

Canadian Survey on Business Conditions, first quarter 2024

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Real gross domestic product grew 0.2% in November 2023 after remaining essentially unchanged for three consecutive months. Inflationary pressures remained higher in January 2024 than recent historical trends, rising 2.9% year over year in the month, although this is lower than the record increase in June 2022 (+8.1%). Also in January 2024, the unemployment rate fell 0.1 percentage points to 5.7%, the first decline since December 2022.

In this macroeconomic context, Statistics Canada conducted the Canadian Survey on Business Conditions from January to early February 2024. 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 cost of inputs. However, pressures faced by businesses have continued to ease in the first quarter of 2024, following the trend seen in the previous quarter.

Majority of businesses expect to face cost-related obstacles

Prices of raw materials purchased by manufacturers operating in Canada, as measured by the [Raw Materials Price Index](#), declined 6.4% year over year in January 2024, following a 7.9% year-over-year decrease in December 2023. Meanwhile, average hourly wages rose 5.3% in January 2024 on a year-over-year basis, following an increase of 5.4% in December 2023.

Nearly three-quarters (73.6%) of all businesses expect to face cost-related obstacles over the next three months (see Note to readers). More than half (55.4%) of all businesses expect rising inflation to be an obstacle, making it the leading challenge businesses expect to face. Businesses in accommodation and food services (74.6%), transportation and warehousing (62.2%), and agriculture, forestry, fishing and hunting (61.8%) were most likely to expect challenges related to rising inflation.

The second most commonly expected obstacle is rising cost of inputs (43.7%), which includes labour, capital, energy and raw materials. Businesses in agriculture, forestry, fishing and hunting (65.3%), accommodation and food services (64.3%), and wholesale trade (59.4%) were most likely to expect challenges related to the rising cost of inputs. The proportion of businesses that expect the rising cost of inputs to be an obstacle has remained relatively similar compared with the first quarter of 2023 when 45.7% of businesses expected it to be an obstacle.

Just over two-fifths (41.0%) of businesses expect rising interest rates and debt costs to be an issue over the next three months. More than half of businesses in agriculture, forestry, fishing and hunting (56.0%); accommodation and food services (51.5%); and real estate and rental and leasing (51.2%) expect rising interest rates and debt costs to be an obstacle.

Close to three-quarters (72.1%) of businesses reported interest rates as having some level of impact—whether it be low, medium, or high—on the business. Among these businesses, 32.5% identified the cost of existing debt as the aspect of their business most impacted by interest rates. Overall, just over one-quarter (26.5%) of businesses reported that interest rates have a high level of impact on the business, led by businesses in real estate and rental and leasing (46.8%); transportation and warehousing (36.0%); and accommodation and food services (34.6%).

When asked to indicate which expected obstacle would be the most challenging, 13.7% of businesses identified rising inflation, 10.6% identified rising cost of inputs, and 10.0% reported recruiting skilled employees. This represents a slight shift from the fourth quarter of 2023, when the most challenging obstacles expected were rising inflation (14.2%), rising interest rates and debt costs (11.0%), and rising cost of inputs (10.5%).



Fewer businesses anticipate labour-related obstacles

Just under two-fifths (39.4%) of businesses expect to face at least one labour-related obstacle over the next three months, compared with 40.3% of businesses in the fourth quarter of 2023, continuing a declining trend. The most commonly expected labour-related obstacle once again this quarter was recruiting skilled employees (29.5%) and was most likely expected by businesses in construction (38.4%); health care and social assistance (38.4%); and administrative and support, waste management and remediation services (37.7%).

Shortage of labour force is an obstacle expected over the next three months by over one-fifth (22.7%) of businesses, falling from just over one-quarter (25.7%) of businesses in the fourth quarter of 2023. These results were led by businesses in accommodation and food services (37.1%); construction (31.4%); and administrative and support, waste management and remediation services (27.1%).

Over one-fifth (22.1%) of businesses expect to face challenges retaining skilled employees, led by businesses in information and cultural industries (33.8%); health care and social assistance (28.7%); and accommodation and food services (28.4%).

More than 1 in 10 businesses are currently using or have plans to use generative artificial intelligence

In this iteration of the survey, businesses were asked about their use of generative artificial intelligence (AI), which is defined as a type of AI that analyses data and learns to identify patterns based on what it has learned. The majority (86.1%) of businesses have not considered using generative AI and have no current plans to implement generative AI into their business.

Meanwhile, 13.9% of businesses are currently using generative AI or have plans to use generative AI. Businesses in information and cultural industries (31.2%); professional, scientific and technical services (28.3%); and finance and insurance (22.7%) are most likely to already be using generative AI or to have plans to use it.

Furthermore, of the businesses using generative AI or with plans to use it, businesses reported that generative AI created or could create value by accelerating the development of creative content (68.5%), increasing automation in tasks without reducing employment (46.1%), and improving client or customer experience (37.5%).

Business outlook consistent with the fourth quarter of 2023

Over two-thirds (68.4%) of businesses reported being either very optimistic or somewhat optimistic about their future outlook over the next 12 months, up slightly from the proportion that expected the same in the fourth quarter of 2023 (65.9%). Over the next three months, 17.8% of businesses expect their sales of goods and services offered to increase, up slightly from 15.7% of businesses in the fourth quarter of 2023.

Over the next three months, 25.2% of businesses expect to raise the prices of their goods and services, up slightly from the fourth quarter of 2023 (23.6%). Around two-fifths of businesses in retail trade (40.6%) and accommodation and food services (37.6%) expect to raise prices over the next three months.

Table 1
Business or organization expectations over the next three months, fourth quarter of 2023 and first quarter of 2024

	Expected change, fourth quarter of 2023				Expected change, first quarter of 2024			
	Increase	Stay about the same	Decrease	Not applicable	Increase	Stay about the same	Decrease	Not applicable
	% of businesses							
Number of employees	10.5	78.5	11.0	0.0	11.1	82.9	6.0	0.0
Vacant positions	5.5	55.1	7.8	31.6	4.8	53.5	6.4	35.4
Sales of goods and services offered by the business or organization	15.7	59.9	21.0	3.4	17.8	63.1	15.3	3.8
Selling price of goods and services offered by the business or organization	23.6	65.4	7.2	3.7	25.2	63.9	6.3	4.5
Demand for products and services offered by the business or organization	17.9	60.9	21.2	0.0	20.0	65.7	14.3	0.0
Profitability	9.0	52.5	36.1	2.7	11.2	54.4	31.8	2.6

Source(s): Tables [33-10-0724-01](#) and [33-10-0770-01](#).

Proportion of businesses expecting supply chain challenges remains stable compared with fourth quarter of 2023

A smaller proportion of businesses expect to face supply chain challenges of some kind over the next three months than in the fourth quarter of 2023 (16.1% vs. 17.7%). Businesses in retail trade (28.6%) and wholesale trade (27.6%) were the most likely to expect various supply chain challenges.

Additionally, among businesses facing supply chain challenges, one-quarter (25.2%) expect these challenges to worsen over the next three months, more than three-fifths (61.4%) expect the situation to remain the same, and more than 1 in 10 (13.2%) expect the situation to improve. This mirrors business expectations in the fourth quarter of 2023 (29.3%, 60.6% and 10.2% respectively).

More than one in three businesses saw an increase in revenue in 2023 compared with 2022

Over one-third (37.3%) of businesses indicated that their revenues were higher in 2023 when compared with 2022 revenues. Among these businesses, the average percentage increase in revenues was 23.7%, led by businesses in professional, scientific, and technical services (36.3%) and mining, quarrying, and oil and gas extraction (34.4%). Meanwhile, one-third (33.4%) of businesses saw no change in revenues in 2023 compared with 2022, and 29.3% experienced lower revenues.

Unfavourable interest rates leading factor in businesses' decisions not to take on more debt

Just over 7 in 10 (71.6%) businesses have no plans to apply for debt financing over the next three months. Of these businesses, just under three-fifths (59.2%) indicated having the ability to take on more debt, while one-quarter (25.2%) did not. Among businesses unable to take on more debt, 50.2% reported unfavourable interest rates and 36.6% reported cash flow as the reasons for not being able to take on more debt.

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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 January 2 to February 5, 2024, and respondents were asked what their expectations would be over the next three-month period. As a result, those three months could range from January 2, 2024, to May 5, 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: [33-10-0769-01](#) to [33-10-0791-01](#) .

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

The infographic "[Business Conditions in Canada, first quarter of 2024](#)," 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).