



Pulse Check: Inflation tops list of business concerns in Q3 2022

Welcome to our Pulse Check blog series! A quarterly look at the top challenges and opportunities facing Canadian businesses from coast to coast to coast based on our Business Data Lab's (BDL) analysis of the quarterly Canadian Survey on Business Conditions (CSBC).

Inflation is top of everyone's mind these days and Canadian businesses are no different. Amid the highest inflation in 40 years, a whopping 60% of firms expect inflation to be the biggest near-term obstacle. And while rising costs are nothing new when it comes to the list of Canadian businesses' biggest challenges, this is the highest level of concern in the CSBC's history!

Thankfully, there are tentative signs of improvement on this front. Get all the details along with the top 10 things we learned about Canadian businesses from Statistics Canada's Q3 CSBC below:

1. **Growth outlook:** With economic growth expected to slow in the second half of the year, Canadian businesses expect slower growth in sales, employment and investment, as well as shrinking profit margins next quarter. Looking further ahead, most businesses remain optimistic and expect modest, positive growth over the next three years.
2. **Key business obstacles:** Canadian businesses continue to struggle with rising costs in a high-inflation environment, hiring workers in a very tight labour market and lingering supply chain challenges.
3. **Inflation:** Canadian businesses identified inflation as their biggest near-term obstacle: 60% of firms expect this will be a challenge, representing the highest level of concern in the survey's history. One glimmer of hope is that a shrinking share of businesses expect to raise prices over the next quarter, consistent with inflation decelerating in the second half of the year.
4. **Rising costs:** Rising input costs are the second biggest near-term obstacle, cited by almost half (47%) of firms, down only slightly from the last survey (50%). Cost pressures are highest in agriculture, manufacturing and accommodation and food services.
5. **Labour challenges:** Labour challenges intensified, with 36% of businesses expecting labour difficulties next quarter. These concerns are most acute in accommodation and food services, construction, health care and retail.
6. **Debt constraints:** Businesses' ability to take on debt remains constrained. More than half of businesses (52%) reported they either cannot take on more debt or do not know if they can, unchanged from the previous quarter, and still a bigger worry for small firms and high-contact services.
7. **Supply chains:** Supply chains issues have improved, consistent with recent global trade developments. However, most Canadian businesses experiencing supply chain problems expect them to persist well into 2023.



8. **Interprovincial trade:** More than half of all Canadian businesses conducting interprovincial trade experienced obstacles over the last year, such as differing certification and licensing requirements for goods, services and labour as well as taxes.
9. **Environmental practices:** Most businesses have or plan to implement environmental practices over the next year, with reducing waste being the most prevalent. Customers' unwillingness to pay higher prices is the top perceived barrier to businesses' green efforts.
10. **COVID-19 measures:** In the long term, over half of businesses plan to maintain health and safety policies and practices adopted due to the pandemic.

The Q3 CSBC 2022 was collected from July 4 to August 8, 2022 and is based on responses from 17,013 Canadian businesses across the country.

[Check out our full analysis here.](#)

[See Q2 analysis here.](#)

What exactly is the Canadian Survey on Business Conditions (CSBC)?

Early in the pandemic, Statistics Canada created the CSBC in partnership with the Canadian Chamber, to quickly develop an innovative survey to learn about the issues facing Canadian businesses across the country, providing critical insights for decision makers and businesses. This successful collaboration has continued through our BDL.

Business Data Lab (BDL)

Our Business Data Lab (BDL) provides future-focused, real-time data and insights for companies of all sizes, sectors and regions of the country. The BDL brings together data from a variety of sources to track evolving market conditions, providing Canadian businesses with critical information to help them make better decisions and improve their performance.