

Canada Watch

By Stéfane Marion

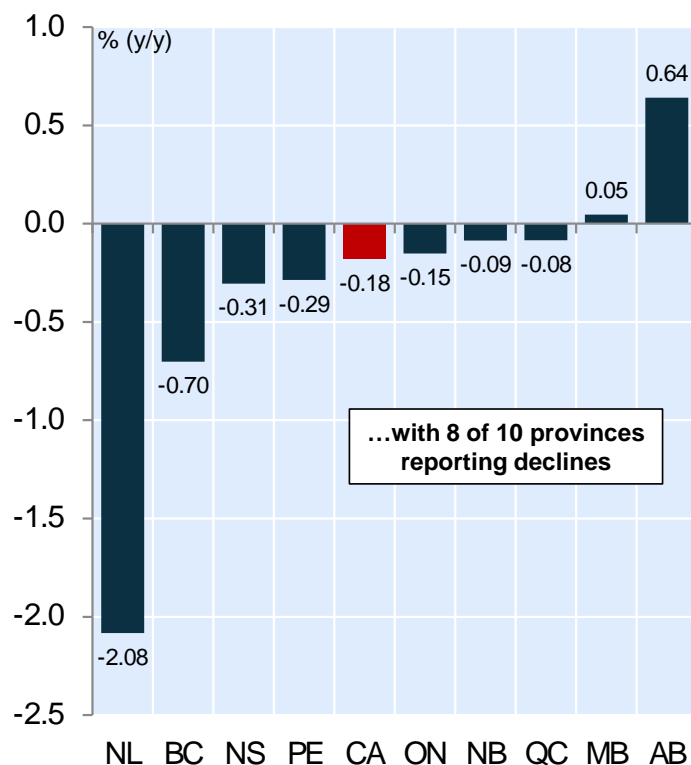
With the Bank of Canada maintaining a relatively hawkish stance on forward guidance compared to other central banks, here is something to consider. According to just-released [data](#) from Statistics Canada, the number of business closures rose to a multi-year high of 45,845 in December 2023, while new business openings fell to a 5-month low. As a result, the number of active businesses fell to 929,000 during the month, down 0.2% from a year earlier. As today's Hot Chart shows, outside of the COVID recession, this is the first annual decline in the number of active businesses since 2017. Back then, however, the bulk of the weakness was concentrated in energy-producing provinces. This was not the case in December. As shown, eight out of ten provinces reported an annual decline in the number of active businesses in their respective territories. Outside of the COVID recession, this is the worst diffusion since at least 2016. Given the current level of interest rates, the situation is unlikely to improve in the coming months. That's why we [see](#) Canada's unemployment rate near 7% by the end of the year.

Canada: Number of active businesses is declining

Change in the number of active businesses in Canada



Change in the number of active businesses by province



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