

News Release

Embargoed until 0930 EDT (1430 UTC) 04 December 2024

S&P Global Canada Services PMI®

Faster expansion of Canadian private service sector in November

Key findings

Modest growth in activity as new work broadly stable

Jobs added for second month in a row

Input price inflation slows but remains strong

Canada's service sector expanded at a faster pace during November, although growth remained modest as new business was little-changed since October. Staffing numbers increased again, with employment growth picking up to a 14-month high. Firms also retained a positive outlook for activity in the year ahead. Cost pressures remained apparent, however, as rising staff and supplier expenses were again reported. Output charge inflation picked up slightly in response.

The headline figure derived from the survey is the S&P Global Canada Services 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 readings below 50.0 show deterioration.

The seasonally adjusted Business Activity Index improved to 51.2 in November, up from 50.4 in October and its highest reading since April 2023. Growth has now been recorded in each of the last two months, though remained modest overall. This was partly reflective of a relatively subdued picture for incoming new work. Although a net rise in new business was registered for a second month running, the increase was negligible and slower than October's already weak pace. New export business proved to be noticeable drag, declining at a faster pace as global conflicts and cost of living expenses weighed on foreign demand.

Where a rise in new work was recorded, this was linked by panellists to lower interest rates and the stimulative impact on economic activity. Firms are also confident that lower borrowing costs will help to support activity growth over the next year. Confidence in the outlook indeed remained

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



Source: S&P Global PMI.
Data were collected 12-26 November 2024.

positive, although softened slightly to a three-month low. Some firms are worried that economic conditions and demand will worsen from present levels.

Nonetheless, service providers typically took on additional workers, with a net increase in employment numbers recorded for a second successive month during November. There were reports from the survey panel that extra staff had been employed to help keep on top of workloads given the recent underlying improvement in sales. With additional workers recruited, service companies were indeed able to keep on top of their work outstanding overall in November – but only just. Latest data showed that backlogs were broadly unchanged since October.

On the price front, increased input costs were again reported, with inflation remaining strong despite retreating from October's recent high. Respondents noted paying higher salaries to help offset increased cost of living expenses for employees. Supplier charges were also reported to have increased. Output charges were raised as a result, although inflation remained relatively modest amid evidence of competitive market conditions.

PMI®

by S&P Global

© 2024 S&P Global

Comment

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

“November proved to be a relatively positive month for the Canadian service sector, with activity rising for a second successive month and to a stronger degree than in October. However, the upturn was limited to some extent by almost no growth in new business volumes, and firms remain concerned over the underlying strength of business conditions despite the stimulative impact on economic activity of lower interest rates.

“That said, firms retain some confidence in the outlook amid hopes of a more stable geopolitical environment and further reductions in borrowing costs in the year ahead. However, it’s worth noting that the latest survey took place before US President-elect Trump’s announcement of changes to US trade policy in 2025. Although the scope and nature of tariffs on Canadian goods and services remains uncertain at this stage, already fragile confidence and economic growth is likely to be hit again in the coming months.”

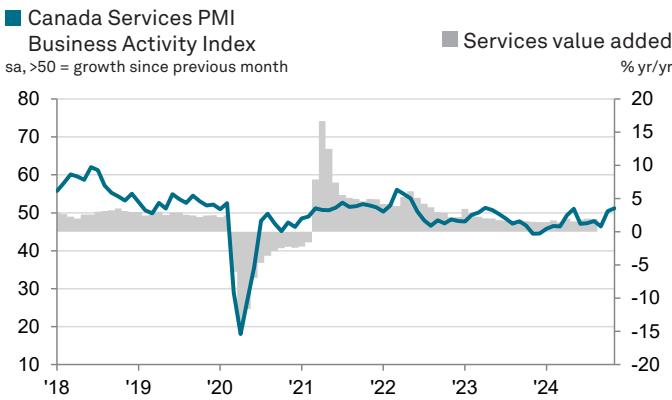
S&P Global Canada Composite PMI®

Private sector growth fastest since May 2022

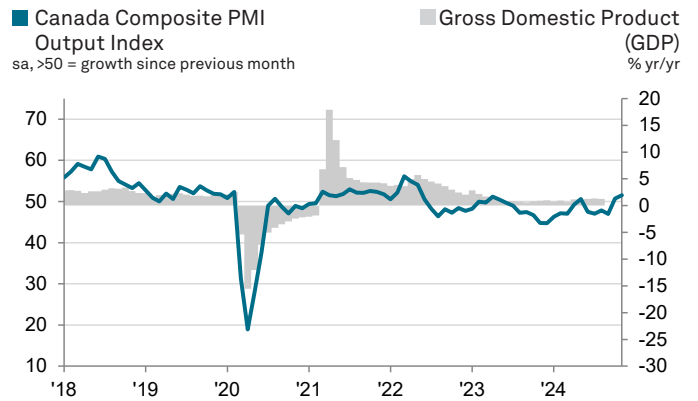
Growth of Canada’s private sector economy improved during November, reaching its highest level for two-and-a-half years. This was highlighted by the S&P Global Canada Composite PMI Output Index* which rose to 51.5, from 50.7 in October. It was the second month in a row that output has risen and reflected concurrent growth across the manufacturing and service sector economies.

New business volumes also rose for a second month running, albeit only marginally. Firms were nonetheless sufficiently encouraged to add to their staffing numbers, with higher employment recorded in both manufacturing and service categories. This helped firms to keep on top of workloads, with business outstanding falling again in November.

On the cost front, input price inflation remained elevated, though eased on October’s high. Output prices continued to be raised at a relatively modest pace across the private sector in November.



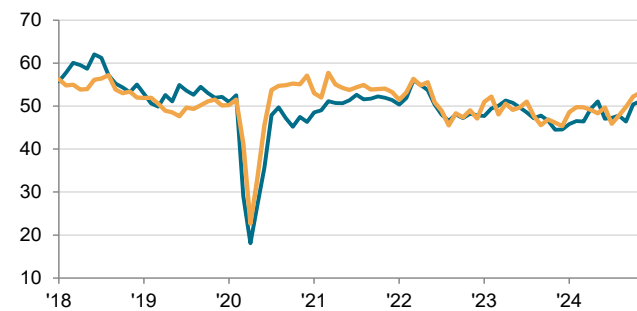
Sources: S&P Global PMI, Statistics Canada.



Sources: S&P Global PMI, Statistics Canada.

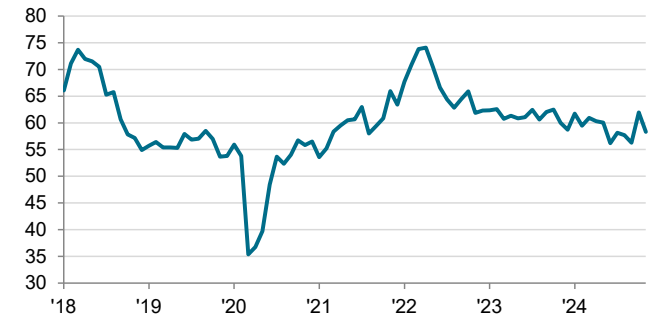
*Composite PMI indices are weighted averages of comparable manufacturing and services PMI indices. Weights reflect the relative size of the manufacturing and service sectors according to official GDP data.

■ 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

Katherine Smith
 Corporate Communications
 S&P Global Market Intelligence
 T: +1 (781) 301-9311
katherine.smith@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@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.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com

About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. www.spglobal.com/marketintelligence/en/mi/products/pmi