

Business Barometer®

February 2021 SME business outlook survey results

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Both long-term and short-term small business sentiment took an upturn in February as vaccines roll out, and early Spring expectations are high.

CFIB's Business Barometer® Index, which is based on 12-month forward expectations for business performance, reached 62.5—one of the best readings in more than one year. The more immediate optimism index based on a 3-month outlook gained some traction too and reached 42.0.

Operating capacity increased marginally at 60.6 per cent. About one fifth of businesses are still barely operating (30 per cent capacity or less). Business in arts and recreation, and in the hospitality sectors remain far below their normal operating capacity.

The provincial short-term expectations range all in the high-30s or low-40s levels. While the range for the long-term outlook is around the low-60s in Ontario and Western Canada, Eastern Canada and Quebec sit around the 50s to mid-50s mark. Nova Scotia is slightly more optimistic than others in the long-term at 66.1

Short-term sectoral outlook improved minimally in all sectors, albeit the variation between the bottom sectors (hospitality at 22.1 and information and arts at 23.7) and the topmost optimistic sectors (professional and enterprise services at 46.8 and finance and insurance at 46.3) is very wide. However, looking 12 months forward, firms in hospitality and arts and recreation seem to show stronger optimism, 62.5 and 64.3 respectively.

The recent wide-spread lockdowns are taking another toll on small firms by marking an increase in insufficient domestic demand which is rising once again above the 40 per cent mark.

All other indicators are constant with January levels and are far from showing a strong recovery among small firms.

Figure 1: **Business Barometer Index, 3 and 12-month outlook**

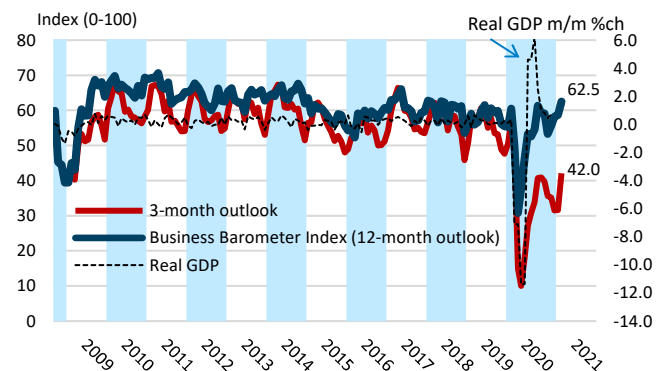


Figure 2: **3-month Index and 12-month Index by province***

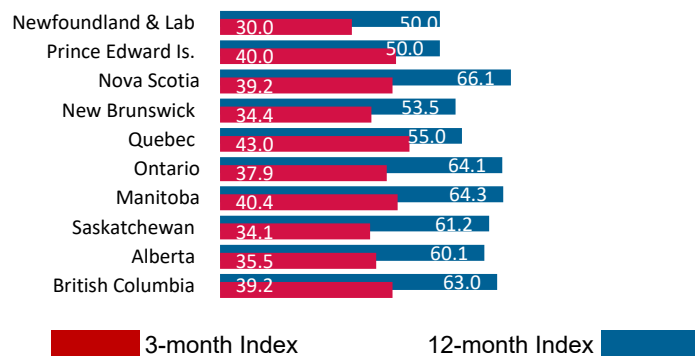
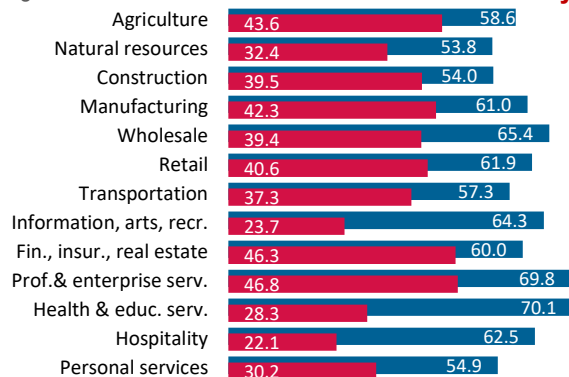


Figure 3: **3-month Index and 12-month Index by sector***



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

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

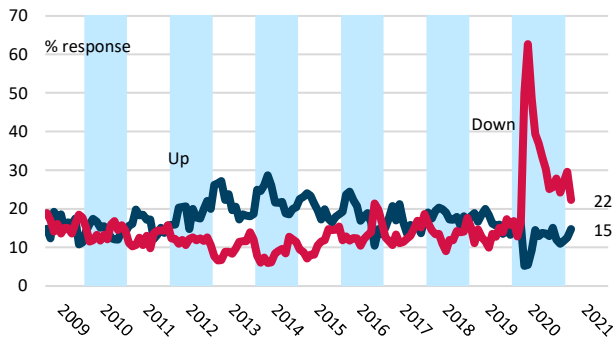


Figure 5: **General state of business health**

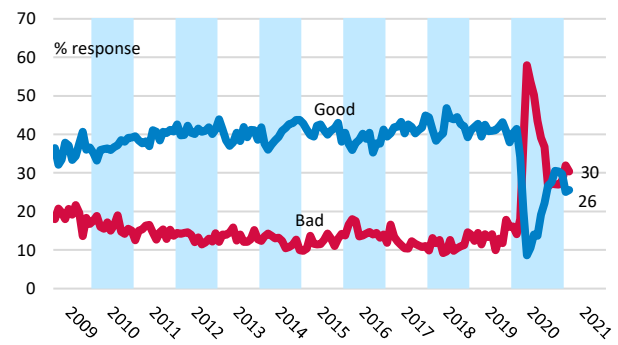


Figure 6: **Future pricing and wage plans**

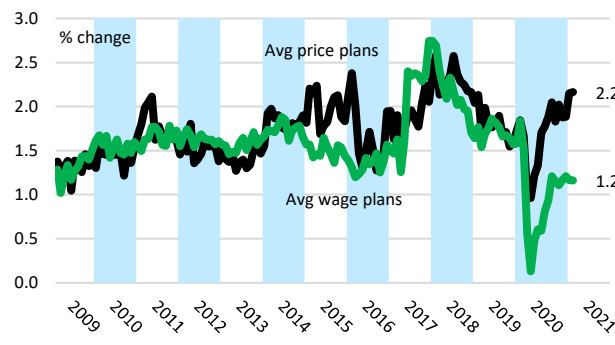


Figure 7: **Business indicators 'normal' or 'better than normal'**

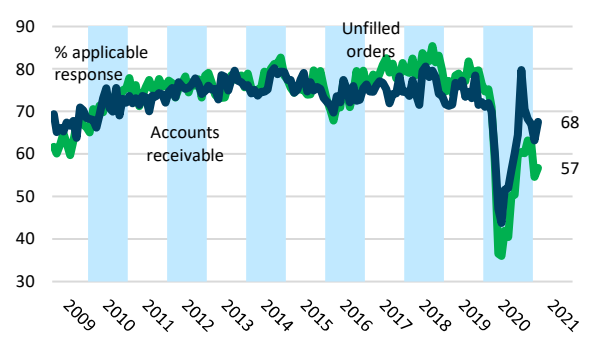


Figure 8: **Trends: limitations on growth**

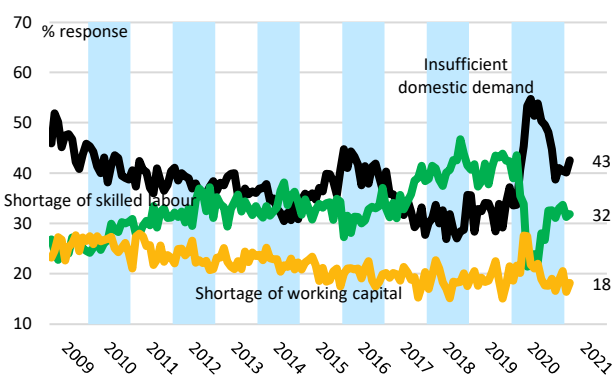


Figure 9: **3-month capital spending plans**

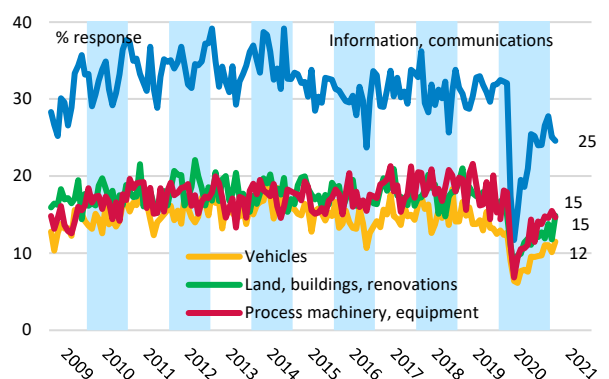
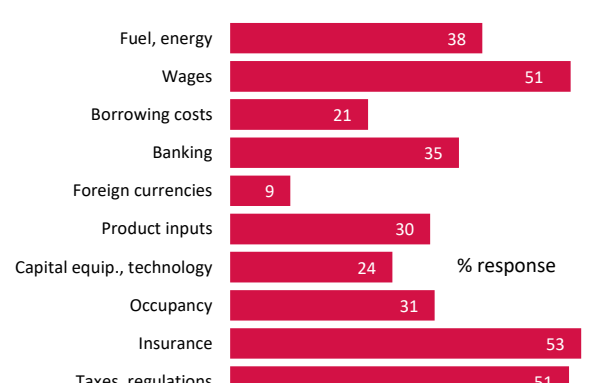


Figure 10: **Limitations on sales or production growth**



Figure 11: **Major cost constraints**



Capacity utilization

Taking into consideration your factors of production for this time of year (normal levels of staff, space, equipment, means of transport, etc.), at what capacity is your firm currently operating? (Your best estimate as a percentage of full capacity)

Figure 12: **Trend in average capacity utilization rate, Canada**
(Industry trends in grey)

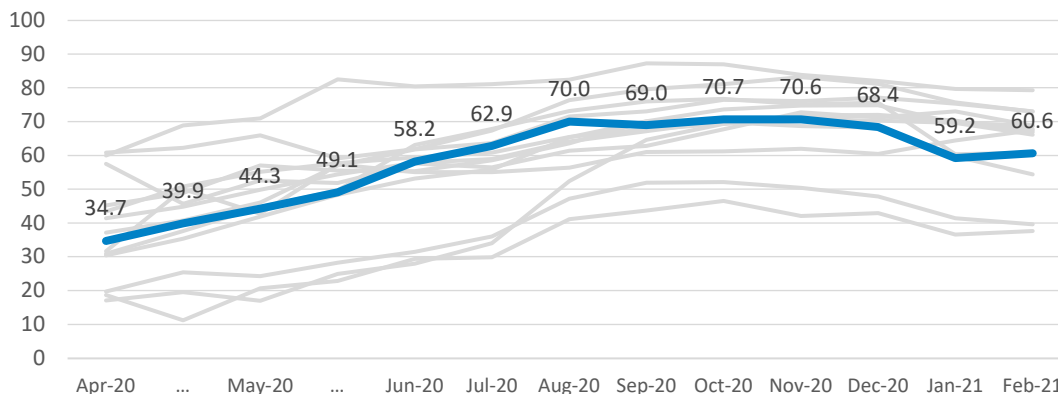


Figure 13: **Capacity utilization by province (%)**

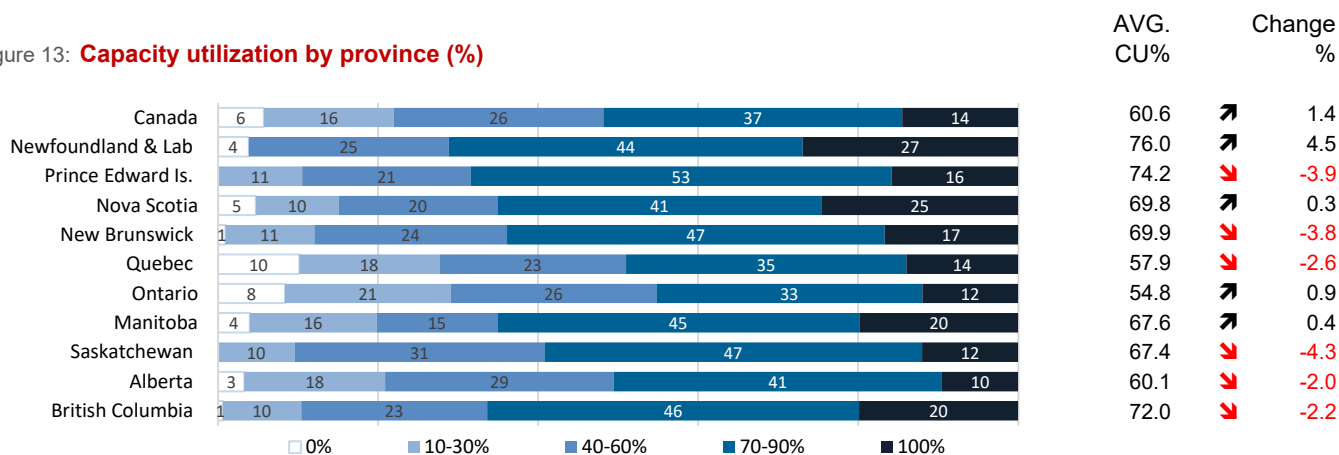
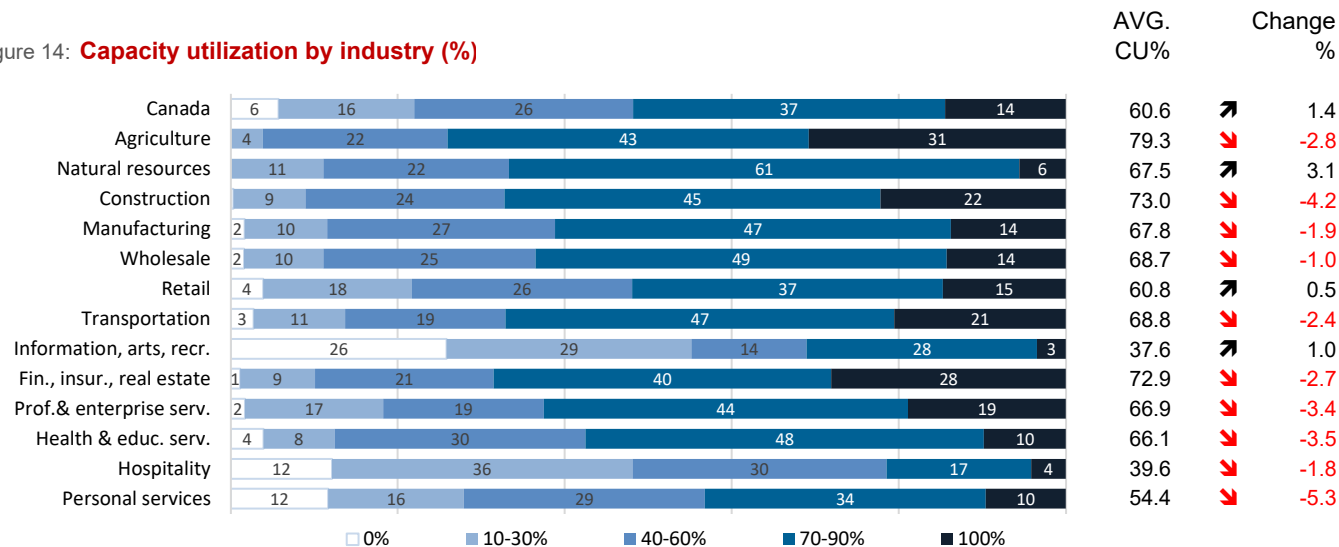


Figure 14: **Capacity utilization by industry (%)**



Note: due to roundings, the totals may add up to 99 or 101.

The February findings are based on 1169 responses from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received from February 2 to 16. Findings are statistically accurate to +/- 2.9 per cent 19 times in 20.

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