

# Positive sentiment dropping as US businesses feel that the Canadian economy will be weaker in the near future

## AMCHAM-NANOS AMERICAN INVESTMENT IN CANADA INDEX | Summary Tracking Report

Conducted by Nanos for AMCHAM released October 2019  
Project 2019-1459  
Presented by PNC BANK



# Table of Contents

A vertical line of six light gray circles connected by a dark blue line, with a diagonal line extending from the top and bottom circles.

ANAIC Index

At a glance – Question Data

Summary

Question Data

Methodology

Tabulations

“

***US business owners expect the Canadian economy to be weaker in the next six months***

”

## About the AmCham Canada-Nanos US Investment in Canada Index

The AmCham Canada-Nanos Research have partnered to monitor and measure business sentiment among U.S.-owned businesses operating in Canada. The purpose of the initiative is to gauge the business and investment climate in Canada from the perspective of executives leading American enterprises in Canada.

For more information, visit <http://www.amchamcanada.ca/> or [www.nanos.co](http://www.nanos.co)

**For interviews contact: Nik Nanos**

Chief Data Scientist, Nanos Research  
Ottawa (613) 234-4666 ext. 237  
[nik@nanos.co](mailto:nik@nanos.co)

**Rick Tachuk**

Chairman, AmCham Canada  
Ottawa (613) 293-5250  
[rtachuk@amchamcanada.ca](mailto:rtachuk@amchamcanada.ca)

# Amcham-Nanos US business sentiment tracking



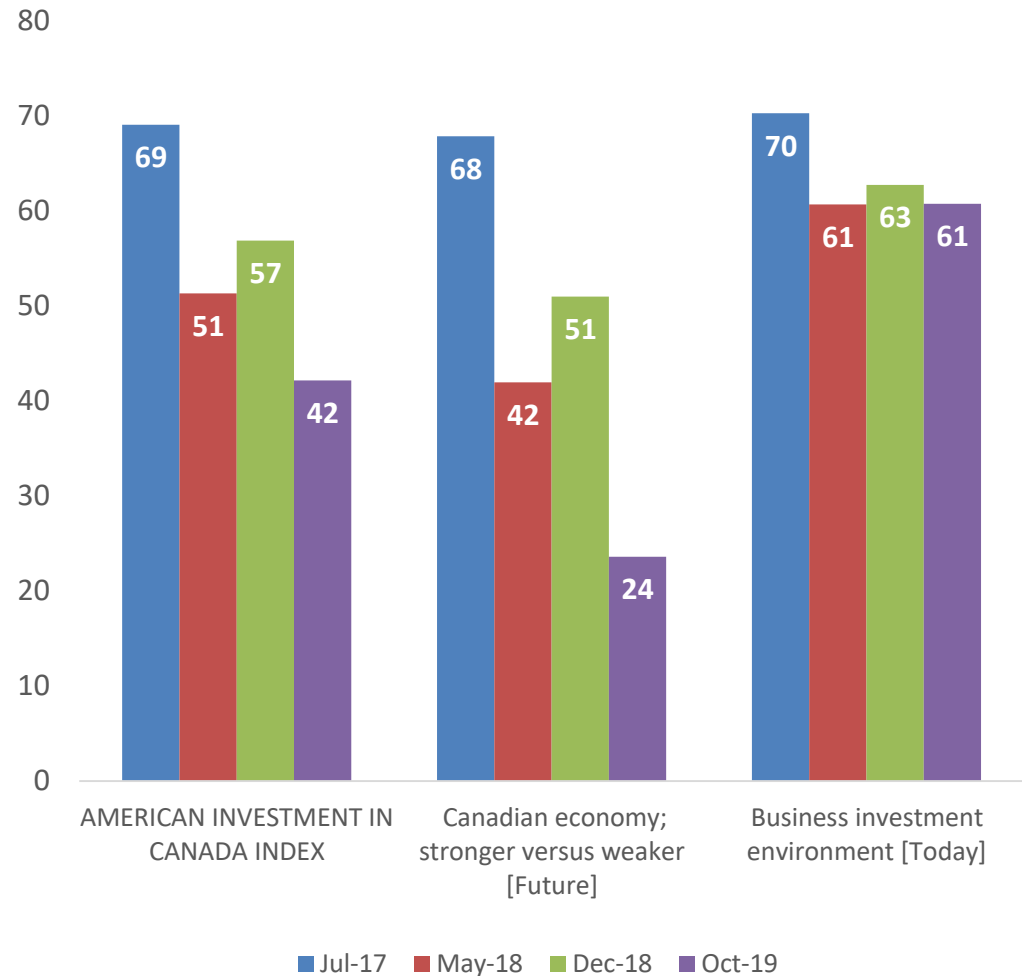
**The Amcham-Nanos American Investment in Canada Index (ANAIC Index) has dropped from 69 to 42 points out of 100 since July 2017.**

Numbers across the board have fallen. Most notably, participating US businesses have a very negative view of the future strength for Canadian economy in the next six months. Businesses still have a positive outlook on their own performance but are trending down with the rest of the measures. However, US businesses are still net positive about Canada's environment for business investment.

The findings presented in this report are based on the compiled views of 37 US businesses operating in Canada. The 37 participating business have an estimated \$28.4B CAN in combined Canadian revenue.

The data presented in this research is part of a joint project by AmCham Canada and Nanos Research, presented by PNC Bank.

## US Executive Index Scores



# At a glance – Question Data



## In the past six months sales in Canada have...

Sales in Canada	Increased	Remained the same	Decreased
October 2019	38.9%	44.4%	13.9%
December 2018	58.8%	29.4%	7.8%
May 2018	55.4%	35.7%	3.6%
July 2017	59.3%	28.8%	10.2%

## Describing today's business environment as...

Environment for business to invest in Canada	Positive	Neutral	Negative
October 2019	48.6%	24.3%	27.0%
December 2018	49.0%	25.5%	23.5%
May 2018	44.6%	30.4%	23.2%
July 2017	54.2%	27.1%	13.6%

## Expectations for the next six months...

Will the number of people the firm employs...	Increase	Remain the same	Decrease
October 2019	40.5%	45.9%	10.8%
December 2018	54.9%	31.4%	9.8%
May 2018	41.1%	46.4%	8.9%
July 2017	40.7%	49.2%	8.5%
Will sales in Canada...	Increase	Remain the same	Decrease
October 2019	50.0%	27.8%	13.9%
December 2018	58.8%	27.5%	11.8%
May 2018	51.8%	39.3%	7.1%
July 2017	54.2%	33.9%	10.2%
Will the Canadian economy be...	Stronger	No change	Weaker
October 2019	0.0%	33.3%	52.8%
December 2018	25.5%	43.1%	23.5%
May 2018	14.3%	48.2%	30.4%
July 2017	49.2%	23.7%	13.6%

# At a glance – Question Data

Direction of the Canadian economy		Right direction	Wrong direction
October 2019		35.1%	45.9%
December 2018		54.9%	31.4%
May 2018		53.6%	35.7%
July 2017		45.8%	25.4%

Navigation of Canada's regulatory system	Frequency
More challenging to navigate	52.8%
Less challenging to navigate	16.7%
About the same as US	19.4%
Unsure	11.1%

Canada-US alignment with China on trade and security issues	Frequency
Important	66.7%
Somewhat important	19.4%
Somewhat unimportant	8.3%
Unimportant	2.8%
Unsure	2.8%

# SENTIMENT AT A GLANCE



“

*US CEO's in Canada are more likely to feel that the Canadian economy is heading in the wrong direction than the right direction*

”



# Summary

Respondents are three times more likely to say that Canada's regulatory system is more challenging to navigate rather than less challenging

Overall, US businesses sentiment towards business in Canada has been trending down. The most notable change is the expectations on the future of the Canadian economy, as for the first time since the beginning of tracking, more US business owners felt that the Canadian economy is going in the wrong direction than the right direction. When asked about future strength of the economy, a majority of participants said it would be weaker. No participating US business owners expect the Canadian economy to be stronger over the next six months.

## Canada for American business owners

- **Participating business owners are more than twice as likely to say that sales in Canada have increased over the past six months rather than decreased** – Over two in five participating business owners say that sales in Canada have stayed the same in the past six months (44%), while almost four in ten participants said that sales have increased (39%) and 14 per cent say that sales have decreased. There has been a notable decrease in the proportion of participating US business owners who report increased sales as it has dropped by 20 per cent over the past year. (From 59% in December 2018 to 39% in October 2019)
- **Close to half of participants view Canada as a positive place to invest** – When asked to describe Canada's business environment almost half of participants said it was positive (49%). Over two in ten participants (24%) said it was neutral and over one in four (27%) said it was negative. This holds consistent with previous waves.

## Expectations for the next six months

- **Participating business owners are nearly four times more likely to say that the number of people their firm employs will increase rather than decrease over the next six months** – Participating business owners are nearly four times more likely to say that the number of people their firm employs will increase (41%) or stay the same (46%) rather than decrease (11%) over the next six months. Three per cent were unsure.
- **Participants are three times more likely to say sales will increase in the next six months rather than decrease** – Half of participating business owners say that they expect sales in Canada to increase (50%), while close to three in ten say they expect them to remain the same (28%), and fourteen per cent expect them to decrease. Eight per cent were unsure.

# Summary

Majority of participants expect the Canadian economy to become weaker over the next six months

- **Participants are nearly two times more likely to say the Canadian economy will be weaker rather than stay the same** – The majority of participating business owners say that they expect the Canadian economy to become weaker in the next six months (53%), while one in three (33%) believe that there will be no change. Fourteen per cent are unsure. No participants thought that the economy will get stronger in the next six months.
- **Participants are more likely to say the economy is moving in the wrong direction than in the right direction** – Almost half of participants say that the Canadian economy is moving in the wrong direction (46%), over a third of participants (35%) say it's going in the right direction and nineteen per cent are unsure. Of note, this is the first time since the beginning of tracking that a higher frequency of participants feel that the Canadian economy is heading in the wrong direction than in the right direction.
- **Respondents are three times more likely to say that Canada's regulatory system is more challenging to navigate rather than less challenging** – When asked about the navigation of Canada's regulatory system a majority of respondents said that it is more challenging to navigate than the US system (53%), while less than two in ten say it is about the same as the US (19%) under two in ten (17%) say it is less challenging to navigate. Eleven per cent are unsure.
- **A majority of participants say it is important or somewhat important for Canada and the US to be aligned with China on trade and security issues** - A strong majority of participants say that it is either important (67%) or somewhat important (19%) for Canada and the US to be aligned with China on trade and security issues. Eight per cent say that it is somewhat unimportant and three per cent say that it unimportant. Three per cent are unsure.

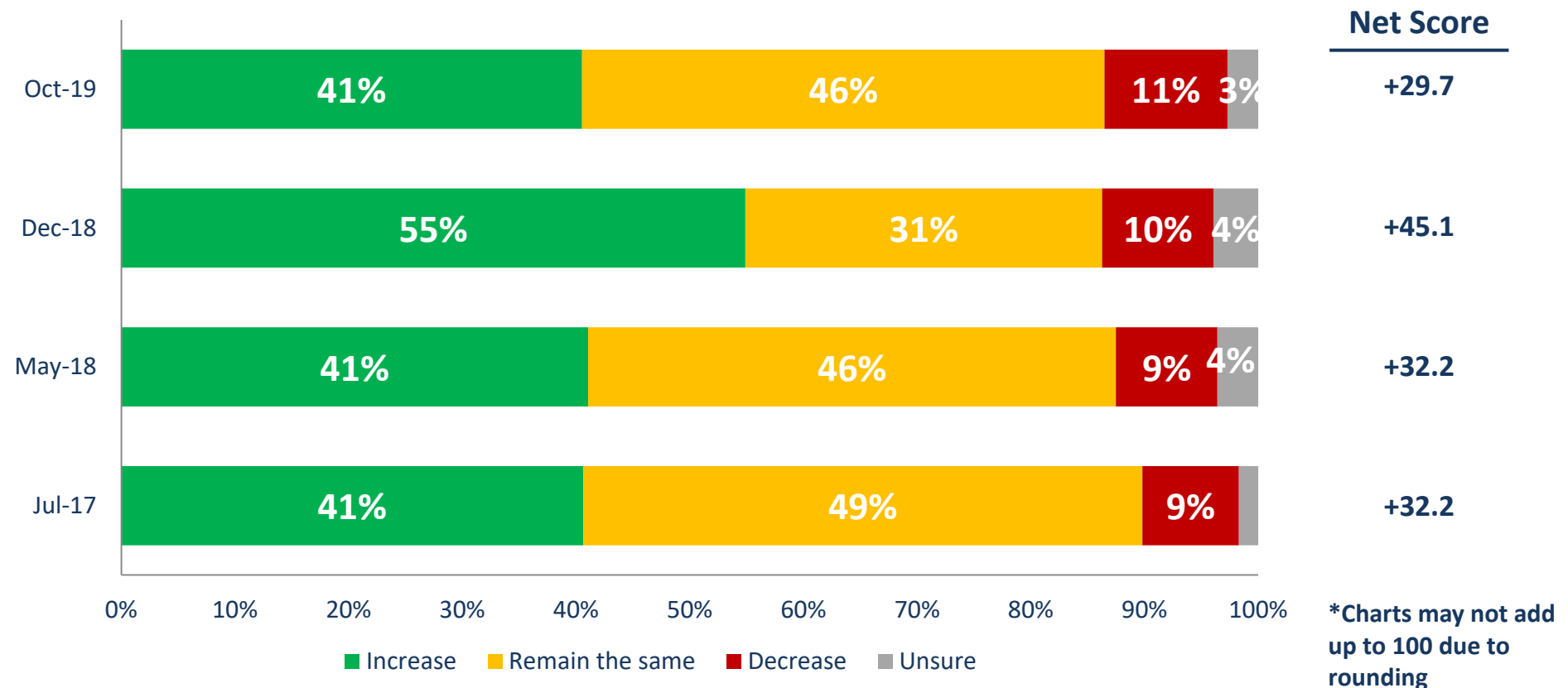
The findings presented in this report are based on the compiled views of 37 US businesses operating in Canada, collected in an online survey between August 6<sup>th</sup> and October 8<sup>th</sup>, 2019. Readers should note that the research is representative of the participants and should not be projected to any population, elite or general.

“

*When asked about the alignment of Canada and the US with China on trade and security issues, strong majority of participants say that it is important or somewhat important*

”

# Expected change in number of employees



**QUESTION** – Over the next six months, do you expect the number of people your firm employs will increase, remain the same, or decrease?

# Today's investment environment in Canada



## Net Score

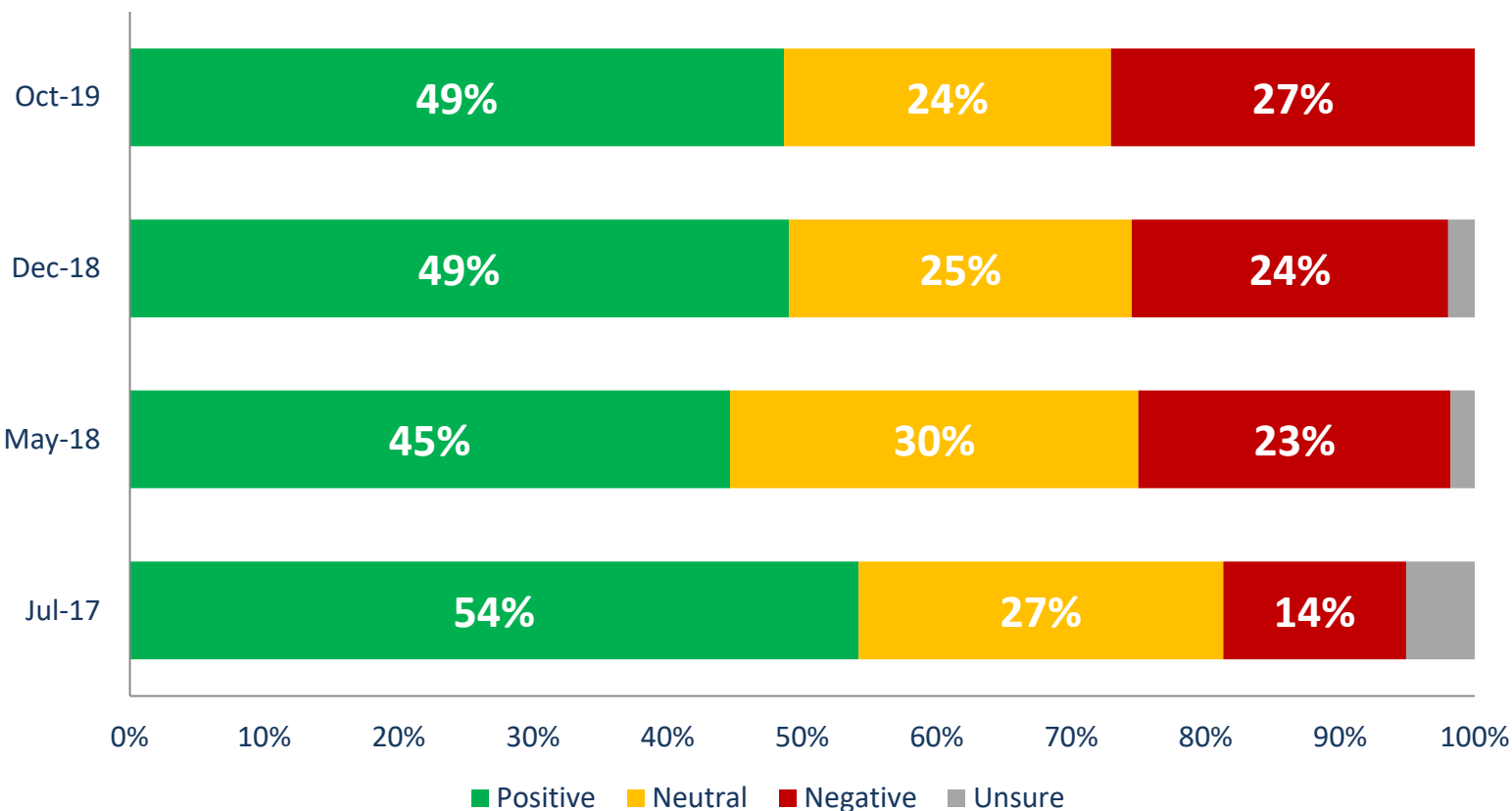
+21.6

+25.5

+21.4

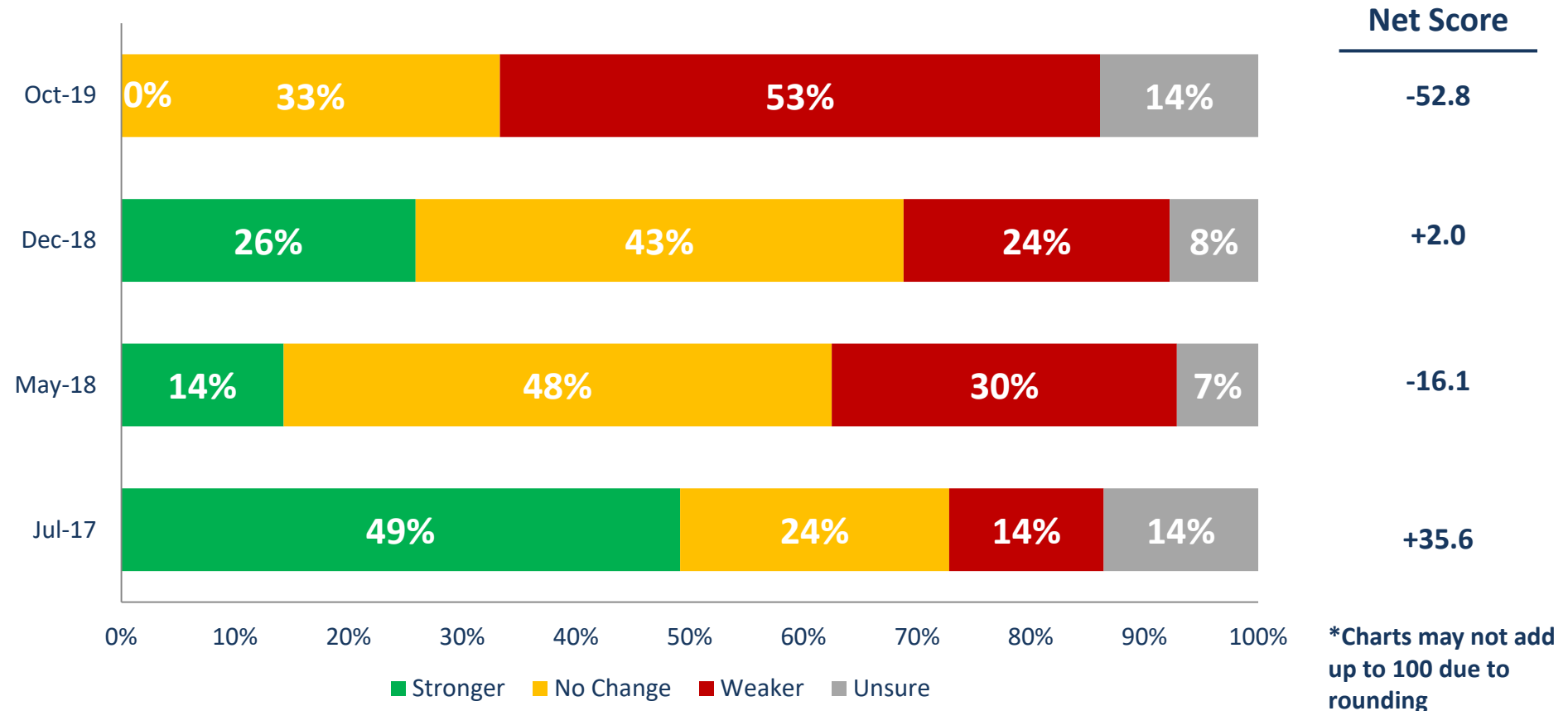
+40.6

\*Charts may not add up to 100 due to rounding



**QUESTION** – Would you describe today's environment for your business to invest in Canada as positive, neutral or negative?

# Expected change in Canadian economy



**QUESTION** – In the next six months, do you think the Canadian economy will become stronger, weaker, or will there be no change?

# Change in sales in past six months

## Net Score

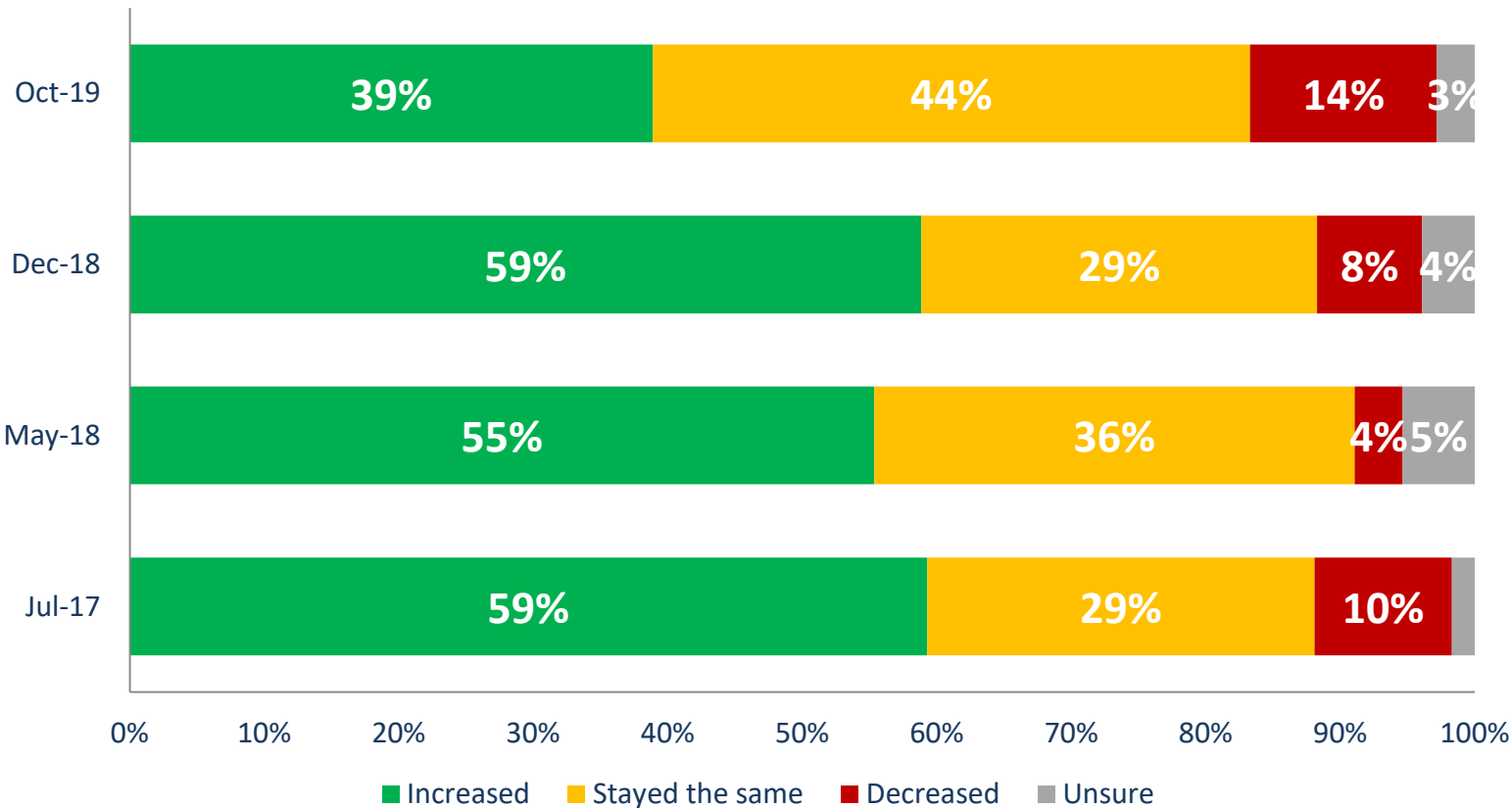
+25.0

+51.0

+51.8

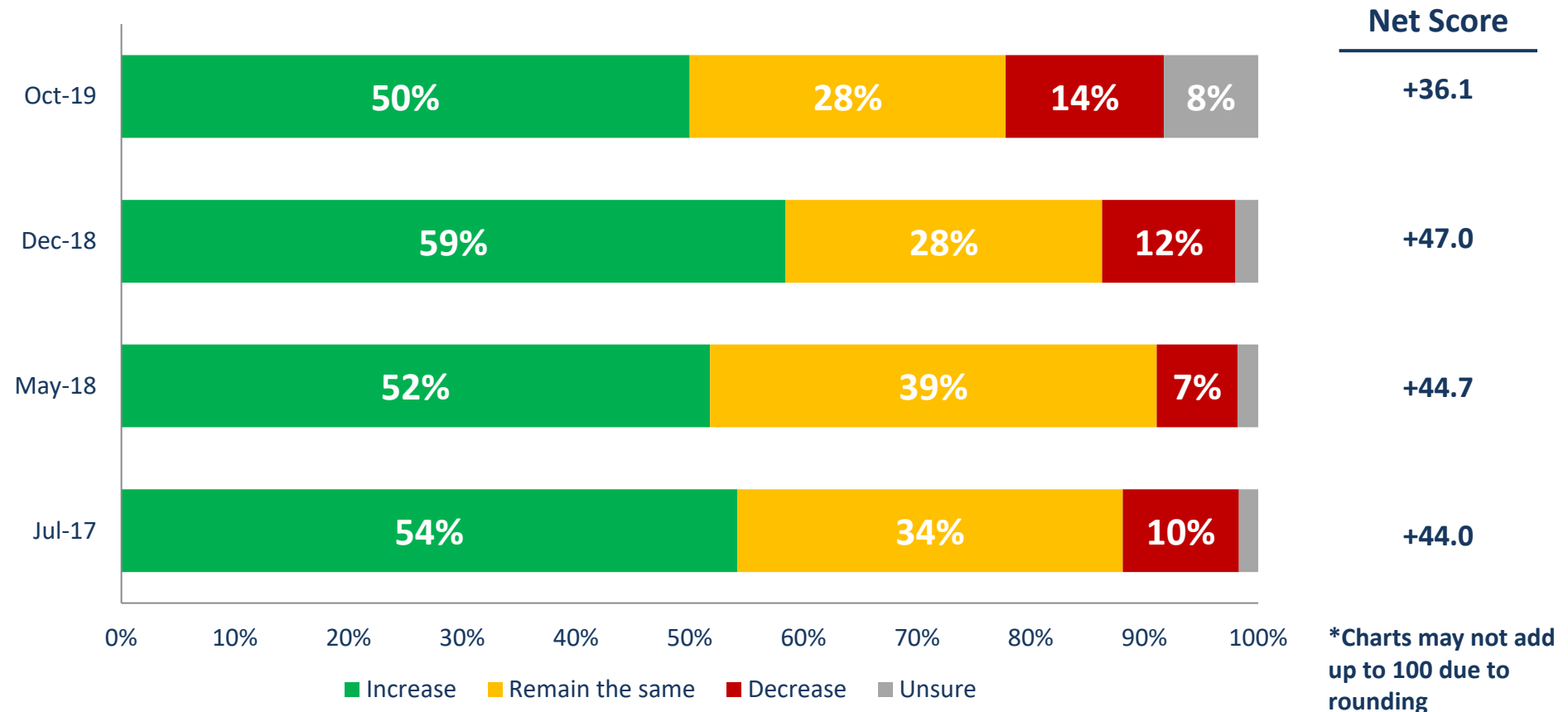
+49.1

\*Charts may not add up to 100 due to rounding



**QUESTION** – In the past six months, have the sales in Canada for your organization increased, stayed the same or decreased?

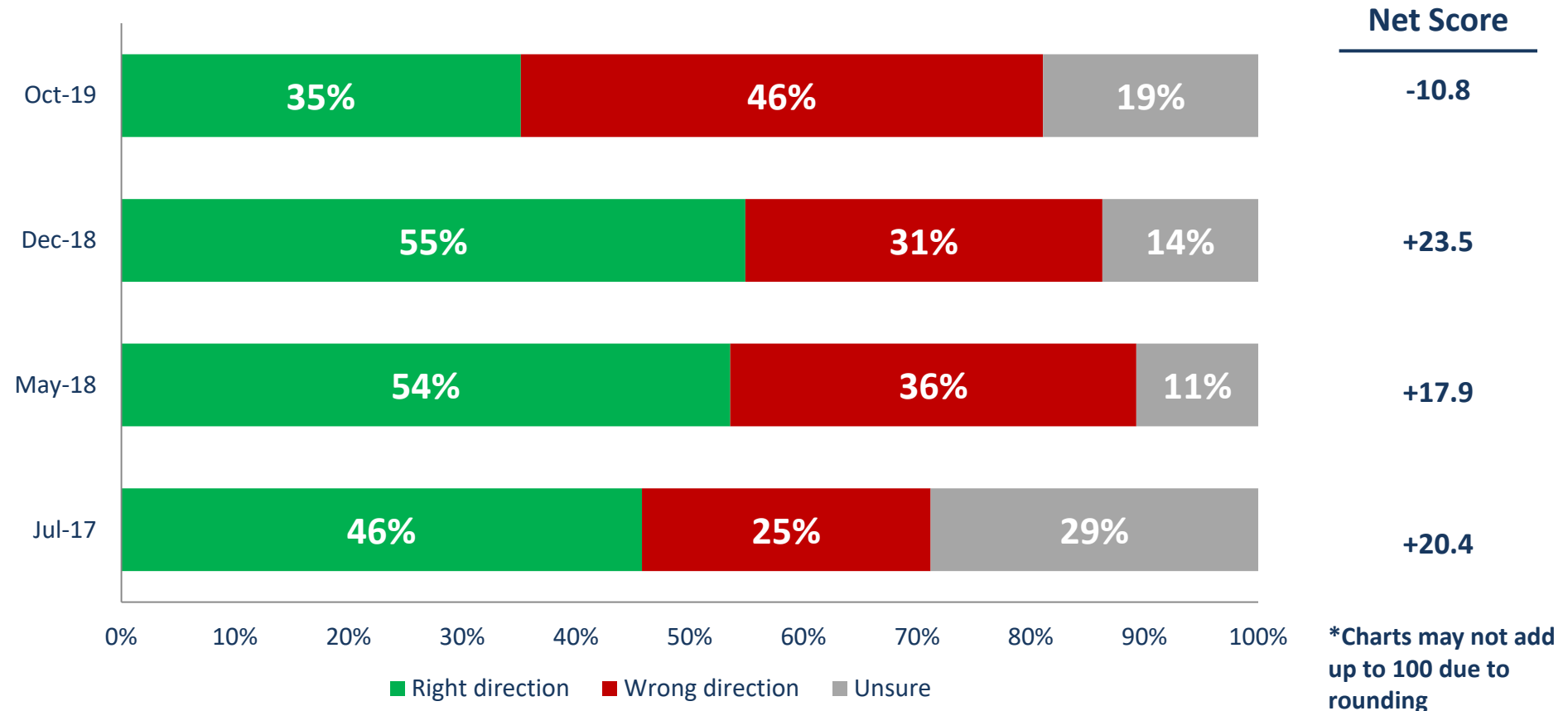
# Expected change in sales in next six months



**QUESTION** – In the next six months, do you expect sales in Canada for your organization to increase, stay the same or decrease?

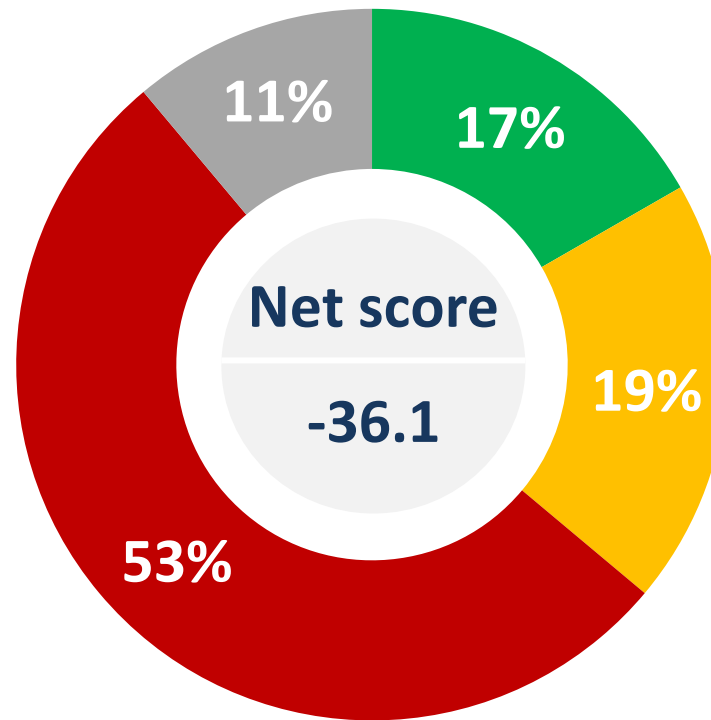


# Direction of the Canadian economy



**QUESTION** – Thinking of the future of the Canadian economy, do you think it is moving in the right direction or the wrong direction?

# Navigation of Canada's regulatory system

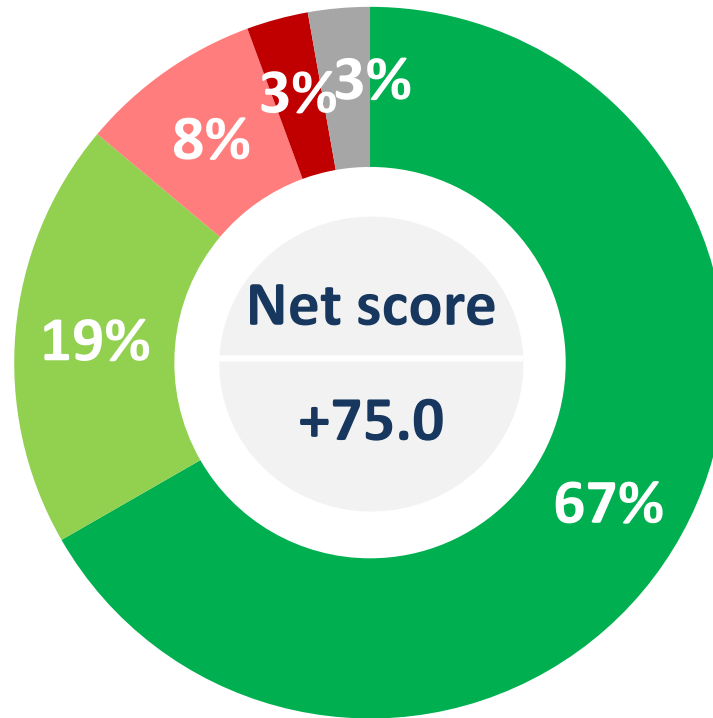


■ Less challenging ■ About the same ■ More challenging ■ Unsure

\*Charts may not add up to 100 due to rounding.

**QUESTION** – Do you find Canada's regulatory system more challenging to navigate, less challenging to navigate or is it about the same as the US system today?

# Canada-US alignment with China



- Important
- Somewhat important
- Somewhat unimportant
- Unimportant
- Unsure

\*Charts may not add up to 100 due to rounding.

**QUESTION** – Is it important, somewhat important, somewhat unimportant or unimportant that Canada and the US are aligned with regard to trade and security issues with China?

# METHODOLOGY



Nanos and AmCham Canada have created a co-branded Index and research project based on a new confidence survey of American businesses operating in Canada. The Index provides sector intelligence and data that supports understanding of business trends.

The findings presented in this report are based on the compiled views of 37 US businesses operating in Canada, collected in an online survey between August 6<sup>th</sup> and October 8<sup>th</sup>, 2019. Readers should note that the research is representative of the participants and should not be projected to any population, elite or general.

The list of potential panel participants was provided by the AmCham Canada to Nanos. The identity and opinions of individual panelists remained confidential and managed by Nanos in accordance with the standards of AAPOR and ESOMAR.

The data presented in this research is part of a joint project by AmCham and Nanos Research. The research was sponsored by PNC Bank.

Note: Charts may not add up to 100 due to rounding.

Nanos has developed the AMCHAM-Nanos American Investment in Canada Index as a compilation of sentiment of US companies and Executives in Canada.

- The six economy related questions on the survey track sentiment among executives leading major US enterprises in Canada
- Steps:
  - Recode each variable into a 5 point scale from 0 to 1 where unsure is assigned a neutral point.
  - Combine the two dimensions for US Investment in Canada Index in an additive scale and divide by two. Each component is equally weighted within the overall index
  - Investment index:
    - Would you describe today's environment for your business to invest in Canada as positive, neutral or negative?
    - In the next six months, do you think the Canadian economy will become stronger, weaker, or will there be no change?

## Previous Waves

Nanos Research compiled views of 51 US businesses operating in Canada, collected in an online survey between October 31<sup>st</sup> and November 28<sup>th</sup>, 2018. Readers should note that the research is representative of the participants and should not be projected to any population, elite or general. The list of potential panel participants was provided by the AmCham Canada to Nanos. The identity and opinions of individual panelists remained confidential and managed by Nanos in accordance with the standards of the Marketing Research and Intelligence Association of which Nanos is a member. No margin of error applies to this research.

Nanos Research compiled views of 56 US businesses operating in Canada, collected in an online survey between February 21<sup>st</sup> and May 25<sup>th</sup>, 2018. Readers should note that the research is representative of the participants and should not be projected to any population, elite or general. The list of potential panel participants was provided by the AmCham Canada to Nanos. The identity and opinions of individual panelists remained confidential and managed by Nanos in accordance with the standards of the Marketing Research and Intelligence Association and ESOMAR. No margin of error applies to this research.

Nanos Research compiled views of 59 US businesses operating in Canada, collected in an online survey between March 15<sup>th</sup> and July 19<sup>th</sup>, 2017. Readers should note that the research is representative of the participants and should not be projected to any population, elite or general. The list of potential panel participants was provided by the AmCham Canada to Nanos. The identity and opinions of individual panelists remained confidential and managed by Nanos in accordance with the standards of the Marketing Research and Intelligence Association of which Nanos is a member. No margin of error applies to this research.

# Respondent Revenue Profile

The 37 participating US companies that shared their views have a combined total global revenue of \$1.2T CAN and a total combined Canadian revenue of \$28.4B CAN. To follow is the distribution of size of respondent company by estimated global and Canadian revenue. Calculated revenue is based on a combination of reported and publicly available data.

Estimated Global Revenue in \$CAN	N	P	Estimated Canadian Revenue in \$CAN	N	P
Greater than \$10B	13	35.1%	Greater than \$10B	1	2.7%
\$1B to \$10B	10	27.0%	\$1B to \$10B	5	13.5%
\$100M to \$1B	4	10.8%	\$100M to \$1B	7	18.9%
\$10M to \$100M	3	8.1%	\$10M to \$100M	10	27.0%
Less than \$10M	4	10.8%	Less than \$10M	12	32.4%
<b>Reported</b>	<b>34</b>	<b>91.9%</b>	<b>Reported</b>	<b>35</b>	<b>94.6%</b>
<b>No data</b>	<b>3</b>	<b>8.1%</b>	<b>No data</b>	<b>2</b>	<b>5.4%</b>
<b>Total</b>	<b>37</b>	<b>100.0%</b>	<b>Total</b>	<b>37</b>	<b>100.0%</b>



# TECHNICAL NOTE

Element	Description
Organization who commissioned the research	AmCham Canada/Nanos Research, sponsored by PNC Bank.
Final Sample Size	37 US businesses operating in Canada.
Margin of Error	No margin of error applies to this research.
Mode of Survey	Online panel survey, telephone survey, and open link survey.
Sampling Method Base	List provided by AmCham Canada.
Demographics (Captured)	US businesses operating in Canada.
Fieldwork/Validation	Online panel survey, telephone survey and online open link survey.
Number of Calls	Live interviews with live supervision to validate work.
Time of Calls	Max of five callbacks.
Field Dates	August 6 <sup>th</sup> to October 8 <sup>th</sup> , 2019.
Language of Survey	The survey was conducted in English.
Standards	This report meets the standards set forth by ESOMAR and AAPOR.

Element	Description
Weighting of Data	This data was not weighted.
Screening	Not applicable.
Excluded Demographics	Non-U.S. businesses.
Stratification	This data was not stratified.
Estimated Response Rate	Not applicable as this was an open link survey.
Question Order	Question order in the preceding report reflects the order in which they appeared in the original questionnaire.
Question Content	All questions asked are contained in the report.
Question Wording	The questions in the preceding report are written exactly as they were asked to individuals.
Survey Company	Nanos Research
Contact	Contact Nanos Research for more information or with any concerns or questions. <a href="http://www.nanos.co">http://www.nanos.co</a> Telephone: (613) 234-4666 ext. 237 Email: <a href="mailto:info@nanosresearch.com">info@nanosresearch.com</a> .

# ABOUT



PNC offers a wide range of services for customers, from individuals and small businesses, to corporations and government entities, no matter how simple or complicated their needs PNC is sure to have the products, knowledge and resources necessary for financial success. PNC competes to win in the middle market, where they are one of the leading credit providers to middle market companies across the US. PNC is in the top five syndicators of middle market loan transactions for each of the last five years. Underpinning their success at building deep and lasting relationships with middle market clients is a breadth of capabilities--including extensive treasury management, capital markets and international banking services--many of which have been tailored specifically for the middle market audience.



The American Chamber of Commerce in Canada (AmCham Canada) is a private, non-profit, membership organization that promotes the two-way flow of trade, goods, services and investment between Canada and the United States. AmCham Canada, with seven chapters located throughout Canada, is committed to promoting trade opportunities, advancing economic growth, and facilitating the mobility of people, goods and services across the longest undefended border in the world. AmCham Canada continually strives to promote and foster a positive climate for commerce, trade and investment between the United States and Canada, as well as positive working environment among the business people and professional who facilitate and strengthen economic ties between the two countries.



Nanos is one of North America's most trusted research and strategy organizations. Our team of professionals is regularly called upon by senior executives to deliver superior intelligence and market advantage whether it be helping to chart a path forward, managing a reputation or brand risk or understanding the trends that drive success. Services range from traditional telephone surveys, through to elite in-depth interviews, online research and focus groups. Nanos clients range from Fortune 500 companies through to leading advocacy groups interested in understanding and shaping the public landscape. Whether it is understanding your brand or reputation, customer needs and satisfaction, engaging employees or testing new ads or products, Nanos provides insight you can trust.

# TABULATIONS





## 2019-1459 – Amcham Wave 4 – Business Confidence Survey STAT SHEET

		Frequency	Percent	Valid Percent	Cumulative Percent
Question - Over the next six months, do you expect the number of people your firm employs will increase, remain the same, or decrease? [PROSPECTIVE]	Increase	15	40.5	40.5	40.5
	Remain the same	17	45.9	45.9	86.5
	Decrease	4	10.8	10.8	97.3
	Unsure	1	2.7	2.7	100.0
	Total	37	100.0	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Question - Would you describe today's environment for your business to invest in Canada as positive, neutral or negative? [TODAY]	Positive	18	48.6	48.6	48.6
	Neutral	9	24.3	24.3	73.0
	Negative	10	27.0	27.0	100.0
	Total	37	100.0	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Question - In the next six months, do you think the Canadian economy will become stronger, weaker, or will there be no change? [PROSPECTIVE]	Weaker	19	51.4	52.8	52.8
	There will be no change	12	32.4	33.3	86.1
	Unsure	5	13.5	13.9	100.0
	Total	36	97.3	100.0	
	No answer	1	2.7		
Total		37	100.0		

Nanos conducted an online panel survey of 37 US businesses operating in Canada, between August 6<sup>th</sup> and October 8<sup>th</sup>, 2019. No margin of error applies to this research.

[www.nanos.co](http://www.nanos.co)



## 2019-1459 – Amcham Wave 4 – Business Confidence Survey STAT SHEET

		Frequency	Percent	Valid Percent	Cumulative Percent
Question - In the past six months, have the sales in Canada for your organization increased, stayed the same or decreased? [RETROSPECTIVE]	Increased	14	37.8	38.9	38.9
	Stayed the same	16	43.2	44.4	83.3
	Decreased	5	13.5	13.9	97.2
	Unsure	1	2.7	2.8	100.0
	Total	36	97.3	100.0	
	No answer	1	2.7		
Total		37	100.0		

		Frequency	Percent	Valid Percent	Cumulative Percent
Question - In the next six months, do you expect sales in Canada for your organization to increase, stay the same or decrease? [PROSPECTIVE]	Increase	18	48.6	50.0	50.0
	Stay the same	10	27.0	27.8	77.8
	Decrease	5	13.5	13.9	91.7
	Unsure	3	8.1	8.3	100.0
	Total	36	97.3	100.0	
	No answer	1	2.7		
Total		37	100.0		

		Frequency	Percent	Valid Percent	Cumulative Percent
Question - Thinking of the future of the Canadian economy, do you think it is moving in the right direction or the wrong direction? [PROSPECTIVE]	Right direction	13	35.1	35.1	35.1
	Wrong direction	17	45.9	45.9	81.1
	Unsure	7	18.9	18.9	100.0
	Total	37	100.0	100.0	



## 2019-1459 – Amcham Wave 4 – Business Confidence Survey STAT SHEET

		Frequency	Percent	Valid Percent	Cumulative Percent
Question - Do you find Canada's regulatory system more challenging to navigate, less challenging to navigate or is it about the same as the US system today?	More challenging to navigate	19	51.4	52.8	52.8
	Less challenging to navigate	6	16.2	16.7	69.4
	About the same	7	18.9	19.4	88.9
	Unsure	4	10.8	11.1	100.0
	Total	36	97.3	100.0	
	No answer	1	2.7		
Total		37	100.0		

		Frequency	Percent	Valid Percent	Cumulative Percent
Question - Is it important, somewhat important, somewhat unimportant or unimportant that Canada and the US are aligned with regard to trade and security issues with China?	Important	24	64.9	66.7	66.7
	Somewhat important	7	18.9	19.4	86.1
	Somewhat unimportant	3	8.1	8.3	94.4
	Unimportant	1	2.7	2.8	97.2
	Unsure	1	2.7	2.8	100.0
	Total	36	97.3	100.0	
	No answer	1	2.7		
Total		37	100.0		