

C-Suite Survey - Executive Summary

March 26, 2015 – This 38th edition of the C-Suite Quarterly survey, conducted on behalf of KPMG; published and broadcast by the *Globe and Mail's Report on Business* and *BNN*, was conducted by telephone with 152 C-level executives from ROB 1000 companies between February 23rd and March 16th, 2015. This quarter's survey dealt with: the impact of changing oil prices, the Canadian dollar, interest rate reductions, the economy and federal budget policy options.

The Impact of Falling Oil Prices

- ❑ The outlook for the economy has weakened significantly. This is the most pessimistic forecast for the Canadian economy from the C-suite since 2009.
 - ❑ 39% of executives expect the Canadian economy to decline over the next 12 months.
- ❑ Forecasts for the Ontario economy are not as bleak as the forecast for Western Canada.
 - ❑ Most executives in the West expect moderate or steep decline for the economy in their province - 24% expect a steep decline.
 - ❑ While most in Ontario expect the economy to grow, almost none expect strong growth in the province.
- ❑ The outlook for the US economy continues to outpace the forecast for Canada.
- ❑ The most common concern among businesses are low oil or commodities prices. However many in the C-Suite are focused on the challenge of access to finance, raising equity or funding.
- ❑ Those impacted by lower prices for oil are mainly cutting capital expenditures or trimming expenses but many have cut staff or reduced payroll.
 - ❑ 41% of companies have taken measures in light of lower oil prices
 - ❑ 16% have either laid off staff, closed some operations, reduced work weeks, or frozen or reduced pay and benefits.
- ❑ 67% said lower oil prices in 2015 will have a negative impact on the economy overall.
- ❑ Some companies will benefit however: 32% of the C-suite expects to benefit from low oil prices and 35% said they don't expect to be impacted.

A Lower Canadian Dollar

- ❑ Most of the C-Suite thinks a lower value for the dollar in 2015 would be good for the economy.
 - ❑ 15% said the impact would be very positive, 61% said it would be somewhat positive

- ❑ Most said the ideal valuation for the dollar as far as their companies were concerned would be less than 90 cents US.

Key Findings on Fiscal and Monetary Policy

- ❑ Following the Bank of Canada's rate cut of earlier this year, the C-Suite is almost evenly divided on the wisdom of another one this year:
 - ❑ 51% would favour an additional rate cut by the Bank of Canada this Spring
 - ❑ 44% oppose another cut in the central bank's prime lending rate
- ❑ A similar proportion – 52% – would support a deliberate low dollar policy if the Bank of Canada pursued it.
- ❑ The C-Suite thinks balancing the federal budget should be a top priority – most saying it should be a high priority.
- ❑ But they are still looking to government for some investments, notably infrastructure spending and investments in skills. Compared to our 2014 pre-Budget Survey fewer now are interested in corporate tax cuts and fewer would prioritize paying down debt.

More detailed information and a presentation of this quarter's findings is available in PowerPoint from Gandalfgroup.ca.