

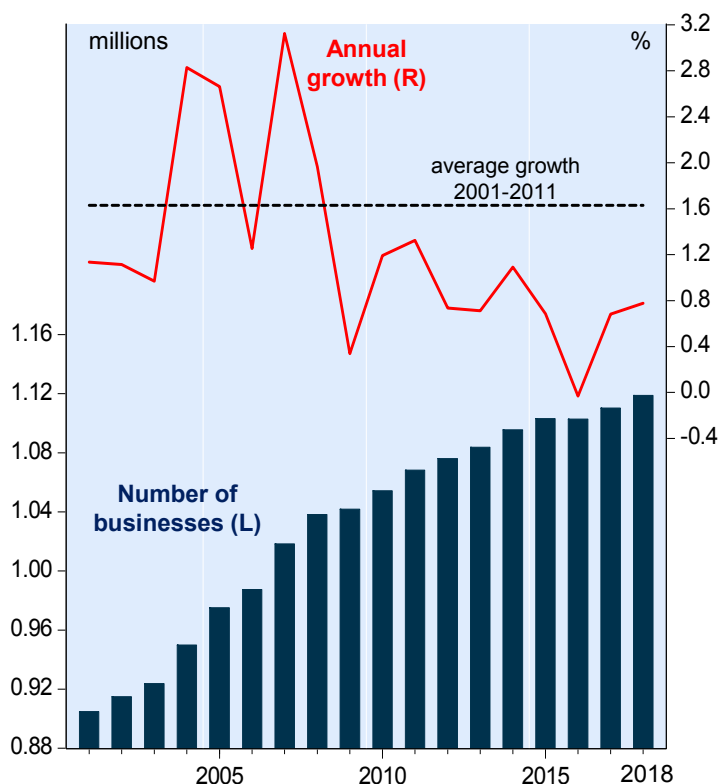
## Canada Watch

By Krishen Rangasamy

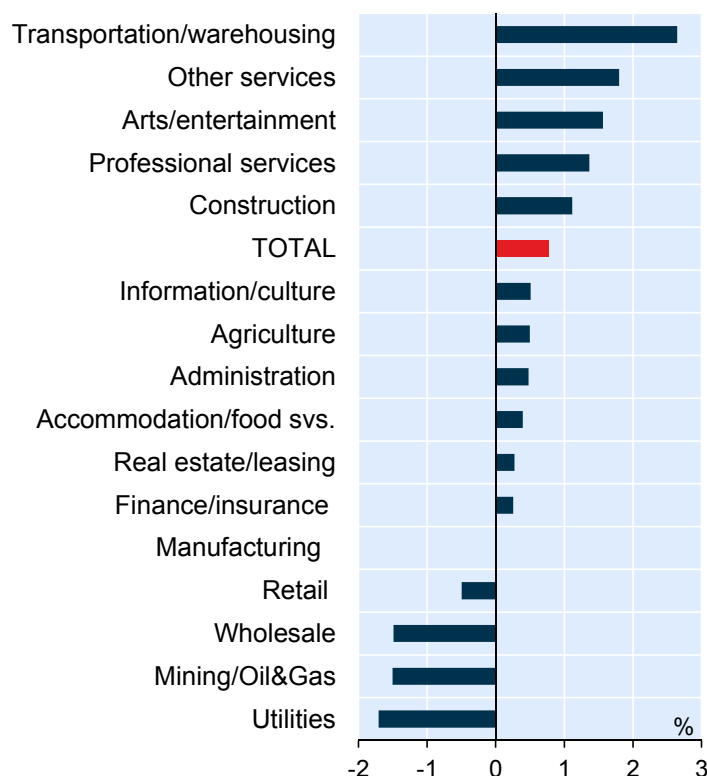
Business formation, a closely-watched measure by Bank of Canada Governor Stephen Poloz, picked up slightly last year. Latest data from Statistics Canada indeed suggest the number of private sector businesses grew 0.8% in 2018, one tick higher than the prior year's pace. The uptick is attributed largely to growth in services-producing industries, including transportation/warehousing, arts/entertainment, and professional services, which more than offset weakness in goods-producing industries such as resources, manufacturing and utilities. But as today's *Hot Charts* show, despite the slight acceleration, business formation is still pacing at about half the pre-2012 average. In other words, there's ample room for improvement. And here we're thinking of governments, both at the federal and provincial levels, which can help rekindle business formation via fiscal incentives and less onerous regulations.

### Canada: Business formation picks up

Number of active employer businesses in the private sector



Active private sector employer businesses (change in 2018 compared to 2017)



NBF Economics and Strategy (data via Statistics Canada)

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