

# News Release

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## S&P Global Canada Services PMI®

### Service sector suffers further steep contraction of activity in April

#### Key findings

Firms report widespread economic and political uncertainty

Outlook remains subdued and job numbers cut further

Selling prices reduced for first time in over four years

Canada's service sector endured another challenging month in April as economic and political uncertainty continued to paralyse market activity, according to the latest PMI® survey data from S&P Global. Both service sector output and new business inflows declined at rates close to March's near five-year records, whilst job losses were recorded for a fourth successive month. Although sentiment improved, confidence overall remained historically subdued as firms reported that tariffs and general election uncertainty dominated the outlook.

On the price front, input cost inflation remained high, despite dropping to a three-month low. Margins came under noticeable pressure as firms, in the face of strong competition and low demand, chose on average to reduce their selling prices for the first time in nearly four years.

The headline figure derived from the survey, the S&P Global Canada Services PMI Business Activity Index, posted 41.5 in April. That was up from 41.2, but still well below the critical 50.0 no-change mark that separates growth from contraction. It was the fifth month in a row that a fall in service sector activity has been registered, with the latest decline historically steep and close to March's near five-year record.

Panellists reported that sales volumes had continued to deteriorate in April. Like activity, the degree to which new work fell was considerable and close to March's post-pandemic record. Firms widely commented that economic and political uncertainty was having a detrimental impact on spending decisions, with clients widely adopting a 'wait-and-see' attitude. None more so was this evident than in international markets, where US tariff policies were leading

S&P Global Canada Services PMI Business Activity Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

Data were collected 09-25 April 2025.

to a retrenchment of activity according to panellists. Latest data showed that new export business again fell at a pace barely surpassed in over seven years of data collection.

Business confidence amongst service providers also continued to be hit during April, with firms signalling a historically low level of optimism about future activity (albeit one that did improve on March's low). Current uncertainty over trade tariffs and the general election tended to dominate the outlook, although some firms are hopeful in a year's time that a more stable business environment will have emerged.

A lack of present incoming new work meant firms were generally willing to let employees leave without replacing them. Some panellists noted forced layoffs at their units. Overall, this resulted in a fourth successive monthly reduction in employment. Backlogs of work were nonetheless reduced markedly again as capacity remained more than sufficient to deal with current workloads.

Service providers widely reported that suppliers were adjusting their price lists in April, often attributed to tariffs. Combined with a further uplift in typical salary costs, average operating expenses overall rose sharply again (despite the rate of inflation easing to a three-month low).

Firms were unable (on average) to respond to these operating expenses. Latest data showed that selling prices fell for the first time since March 2021. The modest reduction reflected competitive pressures and a need to offer discounts given the challenging business environment.

PMI®

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### Comment

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

“Canada’s service sector economy faced another challenging month, with activity declining steeply and new business volumes again down sharply. Firms again linked these weak trends to widespread economic and political uncertainty, in turn linked to trade policies and, at the time of survey data collection, the general election.

“Service providers are hopeful that a more stable business environment will have emerged in a year’s time, but presently, given the lack of new work and excess capacity at units, job losses were again reported. Moreover, adding to the woes of service providers, firms felt compelled to reduce their output charges for the first time in over four years – despite input price inflation remaining elevated as suppliers were again reported to be reevaluating their list prices.”

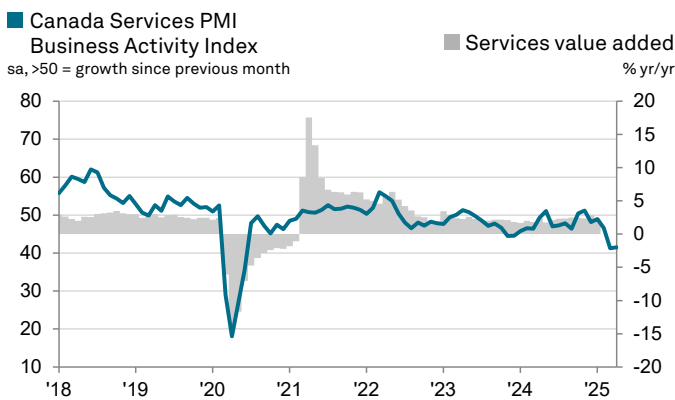
## S&P Global Canada Composite PMI®

### Private sector downturn intensifies during April

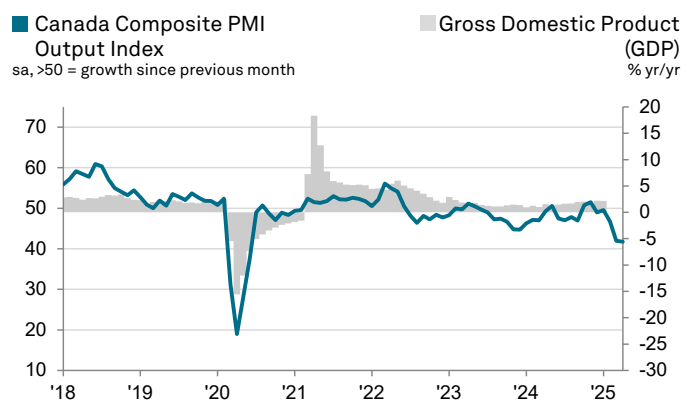
The S&P Global Canada Composite PMI Output Index\* fell further below the critical 50.0 no-change mark in April. Posting 41.7, down from 42.0 in March, the index signalled the steepest monthly contraction in private sector output since June 2020 – the height of the global COVID-19 pandemic. Similar sized declines in both manufacturing and service sector output were recorded.

New order volumes were also down noticeably since March, and with little associated pressure on capacity, employment levels were reduced for a fourth successive month. Expectations about the future improved but remained historically subdued.

On the price front, input cost inflation fell to a three-month low, but remained high. However, with demand conditions deteriorating, a slight fall in output charges was recorded for the first time in over four years.



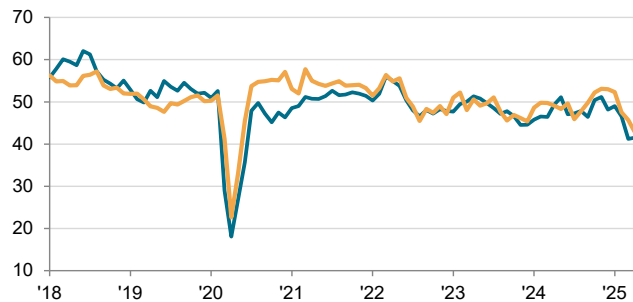
Sources: S&P Global PMI, Statistics Canada.



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\*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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