

Business Barometer®

July 2017 SME business outlook survey results

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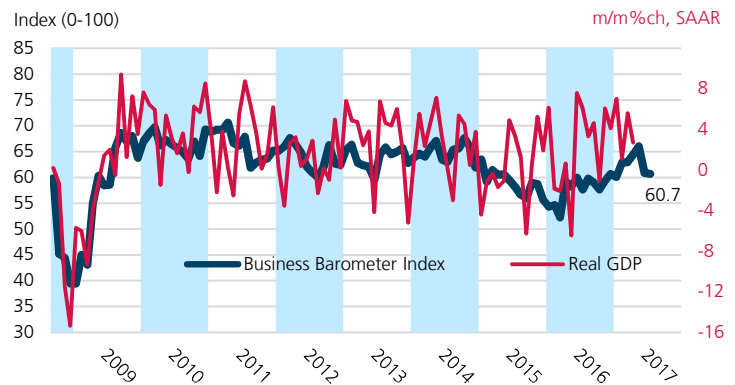
Small business optimism, which had stumbled in June, failed to pick itself up in July. CFIB's monthly Business Barometer® Index drifted down 0.2 points to 60.7 this month from 60.9 in June. These levels are mediocre by historical standards, but in line with sentiment recorded in the last half of 2016.

The latest results reflect a continuing below-par outlook in Ontario (59.5) as well as 2-to-4-point declines in Alberta (57.3), British Columbia (65.9) and Saskatchewan (50.0). In all other provinces, however, sentiment improved. Businesses in Prince Edward Island (73.8), Quebec (68.9) and Manitoba (also 68.9) lead the country in optimism—the latter two provincial indexes achieving six- and five-year highs respectively. Reasonably good results were also seen in Nova Scotia (66.9) as well as in New Brunswick (63.9). Optimism is still subdued in Newfoundland and Labrador (51.8), but its improvement in July of almost 4 points means it is no longer lowest in the country.

Strongest industry results were seen in health and professional services, along with manufacturing and wholesale sector businesses—each with index levels above the 65 mark. Financial and real estate services took a 5-point hit this month, likely a result of cooling measures in the housing market, but the index is still a reasonable 64.4. The agriculture, resources and retail indexes, however, took big tumbles—each dropping multiple points to land barely above the 50 mark.

Results of the other business indicators from the survey suggest it is concern over operating constraints in the months ahead that is driving optimism, or the lack of it, rather than current business conditions. Currently, 42 per cent of respondents report that their business are in good shape and 83 per cent say order books are normal or better. Employment plans, however, have dropped off considerably this month—to the point where only 14 per cent are expecting to hire full-time staff in the next few months, which is barely above the 12 per cent who plan to trim numbers. At the same time, wage costs are expected to rise well past historical norms.

1. Business Barometer Index and GDP



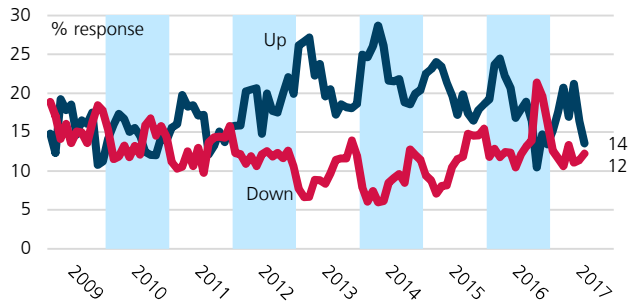
2. Index by province

Province	Index	Change
Newfoundland & Lab	51.8	↗ 3.5
Prince Edward Is.	73.8	↗ 6.3
Nova Scotia	66.9	↗ 3.4
New Brunswick	63.9	↗ 0.3
Quebec	68.9	↗ 3.1
Ontario	59.5	↗ 1.5
Manitoba	68.9	↗ 1.8
Saskatchewan	50.0	↘ -1.8
Alberta	57.3	↘ -4.3
British Columbia	65.9	↘ -3.6

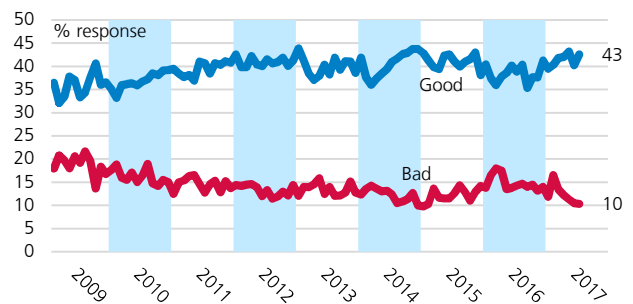
3. Index by sector

Sector	Index	Change
Agriculture	50.6	↘ -6.2
Natural resources	50.0	↘ -4.3
Construction	62.7	↗ 0.5
Manufacturing	65.7	↗ 0.3
Wholesale	65.1	↘ -1.9
Retail	50.7	↘ -4.8
Transportation	61.3	↘ -1.8
Information, arts, recr.	63.7	↗ 1.2
Fin., insur., real estate	64.4	↘ -5.4
Prof. & enterprise serv.	66.5	↘ -0.8
Health & educ. serv.	66.7	↘ -3.7
Hospitality	63.6	↘ -0.3
Personal services	61.2	↘ -1.6

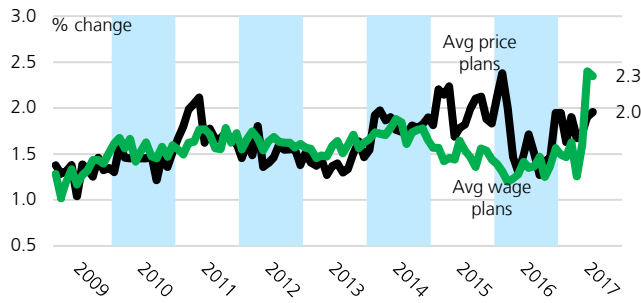
4. Full-time staffing intentions, next 3 months



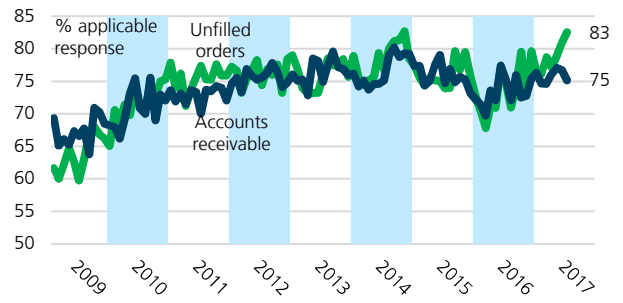
5. General state of business health



6. Future pricing and wage plans



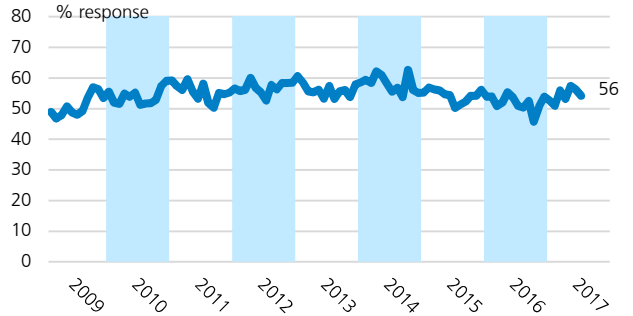
7. Business indicators 'normal' or 'better than normal'



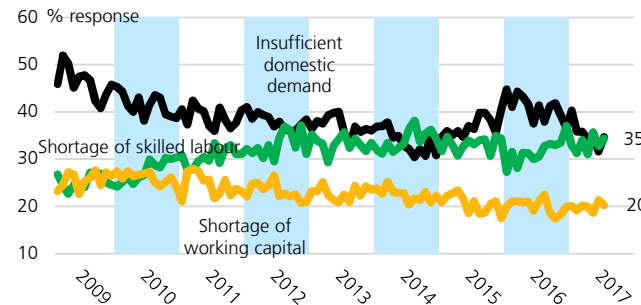
8. Limitations on sales or production growth



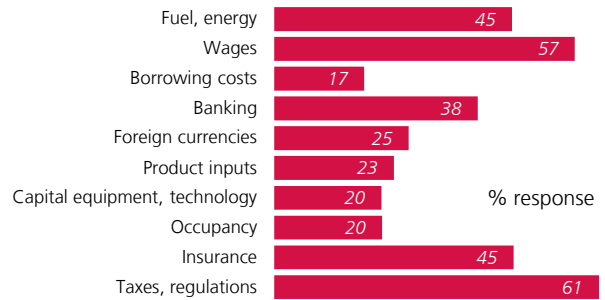
9. Intention to spend on capital improvements within 3 months



10. Trends: limitations on growth



11. Major cost constraints



July 2017 findings are based on 710 responses, collected from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received through July 18. Findings are statistically accurate to +/- 3.7 per cent 19 times in 20.

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