

# Business Insights Quarterly

Q1 2025



Canadian  
Chamber of  
Commerce  
Chambre de  
Commerce  
du Canada



Business  
Data Lab  
Laboratoire de données  
sur les entreprises



## MESSAGE FROM THE BUSINESS DATA LAB

This edition of *Business Insights Quarterly* provides a focused analysis of Canadian goods exporters and supply chains amid the escalating trade conflict between Canada and the United States.

As we move through 2025, Canadian businesses — especially goods exporters — face mounting headwinds. While the economy showed some resilience in early 2024, this quarter's findings reveal that business optimism continues to erode, particularly among exporters.

For years, goods exporters have been among the most optimistic businesses in Canada, but that advantage has disappeared. Now, they contend with heightened trade policy uncertainty, weakening demand conditions, and renewed supply chain disruptions.

Supply chain challenges, once easing, are reemerging as a top business obstacle — not just for exporters, but across industries. Many of these disruptions trace back to last year's transportation bottlenecks triggered by labour disputes across Canada's trade-enabling infrastructure.

For the second straight quarter, businesses rank weak consumer demand as a greater concern than labour shortages— signaling a prolonged slowdown in spending amid rising trade policy uncertainty.

After a steady decline in pricing pressures, the share of firms expecting to raise prices has increased, signaling a potential short-term inflation uptick. This reversal is likely driven by new tariff measures, which are raising cost pressures for businesses and could feed into consumer prices in the months ahead.

The findings underscore growing pressures on Canadian businesses, particularly exporters, as trade tensions, supply chain disruptions and weaker demand conditions converge to shape the year ahead.

Despite these challenges, Canadian businesses have a strong track record of resilience. Navigating this evolving trade landscape will require strategic adaptation — from diversifying markets to strengthening domestic supply chains. The Canadian Chamber's Business Data Lab (BDL) remains committed to providing timely data and insights to help businesses navigate these turbulent times and prepare for the future.

For more insights, explore specific industry and regional trends using our interactive *Business Insights Tracker*, available on the BDL website.

### Patrick Gill

Vice President, Operations & Partnerships,  
Business Data Lab, Canadian Chamber of Commerce





## KEY FINDINGS

### Business Outlook

- ***Business Expectations Index signals weak outlook:*** BDL's index remains below the neutral threshold of 100, indicating a deteriorating business outlook, particularly in trade-exposed industries and for businesses with fewer than five employees.
- **Exporters' sentiment declines sharply:** Historically among the most optimistic businesses, exporters now trail other businesses in sentiment, reflecting growing concerns over trade policy uncertainty, weakening demand, and worsening supply chains.
- **Regional divide widens:** Business sentiment continues to be weakest in Ontario due to businesses' exposure to trade policy risks. Within Ontario, Southwestern Ontario stands out, with businesses reporting significant pessimism amid trade uncertainty.





# KEY FINDINGS

## Business Obstacles

- **Micro firms remain vulnerable:** Small businesses, particularly those with fewer than five employees, continue to face acute pressures, including debt constraints and fluctuating customer debt.
- **Weak consumer demand remains a top concern, outpacing labour challenges for a second quarter:** For the second consecutive quarter, businesses rank weak consumer demand as a greater obstacle than attracting and retaining workers. This sustained shift signals ongoing concerns over weakening consumer confidence and slowing spending amid rising trade tensions.
- **Cost pressures ease, but inflationary concerns remain:** While businesses are facing less pressure from rising costs, inflationary signals are showing signs of resurgence.
- **Short-term inflation risks rise amid tariff uncertainty:** After a steady decline in pricing pressures, the share of firms expecting to raise prices has increased, signaling a potential short-term inflation uptick. This reversal is likely driven by new tariff measures, which are raising cost pressures for businesses and could feed into consumer prices in the months ahead.





## KEY FINDINGS

### Supply Chains

- **Supply chain pressures intensify:** A growing number of firms report worsening supply chain obstacles, with a sharp rise in exporters expecting continued disruptions. Among Canadian businesses facing supply chain challenges, half anticipate further deterioration — a 21% quarterly increase, marking the largest surge in years.
- **Labour disruptions have left a lasting mark on supply chains:** Labour disruptions at transportation and logistics providers last year directly affected nearly 130,000 Canadian businesses, with exporters disproportionately impacted. These businesses faced disruptions to their inputs, products and supply chains.
- **Exporters struggle with supply chain bottlenecks:** Difficulty acquiring inputs, both domestically and internationally, is rising again, reversing earlier signs of improvement. Maintaining inventory levels is also an increasing challenge.



**Q1 2025**

**OUTLOOK  
ACCORDING TO  
CANADIAN BUSINESSES**

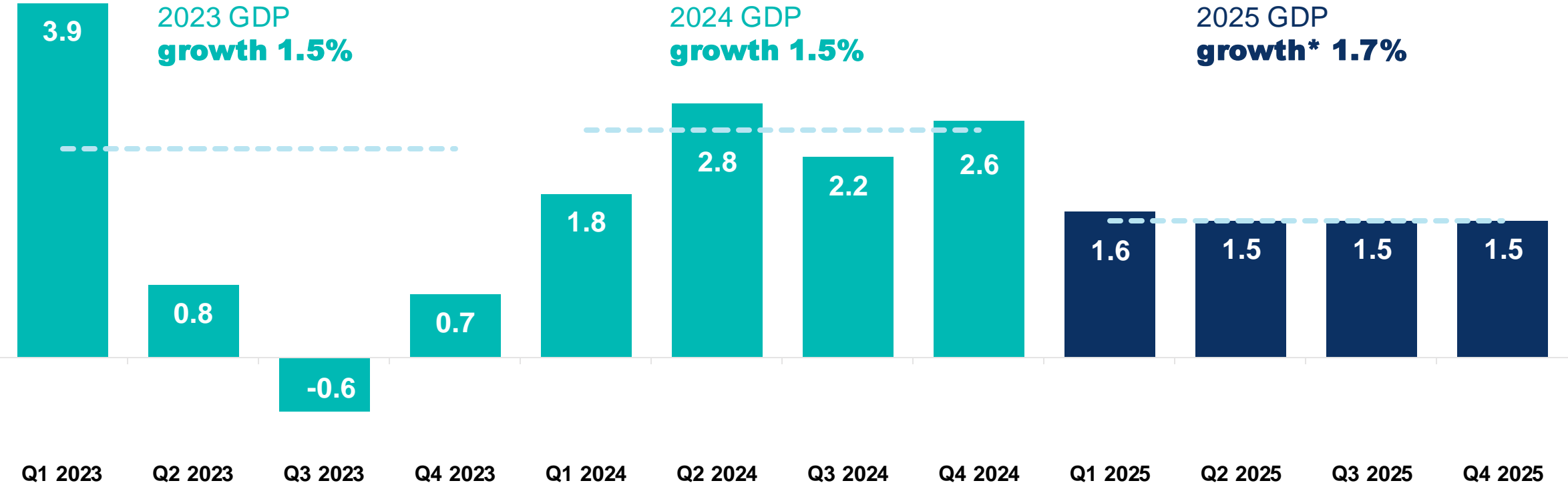


# After a weak 2023, Canada's economy sees a short-lived rebound in early 2024 before slowing in 2025 amid rising trade tensions.

## Canadian real gross domestic product (GDP) growth

Chained 2017 dollars, annualized quarterly percent change

Actual Forecast Potential output growth\*



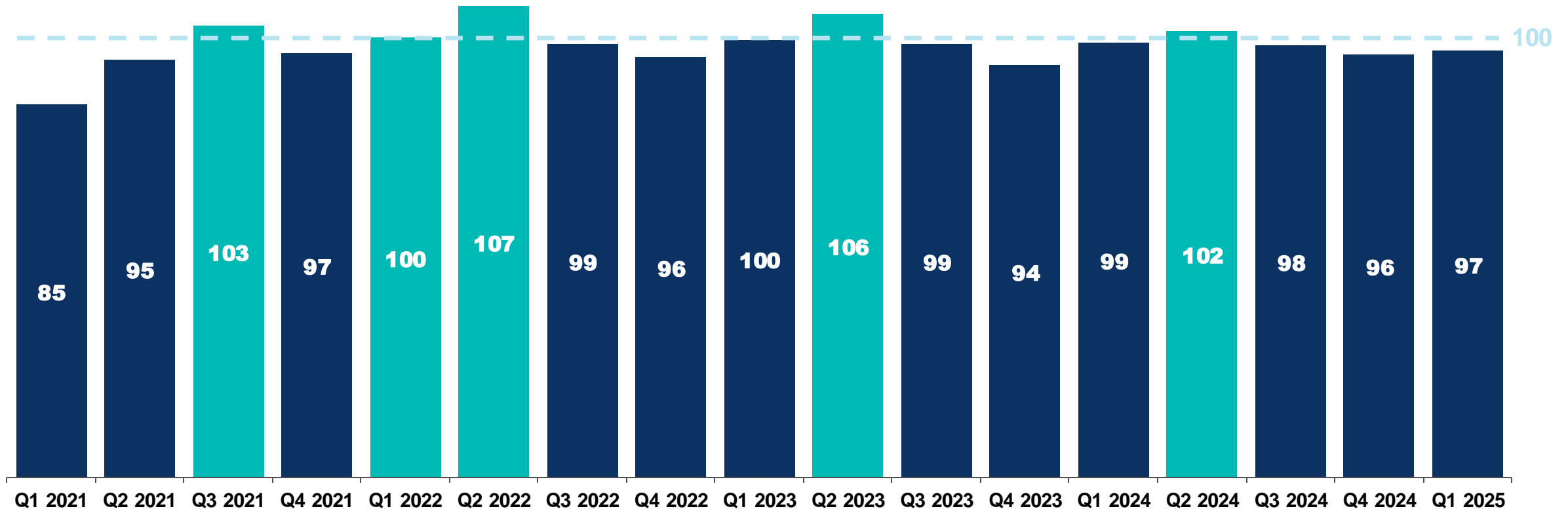
Sources: Statistics Canada historical data and Bloomberg consensus forecast as of March 10, 2025.  
\*Estimates from Bank of Canada's *Monetary Policy Report*.

# Business sentiment remains weak after three consecutive quarters.

## Business Expectations Index

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

Deteriorating Improving



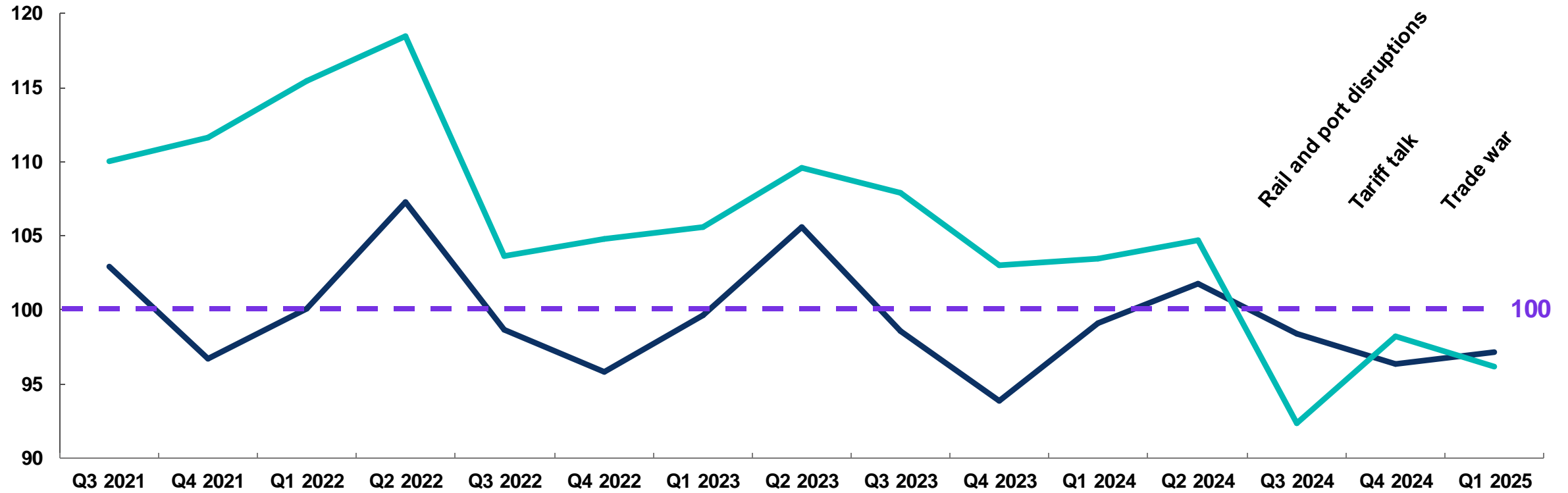


# Normally optimistic, exporters now turn pessimistic amid supply chain turmoil and rising trade tensions.

## Business Expectations Index

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

● All industries ● Goods exporters

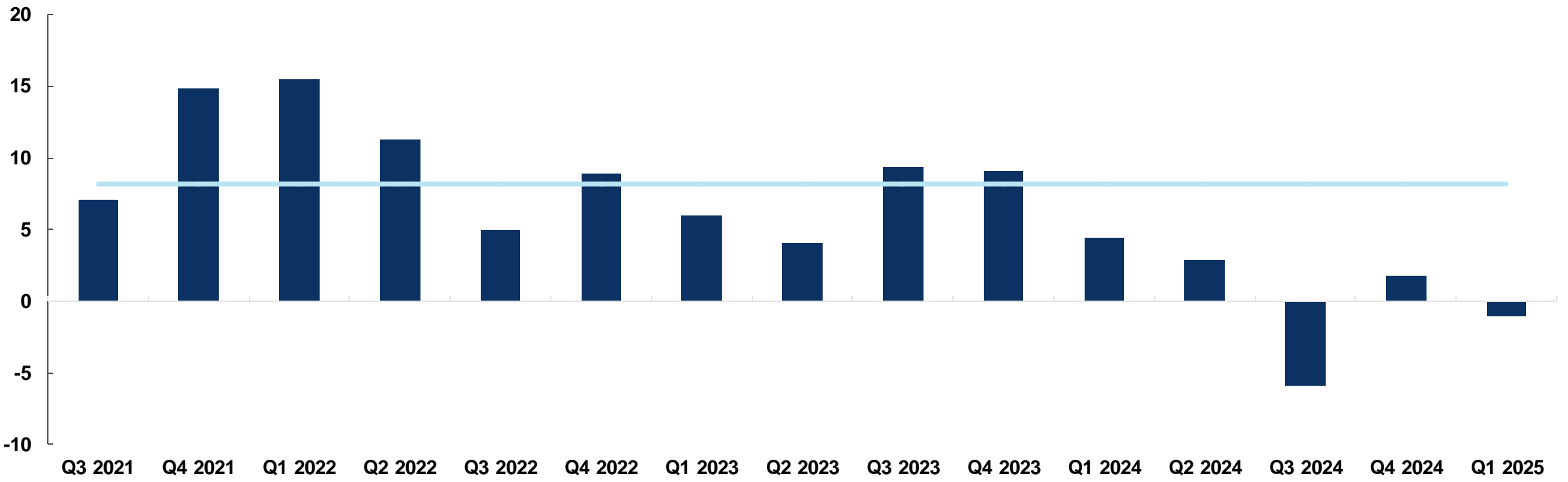


# Exporters lose their optimism edge. Now trail other businesses in sentiment.

## Business Expectations Index, difference between goods exporters and all businesses

Difference in sentiment between exporters and all businesses. Positive values mean exporters are more optimistic; negative values mean they are less optimistic.

● Exporter advantage    — Average pre-Trump



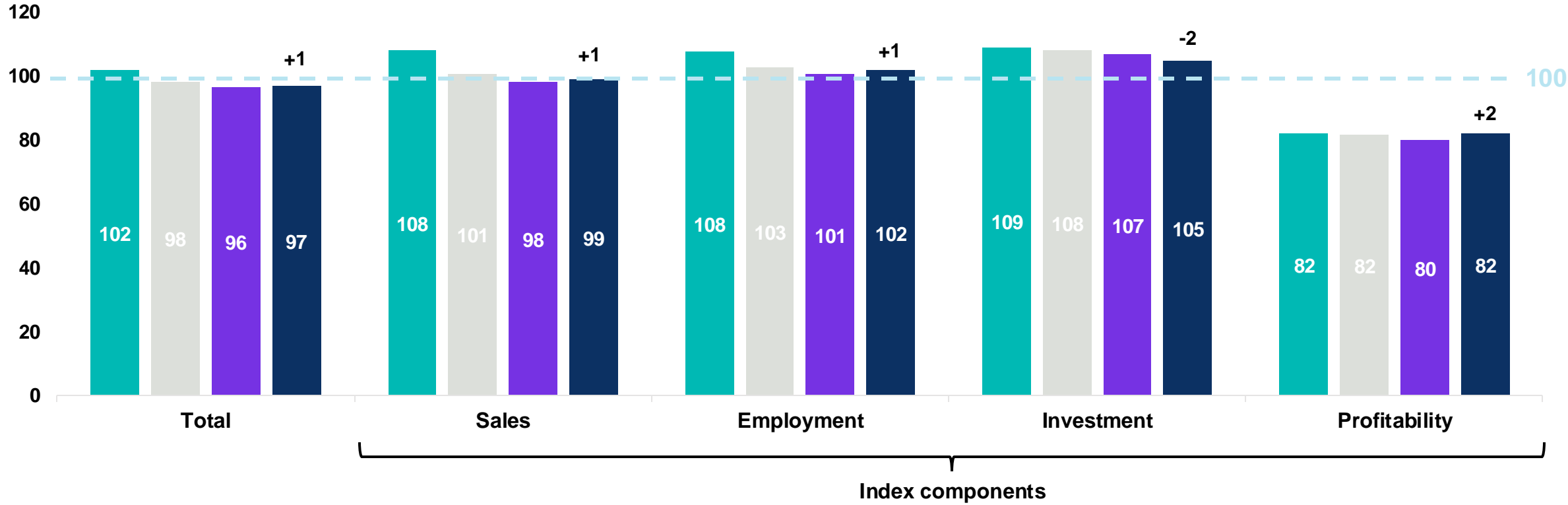
Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*.

# Profitability remains the biggest drag on business sentiment, while investment outlook dips.

## Business Expectations Index, total and components

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

Q2 2024 Q3 2024 Q4 2024 Q1 2025

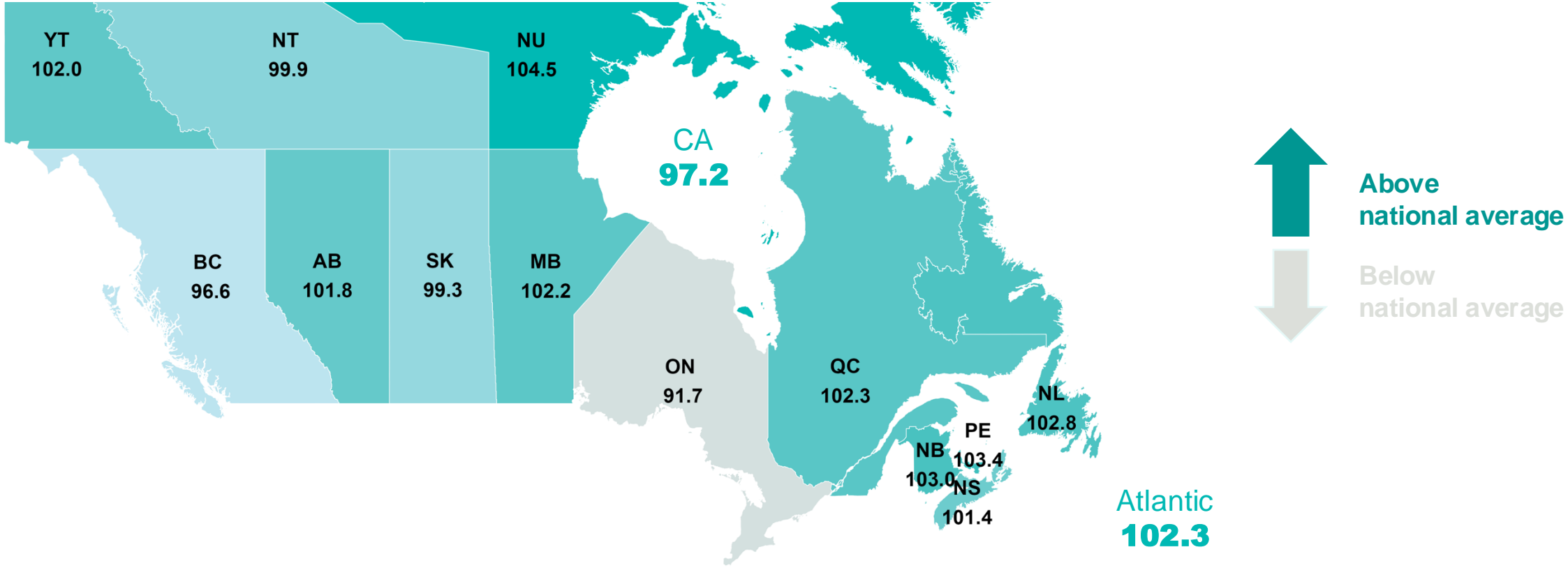


Note: Change from last quarter in parenthesis.  
 Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*.

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

## Business Expectations Index, provinces and territories

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

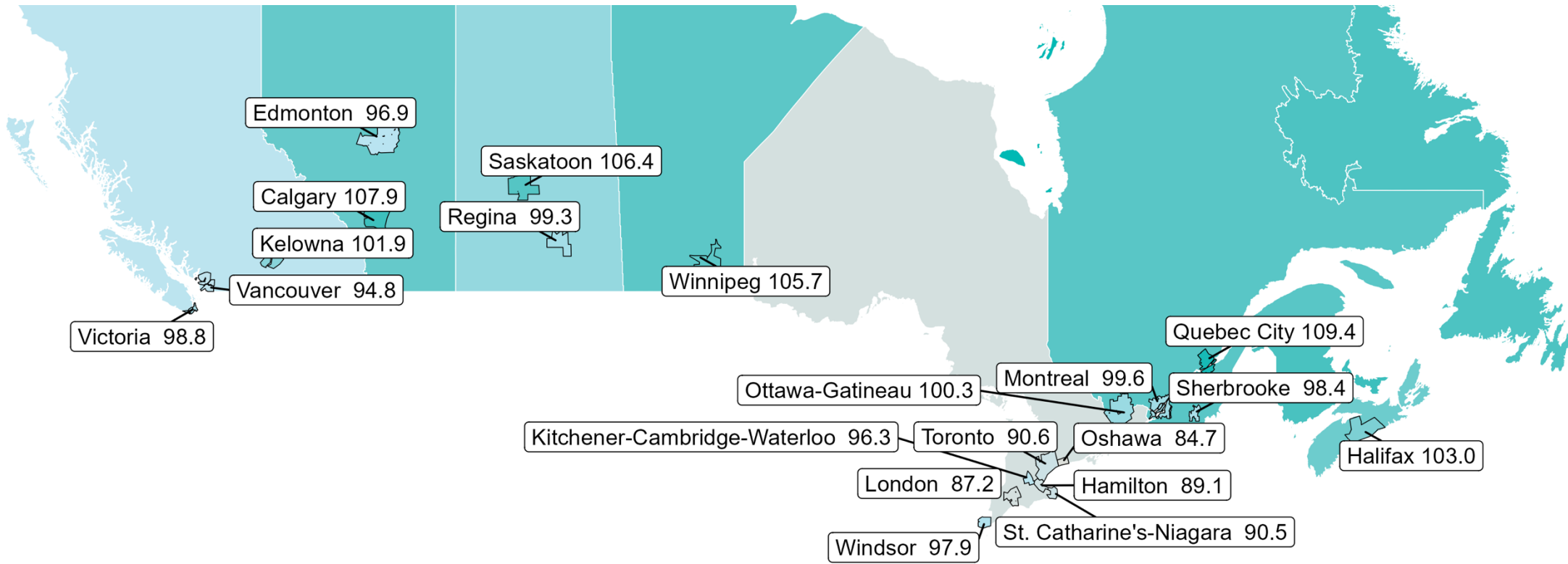


Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*; 9,785 business responses in January and February 2025.

# Among major Canadian cities, business sentiment is weak across trade-exposed Southwestern Ontario.

## Business Expectations Index, census metropolitan areas (CMAs)

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*; 9,785 business responses in January and February 2025.

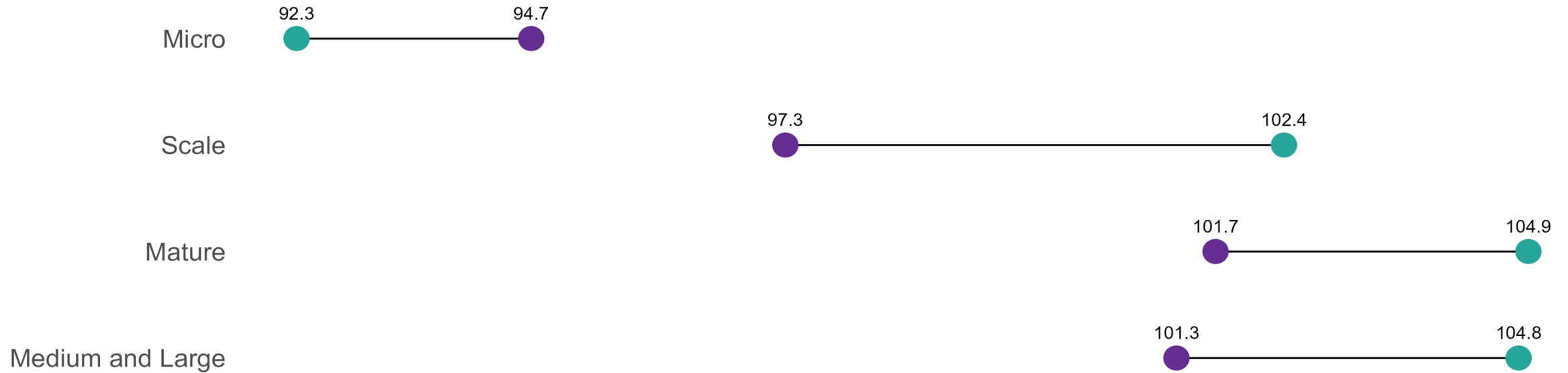


# Micro business sentiment continued to weaken in early 2025.

## Business Expectations Index, by firm size

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

Q4 2024 Q1 2025



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

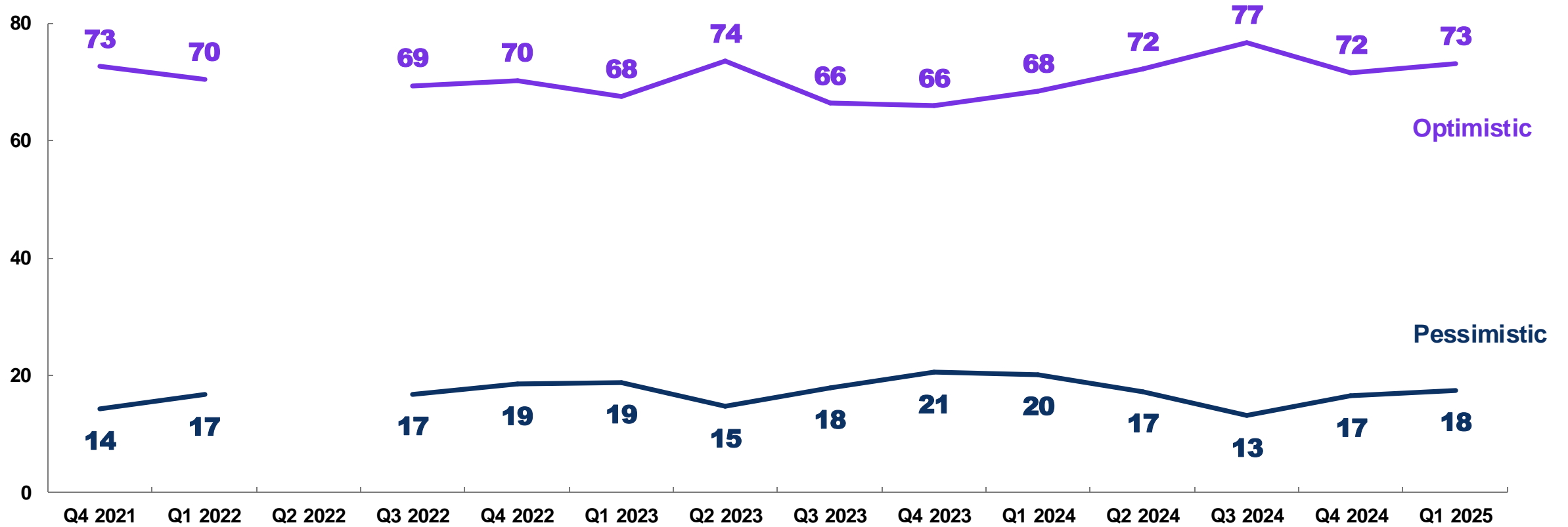


Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*; 9,785 business responses in January and February 2025.

# Despite current economic uncertainties, most businesses maintain a positive outlook for the year ahead.

## Future outlook for businesses

Next 12 months; % of all businesses



Note: Optimistic includes “somewhat optimistic” and “very optimistic”; pessimistic includes “somewhat pessimistic” and “very pessimistic”. Responses 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*.

**Q1 2025**

**BUSINESS  
OBSTACLES**



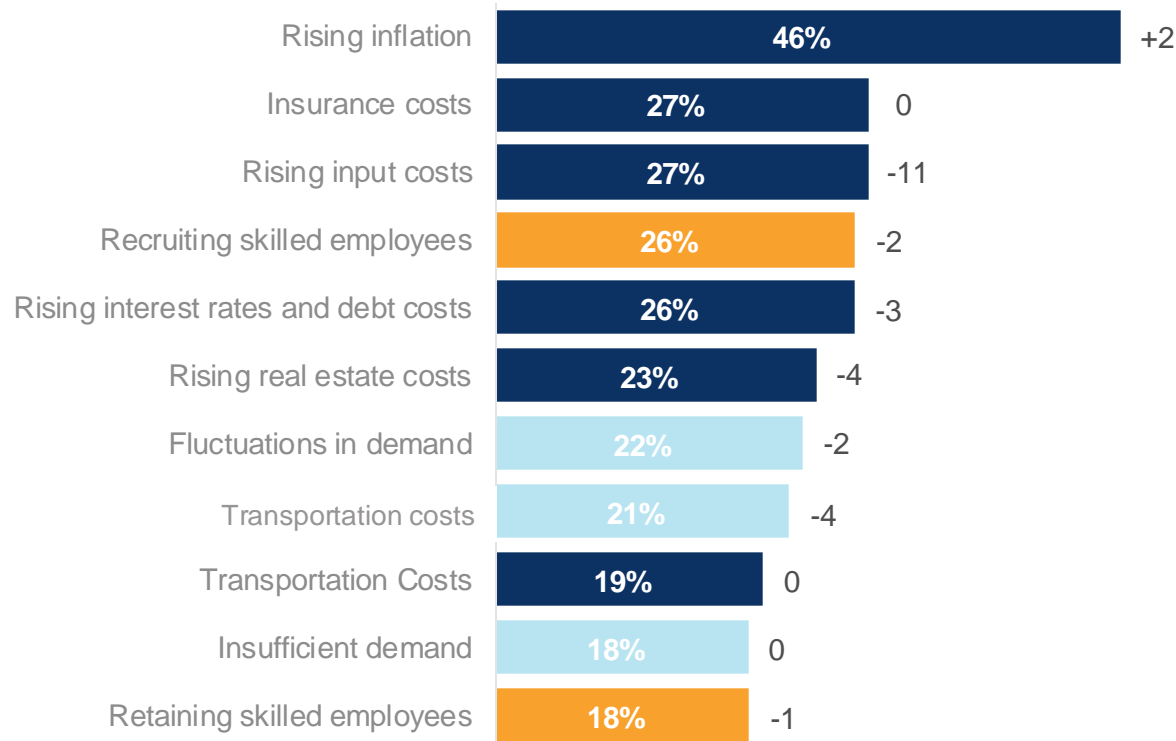
# Exporters face rising costs, supply disruptions and shifting demand.

## Top 10 business obstacles expected, next three months

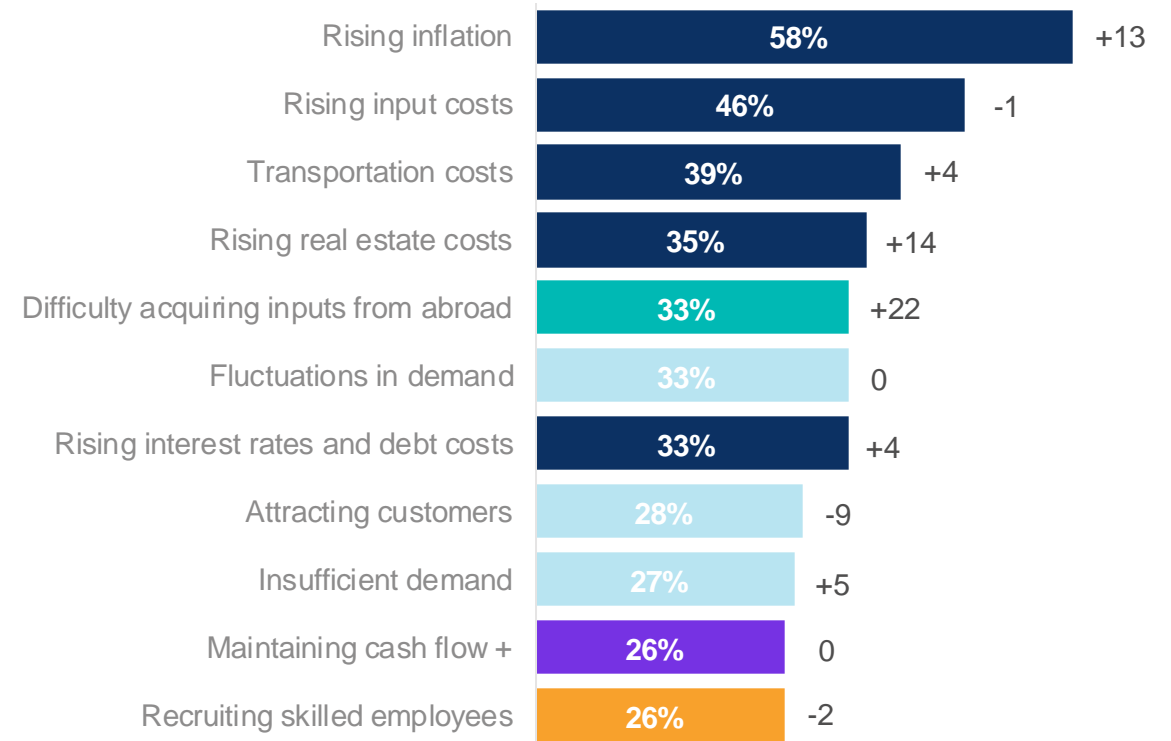
% of businesses

● Costs ● Demand ● Labour ● Financing ● Supply

### All businesses



### Goods exporters

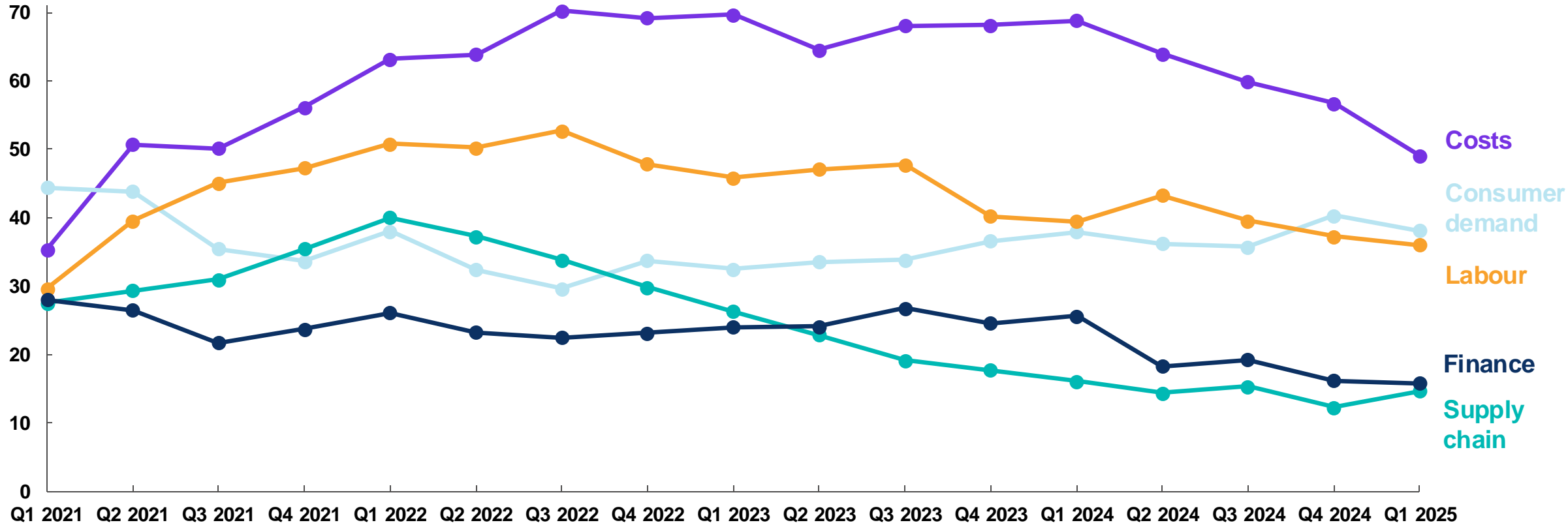


Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*; 9,785 business responses in January and February 2025.

# Weak consumer demand remains a top concern, outpacing labour challenges for a second quarter.

## Obstacles expected for all businesses, next three months

% of all businesses; grouped by obstacle category



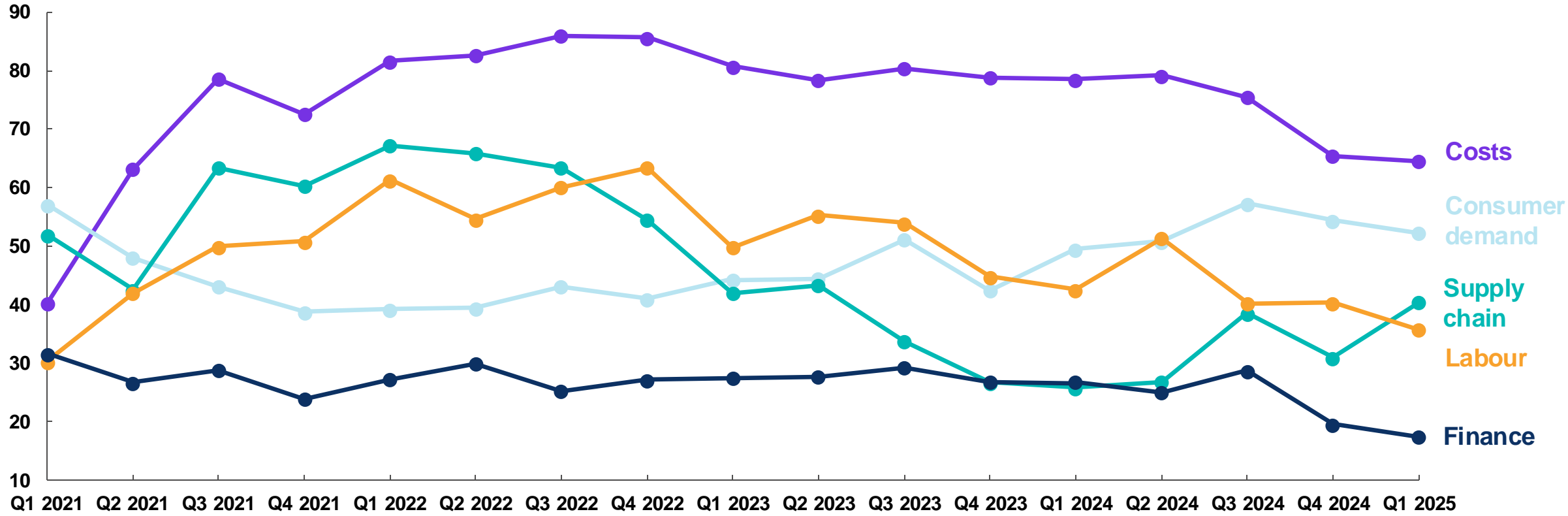
Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*.



# As supply chain woes resurface, consumer demand now a bigger obstacle than labour for exporters.

### Obstacles expected for goods exporters, next three months

% of goods exporters; grouped by obstacle category



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

**Q1 2025**

# **INFLATION AND DEBT CONSTRAINTS**

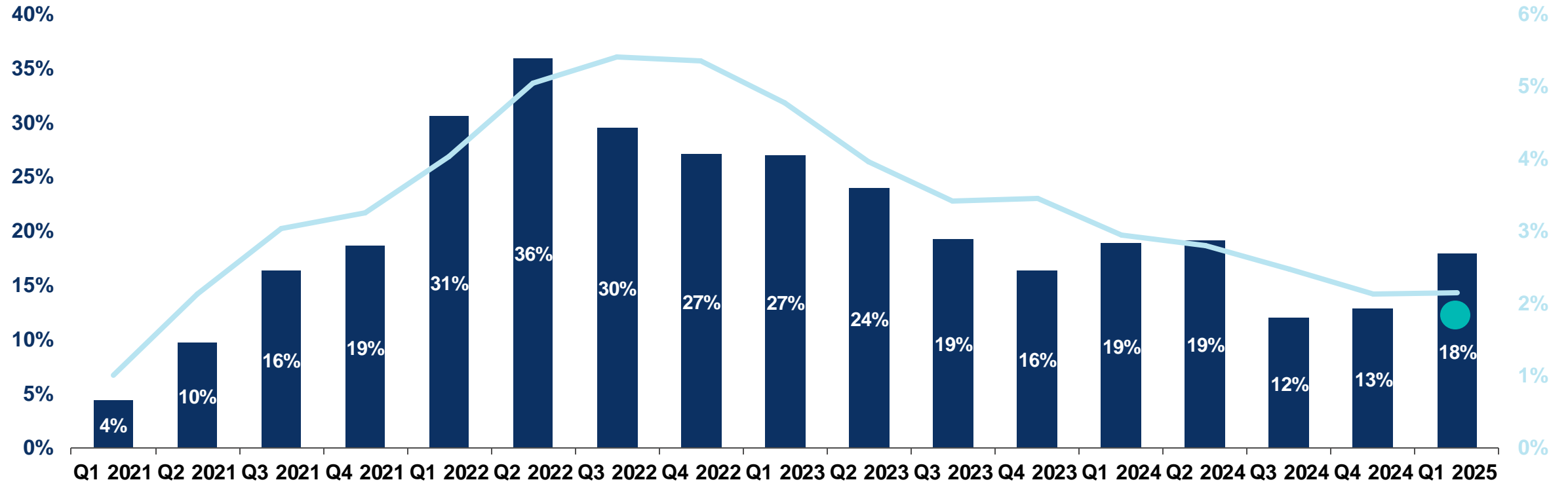


# Rising tariffs drive potential inflation risks as more firms plan price increases.

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

■ Businesses expecting selling price change next three months, balance of opinion    — Total CPI inflation excluding food and energy    ● January 2025 CPI

% of all businesses\*

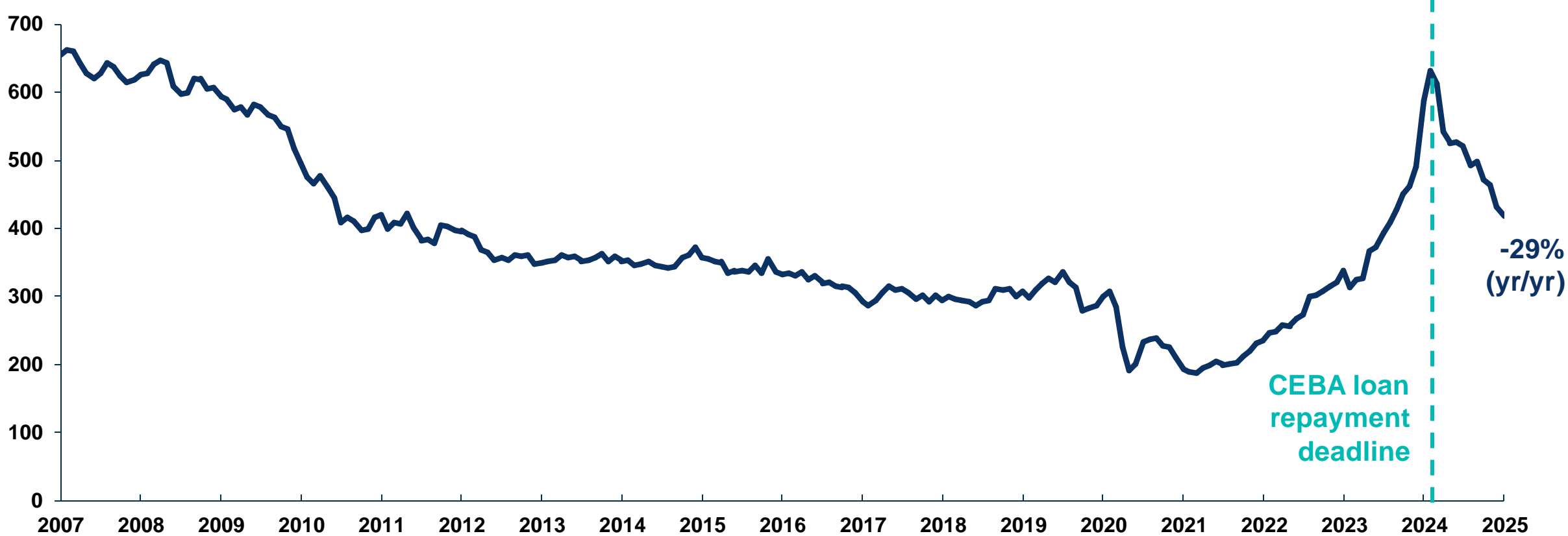


Note: \*Balance of opinion = percentage of firms expecting to raise their selling prices minus percentage expecting to lower prices.  
 Source: BDL analysis using on Statistics Canada's *Canadian Survey on Business Conditions* and CPI data.

# Business bankruptcies spiked in January 2024 (coincident with the CEBA loan repayment deadline) but have declined rapidly since.

## Business insolvencies, Canada

Three month moving average, seasonally adjusted

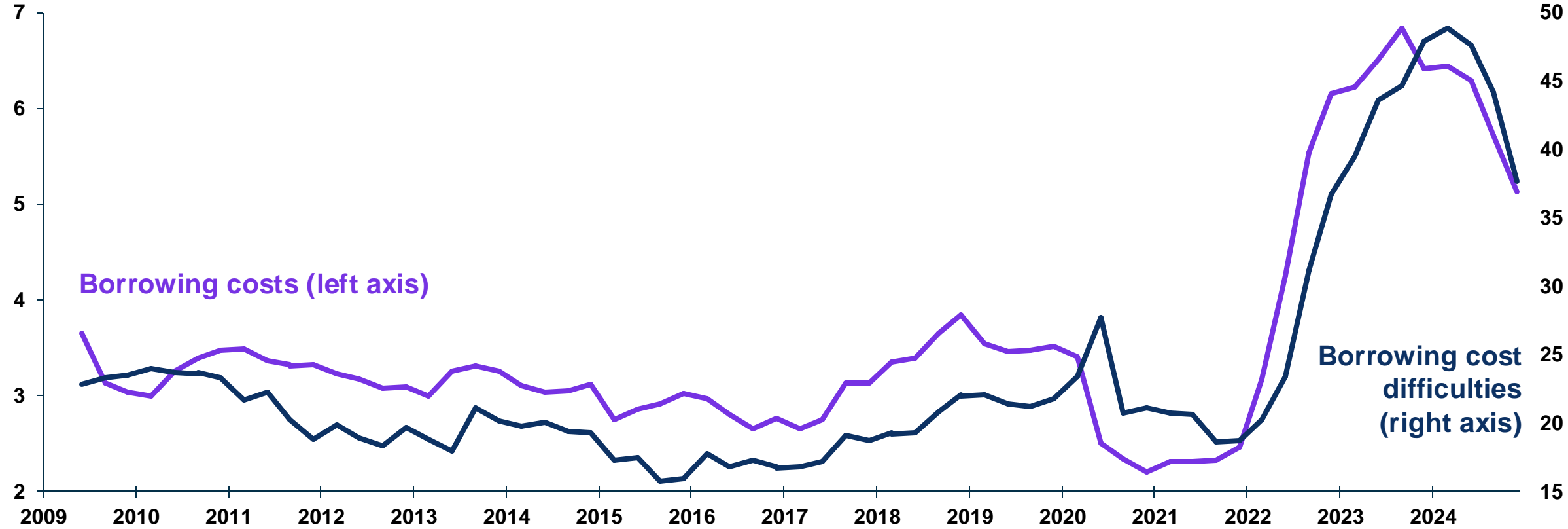


Note: CEBA = Canada Emergency Business Account  
Source: BDL calculations using ISED data.

# Businesses are still struggling with borrowing costs, but the situation has improved alongside interest rate cuts.

### Effective business interest rate and share of small businesses reporting borrowing cost difficulties

Quarterly (left axis %; right axis % of total)



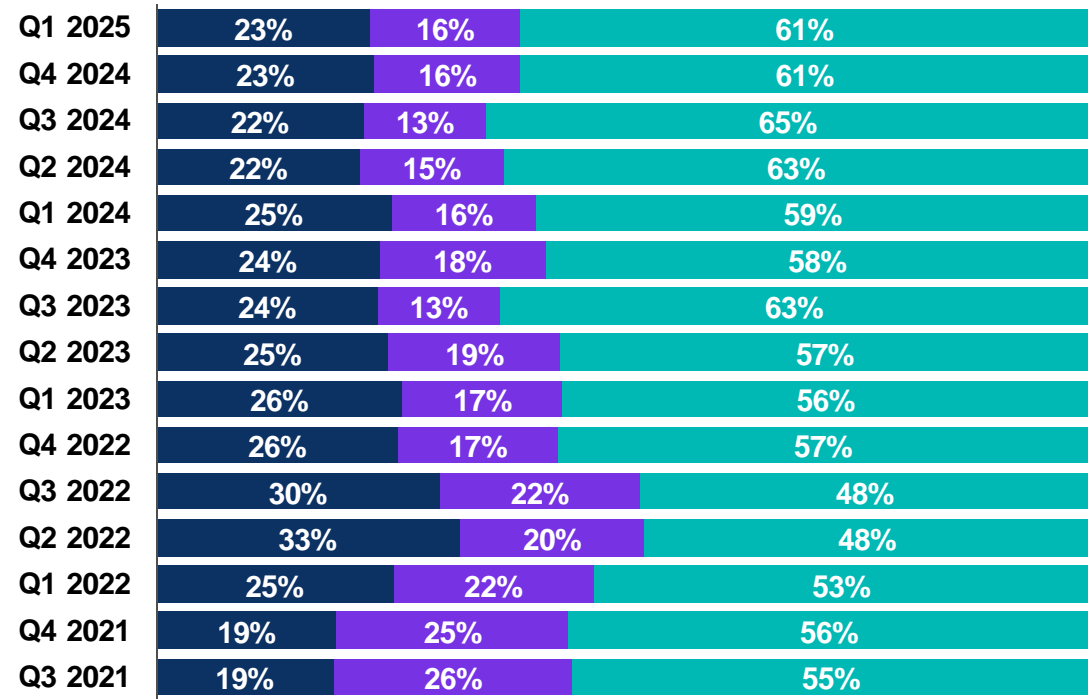
Sources: BDL analysis; Bank of Canada; CFIB Business Barometer.



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

## Ability to take on more business debt

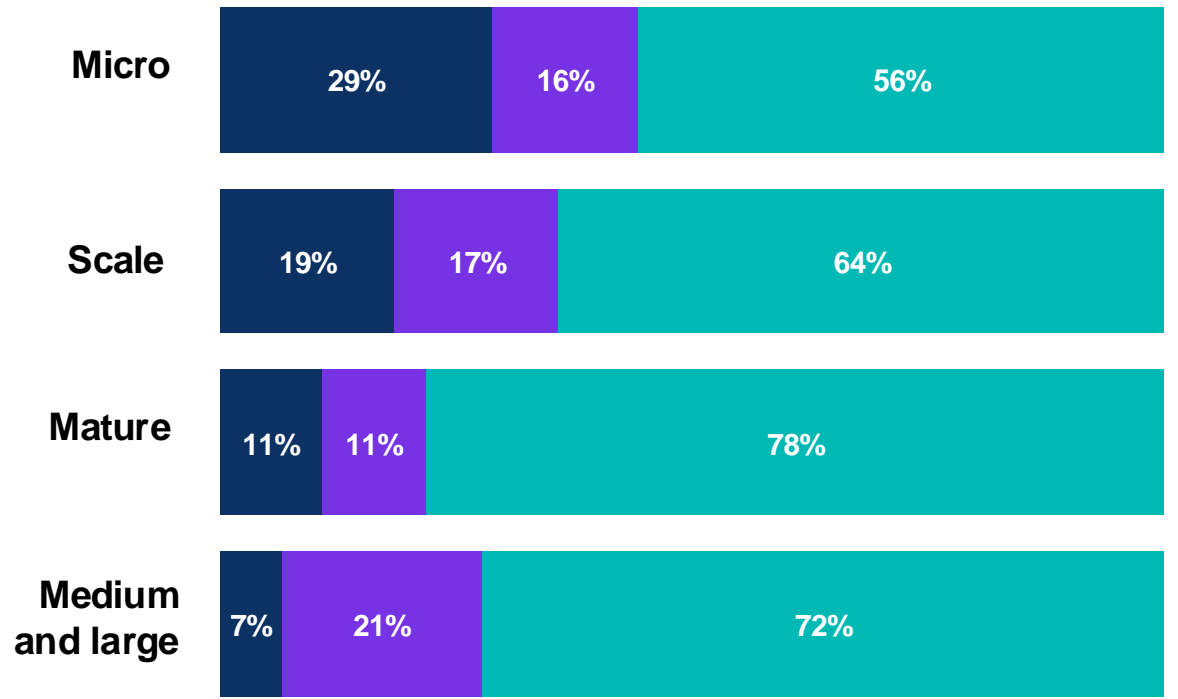
% of businesses\* by survey quarter



■ Can't take on more debt   ■ Unknown   ■ Can take on more debt

## 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.

**Q1 2025**

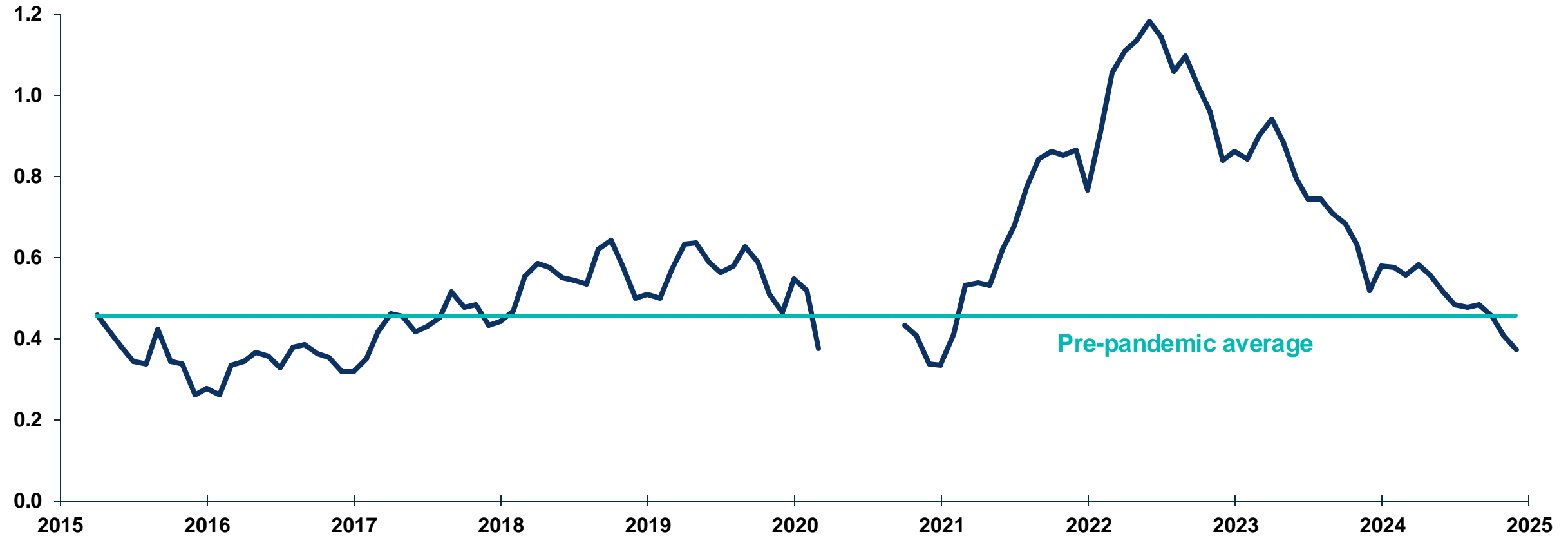
# **LABOUR MARKET**



# 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 accommodation and food services, administration, construction, and retail expect short-term labour challenges.

## Labour challenges expected, next three months

% of businesses by industry



Business_characteristics_shortname	Labour obstacle expected	Recruiting skilled employees	Retaining skilled employees	Labour force shortage
Accommodation, food services	48	33	26	29
Administrative services	47	33	25	23
Construction	45	37	18	21
Retail trade	45	30	21	20
Health care, social assistance	40	31	22	18
Manufacturing	40	30	18	14
Other services	40	30	19	19
All Industries	36	26	18	16
Arts, entertainment, recreation	34	22	18	15
Agriculture, forestry, fishing	33	18	16	20
Finance, insurance	31	20	19	7
Mining, oil, gas extraction	28	24	15	15
Real estate	28	18	15	7
Information, culture	27	21	15	10
Transportation, warehousing	24	18	16	11
Professional services	23	17	12	9
Wholesale trade	22	19	11	9



Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*; 9,785 business responses in January and February 2025.

**Q1 2025**

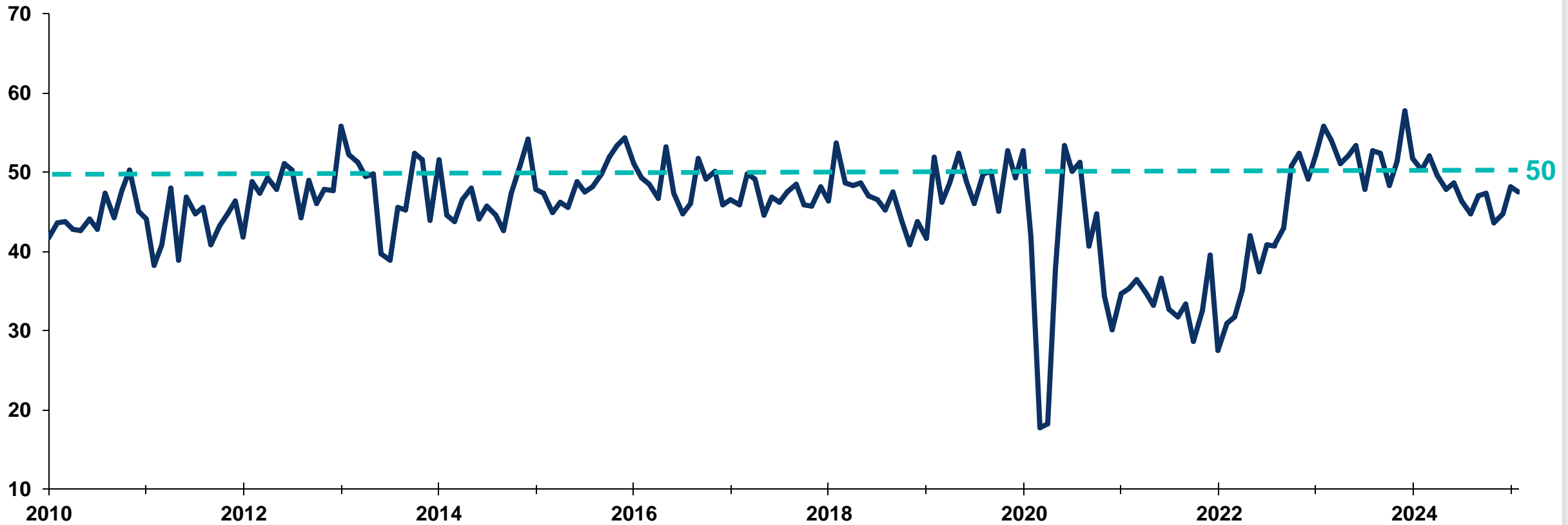
**SUPPLY  
CHAINS**



# Delivery delays worsen amid transportation disruptions and trade tensions.

## Canadian supplier delivery times

Index; above 50 implies deliveries were faster than the previous month

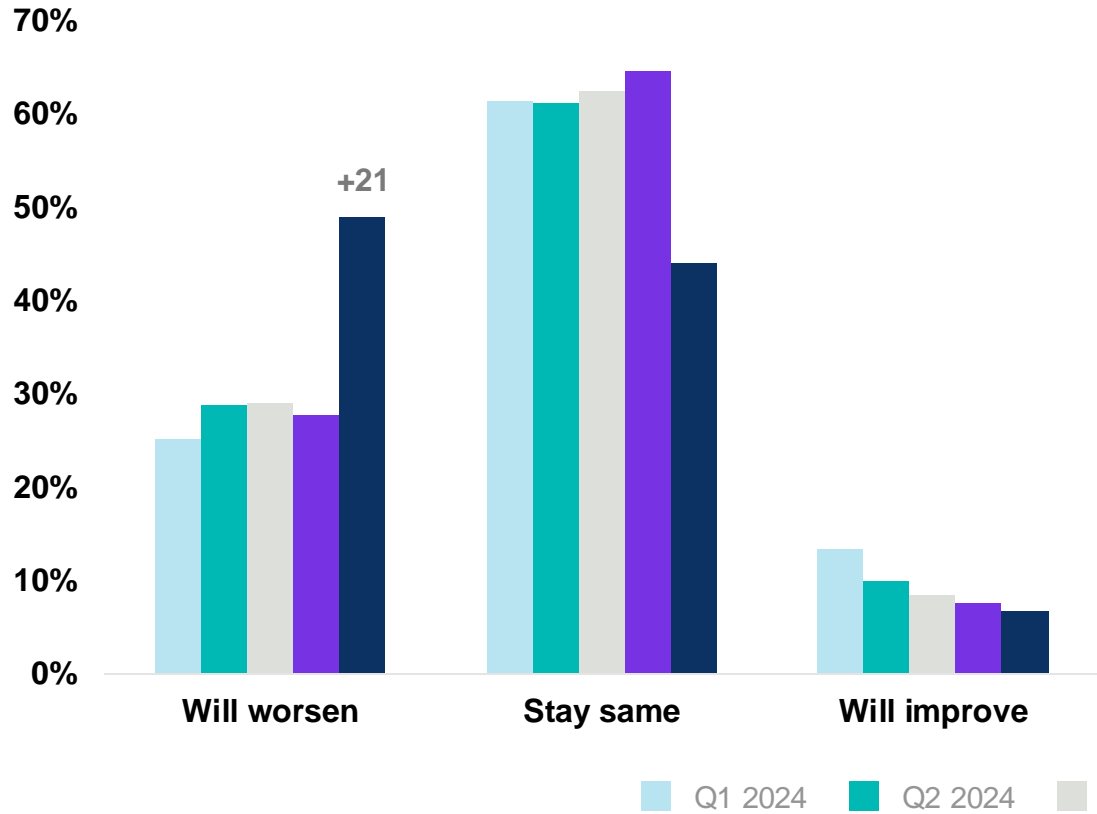


Source: BDL analysis using *Ivey Purchasing Managers Index*.

# Surging concern: More firms see supply chain obstacles worsening in early 2025.

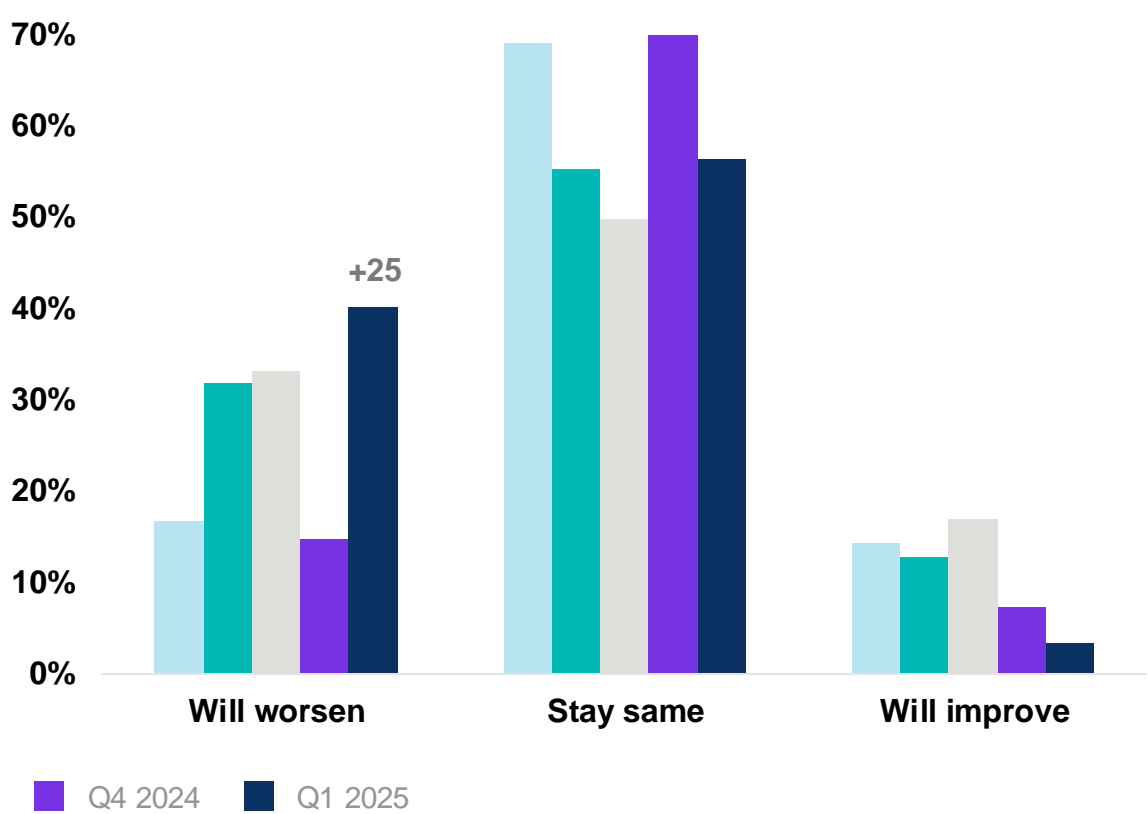
## Supply chain obstacles expected, next three months

% of all businesses; of those expecting supply chain obstacles



## Supply chain obstacles expected, next three months

% of goods exporters; of those expecting supply chain obstacles



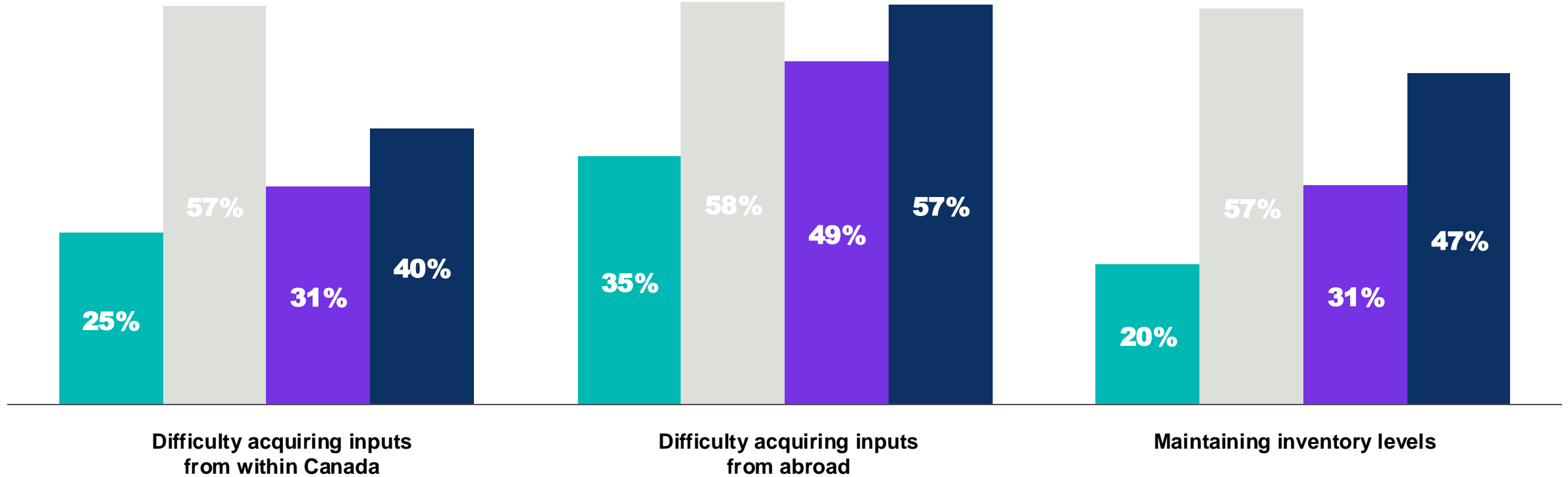
Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*.

# From transportation disruptions to tariffs, exporters expect supply chain woes to drag on.

## Expected duration of supply chain obstacles

% of goods exporters experiencing challenges; supply chain challenges expected to last longer than 6 months

Q2 2024 Q3 2024 Q4 2024 Q1 2025





# Last year's labour disruptions at transportation and logistics providers impacted 130,000 businesses — exporters most exposed.

## Businesses directly impacted by transportation or logistics providers labour disruptions in last 12 months

% of all businesses and goods exporters that directly experienced supply chain disruption due to labour disputes impacting transportation or logistics providers



**12%**

of businesses (nearly 130,000) were impacted



**32%**

of goods exporters (nearly 18,000) were impacted



Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*; 9,785 business responses in January and February 2025.

# Appendix



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

## Business Expectations Index, major CMAs

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	Q1 2025	Latest Rank	Average Q1 2021- Q1 2025	Historical Rank
Canada	85	95	103	97	100	107	99	96	100	106	99	94	99	102	98	96	97		98.3	
Victoria	96	101	108	110	104	109	99	93	103	105	100	96	102	102	103	101	99	10	101.7	5
Vancouver	85	93	103	98	98	103	97	88	102	104	95	92	96	101	93	93	95	15	96.3	18
Kelowna									97	113	97	91	103	103	90	96	102	6	99.1	8
Calgary	87	88	102	89	101	106	100	93	97	100	101	93	104	104	104	99	108	2	98.6	11
Edmonton	81	94	95	92	95	100	102	94	101	104	101	91	105	109	104	100	97	13	97.9	14
Saskatoon	86	101	104	98	107	101	98	98	98	111	99	96	104	97	99	96	106	3	100.0	7
Regina	83	93	101	88	99	104	98	97	104	109	102	95	100	92	107	98	99	9	98.1	13
Winnipeg	89	92	105	103	101	110	101	100	101	103	102	103	97	100	102	102	106	4	101.0	6
Windsor	70	87	98	102	96	107	96	100	90	105	96	96	100	98	91	89	98	12	95.2	19
London	87	100	100	103	98	104	96	98	102	106	103	91	91	104	104	110	87	19	99.0	9
K-W-C	80	93	109	105	95	106	104	94	104	106	91	79	101	102	105	102	96	14	98.4	12
St. Catharine's/Niagara	75	91	101	103	90	108	104	95	98	116	95	89	104	106	97	91	91	17	97.1	16
Hamilton	83	91	107	101	105	109	97	92	103	108	106	85	96	101	85	99	89	18	97.5	15
Toronto	75	89	96	96	99	104	96	98	95	102	94	92	95	98	92	94	91	16	94.5	20
Oshawa	77	91	104	96	98	106	101	91	100	99	101	79	113	105	103	102	85	20	97.0	17
Ottawa-Gatineau	86	89	112	106	96	105	95	95	99	113	104	96	101	98	100	85	100	7	98.8	10
Montreal	91	101	109	99	107	112	104	96	103	105	104	101	104	106	98	99	100	8	102.2	4
Sherbrooke	102	113	106	106	103	114	101	95	106	109	99	93	107	115	104	100	98	11	104.2	3
Quebec City	96	101	113	98	104	108	105	104	111	107	106	98	99	111	105	108	109	1	104.7	2
Halifax	96	104	111	103	104	118	104	102	104	111	104	99	113	116	109	101	103	5	105.9	1
St. John's	85	101	103	95	94	112	101	100											99.0	

# Among underrepresented groups, women-owned businesses report the strongest sentiment — slightly more optimistic than the average business.

## Business Expectations Index, by ownership

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*; 9,785 business responses in January and February 2025.

# 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 Q1 2025 CSBC data collection period was January 2 to February 6, 2025.

**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 9,785 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 Patrick Gill, Senior Director ([PGill@Chamber.ca](mailto:PGill@Chamber.ca)).







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