

Business Barometer®

May 2017 SME business outlook survey results

Ted Mallett, VP & Chief Economist

The month of May saw another gain in small business sentiment across the country. CFIB's monthly Business Barometer® Index progressed another point and a half upward to hit 66.0—its best level in two and a half years. With that increase, the Index has pretty much recovered its losses from the resource price crunch, which began in late 2014.

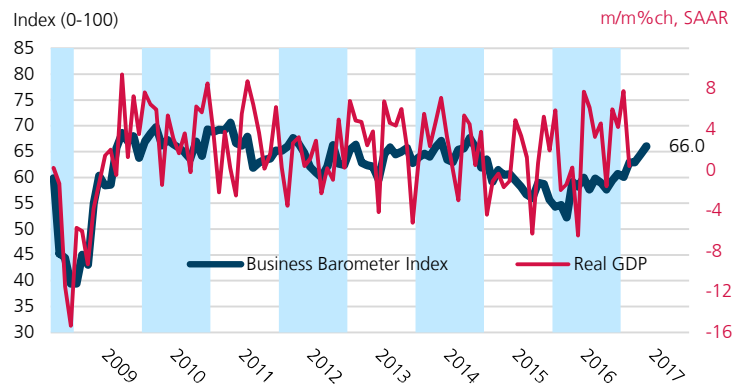
On a scale between 0 and 100, an index above 50 means owners expecting their business' performance to be stronger in the next year outnumber those expecting weaker performance. One normally sees an index level of between 65 and 70 when the economy is growing at its potential.

The index improvement, however, was narrowly based regionally—centred mainly in British Columbia (69.4), Manitoba (66.4) and Alberta (61.9). Seasonal factors likely contributed to an improvement in Prince Edward Island (67.9) and Newfoundland and Labrador (45.3), but there was a slight fallback in sentiment in Ontario (68.2), Quebec (65.0), New Brunswick (60.2) and Nova Scotia (64.4). Saskatchewan business owners showed an even steeper decline in optimism to 49.1.

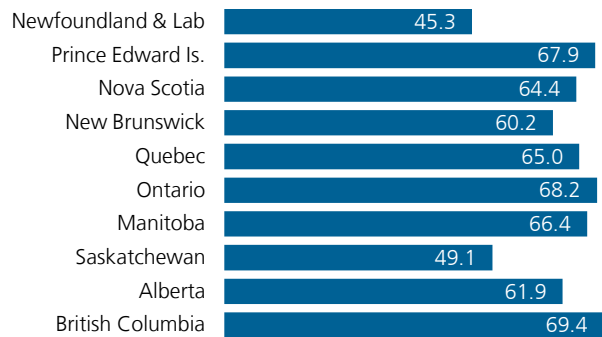
Results by industry have stayed in line with past trends, showing relative buoyancy with financial, professional and health care services indexes all above the 70 mark. Optimism in manufacturing (68.9) and hospitality (67.4) businesses is also running above average. Business owners in agriculture, natural resources and construction are not as upbeat, but that is not atypical of the historical context.

Most other indicators of business health are showing positive results. Like the general index, employment plans are returning to normal for this time of year—with 21 per cent of owners expecting to add full-time staff in coming months, versus 11 per cent expecting to cut back. Forty-three per cent of owners say their businesses are in good shape, which is nearing a post recession peak. In addition, the 57 per cent of respondents who are planning to make capital purchases is a two-and-a-half-year high.

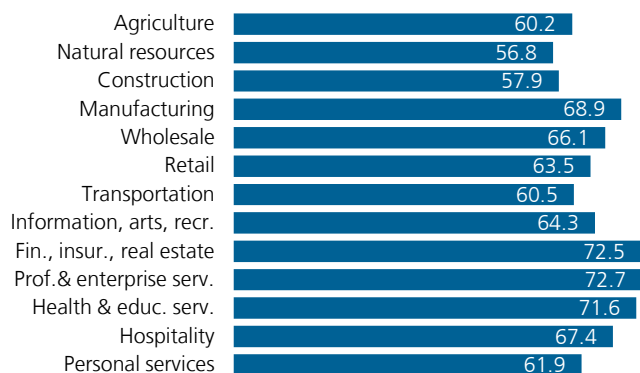
1. Business Barometer Index and GDP



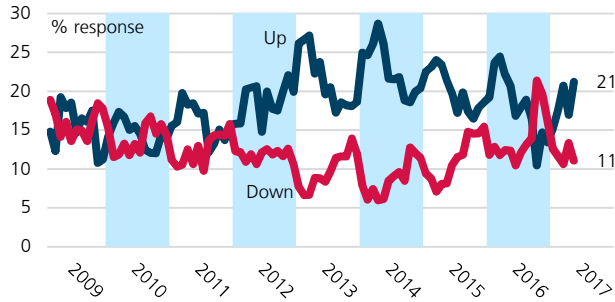
2. Index by province



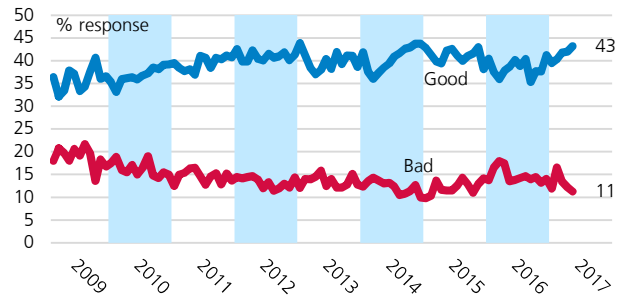
3. Index by sector



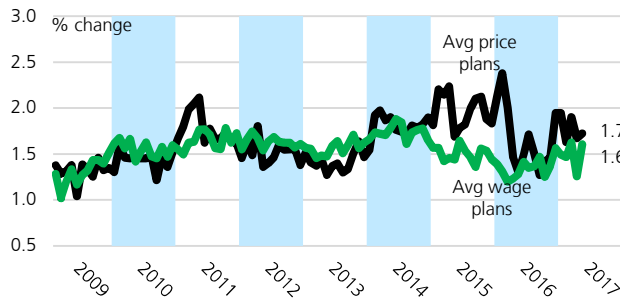
4. Full-time staffing intentions, next 3 months



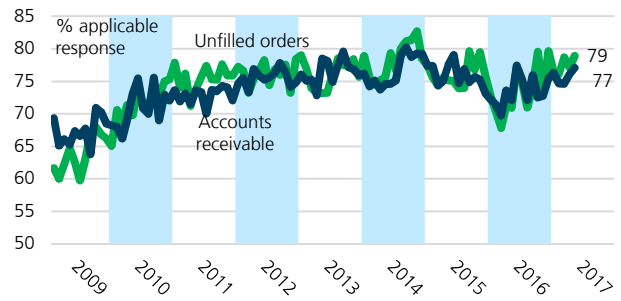
5. General state of business health



6. Future pricing and wage plans



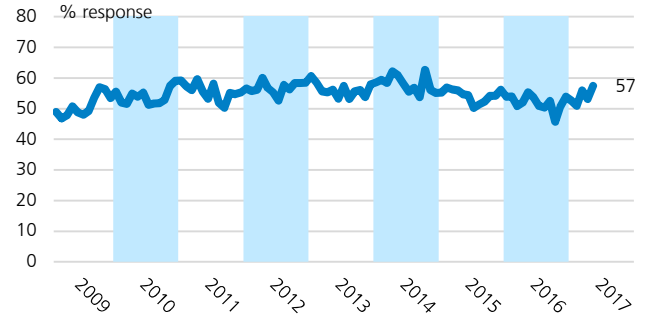
7. Business indicators 'normal' or 'better than normal'



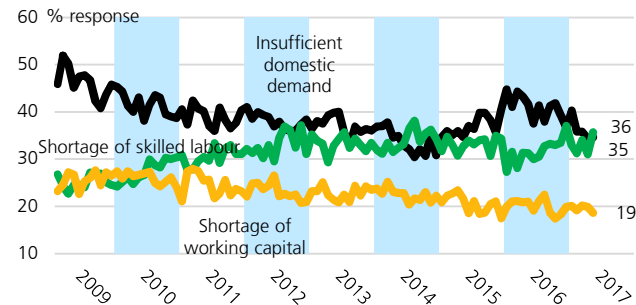
8. Limitations on sales or production growth



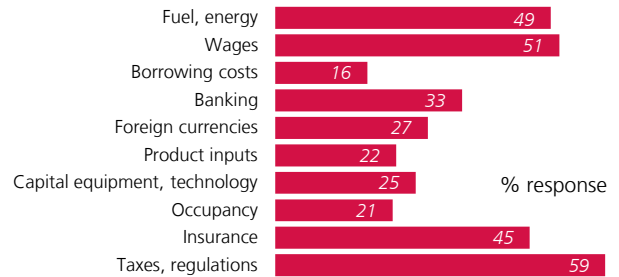
9. Intention to spend on capital improvements within 3 months



10. Trends: limitations on growth



11. Major cost constraints



May 2017 findings are based on 673 responses, collected from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received through May 15. Findings are statistically accurate to +/- 3.8 per cent 19 times in 20.

Ted Mallett, vice-president & chief economist, 416 222-8022
 Andreea Bourgeois, senior analyst, 506 855-2526
 Simon Gaudreault, director, economic affairs, Quebec, 514 861-3234