

Canadian Survey on Business Conditions, fourth quarter 2023

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Real gross domestic product remained essentially unchanged for a second consecutive month in August. Inflationary pressures remain higher than recent historical trends after rising 3.1% year over year in October 2023, although this remains lower than the peak in June 2022 (+8.1%). Also in October 2023, employment was little changed (+0.1%), while the unemployment rate rose to 5.7%, marking the fourth monthly increase in the past six months.

In this macroeconomic context, Statistics Canada conducted the Canadian Survey on Business Conditions from October to early November 2023. The survey collects information on the environment businesses are currently operating in and their expectations moving forward.

Businesses continued to expect to face a variety of obstacles (see Note to readers): primarily cost-related obstacles such as rising inflation and rising costs of inputs. However, pressures faced by businesses have continued to ease in the fourth quarter of 2023 relative to the previous three quarters.

Majority of businesses expect to face cost-related obstacles over the next three months

Prices of raw materials purchased by manufacturers operating in Canada, as measured by the [Raw Materials Price Index](#), declined 0.8% year over year in October 2023, following a 2.4% year-over-year increase in September 2023. Meanwhile, average hourly wages rose 4.8% in October on a year-over-year basis, following an increase of 5.0% in September and of 4.9% in August.

In that context, nearly three-quarters (73.7%) of businesses expect to face cost-related obstacles over the next three months (see Note to readers). Over half (56.9%) of businesses expect rising inflation to be an obstacle, the most commonly expected obstacle by businesses. This was led by approximately 7 in 10 businesses in accommodation and food services (71.9%) and transportation and warehousing (68.6%) and nearly two-thirds (63.7%) of businesses in wholesale trade.

The second most commonly expected obstacle facing businesses was the rising cost of inputs, including labour, capital, energy and raw materials, with over two-fifths (44.7%) of businesses expecting it over the next three months. Businesses in agriculture, forestry, fishing and hunting (67.0%); accommodation and food services (64.2%); and manufacturing (56.5%) were most likely to expect this to be an obstacle.

Rising interest rates and debt costs was the third most expected obstacle, with over two in five (42.7%) businesses expecting this over the next three months. Over three-fifths (61.3%) of businesses in agriculture, forestry, fishing and hunting and over half of businesses in construction (54.8%), transportation and warehousing (52.8%), and accommodation and food services (51.9%) expected this to be an obstacle.

Overall, nearly three in four (73.1%) businesses reported that interest rates have some impact, whether it be a low, medium or high impact, on the business. Among these businesses, nearly one-third (31.0%) reported the cost of existing debt as being the aspect most impacted by rising interest rates.

Over one-quarter (28.7%) of businesses reported interest rates as having a high level of impact. This was led by businesses in real estate and rental and leasing (48.5%); agriculture, forestry, fishing and hunting (43.7%); and transportation and warehousing (37.5%).

Over one-third of businesses expected the cost of insurance (34.2%) to be an obstacle, and 3 in 10 reported rising costs in real estate, leasing or property taxes (29.9%), and transportation costs (29.1%) as expected obstacles.



In the fourth quarter, when asked to indicate which of the businesses' expected obstacles would be the most challenging, 14.2% of businesses identified rising inflation, 11.0% reported rising interest rates and debt costs, and 10.5% identified rising costs of inputs. In the third quarter, the single most challenging expected obstacles were rising inflation (14.7%), rising interest rates and debt costs (11.0%), and recruiting skilled employees (10.5%).

Fewer businesses anticipate labour-related obstacles, compared with the third quarter

Two-fifths (40.3%) of businesses expect at least one labour-related obstacle over the next three months, a decrease from nearly half (47.7%) of businesses that expected the same in the third quarter. The most commonly expected labour-related obstacle was recruiting skilled employees (29.4%). This was most likely to be expected by businesses in accommodation and food services (37.6%), manufacturing (36.6%), and health care and social assistance (36.1%).

Shortage of labour force was expected to be an obstacle by just over one-quarter (25.7%) of businesses, an improvement from 30.3% of businesses in the third quarter. This was led by 45.6% of businesses in accommodation and food services, followed by 3 in 10 businesses in administrative and support, waste management and remediation services (30.1%) and retail trade (29.8%).

Nearly one-quarter (23.6%) of businesses expected obstacles over the next three months related to retaining skilled employees, most commonly expected by businesses in accommodation and food services (33.7%) and health care and social assistance (29.4%).

Over two-fifths of businesses consider all of their employees to be fully proficient

In the fourth quarter, over two-fifths (42.0%) of businesses indicated that all of their employees were fully proficient in terms of skills needed to do their current job. Meanwhile, nearly one-third (31.4%) of businesses indicated 80% to 99% of their employees were fully proficient and 16.0% reported 60% to 79% were fully proficient. Less than 1 in 10 (8.6%) businesses reported that less than 60% of their employees were fully proficient in terms of skills needed.

Among the businesses that identified a skills gap or employee skill deficiencies, over three-fifths (62.3%) plan to provide internal or on-the-job training to address these gaps or deficiencies over the next 12 months, led by businesses in mining, quarrying, and oil and gas extraction (76.5%); finance and insurance (75.8%); and arts, entertainment and recreation (73.8%).

In the fourth quarter, nearly one in six (15.2%) businesses indicated no plans to take any action, most commonly in transportation and warehousing (29.6%) and real estate and rental and leasing (25.8%).

Business outlook largely unchanged since the third quarter

Almost two-thirds (65.9%) of businesses reported being either very optimistic or somewhat optimistic about their future outlook over the next 12 months, virtually unchanged from the third quarter (66.3%). Over the next three months, 15.7% of businesses expected their sales of goods and services offered to increase, down slightly from 18.4% of businesses in the third quarter. The industries that saw the largest changes from the third quarter were construction (-10.6%) and accommodation and food services (-8.2%).

Over the next three months, close to one-quarter (23.6%) of businesses expected to raise prices, similar to 25.9% of businesses during the third quarter. Almost two-fifths (38.1%) of businesses in accommodation and food services and 3 in 10 (30.0%) businesses in wholesale trade expected to raise prices over the next three months.

Table 1
Business or organization expectations over the next three months, third and fourth quarter of 2023

	Expected change, third quarter of 2023				Expected change, fourth quarter of 2023			
	Increase	Stay about the same	Decrease	Not applicable	Increase	Stay about the same	Decrease	Not applicable
	% of businesses							
Number of employees	11.6	79.6	8.8	0.0	10.5	78.5	11.0	0.0
Vacant positions	6.1	55.3	6.4	32.2	5.5	55.1	7.8	31.6
Sales of goods and services offered by the business or organization	18.4	62.4	15.8	3.4	15.7	59.9	21.0	3.4
Selling price of goods and services offered by the business or organization	25.9	63.9	6.6	3.6	23.6	65.4	7.2	3.7
Demand for products and services offered by the business or organization	19.7	63.3	16.9	0.0	17.9	60.9	21.2	0.0
Profitability	10.7	52.9	33.5	2.8	9.0	52.5	36.1	2.7

Source(s): Tables [33-10-0688-01](#) and [33-10-0724-01](#).

A little more than one-fifth (20.8%) of businesses expect the rate of increase in wages over the next 12 months to be at a slower rate than last year, 46.5% expect wages to grow at a similar rate as last year, and 8.5% expect wages to increase at a faster rate than the previous year. The most common reasons businesses expect wages to increase at a faster rate include the current rate of inflation (69.0%), retaining talent (51.8%), fear of losing labour to competing firms (47.3%), and the expected increase in the rate of inflation (38.5%).

Two in three businesses anticipate repaying their Canada Emergency Business Account loan by December 31, 2026

Over half (51.5%) of employer businesses reported having received a repayable loan from the Canada Emergency Business Account (CEBA). Of businesses that received a repayable CEBA loan, 71.8% had not paid it back fully. Nearly two-thirds (65.6%) of these businesses anticipate having the liquidity or access to credit available to repay the CEBA loan by December 31, 2026.

Businesses in administrative and support, waste management and remediation services (81.6%); real estate and rental and leasing (79.4%); and mining, quarrying, and oil and gas extraction (78.2%) were most likely to anticipate having the liquidity or access to credit needed to repay the CEBA loan. Meanwhile, one-fifth (19.9%) of businesses reported not knowing if they would have the liquidity or access to credit to repay the loan by December 31, 2026, and 14.5% of businesses do not anticipate having the liquidity or access to credit needed to repay the CEBA loan by December 31, 2026.

Note to readers

Data from the Canadian Survey on Business Conditions are now available. The tables provide data at the national, provincial and territorial levels by industrial sector, employment size, type of business and majority ownership. Data are also available for the 20 largest cities in Canada, by request.

Results from this survey are applicable to all employer businesses in Canada. This survey is carried out on a quarterly basis to collect information from businesses in Canada more efficiently and rapidly compared with traditional survey methods.

The most recent survey was conducted from October 3 to November 6, 2023, and respondents were asked what their expectations would be over the next three-month period. As a result, those three months could range from October 3, 2023, to February 6, 2024, depending on when the business responded.

Statistics Canada would like to thank Canadians who took the time to answer questions for this survey at this time and enabled a more robust understanding of Canadian businesses and the economy.

Available tables: [33-10-0723-01](#) to [33-10-0733-01](#) , [33-10-0735-01](#) and [33-10-0737-01](#) to [33-10-0752-01](#) .

Definitions, data sources and methods: survey number [5318](#).

The infographic "[Business Conditions in Canada, fourth quarter of 2023](#)," part of the series *Statistics Canada—Infographics* ([11-627-M](#)), is now available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).