

THE CASE FOR CANADA

March 27, 2025
Ottawa, ON

CANADA'S ECONOMY UNDER ATTACK



Canadian
Chamber of
Commerce

Chambre de
Commerce
du Canada



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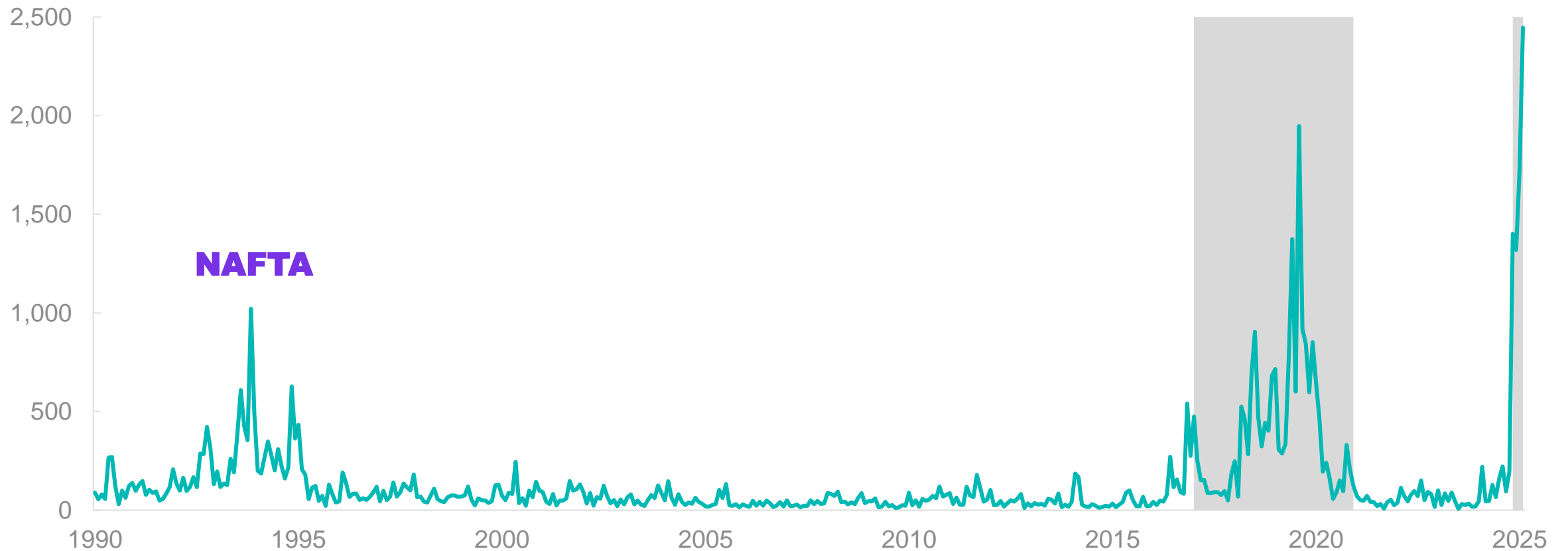
Laboratoire de données
sur les entreprises

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U.S. TRADE POLICY UNCERTAINTY...

U.S. Trade Policy Uncertainty 1985-2010 = 100



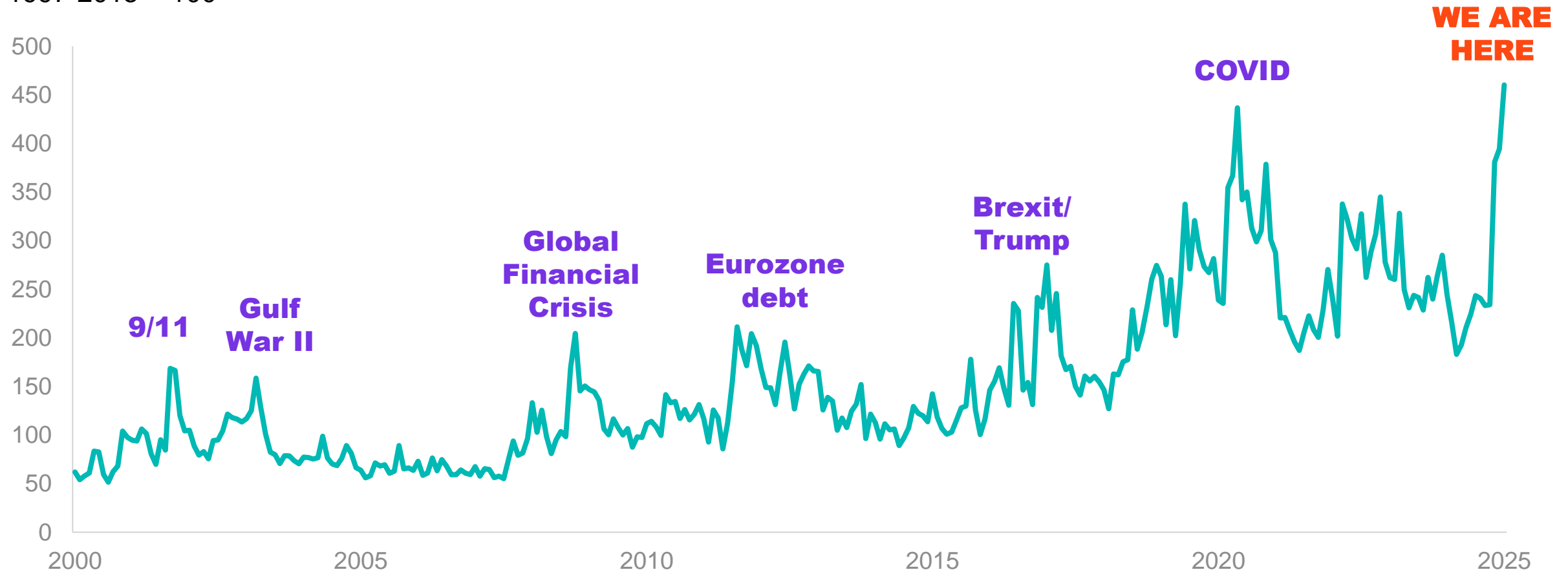
Source: Baker, Bloom and Davis via Haver.

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...EXTREME UNCERTAINTY GLOBALLY...

Global Economic Policy Uncertainty Index

1997-2015 = 100

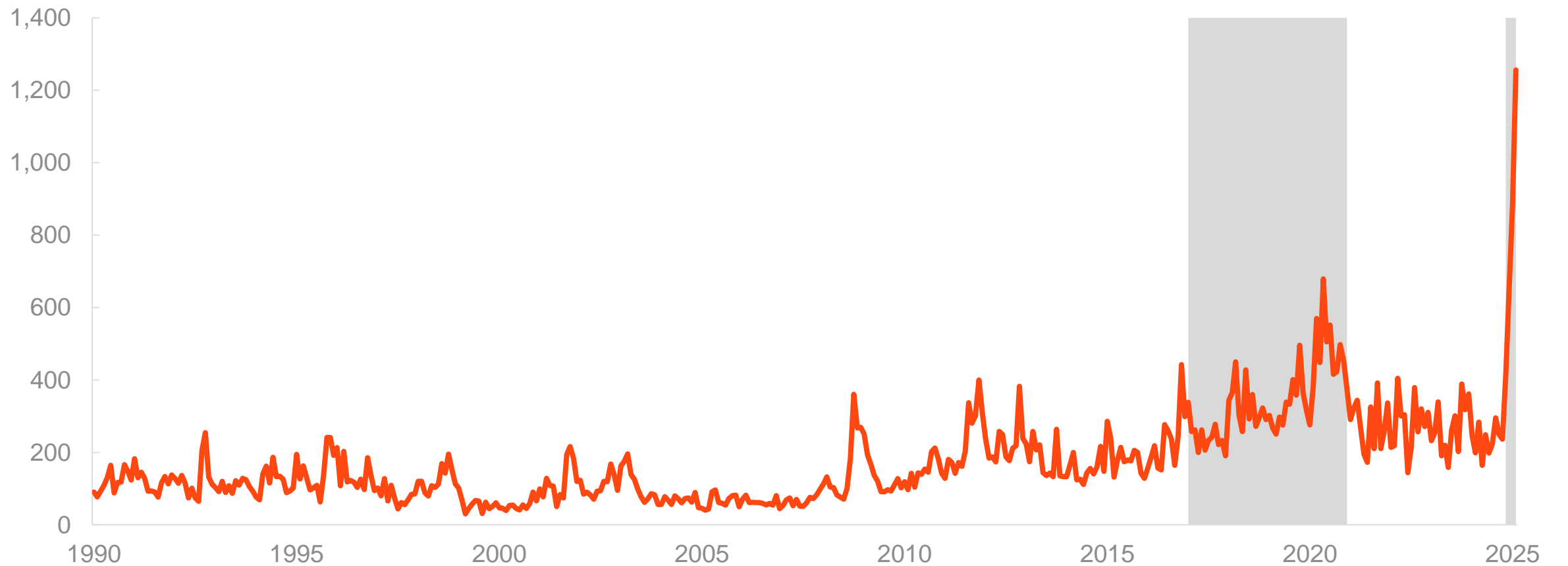


Source: Bloom, Baker and Davis via Economic Policy Uncertainty.

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...MAGNIFIED IMPACT ON CANADA

Canadian Economic Policy Uncertainty
1985-2010 = 100



Source: Baker, Bloom and Davis via Haver.

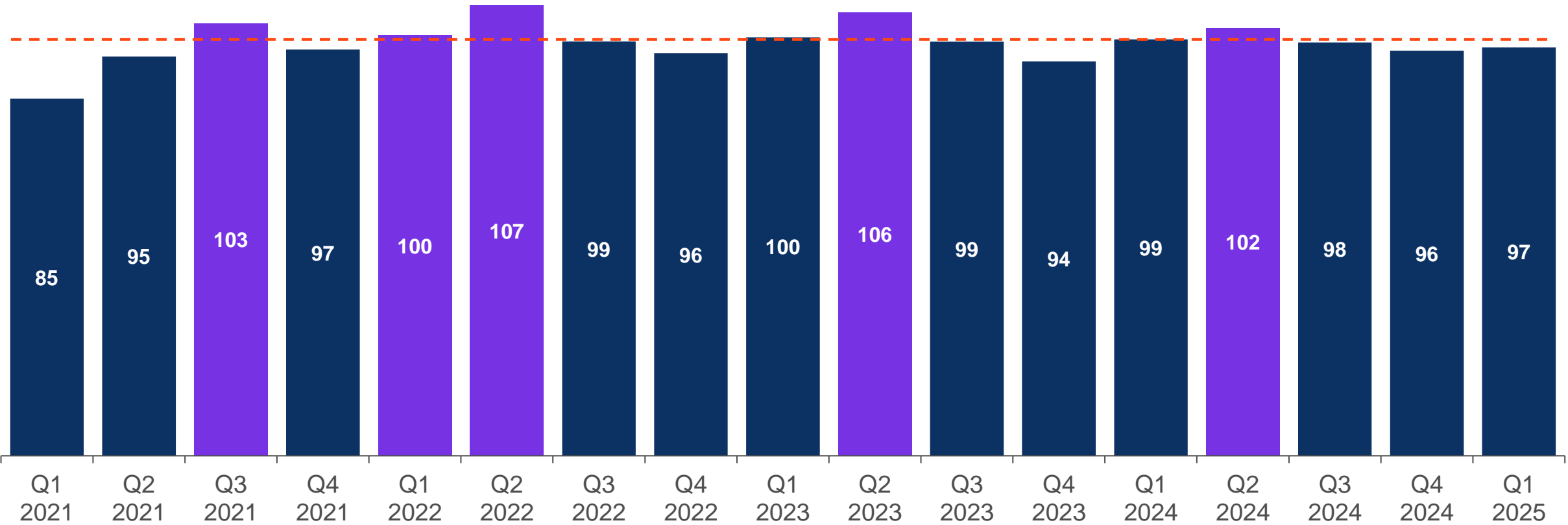
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BUSINESS SENTIMENT WEAK LAST 3 QUARTERS

Business Expectations Index, Canada

Next three months, < 100 = business expecting weaker performance

■ Deteriorating ■ Improving

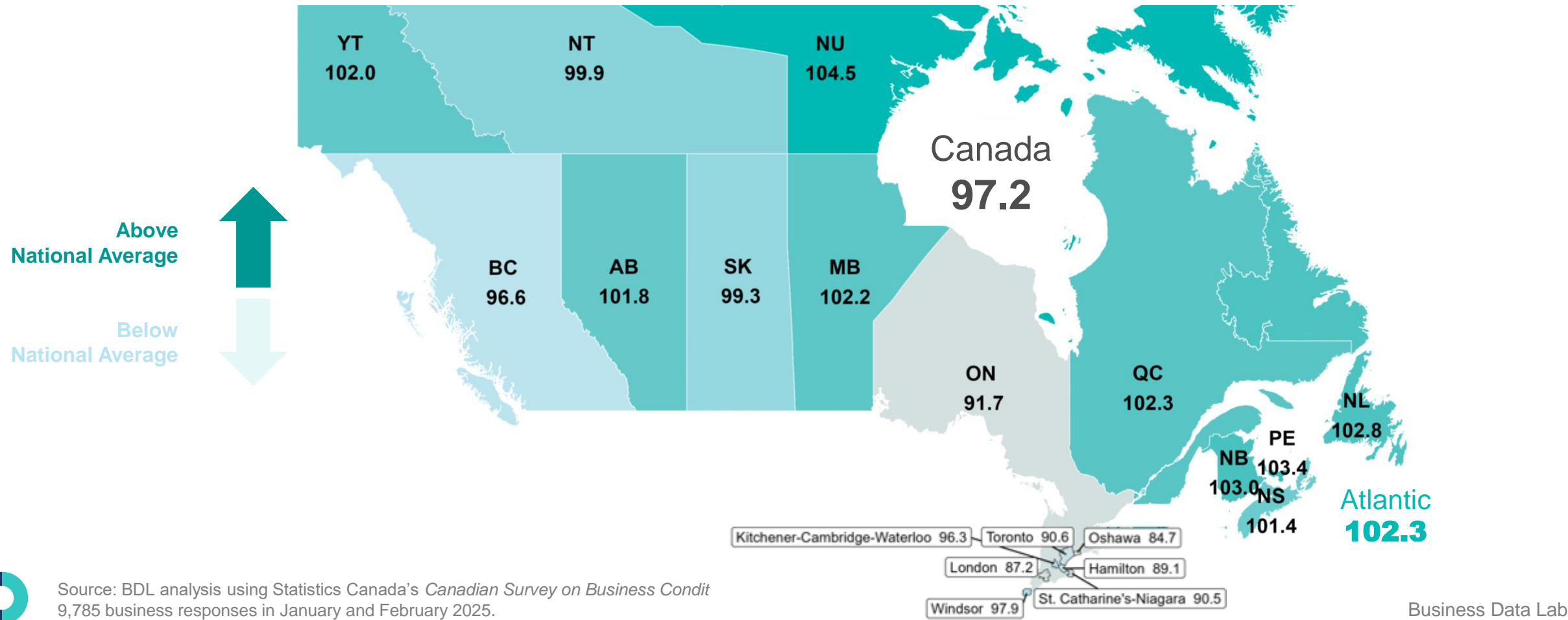


Source: BDL analysis using Statistics Canada's *Canadian Survey on Business Conditions*.

WEAKNESS CONCENTRATED IN SW ONTARIO

Business Expectations Index, regional

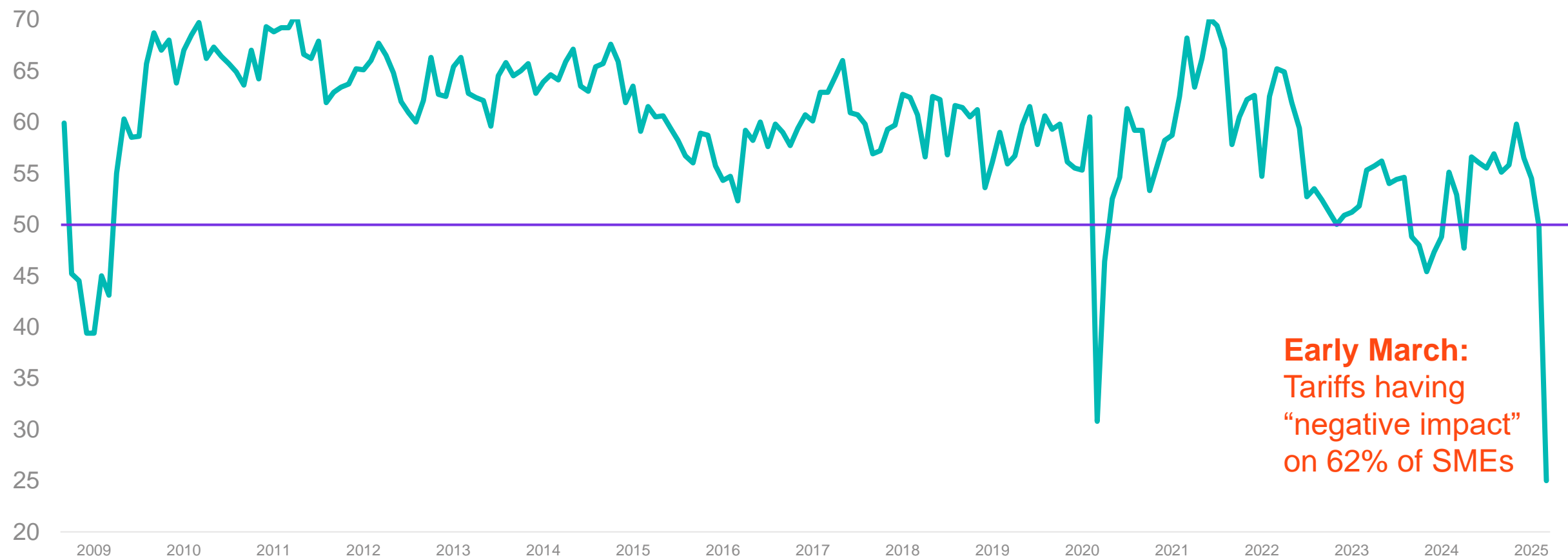
Next three months, < 100 = business expecting weaker performance



SMALL BUSINESS CONFIDENCE COLLAPSE

Canadian SME business confidence index

Next 12-months, < 50 = business expecting weaker performance



Early March:
Tariffs having
“negative impact”
on 62% of SMEs



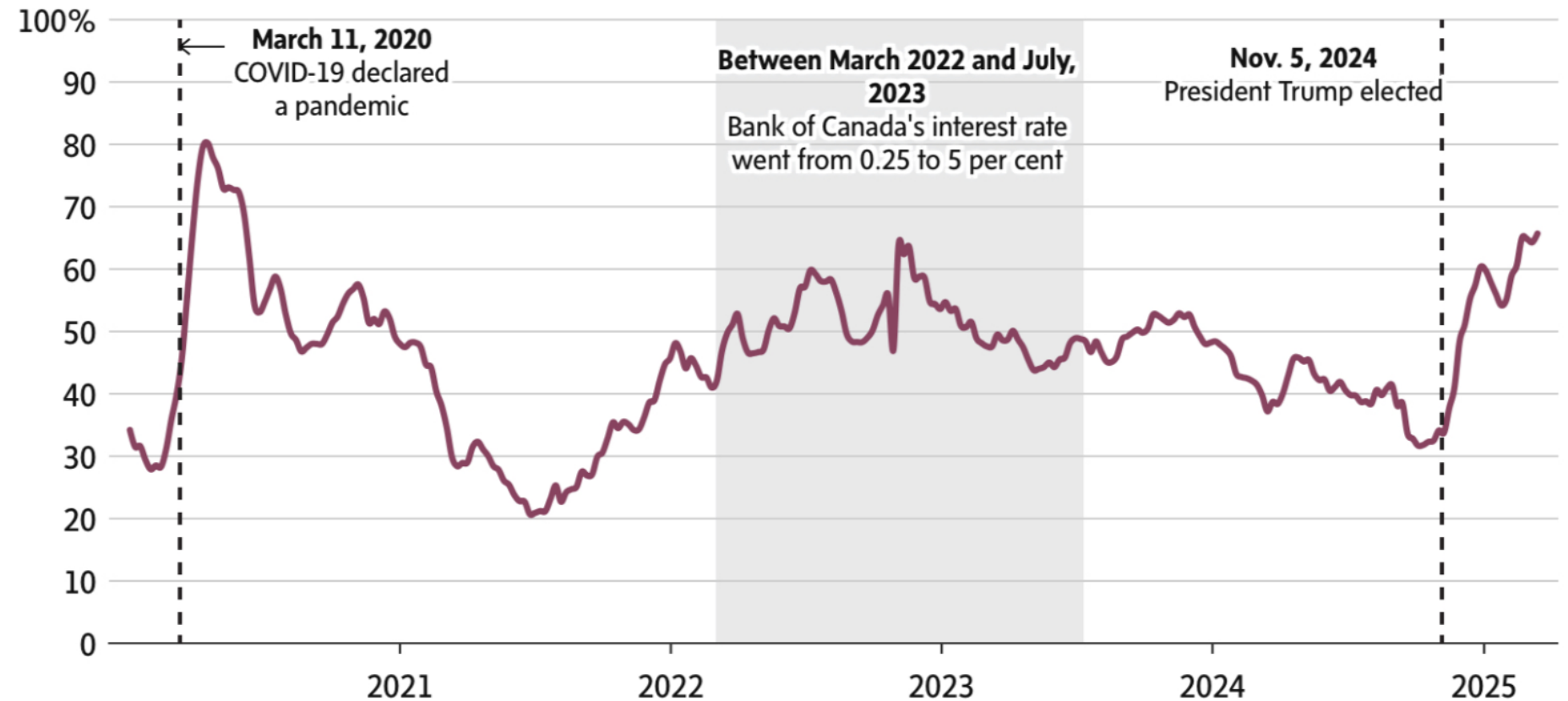
Source: CFIB Business Barometer.

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CONSUMER CONFIDENCE CONCERNS

Canadian consumer confidence

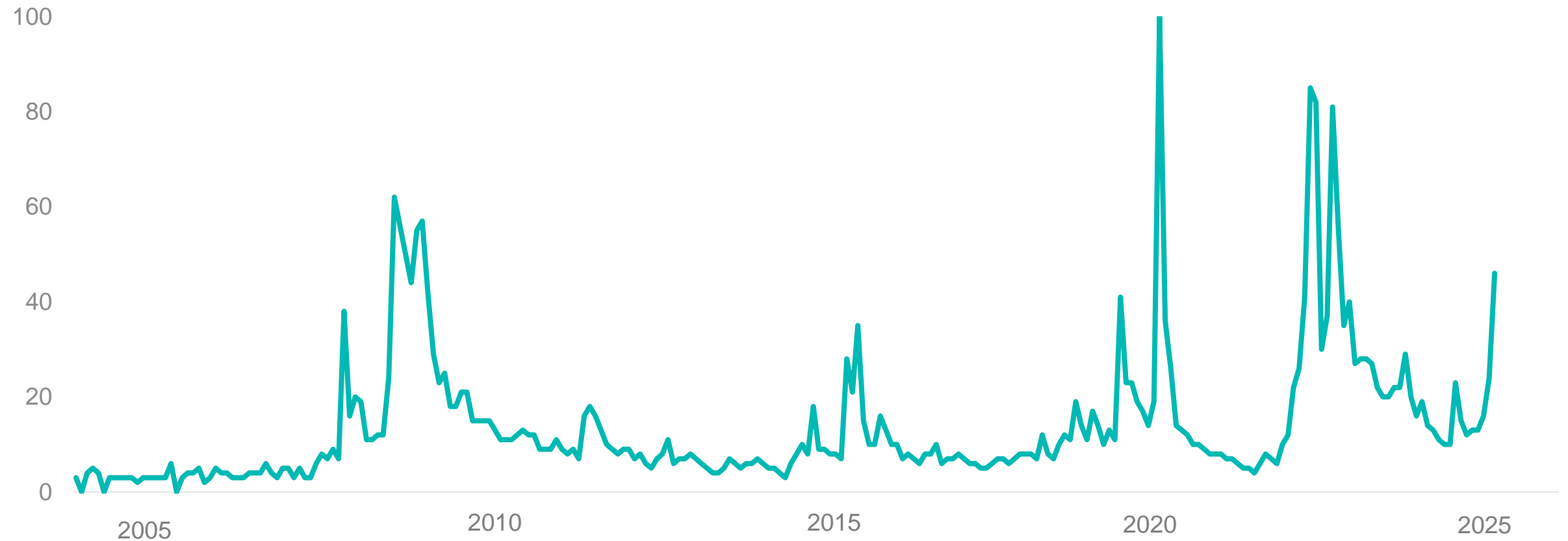
Share of respondents who believe the economy will weaken, next six months



Source: Bloomberg/Nanos Canadian consumer confidence survey, via The Globe and Mail.

“RECESSION” WORRIES

Search activity in Canada for “Recession”
Index, max =100

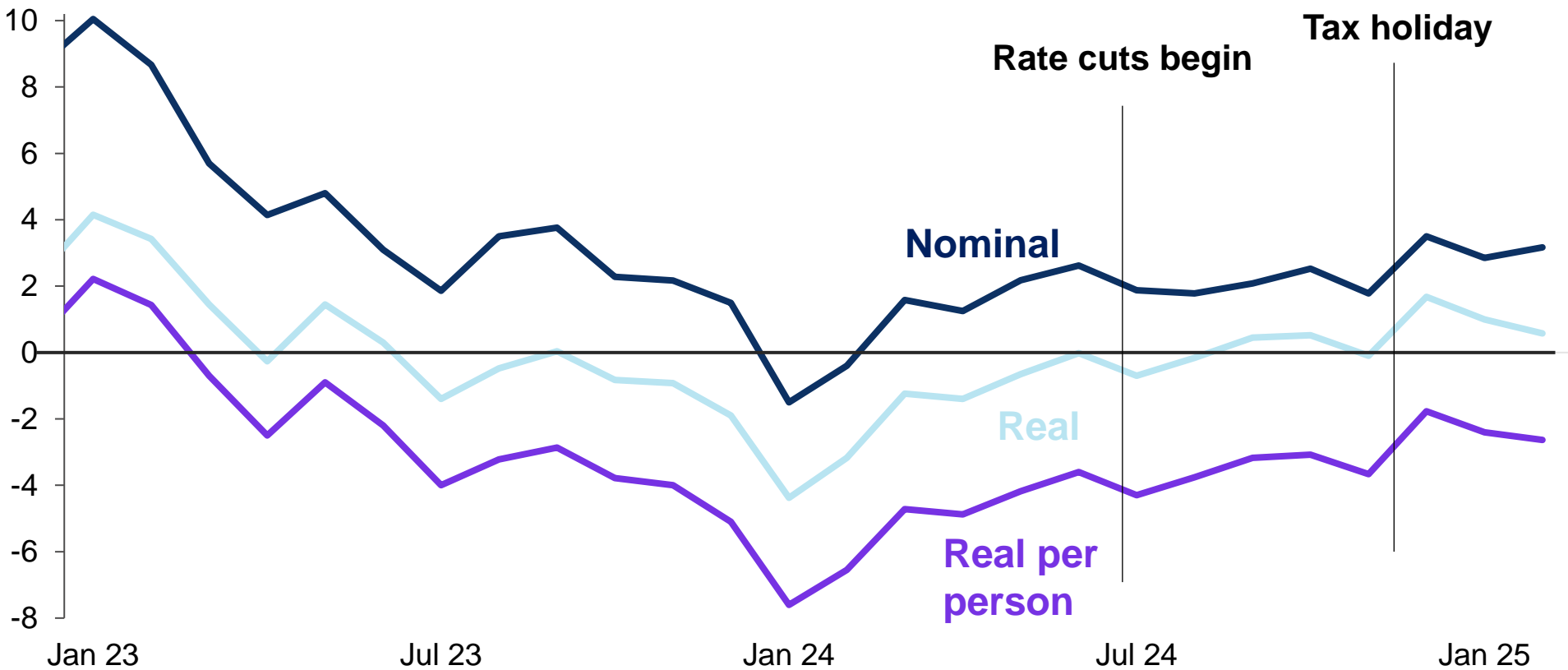


Sources: BDL Business Conditions Terminal; Google Search Trends, Canada.

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CONSUMERS STILL SPENDING FOR NOW

Consumer spending, Canada
% change, year-over-year, monthly data

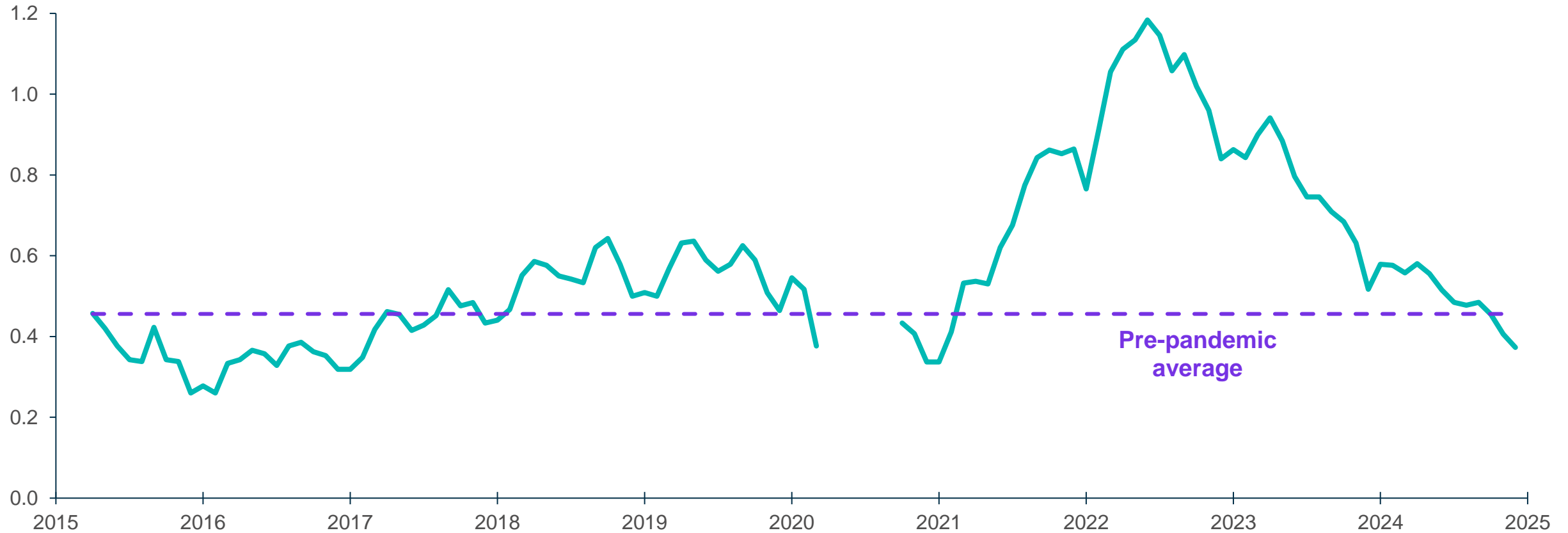


Source: BDL Business Sales Tracker.

LABOUR MARKET COOLED OFF

Labour market tightness

Job vacancies per unemployed person

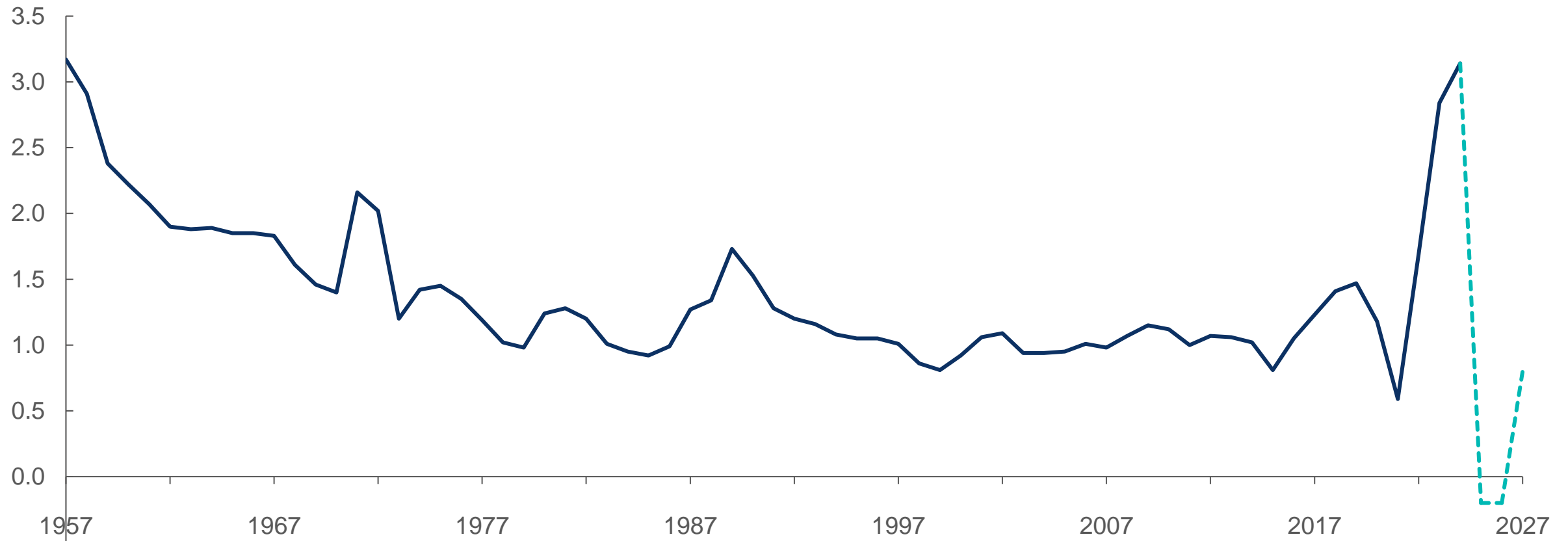


Sources: BDL analysis using Statistics Canada's *Job Vacancy and Wage Survey* and *Labour Force Survey*.

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IMMIGRATION SLOWING

Population growth % annual change

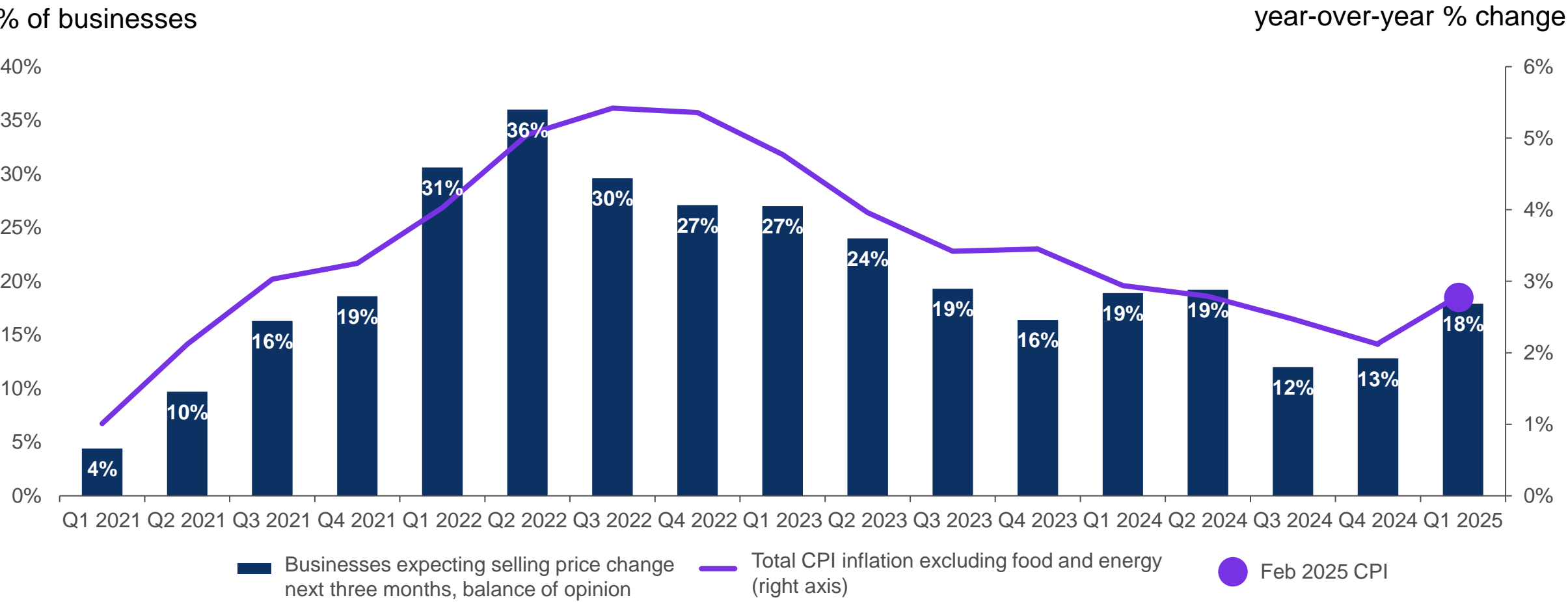


Sources: Statistics Canada; Government of Canada projections

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INFLATION EXPECTATIONS RISING

Businesses expecting to raise their selling prices*, next three months; and “core” CPI inflation



Note: *Balance of opinion = percentage of firms expecting to raise their selling prices minus percentage expecting to lower prices.
Source: BDL analysis using on Statistics Canada’s Canadian Survey on Business Conditions and CPI data.

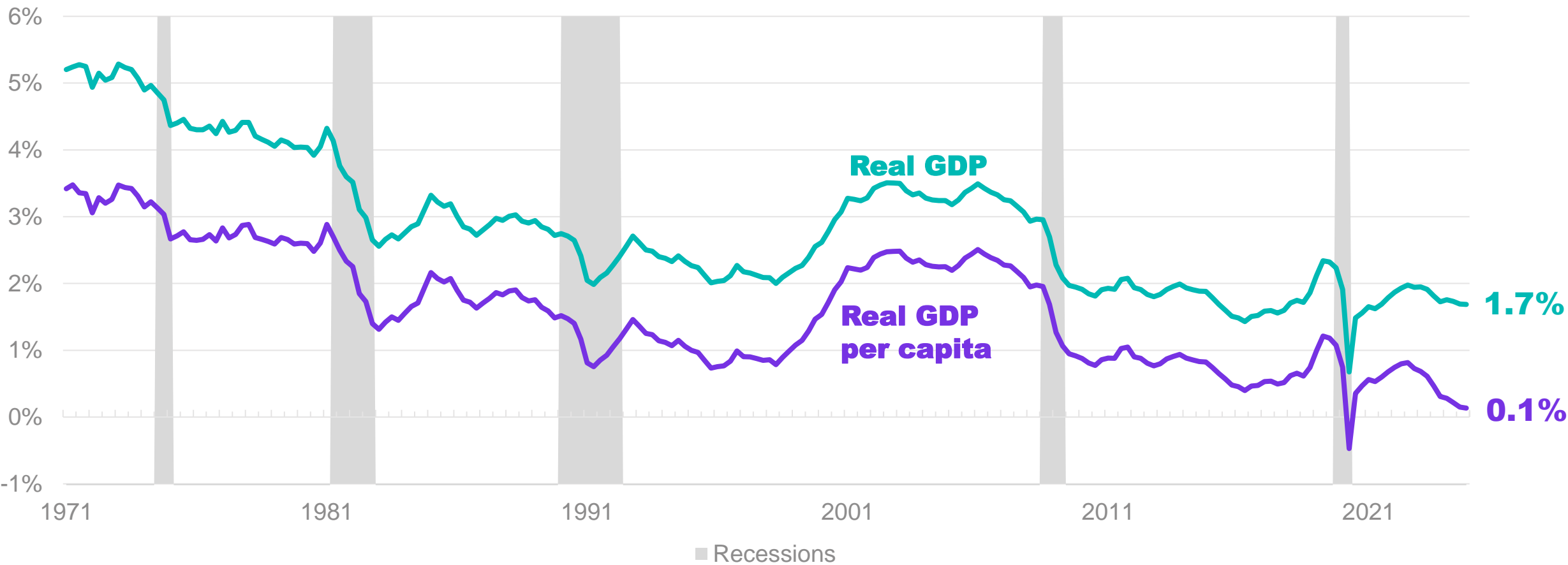
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STRUCTURAL CHALLENGES



DECLINING TREND GROWTH

Canada's compound average annual growth rates
1971-2024, percent (rolling 10-year window)



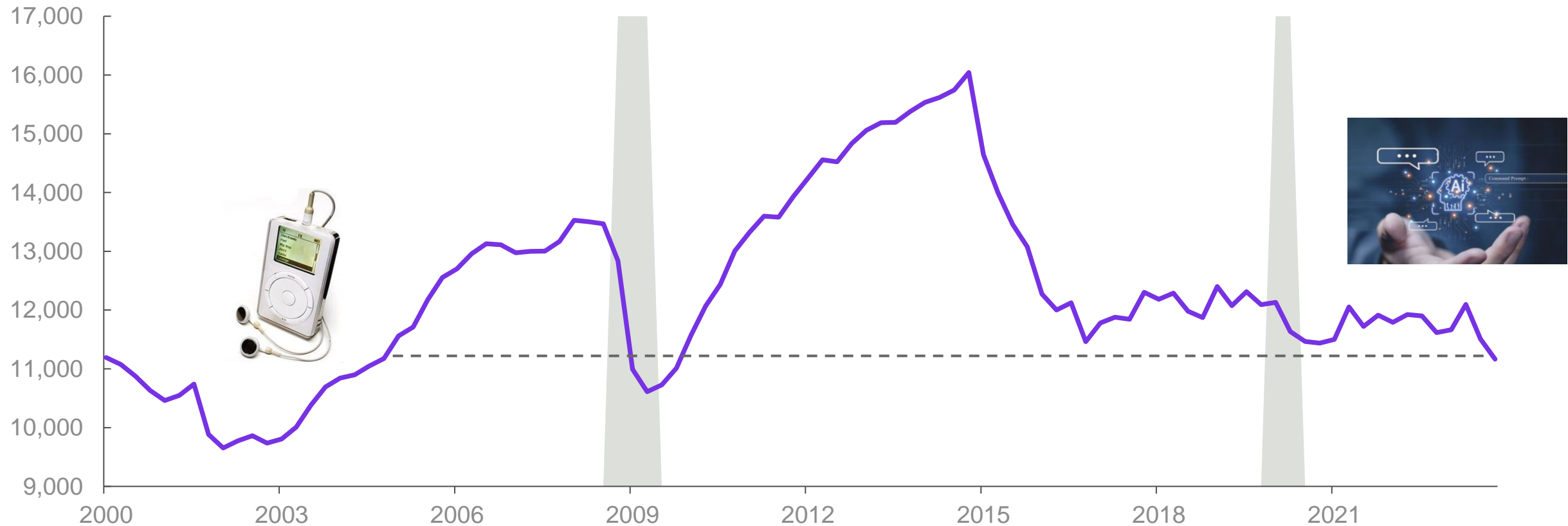
Sources: Statistics Canada tables 36-10-0104-01 and 17-10-0009-01.

WEAK BUSINESS INVESTMENT

Canadian real business investment per worker

Non-residential structures and machinery and equipment, chained 2017 dollars

■ Recessions

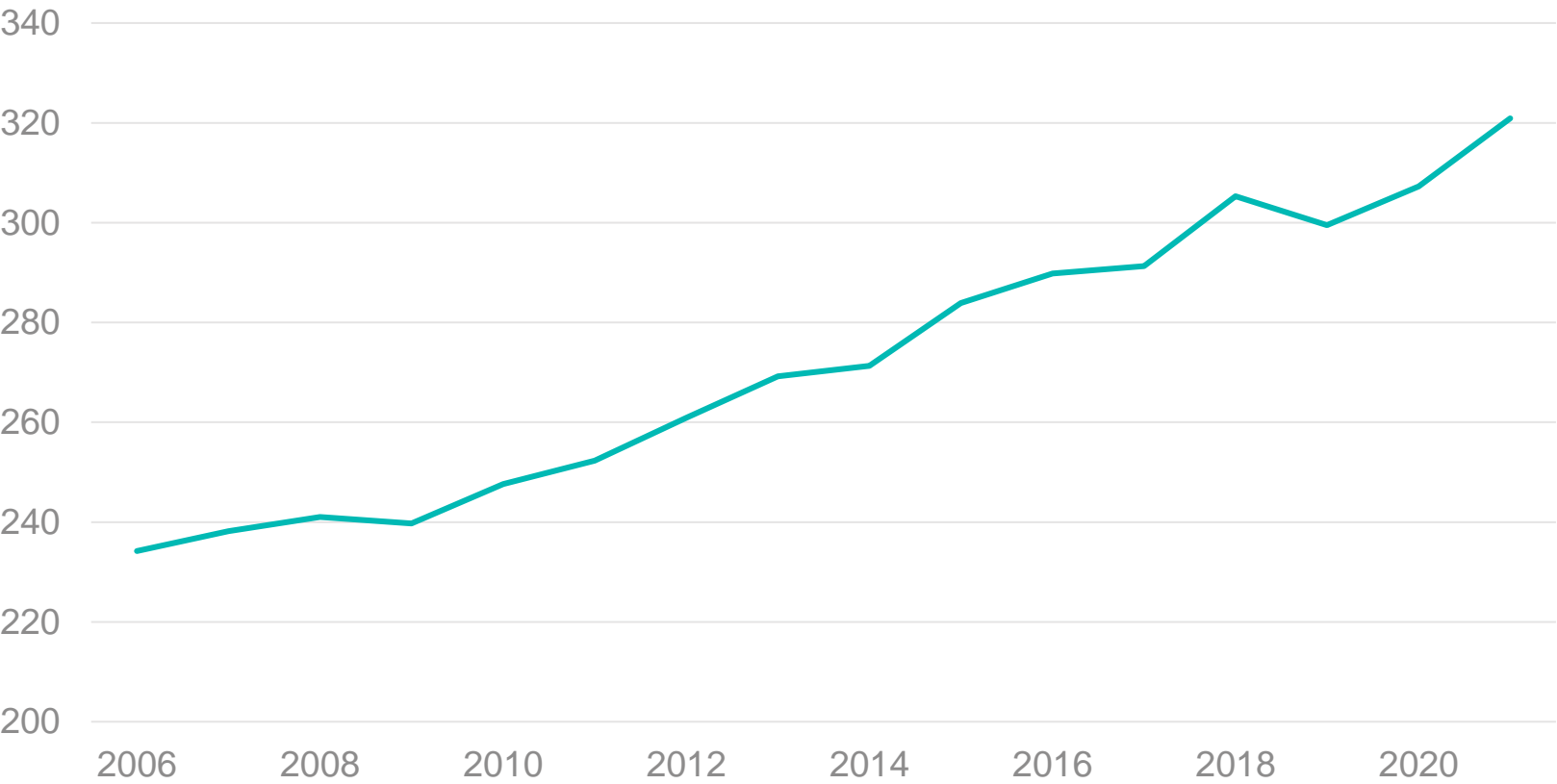


Sources: Statistic Canada tables 36-10-0104-01 and 14-10-0223.

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REGULATION

Canadian federal regulatory requirements
2006-2021, in thousands



KEY FINDINGS

Regulations	+2.1% growth /yr
Cumulative impact, 2006-2021	
	↓GDP 1.7%
	↓Business investment 9%
	↓ Entry 1.0 ppts ↓ Exit 0.3 ppts



Source: Statistics Canada [Wulong Gu \(2025\)](#).

SUMMARY

- **2025 a difficult year for most Canadian businesses**
 - **Extreme uncertainty**
 - **Tariffs and trade disruptions**
 - **Confidence plummeting**
 - **Investment on pause**
 - **Potential inflection point; significant recession risk**
- Given external threats, bold policy response needed to make Canada's economy more dynamic and resilient**

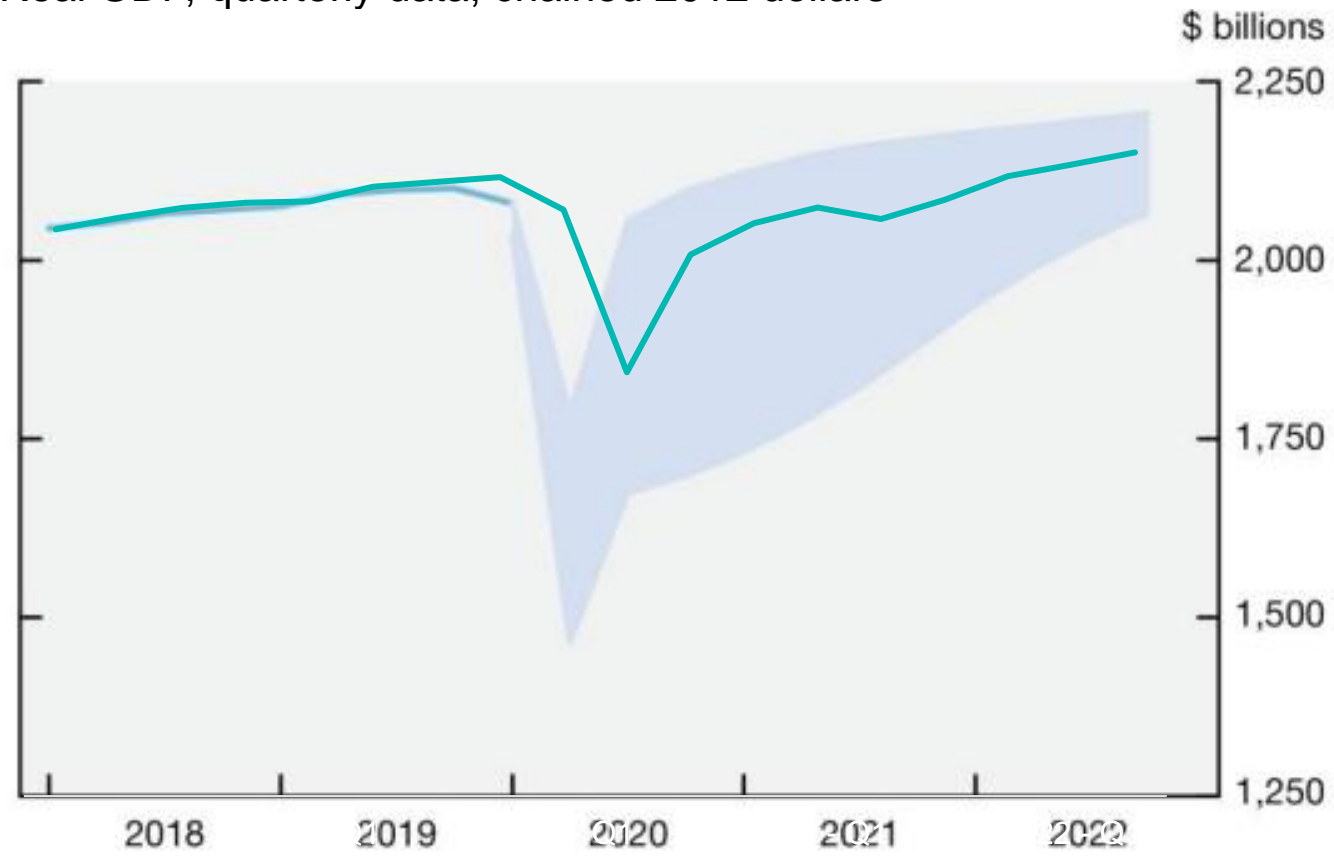


WE'VE BEEN HERE BEFORE (SORT OF)...

AND TURNED OUT BETTER THAN FEARED

Bank of Canada initial forecast scenarios

Real GDP, quarterly data, chained 2012 dollars



Sources: Bank of Canada April 2020 Monetary Policy Report; Statistics Canada



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Explore real-time data on Canadian business conditions



**DISCOVER
HOW THE BDL
CAN HELP YOU**



**EXPLORE
INTERACTIVE
TOOLS**



**ACCESS
DATA-DRIVEN
INSIGHTS**



**STAY UP
TO DATE**



The BDL is made possible through our collaboration with Statistics Canada and financial support from Innovation, Science and Economic Development Canada.

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