

News Release

Embargoed until 0930 EDT (1330 UTC) 6 August 2025

S&P Global Canada Services PMI®

Slowest reduction in business activity in eight months

Key findings

Weaker declines in activity and new orders

Business confidence at six-month high

Rate of cost inflation softens

There were tentative signs of recovery in the Canadian services sector as the second half of the year got underway. Business activity neared stabilisation amid a further slowdown in the pace of contraction in new orders, while business confidence improved. Companies also increased their staffing levels again.

On the price front, both input costs and output prices rose at slower rates than seen in June.

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.

At 49.3 in July, the headline index remained below the 50.0 no-change mark for the eighth month running to signal a further reduction in services activity. The reading was up sharply from 44.3 in June, however, and pointed to only a marginal fall in activity that was the weakest in the current sequence of contraction.

The impact of US tariffs was again the main factor highlighted by those companies that saw a drop in output over the month. On the other hand, the start of new projects led some firms to record a rise in activity. Anecdotal evidence also indicated that business activity at some firms was supported by the presence of fire evacuees.

Following a similar pattern to the picture for business activity, new orders decreased to a lesser extent in July. In fact, the rate of contraction in new business eased for the fourth consecutive month to the slowest since January. The slight fall in new orders was linked by respondents to US tariffs and market uncertainty.

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



Source: S&P Global PMI.
Data were collected 10-28 July 2025.

A reluctance among customers in international markets to commit to new projects meant that new export business decreased again in July. Here too the pace of decline continued to soften, but new business from abroad fell sharply and at a much faster pace than total new business.

With new orders declining at a softer rate, the pace of depletion in outstanding business also eased in July. The latest reduction in backlogs was only slight and the weakest since last November.

Signs of workloads improving encouraged service providers to take on extra staff again in July, the third month running in which job creation has been recorded. That said, the latest rise in employment was only marginal and weaker than that recorded in the previous survey period.

Tariffs added to firms' cost burdens during July, resulting in a further sharp monthly increase in input prices. Some companies also highlighted the impact of rising salaries. Although remaining marked, the pace of input cost inflation eased to the slowest in six months and dipped below the series average.

Service providers responded to higher input costs by raising their selling prices accordingly. Charges increased markedly for the third consecutive month at the start of the second half of the year.

Hopes for more stable market conditions and a subsequent improvement in new orders supported confidence in the 12-month outlook for business activity. Moreover, the level of optimism strengthened markedly since June and was at a six-month high. Some panellists indicated that they expect next year's FIFA World Cup to provide a boost to business activity. Economic uncertainty and the impact of tariffs still acted to limit positive sentiment, however.

Comment

Andrew Harker, Economics Director at S&P Global Market Intelligence, said:

“The latest S&P Global Canada Services PMI provides reasons for hope that the challenging period faced by companies may be easing off. Business activity fell at a much slower pace in July, such that output volumes even neared stabilisation. Demand also showed tentative signs of improvement, albeit with customers still reluctant to commit to new projects, particularly those in international markets.”

“A jump in business confidence and another month of hiring suggests that firms may be gearing up for a return to growth in the near future, something which is sorely needed given the difficulties faced by companies over the first half of the year.”

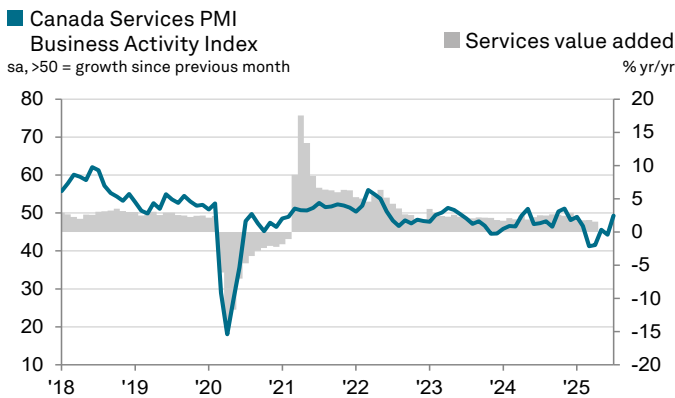
S&P Global Canada Composite PMI®

Slowest fall in output since January

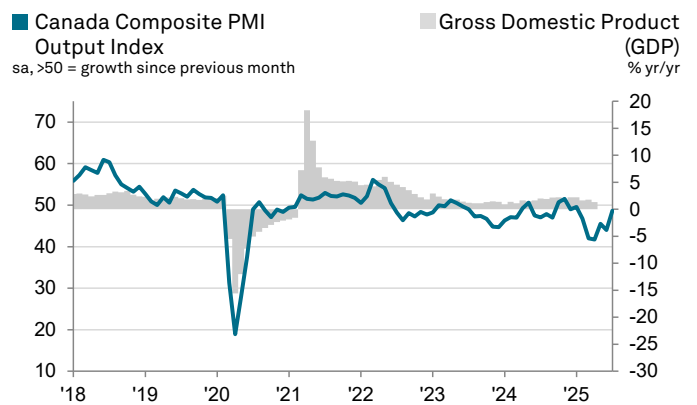
The S&P Global Canada Composite PMI Output Index* rose to 48.7 in July, up sharply from 44.0 in June but remaining below the 50.0 no-change mark to signal a further reduction in business activity across the combined manufacturing and services sectors. Nonetheless, the latest fall in output was the least pronounced in six months.

Slower reductions in output were seen across both broad sectors, and this was also the case with regards to new orders which decreased at the weakest pace since January. Business confidence rose, but employment ticked down following a slight increase in June.

The rate of input cost inflation eased to a six-month low as price pressures eased across both manufacturing and services. The pace of charge inflation also slowed, but output prices have now risen in three consecutive months.



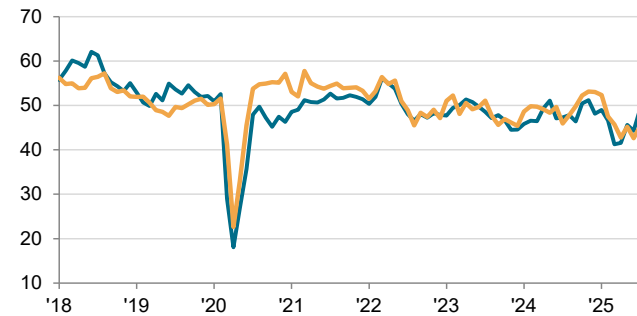
Sources: S&P Global PMI, Statistics Canada.



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

Andrew Harker
 Economics Director
 S&P Global Market Intelligence
 T: +44 1491 461 016
andrew.harker@spglobal.com

Corporate Communications
 S&P Global Market intelligence
press.mi@spglobal.com

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