

Business Barometer®

February 2017 SME business outlook survey results

Ted Mallett, VP & Chief Economist

Canada's small businesses are quite a bit more upbeat in February. CFIB's monthly Business Barometer® index rose 2.7 points to 62.9 this month—its best reading since January 2015. The destabilizing effects of the oil price crunch on business confidence now appear mostly behind us.

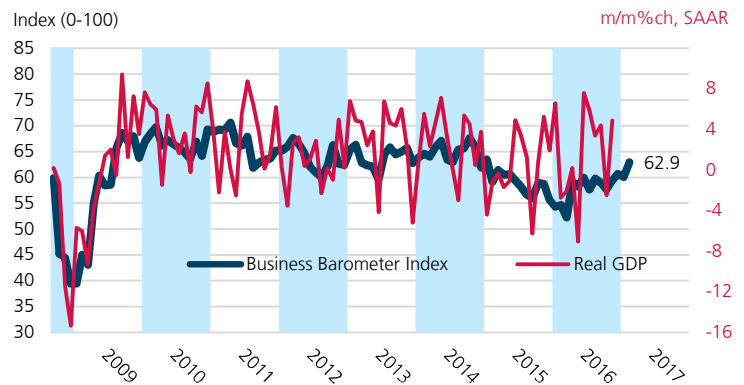
Although not quite back to normal mid-cycle levels, the index has been helped by improving perspectives in previously hard-hit Alberta (49.8) and Saskatchewan (57.7), which continue to close the gap with the rest of the country. Businesses are most upbeat in Manitoba and Quebec, with index levels at 66.9 and 66.6 respectively, however, optimism levels in the Maritimes, Ontario and BC are nearly as high—which suggests overall robustness returning to the economy. Businesses in Newfoundland & Labrador, however, remain pessimistic.

The industry picture also supports a page-turning on business prospects, with optimism rising in 11 of 13 sector groups. Resources sector owners are now the most upbeat with an index reading of 69.2, followed closely by those in the information (67.9) and wholesale (67.1) industries. Healthcare, transportation and retail industries are the most sluggish, but overall sector differentials are relatively small compared to past results.

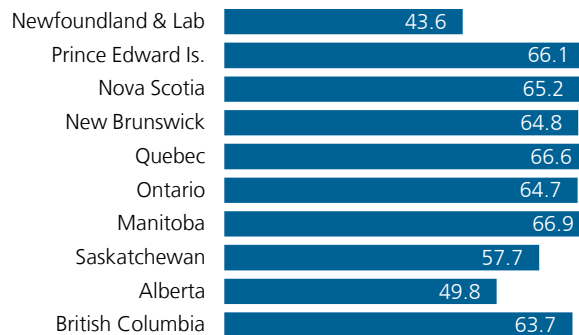
On a scale between 0 and 100, an index above 50 means owners expecting their business' performance to be stronger in the next year outnumber those expecting weaker performance. One normally sees an index level of between 65 and 70 when the economy is growing at its potential.

Other business operations indicators are suggesting a not-quite-back-to-normal state of affairs. Business investment plans, new orders and accounts receivables conditions remain a little below par. Hiring plans are recovering from a late-2016 bout of pessimism, with 18 per cent of business owners expecting to hire full-time staff in the next few months, versus 12 per cent expecting to cut back, but we normally see better plans this time of year.

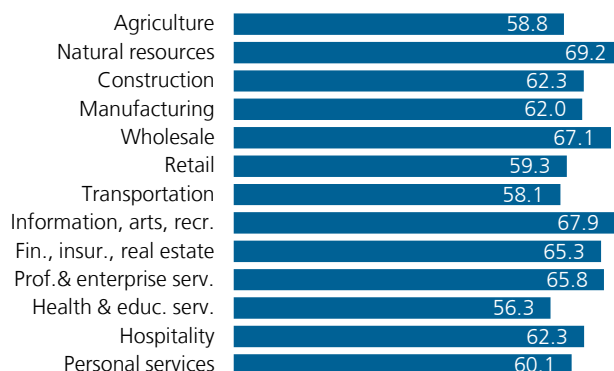
1. Business Barometer Index and GDP



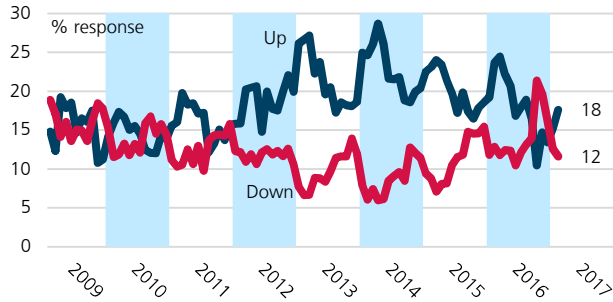
2. Index by province



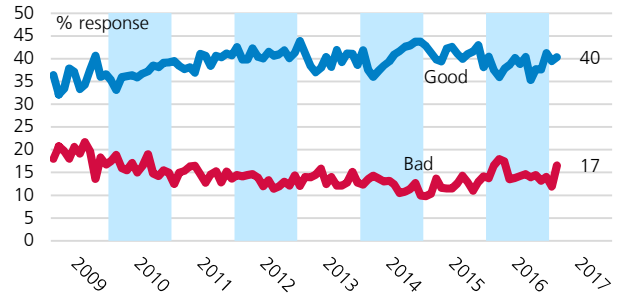
3. Index by sector



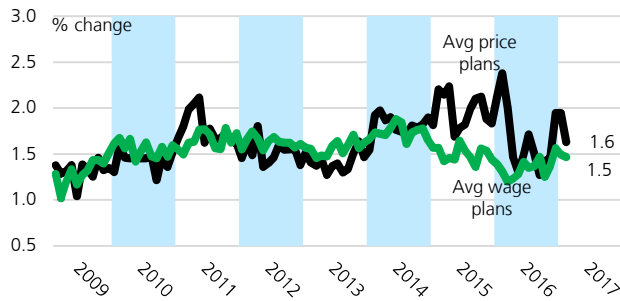
4. Full-time staffing intentions, next 3 months



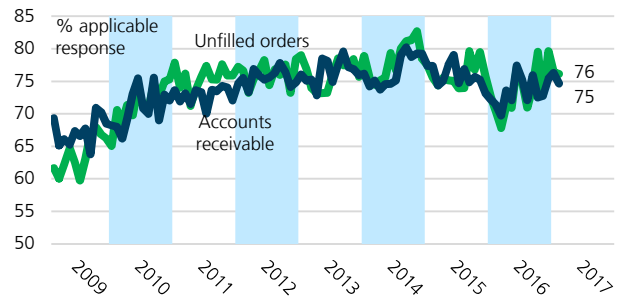
5. General state of business health



6. Future pricing and wage plans



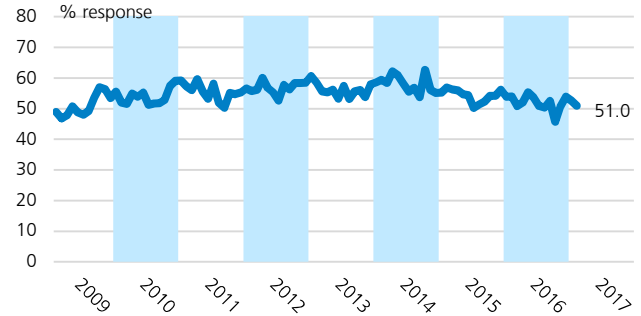
7. Business indicators 'normal' or 'better than normal'



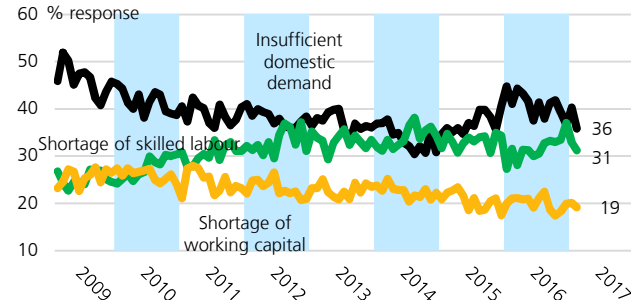
8. Limitations on sales or production growth



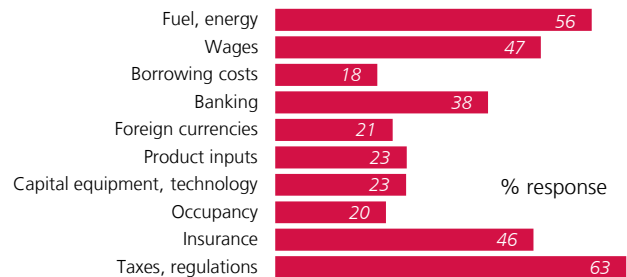
9. Intention to spend on capital improvements within 3 months



10. Trends: limitations on growth



11. Major cost constraints



February 2017 findings are based on 943 responses, collected from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received through February 12. Findings are statistically accurate to +/- 3.2 per cent 19 times in 20.

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