



**CANADIAN MANUFACTURERS & EXPORTERS
*BUSINESS CONDITIONS SURVEY***

May 2009

CME Business Conditions Survey May 2009

CME, in partnership with member associations of the Canadian Manufacturing Coalition, is conducting monthly surveys of manufacturers and exporters across Canada to assess current market and financing conditions.

The May *Business Conditions Survey* was conducted between May 11th and 20th, 2009. A total of 629 companies with operations in all provinces of Canada participated in the May survey, an increase of eight per cent from our April survey (577 participants).

Province where operations are located:	
British Columbia	17%
Alberta	24%
Saskatchewan	11%
Manitoba	10%
Ontario	53%
Québec	10%
New Brunswick	3%
Nova Scotia	4%
Prince Edward Island	1%
Newfoundland & Labrador	3%

Most firms responding to the survey were small and mid-sized companies – only eight per cent were large companies with more than 500 employees.

Size of company (by # of employees)	
1 to 10	11%
11 to 99	52%
100 to 250	21%
250 to 500	8%
More than 500	8%

The firms responding to the survey were well established enterprises – 95 per cent have been in business for more than five years.

Age of Business	
Less than 2 years	2%
2 – 5 years	2%
More than 5 years	96%

Eighty-five per cent of the firms participating in the survey are exporters. For 35 per cent of the companies, exports account for more than 50 per cent of total sales revenue.

Export sales:	
No	15%
More than 50% of total sales revenue	34%
25% to 50% of total sales revenue	13%
10% to 25% of total sales revenue	15%
Less than 10% of total sales revenue	23%

Participating companies represent a variety of business sectors.

Business sectors:	
Manufacturing	82%
Agriculture	2%
Mining	1%
Oil and Gas Extraction	0%
Engineering & Construction	1%
Wholesale or Retail Trade	0%
Transportation and Warehousing	3%
Software, Information & Telecom Services	4%
Professional, Scientific and Technical Services	1%
Finance, Insurance, Real Estate and Leasing	1%
Business Services	2%
Other Services	0%

Manufacturers accounted for just over 80 per cent of firms participating in the survey. They are drawn from a variety of manufacturing and processing industries.

Manufacturing sectors:	
Food Products	3%
Textiles or Textile Products	1%
Clothing or Leather Products	3%
Wood Products	1%
Paper Products	3%
Printing	3%
Chemicals	8%
Pharmaceuticals	0%
Plastic Products	4%
Rubber Products	1%
Non-Metallic Mineral Products (e.g. ceramics, glass)	0%
Primary Metals	9%
Fabricated Metal Products	1%
Machinery	1%
Computer or Electronic Products	7%
Electrical Equipment, Appliances or Components	33%

Automotive Products	16%
Other Transportation Equipment or Parts	1%
Furniture or Fixtures	7%
Other Consumer Products	8%
Health Care and Veterinary Products	3%
Advanced Technologies	2%
Other Products	2%

Current Orders

While most manufacturers and exporters surveyed this month are still reporting the value of their orders is lower than it was three months ago, results this month may indicate the beginning of a positive trend. In this survey, only 57 per cent of companies report that orders have fallen in value compared to three months ago, compared to 65 per cent last month, and 25 per cent say that orders are about the same, which is similar to last month. Firms that report orders have increased make up 18 per cent of respondents, substantially more than the 11 per cent that reported this in both March and April. Companies reporting that orders have fallen more than 30 per cent compared to three months ago make up only 13 per cent of respondents this month compared to last month (18 per cent). This continues a positive long-term trend; in January's survey, it was 21 per cent.

Compared to February, orders are:	National
Higher in value	18%
About the same	25%
Lower by up to 5%	6%
Lower by 5 to 10%	18%
Lower by 10 to 20%	14%
Lower by 20 to 30%	7%
Lower by more than 30%	13%

Alberta, Saskatchewan and New Brunswick experienced the sharpest downturn in orders over the past three months.

Compared to February, orders are:	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Higher in value	18%	18%	10%	9%	16%	16%	30%	50%	38%	0%	50%
About the same	25%	15%	25%	27%	37%	21%	20%	0%	38%	0%	17%
Lower by up to 5%	6%	9%	8%	0%	5%	9%	10%	0%	0%	0%	0%
Lower by 5 to 10%	18%	15%	21%	14%	16%	21%	10%	0%	0%	0%	17%
Lower by 10 to 20%	14%	21%	15%	18%	11%	14%	25%	33%	13%	100%	17%
Lower by 20 to 30%	7%	6%	2%	5%	5%	9%	0%	0%	0%	0%	0%
Lower by more than 30%	13%	15%	19%	27%	11%	11%	5%	17%	13%	0%	0%

The downturn in customer demand is primarily being felt this month among the mid-sized companies with 100-250 employees.

Compared to February, current orders are:	National	1-10	11-99	100-250	250-500	500+
Higher in value	18%	23%	19%	10%	13%	33%
About the same	25%	23%	26%	20%	25%	20%
Lower by up to 5%	6%	9%	5%	5%	6%	13%
Lower by 5 to 10%	18%	18%	23%	15%	13%	13%
Lower by 10 to 20%	14%	9%	11%	23%	19%	13%
Lower by 20 to 30%	7%	9%	8%	3%	13%	7%
Lower by more than 30%	13%	9%	10%	25%	13%	0%

While all sectors of industry have been affected by the downturn in demand, the fabricated metal, machinery and electrical equipment sectors report the most significant declines in current orders received. On a positive note, the firms (within the specific sectors reporting below) with orders currently higher in value compared to three months ago, make up 16 per cent of those surveyed this month, compared to only about eight per cent last month.

Compared to February, current orders are:	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metal
Higher in value	17%	25%	21%	18%	11%
About the same	24%	25%	29%	27%	17%
Lower by up to 5%	5%	0%	0%	18%	8%
Lower by 5 to 10%	19%	25%	14%	18%	25%
Lower by 10 to 20%	14%	0%	7%	0%	15%
Lower by 20 to 30%	7%	25%	14%	9%	9%
Lower by more than 30%	13%	0%	14%	9%	15%

Compared to February, current orders are:	Machinery	Electrical Equipment	Automotive	Other Products
Higher in value	4%	18%	25%	9%
About the same	16%	27%	33%	27%
Lower by up to 5%	8%	27%	0%	0%
Lower by 5 to 10%	4%	0%	25%	18%
Lower by 10 to 20%	28%	9%	8%	18%
Lower by 20 to 30%	12%	0%	8%	18%
Lower by more than 30%	28%	18%	0%	9%

New Orders

The positive trend identified for new orders last month continues this month. A majority (66 per cent) of respondents report that they expect the value of new orders to stay the same or increase in value over the next three months, which is slightly higher than the 63 per cent who predicted similar sales last month. Only 34 per cent say that orders are likely to decrease between May 2009 and August 2009 (a slight improvement over 37 per cent last month), and 28 per cent expect to see orders increase, a solid improvement over 22 per cent from last month. This is a markedly more optimistic outlook than in March when 49 per cent of companies were expecting new orders to drop in the coming three months, and only 18 per cent expected to see orders increase.

Over the next three months, orders are likely to:	National
Higher in value	28%
About the same	38%
Lower by up to 5%	6%
Lower by 5 to 10%	13%
Lower by 10 to 20%	6%
Lower by 20 to 30%	3%
Lower by more than 30%	5%

Mostly companies in Eastern Canada (Quebec, New Brunswick and Prince Edward Island) are most optimistic about future orders. Most of the responding manufacturers who expect orders to drop more than 30 per cent are found in Newfoundland and Labrador. All respondents in Nova Scotia expect orders to remain about the same over the next three months.

Over the next three months, orders are likely to:	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Higher in value	27%	21%	27%	21%	23%	25%	50%	50%	0%	67%	27%
About the same	27%	48%	36%	53%	41%	60%	33%	38%	100%	17%	27%
Lower by up to 5%	12%	4%	9%	16%	9%	10%	17%	13%	0%	0%	12%
Lower by 5 to 10%	15%	15%	18%	5%	14%	0%	0%	0%	0%	17%	15%
Lower by 10 to 20%	9%	6%	5%	0%	6%	0%	0%	0%	0%	0%	9%
Lower by 20 to 30%	0%	6%	0%	5%	3%	0%	0%	0%	0%	0%	0%
Lower by more than 30%	9%	0%	5%	0%	5%	5%	0%	0%	0%	0%	9%

Companies of all sizes are optimistic about projected future orders, with very small firms (1-10 employees) being the most optimistic. Mid-sized companies with (with 100-250 employees) are expecting the most significant declines in orders over the next three months.

Over the next three months, orders are likely to:	National	1-10	11-99	100-250	250-500	500+
Higher in value	27%	50%	25%	23%	13%	33%
About the same	27%	32%	36%	38%	44%	47%
Lower by up to 5%	12%	0%	7%	8%	19%	0%
Lower by 5 to 10%	15%	9%	18%	10%	6%	13%
Lower by 10 to 20%	9%	5%	8%	5%	6%	7%
Lower by 20 to 30%	0%	5%	3%	3%	13%	0%
Lower by more than 30%	9%	0%	4%	15%	0%	0%

Companies in the sectors of paper, plastics, electrical equipment and automotive are the most optimistic about future orders.

Over the next three months, orders are likely to:	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metal
Higher in value	24%	25%	36%	18%	21%
About the same	37%	25%	29%	55%	32%
Lower by up to 5%	8%	0%	0%	9%	9%
Lower by 5 to 10%	16%	25%	14%	0%	13%
Lower by 10 to 20%	7%	0%	14%	9%	11%
Lower by 20 to 30%	3%	0%	0%	0%	6%
Lower by more than 30%	6%	25%	7%	9%	8%

Over the next three months, orders are likely to:	Machinery	Electrical Equipment	Automotive	Other Products
Higher in value	20%	27%	25%	18%
About the same	44%	55%	33%	55%
Lower by up to 5%	8%	0%	0%	0%
Lower by 5 to 10%	12%	9%	25%	18%
Lower by 10 to 20%	12%	9%	8%	9%
Lower by 20 to 30%	0%	0%	8%	0%
Lower by more than 30%	4%	0%	0%	0%

Inventories

Thirty-five per cent of responding manufacturers and exporters report that inventory levels of components and raw materials are currently too high, which is the same as last month. A slighter lower percentage (32 per cent) of companies report that finished goods inventories are too high this month compared to last month. These firms will be working inventory levels down instead of increasing production to meet new demand.

Materials inventories are:	National
Too high	35%
Just about right	60%
Too low	6%
Finished goods inventories are:	
Too high	32%
Just about right	61%
Too low	7%

Material inventory levels are particularly high in Saskatchewan, Prince Edward Island and Newfoundland & Labrador, while finished goods inventories are high in New Brunswick, Prince Edward Island and Newfoundland & Labrador.

Materials inventories are:	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Too high	35%	32%	36%	55%	44%	42%	42%	40%	14%	100%	60%
Just about right	60%	65%	60%	35%	50%	55%	53%	60%	71%	0%	40%
Too low	6%	3%	4%	10%	6%	3%	5%	0%	14%	0%	0%
Finished goods inventories are:											
Too high	32%	28%	34%	52%	26%	40%	37%	60%	57%	100%	40%
Just about right	61%	69%	62%	38%	74%	54%	58%	0%	29%	0%	60%
Too low	7%	3%	4%	10%	0%	6%	5%	40%	14%	0%	0%

Similarly to April, mid-sized and larger firms are most concerned about high inventory levels.

Materials inventories are:	National	1-10	11-99	100-250	250-500	500+
Too high	35%	10%	33%	55%	40%	15%
Just about right	60%	71%	64%	43%	60%	69%
Too low	6%	19%	3%	3%	0%	15%
Finished goods inventories are:						
Too high	32%	10%	34%	45%	27%	21%
Just about right	61%	71%	57%	55%	67%	79%
Too low	7%	19%	9%	0%	7%	0%

Materials inventories are particularly high in the machinery and electrical equipment sectors. Paper products and machinery manufacturers are reporting higher levels of finished goods inventories.

Materials inventories are:	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metals
Too high	37%	0%	15%	18%	33%
Just about right	59%	100%	85%	73%	62%
Too low	4%	0%	0%	9%	6%
Finished goods inventories are:					
Too high	34%	50%	7%	27%	34%
Just about right	59%	50%	93%	73%	59%
Too low	6%	0%	0%	0%	8%

Materials inventories are:	Machinery	Electrical Equipment	Automotive	Other Products
Too high	50%	55%	33%	36%
Just about right	42%	46%	67%	46%
Too low	8%	0%	0%	18%
Finished goods inventories are:				
Too high	50%	36%	42%	27%
Just about right	42%	64%	50%	73%
Too low	8%	0%	8%	0%

Employment Prospects

While many manufacturers and exporters expect the number of jobs in their firms to increase or remain the same over the next three months, 38 per cent of companies say that employment levels are likely to fall, which is a slight increase from last month. This is, however, a positive result, compared to the 42 and 44 per cent of companies that expected employment levels to fall in the March and February surveys respectively.

Over the next three months, jobs will:	National
Increase	12%
Remain about the same	50%
Decrease	38%

Job prospects are brightest in New Brunswick, Nova Scotia and Newfoundland & Labrador. Firms in Saskatchewan, Quebec and Prince Edward Island are most likely to reduce employment.

Over the next three months, jobs will:	Nat'l	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Increase	12%	18%	6%	9%	11%	9%	15%	33%	50%	0%	33%
Remain about the same	50%	33%	56%	36%	68%	53%	25%	17%	25%	0%	50%
Decrease	38%	49%	38%	55%	21%	38%	60%	50%	25%	100%	17%

Similar to last month, larger firms are most likely to reduce employment.

Over the next three months, jobs will:	National	1-10	11-99	100-250	250-500	500+
Increase	12%	5%	16%	8%	13%	13%
Remain about the same	50%	91%	48%	45%	44%	40%
Decrease	38%	5%	36%	48%	44%	47%

Employment rates are likely to be reduced the most in the machinery, electrical equipment and automotive manufacturing sectors. (Fabricated metal, machinery and electrical equipment sectors report the most significant declines in current orders received this month.)

Over the next three months, jobs will:	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metals
Increase	12%	25%	21%	18%	8%
Remain about the same	48%	50%	43%	36%	55%
Decrease	41%	25%	36%	46%	38%

Over the next three months, jobs will:	Machinery	Electrical Equipment	Automotive	Other Products
Increase	8%	9%	8%	18%
Remain about the same	36%	18%	42%	36%
Decrease	56%	73%	50%	46%

Access to Financing

Similarly to last month, about 73 per cent of manufacturers and exporters report that they are experiencing difficulties in accessing or are unable to access financing (for various purposes, as outlined below). The survey asked whether companies were unable to obtain financing, experiencing significant difficulties in obtaining financing, or difficulties including higher financing costs. The survey also identified those companies that were not experiencing difficulties in accessing various forms of financing and those for which the question was not applicable.

Similarly to April and March, for those companies looking for financing, the greatest difficulties are in obtaining financing for working capital purposes, operating a line of credit, capital investment purposes and investments in new technology.

	National			
Experiencing difficulties in accessing:	Unable to Obtain Financing	Experiencing Significant Difficulties	Experiencing Difficulties Including Higher Costs	No Difficulties
Financing for working capital purposes	4%	6%	15%	42%
Operating line of credit	4%	7%	18%	51%
Equity financing	2%	5%	6%	26%
Financing for capital investment	6%	8%	12%	31%
Financing for investments in new technologies	4%	5%	11%	32%
Equipment leasing	3%	4%	8%	34%
Financing through bonds or commercial paper	2%	3%	3%	9%
Venture capital	3%	3%	3%	10%
Financing for new product development	2%	8%	9%	26%
Export financing	2%	7%	7%	22%
Export credit insurance	2%	7%	8%	26%
Financing for business acquisitions	2%	4%	7%	16%
Other types of business financing	2%	5%	7%	18%

Relatively more companies in Saskatchewan and Ontario report that they are unable to obtain financing than elsewhere in the country.

Unable to obtain:	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Financing for working capital purposes	4%	0%	0%	5%	0%	6%	0%	0%	0%	0%	0%
Operating line of credit	4%	0%	0%	5%	5%	5%	0%	0%	0%	0%	0%
Equity financing	2%	0%	0%	5%	0%	2%	0%	0%	0%	0%	0%
Financing for capital investment	6%	0%	2%	5%	5%	9%	0%	0%	0%	0%	0%
Financing for investments in new technologies	4%	0%	0%	0%	0%	8%	0%	0%	0%	0%	0%
Equipment leasing	3%	0%	0%	5%	0%	4%	5%	0%	0%	0%	0%
Financing through bonds or commercial paper	2%	3%	0%	0%	0%	2%	0%	0%	0%	0%	0%
Venture capital	3%	3%	0%	5%	0%	3%	0%	0%	0%	0%	0%
Financing for new product development	2%	0%	0%	9%	0%	1%	0%	0%	0%	0%	0%
Export financing	2%	0%	0%	5%	0%	2%	0%	0%	0%	0%	0%
Export credit insurance	2%	0%	0%	5%	0%	3%	0%	0%	0%	0%	0%
Financing for business acquisitions	2%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%
Other types of business financing	2%	3%	0%	5%	0%	1%	0%	0%	0%	0%	0%

Generally speaking, more companies in Quebec, Nova Scotia and Newfoundland and Labrador are experiencing difficulties in obtaining financing than elsewhere in the country.

Experiencing significant difficulties in accessing:	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Financing for working capital purposes	6%	6%	2%	5%	5%	6%	0%	0%	13%	0%	17%
Operating line of credit	7%	6%	2%	5%	5%	6%	10%	0%	13%	0%	33%
Equity financing	5%	6%	2%	9%	0%	6%	10%	17%	13%	0%	33%
Financing for capital investment	8%	0%	2%	0%	0%	10%	10%	0%	25%	0%	17%
Financing for investments in new technologies	5%	0%	6%	0%	0%	5%	0%	0%	25%	0%	17%
Equipment leasing	4%	3%	2%	0%	0%	6%	0%	0%	0%	0%	17%
Financing through bonds or commercial paper	3%	3%	2%	0%	0%	4%	10%	0%	0%	0%	17%
Venture capital	3%	0%	4%	5%	0%	3%	0%	0%	0%	0%	17%
Financing for new product development	8%	3%	4%	0%	5%	9%	0%	0%	25%	0%	17%
Export financing	7%	6%	4%	9%	0%	5%	5%	0%	25%	0%	0%
Export credit insurance	7%	6%	2%	0%	6%	7%	16%	0%	13%	0%	0%
Financing for business acquisitions	4%	9%	8%	0%	0%	3%	5%	0%	0%	0%	0%
Other types of business financing	5%	0%	4%	15%	0%	4%	0%	0%	0%	0%	0%

When higher costs are factored into an assessment of financing availability, more companies in British Columbia, Manitoba and Quebec and report that they are facing financing difficulties (MB and QC were also among this group last month).

Experiencing difficulties in accessing (including higher costs):	National	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Financing for working capital purposes	15%	9%	17%	9%	16%	14%	25%	17%	0%	0%	0%
Operating line of credit	18%	15%	19%	14%	16%	17%	25%	33%	0%	0%	0%
Equity financing	6%	0%	2%	0%	16%	5%	10%	0%	13%	0%	0%
Financing for capital investment	12%	21%	10%	14%	16%	10%	21%	17%	0%	0%	0%
Financing for investments in new technologies	11%	21%	6%	14%	21%	10%	21%	33%	13%	0%	17%
Equipment leasing	8%	3%	4%	5%	5%	9%	10%	0%	0%	0%	0%
Financing through bonds or commercial paper	3%	0%	2%	0%	0%	3%	5%	0%	0%	0%	0%
Venture capital	3%	0%	0%	0%	5%	2%	11%	0%	0%	0%	0%
Financing for new product development	9%	15%	2%	5%	16%	9%	15%	17%	0%	0%	0%
Export financing	7%	6%	6%	9%	26%	4%	16%	0%	0%	0%	0%
Export credit insurance	8%	3%	4%	5%	11%	7%	21%	0%	0%	0%	0%
Financing for business acquisitions	7%	3%	6%	0%	16%	6%	11%	0%	0%	0%	0%
Other types of business financing	7%	7%	4%	0%	12%	5%	6%	0%	0%	0%	0%

Very small, middle range and very large companies are more likely to be unable to obtain financing.

Unable to obtain:	National	1-10	11-99	100-250	250-500	500+
Financing for working capital purposes	4%	5%	4%	3%	0%	7%
Operating line of credit	4%	5%	3%	3%	0%	13%
Equity financing	2%	5%	2%	0%	0%	0%
Financing for capital investment	6%	5%	4%	8%	6%	13%
Financing for investments in new technologies	4%	0%	5%	5%	0%	7%
Equipment leasing	3%	5%	3%	0%	13%	0%
Financing through bonds or commercial paper	2%	0%	1%	0%	0%	13%
Venture capital	3%	5%	1%	3%	0%	13%
Financing for new product development	2%	5%	2%	0%	0%	0%
Export financing	2%	5%	1%	0%	0%	7%
Export credit insurance	2%	5%	3%	0%	0%	0%
Financing for business acquisitions	2%	0%	2%	3%	0%	0%
Other types of business financing	2%	5%	2%	0%	0%	0%

Very small and very large companies also report the most serious difficulties in obtaining financing.

Experiencing significant difficulties in accessing:	National	1-10	11-99	100-250	250-500	500+
Financing for working capital purposes	6%	14%	5%	5%	0%	13%
Operating line of credit	7%	10%	7%	8%	0%	13%
Equity financing	5%	5%	3%	5%	6%	13%
Financing for capital investment	8%	10%	9%	8%	6%	0%
Financing for investments in new technologies	5%	14%	3%	10%	0%	0%
Equipment leasing	4%	10%	2%	8%	0%	7%
Financing through bonds or commercial paper	3%	5%	2%	3%	0%	7%
Venture capital	3%	14%	2%	3%	0%	0%
Financing for new product development	8%	14%	4%	13%	0%	20%
Export financing	7%	5%	4%	15%	7%	13%
Export credit insurance	7%	5%	5%	13%	7%	14%
Financing for business acquisitions	4%	5%	3%	5%	0%	13%
Other types of business financing	5%	10%	1%	10%	0%	13%

Larger companies report that they are experiencing difficulties including higher costs in accessing financing.

Experiencing difficulties (including higher costs) in accessing:	National	1-10	11-99	100-250	250-500	500+
Financing for working capital purposes	15%	0%	15%	23%	25%	13%
Operating line of credit	18%	5%	19%	26%	31%	0%
Equity financing	6%	5%	5%	10%	0%	13%
Financing for capital investment	12%	0%	9%	20%	19%	20%
Financing for investments in new technologies	11%	0%	11%	18%	13%	13%
Equipment leasing	8%	5%	10%	5%	0%	13%
Financing through bonds or commercial paper	3%	5%	2%	3%	0%	7%
Venture capital	3%	0%	2%	5%	0%	7%
Financing for new product development	9%	5%	7%	18%	13%	7%
Export financing	7%	0%	5%	15%	7%	13%
Export credit insurance	8%	0%	8%	13%	7%	7%
Financing for business acquisitions	7%	5%	7%	5%	13%	7%
Other types of business financing	7%	0%	7%	5%	8%	13%

Relatively more companies in the fabricated metals sector, and the especially automotive sector, report that they are unable to obtain financing.

Unable to obtain:	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metals
Financing for working capital purposes	4%	0%	0%	0%	4%
Operating line of Credit	4%	0%	0%	0%	4%
Equity financing	1%	0%	0%	0%	2%
Financing for capital investment	6%	0%	0%	0%	2%
Financing for investments in new technologies	4%	0%	100%	0%	2%
Equipment leasing	3%	0%	0%	9%	2%
Financing through bonds or commercial paper	2%	0%	0%	0%	0%
Venture capital	3%	0%	0%	0%	0%

Financing for new product development	1%	0%	0%	0%	2%
Export financing	1%	0%	0%	0%	0%
Export credit Insurance	2%	0%	0%	0%	0%
Financing for business acquisitions	2%	0%	0%	0%	0%
Other types of business financing	1%	0%	0%	0%	0%

Unable to obtain:	Machinery	Electrical Equipment	Automotive	Other Products
Financing for working capital purposes	4%	0%	17%	9%
Operating line of Credit	4%	0%	17%	9%
Equity financing	0%	0%	8%	0%
Financing for capital investment	0%	0%	33%	0%
Financing for investments in new technologies	0%	0%	25%	0%
Equipment leasing	0%	0%	17%	0%
Financing through bonds or commercial paper	0%	0%	17%	0%
Venture capital	0%	0%	25%	0%
Financing for new product development	4%	0%	8%	0%
Export financing	0%	0%	17%	0%
Export credit Insurance	4%	0%	18%	0%
Financing for business acquisitions	0%	0%	17%	0%
Other types of business financing	0%	0%	9%	0%

The paper, plastic, automotive and other products sectors report a relatively high rate of difficulty in obtaining many forms of financing.

Experiencing difficulties in accessing:	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metals
Financing for working capital purposes	6%	0%	7%	8%	4%
Operating line of Credit	7%	0%	21%	0%	2%
Equity financing	4%	0%	8%	0%	2%
Financing for capital investment	8%	25%	14%	0%	6%
Financing for investments in new technologies	4%	25%	7%	8%	2%
Equipment leasing	4%	0%	7%	0%	4%
Financing through bonds or commercial paper	2%	0%	7%	0%	2%
Venture capital	2%	0%	7%	0%	2%
Financing for new product development	8%	25%	14%	0%	2%
Export financing	8%	25%	15%	0%	6%
Export credit Insurance	8%	0%	21%	0%	6%
Financing for business acquisitions	3%	0%	0%	0%	0%
Other types of business financing	3%	0%	0%	0%	4%

Experiencing difficulties in accessing:	Machinery	Electrical Equipment	Automotive	Other Products
Financing for working capital purposes	12%	0%	0%	9%
Operating line of Credit	8%	0%	8%	9%
Equity financing	4%	0%	8%	0%
Financing for capital investment	4%	0%	17%	18%
Financing for investments in new technologies	8%	0%	8%	18%
Equipment leasing	8%	0%	25%	18%
Financing through	4%	9%	8%	0%

bonds or commercial paper				
Venture capital	4%	0%	8%	0%
Financing for new product development	4%	0%	25%	9%
Export financing	12%	0%	25%	27%
Export credit Insurance	8%	0%	18%	27%
Financing for business acquisitions	0%	0%	8%	0%
Other types of business financing	13%	0%	18%	0%

The plastics, primary metals, automotive and other products sectors report difficulties when higher financing costs are taken into consideration.

Experiencing difficulties, including higher costs:	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metals
Financing for working capital purposes	17%	0%	29%	27%	8%
Operating line of Credit	20%	25%	29%	27%	15%
Equity financing	7%	0%	23%	9%	4%
Financing for capital investment	13%	0%	36%	27%	13%
Financing for investments in new technologies	12%	0%	29%	9%	10%
Equipment leasing	8%	25%	21%	18%	2%
Financing through bonds or commercial paper	3%	0%	7%	9%	0%
Venture capital	3%	0%	14%	9%	2%
Financing for new product development	11%	0%	29%	18%	4%
Export financing	8%	0%	15%	18%	8%
Export credit Insurance	8%	0%	14%	27%	6%
Financing for business acquisitions	6%	0%	21%	18%	8%
Other types of business financing	7%	0%	15%	11%	6%

Experiencing difficulties in accessing, including higher costs:	Machinery	Electrical Equipment	Automotive	Other Products
Financing for working capital purposes	24%	27%	50%	18%
Operating line of Credit	16%	18%	42%	36%
Equity financing	0%	0%	33%	9%
Financing for capital investment	4%	9%	17%	27%
Financing for investments in new technologies	0%	9%	33%	18%
Equipment leasing	0%	0%	25%	9%
Financing through bonds or commercial paper	0%	0%	17%	0%
Venture capital	0%	0%	8%	0%
Financing for new product development	8%	9%	25%	27%
Export financing	8%	0%	17%	18%
Export credit Insurance	8%	9%	18%	9%
Financing for business acquisitions	8%	0%	25%	9%
Other types of business financing	13%	0%	27%	18%

Increasing Line of Credit

Nationally, 15 per cent of respondents have asked their financial institution to increase their operating line of credit in the past three months, a drop from 18 and 22 per cent in the last two months' surveys. Companies in Saskatchewan, Ontario and Newfoundland & Labrador are making the most requests.

Requested increase in line of credit during last three months:	Nat'l	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Yes	15%	9%	10%	18%	11%	18%	15%	0%	0%	0%	17%
No	85%	91%	90%	82%	90%	82%	85%	100%	100%	100%	83%

Very small and very large companies are making the most recent requests for line of credit increases.

Requested increase in line of credit during last three months:	Nat'l	1-10	11-99	100-250	250-500	500+
Yes	15%	23%	12%	21%	6%	27%
No	85%	77%	88%	80%	94%	73%

Companies in the sectors of paper, automotive and other products sectors are making the most requests for line of credit increases, with automotive leading the way.

Sector:	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metals
In the past three months, requested increase in line of credit	16%	25%	14%	9%	10%

Sector:	Machinery	Electrical Equipment	Automotive	Other Products
In the past three months, requested increase in line of credit	17%	0%	33%	20%

Sixty-one per cent of companies that requested an increase in their line of credit were looking to cover current expenses in the face of lower sales. It was 44 per cent last month. Slightly less than 20 per cent were looking to cover expenses in order to finance business growth. This is significantly lower than the 31 per cent who responded similarly in April and 40 per cent in March.

Reasons to increase line of credit	National
To cover current expenses to grow business	19%
To cover research and development and other expenses to support future growth	10%
To cover current expenses during the present slowdown when sales are down	61%
Other	10%

A significant majority of responding companies in Alberta, Ontario and Quebec were looking to increase their lines of credit to cover current expenses in the face of the economic downturn. (NA denotes provinces where all respondents did not answer the question.)

Reasons to increase line of credit	Nat'l	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
To cover current expenses to grow business	19%	33%	0%	25%	0%	21%	0%	NA	NA	NA	100%
To cover R&D etc. to support future growth	10%	33%	0%	0%	0%	11%	33%	NA	NA	NA	0%
To cover current expenses during slowdown	61%	33%	80%	50%	50%	63%	67%	NA	NA	NA	0%
Other	10%	0%	20%	25%	50%	5%	0%	NA	NA	NA	0%

Except for companies in the 250-500 employee range, the majority of all other size categories report they requested an increase in their operating line in response to deteriorating economic conditions.

Reasons to increase line of credit	National	1-10	11-99	100-250	250-500	500+
To cover current expenses to grow business	19%	40%	25%	11%	0%	0%
To cover R&D etc. to support future growth	10%	0%	17%	0%	100%	0%
To cover current expenses during the present slowdown when sales are down	61%	60%	58%	67%	0%	75%
Other	10%	0%	0%	22%	0%	25%

Of those who requested an increase in their line in credit, all companies in the plastics, primary metals and automotive sectors did so to cover current expenses during the present slowdown.

Reasons to increase line of credit	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metals
To cover current expenses to grow business	19%	0%	0%	0%	17%
To cover R&D etc. to support future growth	12%	100%	0%	0%	17%
To cover current expenses during the present slowdown when sales are down	58%	0%	100%	100%	50%
Other	12%	0%	0%	0%	17%

Reasons to increase line of credit	Machinery	Electrical Equipment	Automotive	Other Products
To cover current expenses to grow business	40%	NA	0%	0%
To cover R&D etc. to support future growth	0%	NA	0%	33%
To cover current expenses during the present slowdown when sales are down	20%	NA	100%	33%
Other	40%	NA	0%	33%

Among the companies that requested an increase in operating lines of credit over the past three months, 39 per cent were declined this month. This continues a negative trend: in April, 36 were declined, in March, 33 per cent were declined, and in February, it was 22 per cent.

Has your financial institution agreed to increase your operating line of credit?	National
Yes	52%
No	39%
I don't know yet	10%

Of those that have been refused, refusal rates were highest in Manitoba, Ontario and Newfoundland & Labrador. Last month, Manitoba and Newfoundland & Labrador were also part of this group. (NA denotes provinces where all respondents did not answer the question.)

Has your financial institution agreed to increase your operating line of credit?	Nat'l	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Yes	52%	33%	100%	100%	50%	37%	67%	NA	NA	NA	0%
No	39%	33%	0%	0%	50%	53%	33%	NA	NA	NA	100%
I don't know yet	10%	33%	0%	0%	0%	11%	0%	NA	NA	NA	0%

Refusal rates were highest for small, small mid-sized and very large companies.

Has your financial institution agreed to increase your operating line of credit?	National	1-10	11-99	100-250	250-500	500+
Yes	52%	60%	50%	56%	100%	25%
No	39%	20%	42%	44%	0%	50%
I don't know yet	10%	20%	8%	0%	0%	25%

Refusal rates were highest in plastics and automotive, followed by fabricated metals and other products sectors. Plastics and fabricated metals were also part of this group last month. (NA denotes provinces where all respondents did not answer the question.)

Has your financial institution agreed to increase your operating line of credit?	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metals
Yes	50%	100%	50%	100%	67%
No	42%	0%	50%	0%	33%
I don't know yet	8%	0%	0%	0%	0%

Has your financial institution agreed to increase your operating line of credit?	Machinery	Electrical Equipment	Automotive	Other Products
Yes	60%	NA	25%	67%
No	20%	NA	50%	33%
I don't know yet	20%	NA	25%	0%

The companies whose requests were refused report a variety of reasons given by their financial institutions. The most common reasons their banks gave were: the company's overall debt level is too high and that the industry sector in question is too risky.

Reasons why operating line of credit cannot be increased:	National
Company's overall debt level is too high	33%
Assets given as security do not meet the bank's requirements	0%
Business is growing too quickly right now	0%
Operations are seasonal	0%
Bank thinks the industry or sector my company is in is too risky	59%
Withdrew application, bank fees were too high	0%
General lack of liquidity in the financial markets	8%
Not sure	0%
Other	0%

“Buy America” Provisions

Nationally, 42 per cent of companies say they are being affected by the “Buy America” provisions, with most of those being located in Ontario. (NA denotes provinces where all respondents did not answer the question.)

	Nat'l	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Yes	42%	0%	NA	NA	0%	50%	0%	NA	NA	NA	0%
No	58%	100%	NA	NA	100%	50%	100%	NA	NA	NA	100%

Respondents who felt they are being affected are in the small to mid-sized range.

	Nat'l	1-10	11-99	100-250	250-500	500+
Yes	42%	0%	40%	75%	NA	0%
No	58%	100%	60%	25%	NA	100%

Respondents who felt they are being affected are in the fabricated metals, machinery, automotive and other products sectors. (NA denotes provinces where all respondents did not answer the question.)

	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metals
Yes	36%	NA	0%	NA	100%
No	64%	NA	100%	NA	0%

	Machinery	Electrical Equipment	Automotive	Other Products
Yes	100%	NA	100%	100%
No	0%	NA	0%	0%

Business Continuity Planning

Nationally, 55 per cent of companies reported they have a business continuity plan, with most of those being located in British Columbia and Quebec. (NA denotes provinces where all respondents did not answer the question.)

	Nat'l	BC	AB	SK	MB	ON	QC	NB	NS	PE	NL
Yes	55%	100%	NA	NA	NA	50%	100%	NA	NA	NA	0%
No	46%	0%	NA	NA	NA	50%	0%	NA	NA	NA	100%

Many respondents who have a business continuity plan are in the mid-sized range. All surveyed companies with more than 500 employees have plans in place. (NA denotes provinces where all respondents did not answer the question.)

	Nat'l	1-10	11-99	100-250	250-500	500+
Yes	55%	0%	40%	75%	NA	100%
No	46%	100%	60%	25%	NA	0%

Respondents who have a business continuity plan are in the fabricated metals, machinery, automotive and other products sectors.

	MFG	Paper Products	Plastic Products	Primary Metals	Fabricated Metals
Yes	50%	NA	0%	NA	50%
No	50%	NA	100%	NA	50%

	Machinery	Electrical Equipment	Automotive	Other Products
Yes	100%	NA	50%	100%
No	0%	NA	50%	0%