

Canadian Survey on Business Conditions, third quarter 2025

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Businesses continue to anticipate a variety of obstacles over the next three months (see Note to readers). While pressures of both cost- and labour-related obstacles have continued into the third quarter of 2025, the proportion of businesses with a positive outlook has remained comparable with previous quarters.

Real gross domestic product edged down (-0.1%) in May 2025 for a second consecutive month, and consumer inflation rose 1.7% on a year-over-year basis in July 2025, down from a 1.9% increase in June 2025. Meanwhile, overall employment fell by 41,000 (-0.2%) in July 2025 and unemployment was unchanged, at 6.9%.

In this macroeconomic context, Statistics Canada conducted the Canadian Survey on Business Conditions from July to early August 2025. The survey collects information on the environment businesses are currently operating in and their expectations moving forward.

Cost-related obstacles ease

In the third quarter of 2025, 62.2% of businesses across Canada expect cost-related obstacles over the next three months, down from 65.4% in the second quarter of 2025. Within the Canadian Survey on Business Conditions, cost-related obstacles consist of inflation; cost of inputs; interest rates and debt costs; cost of insurance; cost of real estate, leasing or property taxes; and transportation costs. In July 2025, prices of raw materials purchased by manufacturers operating in Canada, as measured by the Raw Materials Price Index, increased 0.3% month over month and grew 0.8% year over year. Additionally, average hourly wages increased 3.3% on a year-over-year basis in July, following a growth of 3.2% in June 2025.

Within this environment, nearly half (45.2%) of businesses expect inflation to be an obstacle over the next three months. This proportion is nearly double that of the next most expected obstacle, cost of inputs (25.4%). Businesses expecting inflation to be an obstacle were led by those in accommodation and food services (56.6%), other services (except public administration) (54.7%) and retail trade (52.5%).

Cost of inputs—which includes costs of labour, raw materials and energy—is the second most expected obstacle; this obstacle is expected by over one-quarter (25.4%) of businesses. This obstacle is most commonly expected by businesses in agriculture, forestry, fishing and hunting (55.9%), manufacturing (40.4%) and accommodation and food services (40.0%).

When asked to indicate which expected obstacle would be the most challenging over the next three months, 13.3% of businesses expect it to be inflation, 9.7%, recruiting skilled employees, and 5.5%, cost of inputs.

Nearly two-fifths of businesses plan to pass onto customers cost increases due to tariffs over the next 12 months

In the third quarter of 2025, businesses were asked whether they had passed cost increases due to tariffs onto their customers over the past six months. Nearly one-quarter (24.9%) of businesses reported having done so, while over two-fifths (41.8%) had not passed any cost increases onto their customers. Meanwhile, one-third (33.3%) of businesses had not experienced any cost increases due to tariffs.

In contrast, nearly two-fifths (39.4%) of businesses were either very likely or somewhat likely to pass cost increases due to tariffs onto their customers over the next 12 months, compared with 15.4% of businesses who were very unlikely or somewhat unlikely to do the same. Additionally, 27.2% of businesses did not expect any cost increases due to tariffs over the next 12 months.



Nearly one-fifth of businesses experience an increase in sales of Canadian products

In the third quarter of 2025, just over one-fifth (20.8%) of businesses changed their marketing practices over the past six months to promote Canadian products, led by businesses in retail trade (45.5%), accommodation and food services (39.3%) and wholesale trade (35.6%). In contrast, over two-thirds (69.0%) of businesses did not change their marketing practices to promote Canadian products over the past six months.

At the same time, nearly one-fifth (16.0%) of businesses experienced an increase in sales of Canadian products over the past six months. This was led by businesses in retail trade (40.7%), wholesale trade (33.1%) and accommodation and food services (30.2%). Comparatively, just over two-thirds (66.8%) of businesses did not experience an increase in sales of their Canadian products over the past six months, and a further 17.2% of businesses were unsure if they had.

Majority of businesses foresee no immediate concerns over their ability to operate or maintain staff due to US and Canadian tariffs

In the third quarter of 2025, 5.8% of businesses anticipate being unable to continue operating past the next 12 months if tariffs imposed by the United States and Canada remain at their current levels. A further 41.3% of businesses are unsure how long they would be able to continue to operate. At the same time, over half (53.0%) of businesses expect to be able to operate for 12 months or longer if the tariffs imposed by the United States and Canada remain at their current levels. This expectation was most common among businesses in finance and insurance (66.7%) and least common among businesses in transportation and warehousing (32.8%).

Furthermore, 51.6% of businesses across Canada anticipate being able to maintain their current level of staffing over the next 12 months or longer if the tariffs imposed by the United States and Canada remain at their current levels. This was most commonly anticipated by businesses in real estate and rental and leasing (64.3%), while it was least commonly anticipated by businesses in transportation and warehousing (30.3%). Meanwhile, 8.2% of businesses anticipate being able to maintain their current staffing level for less than 12 months, and 40.2% of businesses are unsure how long they can maintain their current level of staffing if tariffs remain at their current levels.

Business optimism remains comparable with recent quarters

Just over two-thirds (66.7%) of businesses in the third quarter of 2025 are very optimistic or somewhat optimistic about their outlook over the next 12 months. This is comparable with the 70.0% of businesses that reported feeling the same in the second quarter of 2025.

Meanwhile, 13.8% of businesses expect their sales of goods or services to increase over the next three months, a decrease from 16.2% in the second quarter of 2025. At the same time, 18.9% of businesses expect sales of their goods or services to decrease. In addition, over one-fifth (20.6%) of businesses anticipate the selling price of their goods or services to increase over the next three months. This is led by businesses in manufacturing (35.0%), wholesale trade (32.8%) and retail trade (31.2%).

Table 1
Business or organization expectations over the next three months, second and third quarters of 2025

	Increase - Expected change, second quarter of 2025	Stay about the same - Expected change, second quarter of 2025	Decrease - Expected change, second quarter of 2025	Not applicable - Expected change, second quarter of 2025	Increase - Expected change, third quarter of 2025	Stay about the same - Expected change, third quarter of 2025	Decrease - Expected change, third quarter of 2025	Not applicable- Expected change, third quarter of 2025
	% of businesses							
Number of employees	10.8	81.4	7.8	0.0	9.9	80.8	9.3	0.0
Vacant positions	4.2	53.4	7.2	35.2	4.5	54.5	6.9	34.0
Sales of goods and services offered by the business or organization	16.2	60.7	19.6	3.5	13.8	63.9	18.9	3.4
Selling price of goods and services offered by the business or organization	26.5	62.8	7.1	3.6	20.6	68.3	7.5	3.6
Demand for products and services offered by the business or organization	16.4	64.7	18.9	0.0	14.2	65.7	20.2	0.0
Profitability	9.9	53.8	33.7	2.5	9.3	54.9	33.0	2.7

Source(s): Tables [33-10-0980-01](#) and [33-10-1018-01](#).

Majority of businesses have no plans to use artificial intelligence over the next 12 months

Over 1 in 10 businesses (14.5%) report having plans in the third quarter of 2025 to use artificial intelligence (AI) over the next 12 months, up from 10.6% in the third quarter of 2024. Furthermore, just over two-thirds (66.7%) of businesses in the third quarter of 2025 have no plans to use AI to produce goods or deliver services over the next 12 months. This is a decrease from the third quarter of 2024, when 71.8% of businesses reported having no plans to implement AI. In the third quarter of 2025, the vast majority (78.1%) of businesses that do not plan to adopt AI over the next 12 months feel AI is not relevant to the goods they produce or services they deliver. Moreover, 11.3% report having a lack of knowledge on AI capabilities and 8.1% cite concerns about privacy or security when asked for their reason for not planning to use AI over the next 12 months.

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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 upon request for the 20 largest cities in Canada.

Results from this survey are applicable to employer businesses in Canada. This survey is conducted quarterly to collect information from businesses in Canada more efficiently and rapidly compared with traditional methods.

The most recent survey was conducted from July 2 to August 6, 2025, and respondents were asked about their expectations for the next three months. As a result, this three-month period could range from July 2 to November 6, 2025, depending on when the business responded.

Statistics Canada would like to thank Canadians who took the time to complete this survey, enabling a better understanding of Canadian businesses.

Available tables: [33-10-1017-01](#) to [33-10-1055-01](#) .

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

The infographic "[Business Conditions in Canada, third quarter of 2025](#)," 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).