



EQUIFAX[®]

Report

Financial Stress Continues to Rise for Businesses Across Key Industries

Q2 2024 | Equifax[®] Canada Market Pulse
Quarterly Business Credit Trends

September 2024



Equifax Canada's Q2 Business Credit Trends Report reveals an uptick in businesses missing credit payments. According to the data, over 56,000 businesses missed at least one financial trade in Q2 2024, up 10.2 per cent from the same time period in 2023.



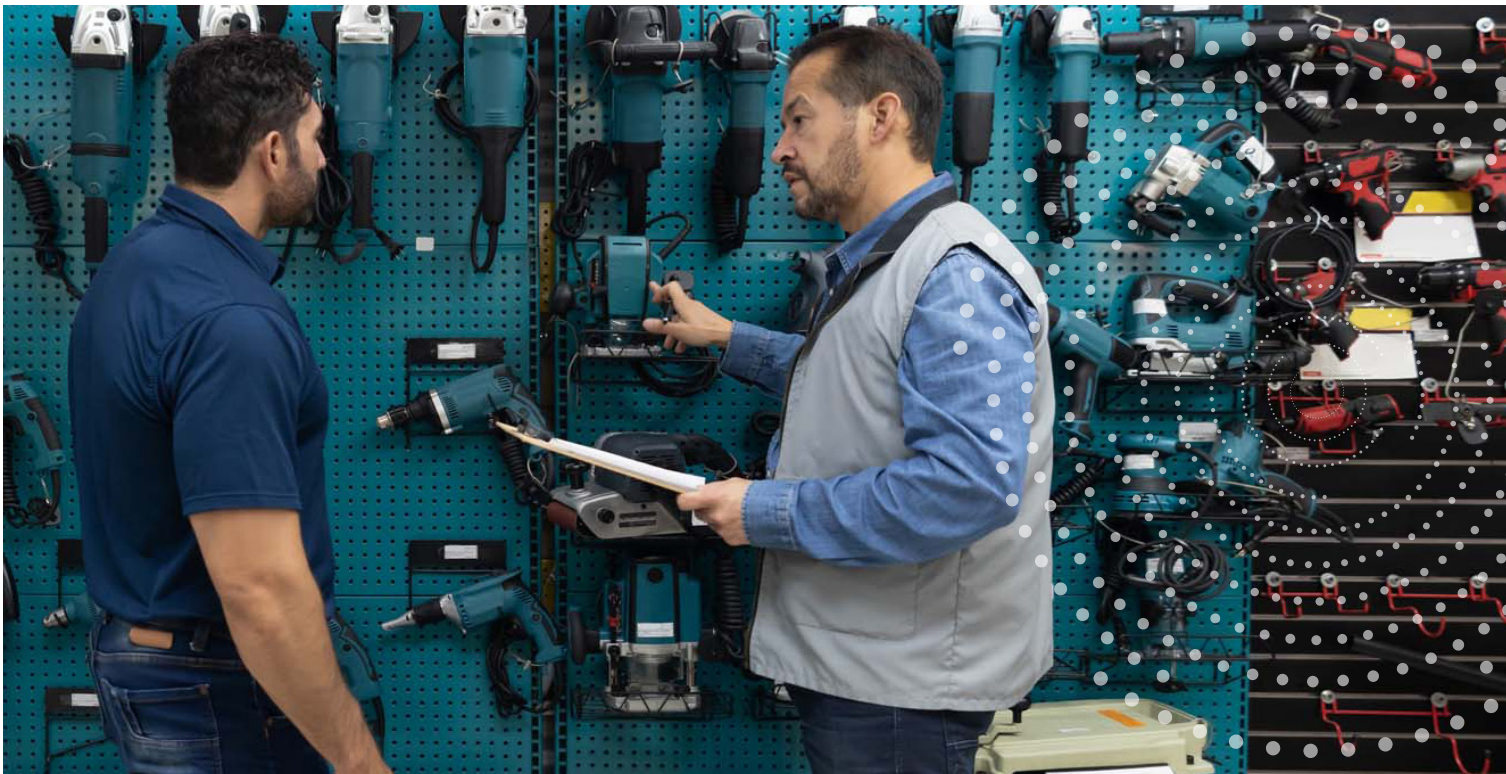
At a trade level, the 60+ day (volume) financial trade delinquency rate went up from 2.8 per cent to 3.1 per cent in the last 12 months, driven largely by installment loans. Businesses that rushed to take installment loans to pay off their CEBA loans before the deadline, coupled with elevated interest rates, may be contributing to this rise in loan arrears. The delinquency rate for industrial trades saw a similar rise from 5.1 per cent in Q2 2023 to 5.7 per cent in Q2 2024. Data also indicates that businesses that opened in the last 24 months are starting to miss more payments, though still at lower levels than the national average.

Financial Stress Continues for Businesses

The construction and retail industries are undergoing financial stress. For construction, the 60+ day financial trade delinquencies increased from 2.9 per cent in Q2 2023 to 3.3 per cent in Q2 2024, while the delinquency rate on asset-based loans more than doubled from last year.

The retail sector is experiencing a rise in payment arrears especially in financial trade delinquencies, where the 60+ day delinquency rate has risen from 3.7 per cent in Q2 2023 to 4.2 per cent in Q2 2024. The slowdown in consumer credit card spending and increased missed credit payments may have a direct impact on retail businesses as we enter the holiday season. Meanwhile, businesses in the retail sector are pushing holiday promotions even earlier in the year, potentially reflecting a growing reliance on the holiday season to boost revenues. However, the retail sector could continue to face high delinquency rates as inflation and unemployment impact household budgets.

While missed payments across businesses have increased, insolvencies are starting to slow down. Over 1500 businesses filed for bankruptcy in Q2 2024, which is 23.1 per cent lower than last quarter, but up 41.4 per cent from Q2 2023. Despite a slight decrease in the number of insolvencies, many sectors are grappling with higher delinquency rates, reflecting the prolonged impact of economic uncertainty, high interest rates, and external factors such as natural disasters.



The Wildfire Effect — Natural Disasters add to Financial Pressures

Delinquencies on asset-based loans are at some of the highest rates seen in the recent wildfires in Western Canada, particularly in Alberta and British Columbia, could further exacerbate challenges for small businesses. In these provinces, delinquency rates are higher than the national average, and businesses could struggle to recover from the combined impact of natural disasters and ongoing economic pressures. However, in Alberta the high interprovincial migration of people to Alberta in the last 12 months could create more demand and offset some of these challenges in the short term.

“As we analyze the current landscape, while business insolvencies are stabilizing, delinquency rates continue to rise across the board. Sectors like retail and construction could be feeling the pressure as consumer spending weakens and uncertainty remains high for many Canadian businesses,” says **Jeff Brown, Head of Commercial Solutions for Equifax Canada**. “The economic impact of natural disasters, inflation, and fluctuating interest rates have created a challenging environment for businesses to navigate.”



“Sectors like retail and construction could be feeling the pressure as consumer spending weakens and uncertainty remains high for many Canadian businesses.”

Jeff Brown

Head of Commercial Solutions,
Equifax Canada

Interest Rates

The gradual lowering of interest rates may provide the economic boost many businesses have been hoping for. While interest rates have been lowered in response to the lull in economic activity, the conservative pace of these reductions may have left businesses and consumers hesitant to make significant investments.

“As we head into the holiday season, businesses are preparing for one of the most crucial periods of the year, but many are entering it from a weakened position,” added Brown. “There is still a lot of uncertainty in the market, and businesses are being very prudent with their financial planning.”



[Sign up](#) to get the latest quarterly consumer trends and economic insights.

Contact your Equifax Account Representative to learn more



1.855.233.9226



solutions.ca@equifax.com



consumer.equifax.ca/business/contact-us/

Let's stay connected



About Equifax

At Equifax (NYSE: EFX), we believe knowledge drives progress. As a global data, analytics, and technology company, we play an essential role in the global economy by helping financial institutions, companies, employers, and government agencies make critical decisions with greater confidence. Our unique blend of differentiated data, analytics, and cloud technology drives insights to power decisions to move people forward. Headquartered in Atlanta and supported by nearly 15,000 employees worldwide, Equifax operates or has investments in 24 countries in North America, Central and South America, Europe, and the Asia Pacific region. For more information, visit [Equifax.ca](https://www.equifax.ca).

© Equifax Canada Co., 2024. All rights reserved. Equifax and the Equifax marks used herein are trademarks of Equifax Inc. Other product and company names mentioned herein are the property of their respective owners.

This report is for informational purposes only and is not legal advice and should not be used, or interpreted, as legal advice. The information is provided as is without any representation, warranty or guarantee of any kind, whether express or implied. Equifax Canada will not under any circumstances be liable to you or to any other person for any loss or damage arising from, connected with, or relating to the use of this information by you or any other person. Users of this information should consult with their own lawyer for legal advice.