

Employment Declines Negate April Increase, Trend Still Up

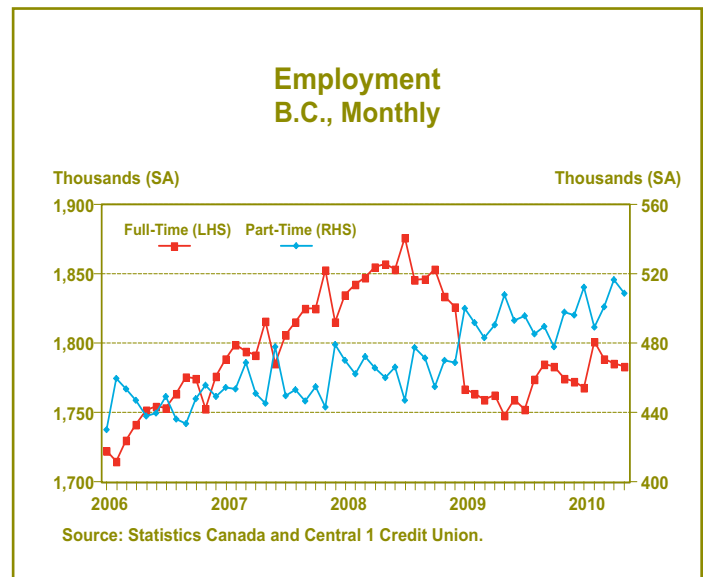
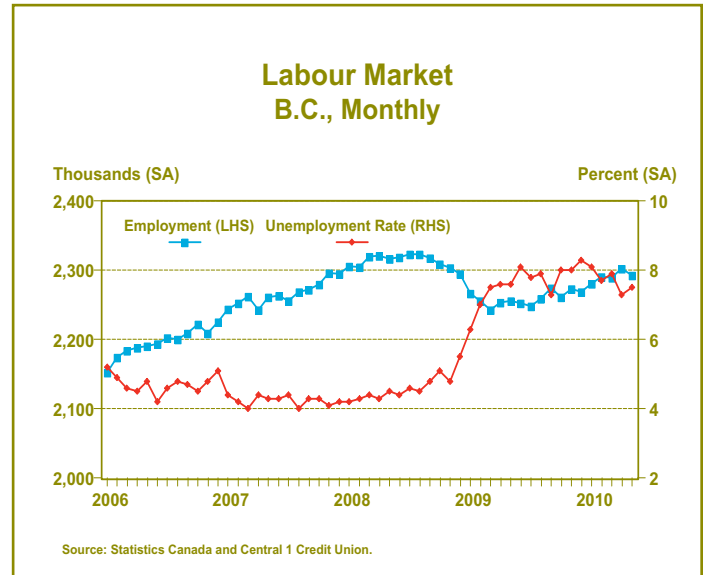
According to Statistics Canada's latest **Labour Force Survey**, an estimated 2.29 million people were employed during the week of May 9-15 on a seasonally adjusted basis, down 10,100 or 0.4% from the previous month. May's estimated decline negated most of the strong employment gains reported in April. B.C.'s unemployment rate also rose to 7.5% from 7.3% in April. However, changes from April were statistically insignificant and not too much should be read into this month's headline statistics. This reflects a small sample size relative to the provincial population.

Instead, attention should be focused on underlying labour trends. The employment uptrend in place since July 2009 remains intact, and most of the cumulative job losses recorded during the recession have been reversed. However, growth has been geared more towards part-time work during the economic recovery, as recent full-time employment remained 4% below pre-recession levels. While higher employment has put downward pressure on the jobless rate, continued population and labour force expansion has kept it elevated relative to pre-recession levels. Central 1 Credit Union expects the unemployment rate to average 7.5% in 2010.

As can be expected, month-over-month changes in the aggregate goods and services were statistically insignificant. However, a few sub-industries did stand out. Employment in professional, scientific and technical sector which contracted in April rose by 13,400 positions, or 8.3% in May. The most significant drag on employment took place in the forestry, fishing, mining, oil and gas sector, which contracted by 10.1%.

Building Permits Drop in April

The **value of building permits** issued by local governments in British Columbia, adjusted for seasonal factors, fell 23% in April to \$676 million following a sharp increase in March. Residential permit activity led the decline, falling 26% from March. Non-residential permit values fell 13%.



Permit declines were most dramatic in B.C.'s four Census Metropolitan Areas (CMAs), which together account for more than 60% of provincial permit values. Vancouver CMA fell 30% to \$347 million while Abbotsford dipped 26% to \$10.5 million. Victoria and Kelowna fell to \$53.6 million and \$35.9 million in permit values in April, reflecting declines of 18% and 38%.



The post-recession uptrend in building permit activity, which was led by the housing and renovation market, has stalled in 2010. The sharp slowdown in resale housing activity and the impact of the Harmonized Sales Tax on new home purchases could temper new home and renovation demand in the short-term.

Bryan Yu, Economist
byu@central1.com
 604 742 5346

