

# Business Barometer®

## September 2017 SME business outlook survey results

Ted Mallett, VP & Chief Economist

Canada's small business confidence took another hit in September. CFIB's monthly Business Barometer® Index dropped another three points to land at 56.9—its fourth consecutive monthly decline. Since peaking in May, the index has lost nine points and is at its lowest level since March 2016.

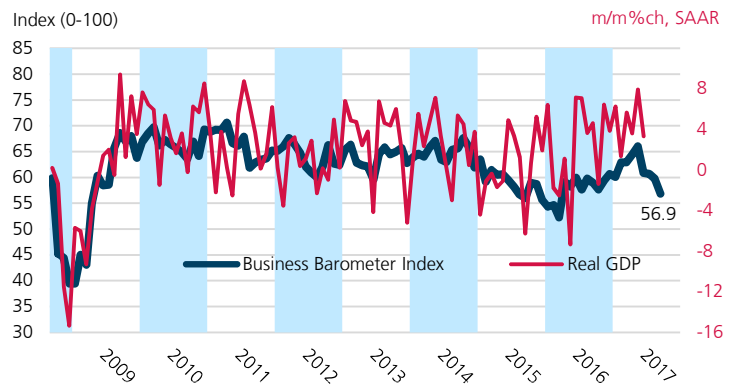
The negative shift this month is widespread, with declines registered in all 10 provinces and 11 of 13 industry sectors. Business owners in Quebec remain the most optimistic, with a relatively healthy index of 70.9. Owners in the Maritimes are also more optimistic than the national average, but indexes now in the low 60s are a considerable step back from August levels. The mood is notably more subdued in the rest of the country, with Saskatchewan and Newfoundland & Labrador indexes at 50.9 and 52 respectively and Ontario not that much better at 55. Manitoba and Alberta index levels are under the 58 mark, while BC's dropped below 60 for the first time since 2012.

The industry picture has darkened with wholesale trade, professional services and healthcare the only sectors with indexes still above the 60 mark. Retail and natural resources firms are the only ones to show improvement over August.

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 indicators are showing mixed results this month. About 40 per cent of owners report their businesses are in 'good' shape, a couple of points off last month. Hiring plans remain weak, with only 15 per cent of respondents planning to hire full-timers in the next few months while a similar share is expecting to cut staffing numbers back. Worries about customer demand levels have eased, but they appear to have been supplanted by concerns over taxes and regulations as well as availability of skilled labour—both issues likely driven by recent federal and provincial policy.

### 1. Business Barometer Index and GDP



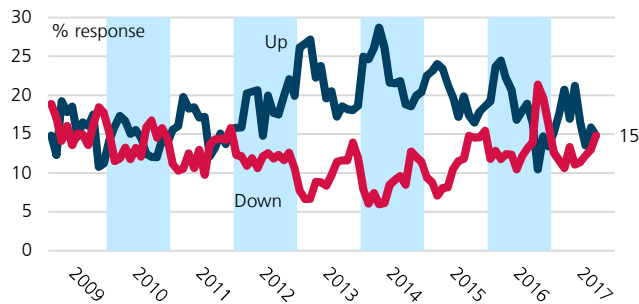
### 2. Index by province

Province	Index	Change
Newfoundland & Lab	52.0	-2.5
Prince Edward Is.	63.0	-9.7
Nova Scotia	63.5	-3.2
New Brunswick	60.8	-6.8
Quebec	70.9	-0.6
Ontario	55.0	-1.9
Manitoba	57.3	-7.9
Saskatchewan	50.9	-2.0
Alberta	57.7	-0.1
British Columbia	59.9	-3.4

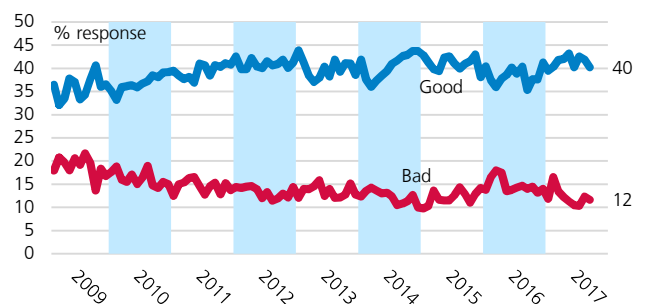
### 3. Index by sector

Sector	Index	Change
Agriculture	46.2	-2.7
Natural resources	55.2	5.2
Construction	58.3	-3.9
Manufacturing	59.9	-2.9
Wholesale	64.6	-0.2
Retail	58.0	1.4
Transportation	56.1	-4.2
Information, arts, recr.	56.4	-3.9
Fin., insur., real estate	59.3	-1.2
Prof. & enterprise serv.	63.7	-0.1
Health & educ. serv.	62.4	-1.8
Hospitality	55.4	-6.5
Personal services	57.3	-3.4

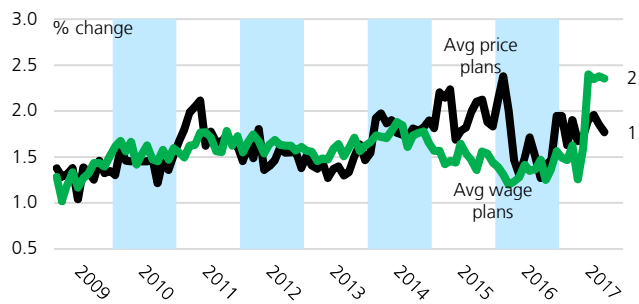
4. Full-time staffing intentions, next 3 months



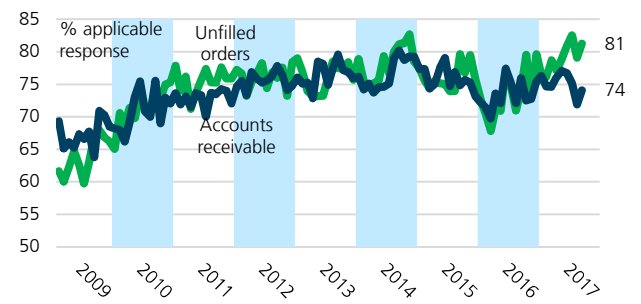
5. General state of business health



6. Future pricing and wage plans



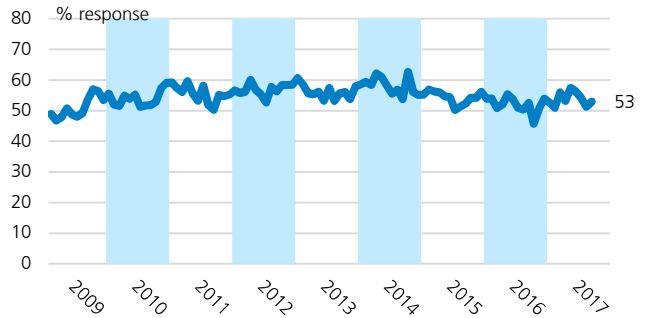
7. Business indicators 'normal' or 'better than normal'



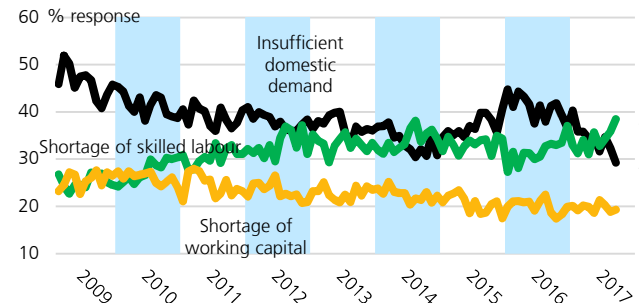
8. Limitations on sales or production growth



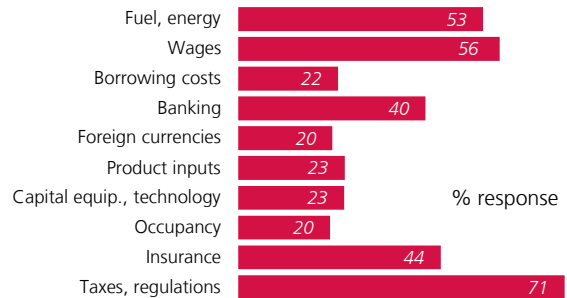
9. Intention to spend on capital improvements within 3 months



10. Trends: limitations on growth



11. Major cost constraints



September 2017 findings are based on 810 responses, collected from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received through September 18. Findings are statistically accurate to +/- 3.4 per cent 19 times in 20.

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