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YEAR 2020

GOAL 25: BUSINESS AND CONSUMER CONFIDENCE

NEW BRUNSWICK SHOULD REACH AND
MAINTAIN A BUSINESS CONFIDENCE (BB)
INDEX OF 56-65, UPPER BOUND.



STATUS: UNCERTAIN



Overview

Problem

The Consumer Confidence Index (CCI) and the Business Barometer index (BB), measured by Narrative Research every 5th quarter for the Atlantic region and the Canadian Federation of Independent Business (CFIB) on a monthly basis for all provinces respectively, are at an all-time low.

Cause

Recent events due to the COVID-19 lockdown and its aftermath have pushed the economy into a position where its future is very uncertain, causing many to lose confidence in the outlook for households and businesses.

Importance

The CCI is a measure which takes into account how willing/unwilling a person (or “consumer”) is to spend money based on how they expect their finances, the general economy, and unemployment rates to be in the near future. On the other hand, the BB index is a measure of business confidence in the future of a business in the current and near future state of the economy. Both these measures are estimates taken from a survey of random consumers and/or businesses and should be considered a census rather than a representation of the total population. As these two indexes demonstrate both the supply and demand sides of an economy’s confidence, both indexes give a reasonable preview of how much consumption there will be in the future, and whether or not businesses are expecting demand (or lack thereof) from consumers. Having both of these trends moving in the same direction shows similar confidence in the economy from both consumers and businesses.

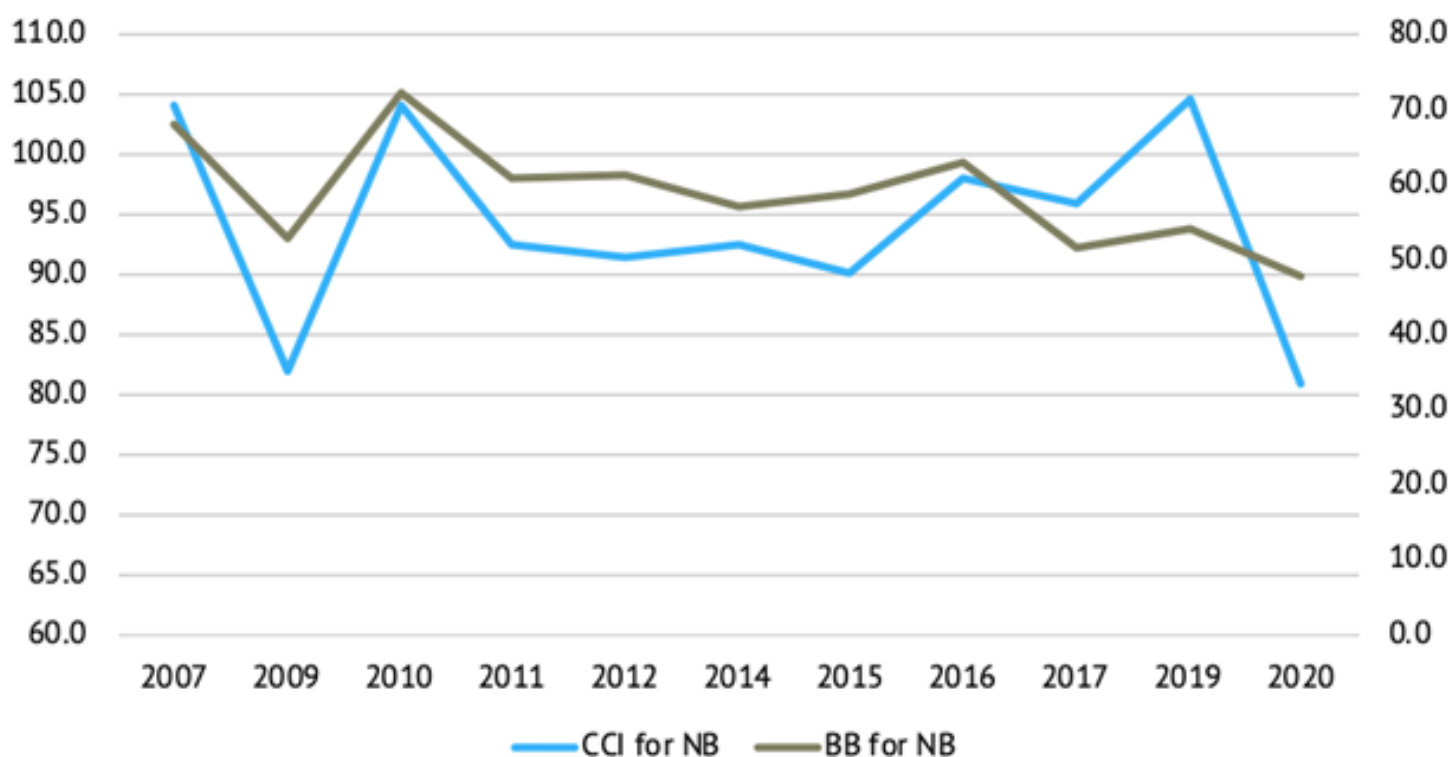
Recommendation

The ideal situation, known as a “V” curve, would show the CCI and BBI curves returning to their previous states just as quickly as they decreased in value, hence making a “V” shape in the graph. If the situation with COVID-19 improves around the world, the confidence in the economy could grow back along with it and return to normal once the world did (or as much as the world will).

In the Numbers

Both the BB and the CCI are at a record low for New Brunswick. For CCI the previously lowest point was in 2009, showing that consumer confidence is even lower than during the Great Recession. It was also at a high in 2019, showing growing consumer confidence until the lockdown. The BB has been fluctuating recently with an overall downward trend since 2016.

Figure 1: Consumer Confidence Index vs. Business Barometer for New Brunswick

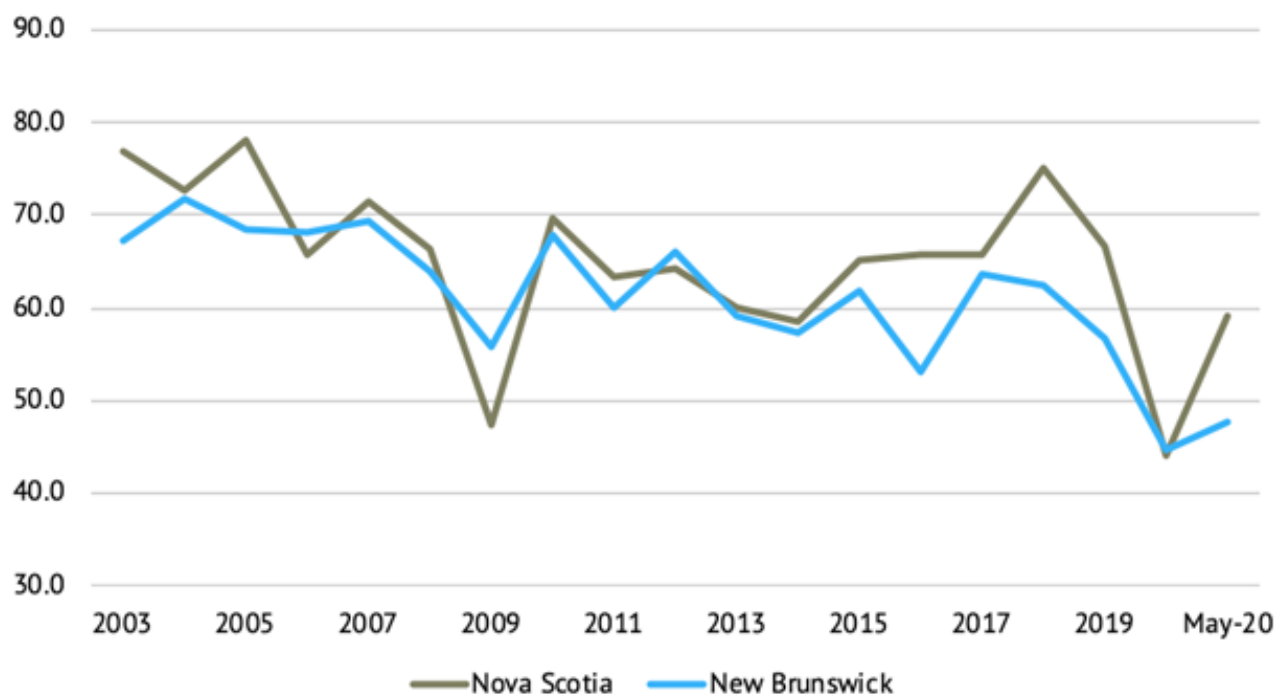


(See full data set in Appendix A)

A Closer Look

The following compares the BB for Nova Scotia and New Brunswick. Trends for both provinces are mostly similar, with the BB for Nova Scotia on average being slightly above New Brunswick's. Most recently, there has been a decreasing trend for both Nova Scotia and, for slightly longer, New Brunswick. An even sharper downturn happened in 2020 due to COVID-19.

Figure 2: Business Barometer Index for New Brunswick and Nova Scotia



(See full data set in Appendix B)

Summary

Both consumer confidence and business confidence measures were looking much more favorable in New Brunswick before 2020. However, given the current state of the world with the COVID-19 pandemic, recent data has shown anomalies and therefore it is uncertain whether or not this goal is progressing. Keeping a close eye on the Consumer Confidence Index and Business Barometer is of the utmost importance, as these will show if the supply and demand sides of the economy are confident about the future of the economy or not.

Appendix A

Date	CCI for NB	BB for NB
Dec-07	104.0	68.1
Feb-09	82.0	52.8
May-10	104.0	72.1
Aug-11	92.5	60.7
Nov-12	91.5	61.4
Feb-14	92.5	56.8
May-15	90.0	58.9
Aug-16	98.0	63.0
Nov-17	96.0	51.4
Feb-19	104.5	54.2
May-20	80.8	47.8

*Sources: CFIB Business Barometer; Narrative research, Atlantic Quarterly® – Spring 2020
CCI Results (estimates)*

Appendix B

Date	Nova Scotia	New Brunswick
Mar-03	10	3
Mar-04	9	8
Mar-05	8	4
Mar-06	5	8
Mar-07	7	6
Mar-08	7	5
Mar-09	6	8
Mar-10	8	5
Mar-11	3	1
Mar-12	3	6
Mar-13	3	2
Mar-14	3	2
Mar-15	7	6
Mar-16	10	4
Mar-17	10	5
Mar-18	10	6
Mar-19	10	6
Mar-20	8	9
May-20	10	4

Sources: CFIB Business Barometer

Appendix C

Year	Exports of Goods to other Countries	Exports of Services to other Countries	Exports of Goods to other Provinces	Exports of Services to other Provinces
2000	52.5%	5.5%	26.5%	15.5%
2001	55.2%	5.5%	25.0%	14.3%
2002	54.1%	6.5%	24.3%	15.0%
2003	54.4%	6.4%	25.0%	14.2%
2004	55.3%	5.7%	24.9%	14.1%
2005	55.1%	5.7%	24.6%	14.6%
2006	53.1%	5.4%	25.2%	16.3%
2007	51.1%	4.9%	27.3%	16.6%
2008	53.7%	4.7%	25.6%	16.0%
2009	50.0%	4.3%	25.3%	20.4%
2010	52.0%	3.9%	25.8%	18.3%
2011	50.9%	3.7%	28.3%	17.1%
2012	53.3%	4.0%	25.2%	17.5%
2013	53.8%	4.2%	24.8%	17.1%
2014	53.4%	4.7%	22.8%	19.0%
2015	50.5%	5.1%	24.8%	19.6%
2016	47.1%	5.5%	26.3%	21.1%
2017	48.7%	5.1%	26.0%	20.2%
2018	49.2%	5.2%	25.2%	20.4%

Source: 18-10-0005-01 (formerly CANSIM 326-0021) for CPI, 36-10-0222-01 (formerly CANSIM 384-0038) for values

Appendix D

Year	Petroleum Refineries	Seafood Product Preparation and Packaging	Pulp Mills	Sawmills and Wood Preservation	Paper Mills
2010	64%	5%	5%	2%	3%
2011	68%	4%	4%	2%	3%
2012	70%	5%	3%	2%	3%
2013	69%	5%	4%	3%	3%
2014	63%	7%	4%	3%	3%
2015	55%	9%	4%	4%	3%
2016	52%	11%	5%	5%	3%
2017	59%	10%	5%	4%	3%
2018	55%	9%	5%	4%	3%

Source: Trade Data Online, 18-10-0005-01 (formerly CANSIM 326-0021) for CPI

