

Business Barometer®

November 2018 SME business outlook survey results

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Small business confidence continued its path of flat and unspectacular performance in November. At 61.2, CFIB's Business Barometer® Index was 0.7 points higher than in October, but only really back in line with readings from August and September. The mood should be better. Relative to GDP growth, the Index has, since 2015, been underperforming by about 5 points (see Figure 1).

Although we saw an improvement in business outlooks in New Brunswick (67.2) and British Columbia (63.1), sentiment cooled markedly in Nova Scotia (55.1) and Quebec (60.9). General business optimism remains highest in Prince Edward Island (69.2), but lowest in Saskatchewan (49.4), Newfoundland & Labrador (51.8) and Alberta (53.8). Sentiment in Ontario (62.1) and Manitoba (61.3) are close to the national average.

Optimism in the retail sector reversed its gain from October and the resources sector also weakened somewhat. Industries with the most upbeat outlooks include professional services, health care—and to some extent manufacturing and wholesale trade. Business owners in the rest, however, are measurably less optimistic about their prospects for the next 12 months.

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.

Businesses expect to increase prices by about 2.2 per cent over the next 12 months, while wages are expected to rise by about 2 per cent. Employment plans appear to have returned to seasonally normal levels, with 18 per cent of owners hoping to hire additional full-timers versus 14 per cent expecting to cut back. Overall, about 42 per cent of business owners say their firms are in good shape while 11 per cent say they are in poor shape—pretty much the average for the year to date.

Figure 1: **Business Barometer Index and GDP**

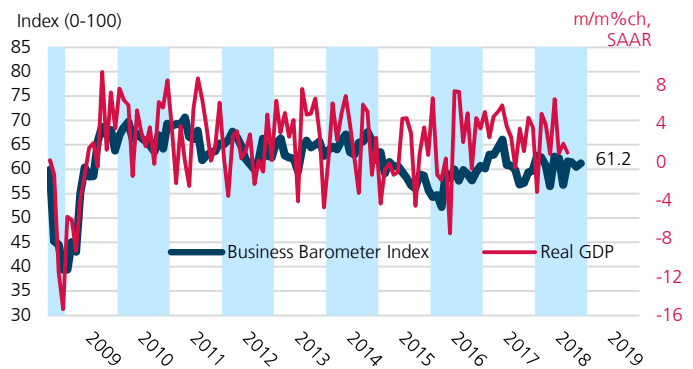


Figure 2: **Index by province***

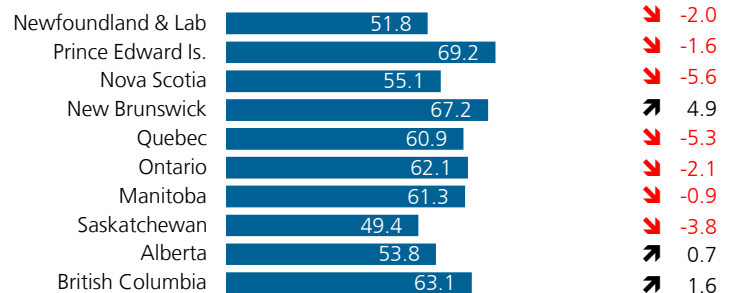
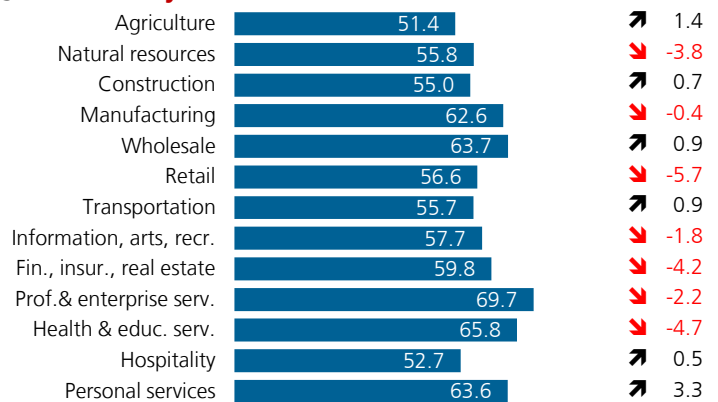


Figure 3: **Index by sector***



* Provincial and sector sub-indexes, with the exception of Ontario and Retail are calculated as 2-,3- or 4-month moving averages.

Figure 4: **Full-time staffing plans, next 3 months**

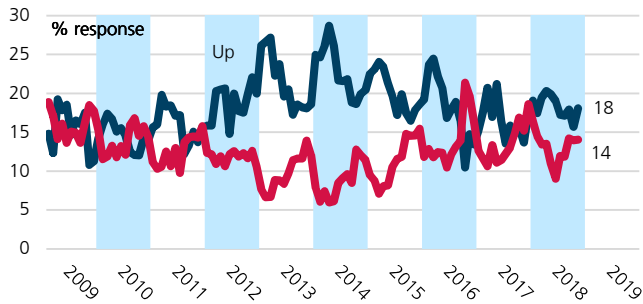


Figure 5: **General state of business health**

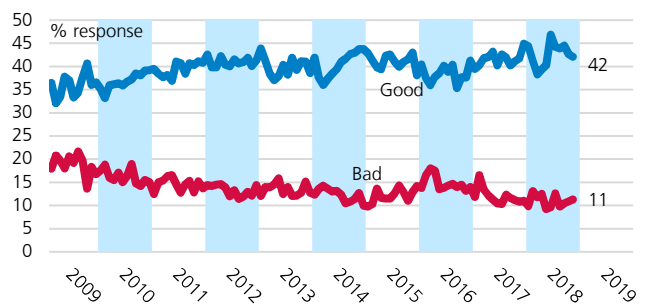


Figure 6: **Future pricing and wage plans**

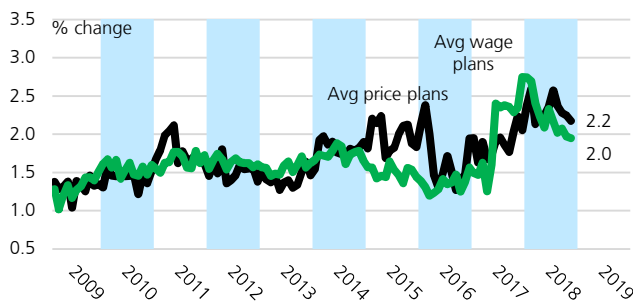


Figure 7: **Business indicators 'normal' or 'better than normal'**

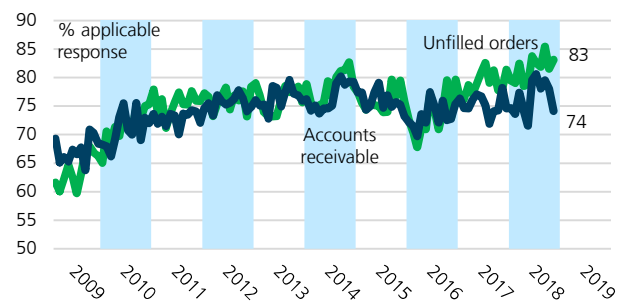


Figure 8: **Limitations on sales or production growth**



Figure 9: **3-month capital spending plans**

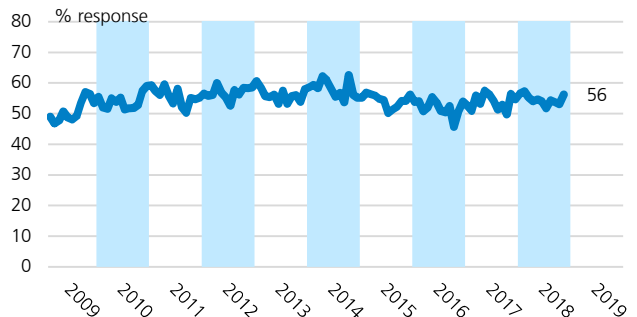


Figure 10: **Trends: limitations on growth**

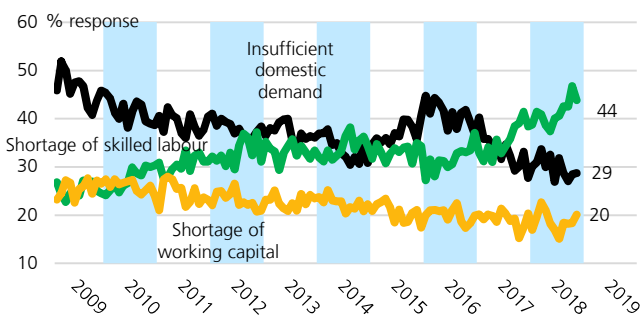
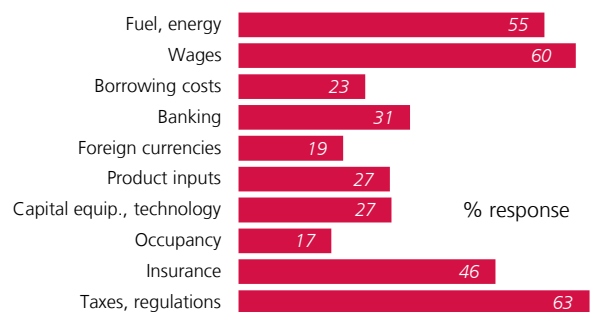


Figure 11: **Major cost constraints**



November 2018 findings are based on 707 responses, collected from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received through November 16. Findings are statistically accurate to +/- 3.7 per cent 19 times in 20.

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