

Canada's Small and Medium-Sized Enterprises (SMEs) can benefit from diversifying sales into faster-growing emerging markets – BMO Economics

- Elevated commodity prices and solid demand from developing economies will help small and medium-sized businesses in Canada's Western Provinces outperform their regional counterparts.
- SMEs can take advantage of the strong Canadian dollar and low interest rates to invest in productivity-enhancing equipment and technology.
- In a prolonged economic recovery, it is critical to control costs, eliminate waste, and tighten expense loopholes to create a sound financial footing.

TORONTO, November 10, 2011 – The good news for Canada's small and medium-sized enterprises (SMEs) is that there will continue to be opportunities for growth in 2012. The challenge is that this growth will be modest, the Canadian dollar will stay strong and consumers will be cautious in taking on more debt, according to BMO Economist, Sal Guatieri, who presented an economic outlook for 2012 to small-and-medium-sized-businesses gathered today at FEI Canada's *4th Annual SME Conference 2011: Driving Growth and Expansion* at the Mississauga Convention Centre.

“Small and medium-sized businesses in the resource-producing Western Provinces should outperform their regional counterparts, benefiting from elevated commodity prices and continued solid demand from developing economies,” said Mr. Guatieri.

“As a consequence, SMEs would be well advised to take advantage of the strong dollar and low interest rates to invest in productivity-enhancing equipment and technology, and diversify sales away, toward the faster-growing emerging-market economies,” advised Mr. Guatieri.

“Manufacturing jobs are now at least at a 35-year low in Canada,” said Mr. Guatieri. “It's important for Canadian SMEs to take advantage of the commodities that are readily at their fingertips and turn them into higher-valued manufactured products that they can sell to the rest of the world.”

Mr. Guatieri also noted that elevated household debts will restrain Canadian consumer spending on big-ticket items, like houses and autos, and curb

discretionary demand. Cross-border shopping will continue to challenge Canadian retailers, keeping them focused on providing value.

“Prolonged economic recovery creates an imperative for small- and medium-sized enterprises to implement effective cost control measures, eliminate waste, and tighten loopholes in order to create a sound financial footing for future growth,” said Tara Friend, Manager, Corporate Payment Products, BMO Bank of Montreal.

Friend added that a good corporate card program can help businesses take control of their spending and improve their cash flow.

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