

Monthly Business Barometer®

February 2023



12-month Small Business Confidence Index

51.7

Monthly change

↑ 0.5

3-month Small Business Confidence Index

48.9

Monthly change

↑ 2.1

Canada's small business long-term confidence has seen a timid gain of only half a point in February 2023, while the short-term optimism has inched upwards slightly.

CFIB's Business Barometer® long-term index, which is based on 12-month forward expectations for business performance, gained barely half a point to 51.7. The short-term optimism index, based on a 3-month outlook, reached 48.9, 2 points higher than the January level. An index above 50 shows that there are more business owners feeling confident than feeling negatively about the next months. Both indexes are generally at their lowest levels recorded since 2009, outside of recessions.

General business indicators

Full-time staffing plans have seen a very weak increase in the share of business owners looking to hire (19%) for the short term. Supply chain indicators have improved modestly also, with only 12% of SMEs reporting product distribution constraints versus 20% in January.

Borrowing costs and product input costs are the top cost constraints seeing current levels of concern at about twice the historical average value. Sales or production growth is limited by labour shortages and input product shortages, these factors having readings well above the historical levels.

Methodology

February findings are based on 531 responses from a stratified random sample of CFIB members, to a controlled-access web survey. Data reflect responses received from February 2 to the 13. Findings are statistically accurate to +/- 4.3 per cent 19 times in 20. Every new month, the entire series of indicators is recalculated for the previous month to include all survey responses received in that previous month. Measured on a scale between 0 and 100, an index above 50 means owners expecting their business's performance to be stronger over the next three or 12 months outnumber those expecting weaker performance. An index level near 65 normally indicates that the economy is growing at its potential.

Most provinces far below normal long term optimism, the short-term is not much better

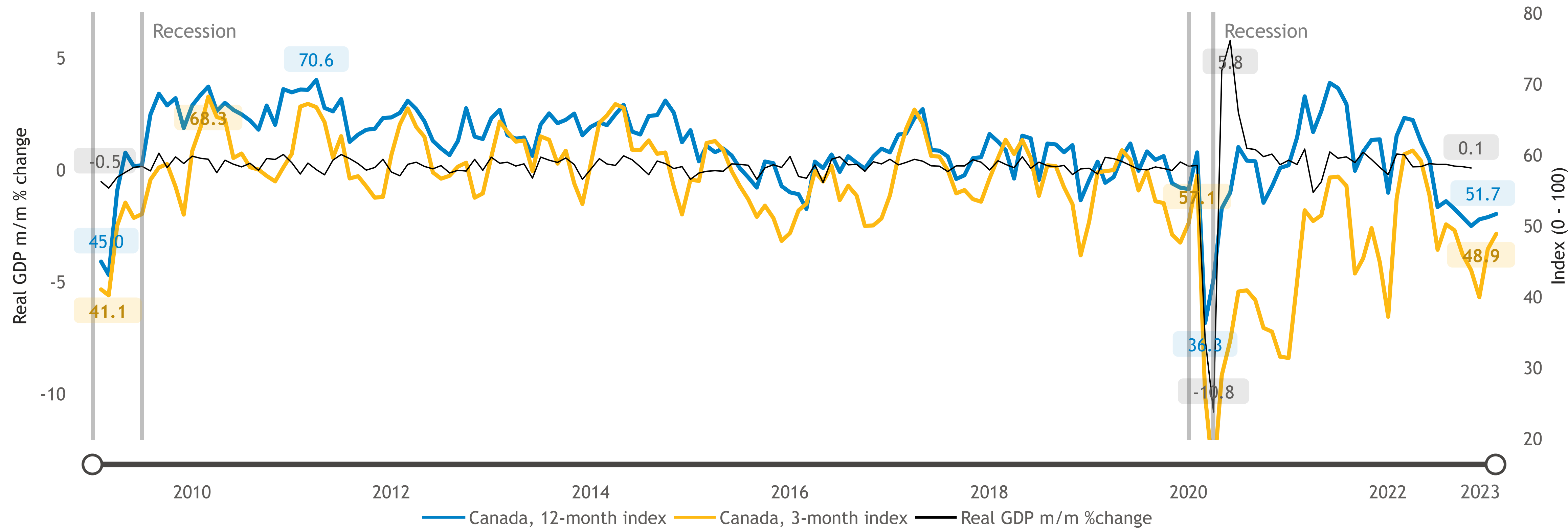
The Western provinces have each gained in optimism over the long term, with Saskatchewan seeing the second best reading overall and leading in terms of most improved confidence level (+4.4). Ontario has remained stable, albeit at low levels (51.5). Similarly to January, Quebec and three of the four Atlantic provinces are trailing the rest of the country with levels between 47 and 45. PEI is the exception in the East, with the highest optimism level at 63.0

Long-term optimism in health & education, finance & insurance, info & recreation the only bright spots of the sectoral outlook

The industry picture is fairly stable with minimal changes in confidence from the previous month. Over the long term, three sectors register levels in the low 60's (health, finance and insurance, and recreation and information sectors). Three sectors report indexes below 50 such as manufacturing, agriculture, and retail. And the rest of industries are seeing levels of between 50 and 60, which still represent modest optimism.

Price and wage plans

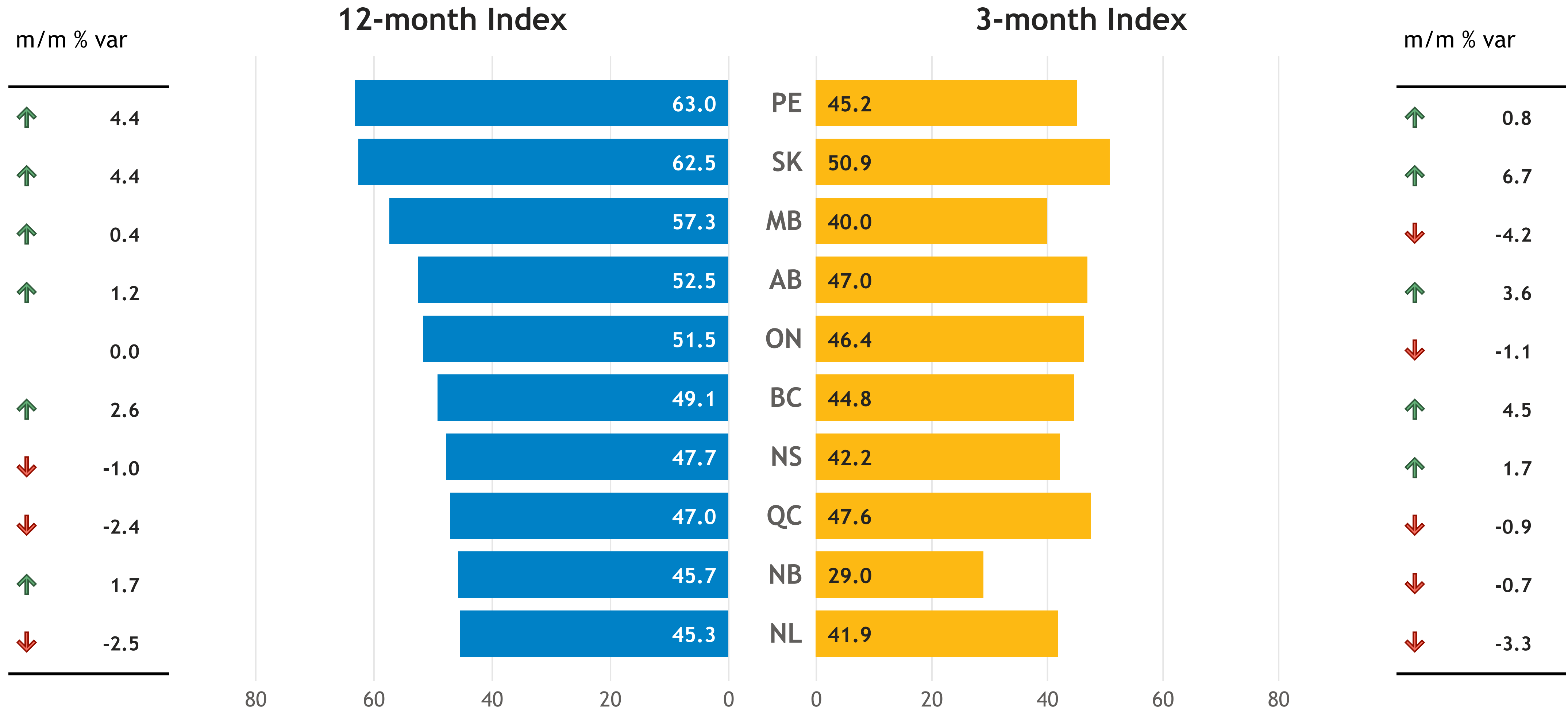
Average future price increasing plans saw a weak uptick to 3.7; while average wage increase plans rose to 3.3 from the previous month's 3.0.



Survey questions:

How do you expect your firm to be performing in **12 months** compared to now?
Allowing for normal seasonal influences, what are your business performance expectations for the next **3 or 4 months**?

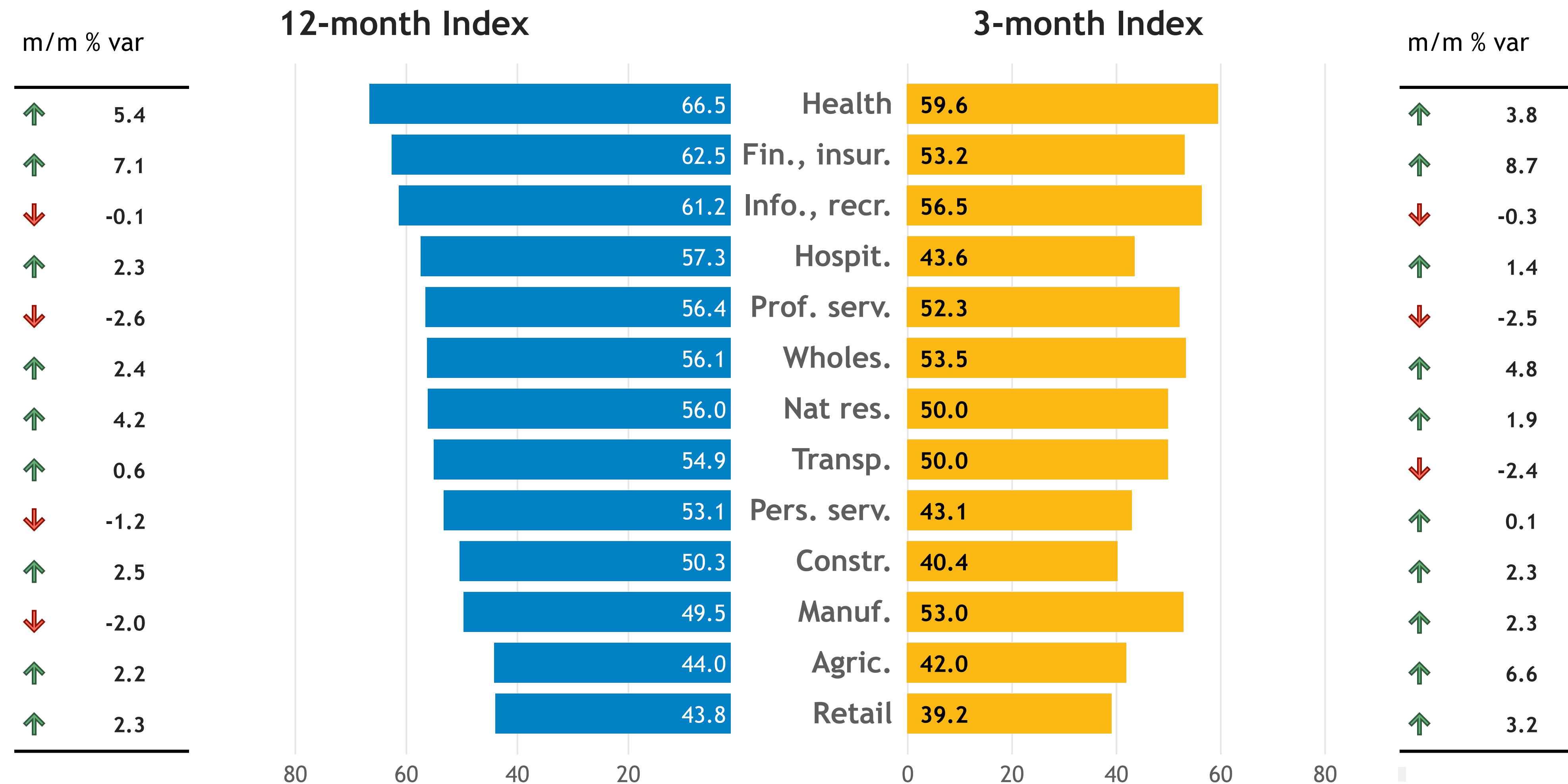
References: [C.D. Howe Institute Business Cycle Council](#) and [Statistics Canada, Table 36-10-0434-01](#)



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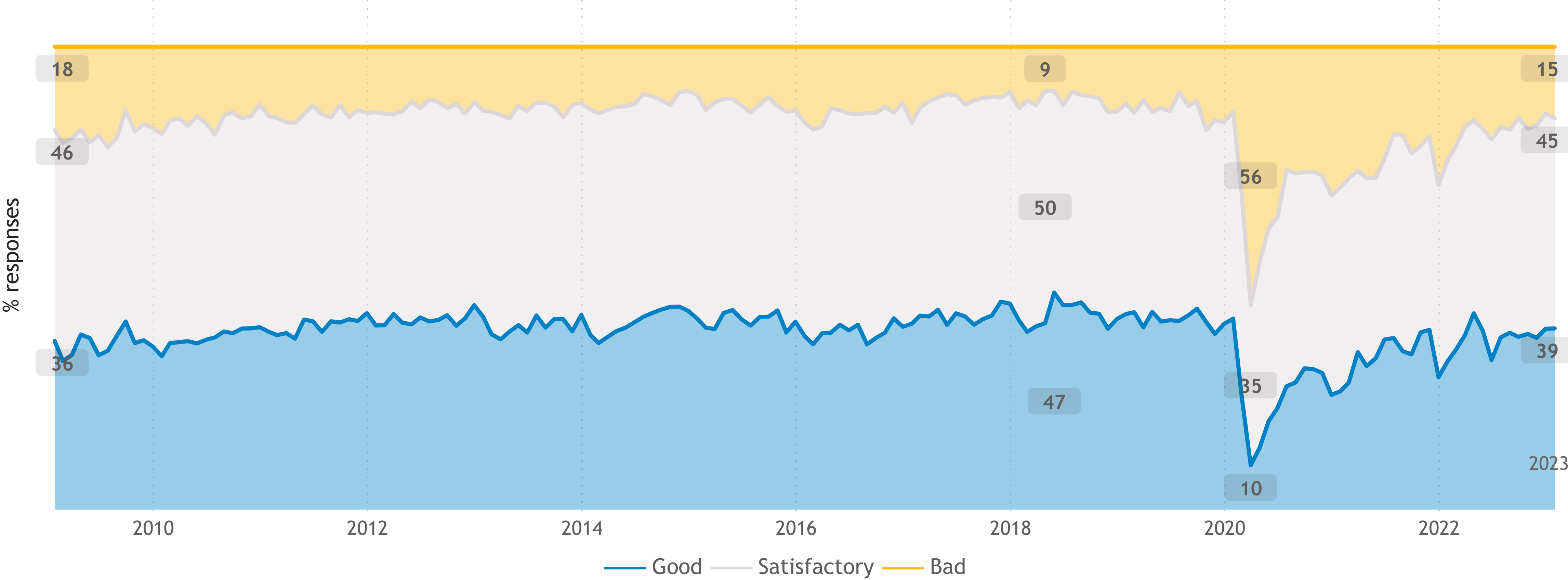
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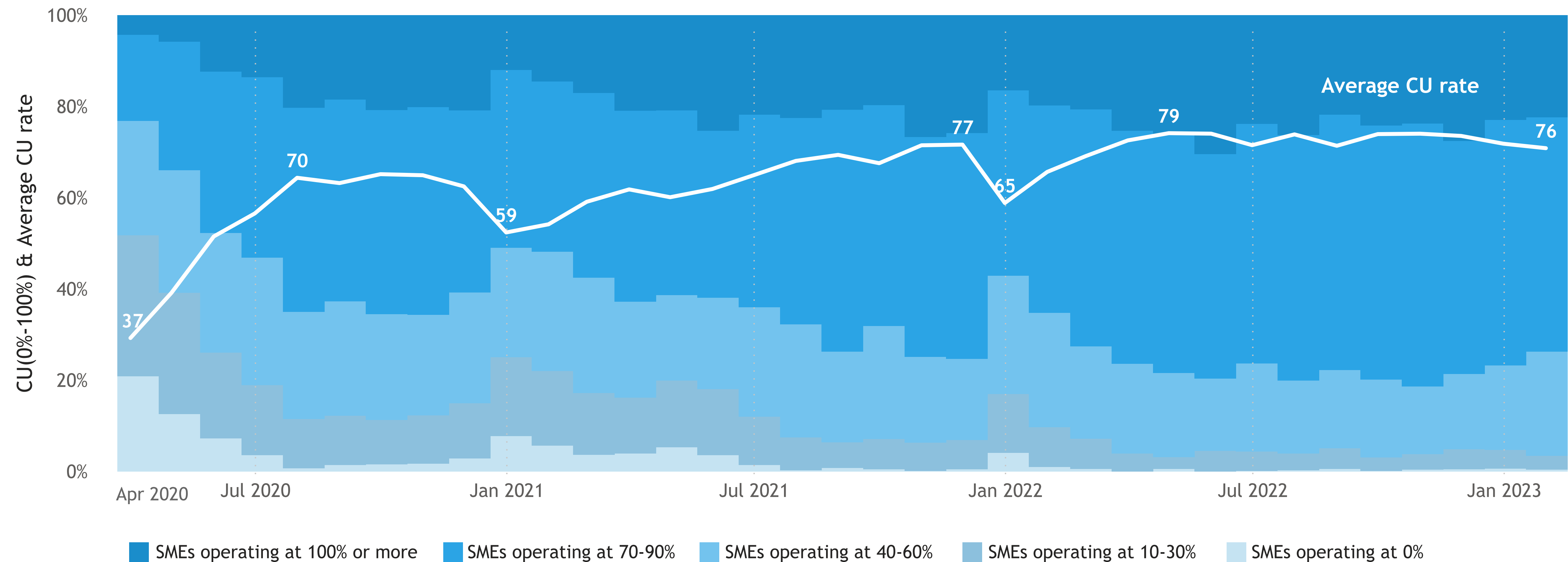
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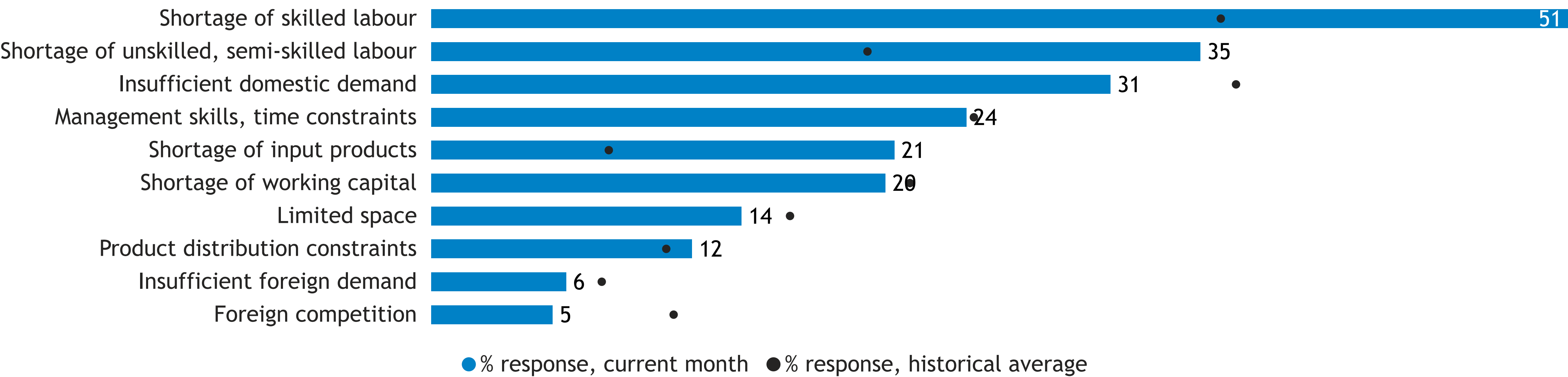
Allowing for normal seasonal influences, what are your business performance expectations for the next **3 or 4 months**?



Survey question:
Currently, what is the general business situation of your company?



Survey question:
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?



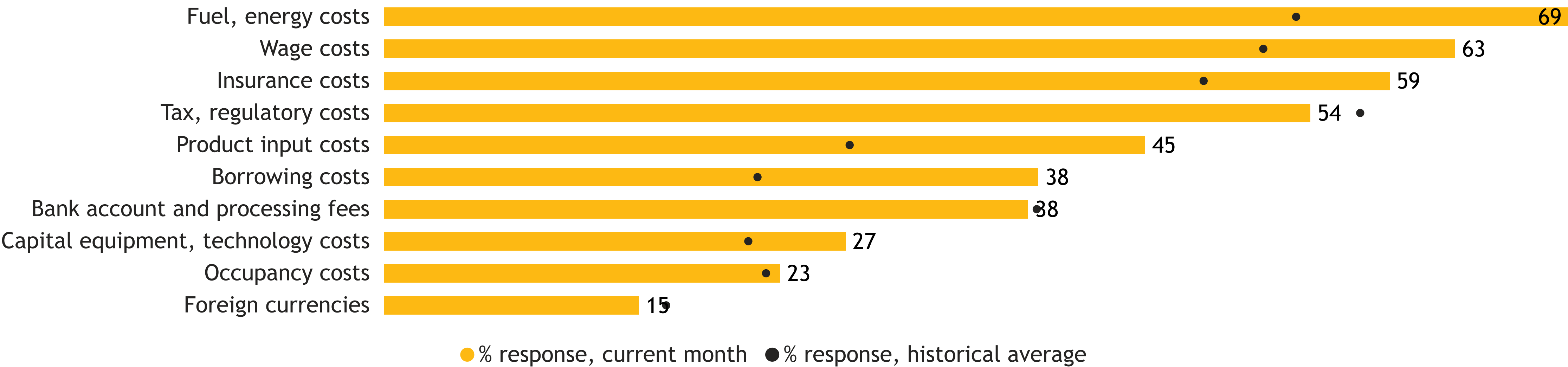
Survey question:
What factors are limiting your ability to increase sales or production?

Limitations in Canada

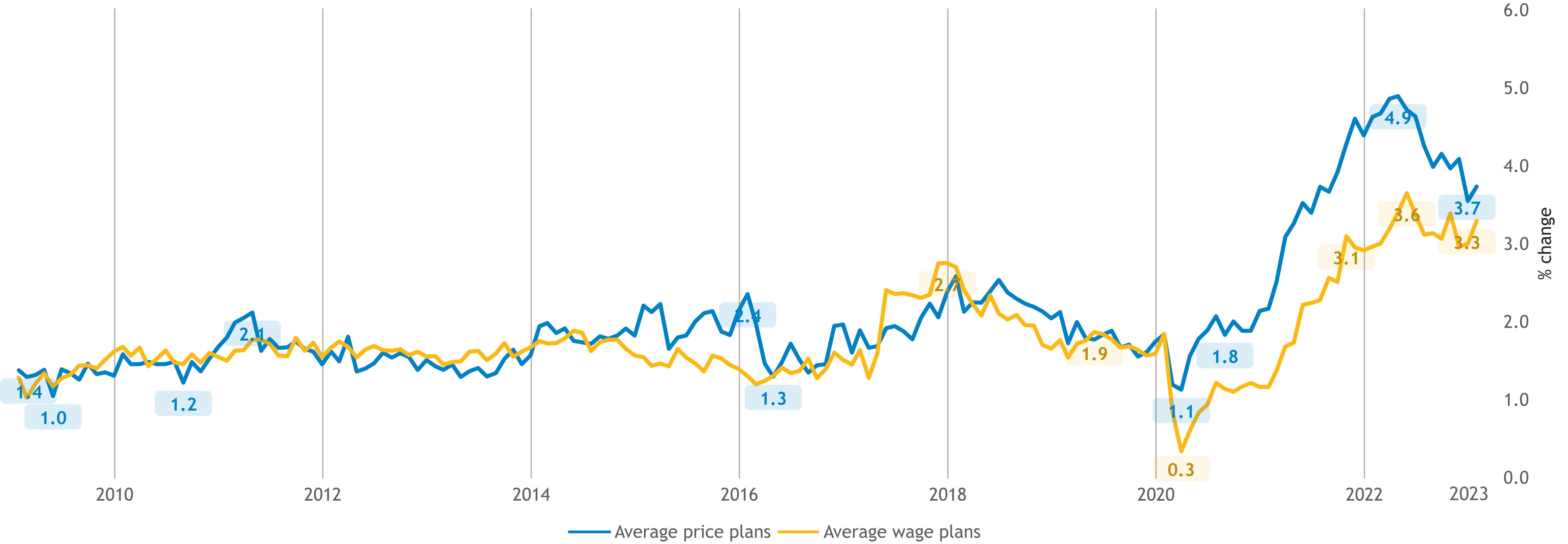
Click on any data bar in the chart above

— % response, current month — % response, historical average

Business Barometer®: Major input cost constraints- current levels and trend



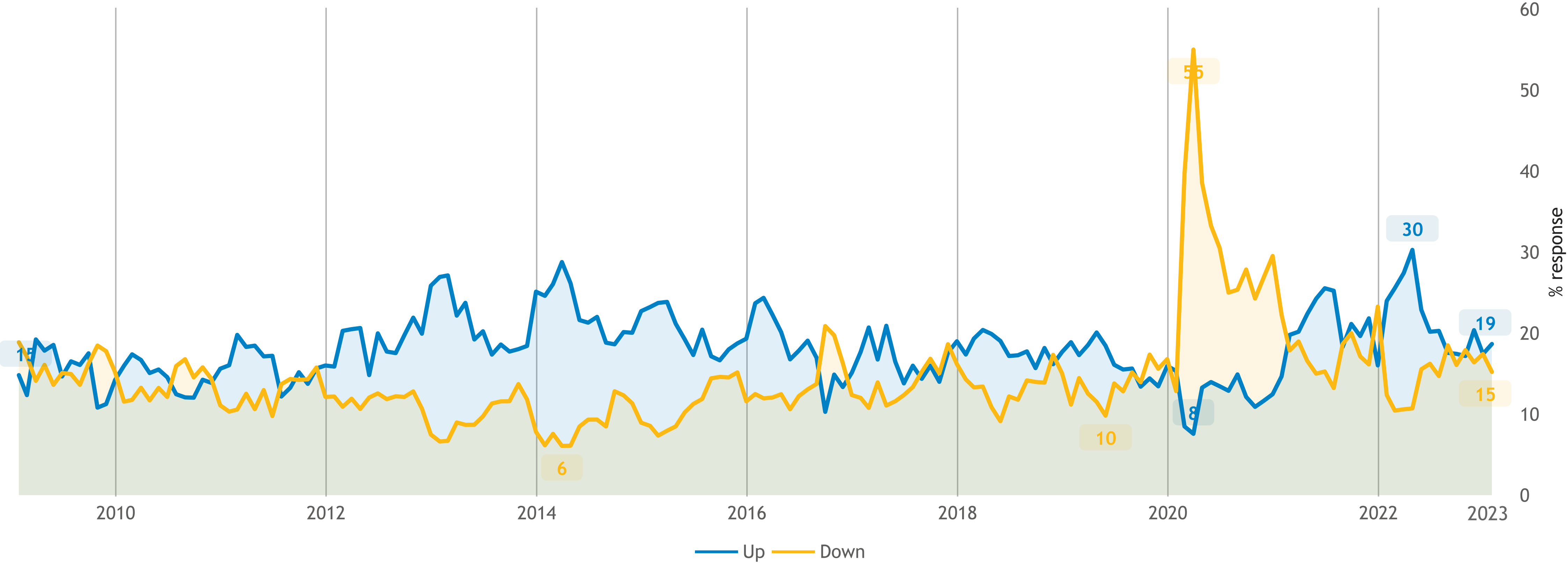
Survey question:
What types of input costs are currently causing difficulties for your business?



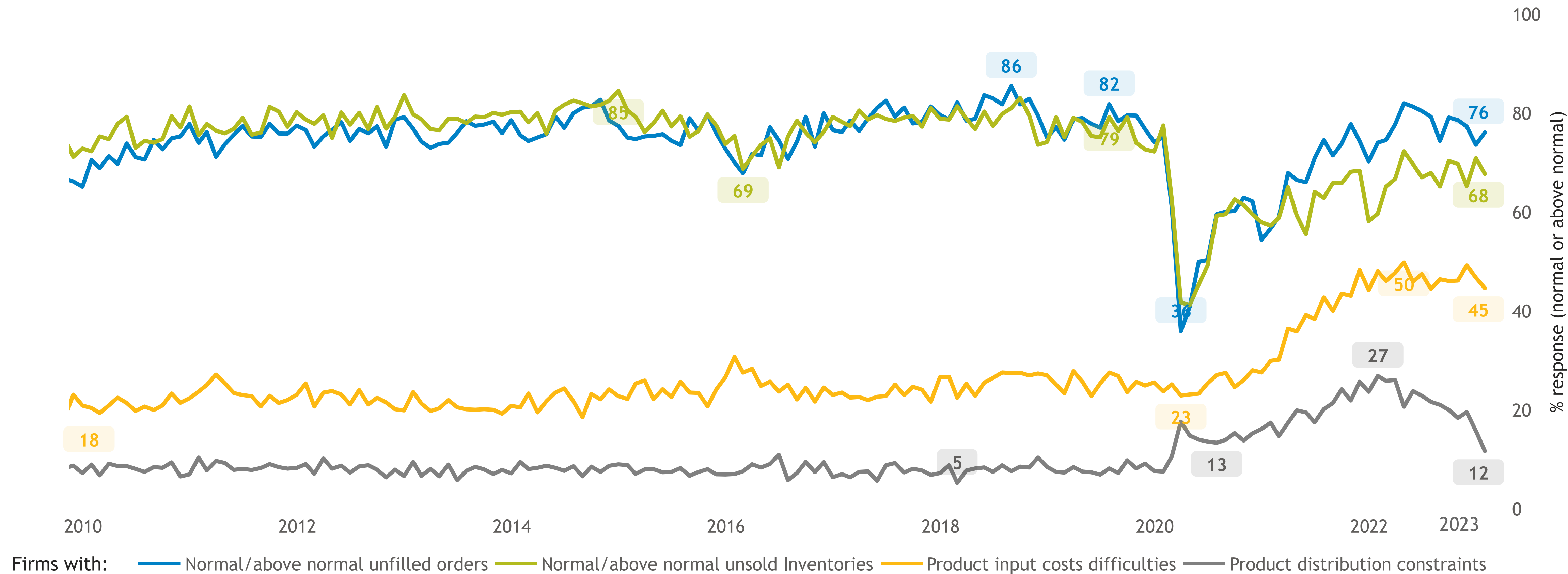
Survey questions:

In the next year, how much do you expect **average prices** to change?

In the next year, how much do you expect **average wages** to change?

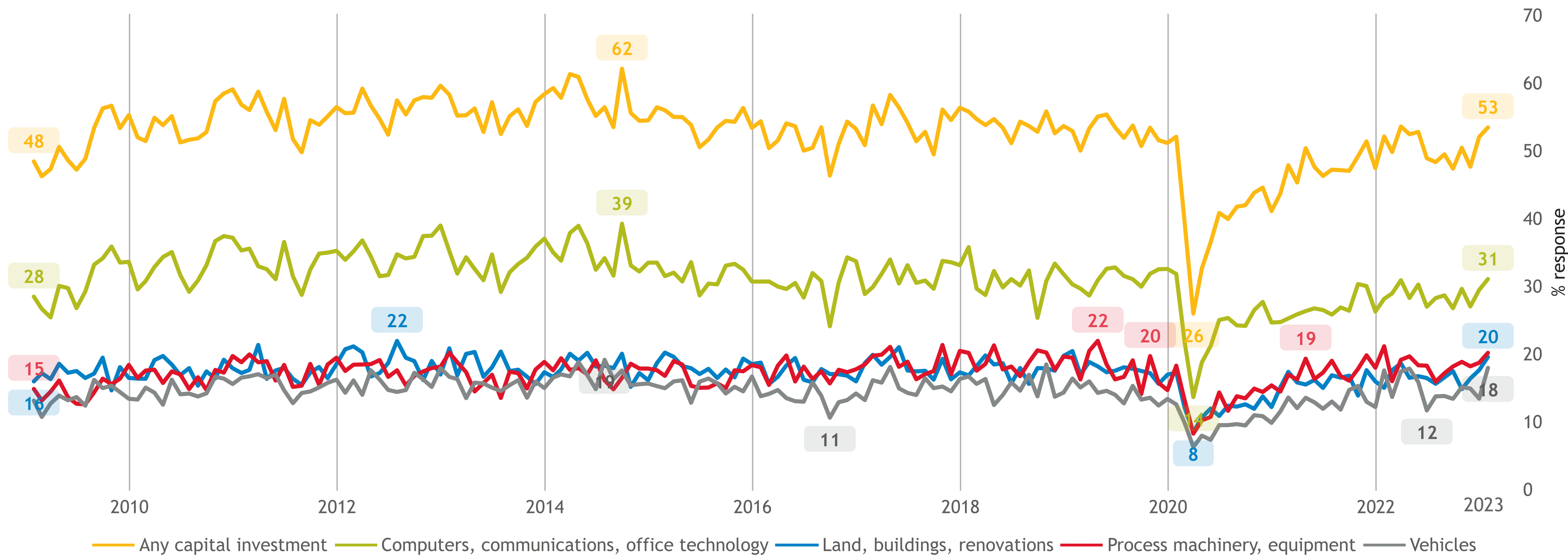


Survey question:
How are your expected employment levels to change in the next 3 or 4 months? (Up, Same, Down)



Survey questions:

- Allowing for normal seasonal influences, what are **current orders** and **inventories** compared to normal?
- What types of **input costs** are currently causing difficulties for your business?
- What factors are limiting your ability to increase sales or production?



Survey question:
What kinds of capital expenditures do you plan to make within the next 3 or 4 months?