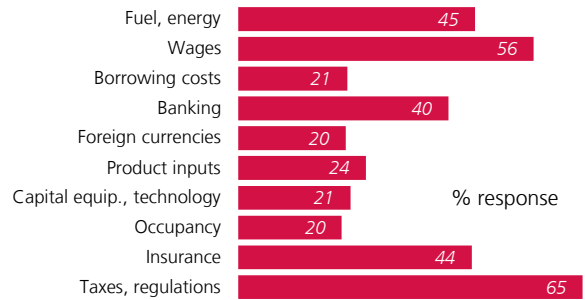
9. Intention to spend on capital improvements within 3 months



10. Trends: limitations on growth



11. Major cost constraints



August 2017 findings are based on 706 responses, collected from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received through August 21. Findings are statistically accurate to +/- 3.7 per cent 19 times in 20.

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