

AmCham Canada – Nanos
U.S. Business
Confidence Survey

Presented by:
 PNC BANK



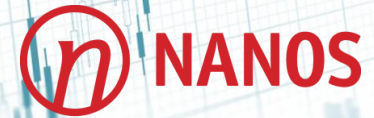
US businesses are optimistic for future sales despite increased fear of weakening Canadian economy and new US tax changes

Semi-annual report on confidence of U.S.-owned businesses in Canada – Wave 2
Project 2018-1130



AmCham Canada – Nanos U.S. Business Confidence Survey

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About the AmCham Canada-Nanos Research Business Confidence Index

The AmCham Canada-Nanos Research business confidence index is a semi-annual measure of the confidence of U.S.- owned businesses operating in Canada, seeking to assess future trends in employment, perceptions of the economic climate and business environment for U.S. owned businesses in Canada, and the commercial relationship between Canada and the U.S.

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

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Overall, US businesses in Canada have a positive outlook in regards to their company's performance in Canada, believing that their business investment in Canada is positive, that their increases in sales will continue, and that the Canadian economy is moving in the right direction. Participating US businesses believe that the new US tax change will have a somewhat negative or negative impact on their investments in Canada. They are split on confidence in NAFTA compared to six months ago. The number of participating US businesses that believe that the Canadian economy will become weaker in the next six months has more than doubled from 2017 (14%) to 2018 (30%).

- **Participating US businesses most often say they expect the number of employees at their firm to remain the same over the next six months** - Asked if they expect the number of people their firm employees to increase, remain the same or decrease in the next six months, 46 per cent of participating US businesses said they expect it will remain the same, while 41 per cent expect it to increase. Nine per cent expect it to decrease. These findings are consistent with the previous wave of research.
- **Participating US businesses most often describe Canada's current business investment environment as positive** – Just under half of participating US businesses (45%) describe today's environment for their business to invest in Canada as positive, dropping from 54% in 2017. 30 per cent describe it as neutral. Almost a quarter (23%) describe it as negative, up from 14 in the 2017 wave. Seven per cent are unsure.
- **Participating US businesses believe the Canadian economy will not change in the next six months** – Nearly half of participating US businesses (48%) think the Canadian economy will not change in the next six months, Almost a third (30%) thinks it will become weaker over the next six months, more than doubling since 2017 (14%). 14 per cent think it will get stronger, falling from 49% in 2017. Seven per cent are unsure.
- **Over half participating US businesses report that sales in Canada for their organization have increased in the past six months** – Just over half of US businesses (55%) report that sales in Canada for their organization have increased in the past six months, while 36 per cent report they have stayed the same, less than four per cent say they have decreased. Five per cent are unsure. There are no significant changes from the 2017 wave of research.



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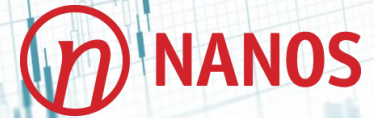
- **Over half of participating US businesses expect sales in Canada for their organization to increase the next six months -** Asked if they expect sales in Canada for their organization to increase, remain the same or decrease in the next six months, 52 per cent of participating US businesses said they expect they will increase. Thirty-nine per cent say they expect sales will stay the same, while seven per cent expect sales in Canada will decrease and two per cent are unsure. These findings are consistent with the previous wave of research.
- **Over half of participating US businesses think the Canadian economy is moving in the right direction -** Asked if they think the Canadian economy is moving in the right or wrong direction, 54 per cent of participating US businesses say it's moving in the right direction, up from 46% in the 2017. 36 per cent say the wrong direction, increasing from 25 per cent in 2017. Eleven per cent are unsure.
- **Participating US businesses most often say the US tax changes will have a negative or somewhat negative impact on their firms investments in Canada—** Asked what the impact of the recent US tax changes will have on their firms investments in Canada, 43% say it would have a somewhat negative (25%) or negative (18%) impact. Only one out of eight US businesses say the tax changes would have a positive (five per cent) or somewhat positive (seven per cent) impact. Thirty-four percent of participating businesses say the tax changes would have no impact, Eleven per cent are unsure.
- **US businesses most often say they are as confident in the North American Free Trade Agreement as six months ago –** Thirty-nine per cent of participating US businesses are as confident in NAFTA as they were six months ago, while 25 per cent are more confident, and 29 per cent are less confident in NAFTA than they were six months ago. Seven per cent are unsure.

The findings presented in this report are based on the compiled views of 56 US businesses operating in Canada, collected in an online survey between February 21st and May 25th, 2017. Readers should note that the research is representative of the participants and should not be projected to any population, elite or general. The 56 participating business have an estimated \$1.24T US in global and reported revenue.

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

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At a glance

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

Sales in Canada	Increased	Remained the same	Decreased
2018	55.4%	35.7%	3.6%
2017	59.3%	28.8%	10.2%

Describing today's business environment as...

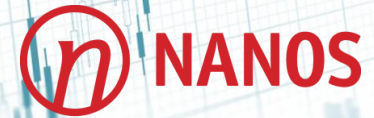
Environment for business to invest in Canada	Positive	Neutral	Negative
2018	44.6%	30.4%	23.2%
2017	54.2%	27.1%	13.6%

Expectations for the next six months...

Will the number of people the firm employs...	Increase	Remain the same	Decrease
2018	41.1%	46.4%	8.9%
2017	40.7%	49.2%	8.5%
Will sales in Canada...	Increase	Remain the same	Decrease
2018	51.8%	39.3%	7.1%
2017	54.2%	33.9%	10.2%
Will the Canadian economy be...	Stronger	No change	Weaker
2018	14.3%	48.2%	30.4%
2017	49.2%	23.7%	13.6%

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At a glance

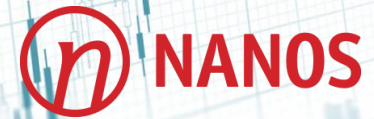
Direction of the Canadian economy	Right direction	Wrong direction
2018	53.6%	35.7%
2017	45.8%	25.4%

	Positive	Somewhat positive	Somewhat negative	Negative	No impact
Impact of U.S. tax changes on firms investment	5.4%	7.1%	25.0%	17.9%	33.9

	More confident	Less confident	As confident
Confidence in North American Free Trade Agreement	25.0%	28.6%	39.3%

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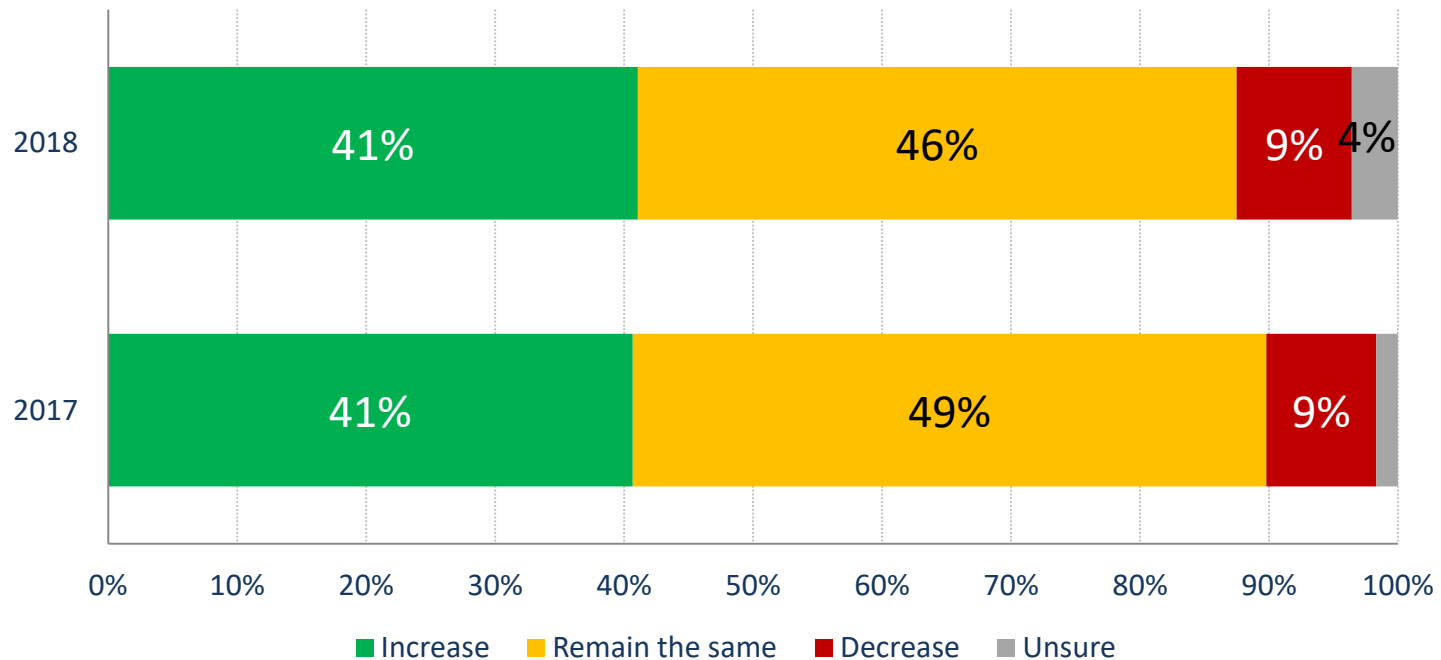
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Expected change in number of employees

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21st and May 25th 2018. No margin of error applies to this research.

Source: AmCham/Nanos Research, online panel survey of 59 major US businesses in Canada between March 15th and July 19th 2017. No margin of error applies to this research.

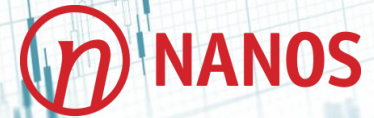


***Note:** Charts may not add up to 100 due to rounding

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

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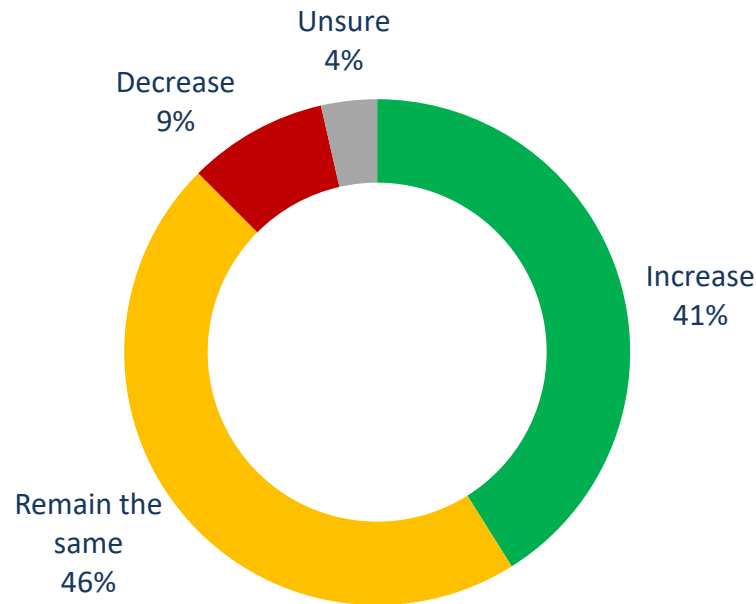
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Expected change in number of employees

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21st and May 25th 2018. No margin of error applies to this research.

Net Score
+32.2



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

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

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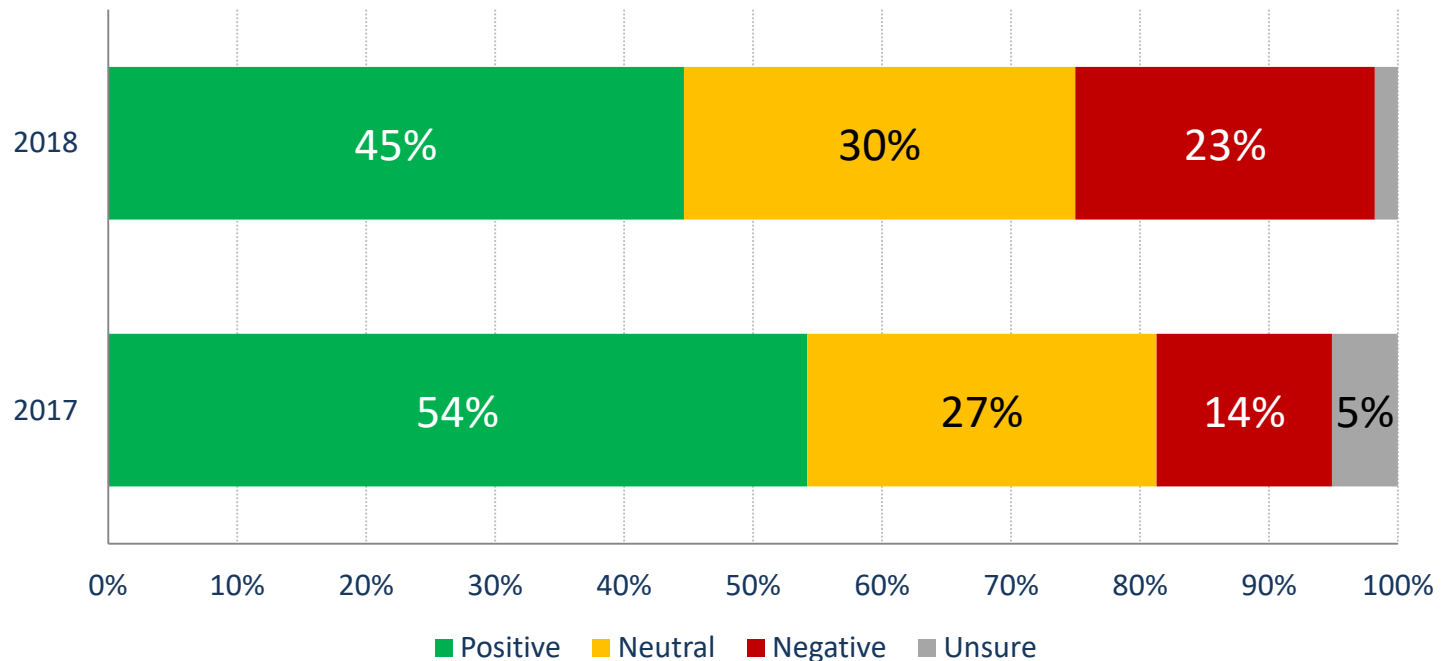
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Today's investment environment in Canada

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21st and May 25th 2018. No margin of error applies to this research.

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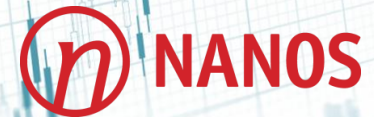


***Note:** Charts may not add up to 100 due to rounding

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

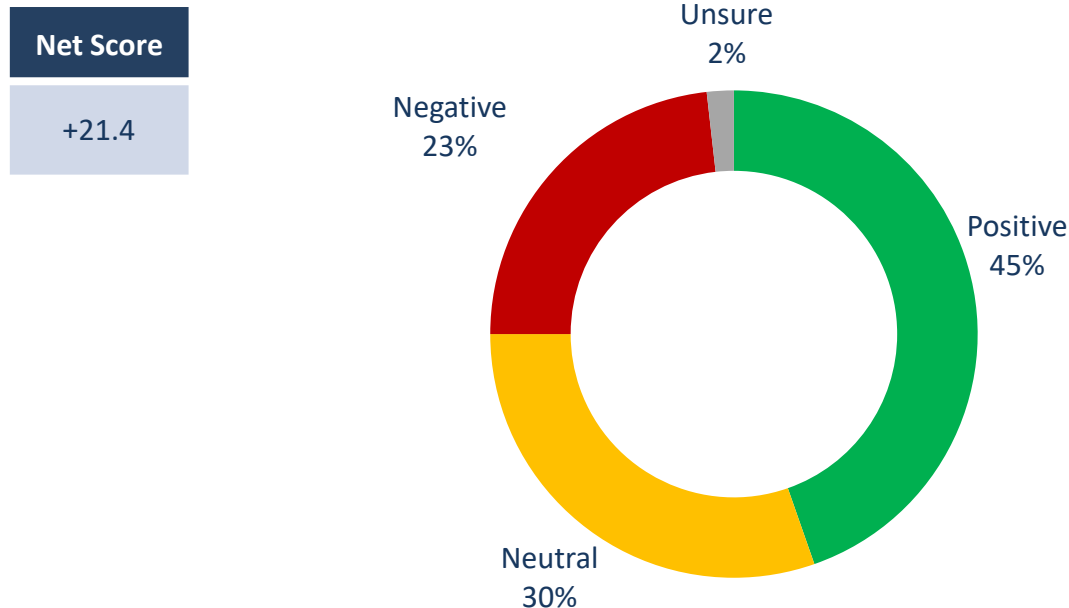
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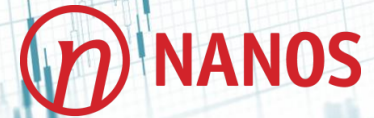


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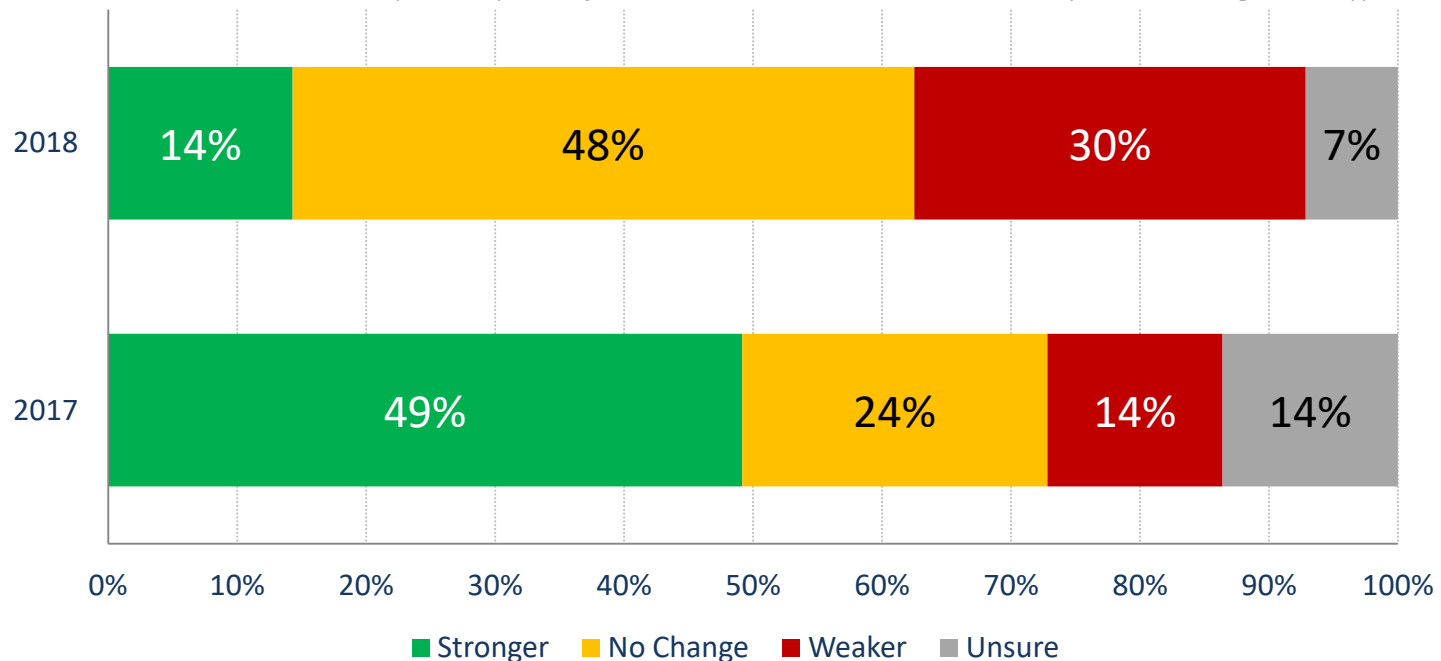
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Expected change in Canadian economy

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21st and May 25th 2018. No margin of error applies to this research.

Source: AmCham/Nanos Research, online panel survey of 59 major US businesses in Canada between March 15th and July 19th 2017. No margin of error applies to this research.

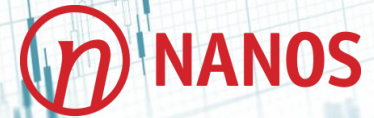


***Note:** Charts may not add up to 100 due to rounding

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

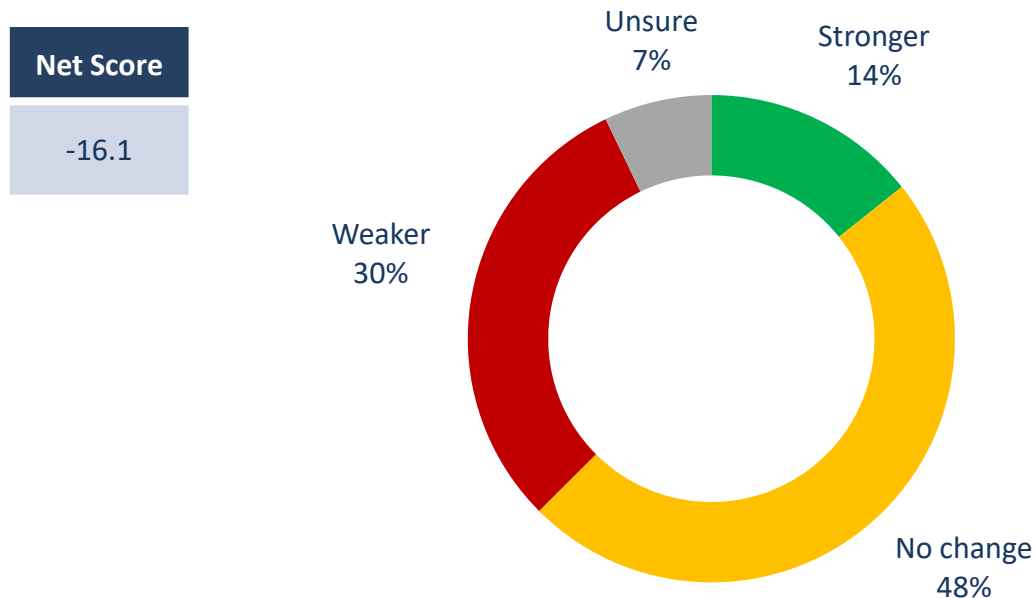
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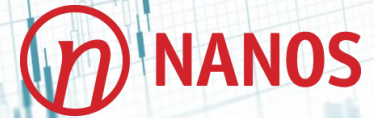


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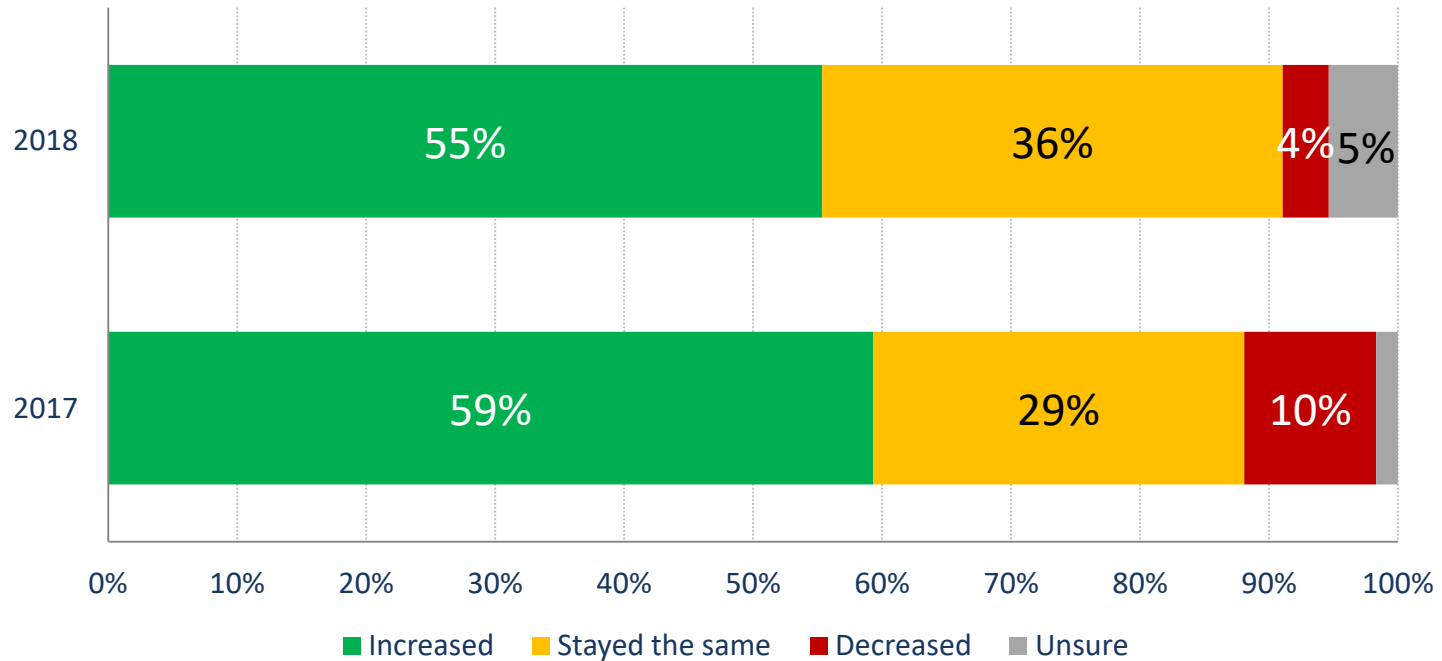
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Change in sales in past six months

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21st and May 25th 2018. No margin of error applies to this research.

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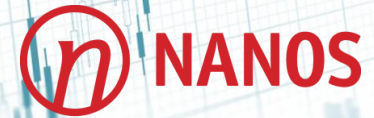


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QUESTION – In the past six months, have the sales in Canada for your organization increased, stayed the same or decreased?

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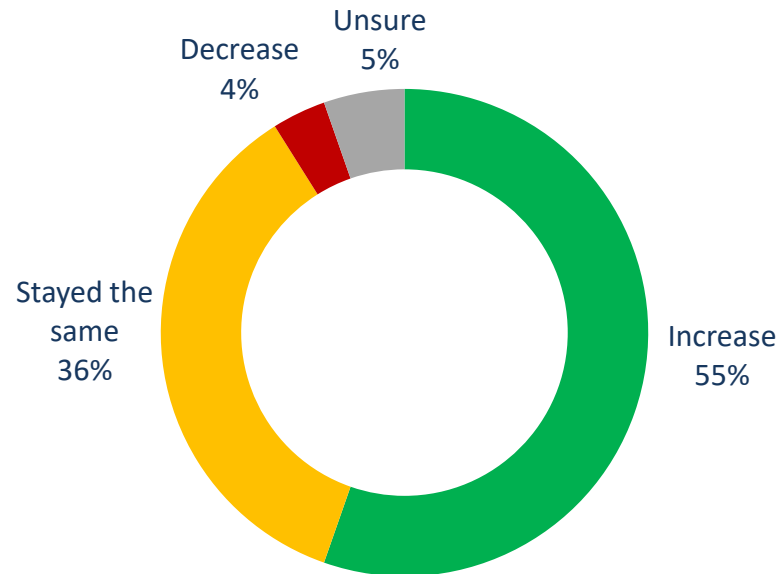


Change in sales in past six months

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21st and May 25th 2018. No margin of error applies to this research.

Net Score

+51.8

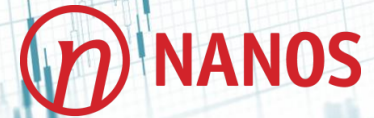


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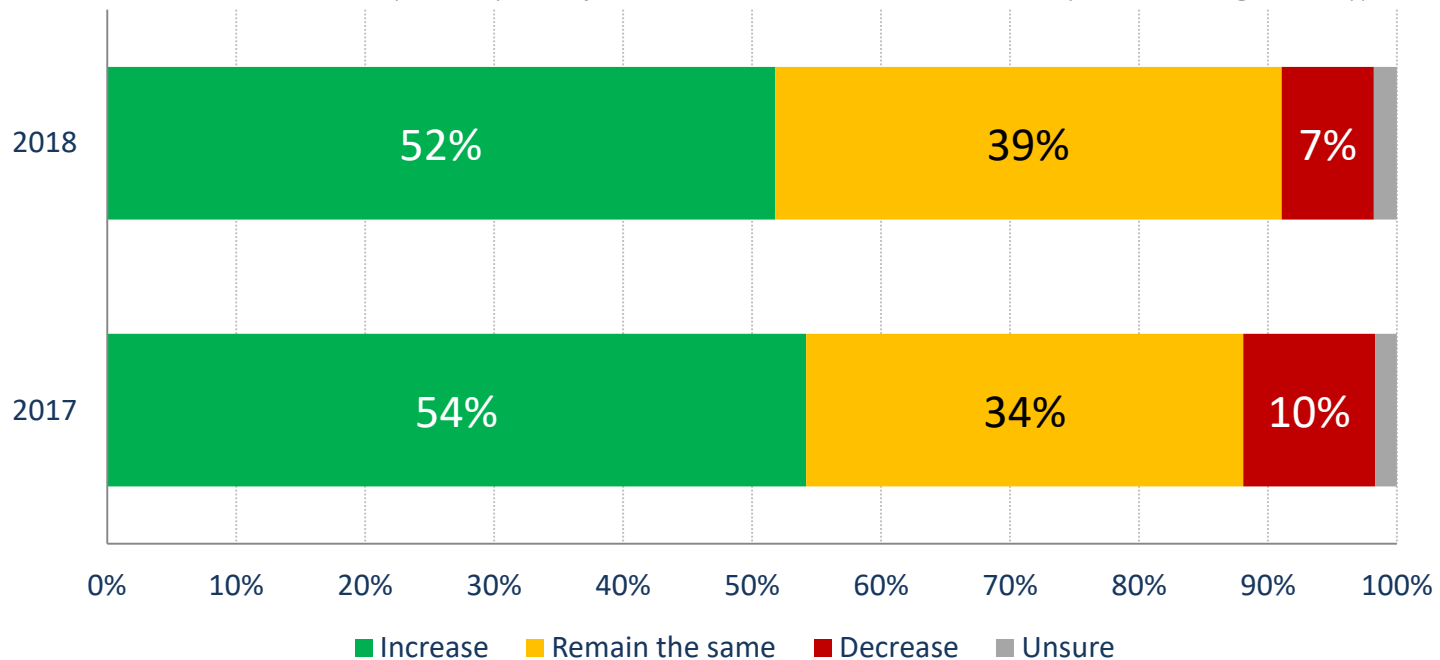
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Expected change in sales in next six months

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21st and May 25th 2018. No margin of error applies to this research.

Source: AmCham/Nanos Research, online panel survey of 59 major US businesses in Canada between March 15th and July 19th 2017. No margin of error applies to this research.



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

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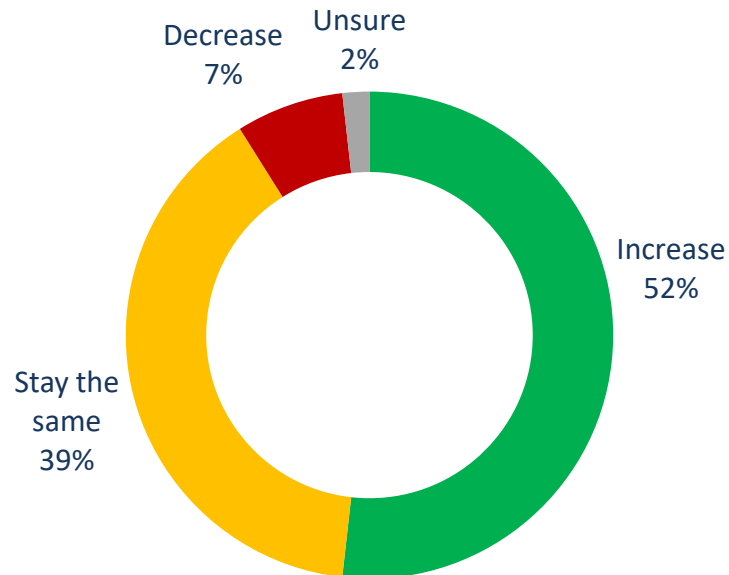


Expected change in sales in next six months

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21th and May 25th 2018. No margin of error applies to this research.

Net Score

+44.7

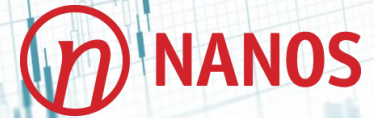


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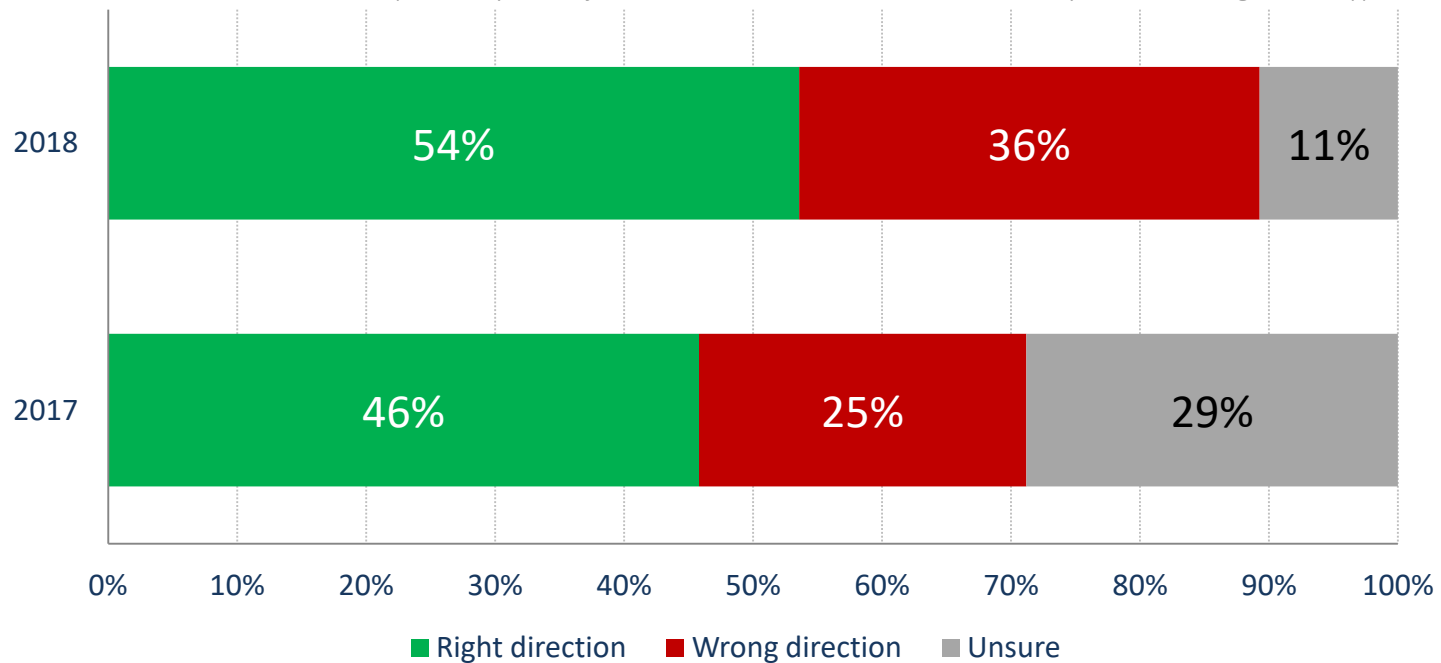
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Direction of the Canadian economy

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21th and May 25th 2018. No margin of error applies to this research.

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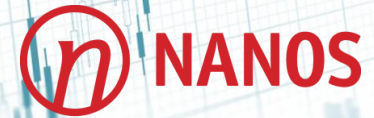


***Note:** Charts may not add up to 100 due to rounding

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

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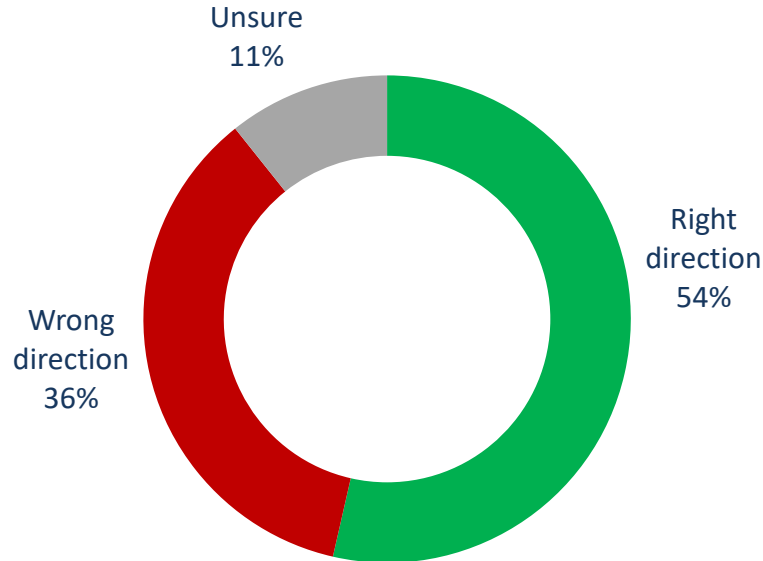


Direction of the Canadian economy

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21st and May 25th 2018. No margin of error applies to this research.

Net Score

+17.9

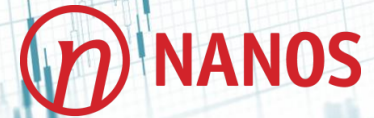


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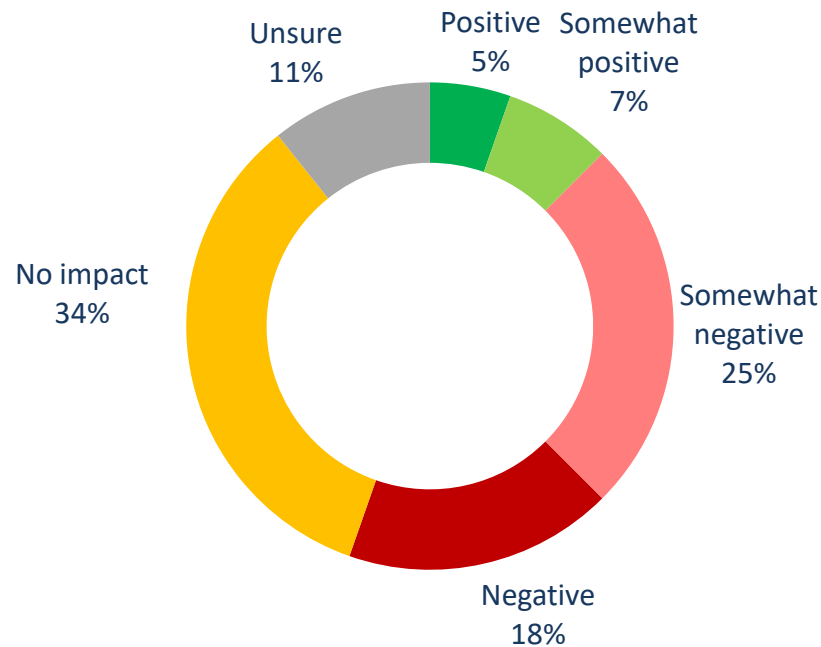


Expected impact of U.S. tax changes

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21st and May 25th 2018. No margin of error applies to this research.

Net Score

-30.4

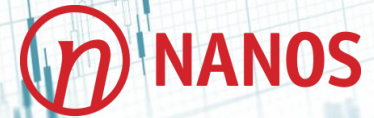


***Note:** Charts may not add up to 100 due to rounding

QUESTION – Will the recent U.S. tax changes have a positive, a somewhat positive, a somewhat negative, negative or no impact on your firms investment in Canada?

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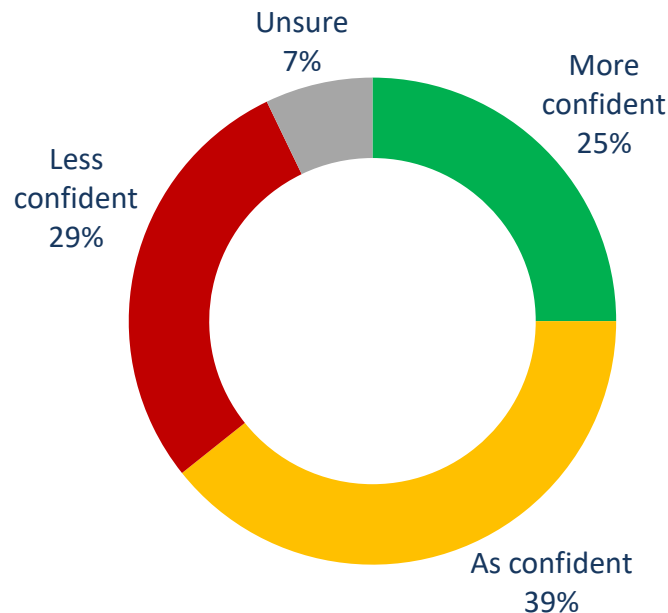


Confidence in NAFTA

Source: AmCham/Nanos Research, online panel survey of 56 major US businesses in Canada between February 21st and May 25th 2018. No margin of error applies to this research.

Net Score

-3.6



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

QUESTION – Compared to six months ago, are you more confident, less confident or as confident that Canada, the US and Mexico will have a North American Free Trade Agreement?



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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 56 US businesses operating in Canada, collected in an online survey between February 21st and May 25th, 2018. Readers should note that the research is representative of the participants and should not be projected to any population, elite or general.

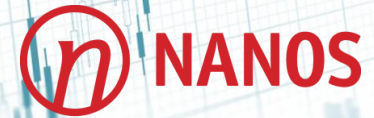
The list of potential panel participants was provided by the AmCham Canada to Nanos. The identity and opinions of individual panelists remained confidential and managed by Nanos in accordance with the standards of the Marketing Research and Intelligence Association and ESOMAR.

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

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Respondent Revenue Profile

The 56 participating US companies that shared their views have a combined total global and reported revenue of \$1.24T US. To follow is the distribution of size of respondent company by estimated global revenue.

Estimated Global Revenue USD	N	P
Greater than \$10B	22	39.3%
\$1B to \$10B	13	23.2%
\$100M to \$1B	4	7.1%
\$10M to \$100M	3	5.4%
Less than \$10M	2	3.6%
	44	78.6%
Not reported	12	21.4%
Total	56	100%

Technical Note

Element	Description	Element	Description
Organization who commissioned the research	AmCham Canada/Nanos Research, sponsored by PNC Bank.	Weighting of Data	This data was not weighted.
Final Sample Size	56 US businesses operating in Canada.	Screening	Not applicable.
Margin of Error	No margin of error applies to this research.	Excluded Demographics	Non-U.S. businesses.
Mode of Survey	Online panel survey.	Stratification	This data was not stratified.
Sampling Method Base	List provided by AmCham Canada.	Estimated Response Rate	Not applicable as this was an open link survey.
Demographics (Captured)	US businesses operating in Canada.	Question Order	Question order in the preceding report reflects the order in which they appeared in the original questionnaire.
Fieldwork/Validation	Online panel survey.	Question Content	All questions asked are contained in the report.
Number of Calls	Participants were not called.	Question Wording	The questions in the preceding report are written exactly as they were asked to individuals.
Time of Calls	Participants were not called.	Survey Company	Nanos Research
Field Dates	February 21 st and May 25 th , 2018.	Contact	Contact Nanos Research for more information or with any concerns or questions. http://www.nanos.co Telephone: (613) 234-4666 ext. Email: info@nanosresearch.com.
Language of Survey	The survey was conducted in English.		
Standards	This report meets the standards set forth by the MRIA which can be found here: https://mria-arim.ca/polling		

About PNC Bank



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.

About AmCham



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.

About Nanos



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



2018-1130 – AmCham – Business Confidence Survey – STAT SHEET

		Frequency	Percent	Valid Percent	Cumulative Percent
Question 1 - Over the next six months, do you expect the number of people your firm employs will increase, remain the same, or decrease?	Increase	23	41.1	41.1	41.1
	Remain the same	26	46.4	46.4	87.5
	Decrease	5	8.9	8.9	96.4
	Unsure	2	3.6	3.6	100.0
	Total	56	100.0	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Question 2 - Would you describe today's environment for your business to invest in Canada as positive, neutral or negative?	Positive	25	44.6	44.6	44.6
	Neutral	17	30.4	30.4	75.0
	Negative	13	23.2	23.2	98.2
	Unsure	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Question 3 - In the next six months, do you think the Canadian economy will become stronger, weaker, or will there be no change?	Stronger	8	14.3	14.3	14.3
	Weaker	17	30.4	30.4	44.6
	There will be no change	27	48.2	48.2	92.9
	Unsure	4	7.1	7.1	100.0
	Total	56	100.0	100.0	

Nanos conducted an online panel survey of 56 US businesses operating in Canada, between February 21st and May 25th, 2018. The list of potential panel participants was provided by the AmCham Canada to Nanos. No margin of error applies for this research

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2018-1130 – AmCham – Business Confidence Survey – STAT SHEET

		Frequency	Percent	Valid Percent	Cumulative Percent
Question 4 - In the past six months, have the sales in Canada for your organization increased, stayed the same or decreased?	Increased	31	55.4	55.4	55.4
	Stayed the same	20	35.7	35.7	91.1
	Decreased	2	3.6	3.6	94.6
	Unsure	3	5.4	5.4	100.0
	Total	56	100.0	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Question 5 - In the next six months, do you expect sales in Canada for your organization to increase stay the same or decrease?	Increase	29	51.8	51.8	51.8
	Stay the same	22	39.3	39.3	91.1
	Decrease	4	7.1	7.1	98.2
	Unsure	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Question 6 - Thinking of the future of the Canadian economy, do you think it is moving in the right direction or the wrong direction?	Right direction	30	53.6	53.6	53.6
	Wrong direction	20	35.7	35.7	89.3
	Unsure	6	10.7	10.7	100.0
	Total	56	100.0	100.0	



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		Frequency	Percent	Valid Percent	Cumulative Percent
Question 7 - Will the recent U.S. tax changes have a positive, a somewhat positive, a somewhat negative, negative or no impact on your firm's investments in Canada?	Positive	3	5.4	5.4	5.4
	Somewhat positive	4	7.1	7.1	12.5
	Somewhat negative	14	25.0	25.0	37.5
	Negative	10	17.9	17.9	55.4
	No impact	19	33.9	33.9	89.3
	Unsure	6	10.7	10.7	100.0
	Total	56	100.0	100.0	

		Frequency	Percent	Valid Percent	Cumulative Percent
Question 8 - Compared to six months ago, are you more confident, less confident or as confident that Canada, the US and Mexico will have a North American Free Trade Agreement?	More confident	14	25.0	25.0	25.0
	Less confident	16	28.6	28.6	53.6
	As confident	22	39.3	39.3	92.9
	Unsure	4	7.1	7.1	100.0
	Total	56	100.0	100.0	
