



Canadian Chamber of Commerce

Chambre de Commerce du Canada



Business Data Lab

Laboratoire de données sur les entreprises

Q4 2024



Business Insights Quarterly



Message from the Chief Economist

As we close out 2024, the latest findings from the *Canadian Survey on Business Conditions* offer a timely view of the business outlook across the country.

Unfortunately, the year is ending on a low note as our *Business Expectations Index* slipped further into negative territory in the fourth quarter. This reflects weaker near-term prospects for sales as businesses are increasingly concerned about inadequate consumer demand.

While many businesses remain hopeful for the year ahead, we've also seen business optimism fade somewhat alongside increased pessimism for 2025. I should emphasize that the Statistics Canada survey was conducted before Donald Trump was elected President of the United States. Even before his second term has begun, his aggressive tariff threats have increased uncertainty and called into question the long-standing rules of North American trade.

Much like our winter weather, the regional economic picture fluctuates significantly across the country, underscoring the varied experiences of businesses. The outlook in Quebec and Atlantic Canada continues to show areas of relative business stability, while Ontario and British Columbia keep struggling, especially in the large metros of Toronto and Vancouver.

The sectoral results reveal a few optimistic sectors, such as healthcare, professional services, and finance, amid the many more industries that are anything but cheery, particularly construction, accommodation and food services, and transportation.

By firm size, the smallest "micro" firms (1-4 employees) have a very weak outlook, while businesses with more than 20 employees are much more chipper.

On obstacles, cost pressures remain prevalent but are nonetheless improving, while there's some good news from the normalizing of firm pricing behaviour as inflation has come back under control. With the unemployment rate picking up and labour market slack building, labour challenges continue to ease.

Looking ahead, we can't sugarcoat the fact that many businesses are feeling cautious and uncertain, but ultimately these forthcoming challenges also bring opportunities to innovate and demonstrate resilience. By understanding the evolving landscape, we can help Canadian businesses navigate this challenging period of uncertainty and prepare for a brighter future.

A handwritten signature in black ink, appearing to read 'Stephen Tapp'.

Stephen Tapp

Chief Economist, Canadian Chamber of Commerce



Key outlook findings by geography

Canada: Another decline in near-term business sentiment, along with fading optimism for the year ahead.

- The Business Expectations Index slipped further into negative territory to 96.4 in the fourth quarter of 2024.
- The index fell 2 points from last quarter, dragged down by a weaker outlook for sales.
- Looking to the next 12 months, business optimism is fading while pessimism is rising.

Regions: The business outlook remains stronger in Quebec and Atlantic Canada, while Ontario and British Columbia continue to lag behind.

- Business sentiment is essentially stable in Quebec (100.1) and Atlantic Canada (99.3), and weaker in Ontario (94.0) and British Columbia (94.7).

Key outlook findings by business characteristics

Industries: Most sectors have a deteriorating outlook.

- Only 4 of 16 sectors are improving, with healthcare (104.7), professional services (102.8), and finance (102.4) leading the pack, while business sentiment worsened in construction (87.0), accommodation and food services (87.5), and transportation (89.9).

Size: Micro firms continue to struggle.

- Micro firms (1–4 employees) saw a mild deterioration in sentiment (94.7), while firms with 20 or more employees remain more optimistic.

Ownership: Optimism from LGBTQ2 business owners.

- Among underrepresented groups, LGBTQ2-owned businesses are the most optimistic (104.2), followed by women-owned businesses (101.3). Conversely, indigenous-owned businesses (88.2) and businesses owned by persons with a disability (91.6) are more pessimistic.



Key findings for business obstacles

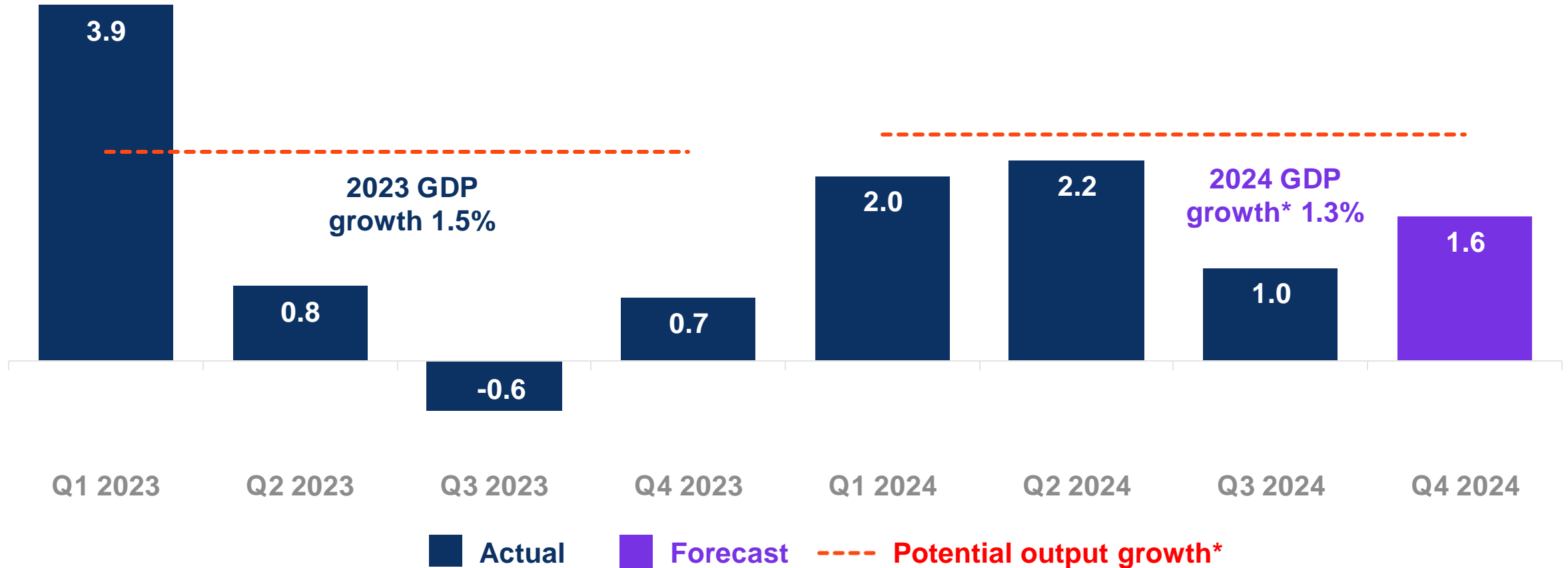
- Cost-related pressures remain the most prevalent near-term obstacle for business. However, after significant progress on restraining inflation, firms' pricing behaviour has largely normalized.
- Concerns about inadequate consumer demand are rising.
- Labour challenges continue to ease but remain problematic for nearly half of all firms in administration, accommodation and food services, retail, and manufacturing.

Q4 2024

Outlook according to Canadian businesses

Context After weak growth to end 2023, Canada's economy picked up in the first half of 2024 but continues to operate below its potential.

Canadian real gross domestic product (GDP) growth
Chained 2012 dollars, annualized quarterly percent change



Sources: Statistics Canada historical data and Bloomberg consensus forecast as of December 9, 2024.

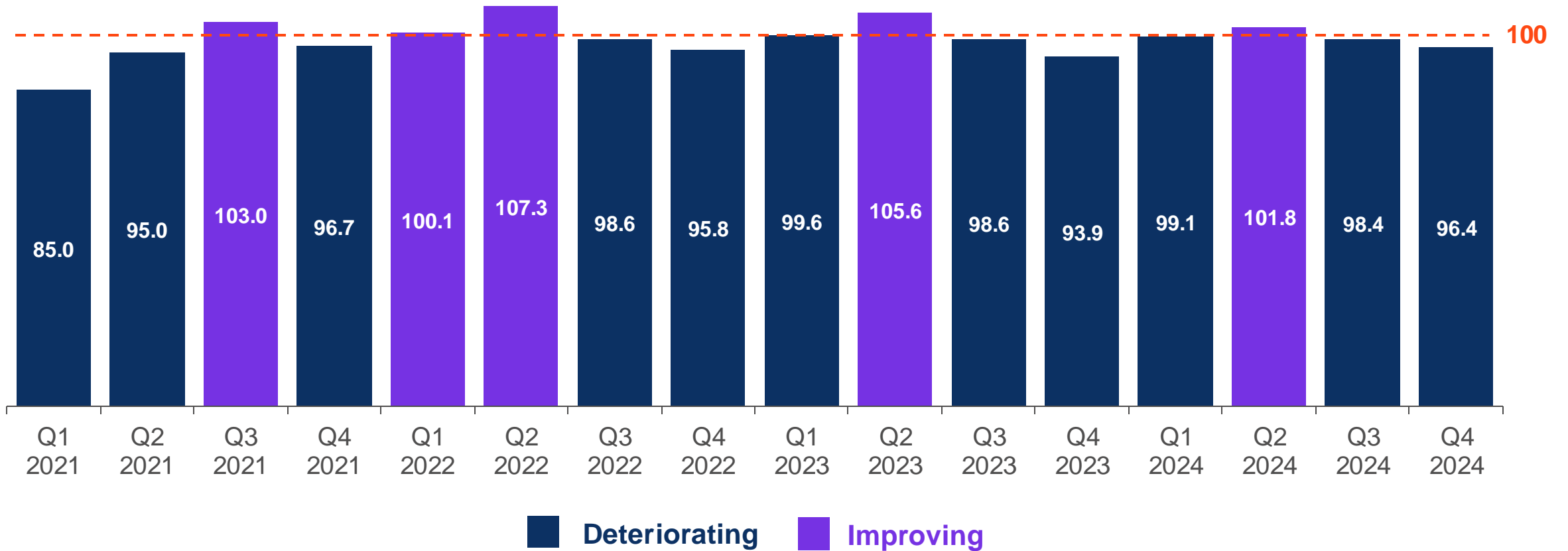
*Potential output growth estimates of 2.3% for 2023 and 2.4% for 2024 are from the Bank of Canada's Oct 2024 *Monetary Policy Report*.



Business sentiment declined in the fourth quarter of 2024.

Business Expectations Index

Next three months; above 100 indicates improving sentiment from the previous quarter, below 100 indicates deteriorating sentiment

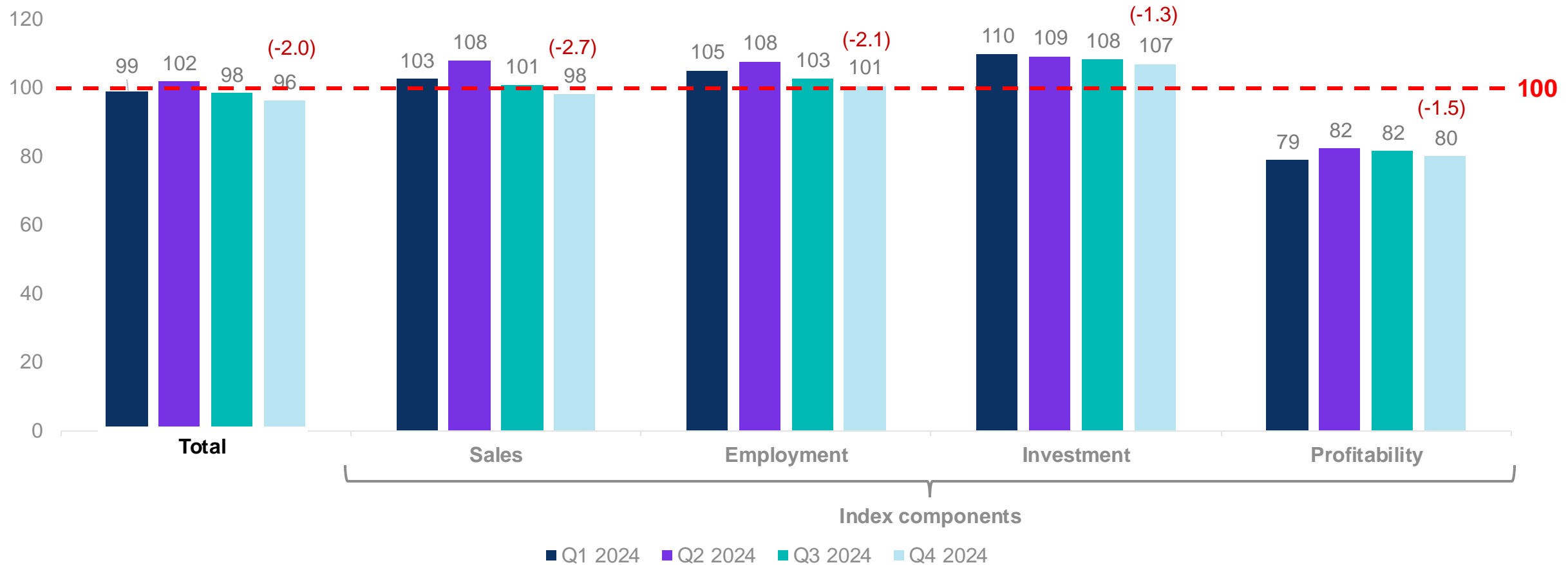




The decline in sentiment was broad-based across all components, with the weaker sales outlook dragging down the overall index.

Business Expectations Index, total and components

Next three months; above 100 indicates improving sentiment, below 100 indicates deteriorating sentiment



Note: Change from last quarter in parenthesis.

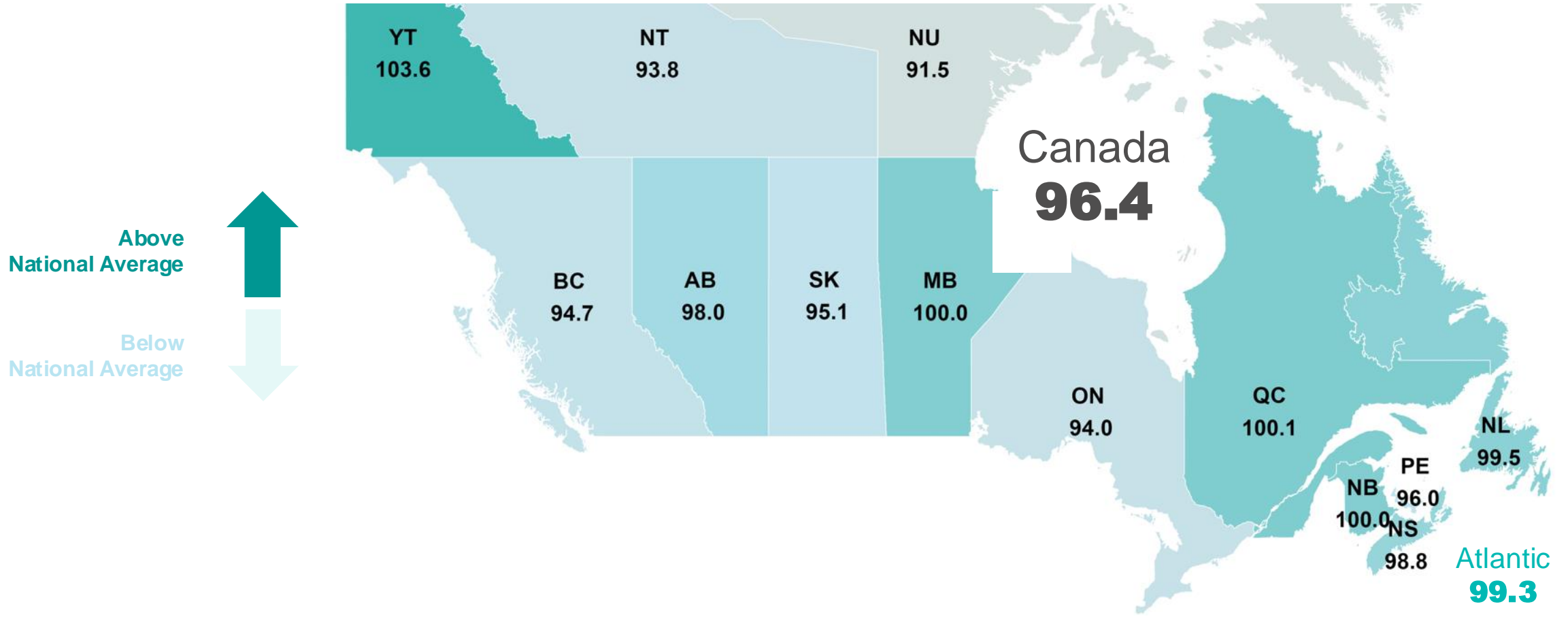
Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*.



Sentiment continues to be stronger in Quebec and Atlantic Canada, and weakest in Ontario and British Columbia.

Business Expectations Index, provinces and territories

Next three months; above 100 indicates improving sentiment, below 100 indicates deteriorating sentiment



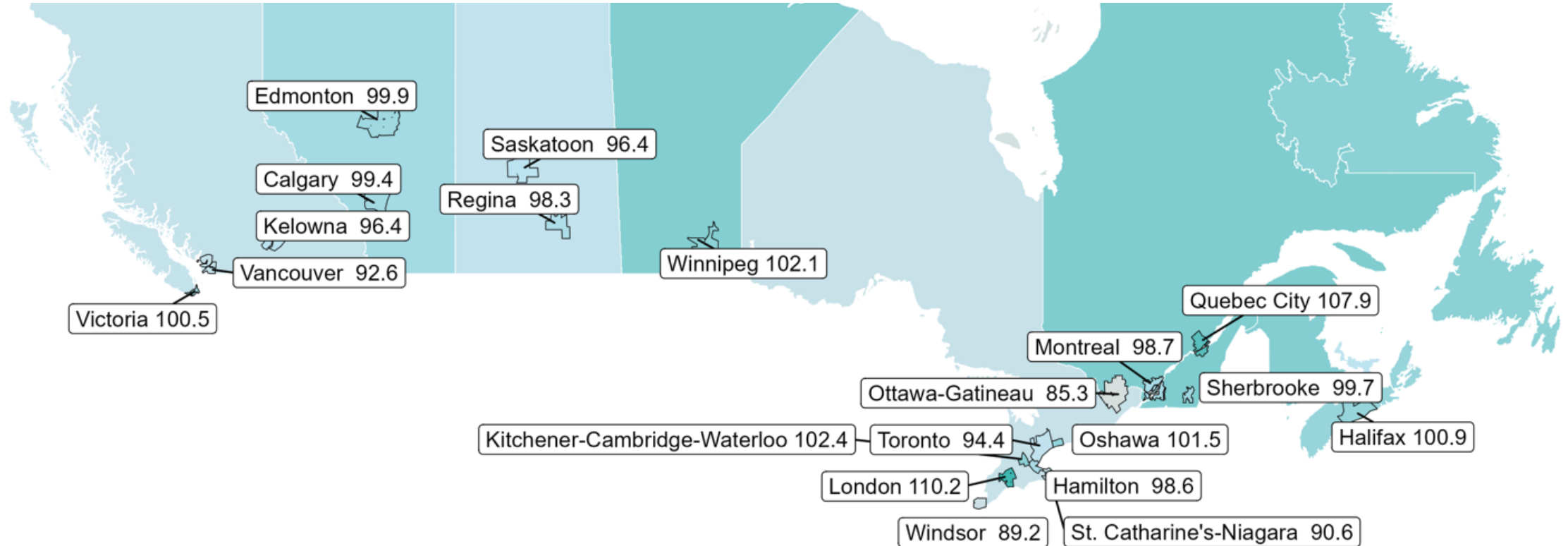
Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*; 9,420 business responses in October and November 2024.



Among major Canadian cities, business sentiment is highest in London and Quebec City, but lowest in Ottawa, Windsor, Vancouver and Toronto.

Business Expectations Index, CMAs

Next three months; above 100 indicates improving sentiment, below 100 indicates deteriorating sentiment

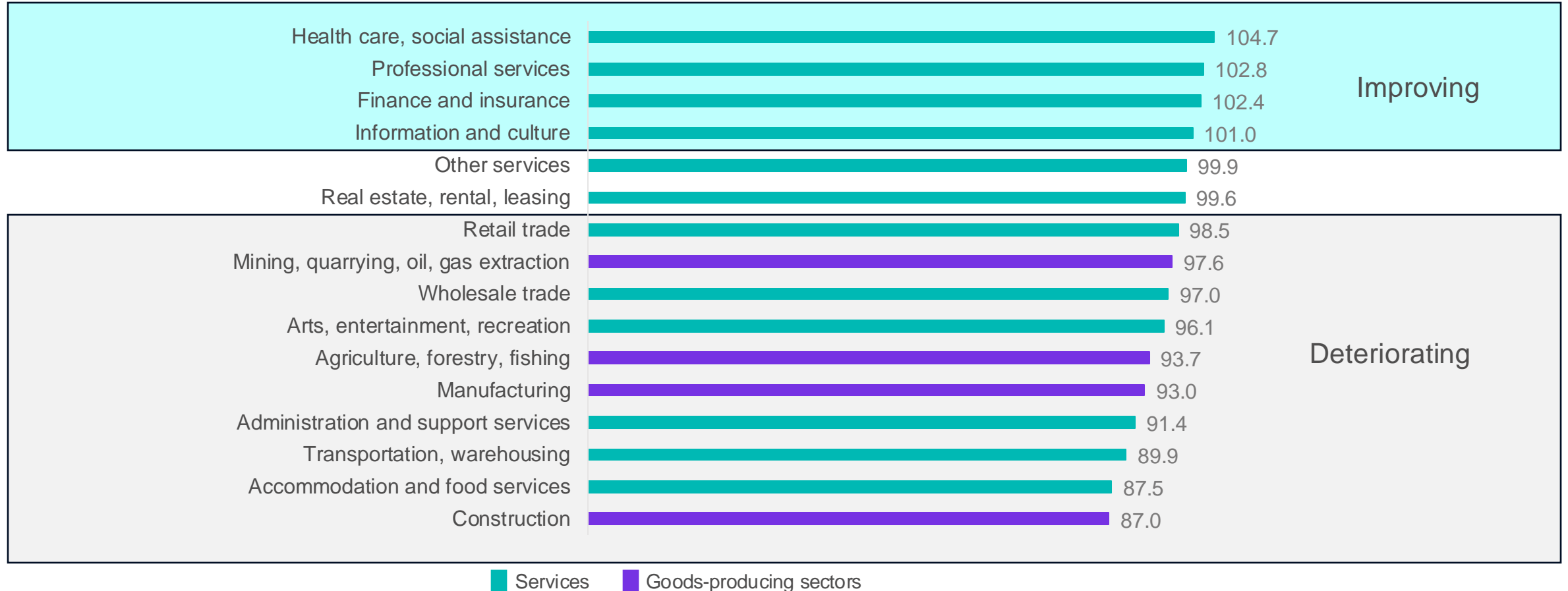




Sentiment deteriorated in most industries, especially goods-producing sectors. Healthcare, professional services, and finance remain the most optimistic.

Business Expectations Index, by industry

Next three months; above 100 indicates improving sentiment, below 100 indicates deteriorating sentiment

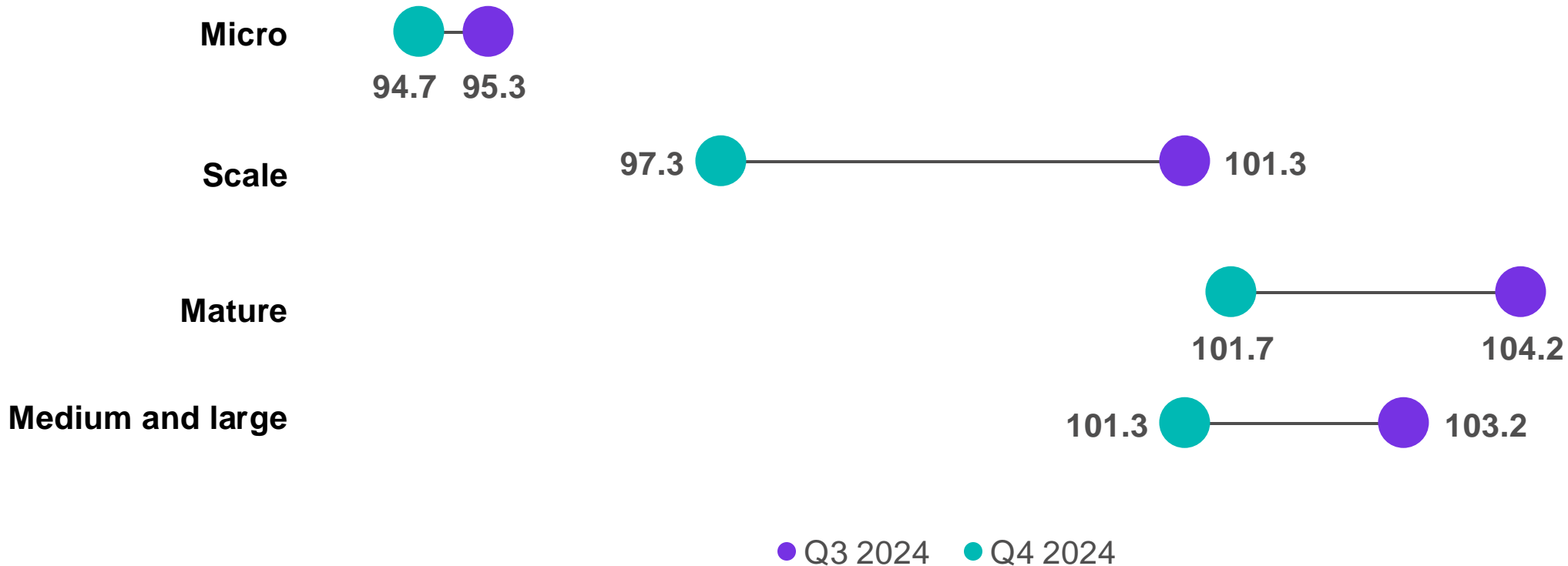




Sentiment was weaker in Q4 than Q3 across all business sizes.

Business Expectations Index, by firm size

Next three months; above 100 indicates improving sentiment, below 100 indicates deteriorating sentiment



Micro = 1-4 employees; Scale = 5-19 employees; Mature = 20-99 employees; Medium and large = 100+ employees.

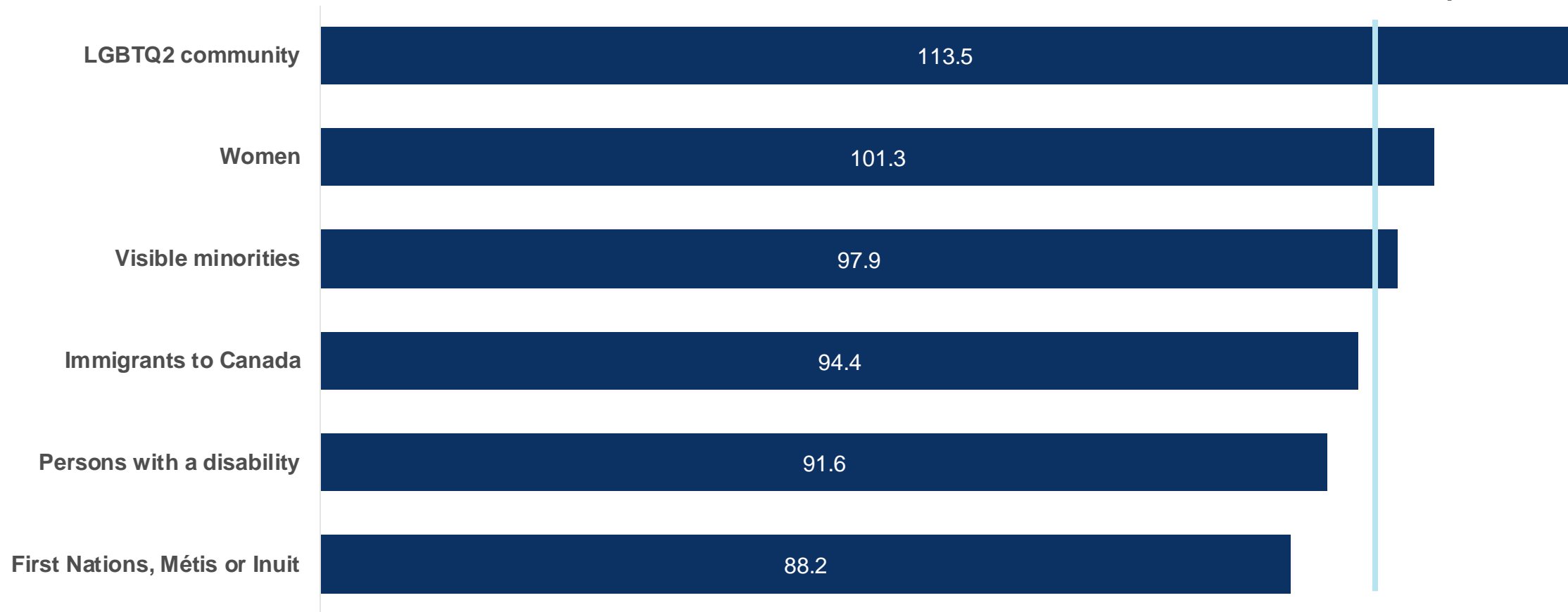


Among underrepresented groups, LGBTQ2-owned businesses are the most optimistic, followed by women-owned businesses.

Business Expectations Index, by ownership

Next three months; above 100 indicates improving sentiment, below 100 indicates deteriorating sentiment

All ownership

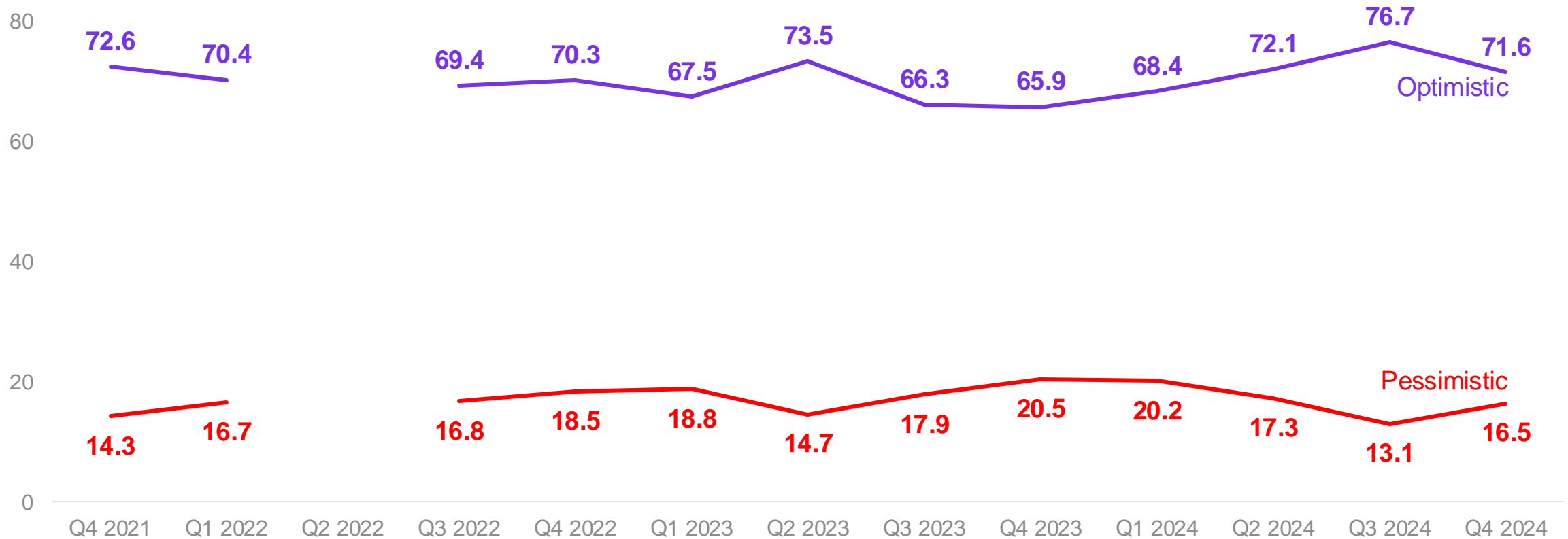




Looking beyond the next quarter to the next 12 months, business optimism faded and pessimism rose in this survey.

Future outlook for your business

Next 12 months; % of businesses



Note: Optimistic includes “somewhat optimistic” and “very optimistic”; pessimistic includes “somewhat pessimistic” and “very pessimistic”. Canadian Chamber of Commerce | Business Data Lab

Reponses do not sum to 100% because of “unknown” responses. Question was not included in Q2 2022.

Source: BDL analysis using Statistics Canada’s *Canadian Survey on Business Conditions*.

Q4 2024

Business obstacles

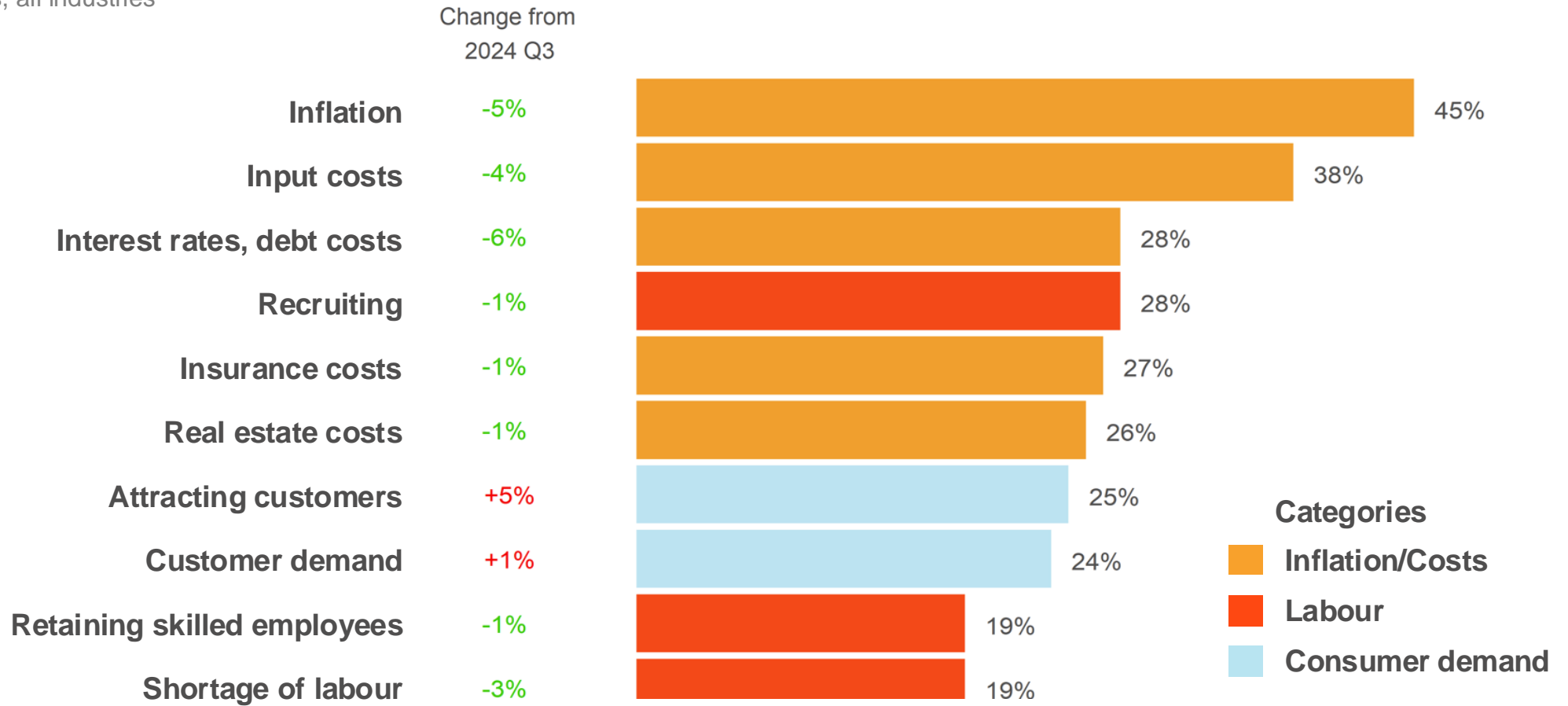




Costs obstacles remain the most prevalent for businesses...

Top 10 business obstacles expected, next three months

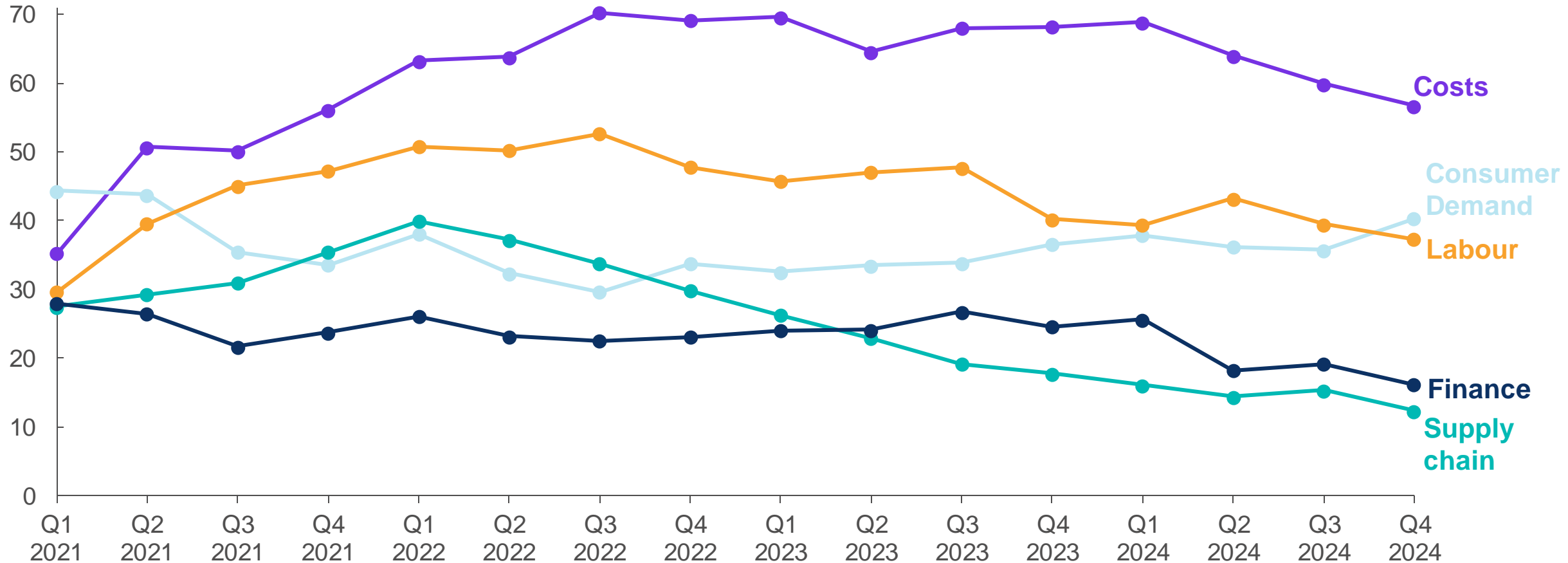
% of businesses, all industries





...but continue to ease, while concerns about consumer demand exceed labour obstacles for the first time in three and a half years.

Business obstacles expected, next three months
% of businesses, grouped by category



Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*.

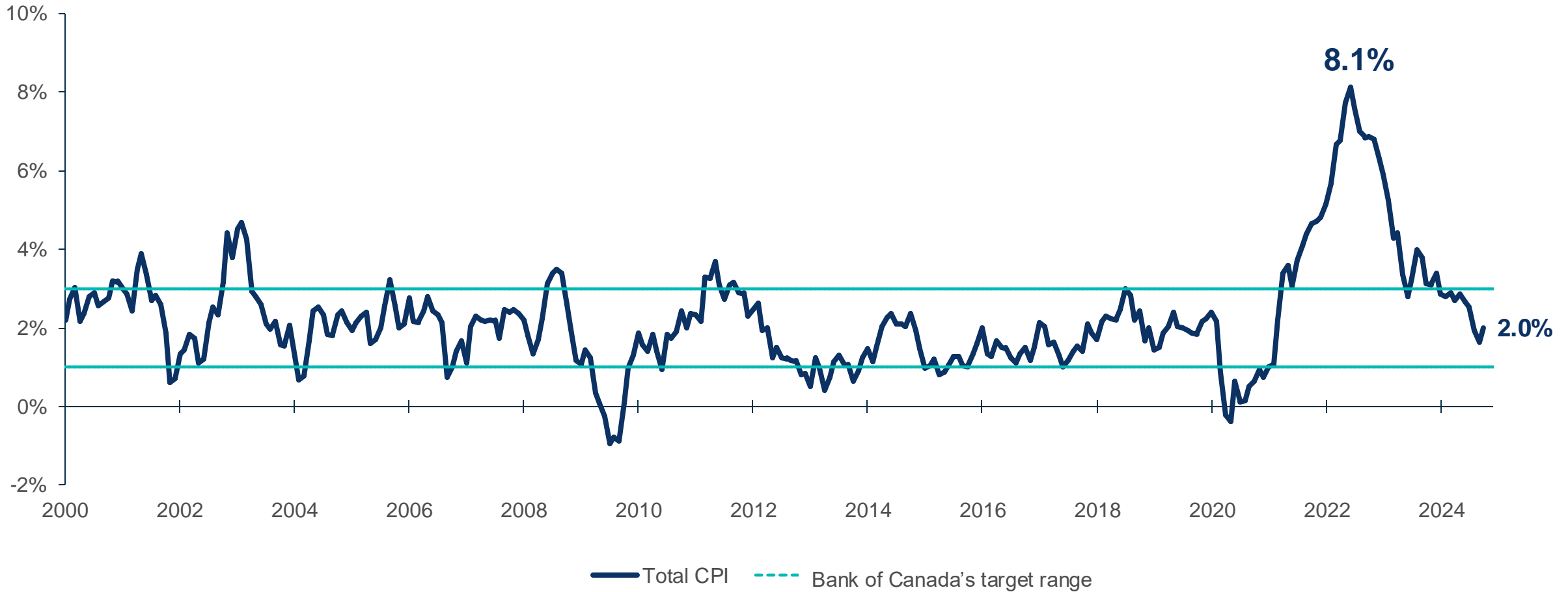
Q4 2024

Inflation and debt constraints



Context: Inflation is back to the Bank of Canada's 2% target and has been within the target range for the first 10 months of 2024.

Canadian consumer price index (CPI)
% change, year-over-year

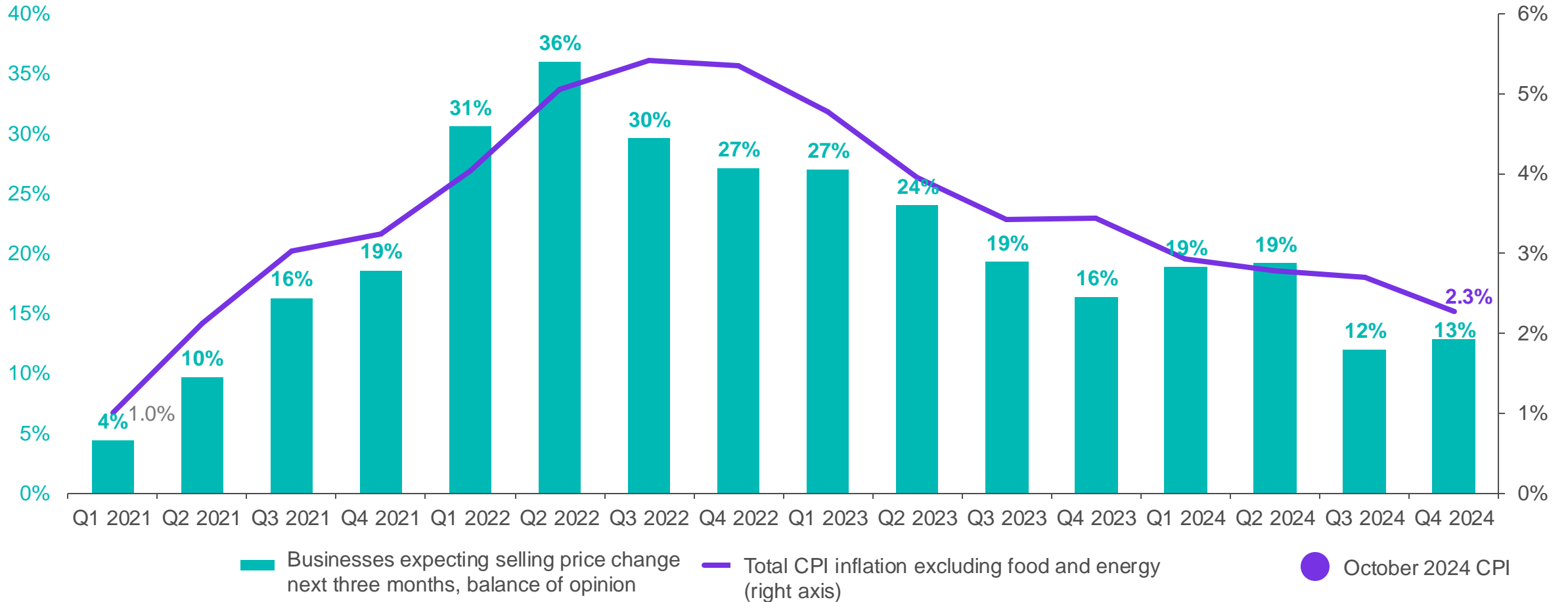




In the second half of 2024, there's been a noticeable drop in the share of companies expecting to raise prices.

Businesses expecting to raise their selling prices*, next three months; and CPI inflation, excluding food and energy

% of businesses, right axis; year-over-year % change



Note: *Balance of opinion = percentage of firms expecting to raise their selling prices minus percentage expecting to lower prices. Source: BDL analysis using on Statistics Canada's *Canadian Survey on Business Conditions* and CPI data.



Context: Business bankruptcies spiked in January 2024, coincident with the CEBA loan repayment deadline, but have declined rapidly.

Business insolvencies, Canada

Three month moving average, seasonally adjusted

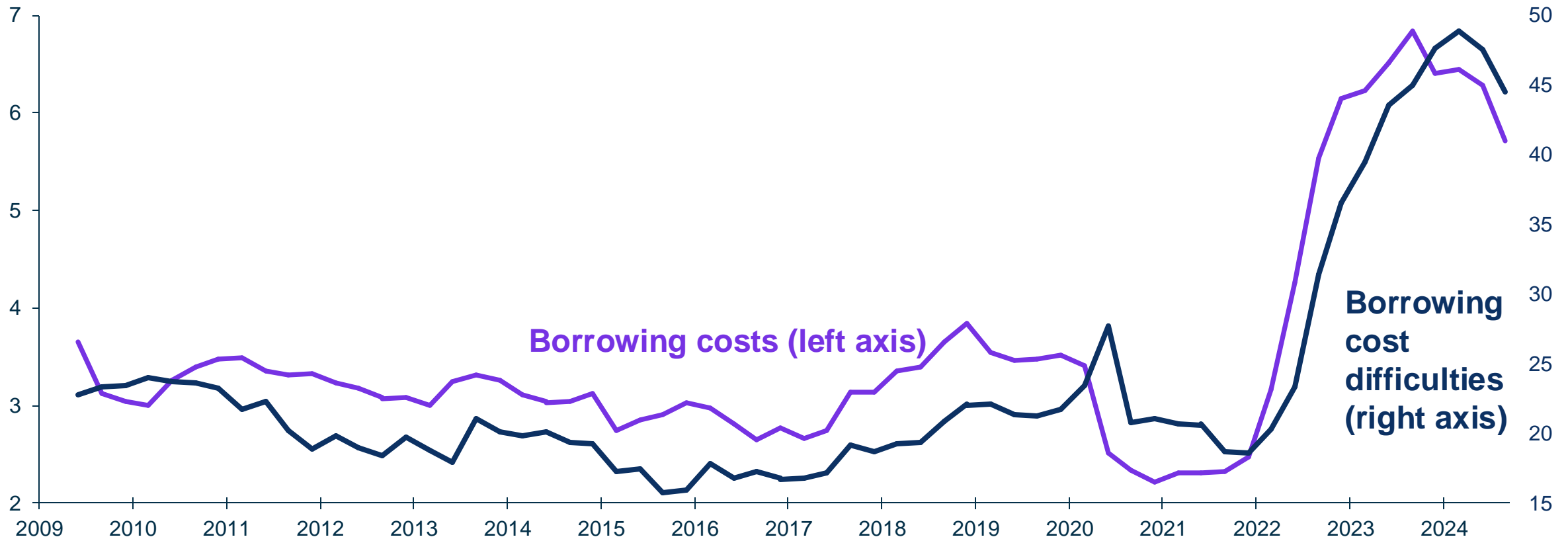


Note: CEBA = Canada Emergency Business Account
Source: BDL calculations using ISED data.



Context: Businesses are still struggling with borrowing costs, but the situation has started improving alongside interest rate cuts.

Effective business interest rate and share of small businesses reporting borrowing cost difficulties
Quarterly (left axis %; right axis % of total)

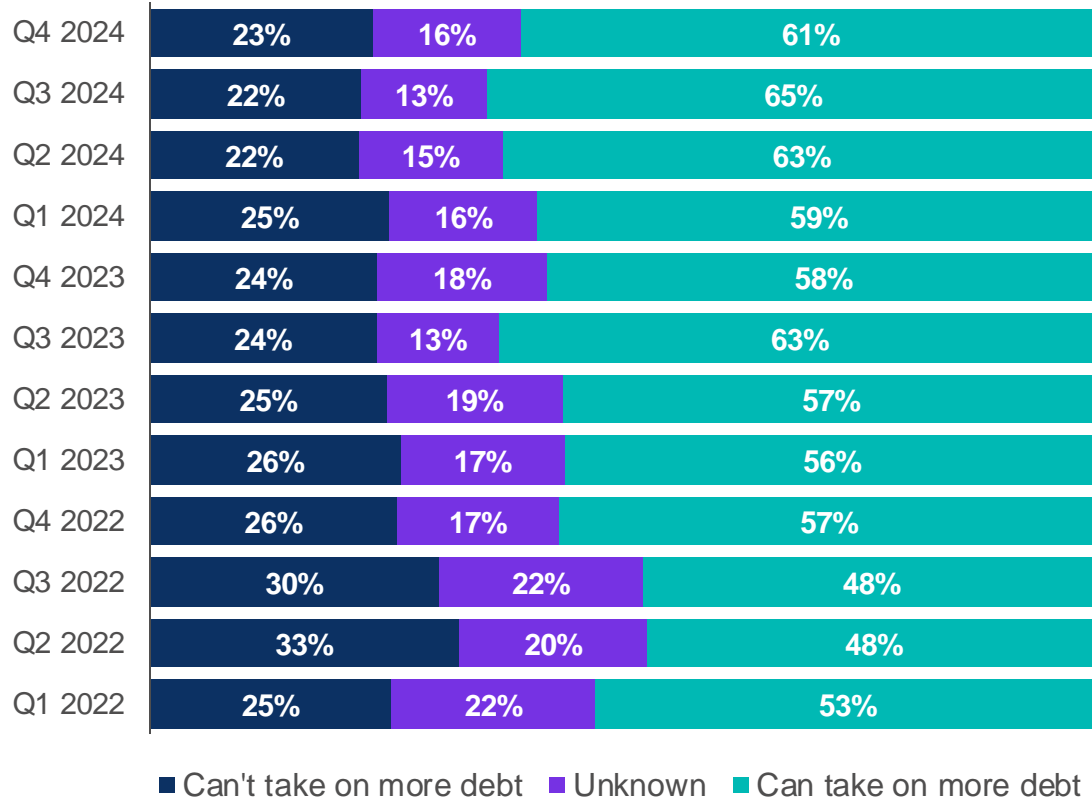




Overall debt constraints are relatively stable, but micro firms continue to feel more pressure.

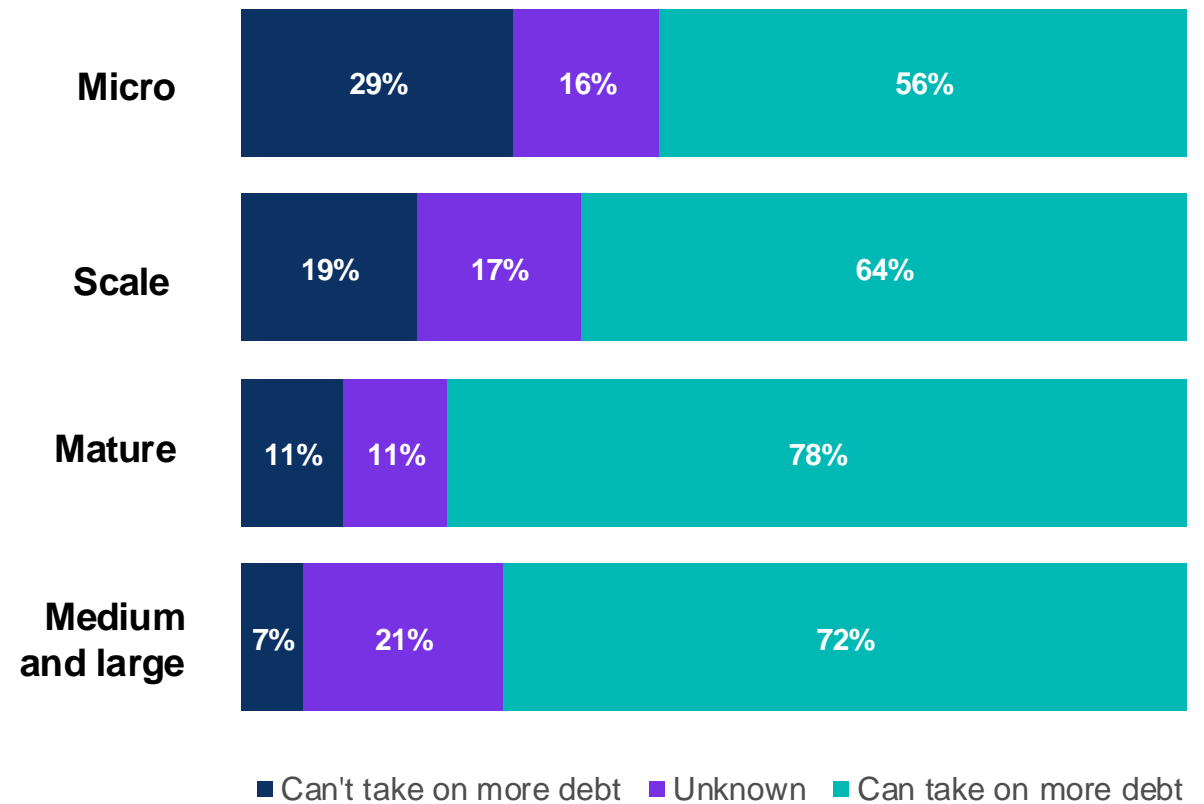
Ability to take on more business debt

% of businesses*, by survey quarter



Ability to take on more business debt

% of businesses*, by firm size



Micro = 1-4 employees; Scale = 5-19 employees; Mature = 20-99 employees; Medium and Large = 100+ employees.

Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*

*Note: Businesses are asked if they plan to apply for debt financing in the next three months. If they report "No", they are asked if the business has the ability to take on more debt. If they do not, they are asked the reasons why.

Q4 2024

Labour market

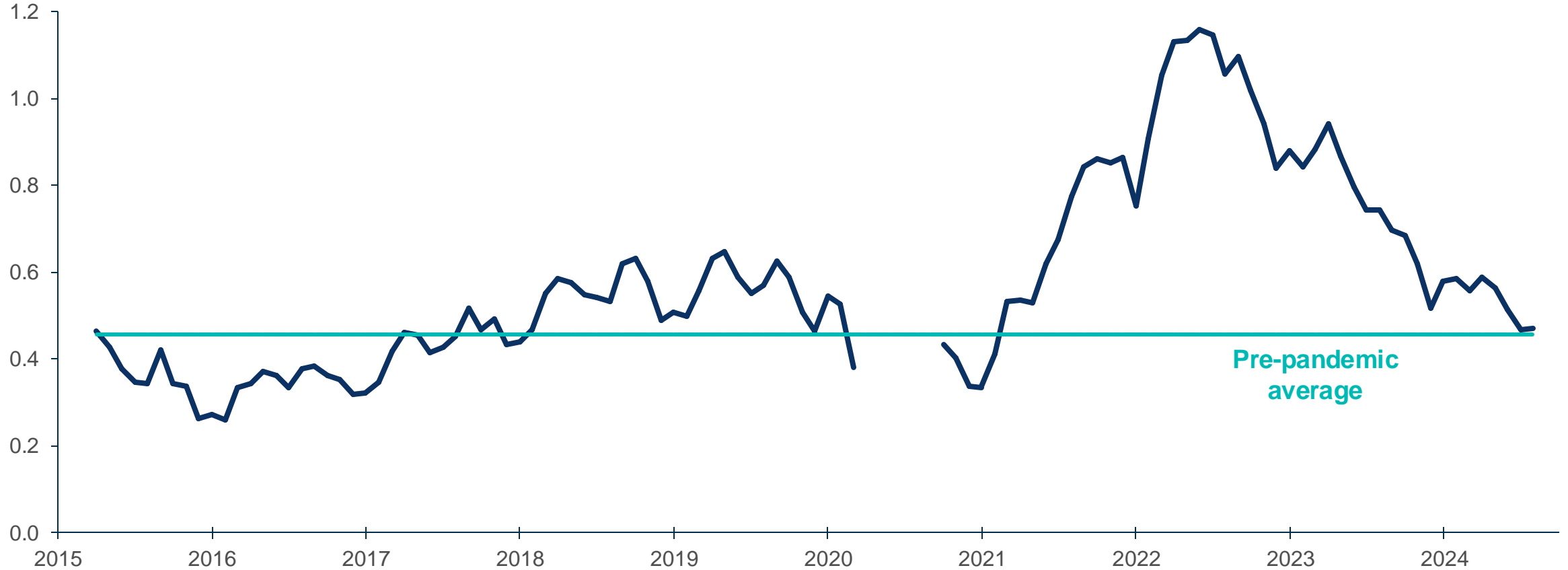




Context: Canada's labour market has normalized to the pre-pandemic balance of supply and demand.

Labour market tightness

Job vacancies per unemployed person





Nearly half of firms in administration, accommodation and food services, retail, and manufacturing expect short-term labour challenges.

Labour challenges expected, next three months

% of businesses by industry

Business Characteristics	Labour obstacle expected	Recruiting skilled employees	Retaining skilled employees	Labour force shortage
Accommodation, food services	46	32	23	28
Administrative services	46	34	25	28
Manufacturing	46	33	20	28
Retail trade	46	32	28	22
Arts, entertainment, recreation	40	28	25	12
Health care, social assistance	40	36	24	23
Wholesale trade	38	29	18	21
All Industries	37	28	19	19
Other services	37	30	18	19
Construction	36	28	15	22
Agriculture, forestry, fishing	34	24	18	24
Information, culture	32	23	20	14
Professional services	32	26	14	10
Finance, insurance	27	22	13	10
Mining, oil, gas extraction	27	22	20	13
Real estate	25	15	16	8
Transportation, warehousing	24	18	15	14

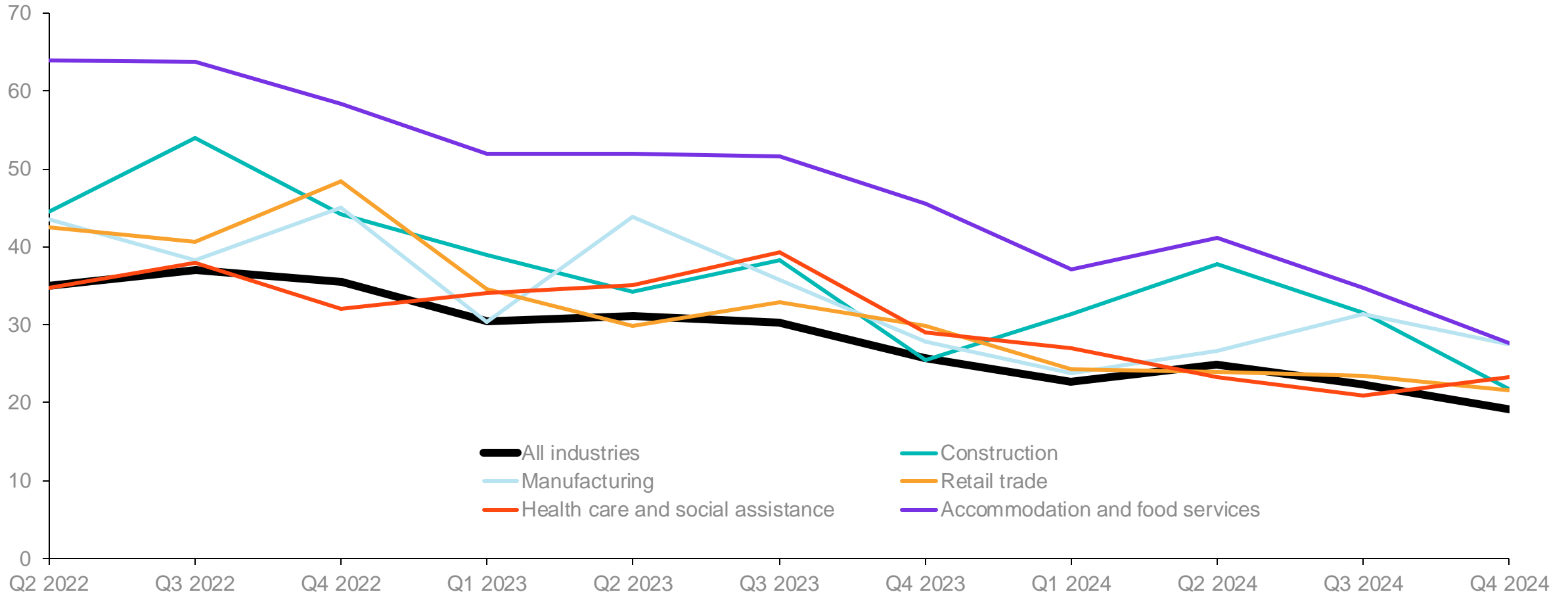
Higher  Lower

Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*; 9,420 business responses in October and November 2024.



Concerns about labour shortages have nonetheless eased across several key industries.

Labour shortages expected, next three months
% of businesses by industry

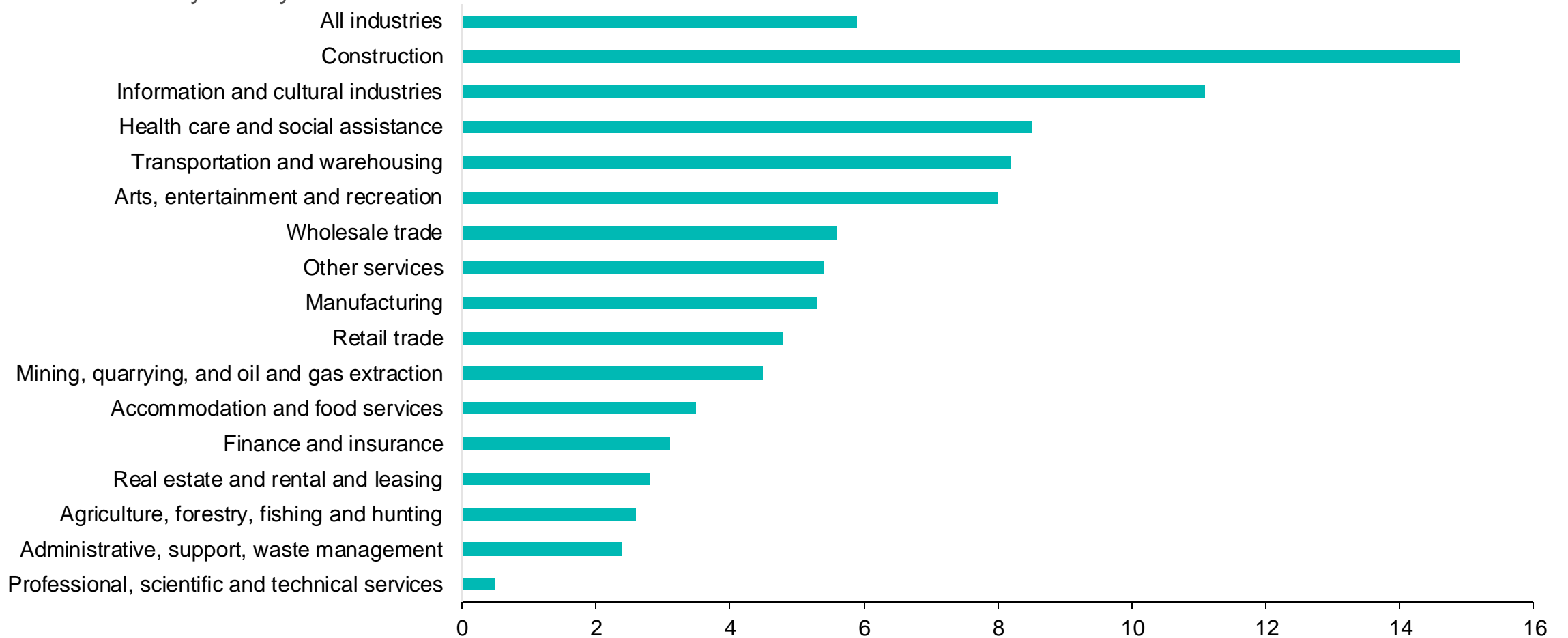


Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*; 9,420 business responses in October and November 2024.



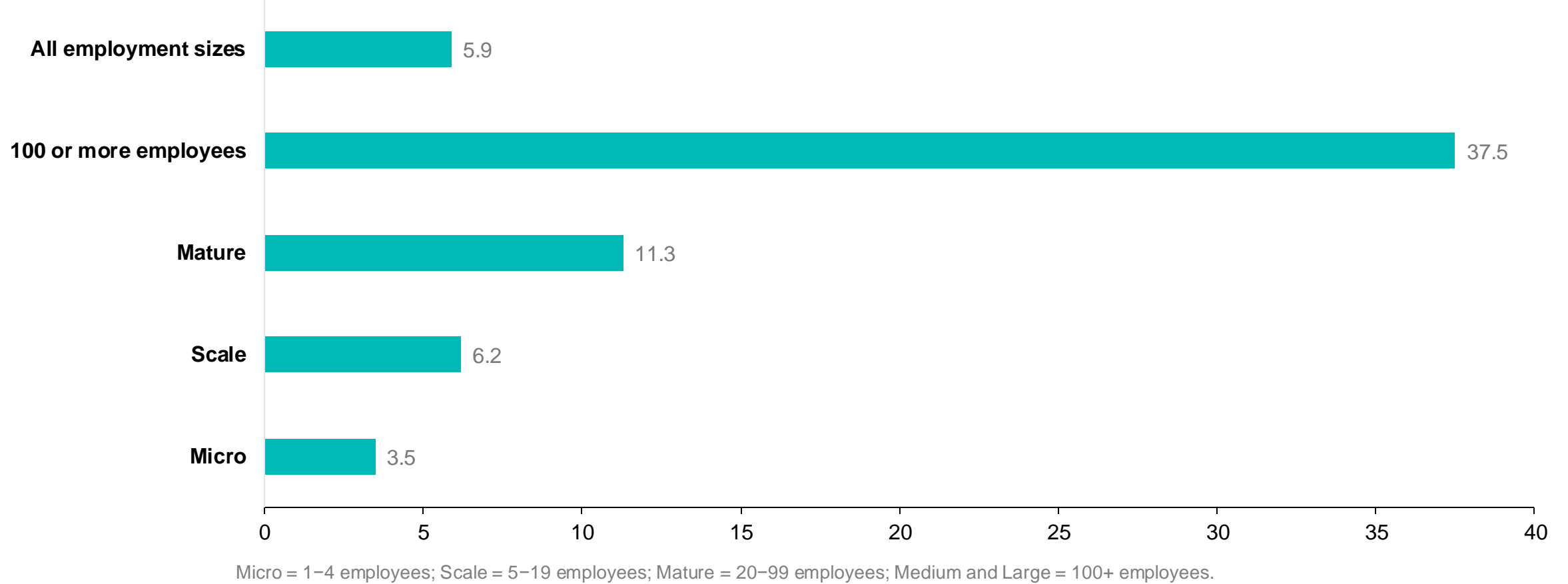
Construction, information and culture, and healthcare industries have higher unionization coverage.

Businesses with any employees that are unionized, 2024 Q4
% of total businesses by industry



Larger businesses have much higher unionization rates.

Businesses with any employees that are unionized, 2024 Q4
% of total businesses by firm size



Appendix





Most optimistic cities historically: Halifax, Sherbrooke and Quebec City. Most pessimistic: Toronto, Windsor and Vancouver.

Business Expectations Index, major census metropolitan areas

Next three months; above 100 indicates improving sentiment, below 100 indicates deteriorating sentiment

Location	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Latest Rank	Average Q1 2021-Q4 2024	Historical Rank
Canada	85.0	95.0	102.9	96.7	100.1	107.2	98.6	95.7	99.6	105.6	98.6	93.9	99.1	101.8	98.4	96.4	14	98.4	13
Victoria	96.0	101.2	107.5	109.9	103.7	108.6	98.8	92.8	103.0	104.8	100.1	96.0	102.1	101.7	102.6	100.5	7	101.8	5
Vancouver	84.8	93.2	102.7	98.4	97.7	102.7	97.4	88.4	102.4	103.9	95.4	92.3	96.2	100.6	93.2	92.6	18	96.4	20
Kelowna									97.2	112.7	97.1	90.7	103.0	102.7	90.2	96.4	14	98.8	10
Calgary	86.6	87.8	101.7	89.4	101.4	106.2	99.5	92.5	97.2	100.1	101.2	92.8	104.2	104.0	103.8	99.4	10	98.0	16
Edmonton	81.4	93.7	94.6	91.5	95.4	100.4	101.8	93.6	100.9	103.8	101.3	90.7	104.8	108.7	104.4	99.9	8	97.9	17
Saskatoon	86.4	100.5	103.7	97.7	107.3	101.4	97.9	98.3	97.7	111.1	99.4	96.2	104.1	96.6	99.2	96.4	14	99.6	8
Regina	82.7	92.9	101.0	88.0	98.7	103.7	98.3	96.7	104.2	109.1	102.3	94.7	100.0	91.6	106.9	98.3	13	98.1	14
Winnipeg	89.4	91.6	105.3	103.1	101.0	110.4	101.2	99.5	101.0	102.8	101.6	102.8	97.3	99.7	101.7	102.1	4	100.7	6
Windsor	69.5	87.2	98.2	102.3	96.1	107.4	96.0	99.7	89.9	104.7	95.7	95.7	100.4	98.0	91.3	89.2	20	95.1	21
London	87.4	100.4	99.7	103.0	97.6	103.7	96.0	97.9	101.6	105.6	103.2	90.6	91.0	104.1	103.8	110.2	1	99.7	7
K-W-C	79.9	93.0	109.0	104.9	95.2	106.4	103.8	94.4	104.3	105.5	91.4	78.9	100.5	101.5	104.8	102.4	3	98.5	12
St. Catharine's/Niagara	74.9	90.5	101.0	103.3	89.6	107.5	103.5	95.4	98.3	115.5	95.1	88.5	103.6	106.2	97.4	90.6	19	97.6	19
Hamilton	82.7	91.3	106.5	100.7	105.3	109.1	96.7	92.1	103.4	108.4	106.2	85.1	95.8	101.1	84.9	98.6	12	98.0	15
Toronto	75.0	89.4	96.1	96.3	99.3	103.7	96.3	98.2	94.8	102.4	93.6	91.5	94.5	98.2	91.9	94.4	17	94.7	22
Oshawa	76.9	90.7	104.1	95.9	97.6	105.7	101.3	90.7	99.5	99.0	100.8	78.8	112.8	105.3	103.1	101.5	5	97.7	18
Ottawa-Gatineau	85.7	88.5	111.8	106.1	96.4	104.7	94.9	95.0	98.9	113.0	104.4	96.0	101.1	98.3	99.8	85.3	21	98.7	11
Montreal	90.8	100.7	108.7	99.2	107.1	111.6	104.2	96.0	103.3	105.2	103.6	101.4	104.2	105.5	97.7	98.7	11	102.4	4
Sherbrooke	101.5	113.3	105.8	105.5	103.4	114.2	101.3	95.4	106.0	109.3	98.6	92.7	107.2	115.0	104.0	99.7	9	104.6	2
Quebec City	95.7	100.5	112.8	97.9	103.5	107.5	105.0	103.7	110.5	107.4	105.9	97.7	98.8	110.8	105.4	107.9	2	104.4	3
Halifax	95.7	103.6	110.7	102.7	104.0	117.8	104.3	102.2	103.9	111.3	104.4	98.5	112.7	115.6	108.6	100.9	6	106.1	1
St. John's	85.3	100.5	102.6	95.4	94.3	112.4	101.1	100.4										99.0	9

Note: K-W-C = Kitchener-Waterloo-Cambridge

Source: BDL calculations using Statistics Canada's *Canadian Survey on Business Conditions*.

Business Expectations Index methodology

Objectives: The Business Expectations Index captures the near-term outlook according to Canadian businesses. The index is timely, forward-looking and useful for a wide variety of business contexts.

Methodology: The BDL leverages Statistics Canada’s *Canadian Survey on Business Conditions* (CSBC) as a key input to construct quantitative business sentiment indicators for Canada and many business sub-populations. The index uses a diffusion methodology commonly applied to business surveys, constructed as follows:

$Index_i = 100 * (2 * P_{I,i} + 1 * P_{NC,i} + 0 * P_{D,i})$, where

$P_{I,i}$ = % of businesses who expect series i to “increase”;

$P_{NC,i}$ = % of businesses who expect in series i to “stay about the same”;

$P_{D,i}$ = % of businesses who expect series i to “decrease”.

Where i = sales, employment, investment and profitability. “Not applicable” responses are removed by re-weighting each component series separately. The headline composite index is calculated by applying equal weights to firms’ expectations over the next three months for these four components. Results are available for the following 71 business contexts:

- 36 regions (national, provincial, territorial, rural and urban, as well as 20 major cities).
- 16 industries (at the NAICS two-digit level, e.g., manufacturing, construction) as well as private-sector businesses.
- Six business ownership groups (including women, Indigenous, immigrant and visible minorities).
- Four firm sizes (by employment: 1–4 employees, 5–19 employees, 20–99 employees, 100+ employees).
- Four firm ages (2 years or less, 3–10 years, 11–20 years, 20+ years).
- Three firm trade statuses (goods exporters and importers, and not globally engaged).

Interpreting the index: Index scores range from a minimum of zero (if all businesses expect a decrease/deterioration) to a maximum of 200 (if all businesses expect an increase/improvement). A value of 100 indicates “no net change” in business expectations relative to last quarter. Values above 100 indicate an improving outlook, while values below 100 signal a deteriorating outlook.

Survey objectives: The *Canadian Survey on Business Conditions* (CSBC) was created in spring 2020 by Statistics Canada in partnership with the Canadian Chamber of Commerce to provide timely, relevant data on business conditions in Canada, as well as businesses' expectations and views on emerging issues. These surveys are used by governments, business associations and analysts to monitor evolving business conditions and devise policies to support Canadian business.

Survey period: The Q4 2024 CSBC data collection period was October 1 to November 4, 2024 (i.e., prior to the outcome of the U.S. election).

Survey approach: The survey was conducted by Statistics Canada via electronic questionnaire, using a stratified random sample of business establishments with employees, classified by geography, industry sector and size. Population totals are estimated using calibration weights. The survey is based on responses from 9,420 businesses or organizations.

Note: Charts might not sum to 100% due to rounding.

Contact: This report presents CSBC analysis conducted by the Canadian Chamber of Commerce's Business Data Lab. For questions, comments or inquiries, contact Stephen Tapp, Chief Economist (STapp@Chamber.ca).

The Business Data Lab is made possible through our collaboration with Statistics Canada and financial support from Innovation, Science and Economic Development Canada.