News Release

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S&P Global Canada Services PMI®

Services economy in steep downturn in November

Key findings

Widespread market uncertainty weighs on activity and sales

Employment cut to greatest degree since June 2020

Confidence in outlook down to five-month low

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 2025.

Canada's service sector experienced in November its steepest downturn in activity since June, as client demand continued to weaken in the face of ongoing economic uncertainty. Confidence in the outlook also fell, dropping to a five-month low, whilst tariffs and higher wages contributed to another month of elevated input price inflation. However, selling prices were increased only marginally as competitive pressures and dwindling demand limited pricing power.

With dwindling workloads, spare capacity, margins under pressure and a subdued outlook, staffing levels were reduced to the greatest degree in nearly five-and-a-half years.

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 index posted 44.3 in November, down from 50.5 in October and its lowest level since June. It was the eleventh time in the past 12 months that the index has recorded below the 50.0 no-change mark, and November's reading was indicative of a steep contraction in business activity.

Panellists principally linked the drop of activity to a lack of new work, in turn the result of widespread market uncertainty regarding the economic outlook. Clients were reported to be non-committal when considering new contracts, preferring instead to adopt a "wait-and-see" approach. The net result was a twelfth successive monthly decline in new business volumes overall, with the rate of contraction the steepest since April.

The downturn in total new business reflected a mixture of falling demand from both domestic and international clients, with latest data also showing that new export orders fell in November to the greatest degree in seven months.

Service providers were relatively downbeat in their assessment of the outlook, with sentiment regarding future activity dropping to its lowest level for five months and remaining well below trend. Firms were concerned over the current and future underlying strength of demand given widespread economic uncertainty.

Given the subdued outlook, and with the flow of new business declining again in November, another reduction in employment numbers was signalled by November's survey. It was the third month in a row that staffing levels have fallen, with employment volumes declining to the greatest degree since mid-2020. Despite staff reductions, excess capacity remained prevalent as signalled by a drop in levels of work outstanding (also to the greatest degree since June 2020).

Cost concerns meanwhile played a role in employment decisions, with firms noting that operating expenses had been driven higher by a rise in typical wages. Tariffs also continued to push prices up for a wide range of goods, including foodstuffs and metals. Despite easing to a three-month low, overall input price inflation subsequently remained elevated in November.

In contrast, selling prices rose only marginally, with inflation the lowest in seven months and well down on levels recorded mid-year. Firms reported that a combination of weak demand and competitive pressures had restricted their pricing power, with some resorting to outright discounting to support sales.

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Comment

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

"Latest PMI data provided a sobering overview of Canada's services economy as 2025 nears its end. Output and new business volumes deteriorated considerably, adding further to an already elevated level of spare capacity in the sector. Firms widely reported that clients were unwilling to commit to new work given considerable uncertainty in the outlook, a sentiment shared by service providers themselves with their own assessment of future activity trends the lowest recorded since June.

"Cost pressures also remained elevated, in part driven by tariffs, but also higher wage expenses. But firms were unable or willing to pass these higher operating costs to clients, recognising the need to price keenly at a time of high competition and dwindling demand.

"Falling workloads, spare capacity and squeezed margins subsequently resulted in an unfavourable combination for workers, with employment levels cut in November to the greatest degree in nearly five-and-a-half years."

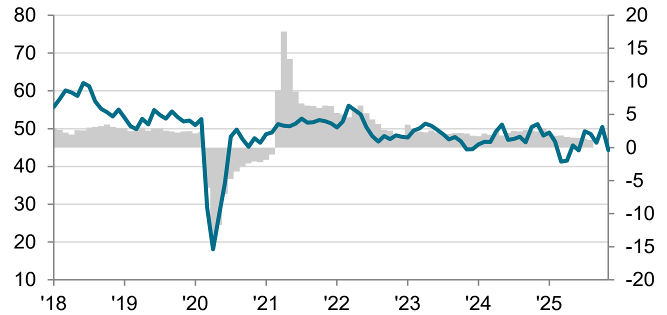
S&P Global Canada Composite PMI®

Private sector experiences steep contraction during November

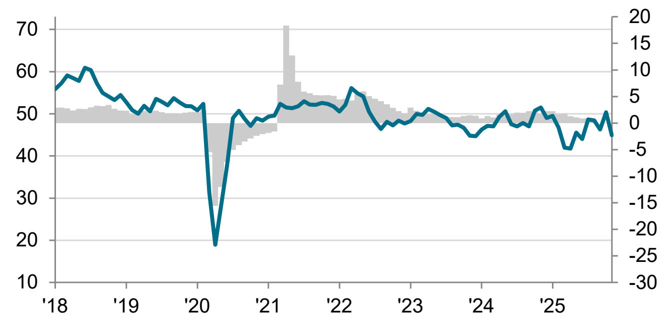
Having signalled marginal growth in October, the seasonally adjusted S&P Global Canada Composite PMI Output Index* fell back below the critical 50.0 no-change mark in November, posting 44.9 (October: 50.3). The downturn in activity was services-led, although there was also a modest fall in manufacturing output.

New business volumes similarly declined, deteriorating for a twelfth month in a row. Staffing levels were cut in response, whilst there was evidence of considerable spare productive capacity provided by the latest data on backlogs, which showed a rapid decline. Confidence in the outlook also deteriorated.

On the price front, input cost inflation eased to a three-month low, but remained elevated. Output prices rose only modestly.



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.

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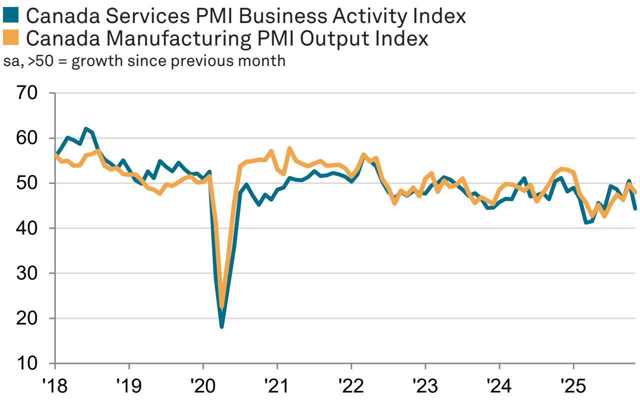
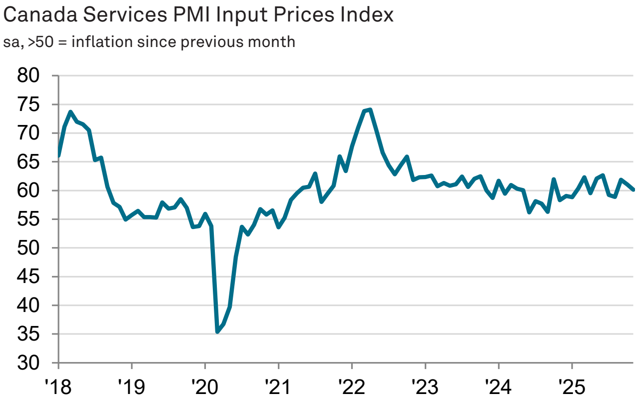


Source: S&P Global PMI.



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.

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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

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