



CEO Confidence Index

A quarterly survey measuring the confidence of Canadian business leaders of small-to-medium enterprises.

Q2 2025

ANALYSIS by

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Economist

TEC Canada's CEO Confidence Index is a real-time pulse of the Canadian economy, offering a view into shifting business conditions and the confidence of Canada's small and mid-size business community. Conducted between March 1st and 31st 2025, the survey captured responses primarily from SMEs (fewer than 100 employees), with moderate representation from larger firms (up to 500 employees). The robust response rate in the survey ensures a high level of statistical reliability, making TEC Canada's CEO Confidence Index one of Canada's largest and most representative studies on economic confidence.

Survey Respondents

The respondents surveyed for this report are members of TEC Canada, representing a diverse range of Canadian business leaders. This inclusive group comprises of owners, CEOs and senior executives from small to mid-sized companies across various industries. From manufacturing and engineering to pharmaceuticals, transportation, food, and more, the membership base reflects a broad spectrum of expertise.

This diversity extends beyond industry lines to cover the geographical breadth of the nation, with members situated from coast to coast. This varied representation ensures the formation of TEC groups that draw

The timing of the 2nd Quarter TEC CEO Confidence Survey gives a reading on Canada's small and medium sized business community at a critical point in Canada's history. It comes at the onset of a global tariff war and a consequential Canadian federal election. As a result, confidence in Canada's economic future has declined significantly, slipping to levels last seen during the COVID-19 pandemic.

upon a rich mix of perspectives, enhancing leadership development, mentorship, and peer advisory collaboration.

TEC Canada leverages this diversity to provide a holistic understanding of the challenges and opportunities faced by business leaders in today's evolving landscape. The collaborative exchange of insights fosters strategic thinking and equips members to navigate the complexities of their industries with agility and resilience. In essence, TEC Canada's diverse and widespread membership base forms a dynamic community where leadership excellence is not only nurtured but celebrated across sectors and regions.

TECCANADA

CEO Confidence Index

Q2 2025



Tariffs are a game changer for TEC members. There has been a fundamental change in thinking. The latest second quarter TEC CEO Survey shows a sharp drop in confidence. The tariff threat has been an issue for TEC members since the US election, but it has now reached crisis levels.

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Regional Divide: Tariff Impacts

If the United States proceeds with new or increased tariffs on Canadian goods, how significantly would this affect your organization's costs, pricing strategies, and profitability?

B. C.



28%	NO IMPACT OR MINIMAL IMPACT
26%	MODERATE IMPACT
38%	HIGH IMPACT
7%	CRITICAL IMPACT
0%	UNSURE

Alberta



16%	NO IMPACT OR MINIMAL IMPACT
50%	MODERATE IMPACT
24%	HIGH IMPACT
6%	CRITICAL IMPACT
3%	UNSURE

Ontario



11%	NO IMPACT OR MINIMAL IMPACT
38%	MODERATE IMPACT
38%	HIGH IMPACT
10%	CRITICAL IMPACT
3%	UNSURE

Quebec



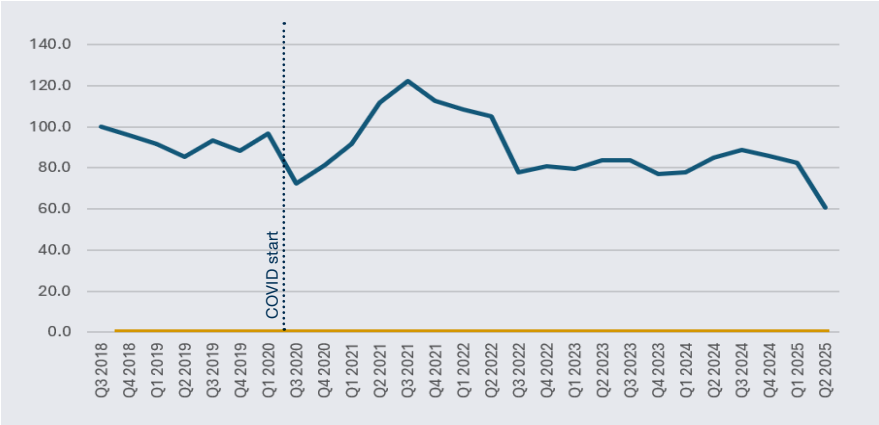
11%	NO IMPACT OR MINIMAL IMPACT
44%	MODERATE IMPACT
35%	HIGH IMPACT
9%	CRITICAL IMPACT
0%	UNSURE

Economic Outlook

Business Sentiment Declines

This edition of the report introduces a calculated confidence index score, a standardized measure of business leader sentiment over time. The Index is derived from six survey questions assessing CEO views on current conditions and future expectations. Each component is calculated as the percentage of favorable responses minus unfavorable responses, plus 100, and the combined score is normalized to a baseline of 100 set in Q3 2018. The Index tracks changes in CEO sentiment, offering valuable insight into how business leaders' confidence responds to shifts in the business environment.

CEO Confidence Index Score

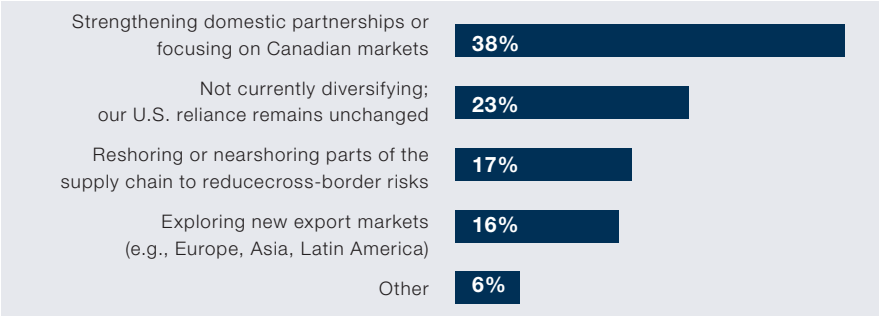


With the Index at 60.9 in Q2 2025, CEO confidence has notably weakened under the weight of escalating tariffs and trade uncertainty. Expectations of impact are widespread, but the scale of disruption differs throughout the provinces, highlighting the uneven risks businesses face across Canada.

Business Leaders Respond to Uncertainty


Amid rising uncertainty and ongoing trade and tariff challenges, CEOs are taking initial steps to adapt — focusing on Canadian partnerships, diversifying supply chains, or pursuing new export opportunities, while some choose to wait for greater clarity or explore other approaches.

What steps, if any, is your organization taking to reduce reliance on the U.S. market and diversify trade relationships?



Questions to Consider

Reflect on these critical questions as you read the report, and discuss them with your organization's Leadership Team.



1 Given the escalating tariff environment and its ripple effects, how is your business re-evaluating domestic market strategies and supplier partnerships to build greater resilience?

2 With profitability pressures intensifying faster than sales declines, what immediate steps can your business take to preserve margins while maintaining growth ambitions in a defensive economic climate?

3 As employment outlooks remain positive, how can your business leverage talent acquisition or retention as a competitive advantage while others pull back on investment?

Tariff Impacts



The tariff confidence shock is sounding the alarm bells for the economy. The tariff impact is likely larger than expected.

Tariffs are a game changer for TEC members. There has been a fundamental change in thinking. The latest second quarter TEC CEO Survey shows a sharp drop in confidence. The tariff threat has been an issue for TEC members since the US election, but it has now reached crisis levels.

This survey was carried out just before President Trump's reciprocal tariff announcement, and the ensuing stock market crash. The tariff confidence shock is sounding the alarm bells for the economy. The tariff impact is likely larger than expected.

Our survey shows that over 80% of TEC respondents believe that tariffs will have a significant impact on their business. Among this group, half expect a high or critical impact. Ontario and Quebec show the highest vulnerability compared to other provinces. Our survey has a high representation of professional services, manufacturing and construction firms. Responses were collected from 9 of Canada's 10 provinces.

There are steps that TEC CEOs can take to reduce tariff risk. Strengthening

domestic partnerships and focusing on Canadian markets are at the top of the list. This finding reflects opinions across all provinces. More than twice as many CEOs favor this option, compared to other options on the list (reshoring or nearshoring parts of the supply chain or exploring new export markets).

Comments from individual survey respondents show a range of viewpoints. For those who are not directly connected with the US market, there is still concern that tariffs will affect their customer base. Some say that they are either moving to the US or increasing their business there. However, there are still many respondents (23%) who are not planning to either diversify or reduce their reliance on the US market.

Tariff impacts are also shaping priorities in the upcoming federal election. Canada's trade and export policy, including the US-Canada relationship, ranks as number one for the federal election issue most important to TEC members. Tax and regulatory policy (including corporate taxes and carbon tax) rank close behind in second place.



80%

of TEC respondents believe that tariffs will have a significant impact on their business. Among this group, half expect a high or critical impact



23%

are not planning to either diversify or reduce their reliance on the US market.

Business Confidence

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The percentage expecting profitability to worsen over the next 12 months outweighs the percentage expecting improvement by a wide margin (47% to 21%)

There has been a remarkable drop in business confidence since the beginning of the year. Almost 70% of TEC respondents expect general business conditions to worsen over the next 12 months. This compares with only 42% in our last survey. The outlook is the weakest in Quebec, where 77% expect business conditions to worsen. This compares with 72% in Ontario. Alberta is not as pessimistic as other provinces, with 64% expecting worsening. However, this is far above the 46% in Alberta who were pessimistic three months ago.

For individual companies, profitability is a greater concern than sales revenues. The percentage expecting profitability to worsen over the next 12 months outweighs the percentage expecting improvement by a wide margin (47% to 21%). This gives a negative balance of opinion of minus 26% on profitability at the national level. The profitability outlook is the weakest in BC and Quebec. They show negative balances of opinion on profitability of minus 33% and minus 38%, respectively.

To put this in perspective, the outlook on profitability showed a net balance of opinion of plus 13% in the TEC CEO Confidence Survey just three months ago. This is a big change in a short period of time. The only province to show a minus balance of opinion at that time was BC.

The outlook for firms' sales revenues has weakened substantially but is holding up better than profitability. The balance of opinion on the 12-month outlook for the price-adjusted volume of sales is positive at 7%, but down from plus 29% three months ago. Alberta is the most positive, standing at plus 15%. BC is the only province with a net negative balance of opinion on sales, with a negative 5%.



~70%

of respondents expect general business conditions to worsen over the next 12 months.

This compares with only 42% in our last survey.



12-month outlook for the price-adjusted volume of sales is positive,

7%

but down from plus 29% three months ago

Employment and Investment



Job market prospects are the strongest in Alberta and Quebec. Over 40% of TEC respondents report that they intend to increase employment in these provinces.

With confidence this low, many firms are turning to defensive strategies. There is a need to reduce overheads and remain in a break-even cash position. However, it is surprising to find that the overall outlook for employment is still positive. This is a major finding of our second quarter survey. If there is a recession, it could be more employment-friendly than normal.

The balance of opinion on the outlook for firms' employment levels remains positive across all provinces. Nationally it is down sharply from 35% three months ago to 15% now. However, this latest reading shows that 36% still expect to increase employment, with 21% expecting a decline.

Job market prospects are the strongest in Alberta and Quebec. Over 40% of TEC respondents report that they intend to increase employment in these provinces. This is down from the last survey but is still impressive in view of the tariff disruption.

There has been a more pronounced pull-back on business investment plans than on employment. A larger percentage of firms now plan to reduce fixed investment spending over the next 12 months (29%) than three months ago (17%). The balance of opinion on business investment plans is now negative in all provinces except Alberta. This is in sharp contrast to three months ago when there was a positive balance of opinion on investment plans in all provinces.



36%

still expect to increase employment, with 21% expecting a decline



29%

of firms expecting to reduce fixed investment spending over the next 12 months, compared to only 17% three months ago.



Tariff Turbulence

The Evolving U.S.–Canada Trade Landscape

As global trade dynamics and geopolitical tensions intensify under the Trump administration, the relationship between Canada and the United States is being reshaped. Existing tariffs continue to pressure businesses, and the threat of further measures keeps both sides of the border on edge. Against this backdrop, our comparison of Vistage and TEC Canada CEO surveys reveals how both regions’ business leaders are navigating this evolving environment and preparing for what comes next.

ECONOMIC SENTIMENT		TARIFF IMPACTS		TARIFF STRATEGIES		POLICY PRIORITIES	
VISTAGE	TECCANADA	VISTAGE	TECCANADA	VISTAGE	TECCANADA	VISTAGE	TECCANADA
42%	70%	69%	83%	54%	23%	1. Trade & Tariffs	1. Trade & Export
Expect Economic Conditions to Worsen		Expect tariff and trade policies to negatively impact their business		Not taking any actions or withholding		Top policy concern for business leaders	
28%	9%	23%	14%	14%	37%	2. Immigration 3. Labour and Employment laws	2. Tax & Regulatory 3. Immigration & Labour
Expect Economic Conditions to Improve		Expect tariff and trade policies to have no impact on their business		Are beginning to strength local partnerships and source locally		Second and third top policy concerns	

Source:

- 1. <https://www.vistage.com/research-center/business-financials/economic-trends/20250407-uncertainty-ceo-confidence-q1-vistage-ceo-index/>
- 2. <https://www.vistage.com/research-center/business-financials/economic-trends/20250219-post-election-optimism-reverses-wsj-survey/>

The data highlights both similarities and contrasts in leadership responses to trade uncertainty. Both groups share concern over deteriorating economic conditions and the impacts of tariffs. Yet, their responses to these pressures diverge. TEC leaders are acting decisively, strengthening local sourcing and partnerships, while many Vistage CEOs are opting for a more cautious, wait-and-see approach. These differences extend to policy priorities: Vistage CEOs focus on immigration and labour, driven by concerns over workforce availability and operational stability, whereas TEC leaders prioritize tax and regulatory reform to navigate increasing compliance complexity and manage rising costs as they rethink supply chains and operational models in response to shifting tariffs.

These distinctions mark early shifts in leadership priorities, giving Canadian CEO's clear signals on how peers are adapting in real time. Spotting these patterns helps leaders anticipate rising pressures, shifting competition, and emerging opportunities. Divergent approaches across markets create openings for early movers to strengthen supply chains and domestic positions. Observing U.S. peers also offers critical foresight into likely lobbying, policy, and labour developments in the area that may trickle down across the border, helping Canadian businesses stay ahead rather than react after the fact.

Adapting to Trade Uncertainty: What's Ahead?

As these patterns emerge, the next chapter of U.S.–Canada trade relations come into focus with the broader story being the evolving and fluid nature of Canada's economic relationship with the U.S. While the recent Liberation Day announcement was less severe for Canada, it does not signal a resolution. Tariffs still affect sectors like auto, steel, aluminum, and agriculture, with some industries benefiting from CUSMA compliance, while others, like lumber and dairy, remain vulnerable to ongoing tensions. With CUSMA set for renegotiation, this will showcase Canada's economic relationship with the U.S. is shifting from deep integration to a more transactional approach. As these changes unfold, Canadian businesses must remain agile, prepared for near-term pressures, and ready to navigate broader structural shifts that will impact their growth and competitiveness.

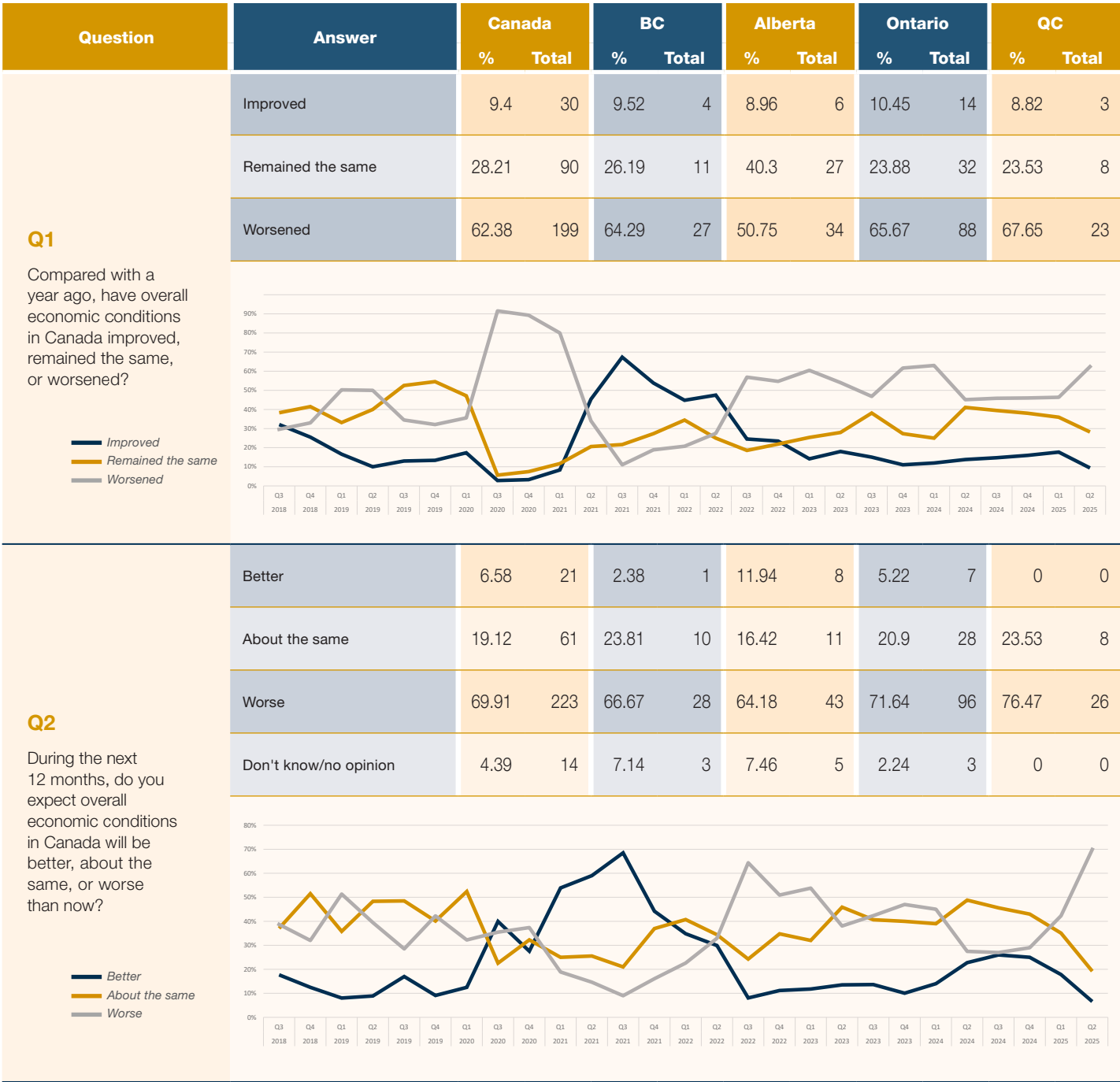
By staying ahead of negotiations, anticipating policy shifts, and reinforcing their market positions, businesses can navigate uncertainty and seize growth opportunities in the evolving trade landscape. To support these efforts, explore our [tariff resource page](#) for the latest news and policy updates. Utilize our [risk assessment tool](#) to plot out, define, and analyze any tariff related risks and connect with peers through our [forums](#) to share strategies and insights. Staying engaged and proactive will be essential for building resilience and unlocking opportunities in Canada's next chapter of global trade.

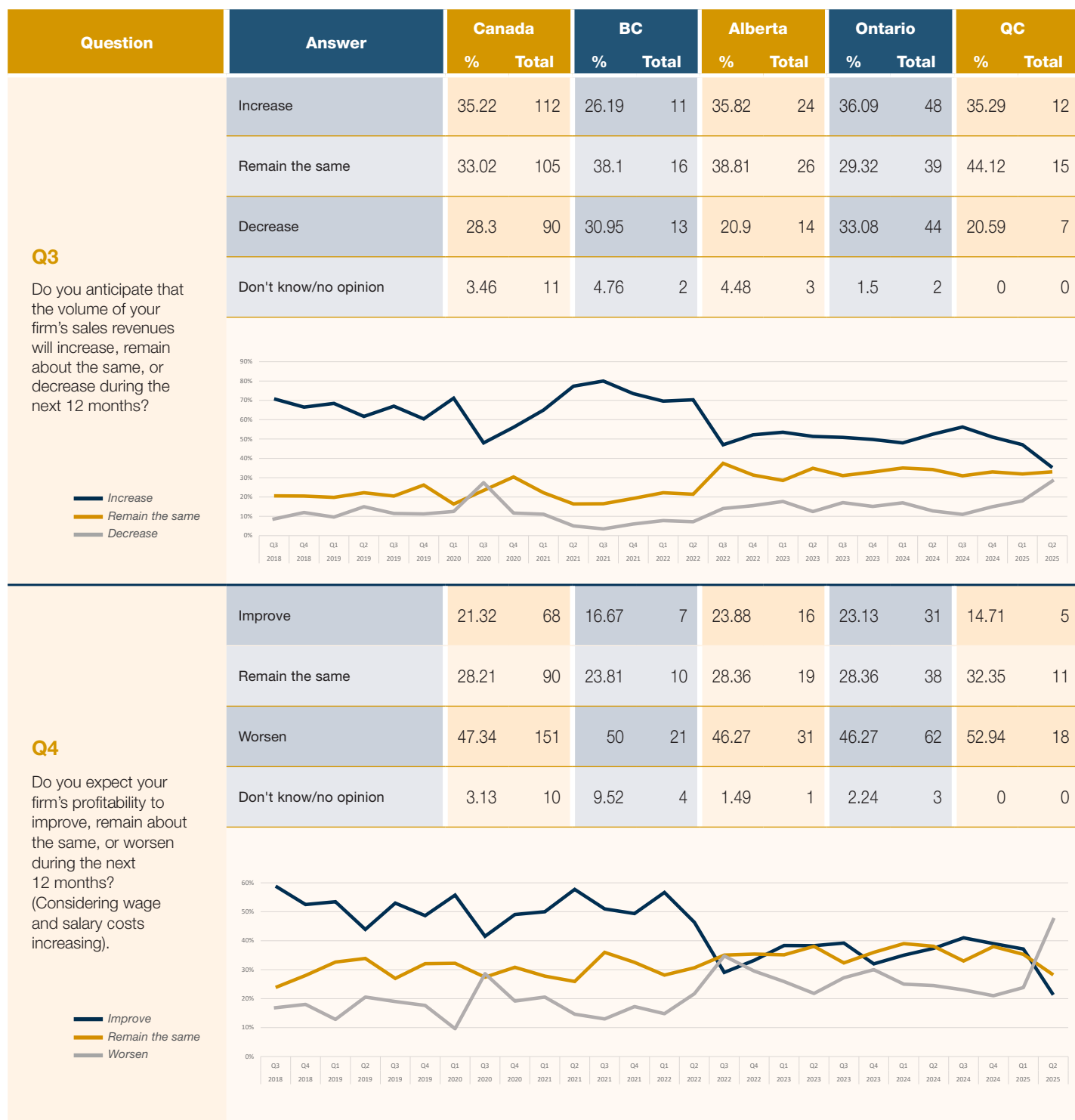
Source:

1. <https://www.politico.com/news/2025/04/05/canada-us-friendship-trade-tariffs-trump-00273255>
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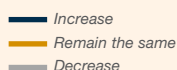
Survey Results

The TEC Canada CEO Confidence Index is a quarterly survey measuring the confidence of Canadian business leaders of small-to-medium enterprises. The results provide insight into the challenges and opportunities faced by leaders and their confidence in the Canadian business environment. The TEC CEO Confidence Index Q2 2025 was conducted from March 1st, 2025 to March 31st, 2025, and had 325 Canadian participants in the research.

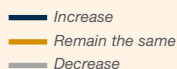




Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months?



Do you expect your firm's total number of employees will increase, remain about the same, or decrease during the next 12 months?



Question	Answer	Canada		BC		Alberta		Ontario		QC	
		%	Total	%	Total	%	Total	%	Total	%	Total
Q7 From a business perspective, which Canadian federal election issues are most important to you? (Select all that apply)	Tax & Regulatory Policy - including corporate taxes, Carbon tax, etc.	28.28	192	31.91	30	32.3	52	27.5	77	18.33	11
	Trade & Export policy - including the US-Canada relationship	34.61	235	32.98	31	31.06	50	37.86	106	36.67	22
	Labour and immigration policy	13.25	90	13.83	13	10.56	17	12.14	34	11.67	7
	Environmental regulations and climate policy	8.25	56	10.64	10	12.42	20	4.64	13	8.33	5
	Innovation and technology funding	13.25	90	8.51	8	11.8	19	14.29	40	25	15
Q8 If the United States proceeds with new or increased tariffs on Canadian goods, how significantly would this affect your organization's costs, pricing strategies, and profitability?	No impact or minimal impact	14.2	45	28.57	12	16.42	11	11.19	15	11.76	4
	High impact	33.44	106	38.1	16	23.88	16	37.31	50	35.29	12
	Critical impact	8.2	26	7.14	3	5.97	4	9.7	13	8.82	3
	Moderate impact	41.32	131	26.19	11	50.75	34	38.06	51	44.12	15
	Unsure	2.84	9	0	0	2.99	2	3.73	5	0	0
Q9 What steps, if any, is your organization taking to reduce reliance on the U.S. market and diversify trade relationships? (Select all that apply)	Exploring new export markets (e.g., Europe, Asia, Latin America)	15.63	63	15.38	8	12.64	11	17.98	32	15.38	6
	Strengthening domestic partnerships or focusing on Canadian markets	37.72	152	38.46	20	36.78	32	34.27	61	51.28	20
	Reshoring or nearshoring parts of the supply chain to reduce cross-border risks	17.37	70	19.23	10	18.39	16	18.54	33	7.69	3
	Not currently diversifying; our U.S. reliance remains unchanged	22.83	92	21.15	11	21.84	19	23.6	42	23.08	9
	Other (please specify)	6.45	26	5.77	3	10.34	9	5.62	10	2.56	1

Question	Answer	Canada		BC		Alberta		Ontario		QC	
		%	Total	%	Total	%	Total	%	Total	%	Total
Q10 What province or territory is your business located in?	British Columbia	13.33	42	100	42	0	0	0	0	0	0
	Alberta	21.27	67	0	0	100	67	0	0	0	0
	Saskatchewan	5.71	18	0	0	0	0	0	0	0	0
	Manitoba	2.86	9	0	0	0	0	0	0	0	0
	Ontario	42.54	134	0	0	0	0	100	134	0	0
	Quebec	10.79	34	0	0	0	0	0	0	100	34
	New Brunswick	1.27	4	0	0	0	0	0	0	0	0
	Nova Scotia	1.9	6	0	0	0	0	0	0	0	0
	Newfoundland and Labrador	0.32	1	0	0	0	0	0	0	0	0
Q11 What industry best describes your business?	Northwest Territories	0	0	0	0	0	0	0	0	0	0
	Nunavut	0	0	0	0	0	0	0	0	0	0
	Prince Edward Island	0	0	0	0	0	0	0	0	0	0
	Yukon	0	0	0	0	0	0	0	0	0	0
	Wholesale Trade	9.3	16	5	1	12.82	5	11.11	8	6.25	1
	Finance and Insurance	2.91	5	0	0	5.13	2	2.78	2	0	0
	Administrative and Support and Waste Management and Remediation Services	1.16	2	0	0	2.56	1	1.39	1	0	0
	Retail Trade	4.07	7	10	2	0	0	2.78	2	0	0
	Information	1.74	3	0	0	2.56	1	2.78	2	0	0
	Real Estate Rental and Leasing	2.91	5	5	1	5.13	2	1.39	1	6.25	1
	Transportation and Warehousing	4.07	7	0	0	5.13	2	6.94	5	0	0
	Health Care and Social Assistance	1.74	3	0	0	2.56	1	1.39	1	0	0
	Educational Services	2.33	4	0	0	2.56	1	2.78	2	0	0
	Public Administration	0	0	0	0	0	0	0	0	0	0
	Mining	0.58	1	0	0	0	0	0	0	0	0
	Arts, Entertainment, and Recreation	0.58	1	0	0	0	0	0	0	6.25	1
	Agriculture, Forestry, Fishing and Hunting	0.58	1	0	0	0	0	1.39	1	0	0
	Accommodation and Food Services	0	0	0	0	0	0	0	0	0	0
	Utilities	1.16	2	10	2	0	0	0	0	0	0

Question	Answer	Canada		BC		Alberta		Ontario		QC	
		%	Total	%	Total	%	Total	%	Total	%	Total
Q12 What year over year rates of increase are you experiencing in your firm's compensation costs (wages, salaries, benefits)?	< \$500k	0.59	1	0	0	0	0	0	0	0	0
	\$500k-\$999k	2.35	4	0	0	5.26	2	0	0	0	0
	\$1M-\$4.9M	22.35	38	15	3	15.79	6	18.31	13	50	8
	\$5M-\$9.9M	14.71	25	20	4	23.68	9	12.68	9	12.5	2
	\$10M-\$49.9M	38.24	65	45	9	36.84	14	45.07	32	31.25	5
	\$50M-\$99.9M	10	17	10	2	13.16	5	11.27	8	0	0
	\$100M+	11.76	20	10	2	5.26	2	12.68	9	6.25	1

Dr. Peter Andersen, Economist



Dr. Peter Andersen is an independent consulting economist specializing in economic forecasting. He obtained his doctorate in economics from Harvard University. Early in his career he was Assistant Chief of the Bank of Canada's Research Department where he advised the Governor and Bank of Canada management on economic conditions and the economic outlook.

Later as a partner with a national management consulting firm, Andersen was an economic consultant and advisor to a wide range of companies. He has always emphasized communication and the need to put economic analysis into terms that are useful for business decision-making.

Dr. Andersen also spent several years with several major Bay Street investment dealer firms before founding Andersen Economic Research Inc. His clients are widely distributed across a broad range of corporations and financial institutions throughout North America.

His objective is to act as a filter, separating the signals from the noise, in order to provide clients with the useful information that they really need. In his consulting practice, he provides strategic economic advice to senior management through boardroom meetings, video conferencing, email commentary, conference calls and the monthly Andersen Economic Report.



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The Executive Committee