

# News Release

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## S&P Global Canada Services PMI®

### Services economy records further contraction of activity in February

#### Key findings

New business also continues to fall

Employment numbers down again

Cost inflation at lowest level since September 2024

S&P Global Canada Services PMI Business Activity Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 10-24 February 2026

Canada's service sector remained in a downturn during February, with activity and new business falling again amid reports of a difficult trading environment. Firms subsequently reported further cuts to their employment numbers by not replacing leavers or enacting forced layoffs.

More positive, however, was an uplift in confidence to its highest level since last October. Moreover, cost inflation softened to its lowest level since September 2024.

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.

In February, the headline Business Activity Index recorded 46.5, below the critical 50.0 no-change mark for a fourth successive month and indicative of a marked contraction in service sector output. However, by rising from 45.8 in January, the index signalled a slower decline overall.

In February, service sector companies continued to report a challenging operating environment. Firms noted that client demand remained weak, characterised by uncertainty and a cautious attitude when committing to new business. Subsequently, new orders declined again, extending the current downturn to 15 months. The rate of contraction was marked, although the weakest since last October. A mixture of lower sales from both domestic and foreign clients was noted: new export business volumes declined again in February to a considerable degree.

The lack of new work meant firms on average chose either to not replace leavers or were forced into layoffs during February. Overall, employment declined for a sixth successive month although, like other variables measured by the survey,

to a lesser degree than in January. Despite reduced capacity, levels of work outstanding were reduced, and again at a faster pace than typically recorded by the survey.

Although employment volumes were reduced, companies continued to report that labour costs remained a key source of higher operating expenses in February. Firms also noted a general increase in supplier charges. That said, input price inflation maintained its recent easing trend, dropping to its lowest level since September 2024. Output charges in contrast rose to a slightly faster degree, though inflation remained well below that of input costs. Firms continued to signal efforts to pass on increased operating expenses to clients wherever possible.

Finally, confidence in the outlook remained positive overall in February with sentiment edging up to its highest level since last October. There were hopes that demand will pick-up, in part driven by increased tourism due to forthcoming sporting events being held in Canada. That said, uncertainty persisted in the outlook, most notably in relation to trade and tariffs. Subsequently, sentiment overall remained below trend in the latest survey period.

PMI®

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### Comment

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

“Canada’s service sector economy remained mired in a downturn during February, with both activity and new business falling again – albeit to weaker degrees. Firms continue to report a difficult trading environment, characterised by uncertainty and a reluctance amongst firms to commit spend. This lack of new work continued to weigh on employment numbers which declined further over the month although, more positively, firms signalled some confidence that activity will improve over the coming year.

“The weakness in activity and the labour market was also accompanied by a further softening of cost inflation. Falling to its lowest level since September 2024, the downturn in cost inflation therefore adds to the ‘dovish’ nature of this month’s report and pushes the door ajar for further rate cuts from the Bank of Canada in 2026.”

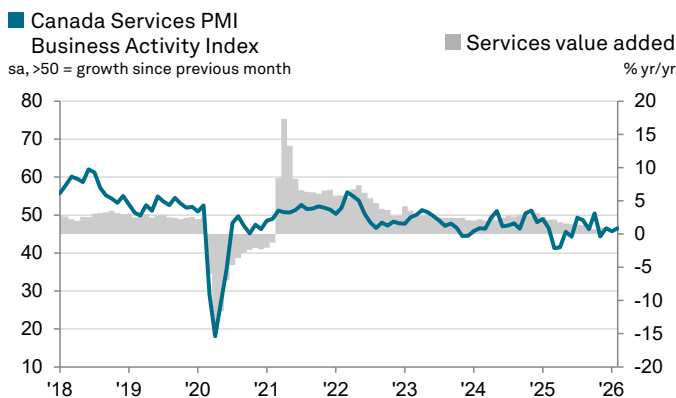
### S&P Global Canada Composite PMI®

## Private sector contracts again in February

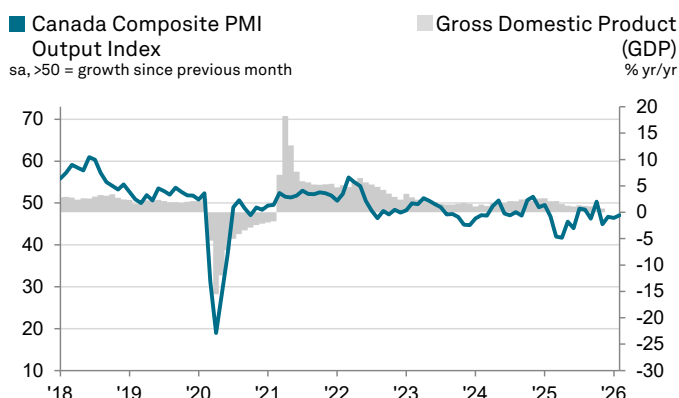
The seasonally adjusted S&P Global Canada Composite PMI Output Index\* remained below the critical 50.0 no-change mark in February to signal a fourth consecutive monthly contraction in private sector output. Posting 47.1, up from 46.4 in January, the rate of contraction was again marked, albeit the slowest in the current sequence.

The service sector remained the primary source of falling activity as manufacturing output was unchanged. Similarly, services led declines in overall new orders volumes and employment.

Meanwhile, input price inflation softened to its lowest level since September 2024. However, output charges rose solidly and to the greatest degree since July 2025.



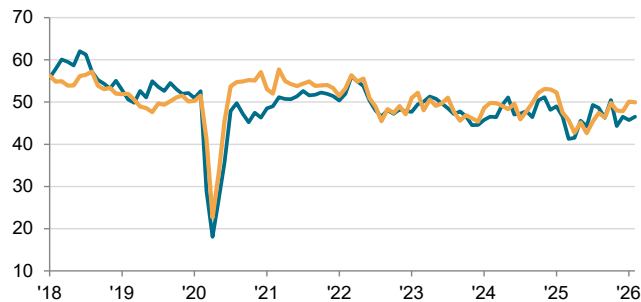
Sources: S&P Global PMI, Statistics Canada.



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.

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### 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](mailto:economics@spglobal.com).

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