

B.C. business confidence steady in June

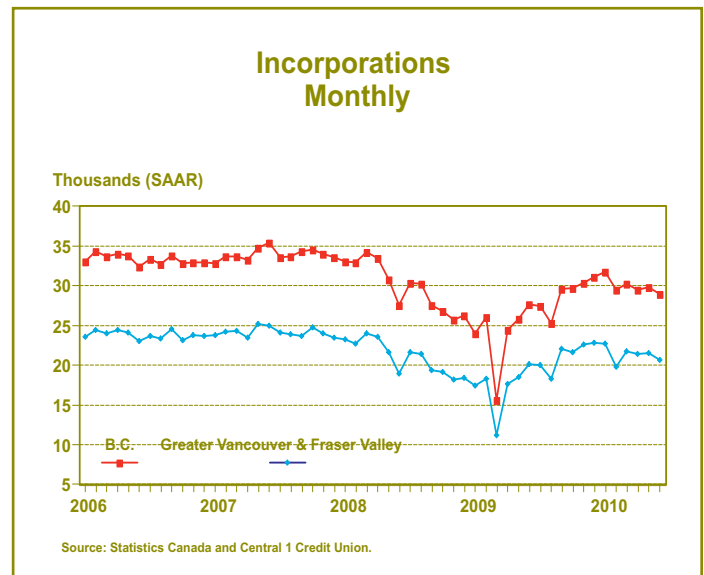
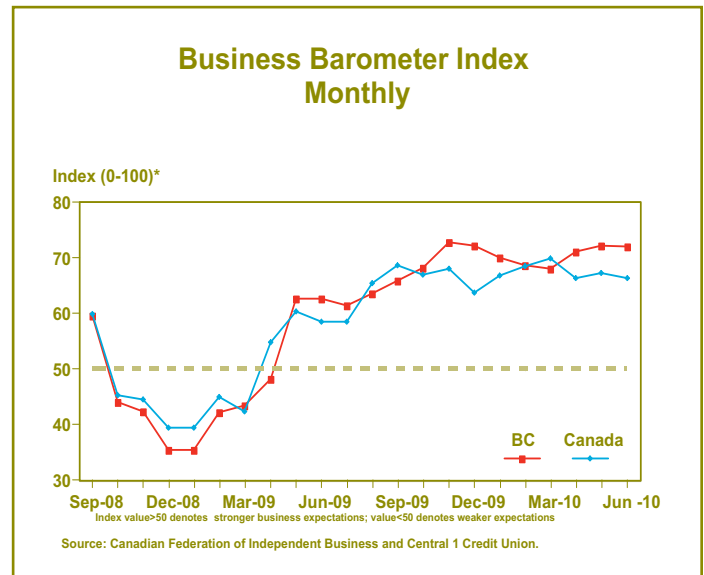
According to the Canadian Federation of Independent Business' (CFIB) monthly **Business Barometer Index**, confidence among small and medium enterprises in British Columbia remained steady in June. The CFIB's index for B.C. edged down to 72.1 points, representing a 0.2 point monthly decline from May. Nonetheless, B.C.'s index value outpaced the national reading for a third consecutive month. While index values have remained flat within a narrow band of 68 and 72.5 points since the beginning of the year, they remain well above recession lows, and only moderately lower than levels recorded from 2003 to 2007. This reflects the modest pace of economic recovery.

On balance, surveyed B.C. respondents expect business conditions to improve in the coming year. Currently, 48% of respondents state that the overall state of business is satisfactory and 33% rate it as being good. However, the majority of small and medium enterprises also expect employment levels to remain unchanged over the next three to four months, reflecting below-normal staff overtime and levels of unfilled orders.

This response is consistent with recent labour market trends. The average hours worked of employed individuals has remained below pre-recession levels in recent months, which suggests that employers will increase staff hours rather than hiring more staff to meet any increase in demand. As a result, job growth will likely remain tepid.

Incorporations dip in June but remain elevated

Based on figures from B.C. Stats, seasonally adjusted **incorporations** in British Columbia fell 2.8% from May to an annualized rate of 28,990 in



June. After dipping to a recession low of 15,700 incorporations in March last year, activity rebounded to 31,800 in January of this year and has hovered near an annualized rate of 30,000 since.

However, a slight downtrend in incorporations has been noted in recent months, which could reflect a



moderation of business confidence and ongoing uncertainties surrounding the economic growth trajectory.

Incorporation statistics provide a timely indicator of business formation and investment in B.C. While incorporation levels remains 14% below the peaks recorded from 2006 to 2007, overall activity remains elevated.

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