

Canadian Survey on Business Conditions, second quarter 2024

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Real gross domestic product (GDP) rose 0.8% on a year-over-year basis in February. Consumer inflation has remained below the 3% mark in 2024, slowing to 2.7% on a year-over-year basis in April. Meanwhile, the unemployment rate was unchanged at 6.1% and up 1.0% year over year.

In this macroeconomic context, Statistics Canada conducted the Canadian Survey on Business Conditions from April to early May 2024. The survey collects information on the environment businesses are currently operating in and their expectations moving forward.

Businesses continue 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, and labour-related obstacles, such as recruiting and retaining skilled employees and labour shortage. The pressures of labour-related obstacles on businesses have risen in the second quarter from the first quarter, while cost-related obstacles have continued to ease in recent quarters. Meanwhile, the outlook of businesses has gradually improved since the fourth quarter of 2023.

Majority of businesses continue to expect cost-related obstacles

Prices of raw materials purchased by manufacturers operating in Canada, as measured by the [Raw Materials Price Index](#), rose 4.7% in March and were up 0.8% on a year-over-year basis. Additionally, [average hourly wages](#) rose 4.7% in April on a year-over-year basis, following a growth of 5.1% in March. In this context, nearly three-quarters (71.4%) of all businesses expect to face cost-related obstacles over the next three months (see Note to readers).

The leading challenge businesses expect to face in the second quarter is rising inflation, expected by over half (54.4%) of all businesses. Businesses operating within accommodation and food services (74.1%); administrative and support, waste management and remediation services (68.4%) and retail trade (64.8%) are the most likely to expect challenges related to rising inflation.

The second most-expected obstacle is rising costs of inputs (44.6%), which includes labour, capital, energy and raw materials. Businesses in agriculture, forestry, fishing and hunting (71.3%); accommodation and food services (62.5%) and manufacturing (55.5%) are most likely to expect rising cost of inputs to be an obstacle.

Further, two-fifths (40.6%) of businesses anticipate rising interest rates and debt costs to be an obstacle over the next three months. This obstacle is expected by over three-fifths (61.7%) of businesses in agriculture, forestry, fishing and hunting; by more than half (52.1%) of businesses in accommodation and food services; and by nearly half (48.0%) of businesses in administrative and support, waste management and remediation services.

When asked to indicate which expected obstacle would be the most challenging, 13.5% of businesses identified rising inflation, 12.1% indicated rising cost of inputs and 9.2% reported recruiting skilled employees. This continues the trend seen in the first quarter, when they were reported at 13.7% (rising inflation), 10.6% (rising cost of inputs) and 10.0% (recruiting skilled employees).

Pressures of labour-related obstacles on businesses rise

In the second quarter, more than two-fifths (43.2%) of businesses expect to face labour-related obstacles over the next three months, an increase from 39.4% of businesses in the first quarter. Recruiting skilled employees (31.3%) is once again the most anticipated labour-related obstacle for all businesses, and it is most likely to be expected by businesses in accommodation and food services (42.8%); construction (37.7%) and administrative and support, waste management and remediation services (37.3%).



Labour shortage is an expected obstacle for just under one-quarter (24.9%) of all businesses. Businesses in accommodation and food services (41.2%); construction (37.8%) and administrative support, waste management and remediation services (34.4%) are most likely to expect labour shortage to be an obstacle.

Just over one-fifth (21.9%) of all businesses anticipate retaining skilled employees to be an obstacle over the next three months. This is led by businesses in construction (28.2%), accommodation and food services (27.6%) and health care and social assistance (27.6%).

Businesses working increased hours due to labour-related obstacles

The proportion of businesses expecting to face labour-related obstacles over the next three months rose in recent quarters, and these obstacles continue to have significant impacts on businesses in Canada.

In the second quarter, the most common impact reported by businesses anticipating facing labour-related obstacles over the next three months (43.2%) is management working increased hours, reported by nearly half (46.3%) of these businesses. This is led by businesses in agriculture, forestry, fishing and hunting (59.5%); accommodation and food services (56.9%) and other services (except public administration) (52.9%). Other commonly reported impacts include existing staff working increased hours (36.8%) and limitation on the growth of the business (34.3%).

Business outlook

In the second quarter, close to three-quarters (72.1%) of businesses are very optimistic or somewhat optimistic about their future outlook over the next 12 months. This continues a trend of a gradual increase in optimism when compared with 68.4% of businesses in the first quarter and 65.9% of businesses in the fourth quarter of 2023.

Over the next three months, 20.7% of businesses expect their sales of goods and services to increase in the second quarter of 2024. This is led by businesses operating in administrative and support, waste management and remediation services (32.9%); accommodation and food services (30.6%) and construction (25.5%). Additionally, nearly one-quarter (24.3%) of businesses expect to raise the prices of their offered goods and services.

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

	Expected change, first quarter of 2024				Expected change, second quarter of 2024			
	Increase	Stay about the same	Decrease	Not applicable	Increase	Stay about the same	Decrease	Not applicable
	% of businesses							
Number of employees	11.1	82.9	6.0	0.0	13.2	81.5	5.4	0.0
Vacant positions	4.8	53.5	6.4	35.4	5.9	53.9	5.2	35.0
Sales of goods and services offered by the business or organization	17.8	63.1	15.3	3.8	20.7	63.7	12.9	2.7
Selling price of goods and services offered by the business or organization	25.2	63.9	6.3	4.5	24.3	67.8	5.1	2.8
Demand for products and services offered by the business or organization	20.0	65.7	14.3	0.0	23.1	62.2	14.7	0.0
Profitability	11.2	54.4	31.8	2.6	13.3	53.7	30.6	2.5

Source(s): Tables [33-10-0770-01](#) and [33-10-0755-01](#).

Rising cost of insurance most common real estate obstacle faced by businesses

The most common real estate issue among all businesses in the second quarter is rising cost of insurance (45.3%). Businesses operating in accommodation and food services (64.4%); agriculture, forestry, fishing and hunting (61.6%) and retail trade (56.0%) are most likely to experience this challenge. Other real estate issues faced by businesses include rising costs for maintenance repairs (43.6%) and rising property taxes (37.9%).

Nearly half (49.1%) of businesses indicate that they lease the location used for their own operations. Among these businesses, the most common length of lease is less than 5 years (47.2%), followed by 5 years to less than 10 years (39.2%).

Most innovations brought to market are new products

More than one-tenth (12.4%) of businesses brought a new or improved product to market from 2020 to 2023. Among the new or improved products businesses brought into the market, more than half (53.5%) were a new product introduced to the market and 46.5% were improvements upon an already existing product in the market. The most common innovations cited were improvements in performance (51.1%), addition of new features (48.7%) and improvement in user-friendliness or ease of use (39.9%).

Majority of businesses impacted by natural disasters or weather-related emergencies experience medium or high levels of impact

In recent years, Canadians have seen an influx of natural disasters or weather-related emergencies, including forest fires, snowstorms and tornadoes. By gathering data on how businesses are impacted by such events, we can gain insight into the extent to which the broader economy and GDP are affected.

In the second quarter, the majority (85.9%) of businesses report not having been impacted by natural disasters or weather-related emergencies over the last 12 months. However, among the 14.1% of businesses that indicate having been impacted, nearly two-thirds (66.1%) experienced either a medium or high level of impact. This is led by businesses in agriculture, forestry, fishing and hunting (87.2%); mining, quarrying, and oil and gas extraction (85.1%) and wholesale trade (77.5%).

Additionally, close to one-quarter (22.5%) of businesses impacted by a natural disaster or weather-related emergency in the last 12 months were fully prepared for the impact, over half (55.1%) were partially prepared, and under one-quarter (22.4%) were not prepared at all.

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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 April 2 to May 6, 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 April 2 to August 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: [33-10-0754-01](#), [33-10-0755-01](#) and [33-10-0809-01](#) to [33-10-0837-01](#) .

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

The infographic "[Business Conditions in Canada, second 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).