

## **Small Businesses Identify Top Issues: Economic Trends, Interest Rates and Cash Flow**

### **BMO Kicks-off Small Business Month by identifying top-of-mind issues and solutions for small business owners**

**TORONTO, Ontario, October 04, 2010** — BMO Bank of Montreal announced today it will be holding over 500 special events across Canada to celebrate Small Business Week from October 17th to 23rd.

“Small business week is a time to celebrate achievements and innovation; it’s an opportunity to draw attention to a vital part of the economy and our communities. It’s a time to share best practices and learn, and focus attention on major issues that impact Canadian businesses,” said Cathy Pin, Vice-President, Commercial Banking, BMO Bank of Montreal.

A recent nation-wide survey took the pulse of business owners which revealed that above all other issues, BMO’s business customers signaled their strong interest in three main areas:

- economic trends (94 per cent)
- interest rate projections (93 per cent)
- cash flow management strategies (72 per cent)

“Our customers are telling us that they are interested in critical economic trends, understanding how they can navigate through the current interest rate environment, and how they can develop strategies to better manage their cash flow. Canadian business owners have made it clear that they want to focus on their business, not on the ins and outs of banking. This is why we created BMO Business Essentials. These offers help our customers make more informed decisions, they offer clear choices, and it is really one-stop banking for all their business needs,” added Ms. Pin.

BMO Business Essentials was launched in October 2009 to provide business owners simplified banking solutions specially designed to take the complexity out of often difficult banking decisions, by offering clear and customizable choices.

#### **Background:**

#### **Economic Trends**

- “While some uncertainty and trends still pose challenges for small and medium sized enterprises, significant opportunities exist for growth through investment and innovation. This nimble sector, should also continue to be a source of job and output growth for the economy,” said Michael Gregory, Senior Economist, BMO Capital Markets.

### **Interest Rates**

- BMO Economics predicts that borrowing costs should remain relatively low, as Canadian businesses have better access to financing than their counterparts south of the border and overseas.
- A change in interest rates can affect your business both negatively and positively. I.e. money borrowed through a variable-rate loan, could end up costing you more if market interest rates rise. The interest rate charged on a fixed-interest rate loan, on the other hand, remains the same for the loan's entire term – ensuring predictable payments.

### **Cash Flow Management Strategies**

- If you are fortunate enough to find yourself with surplus business cash, make it work for you by considering short-term investments and make sure your portfolio is adequately diversified. Highly liquid investments such as money market funds, short-term GICs and Treasury Bills provide you with access to your cash while allowing you to take advantage of today's interest rate climate.

### **Small Businesses in Canada**

Small businesses are a large part of the Canadian economy. More than one million small businesses makeup the backbone of communities across Canada and these businesses account for nearly 98 percent of the total number of private enterprises in the country. Not only that, over the last decade small businesses have been responsible for the creation of more than one-third of all new private sector jobs.