

## Business Affairs – June 2019



### Top-line Results

## 2019 Summer Business Affairs Results

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Each quarter, the Modus Business Monitor measures key business and public affairs issues. For the summer of 2019, the following business affairs topics are covered:

- Economic and business confidence
- Concerns about and preparedness for dealing with a recession
- Investments in capital, personnel and R&D
- Economic risks and barriers to business success
- Government performance for business
- Policy priorities and performance ratings for federal government

Fieldwork for the Summer 2019 Monitor was carried out between June 24<sup>th</sup> and July 2<sup>nd</sup> 2019 using the Modus Business Panel, yielding a sample size of 678 respondents. The data are weighted by region and organization size to ensure representativeness and have an accuracy of +/- 3.7% percentage points, 19 times out of 20.

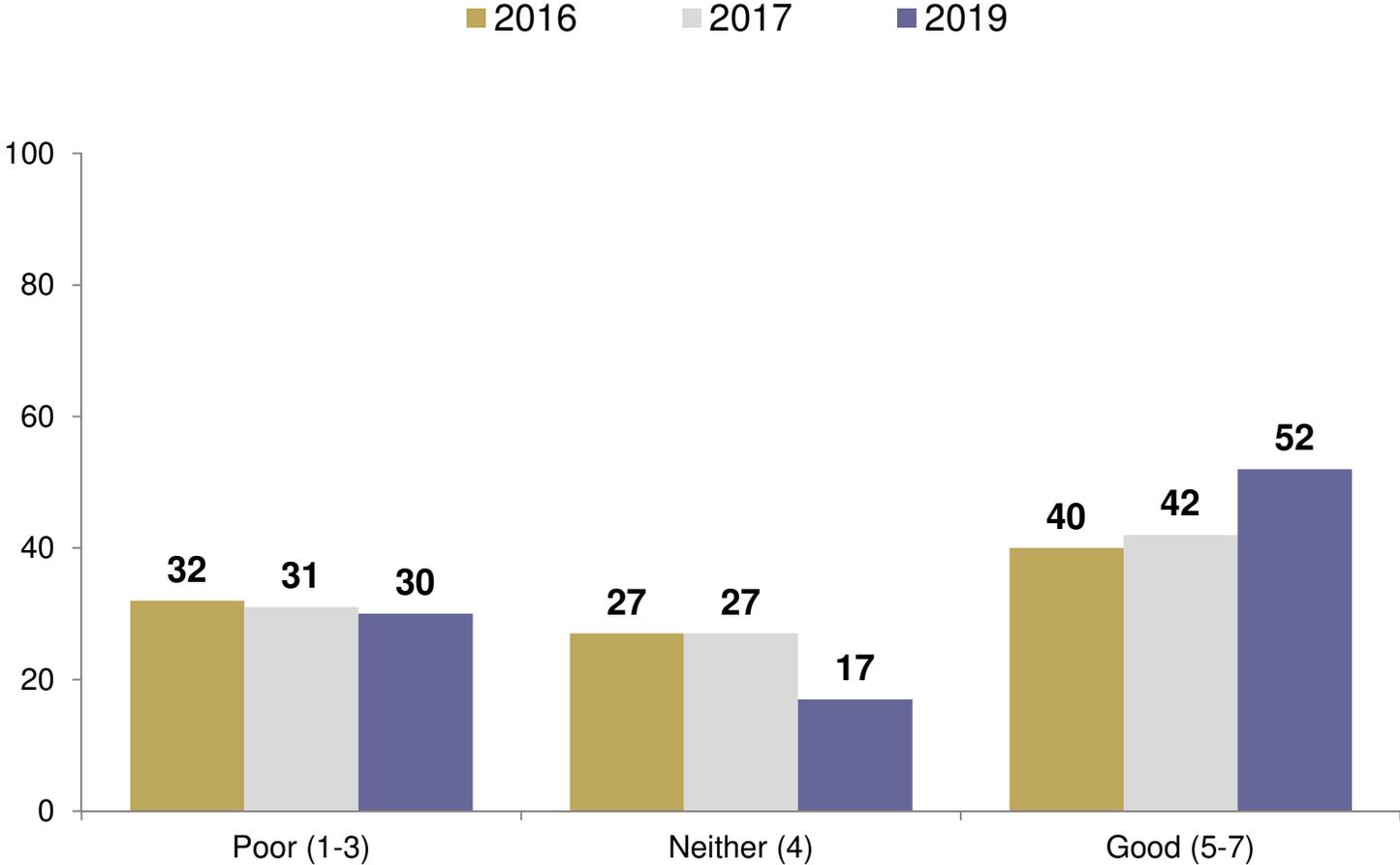
## Economic and Business Confidence

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- Economic confidence in the current state of the economy is high, while the outlook has dropped significantly from previous measurements.
  - Under a third think the economy will improve over the next five years – our lowest finding yet.
  - Businesses are equally likely to say the economy will get better over the next five years as say it will get worse.
- Business confidence has waned over the past several years, although a majority of firms continue to report that the health of their company is good.
- Like economic outlook, the outlook for businesses is much bleaker than views on the current state of affairs.
  - There has been a sizable drop in the number of businesses that say things will improve over the next five years.

# Economic Confidence: Today

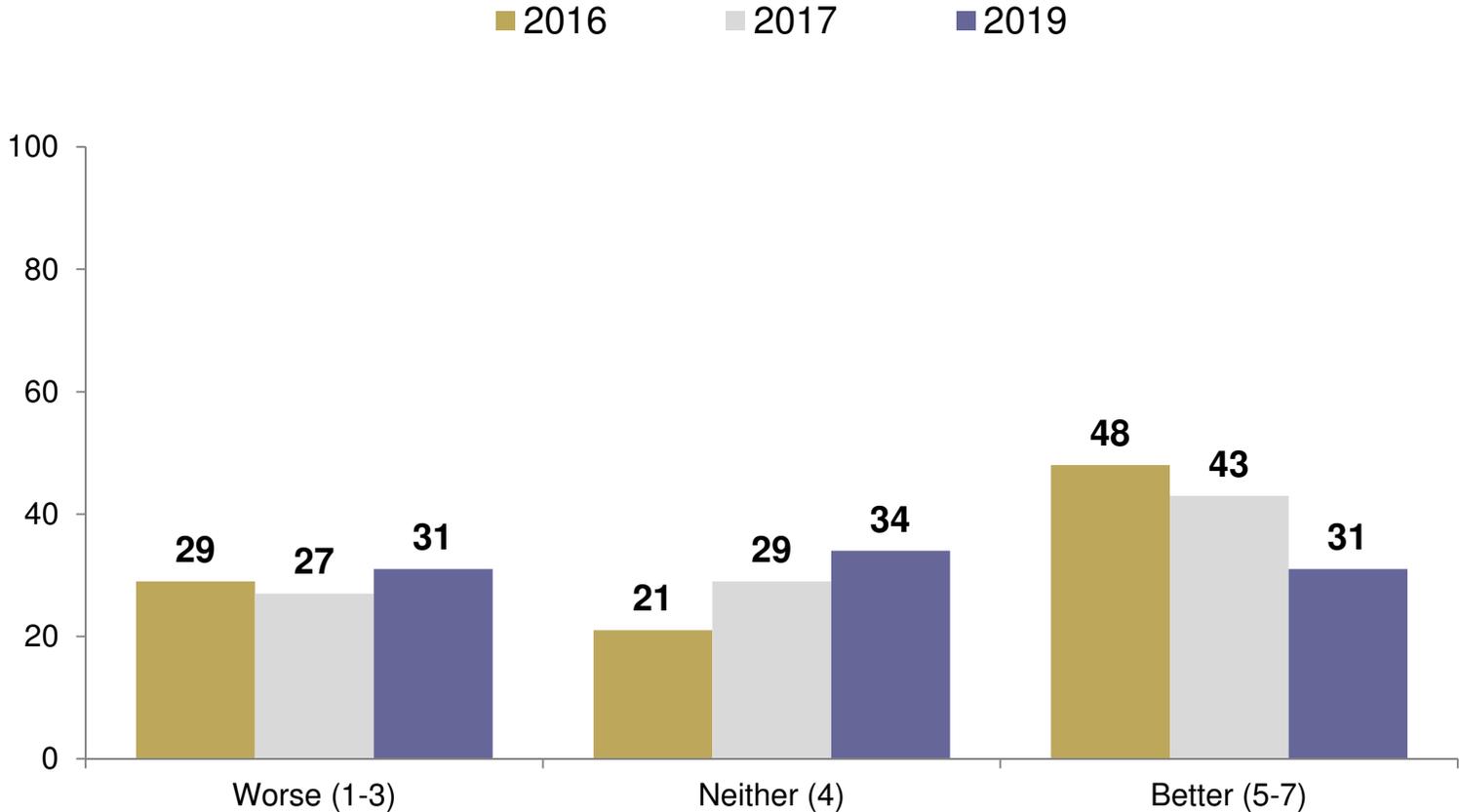
How would you rate the current health of the Canadian economy?



Base: all (n=678); percentages

# Economic Confidence: Five Year Outlook

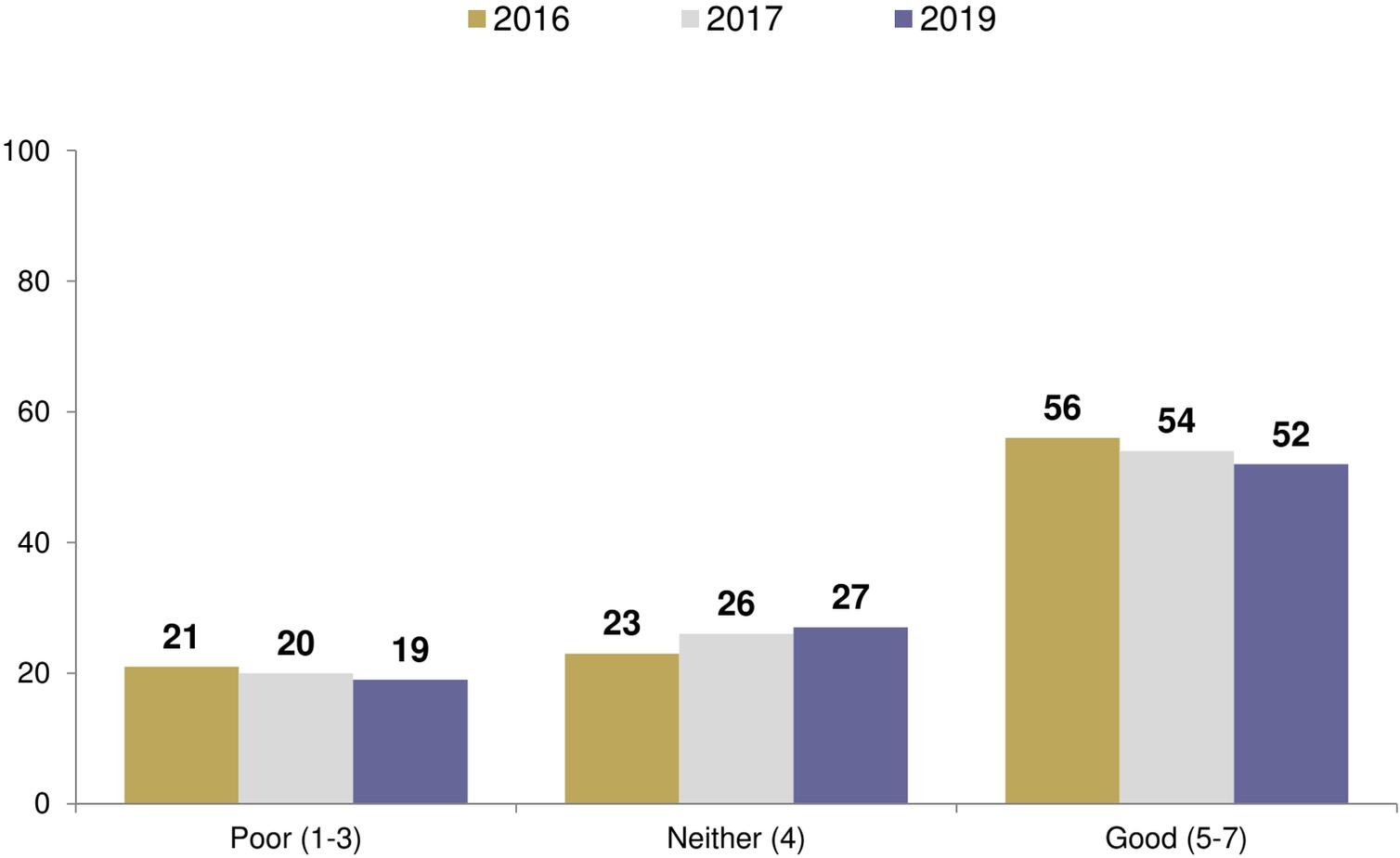
What do you think will be the general outlook for the Canadian economy over the next five years?



Base: all (n=678); percentages (2019: 4% DK/NR)

# Business Confidence: Today

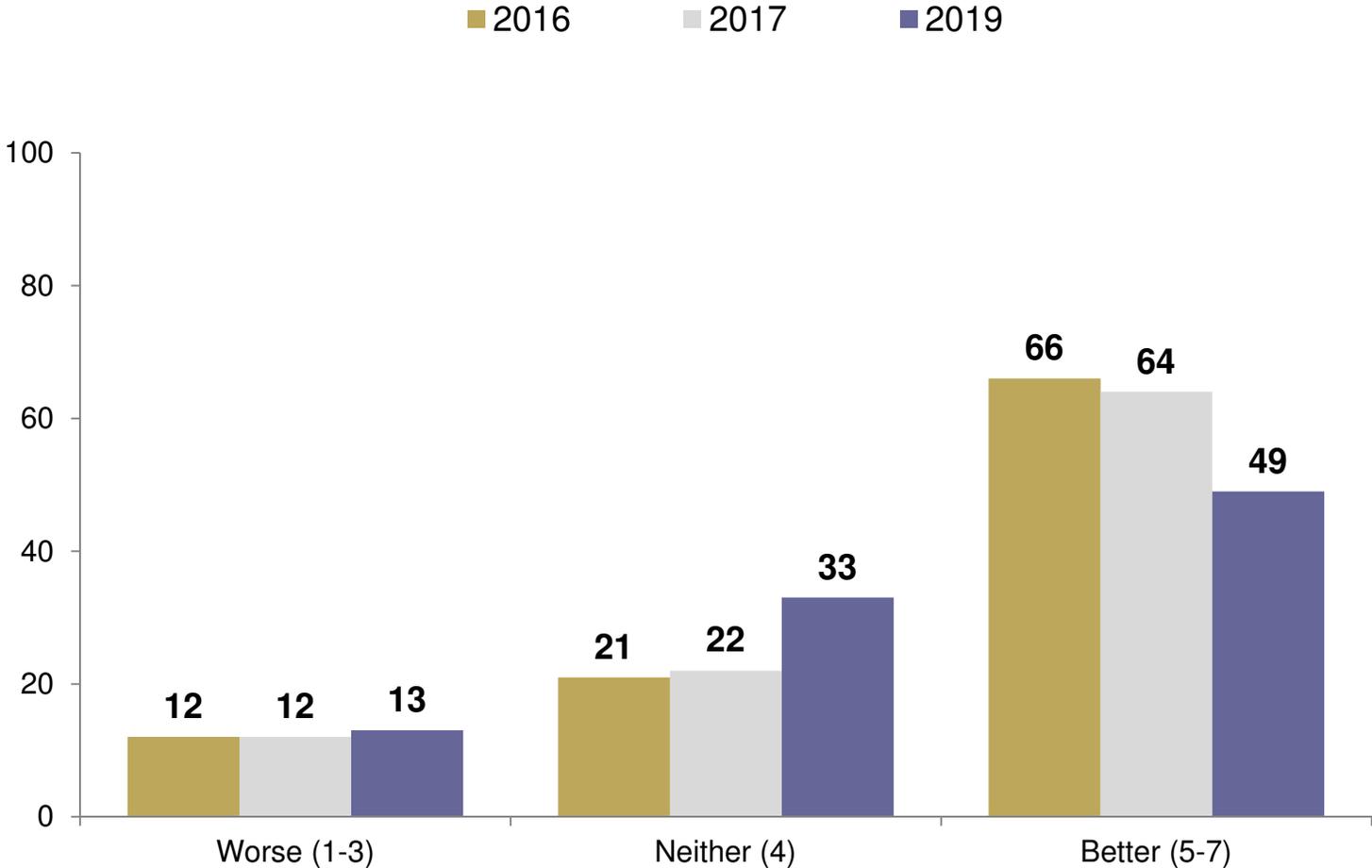
And how would you rate the current health of your organization?



Base: all (n=678); percentages

# Business Confidence: Five Year Outlook

What do you think will be the general outlook for your organization over the next five years?



Base: all (n=678); percentages (2019: 4% DK/NR)

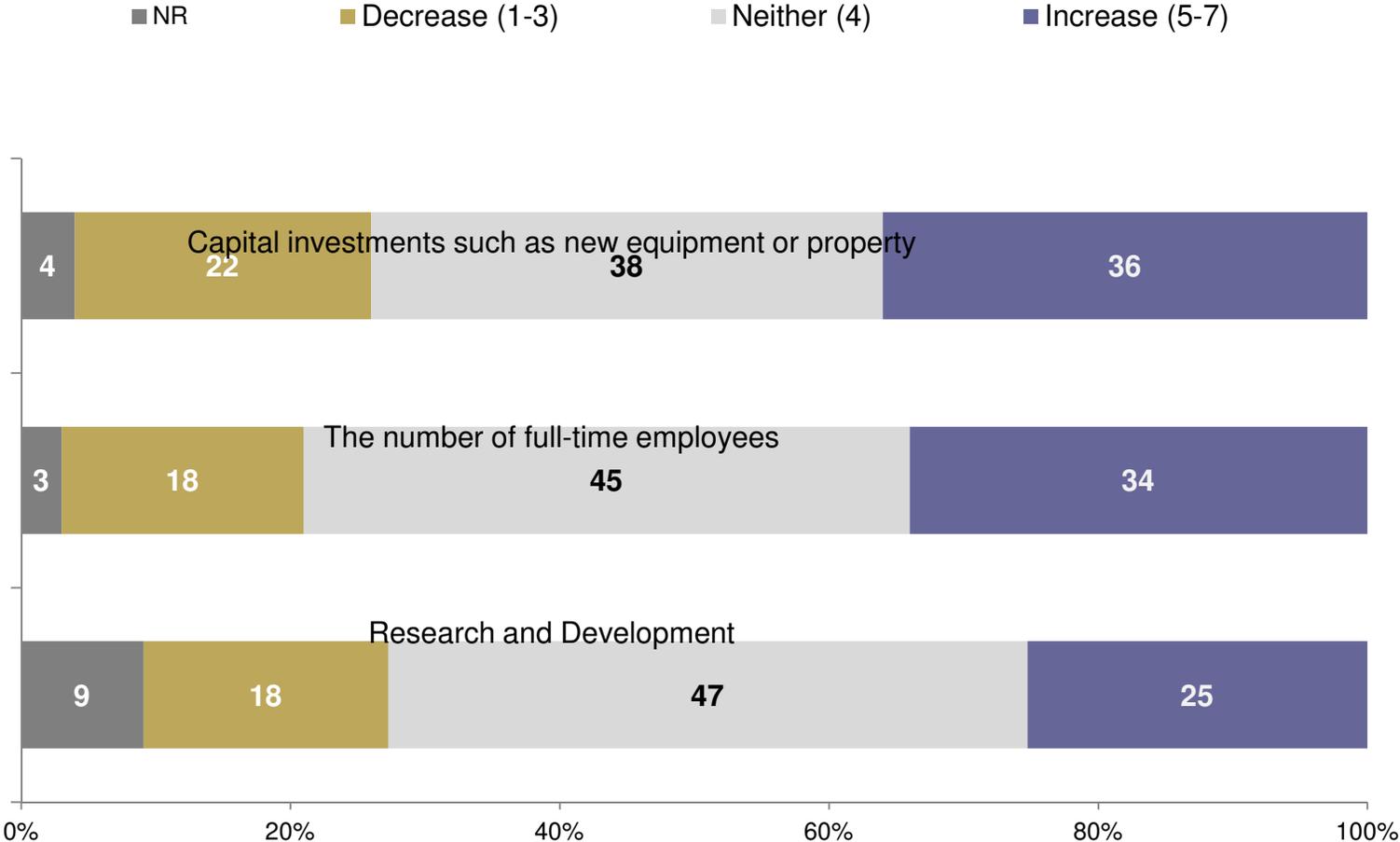
## Investment, Recession and Preparedness

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- Just over a third of businesses plan to increase their capital investments or full-time staff numbers over the next year. Only a quarter intend to increase R&D investments.
- Very few businesses feel that either the Canadian or global economy will go into recession in 2020. A similarly small number are worried about an escalation in U.S.-Canada trade wars.
- Reflecting the low levels of concern about recession, just over 1 in 10 businesses say they are well prepared for a potential recession.

# Investment Outlook

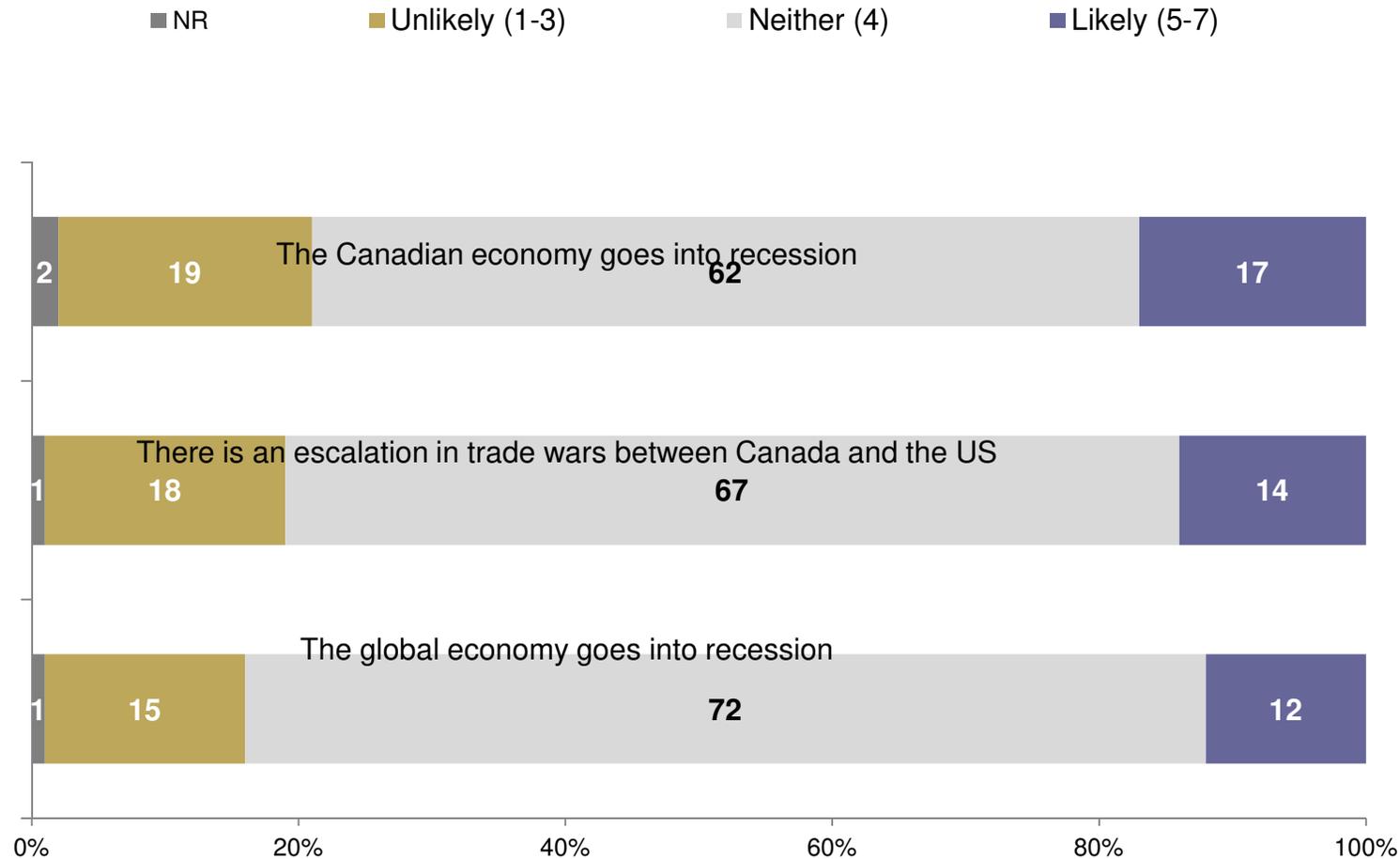
Does your company plan to increase or decrease its spending in each of the following areas over the next year?



Base: all (n=678); percentages; may not add to 100 due to rounding

# Economic Worries for 2020

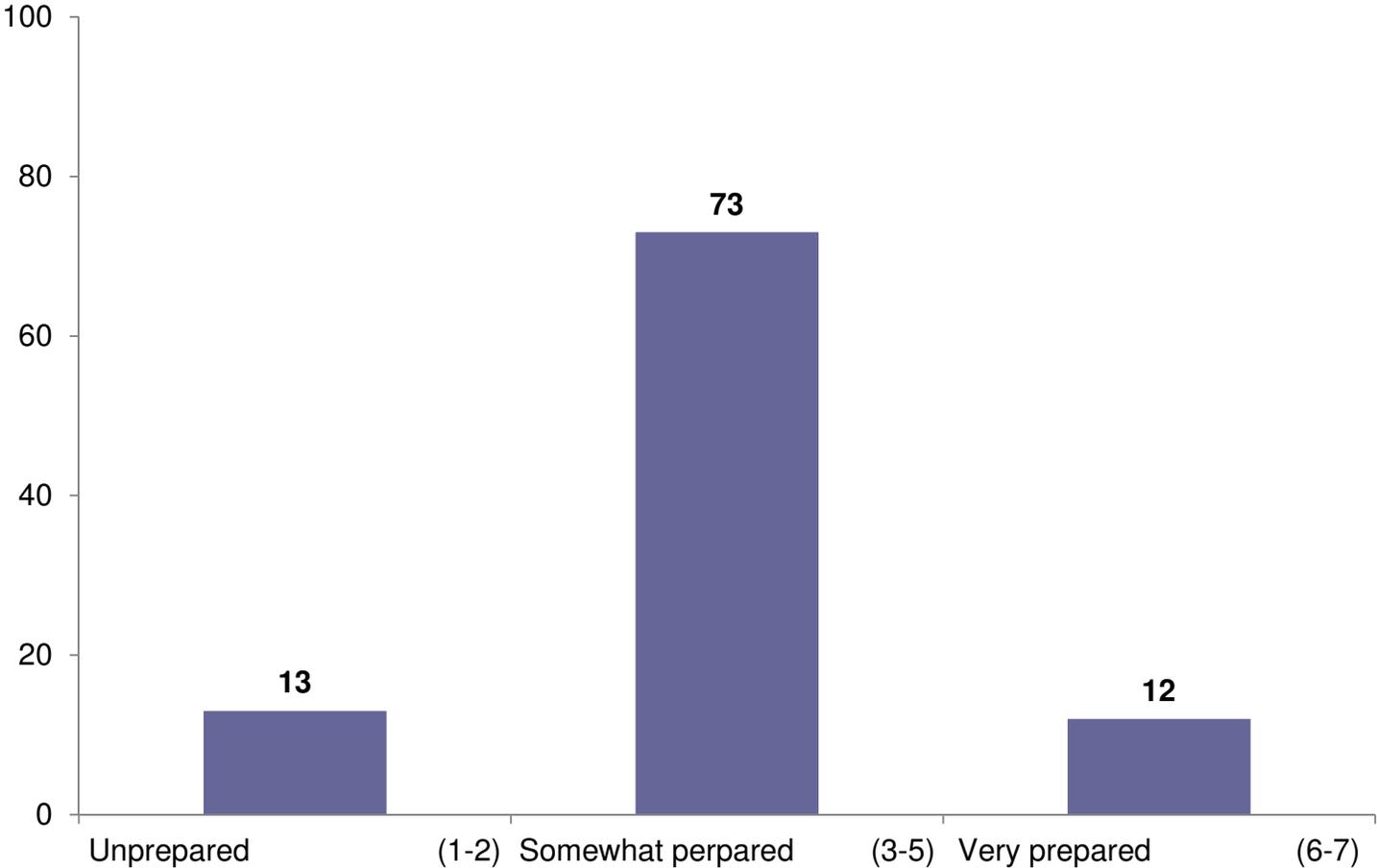
In your opinion, how likely are each of the following scenarios for 2020?



Base: all (n=678); percentages; may not add to 100 due to rounding

# Preparedness for a Potential Recession

How well prepared is your company to handle a potential recession?



Base: all (n=678); percentages

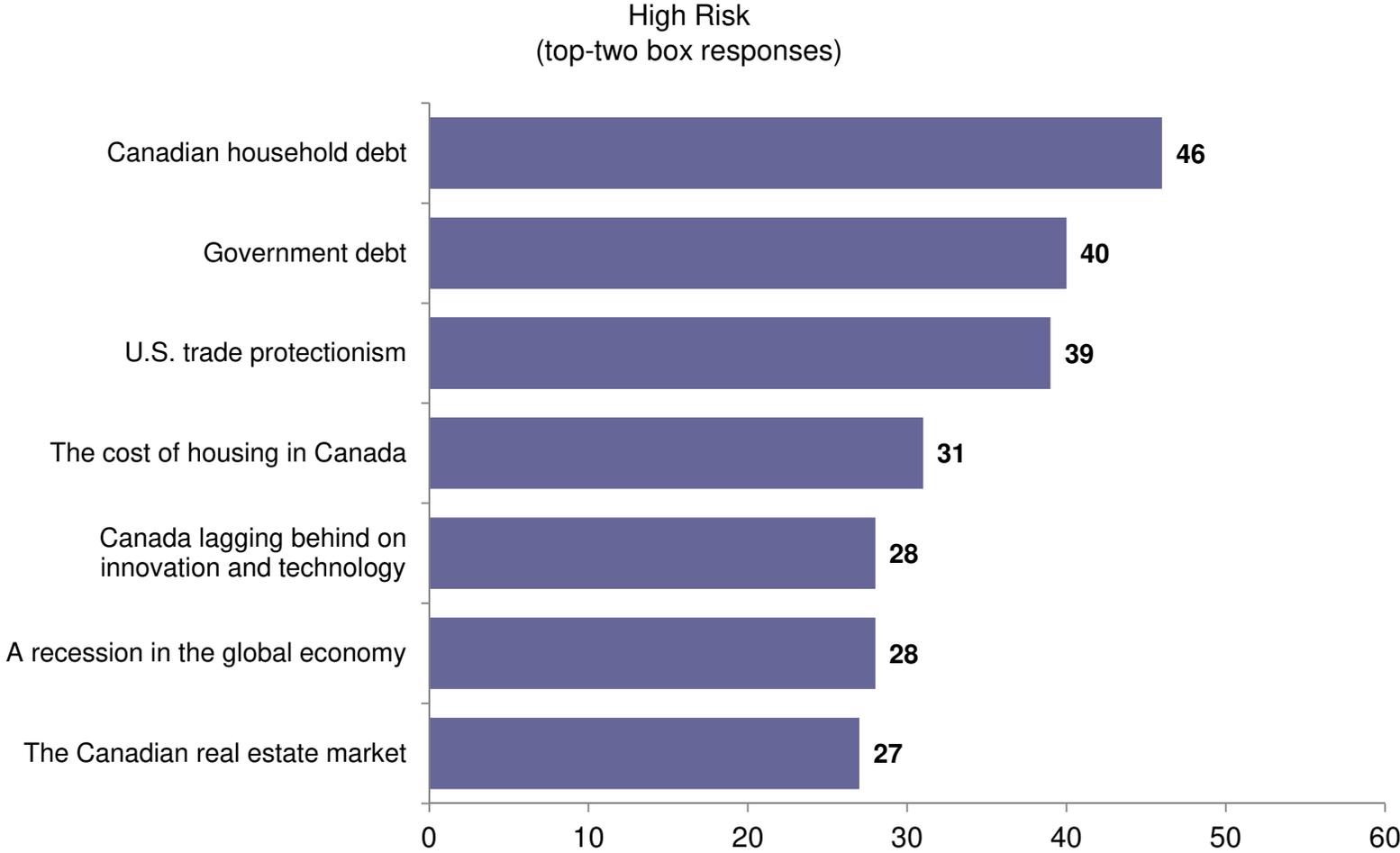
## Risks and Barriers

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- When asked about risks to the Canadian economy, the two most highly ranked risks are Canadian household debt and government debt. Concerns about U.S. trade protectionism also run high. There is relatively little concern about housing or the real estate market.
- Interestingly, large players dominating markets has the highest number of businesses rating it as a barrier to success – more than even those who worry about the availability of skilled labour.
- Two-thirds also view access to credit and financing as a significant barrier.

# Risks to the Canadian Economy

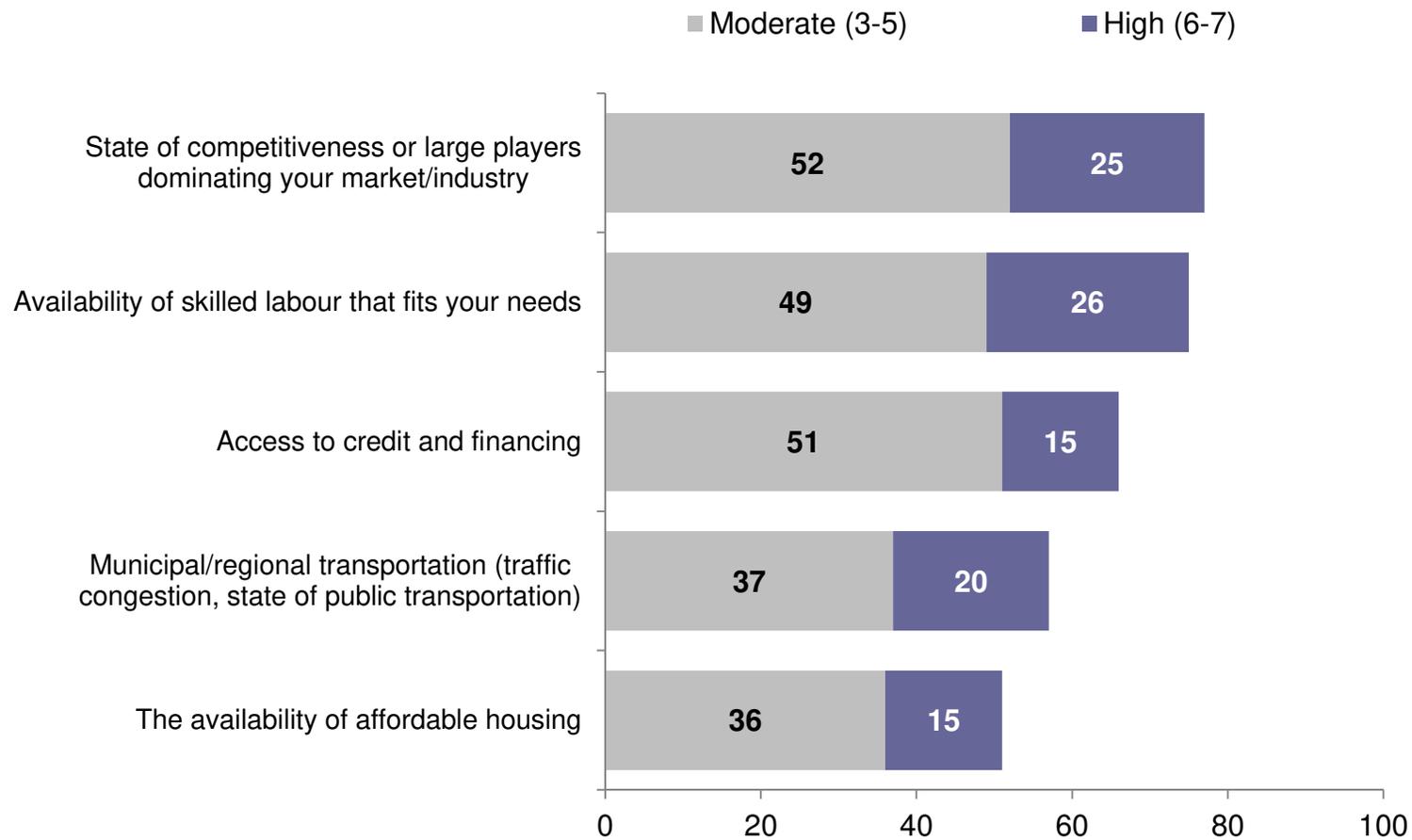
In terms of risks to the Canadian economy, how would you rate each of the following?



Base: all (n=678); percentages reporting 6 or 7 on 7-pt. scale

## Barriers to Business Success

To what extent are each of the following barriers to your organization's success?



Base: all (n=678); percentages reporting 6 or 7 on 7-pt. scale

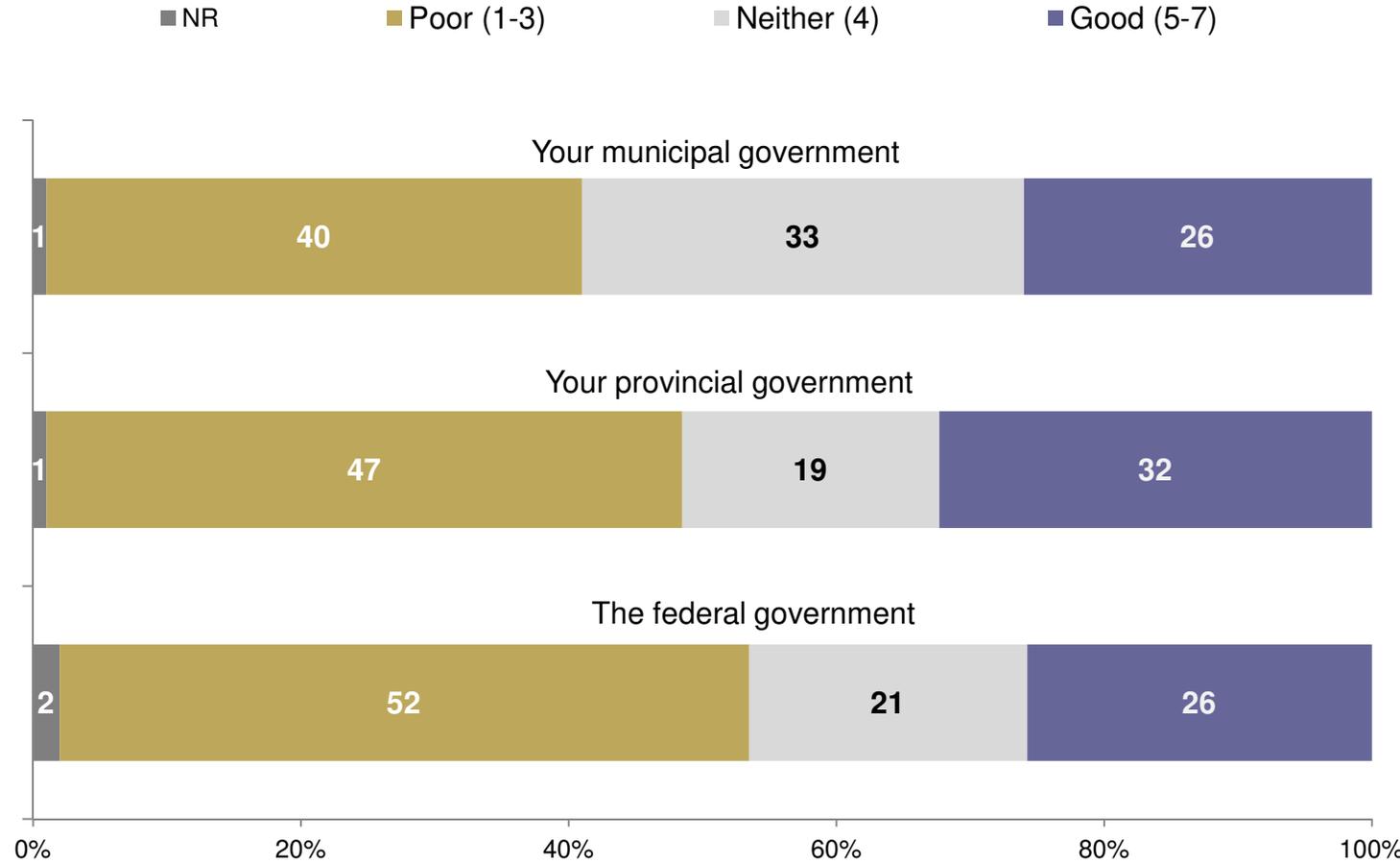
## Government, the Election and Priorities

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- Fewer than a third of Canadian businesses rate any level of government positively when asked about helping them succeed.
- A large majority of business leaders are following the upcoming federal election.
- The top priorities for businesses in terms of the federal election are international trade, improving the economic security of Canadians, infrastructure and balancing the budget.
- The current federal government gets weak results on each of the policy priorities measured.

# Government Ratings

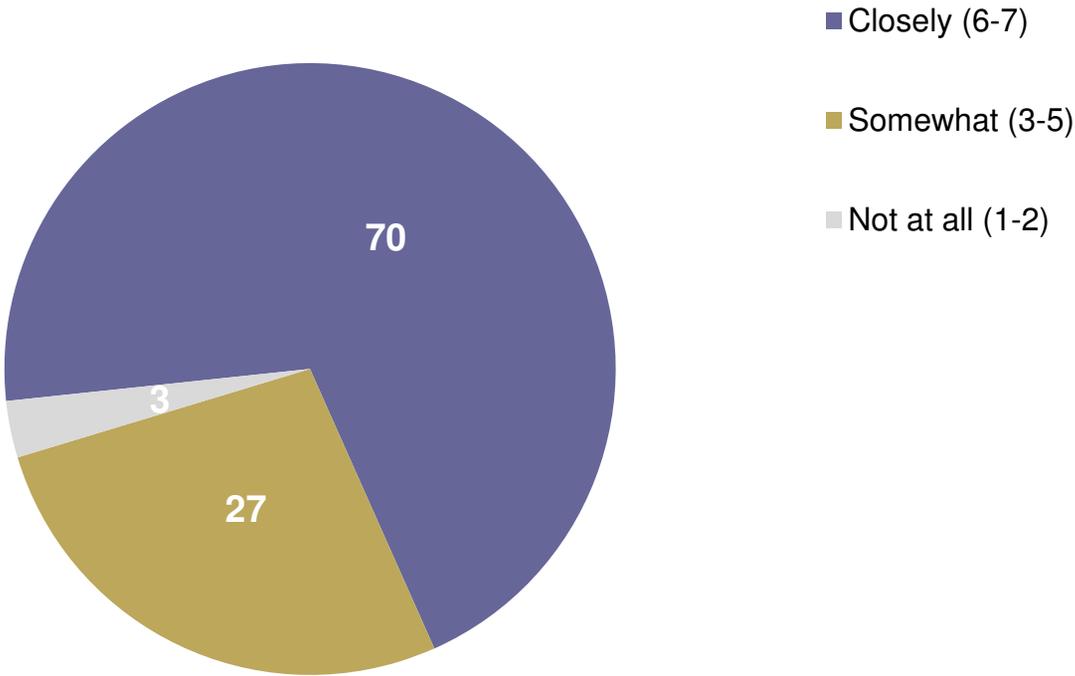
In terms of helping your company succeed, how you rate the following levels of government in Canada?



Base: all (n=678); percentages; may not add to 100 due to rounding

# Following the Federal Election

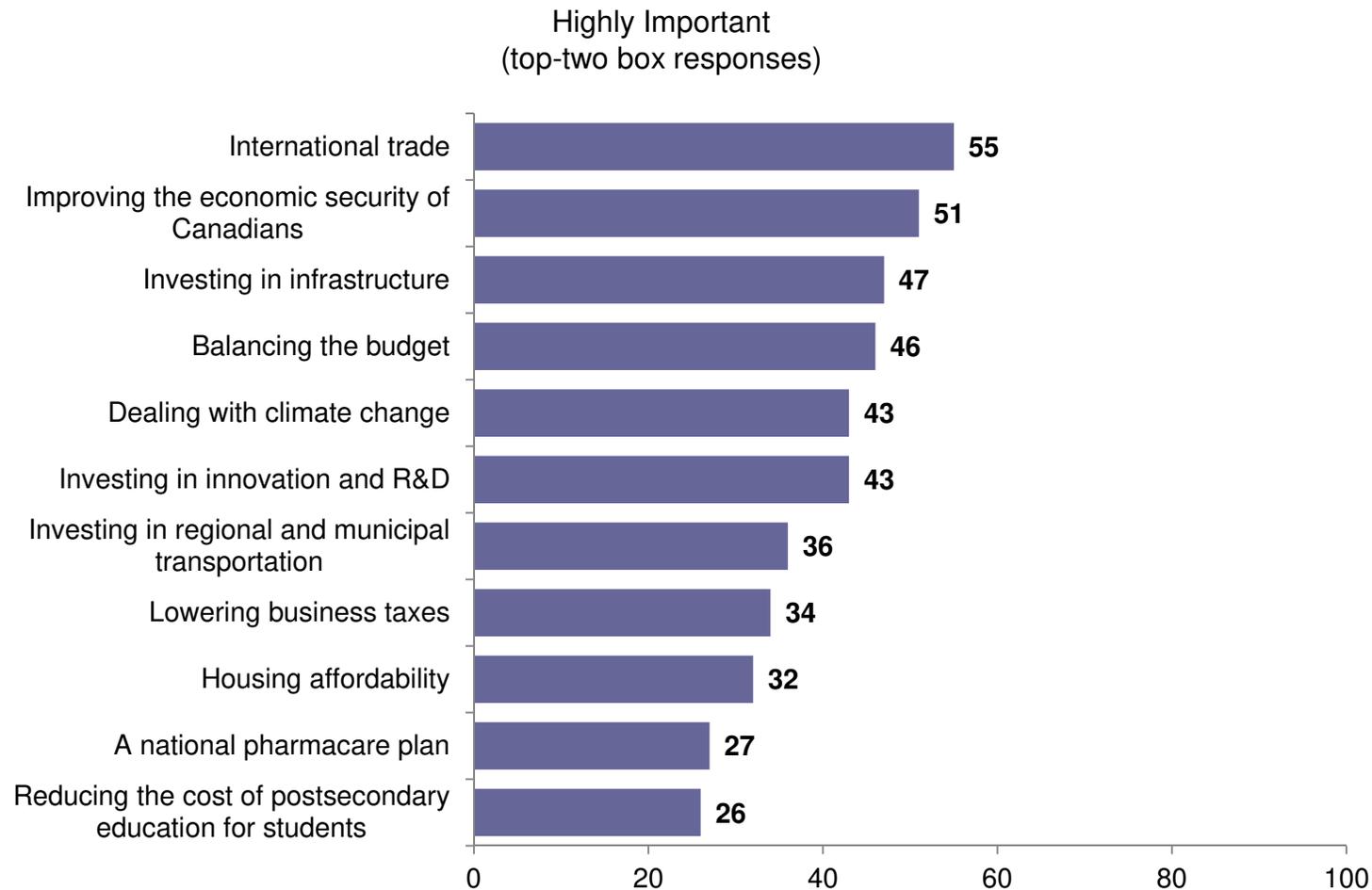
How closely are you following the upcoming federal election?



Base: all (n=678); percentages

## Federal Government Priorities

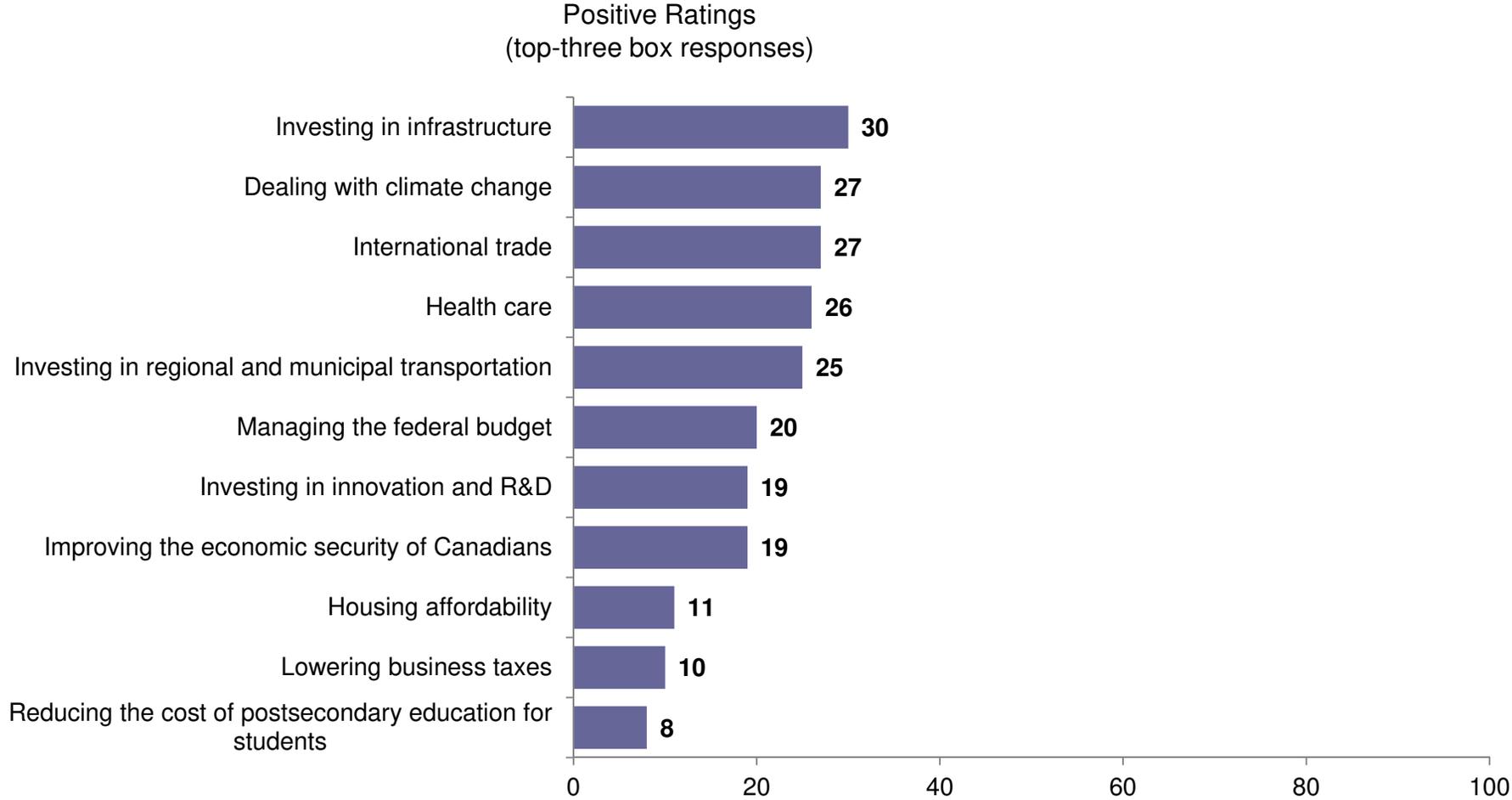
As we approach the next federal election, how important are the following policies for the health of the Canadian economy?



Base: all (n=678); percentages reporting 6 or 7 on 7-pt. scale

# Federal Government Performance

Still thinking about the health of the Canadian economy, how would you rate the current federal government on each of these policy areas?



Base: all (n=678); percentages reporting 5, 6 or 7 on 7-pt. scale



# Modus

R E S E A R C H

