

S&P Global Canada Services PMI®

Service sector downturn softens as new work rises marginally in April

April 2026

Slowest contraction of activity for six months as demand stabilises

Sentiment improves to 18-month high

Selling prices raised at fastest rate for two years

Canada's service sector registered a relatively improved performance in April. Although activity fell, it did so only marginally and to the weakest degree in six months. Firms also added to their staffing levels for the first time since August 2025, whilst confidence in the outlook was its highest in a year-and-a-half.

That was despite ongoing worries about the war in the Middle East and tariffs, which were noted as having raised operating expenses noticeably over the month. Selling prices increased to the greatest degree in two years.

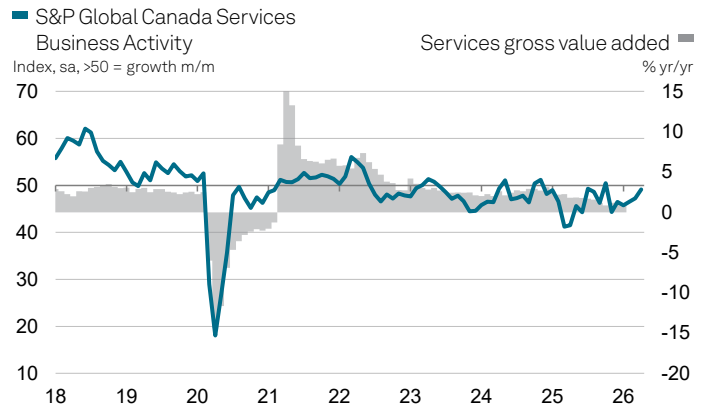
The headline S&P Global Canada Services PMI® Business Activity Index recorded 49.2 in April, below the critical 50.0 no-change mark for a sixth successive month. However, rising from 47.2 in March, the index indicated that the fall in service sector activity was the slowest in the current downturn.

Where activity was reported to have declined, panellists generally linked this to weak underlying sales volumes. These in turn were the result of an uncertain economic environment characterised by tariffs and the war in the Middle East.

That said, there was some signs of a stabilisation of market demand, which helped to explain April's marginal rise in overall new business volumes, the first recorded by the survey since November 2024. Moreover, that was despite another steep fall in international sales recorded by the survey in April.

Firms indicated some confidence that the positive trend in overall sales will be sustained and support a rise in business activity from present levels in a year's time. Sentiment overall strengthened in April to its highest in 18 months. Some respondents are hopeful that government initiatives will help to stimulate growth.

However, the outlook remained somewhat uncertain, largely linked to US tariffs and the war in the Middle East. Both tariffs and the conflict – via its inflationary impact on global energy, fuel and product prices in general – were reported to have again driven a noticeable increase in operating costs over the month. Cost of living payments and higher wages in general were also reported by some service providers.



Data were collected 9-27 April 2026.

Sources: S&P Global PMI, StatCan via S&P Global Market Intelligence. © 2026 S&P Global

Comment

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

“Whilst Canada's service sector continued to contract, it did so only marginally in April. Moreover, against the backdrop of tariffs and the war in the Middle East, overall performance wasn't too bad when viewed in this context. Positively, new business volumes were up marginally, the first growth seen since November 2024 whilst there was also a small rise in employment. Confidence in the outlook also improved to an 18-month high with firms pointing to government initiatives as supporting wider economic growth in the year ahead.

“That being said, the sector continues to face noticeable headwinds, especially in relation to US tariffs and the war in the Middle East. Both continue to have inflationary implications, with firms signalling that operating expenses are rising sharply and at a rate just below March's nine-month peak. The degree of pass through to clients also suggests that firms are keen to protect margins wherever possible, with selling price inflation picking up to its highest level in two years and raising some alarm bells for policymakers as they scour the economic news flow for signs of elevated inflationary pressures.”

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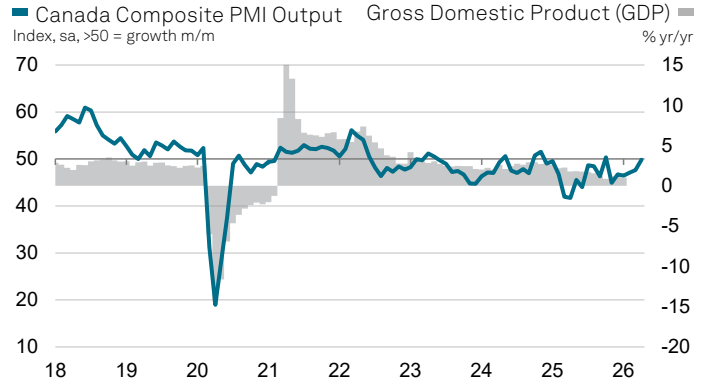
In response, many companies chose to raise their own charges, the net impact being the steepest increase in selling prices for two years.

Finally, a rise in employment was recorded for the first time since last August (although growth was only marginal). Firms took on extra staff in some instances to help keep on top of their workloads, and this largely proved to be a successful policy as April's survey showed an accelerated decline in work outstanding.

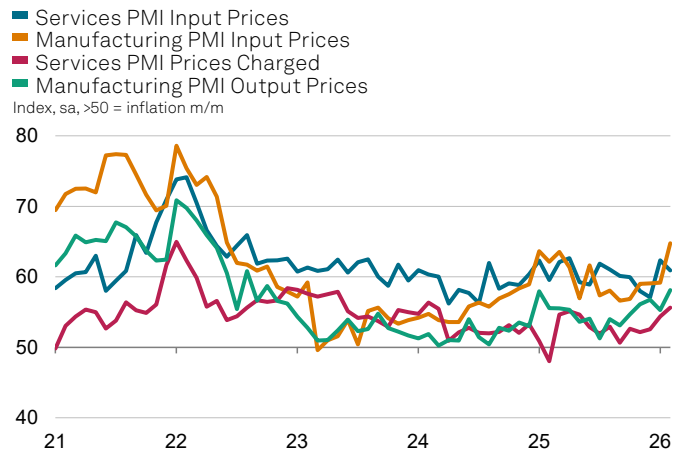
S&P Global Canada Composite PMI®

The S&P Global Canada Composite PMI® recorded 49.9 in April, just fractionally below the 50.0 no-change mark. A solid rise in manufacturing output was offset by a marginal fall in service sector activity.

Nonetheless, new orders increased and employment rose for the first time in nearly a year. Input price inflation remained elevated, and little changed since March, but output charges rose to the greatest extent since July 2023.



Sources: S&P Global PMI, StatCan via S&P Global Market Intelligence. © 2026 S&P Global



Source: S&P Global PMI. ©2026 S&P Global.

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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.

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PMI®

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