

News Release

Embargoed until 0930 EDT (1330 UTC) 3 October 2025

S&P Global Canada Services PMI®

Job losses recorded in September as service sector activity declines again

Key findings

Sharper fall in activity despite weaker reduction in new work

First drop in staffing levels for five months

Cost pressures intensify, but only modest rise in selling prices

Canada's service sector remained in a downturn during September. Activity continued to fall, whilst spare capacity and a lack of new business led to a decline in employment. Cost pressures also remained present, amid reports of higher labour and fuel expenses. However, selling prices rose only modestly as weak demand and some discounting restricted inflation.

Confidence in the future was more positive, amid hopes of a more stable macroeconomic environment. But given the unsettled present business climate, the outlook remained unusually uncertain.

The headline figure from the survey is the **S&P Global Canada Services PMI® Business Activity Index**, which is designed to provide timely indications of changes in business activity in Canada's service sector. Readings above 50.0 signal an improvement in business activity on the previous month while those below 50.0 show deterioration.

The headline index recorded 46.3 in September, down from 48.6 in August and the lowest reading for three months. It was also the tenth successive survey period that the headline index has posted below the critical 50.0 no-change mark. A lack of incoming new business was the primary factor pushing down on activity levels, with latest anecdotal evidence pointing to an uncertain business environment characterised by instability and uncertainty both at home and abroad (new export business continued to fall sharply in September). That said, the degree to which overall new work declined was modest.

Spare capacity in the sector also weighed on overall activity during September. Latest survey data showed that outstanding business declined at the sharpest rate for over five years as firms had more than sufficient resources to deal with both new and existing contracts.

S&P Global Canada Services PMI Business Activity Index
sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 11-25 September 2025.

Staffing levels were also cut modestly, the first time that a reduction has been recorded since April. Panellists reported that a lack of new business had led to the non-replacement of leavers or, in some instances, forced layoffs.

Staffing expenses nonetheless remained a key source of cost pressures. Supplier charges were also reported to have risen, whilst fuel was noted as generally being more expensive. The net result was the steepest rise in overall input costs for three months – and a level of inflation that was above trend.

In contrast, selling prices rose only modestly and to the weakest degree since a slight fall was recorded in April. Although firms were keen to pass on higher operating expenses to clients, competitive pressures, a challenging economic environment and, in some cases, a need to offer discounts to attract new work all weighed on overall pricing power.

The present tough business climate meant that the outlook for activity remained uncertain in September. Nonetheless, on average, firms are expecting growth in the year ahead, with sentiment improving in September to its highest level since October 2024. Some service providers are hopeful of a more stable economic environment.

PMI®

by S&P Global

© 2025 S&P Global

Comment

Paul Smith, Economics Director at S&P Global Market Intelligence, said:

“Canada’s service providers continued to endure a tough trading environment in September. Demand again faltered, with sales volumes down (albeit modestly) and activity declining to a greater degree. Evidence of excess capacity in the services economy was highlighted by the dual reductions in both employment and work outstanding.

“Although costs rose to a stronger degree, the slowdown in output charge inflation suggests that price pressures are broadly contained. Alongside excess capacity, falling employment and steeply declining activity, risks to the Canadian economy subsequently remain firmly tilted to the downside and therefore provides further supporting evidence for the recent cut in interest rates by the Bank of Canada.

“Looking ahead, confidence in the future has improved amid hopes of a more stable macroeconomic environment – although the broader economic outlook remains unusually uncertain, with its evolution inevitably likely to be determined by trade policy developments.”

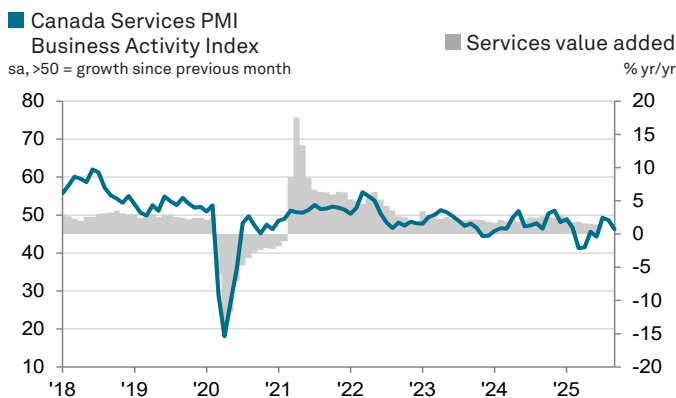
S&P Global Canada Composite PMI®

Private sector downturn accelerates in September

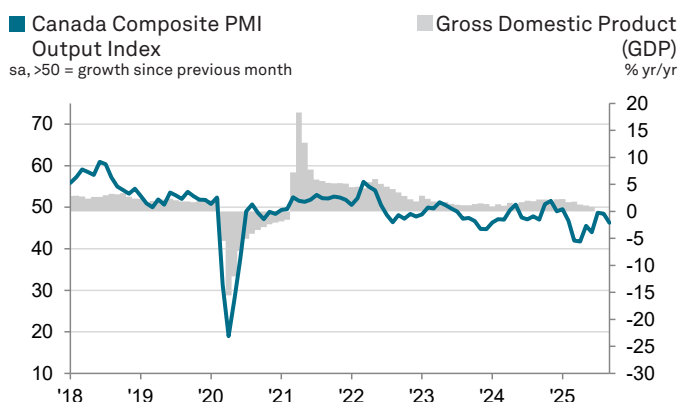
The seasonally adjusted S&P Global Canada Composite PMI Output Index* remained firmly below the critical 50.0 no-change mark in September. Falling to 46.3, down from 48.4 in August, the index pointed to an accelerated and marked contraction in private sector output. Rates of decline were similar across the manufacturing and service segments.

A lack of new business continued to weigh on output, whilst a drop in employment was recorded for the seventh time in 2025 so far. That was despite confidence improving to its highest level since last November.

Price data showed input cost inflation accelerating to a three-month high, but output charges rose to the weakest degree since April’s marginal decline.



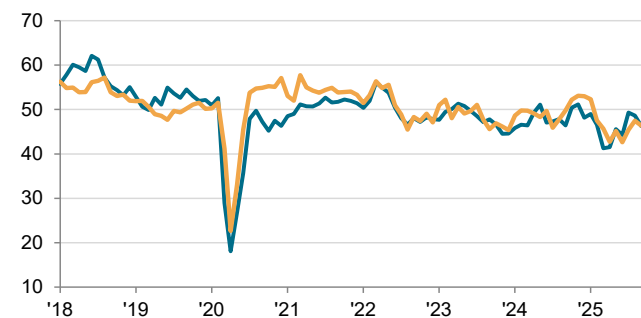
Sources: S&P Global PMI, Statistics Canada.



Sources: S&P Global PMI, Statistics Canada.

*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

■ Canada Services PMI Business Activity Index
 ■ Canada Manufacturing PMI Output Index
 sa, >50 = growth since previous month



Source: S&P Global PMI.

Canada Services PMI Input Prices Index

sa, >50 = inflation since previous month



Source: S&P Global PMI.

Contact

Paul Smith
 Economics Director
 S&P Global Market Intelligence
 T: +44 1491 461 038
paul.smith2@spglobal.com

Florence Bogitsh
 Senior Communications Manager,
 Americas
 S&P Global Market Intelligence
 T: +1-646-460-7204
florence.bogitsh@spglobal.com
press.mi@spglobal.com

If you prefer not to receive news releases from S&P Global, please email press.mi@spglobal.com. To read our privacy policy, click [here](#).

Survey methodology

The S&P Global Canada Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in December 2017.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.