

SURVEY ON GLOBAL AFFAIRS: FEBRUARY 2024





Survey Overview



- › The results presented in this report cover Canadian business perspectives on various global issues, as well as the Canadian economy.
- › These results are based on a survey that ran from February 13 to March 1, 2024 and gathered a total of 886 responses.
- › As the Modus Business Panel is 100% recruited using RDD probability-based sampling, a margin of error can be calculated – plus or minus 3.3% at a 95% confidence interval.
- › The data have been weighted by age, gender, and region using population data from the 2021 Statistics Canada Census.



Key Findings I



- › Most Canadian business leaders pay very close attention to global affairs.
- › The two issues that get daily attention from half or more than half of Canadian business leaders are: US politics (57%) and the situation in the Middle East (50%).
- › The two positions most strongly supported by Canadian business leaders with three quarters support are: global corporations have too much influence over government policy, and the Canadian economy is too dependent on the US.
- › While six in ten business leaders think it is possible to some extent for Canada to diversify its economy outside of its traditional trading partners; only a quarter think it is possible to a great extent.
- › Seven in ten Canadian business leaders think that in the best interests of Canada there should be greater diversification of trade outside the US.
- › Fully three quarters of Canadian business leaders think the United States still acts like a superpower without regard for the emerging multipolar world. While almost six in ten feel the European economy is better poised than the US to take advantage of multipolarity.



Key Findings II



- › Well over four in ten Canadian business leaders have either high or moderate concern about armed global conflicts having a negative impact on the Canadian economy.
- › Only a third of Canadian businesses think the economy is in good health while slightly more than said it is poor.
- › Four in ten Canadian business see a worse outlook for the Canadian economy over the next year. Those who think the outlook is “about the same” or “better” are both at about three out of ten.
- › Almost six in ten Canadian businesses think it is somewhat likely that the Canadian economy will fall into recession.
- › Six in ten Canadian businesses think that housing affordability is the greatest risk to the Canadian economy.



Canadian Business Perspectives on Global Issues

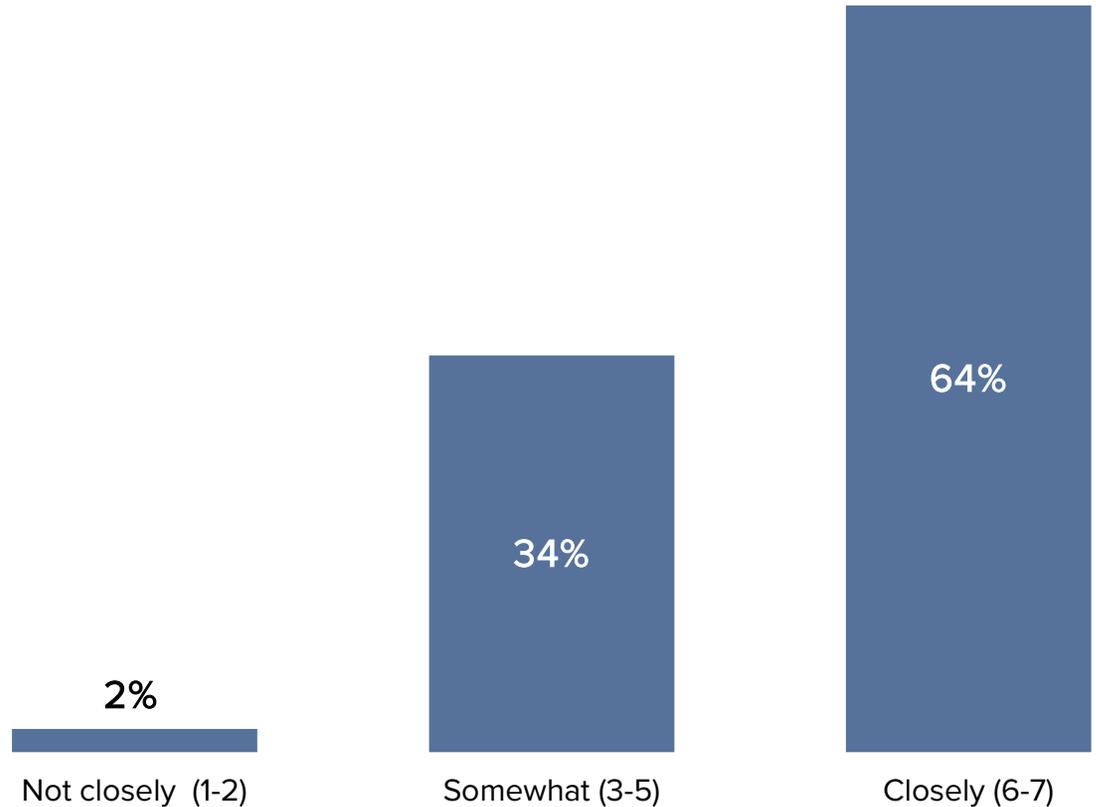
How Closely Business Leaders Follow Global Affairs

Most Canadian business leaders, in general, pay very close attention to global affairs.

- > More than six in ten follow very closely while about a third follow somewhat closely. The breakdown across Canada is the same for all regions.
- > Only two percent do not follow at all, or follow very little at best.



Generally speaking, how closely do you follow global affairs in the news?



Following Stories in the News

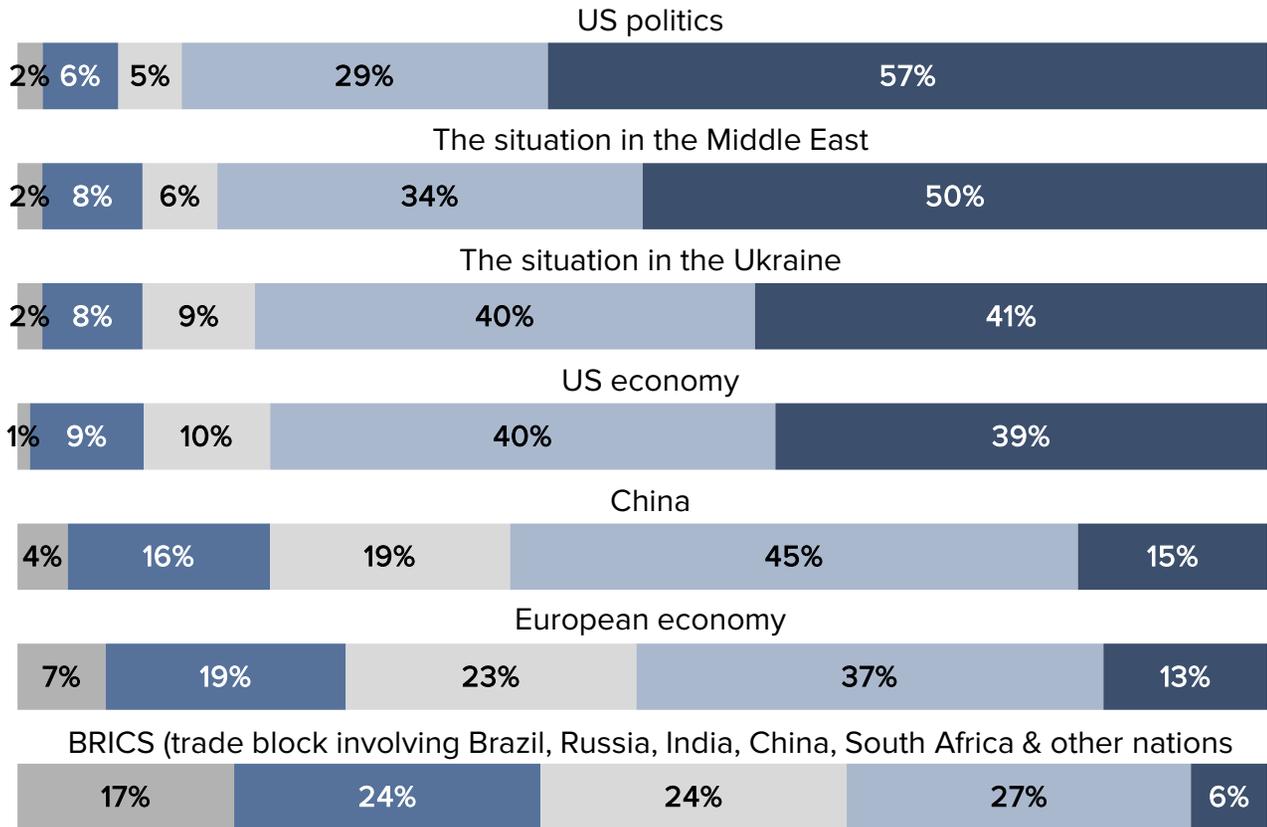
The two issues that get daily attention from half or more than half of Canadian business leaders are: US politics (57%) and the situation in the Middle East (50%).

- > The situation in the Ukraine and US economy have about four in ten following daily.
- > All other stories mentioned get much less of a daily follow.



Over the past year, on average, how often have you followed stories about each of the following in the news?

■ Never or rarely ■ Occasionally ■ About once a month ■ Weekly ■ Daily



Statements about Global Economy

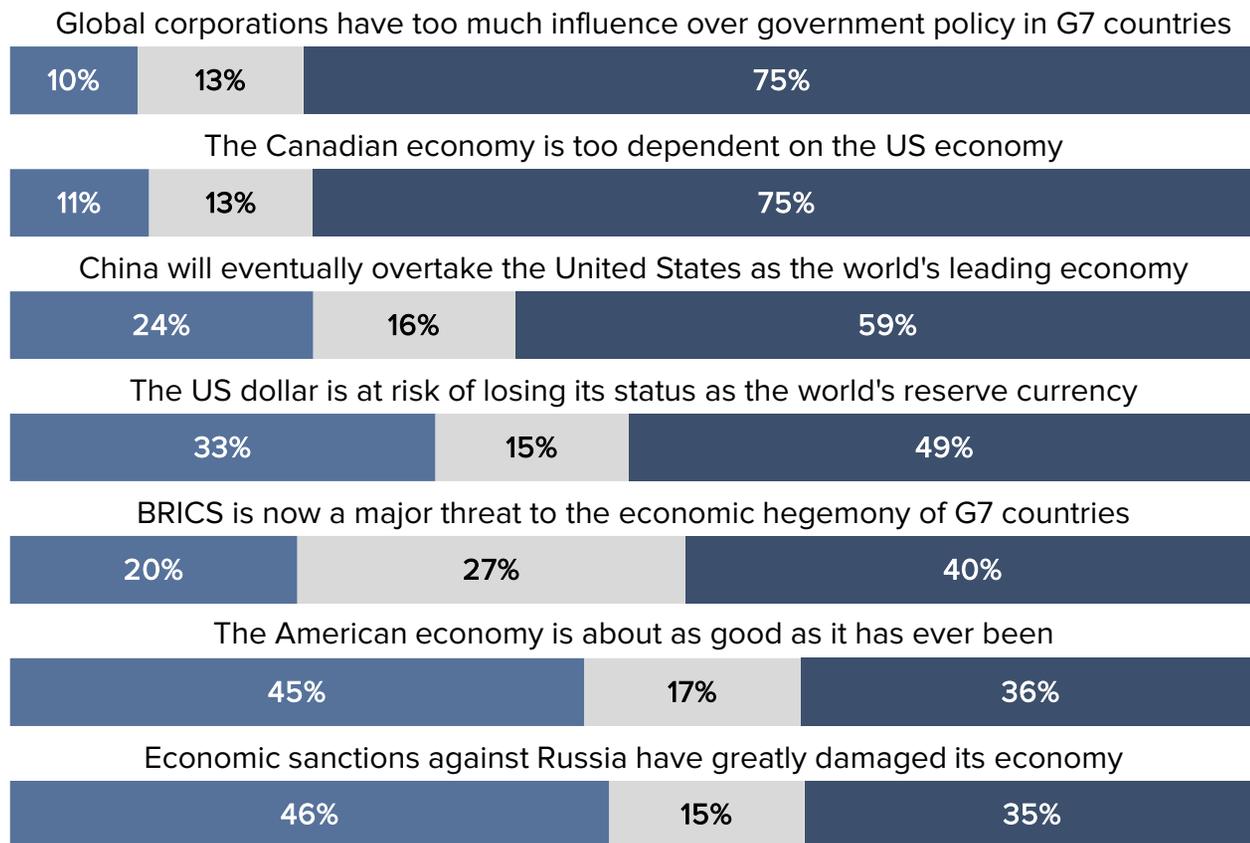
The two positions most strongly supported by Canadian business leaders with three quarters support are: global corporations have too much influence over government policy, and the Canadian economy is too dependent on the US.

- › Six in ten believe that China will eventually overtake the US as the world's leading economy.
- › Half believe the US dollar is at risk of losing its status as the world's reserve currency.
- › All other statements receive less than half agreement.
- › Amongst regions, Prairie business leaders disagree the most with the idea that the Canadian economy is too dependent on the US (at 25%).



How strongly do you agree or disagree with each of the following statements?

■ Disagree (1 to 3) ■ Neither (4) ■ Agree (5 to 7)



Canadian enterprises (n=886)

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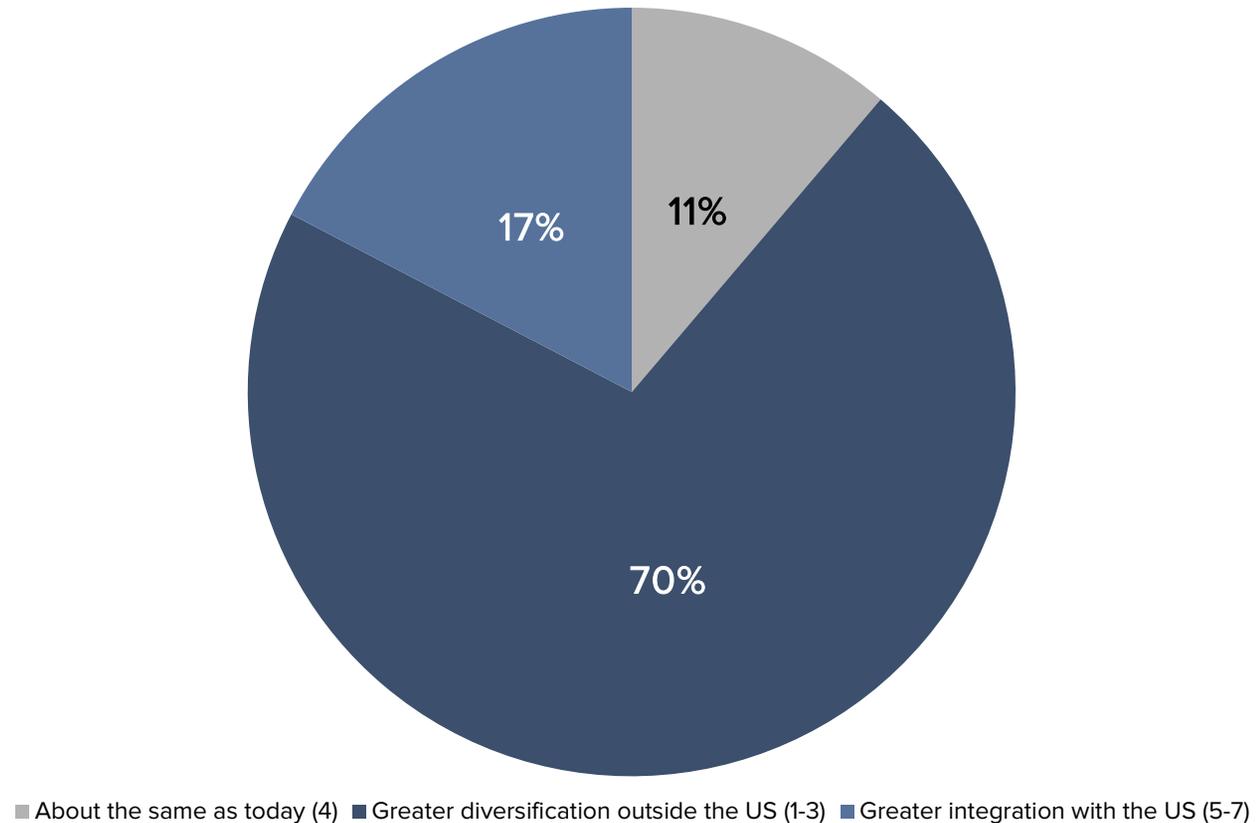
Canadian Economic Diversification versus Integration with the US

The vast majority of Canadian business leaders think that in the best interests of Canada there should be greater diversification of trade outside the US. With fully seven in ten thinking this way.

- > Only seventeen percent think there should actually be greater integration with the US economy.
- > Wholesale businesses are the only business category rating greater diversification outside of the US below fifty percent (46%).



All things considered, what is in the best interest of Canada over the long-term - greater integration with the US economy or greater diversification of trade outside the US?



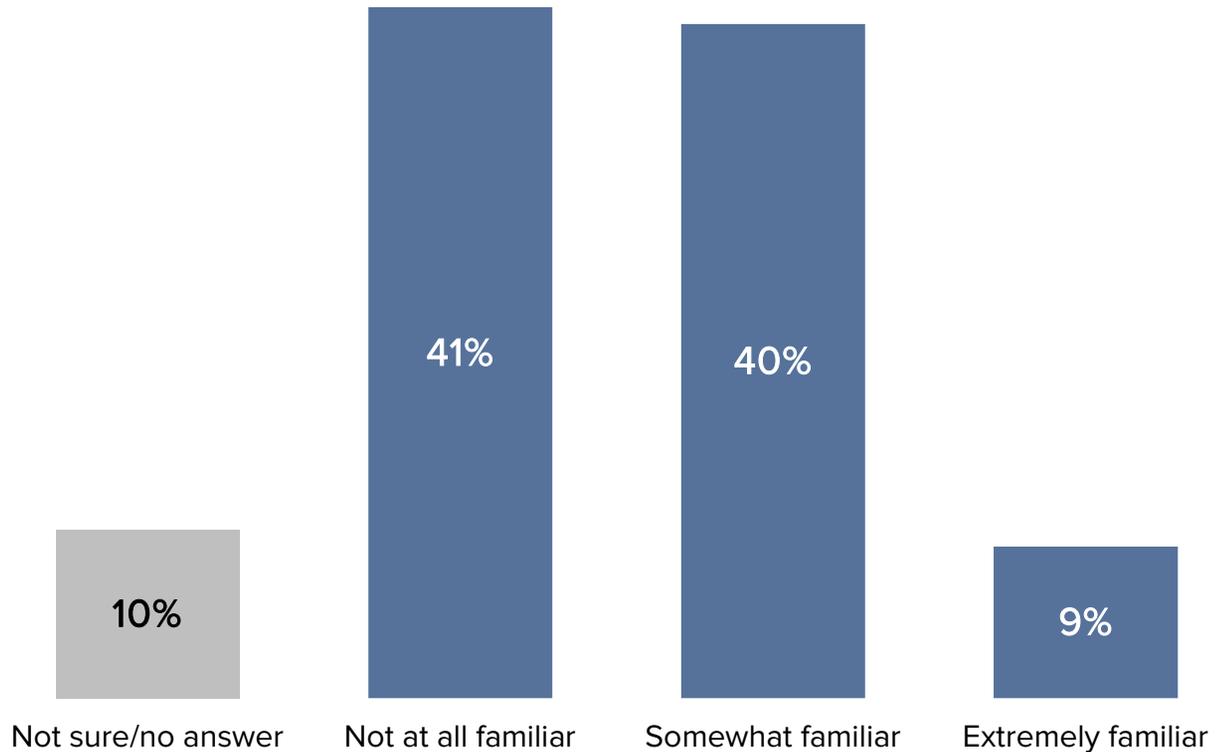
Concept of Multipolarity

About four in ten business leaders are either somewhat, or not at all familiar with the concept of “multipolarity.”

- › Only about one in ten are extremely familiar.
- › Wholesale businesses at 73% were the least familiar with “multipolarity.”



How familiar are you with the concept of "multipolarity"?



Canadian enterprises (n=886)

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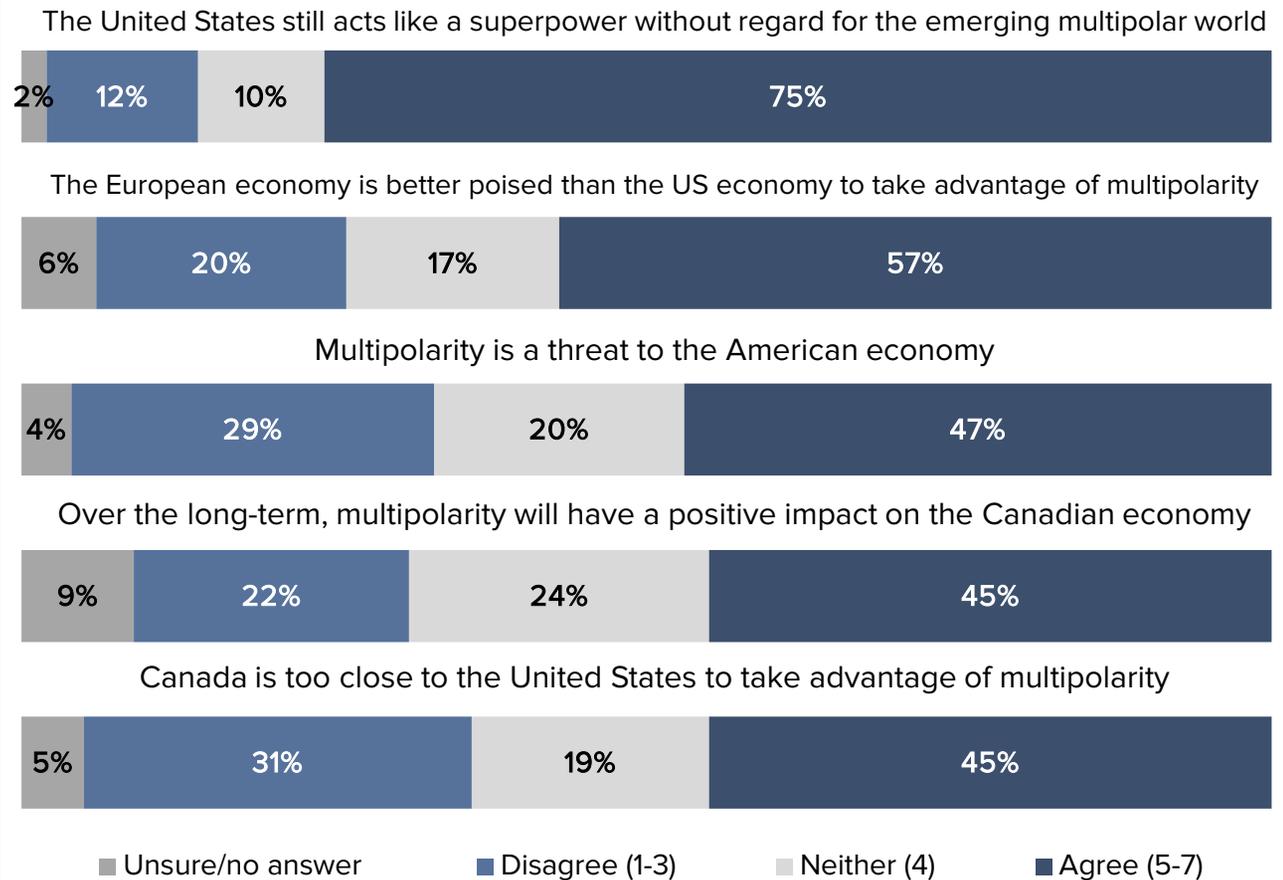
Statements about Multipolarity

Only two statements have strong support from Canadian businesses. Fully three quarters of Canadian business leaders think the United States still acts like a superpower without regard for the emerging multipolar world. Seeing slightly less agreement almost six in ten business leaders think the European economy is better poised than the US to take advantage of multipolarity.

- > All other statements see agreement from just under half of business leaders.
- > Business leaders in companies with 100-499 employees disagree the most with the idea that Canada is too close to the US to take advantage of multipolarity at 46%.
- > Real estate business leaders have the least agreement that the European economy is better poised to take advantage of multipolarity at only 36%.



How strongly do you agree or disagree with each of the following statements about multipolarity?



Canadian enterprise (n=886)

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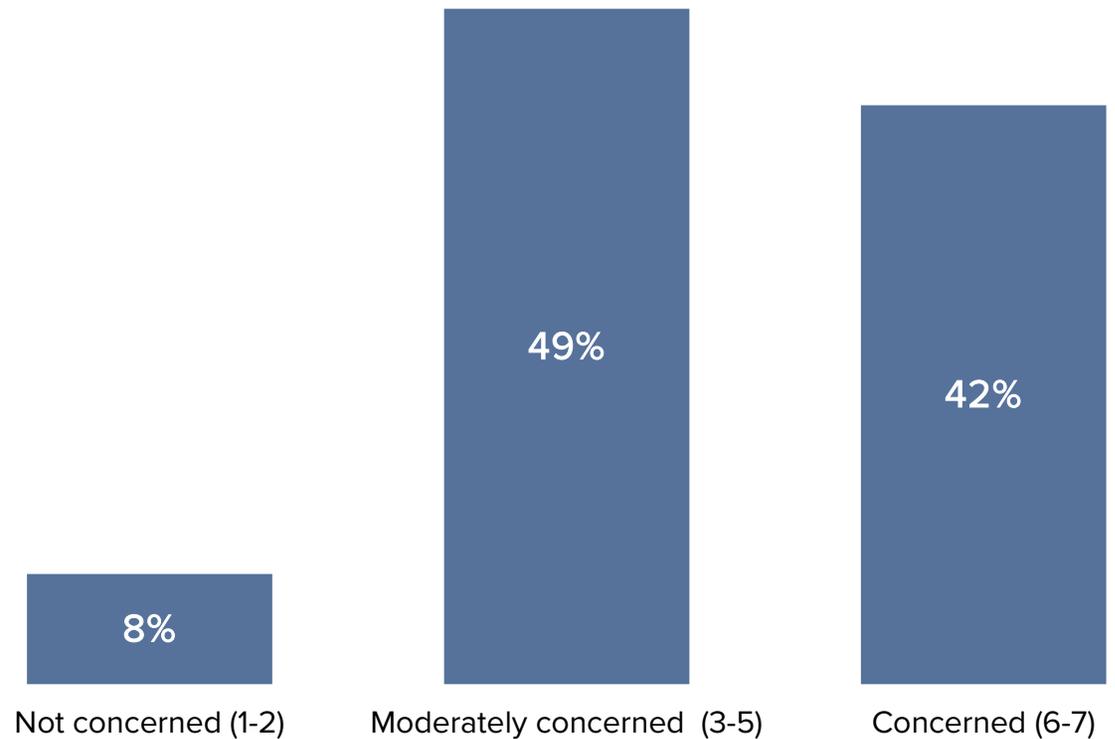
Concern about Conflicts

Well over four in ten Canadian business leaders have either high or moderate concern about armed global conflicts having a negative impact on the Canadian economy.

- > Only eight percent have little or no concern.
- > These results are similar across all business regions, sizes, and types.



Overall, how concerned are you that these conflicts are having a negative impact on the Canadian economy?



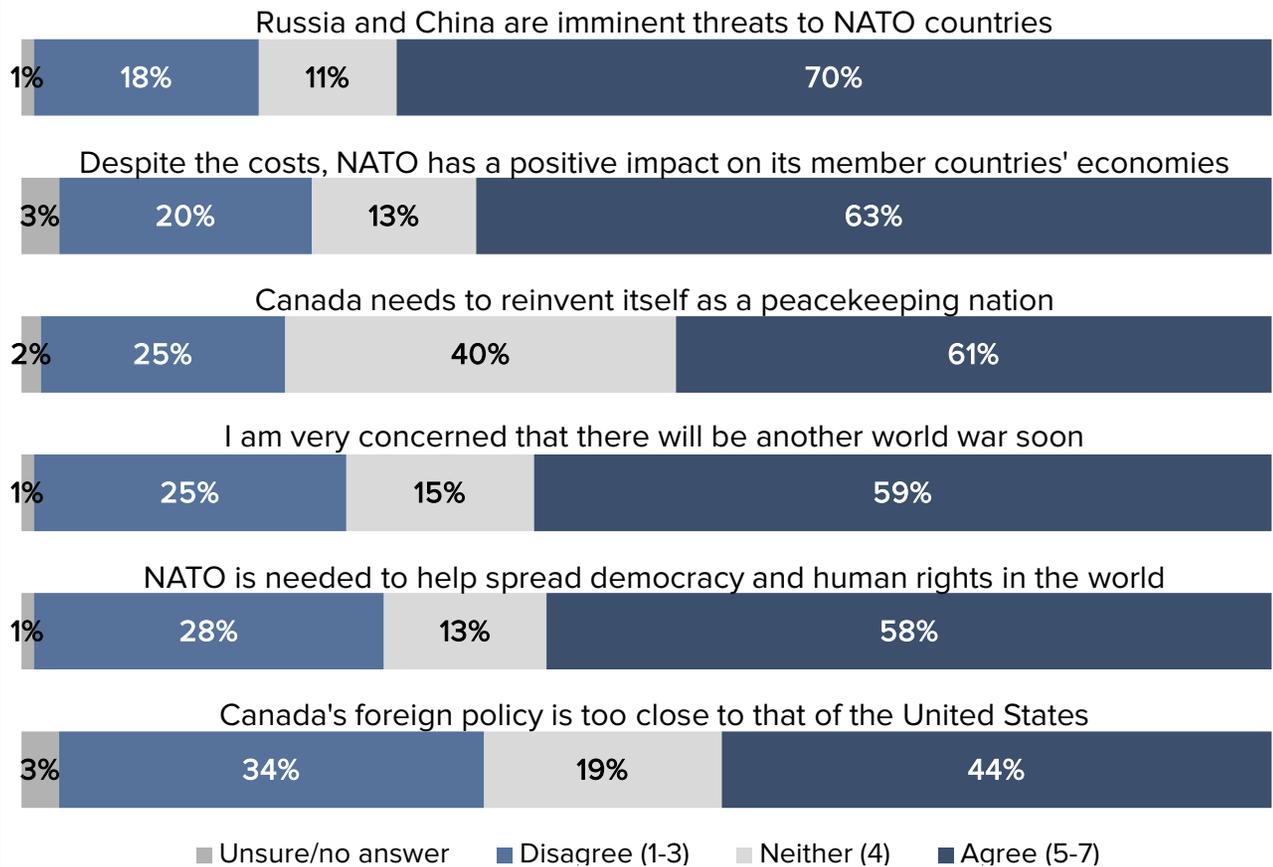
Statements about Conflict

All statements about conflict are supported by about six in ten business leaders. Only Russia and China are imminent threats to NATO countries sees seven in ten supporting.

- > While the idea Canada's foreign policy is too close to that of the US sees only about four in ten agreeing.
- > Canada reinventing itself as a peace-keeper sees the least disagreement from Quebec businesses at 16% and most agreement at 71%.
- > The most disagreement with Canada reinventing itself as a peace-keeper comes from Alberta businesses at 39%, with only 43% agreeing.



How strongly do you agree or disagree with each of the following statements?



Canadian enterprises (n=886)

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Business Perspectives on the Canadian Economy

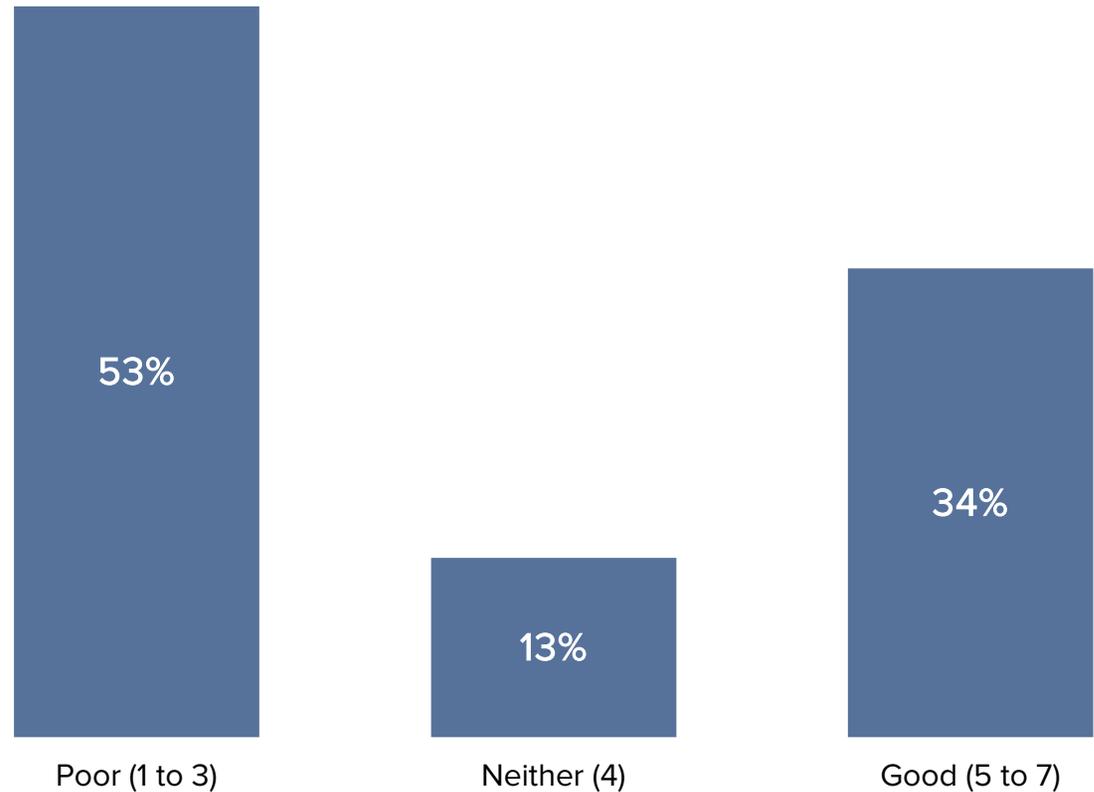
Health of Canadian Economy

Only a third of Canadian businesses think the economy is in good health while slightly more than half think it is poor.

- > The most negative are Alberta businesses at 67% with least being Quebec businesses at 34%. Not surprisingly Quebec has the highest positive rating at 45%.



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



Canadian enterprises (n=886)

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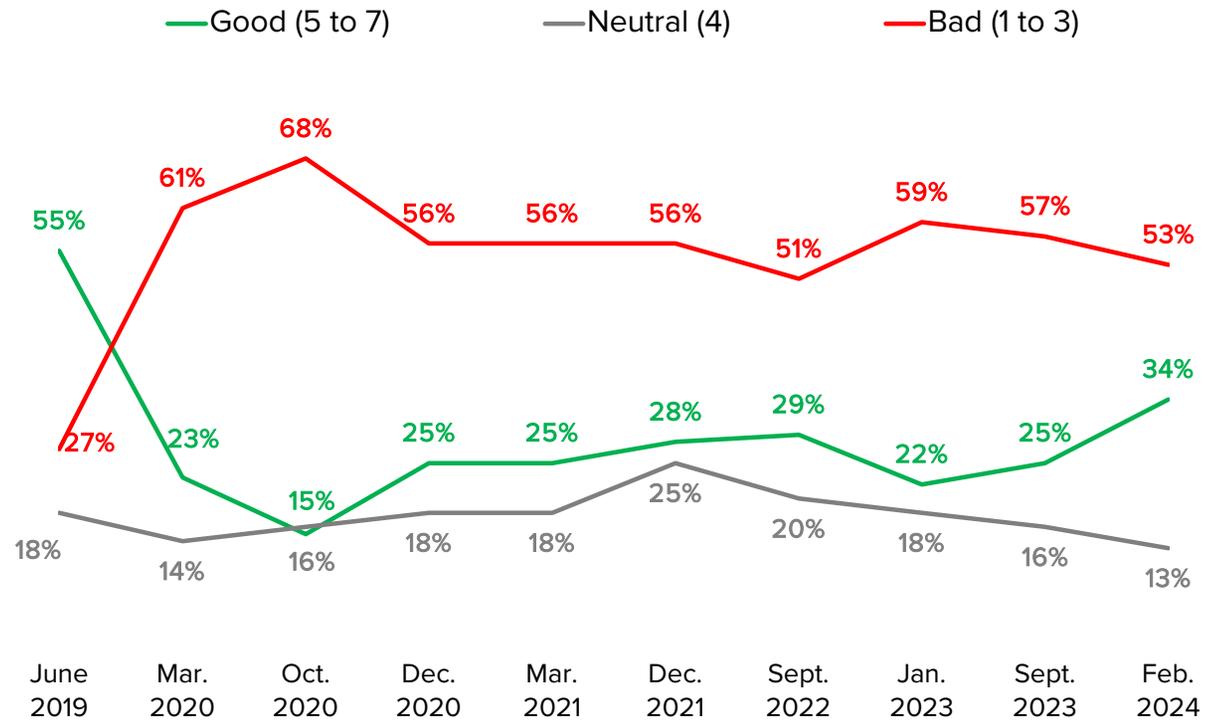
Tracking: Health of Canadian Economy

It is interesting to note that only pre-COVID in June 2019 did businesses rate the Canadian economy as being in good health (55%) over it being bad (27%).

- > Starting in March 2020 and in the subsequent eight time periods surveys were done bad economic health rates well above good. The range of bad health is well over half and good is under a third for the most of the time periods.
- > The highest good health rating is the most recent with just about a third rating the current health good.



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



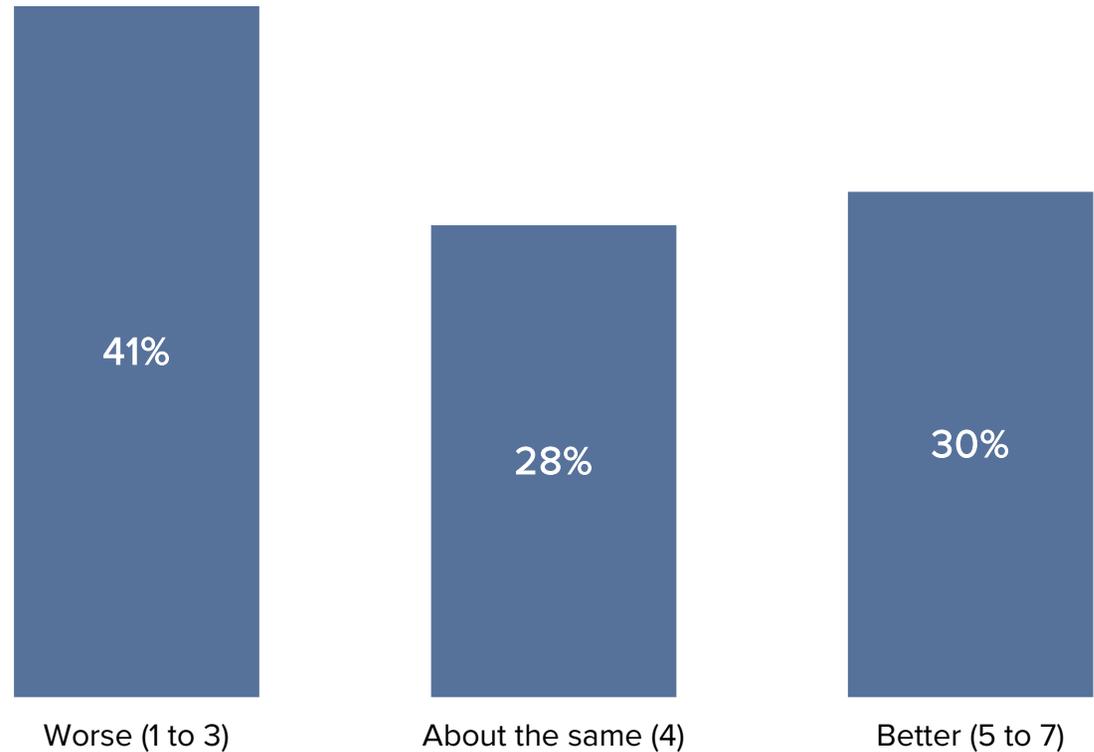
Outlook for the Canadian Economy

Four in ten Canadian business see a worse outlook for the Canadian economy over the next year.

- > Those who think the outlook is “about the same” or “better” are both at about three out of ten.
- > Quebec business has the least worse outlook at 29%.



What do you think will be the general outlook for the Canadian economy over the next 12 months?



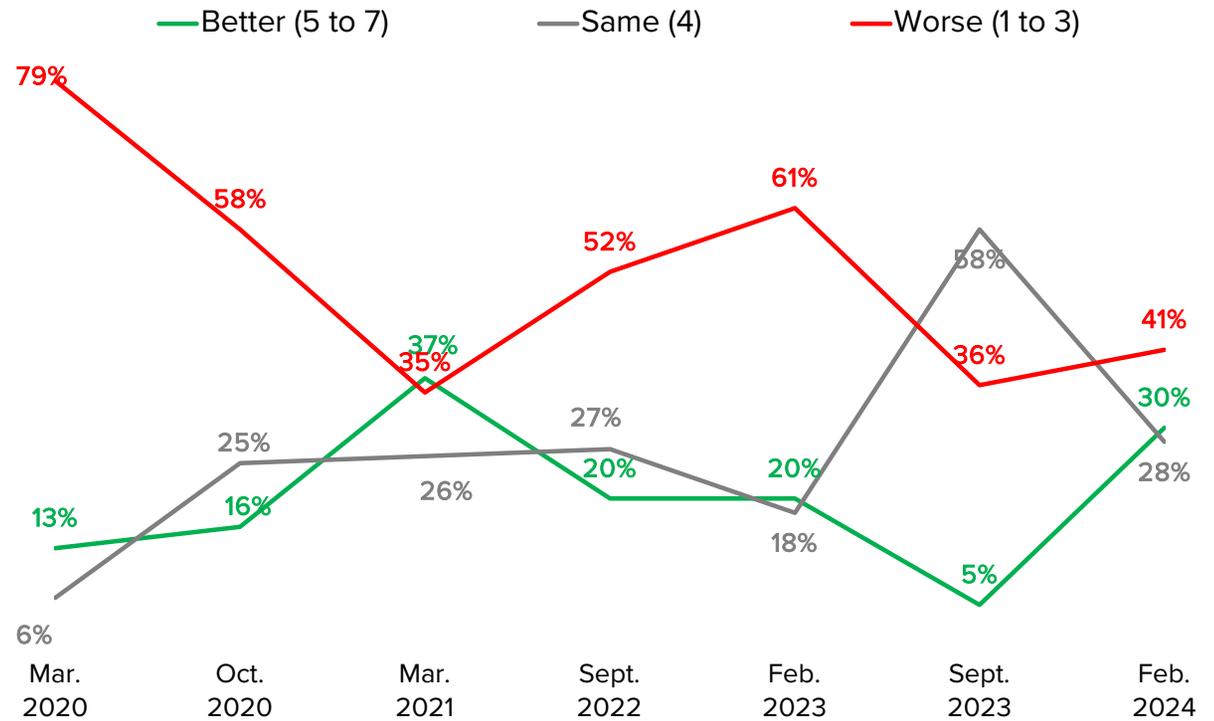
Tracking: Outlook for the Canadian Economy

Tracking the general outlook for the Canadian economy over 7 time periods shows some interesting results.

- > The highest worst rating is from March 2020 at almost 8 out of 10.
- > In March 2021 better outlook (37%) comes ahead of worse (35%) for the only time.
- > Outlook will stay the same is the top choice in September 2023 at 58%.



What do you think will be the general outlook for the Canadian economy over the next 12 months?



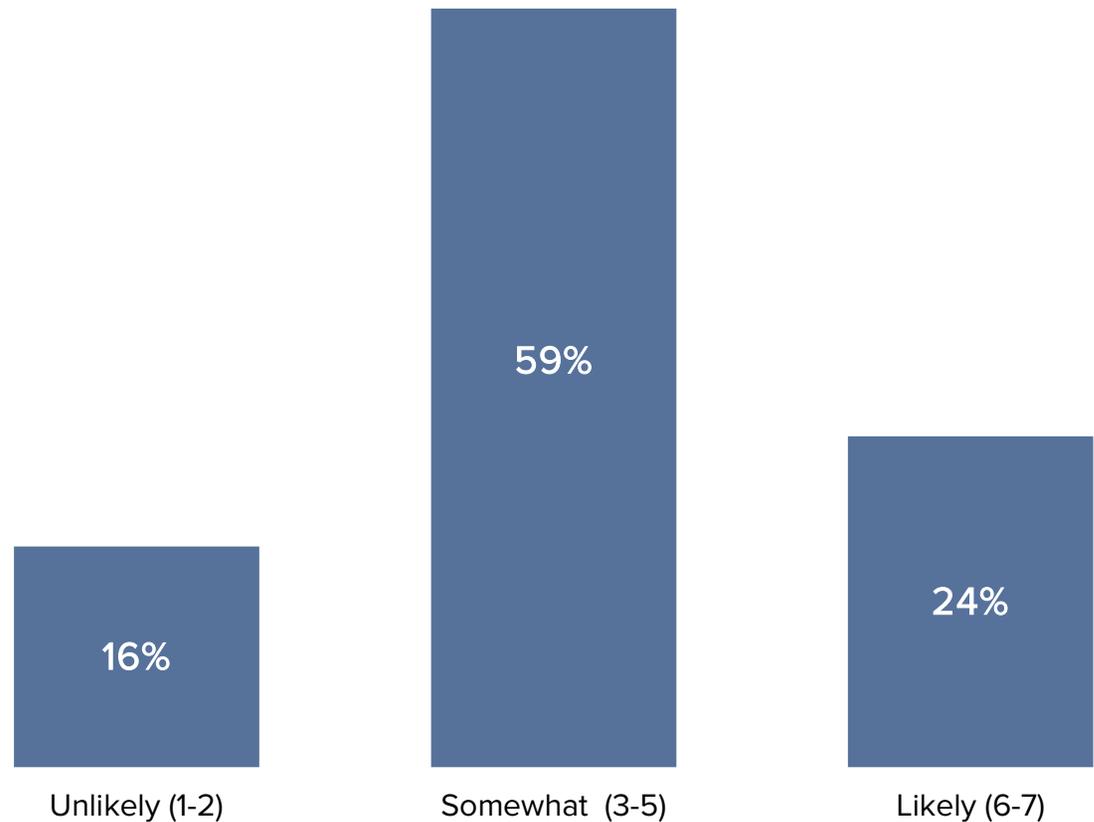
Likelihood of Recession

Almost six in ten Canadian businesses think it is somewhat likely that the Canadian economy will fall into recession.

- > A quarter think it is highly likely. Only 16 percent think it is not likely.
- > Alberta business leaders think that recession is likely in the biggest numbers at 35%.
- > Quebec businesses think that it is somewhat likely at the highest numbers at 71%.



In your opinion, how likely is it that the Canadian economy will go into recession over the next 12 months?



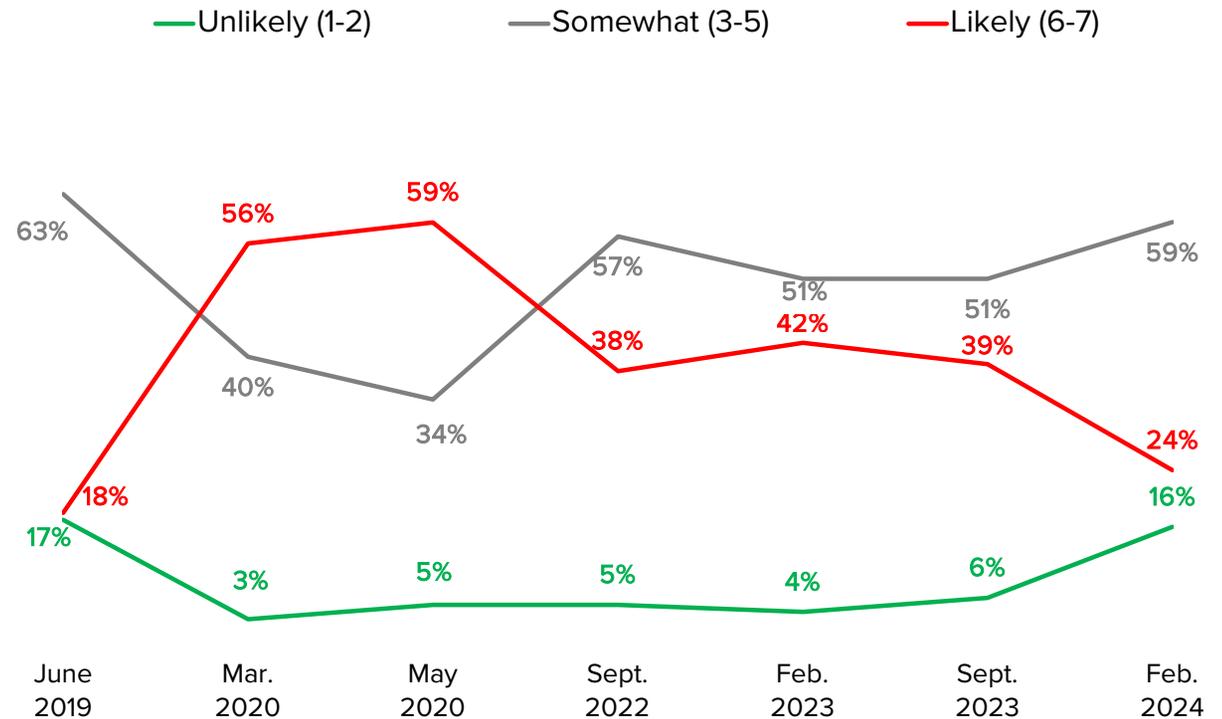
Tracking: Likelihood of Recession

Over seven time periods Canadian businesses thought it was somewhat likely that the Canadian economy would go into recession five times.

- › Only in March 2020 and May 2020 did, likely to go into recession, exceed somewhat likely.
- › At no point did unlikely come close to the other two options other than June 19 when unlikely was just 1 point behind likely, and in the most recent study where unlikely was 8 points behind likely.



In your opinion, how likely is it that the Canadian economy will go into recession over the next 12 months?



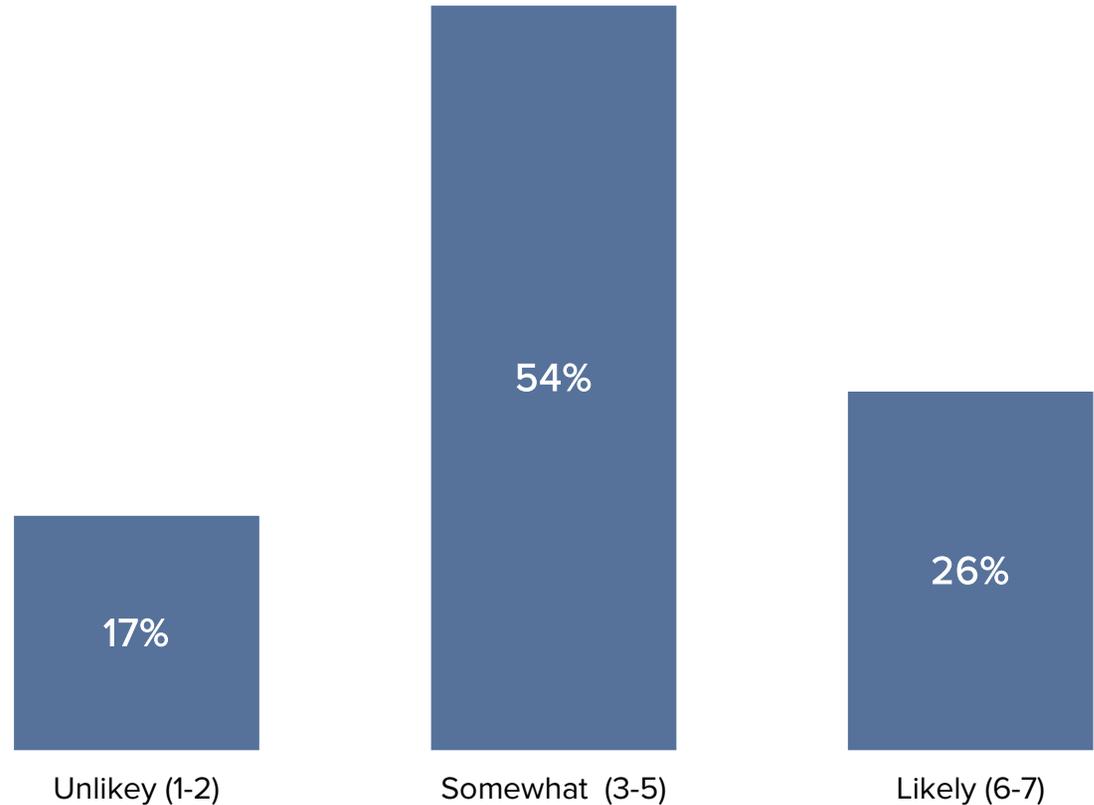
Likelihood of Interest Rate Decrease

Just over half of Canadian businesses think that it is somewhat likely there will be a decrease in interest rates.

- > A quarter of businesses are even more optimistic saying it is highly likely an interest rate decrease is coming.
- > Only 17% feel it is not likely.
- > Prairie businesses feel it is most unlikely at 32%.



In your view, how likely is it that the Bank of Canada will decrease interest rates this year?



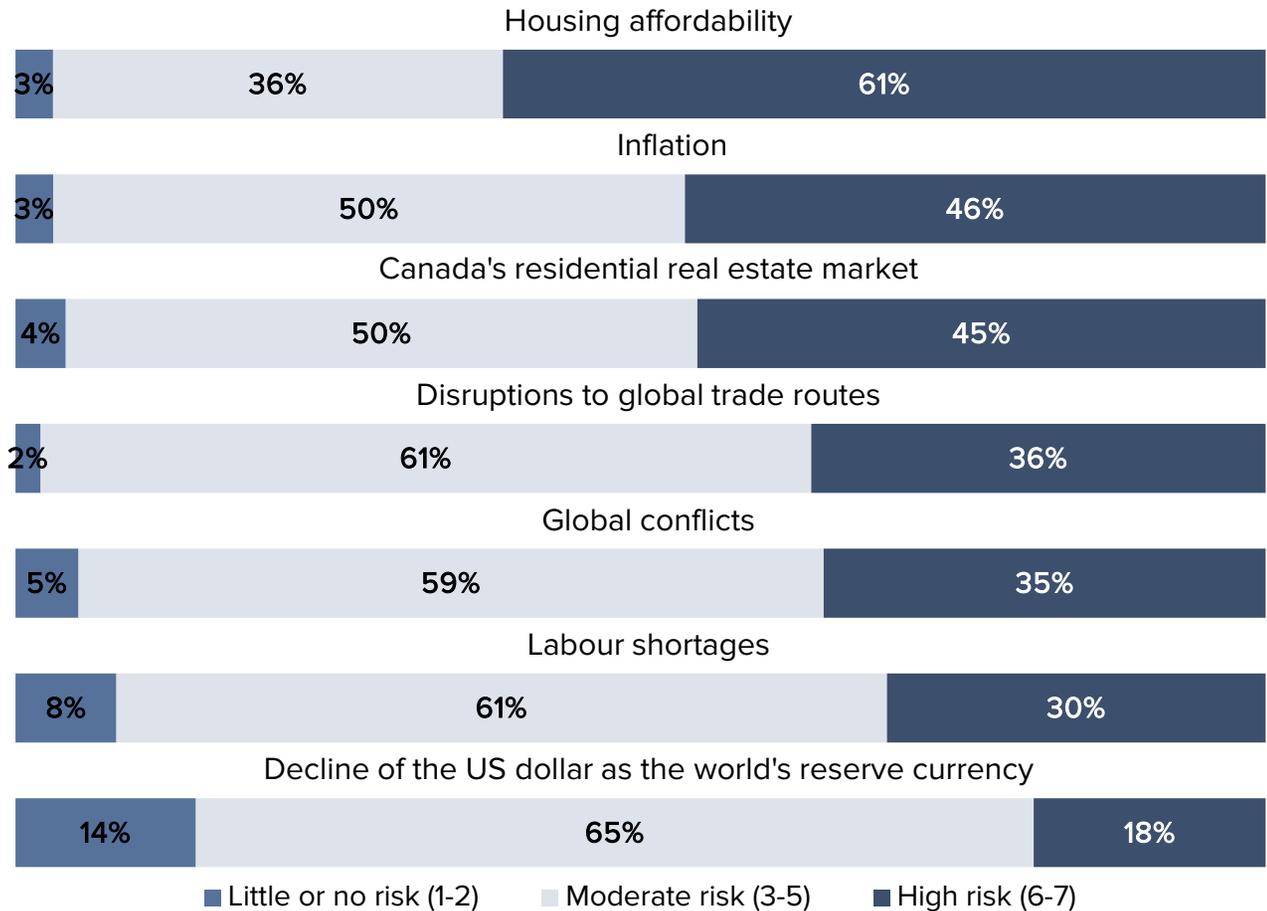
Risks to the Canadian Economy

Six in ten Canadian businesses think that housing affordability is the greatest risk to the Canadian economy.

- > All other risks are below half.
- > The decline of the US dollar as the world's reserve currency is the lowest risk with just about 2 out of 10 seeing that as a risk.
- > Residential real estate market and disruptions to global trade routes are seen as high risks the most by Maritime businesses at 73% and 61% respectively.



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



Tracking: Risks to the Canadian Economy

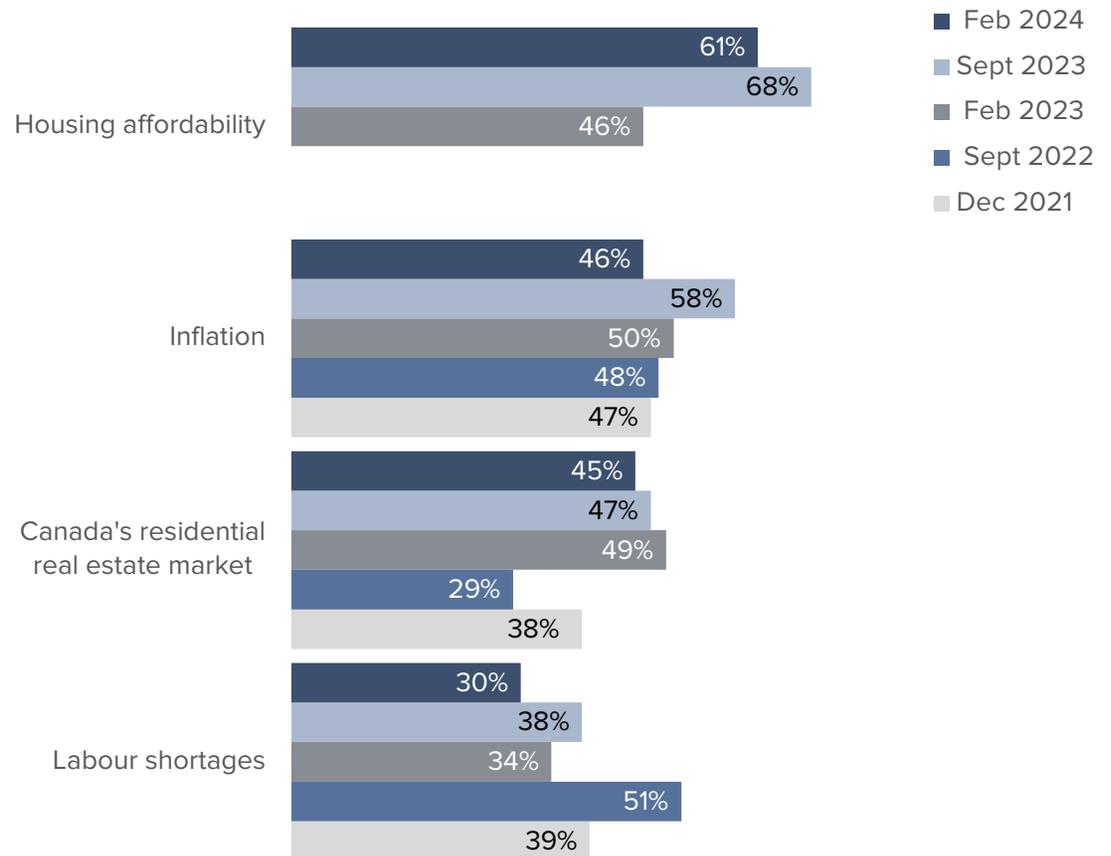
For Canadian businesses housing affordability is seen as the biggest risk in September 2023 (68%) and February 2024 (61%).

- › Inflation concern was highest in September 2023 at 58%.
- › Labour shortages most concerning rating was in September 2022 at 51%. This is seen over time as the least worrisome issue garnering about 3 to 4 out of 10 concerned.
- › Canada's residential real estate market was seen as a bigger risk starting in February 2023 which a jump from 29% to 49% and has stayed over 40 percent in the subsequent two surveys.
- › Inflation is always seen as a serious risk at well over 40% for each time period. The highest being in September 2023 with almost 6 in 10 fearing inflation.



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

Top 2 box: High risk (6-7)





Real answers from real people