

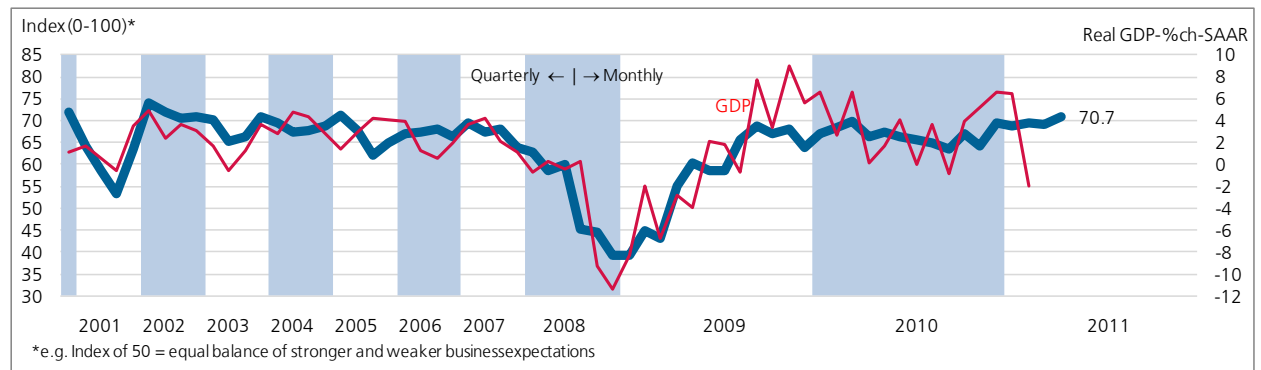
# Business Barometer®

## April 2011 Results of SME Business Outlook Survey

Ted Mallett, Vice-President & Chief Economist

Canadian small and mid-size business confidence made a step upward in April. CFIB's Business Barometer® Index rose to 70.7, a point and a half above its previous month's level. Although it has been close in the past few months, this is the first time since early 2005 that the index has actually risen above the 70 mark. Nonetheless, the overall positive result masks some pretty large regional and sectoral differences—suggesting there are growing internal pressures in the economy.

### CFIB Business Barometer Index and GDP



Measured on a scale between 0 and 100, an index level above 50 means owners expecting their business' performance to be stronger in the next year outnumber those expecting weaker performance. According to past results, index levels normally range between 65 and 75 when the economy is growing.

The run-up of energy prices has widened the 'outlook gap' between producing and consuming provinces. Businesses in

Saskatchewan, Alberta, and Newfoundland and Labrador—as well as in Manitoba and British Columbia are running well above the national average. Index levels in the Maritimes, however, are running about a dozen points lower than in the West. Quebec businesses are also less optimistic compared to the average. Perhaps the most surprising result is in Ontario, where optimism spiked upward by five points in the month, despite rising energy prices and the

Dollar. In particular, these forces have not dampened the outlooks of manufacturers, wholesalers or construction businesses. It remains to be seen if this is a sustainable trend.

Energy prices have, however, dragged down optimism in the transport sector, and retailers' index levels remain under the overall average for the seventh consecutive month. Agriculture businesses, and the hospitality sector also remain less upbeat.

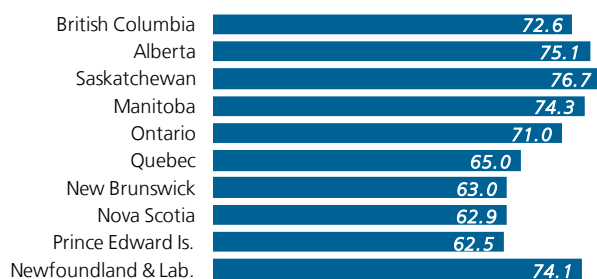
Overall, short-term expectations, over the next three or four months, remain pretty positive. The balance of opinion (the percentage expecting stronger performance minus the percent expecting weaker) remains above +30 per cent. In addition, short term hiring plans also look good, with 18 per cent of respondents expecting to hire additional full-time staff in the next few months, versus 12 per cent who expect to reduce. The part-time hiring picture is about the same (19 and 13 per cent respectively)

On the other hand, after an strong run earlier in the year, capital spending plans have tapered off and the leading indicators of overtime, new orders and inventory levels fell back slightly in April—although the long-term trends for all three still point upward.

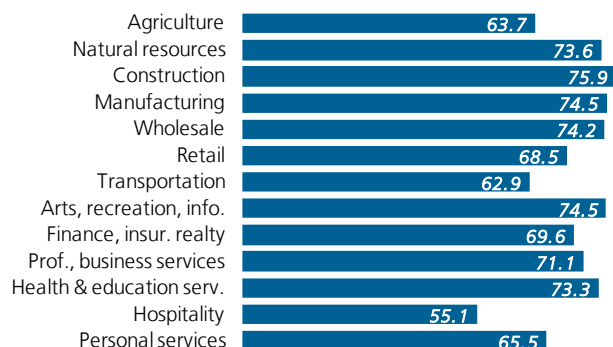
Pricing expectations, which surged in March to 2.0 per cent, remain at that level for April, suggesting that inflation pressures are showing, but remaining under control. The main business cost pressures are coming from the energy side—cited by 74 per cent of respondents as a major concern. Wage setting plans show that business owners are only expecting to increase salary levels an average of 1.6 per cent.

The April 2011 findings are based on 743 responses, collected from a stratified random sample of CFIB members, to a controlled-access web survey. Findings are statistically accurate to +/- 3.5 per cent 19 times in 20.

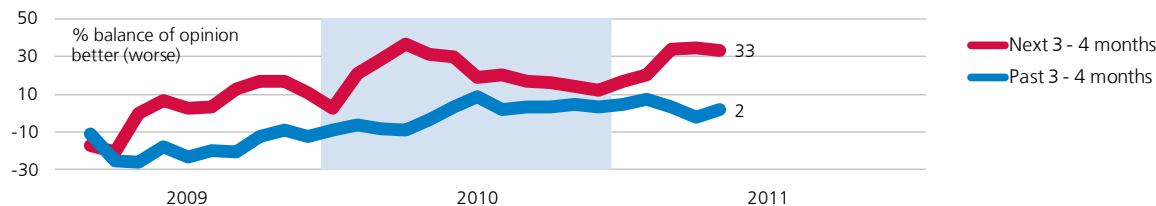
### Business Barometer - Provinces



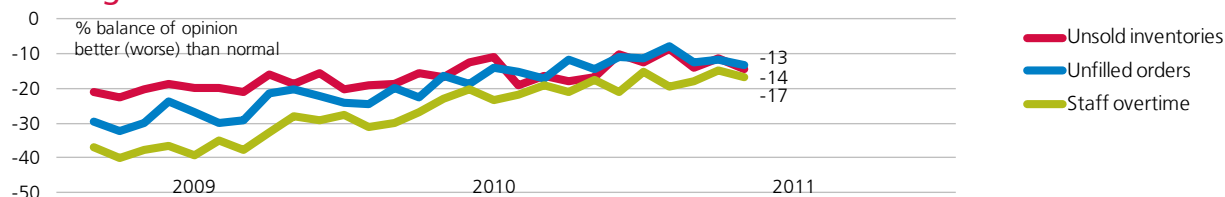
### Business Barometer - Industries



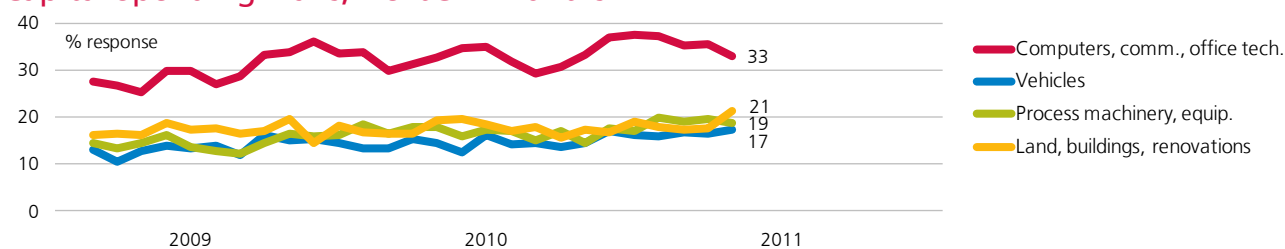
### Short-term Business Performance



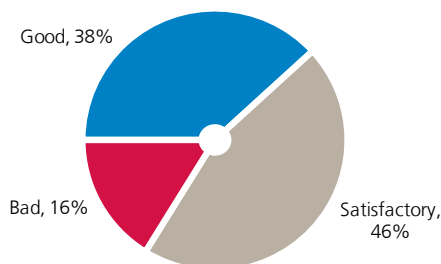
### Leading Indicators



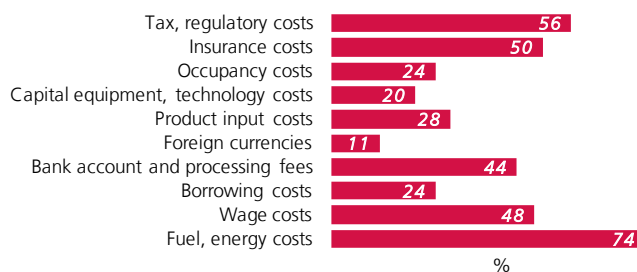
### Capital Spending Plans, Next 3-4 Months



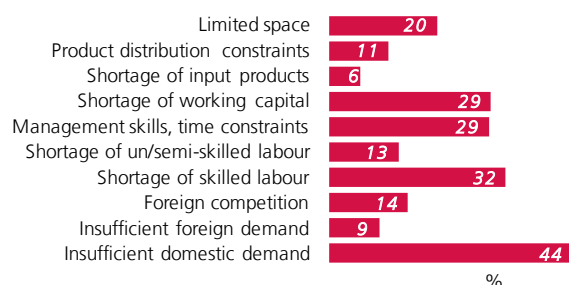
### Overall State of Business



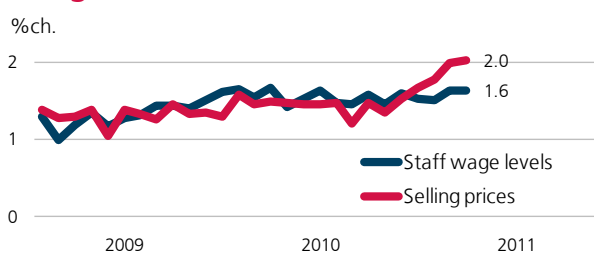
### Major Cost Concerns



### Main Business Constraints



### Wages and Prices, Next 12 Months



### Employment Plans, Next 3-4 Months

	Full-time	Part-time
	% resp.	% resp.
Increase	18	19
No change	70	68
Decrease	12	13

**Notes:** CFIB's Business Barometer Index was revised as of the May 2009 issue. It is based on the same survey question on 12-month future business performance expectations collected annually 1987-2000, quarterly 2001-2008 and monthly since late 2008. The index is a weighted average of response scores: 100 for stronger performance, 50 for same performance, and 0 for weaker performance. Recasting the index with national historical data shows a record high of 74.1 in March 2002 and a record low of 39.4 in December 2008. To compensate for small monthly sample sizes, the index calculations for some subcategories are based on monthly moving averages. The data are not seasonally adjusted.

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