

# News Release

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## S&P Global Canada Services PMI®

### Return to growth of service sector in October

#### Key findings

Marginal rise in activity despite further fall in new business volumes

Spare capacity persists and employment down again

Operating costs rise steeply

Canada's service sector expanded in October for the first time in 2025 so far, according to the latest PMI survey data from S&P Global. Whilst a noticeable improvement on the severe declines seen earlier in the year, growth was nonetheless marginal as some hesitancy and uncertainty amongst clients continued to weigh on new business volumes. Staffing levels also fell as firms generally chose not to replace any leavers and confidence remained below trend.

Latest prices data showed another round of steeply rising operating expenses, although competitive pressures meant the degree of cost pass through to clients remained relatively subdued.

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 October, the Business Activity Index moved above the critical 50.0 no-change mark for the first time since November 2024. At 50.5, the index was notably higher than September's 46.3 and well above readings seen during the spring. However, despite the improvement, growth was marginal and limited by a further reduction in new business volumes. Although modest, and the softest since January, new business declined for an eleventh month running amid ongoing reports of soft underlying market demand characterised by customer hesitancy in committing to new contracts. This was again most notable amongst international clients, as tariffs and reduced tourism led to the steepest drop in new export business since April.

The unpredictable nature of trade policies and tariffs, plus general political uncertainty both at home and abroad,

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



Source: S&P Global PMI.  
Data were collected 9-28 October 2025.

meant sentiment about future activity remained below par in October. Confidence was also lower than in September and helped to explain the ongoing reluctance amongst service providers to replace leavers at their units. This meant that employment levels overall declined for a second successive month (albeit modestly). Spare capacity also played a part in firms' reluctance to hire new workers. Highlighting the excess resources that exist in the service sector was a steep reduction in backlogs of work outstanding as firms were able to comfortably deal with both new and existing contracts.

Meanwhile, operating expenses continued to increase substantially, despite input price inflation softening since September's three-month high. Suppliers were reported to be raising their charges, in part driven by tariffs, whilst wages were again noted as another factor driving up operating expenses.

Although selling prices were raised solidly in response, and to a quicker degree than in September, pricing power was limited by competitive pressures according to the latest anecdotal evidence.

PMI®

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### Comment

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

“October’s survey data signalled a return to (admittedly marginal) growth of Canada’s service sector amid some evidence of a stabilisation in the business environment. However, whilst welcome, growth realistically failed to make up for the sustained period of contraction seen through much of 2025 and should be viewed in the context of the continued uncertainty and client hesitancy that still plagues market demand.

“Political and economic uncertainty, especially in relation to trade policies, also continues to dominate the outlook with confidence amongst firms remaining sub-par in October. That helped to explain why companies were again reluctant to replace any leavers, especially given evidence of continued spare capacity in the sector.

“Against this backdrop of soft employment and economic activity trends, and with selling price inflation remaining below trend, the latest PMI data once again provide a timely reminder of why the Bank of Canada loosened monetary policy again last week.”

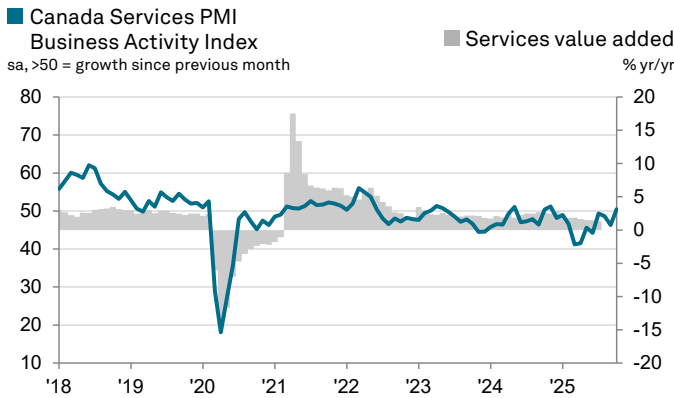
### S&P Global Canada Composite PMI®

## First rise in private sector output since November 2024

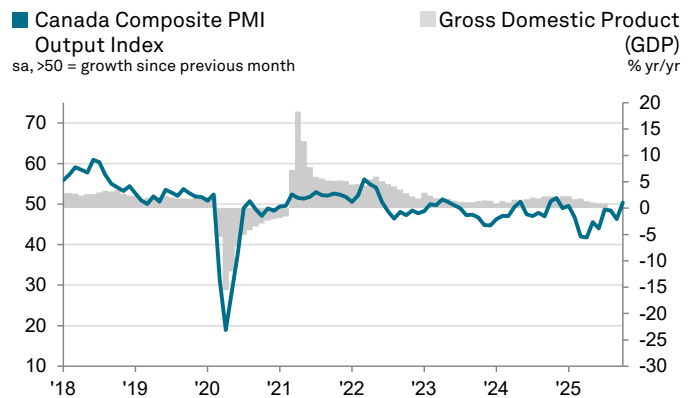
The seasonally adjusted S&P Global Canada Composite PMI Output Index\* posted above the critical 50.0 no-change mark in October to signal an increase in private sector output for the first time since last November. Growth was marginal, with the index recording 50.3 (September: 46.3), albeit a noticeable turnaround from the rapid declines in activity recorded earlier in the year.

Activity growth was however not accompanied by an increase in new orders, which fell modestly in October whilst there was a further drop in employment. Backlogs of work declined steeply whilst confidence in the outlook was again below trend.

On the price front, input cost inflation remained elevated whilst output charges rose to a stronger degree.



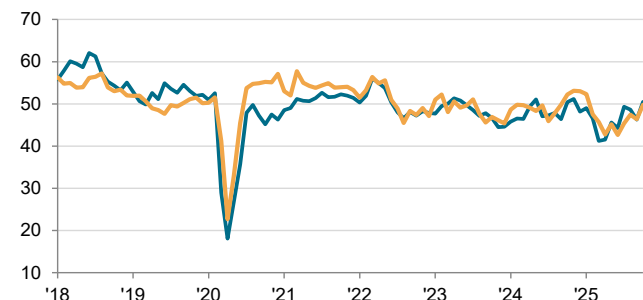
Sources: S&P Global PMI, Statistics Canada.



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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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