

ECONOMIC NEWS

Canada: Business Confidence Improves Slightly

HIGHLIGHTS

- ▶ According to the *Business Outlook Survey* by the Bank of Canada (BoC), business confidence has improved, with the indicator having recovered somewhat.
- ▶ In addition, the balance of opinion on future sales growth has returned to positive territory, suggesting that more businesses anticipate accelerated sales growth in the next 12 months.
- ▶ That said, roughly one-third of businesses don't believe that their sales will return to prepandemic levels in the next 12 months.
- ▶ The investment intentions of businesses also remain low, with the balance of opinion returning to close to zero. This indicates that spending on machinery and equipment could stay at nearly the same level for the next 12 months.
- ▶ However, the survey was conducted between late August and late September, before the number of COVID-19 cases began to spike again and new restrictive measures were implemented in certain regions.
- ▶ According to the BoC, there are indications that the pace of the recovery will slow and be uneven across industries.

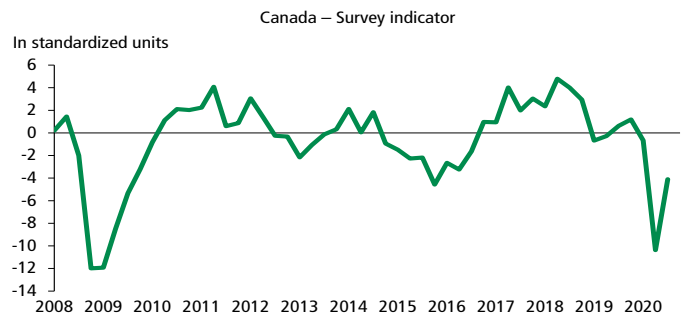
COMMENTS

Although some businesses will undoubtedly face additional challenges due to the new restrictive measures recently introduced in certain parts of the country, the businesses survey's most recent results are somewhat encouraging. However, it's clear that the pandemic will leave major scars on businesses that will take a long time to fully heal.

IMPLICATIONS

For the time being, no aspect of the *Business Outlook Survey* could cause the BoC to question its highly expansionary monetary policy.

GRAPH 1
Business confidence is slightly up



GRAPH 2
Outlook for future sales improves



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