

## Employment remains unchanged from December

2012 began on a flat note for B.C.'s labour market as employment levels remained essentially unchanged from December. Estimated employment in January edged down by an insignificant 0.1% from December to fall to 2.29 million persons while national employment inched up 0.1%. While there was little change in total employment, part-time employment grew by 1% which partially offset a contraction in the number of full-time workers during the month.

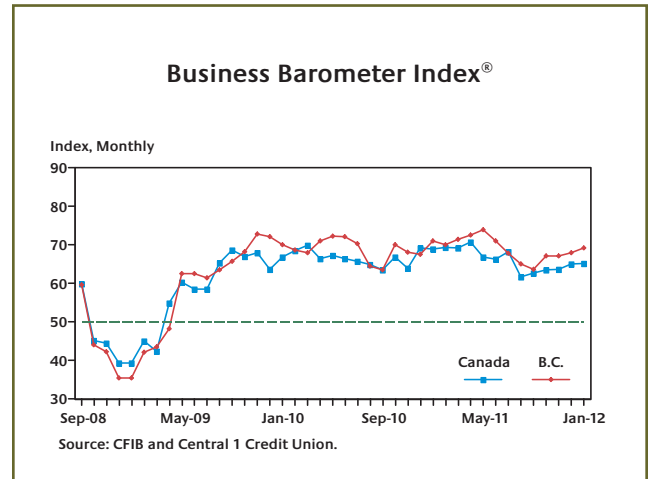
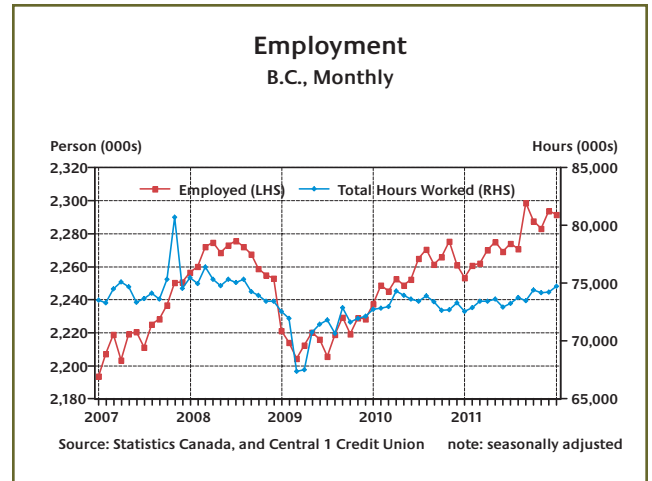
The small employment decline in January and fluctuations in recent months point to a lackluster labour market lacking upward momentum. While September's stronger uptick in employment was maintained in the following months, there has been no net growth in full-time employment, while part-time employment has generally trended lower. This lack of traction could reflect modest levels of business confidence amidst a more uncertain macro-economic environment.

B.C.'s job mix continues to suggest underlying weakness in the labour market. Full-time employment gained in the latter half of 2011 but remained low as a share of total employment. This share averaged about 77% in 2011, which is about 2 percentage points lower than the long-term average. The labour market recovery in recent years has been driven by part-time work. As a result, total employment hours worked in the economy has yet to rebound to peak levels despite stronger gains in total employment.

Despite the January's flat employment estimate, the provincial unemployment rate fell 0.1 percentage points to 6.9% reflecting a contraction in the labour force as the provincial participation rate fell back. The provincial unemployment rate has gradually declined from the peaks observed in mid-2009, but remained well above pre-recession levels.

## Business confidence improves in January

Confidence improved for B.C.'s small- and medium-sized enterprises in January, marking a continuation of the gradual uptrend in optimism observed since September. The CFIB Business Barometer Index® (BBI) rose to the highest level since June, gaining 1.3 points from December to reach 69.3 (on a scale of 0 to 100). A reading above 50 points reflects a higher



number of surveyed businesses expecting a stronger business performance over the next year relative to those expecting weaker results.

While the recent uptrend in the BBI is a positive signal for future economic growth and hiring, the index has only recovered to the mid-point of the range observed since early 2010. This followed a substantial drop that extended from the second quarter of 2011 into the third. During the higher growth, and lower economic uncertainty period of the mid-2000s, the BBI measure consistently fluctuated within a band of 75 to 80 points.

Despite the modest level of confidence, business optimism in B.C. is higher than all other provinces with the exception of Alberta and Saskatchewan, and the uptrend has been stronger than the national average. While uncertainty in the general macro-economic environment has tempered confidence, B.C.'s

relative strength may be explained by the province's limited exposure to the European economic woes due to fewer direct trade linkages, and stable natural resource sector.

Current trends in the BBI suggest modest employment growth outlook for 2012 which is consistent with Central 1 forecast of a 1.5% gain this year relative to 2011.

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