

2025 OUTLOOK SURVEY: DECEMBER 2024





Survey Overview



- › In our annual outlook survey, amongst other things, we look at how managers and executives view the current and future health of organizations and the economy, the expected impact of Trump, concerns for 2025, and risks for the Canadian economy.
- › The survey was conducted from December 15, 2024, to January 13, 2025, and gathered a total of 812 responses from Canadian executives and managers.
- › As the Modus Business Panel is 100% recruited using probability-based sampling, a margin of error can be calculated – in this case +/- 3.4% pts. with 95% confidence.
- › The data are weighted by enterprise size and region based on the latest Statistics Canada enterprise population data.



Key Findings I

- › Most managers think the impact of Trump on the Canadian economy will be negative, though perhaps surprisingly over 20% think it will be positive.
- › Almost 50% of managers think that among the current leaders Poilievre would be best placed to deal with Trump, although nearly 25% thought it made no difference.
- › Perceptions of organizational performance for 2024 vs. 2023 were slightly positive but not by much. Future outlook is pretty balanced, maybe slightly positive.
- › Canadian managers are very gloomy about the state of the economy in 2025 with nearly three quarters thinking it will get worse. By contrast they are not nearly as gloomy about their own organization's economic health – with opinion equally divided on the future.
- › Of the other issues we asked about, housing affordability and the prospects for SME's were not expected to get any better; nor was the availability of skilled labour and productivity.
- › AI is being increasingly adopted with less than 50% of organizations not having done so or planning to.
- › Nearly two-thirds of organizations have no plan to set a net zero target date.
- › Nearly one-third of companies do business outside of Canada and another 10% say that they either did so in 2024 or plan to.





Key Findings II

- › The top concern for 2025 is Trump's threat to impose tariffs but it is perhaps surprising to see that "only" 41% of organizations were very concerned about this.
- › Over half of managers and executives thought that conditions were good for their organization's health/growth in 2025.
- › Two-thirds of Canadian business managers rate the health of the economy as bad with less than 1 in 5 rating it as good.
- › Not since the days of the pandemic has confidence in the economy been so low. This worsened in December with two-thirds saying the economy was in bad shape and only 18% saying it was good.
- › Pessimism about the economy increased even further in December with nearly two-thirds of managers thinking the economy will get worse over the next 12 months and only 14% think it will be better.
- › Two-thirds of Canadian business leaders think we should diversify away from the US but (perhaps surprisingly) nearly 25% think we should integrate more.
- › Canadian managers consider Government debt to be the biggest risk to the economy with 56% rating the risk as high.
- › Less than half reckoned that Trump's threat to impose tariffs was a high risk; household debt was considered to be an almost equal risk with housing affordability close behind.
- › Less than 50% of managers support the development of a US/Canadian trade agreement.

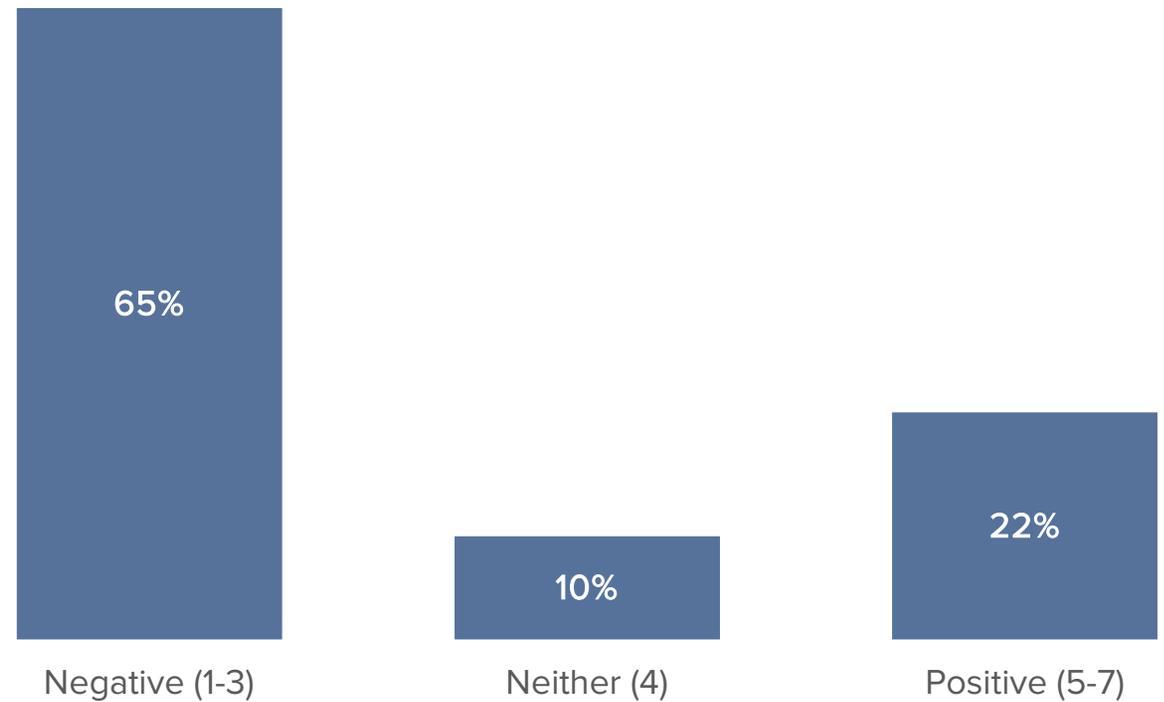


Trump impact

Most managers think the impact of Trump on the Canadian economy will be negative, though perhaps surprisingly over 20% think it will be positive with few in the middle.



Overall, what impact do you expect a Trump presidency to have on the Canadian economy?

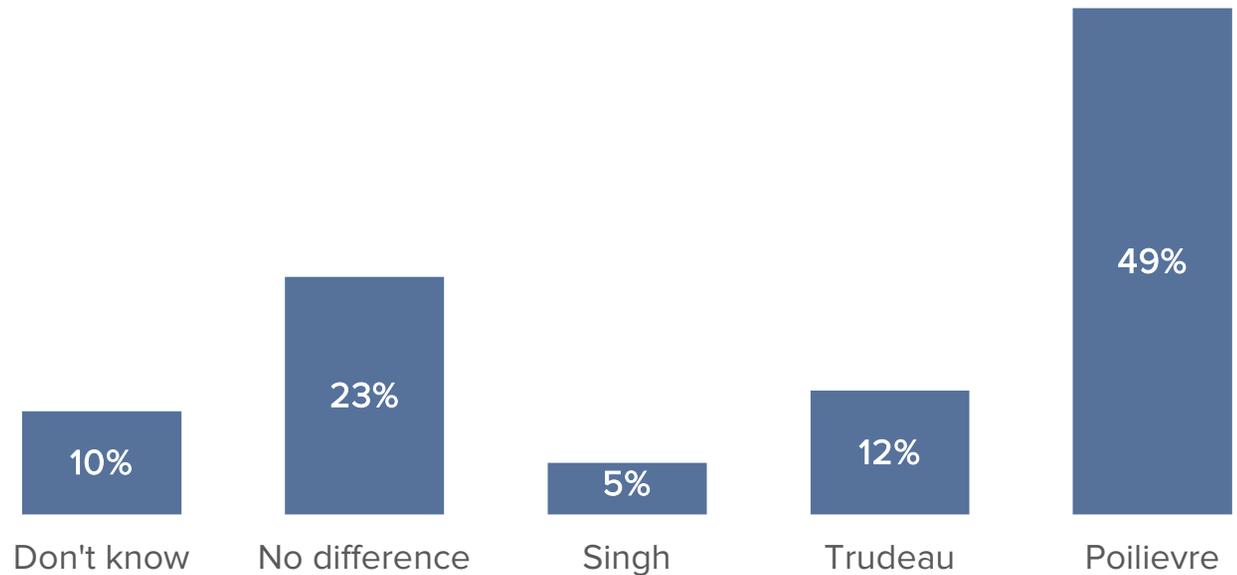


Party leader best equipped to deal with Trump

Almost 50% of managers think that among the current leaders Poilievre would be best placed to deal with Trump, although nearly 25% thought it made no difference and another 10% did not have an opinion.



Regardless of how you might vote in an upcoming federal election, which party/leader is best equipped to serve Canada in dealing with a Trump presidency?

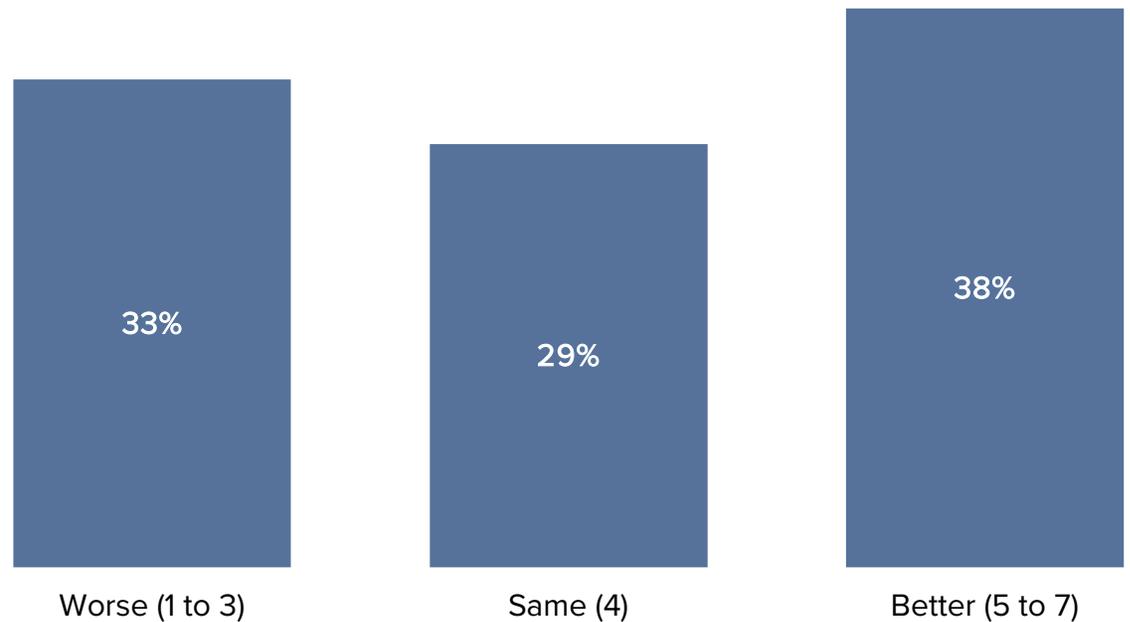


Organization health 2024 vs. 2023

Perceptions of organizational performance for 2024 vs. 2023 were slightly positive but not by much.



All things considered, how did 2024 stack up for your company compared to 2023?

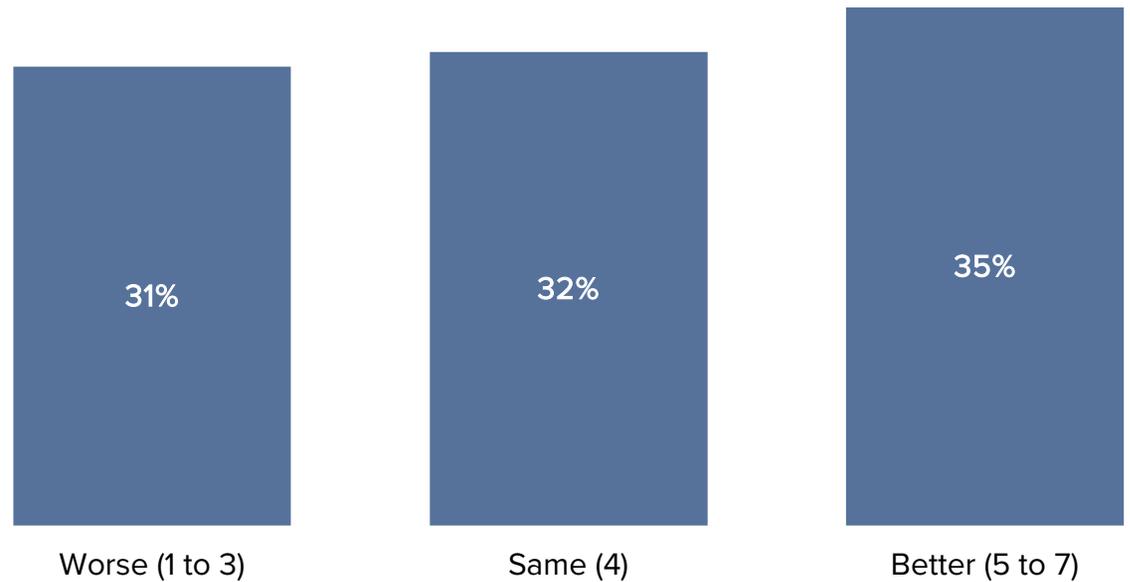


Organizational outlook for 2025

Future outlook is pretty balanced, maybe slightly positive.



Looking ahead to the new year, how do you think 2024 will compare with 2023 for your company ?



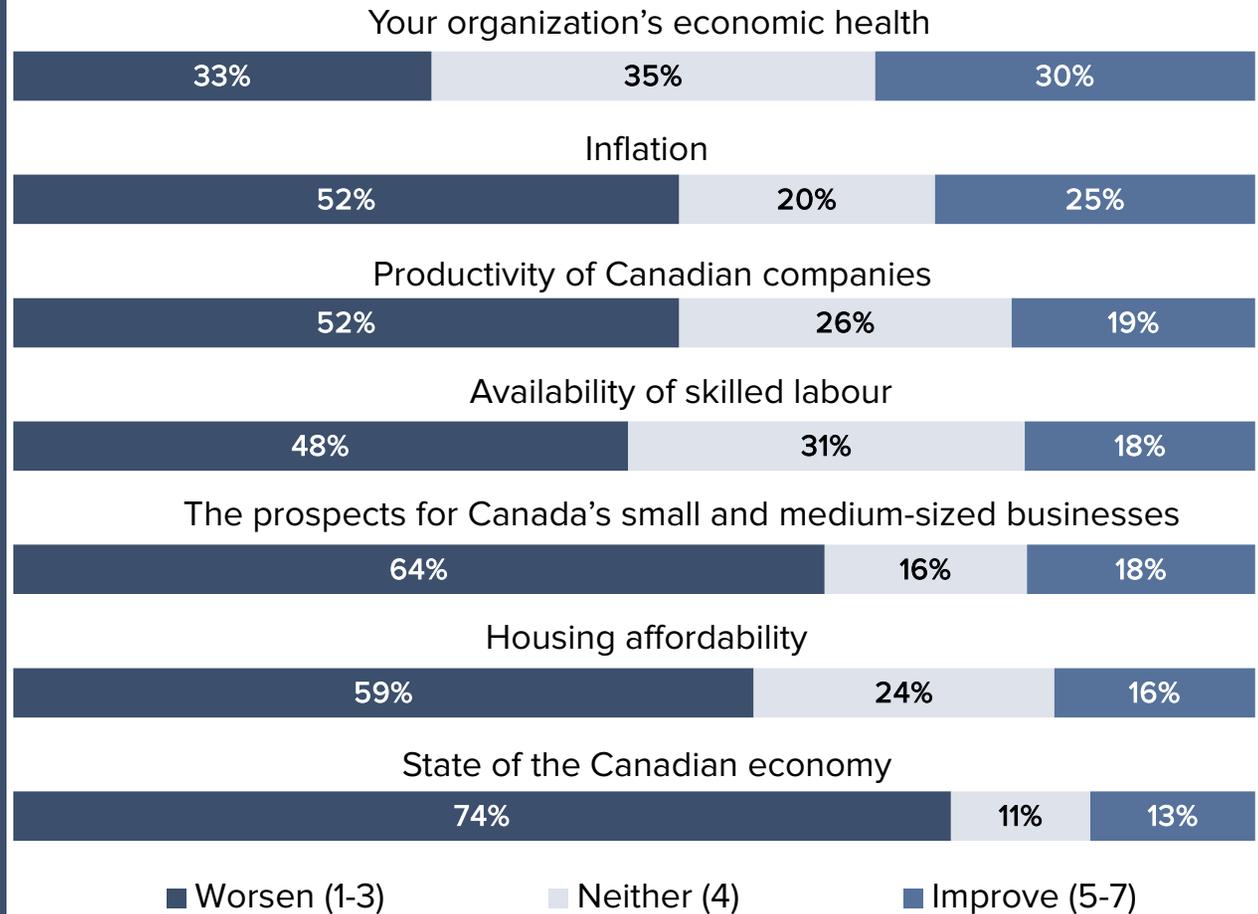
What will improve or worsen in 2025

- > Canadian managers are very gloomy about the state of the economy in 2025 with nearly three quarters thinking it will get worse.
- > By contrast they are not nearly as gloomy about their own organization's economic health – with opinion equally divided on the future
- > Of the other issues we asked about, housing affordability and the prospects for SME's were not expected to get any better; nor was the availability of skilled labour and productivity

All in all, a gloomy picture.



Do you think the following will improve or worsen in 2025?

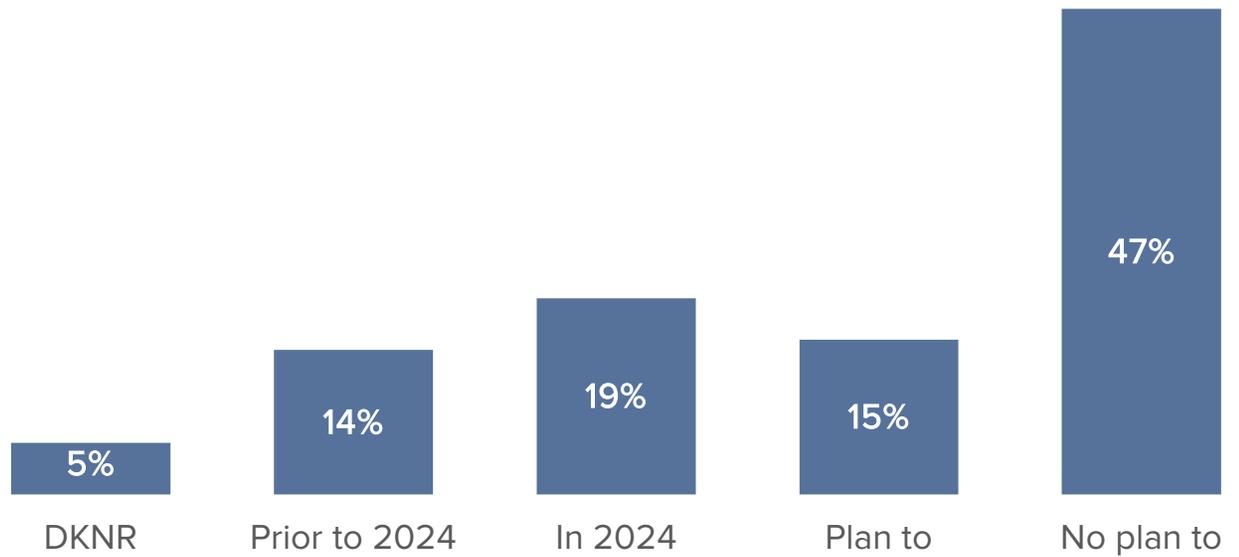


Artificial intelligence

AI is being increasingly adopted with less than 50% of organizations not having done so or planning to.



Did your organization begin using artificial intelligence in 2024 or previously?

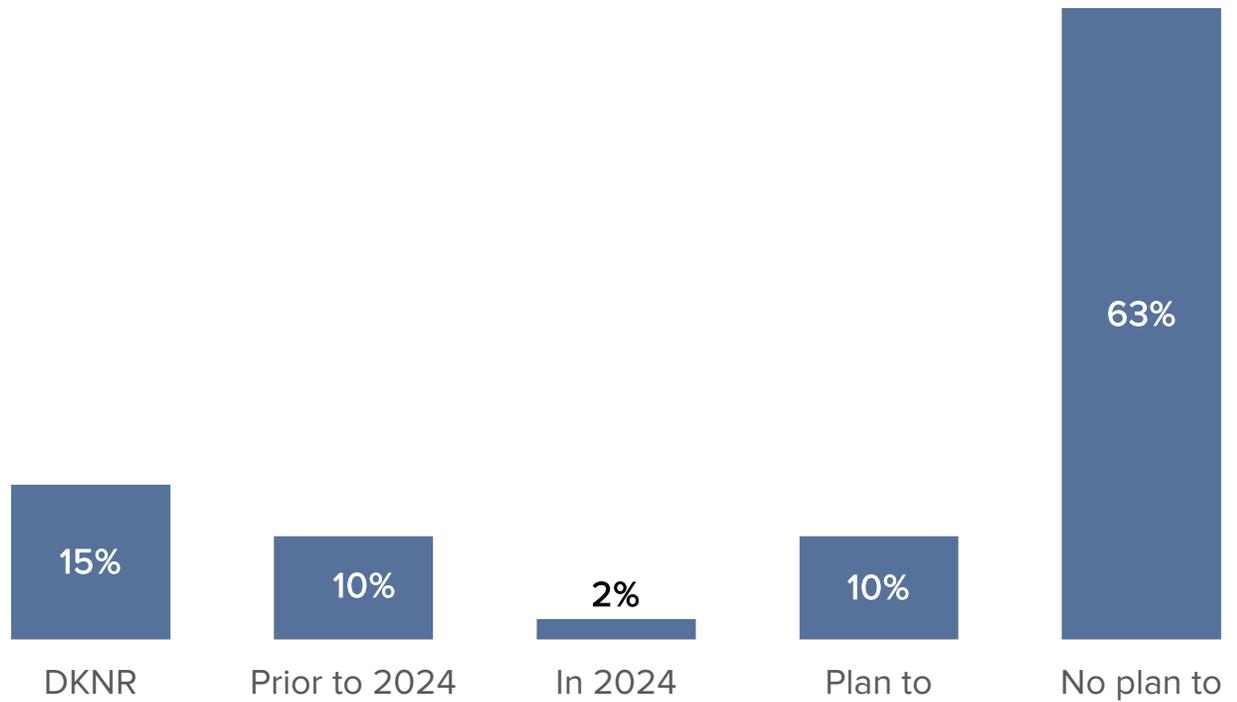


Net Zero target date

Nearly two-thirds of organizations have no plan to set a net zero target date but 10% say that they have already done so and another 10% say that they will do so in 2025 or later.



Did your organization set a Net Zero target date in 2024 or previously?

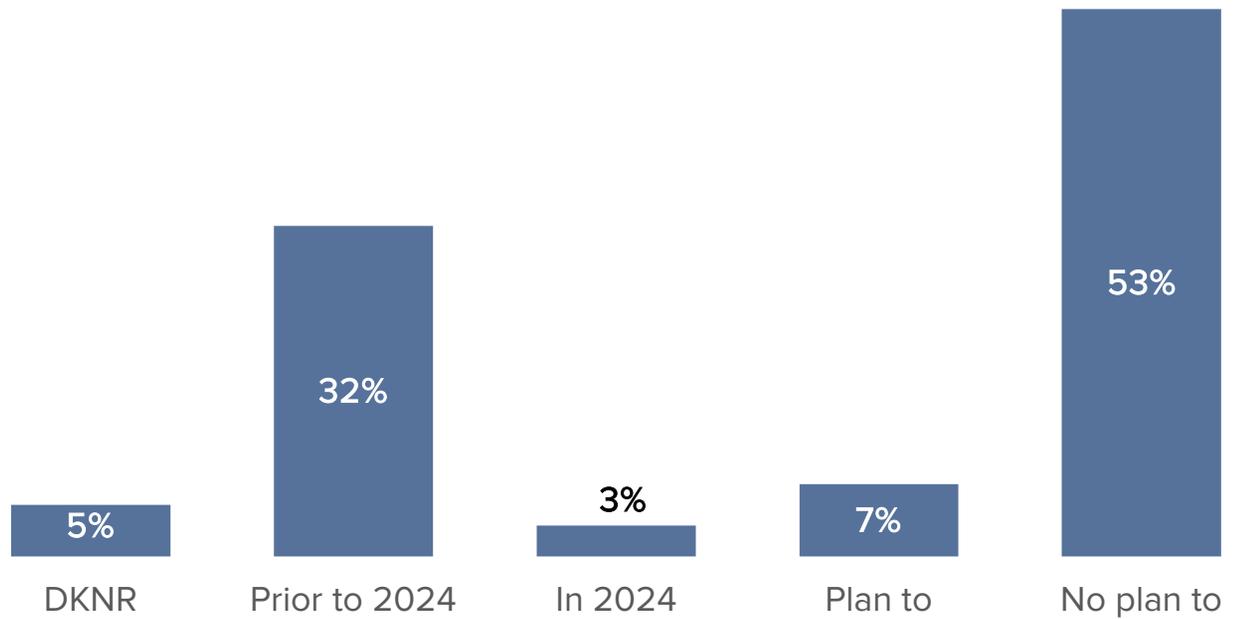


Business outside Canada

Nearly one-third of companies do business outside of Canada and another 10% say that they either did so in 2024 or plan to. That said, over a half say that they have no plan to do so.



Did your organization begin conducting business outside of Canada in 2024 or previously?

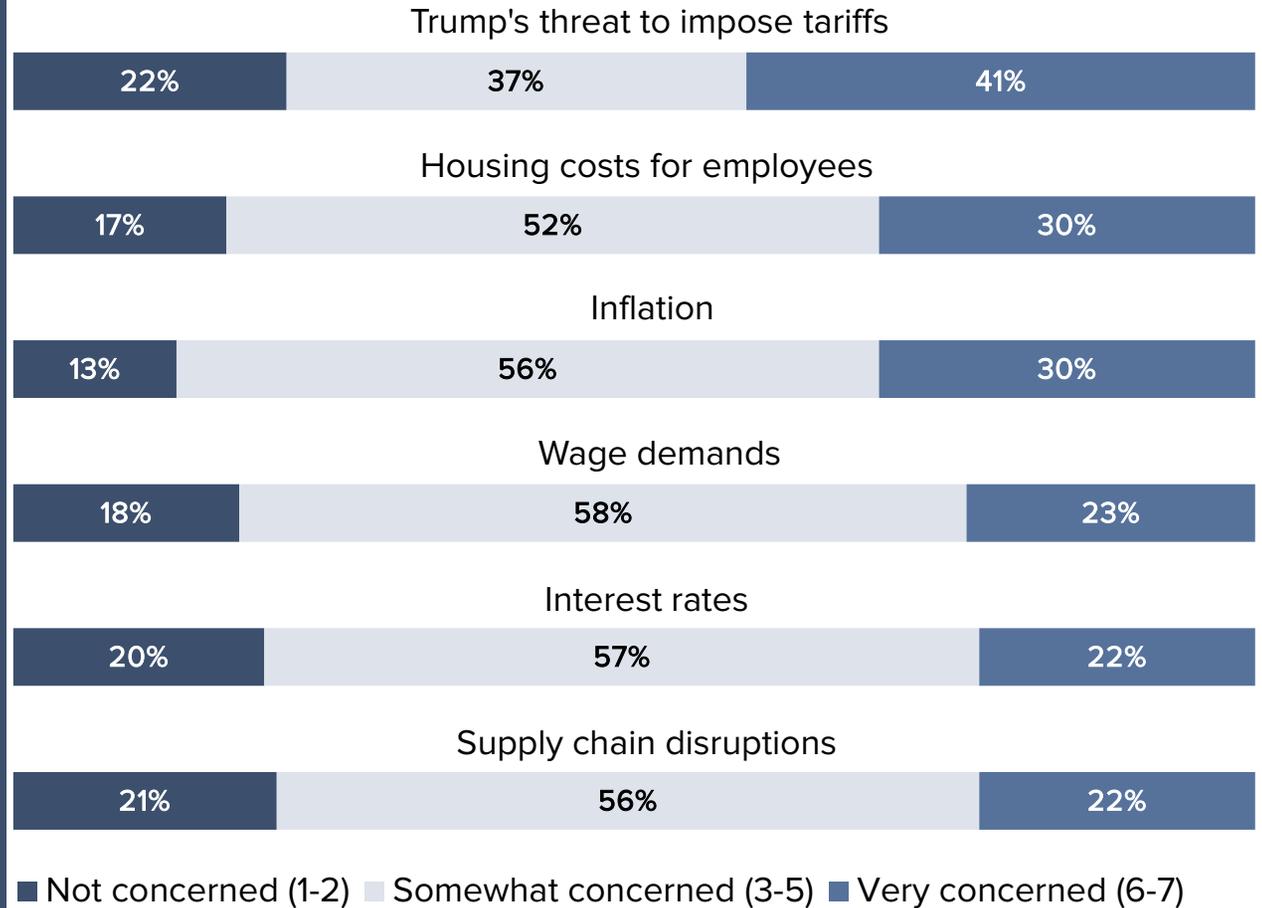


Concerns for 2025

- › The top concern for 2025 is Trump's threat to impose tariffs but it is perhaps surprising to see that "only" 41% of organizations were very concerned about this.
- › Additionally, 30% were very concerned about housing costs and inflation.
- › Much less concern was expressed about wage demands, interest rates, and supply chain disruption.



How concerned are you about the potential impact of each of the following on your organization in 2025?



Canadian managers and executives (n=812)

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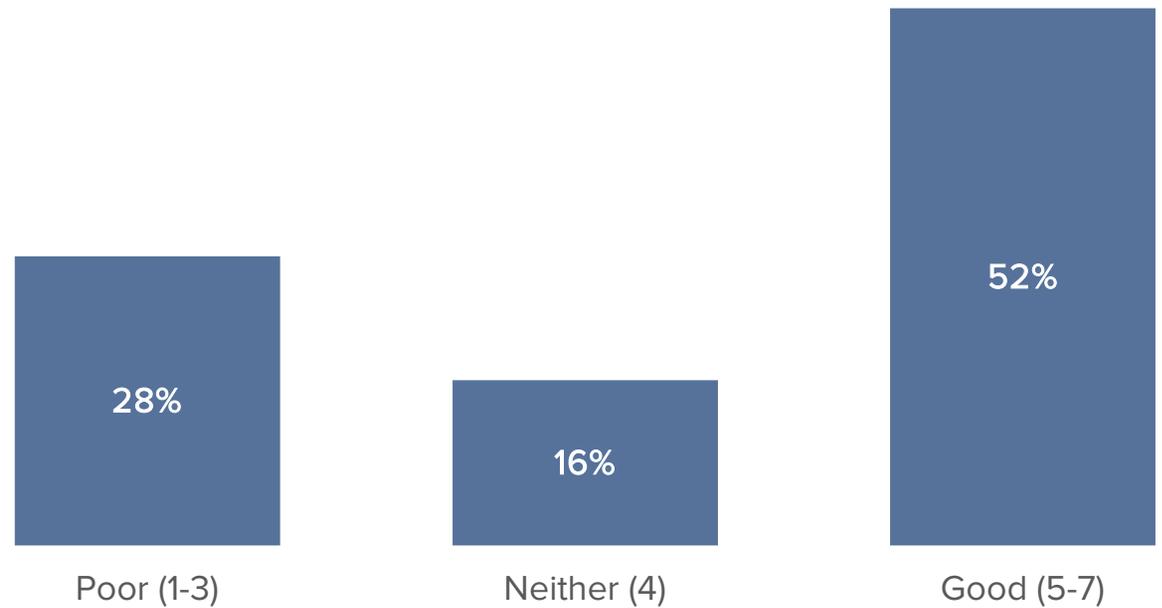
Conditions for health/growth

Over half of managers and executives thought that conditions were good for their organization's health/growth in 2025.

That said, nearly 30% thought that conditions were poor.



Overall, would you say conditions are good or poor for your organization's health/growth in 2025?

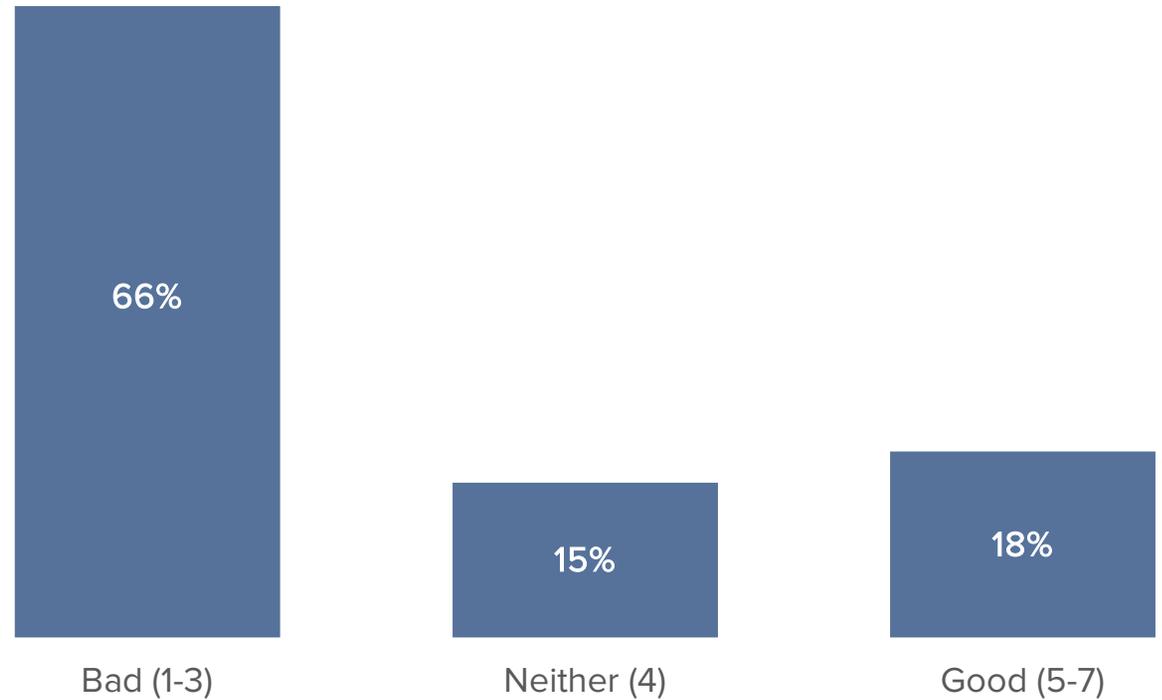


Health of the Canadian Economy

Two-thirds of Canadian business managers rate the health of the economy as bad with less than 1 in 5 rating it as good.



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



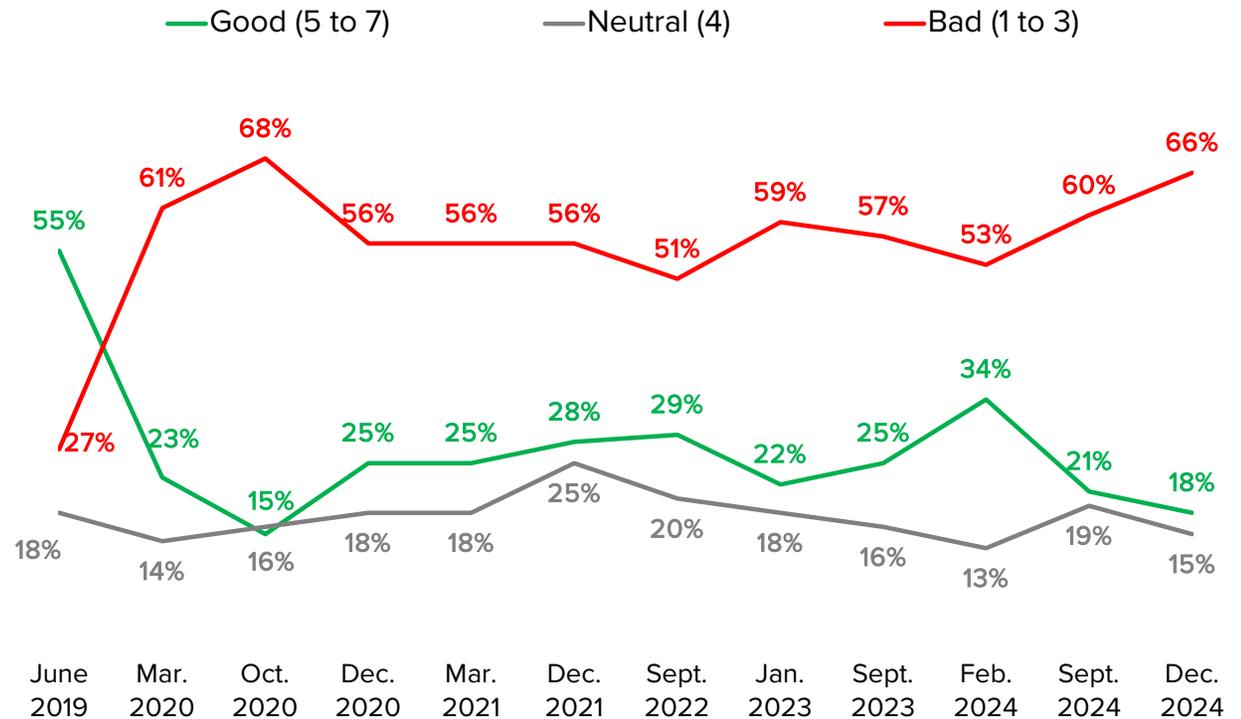
Tracking: Health of the Canadian Economy

Not since the days of the pandemic has confidence in the economy been so low.

- > In September 2024 60% of managers and executives felt that the economy was in bad shape while only 21% thought it was in good shape.
- > This worsened in December with two-thirds saying the economy was in bad shape and only 18% saying it was good.



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



Canadian managers and executives (n=600-900)

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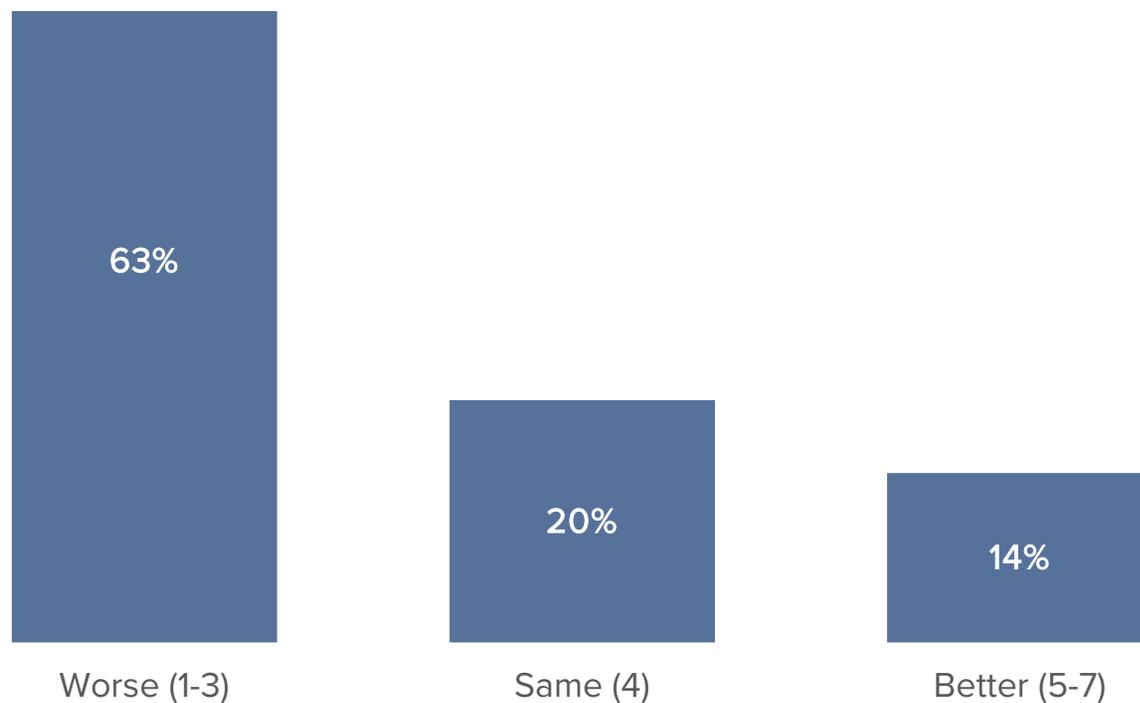
Outlook for the Canadian Economy over the Next 12 Months

Canadian business leaders are no more optimistic about the future

- › Nearly two-thirds think the Canadian economy will get worse over the next 12 months and only 14% think it will be better.



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



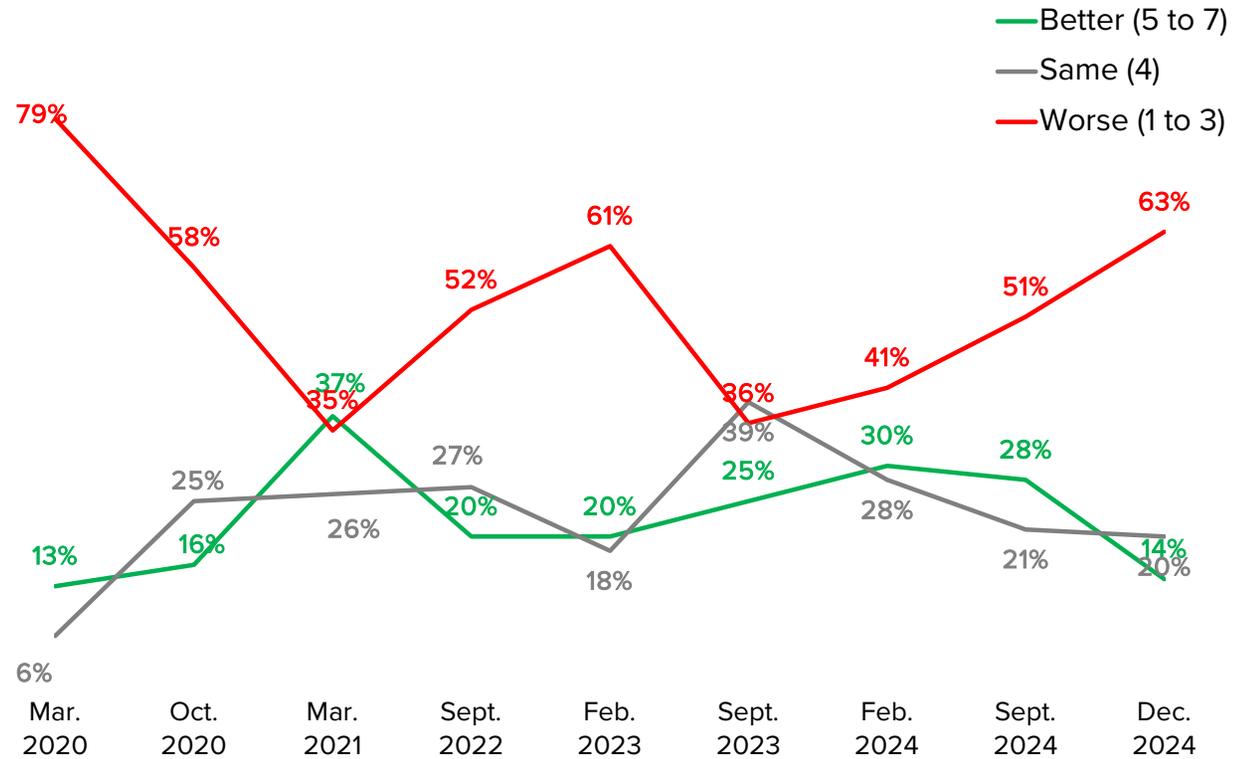
Tracking: Outlook for the Canadian Economy

Pessimism about the future of the economy has been getting worse over the last year

- > In September 2023 only 36% thought the economy would get worse over the next 12 months
- > This pessimism increased to 41% 6 months later and to 51% six months after that.
- > The degree of pessimism increased even further in our latest survey with nearly two-thirds of managers thinking the economy will get worse over the next 12 months.



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

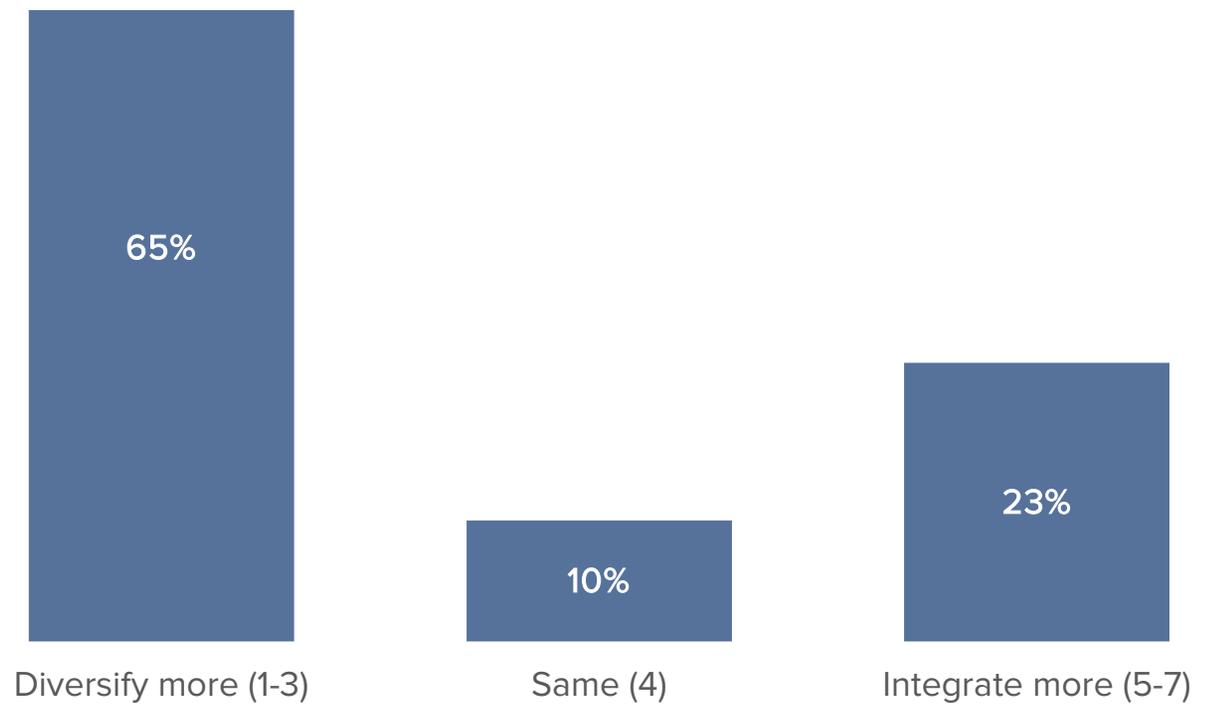


Integration with the US economy

Two-thirds of Canadian business leaders think we should diversify away from the US but (perhaps surprisingly) nearly 25% think we should integrate more.



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?

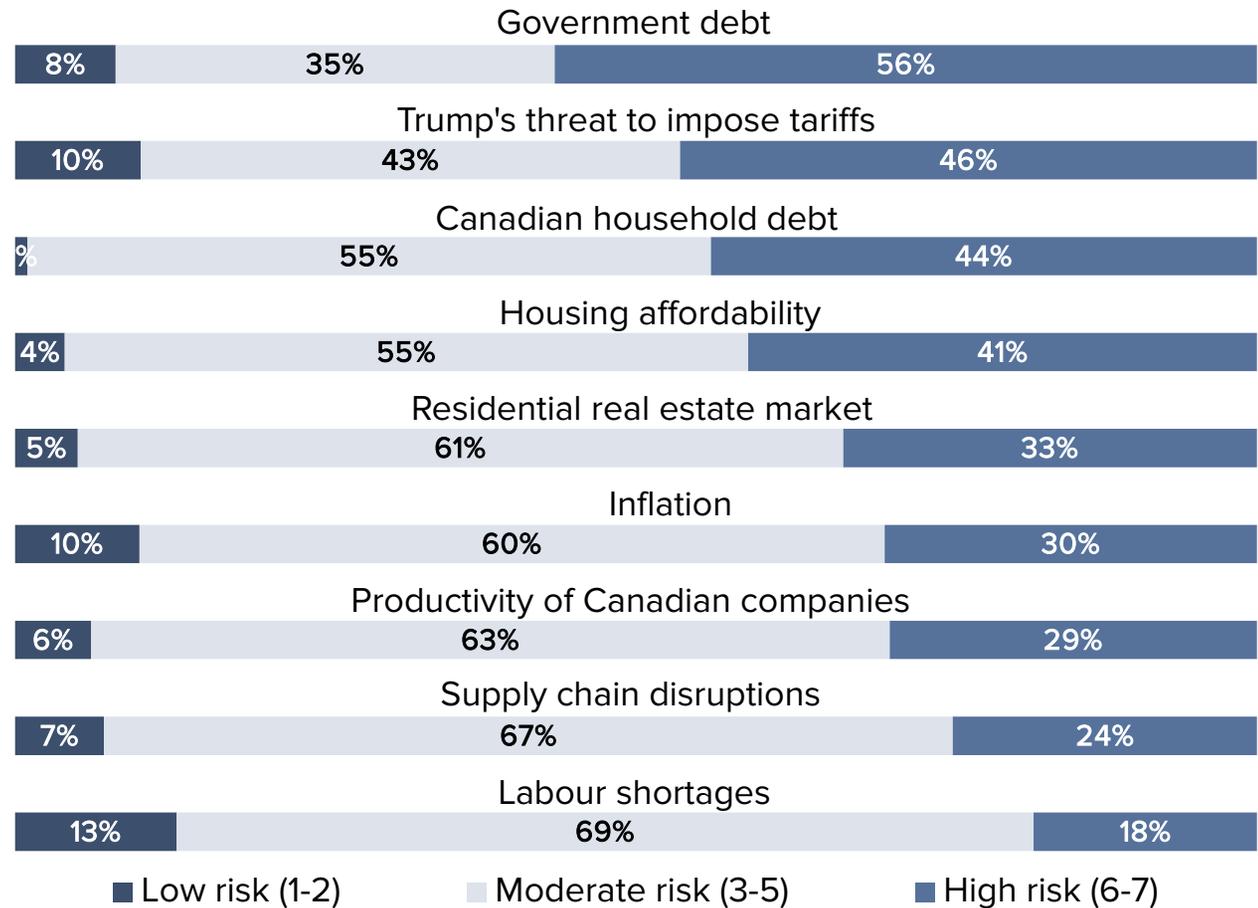


Risks to the Canadian economy

- > Canadian managers consider Government debt to be the biggest risk to the economy with 56% rating the risk as high.
- > Less than half reckoned that Trump's threat to impose tariffs was a high risk; household debt was considered to be an almost equal risk with housing affordability close behind.
- > Of lesser concern was the real estate market, inflation, productivity, and supply chain disruptions.
- > Labour shortages were considered to be of negligible risk.



How would you rate each of the following in terms of risks to the Canadian economy in 2025?



Canadian managers and executives (n=812)

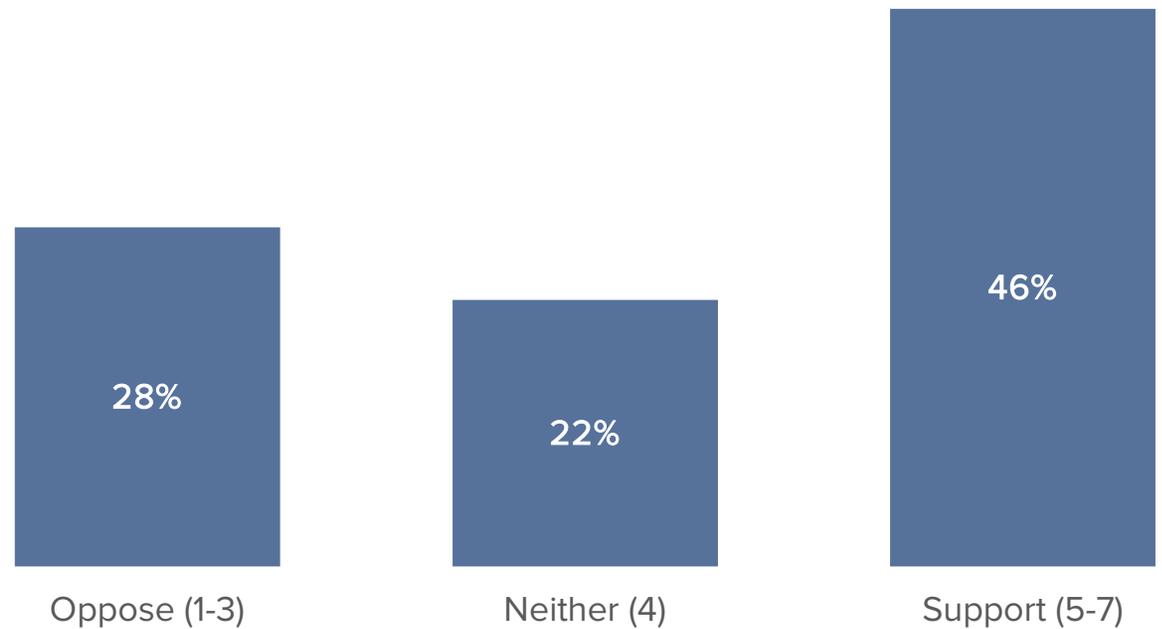
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Support for US/Can trade agreement

Less than 50% of managers support the development of a US/Canadian trade agreement and nearly 30% oppose that.



In principle, do you support or oppose the development of a bilateral trade agreement between Canada and the US to replace the USMCA?





Real answers from real people