

## HIGHLIGHTS:

- CFIB Business Barometer Index for B.C. slides in March but remains above most other provinces
- Tight labour market boosts weekly average earnings by 3.3 per cent in January

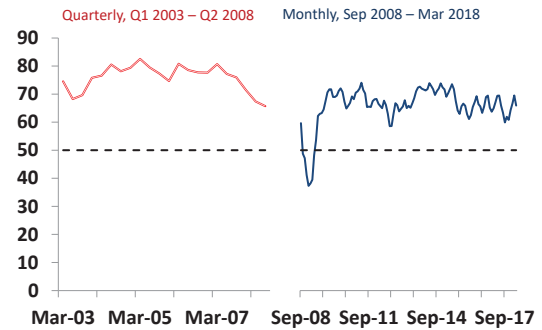
### Small business confidence wavers in March

Small business momentum showed signs of wavering in March following three successive months of improvement, according to the latest Canadian Federation of Business (CFIB) Business Barometer reading. The CFIB index fell from to 65.9 points in March, down from 69.5 points in February. The index is on a scale of 0 to 100. A value above 50 means, on balance, the number of businesses anticipating a more positive business outcome over the year ahead outnumbers those with a negative view.

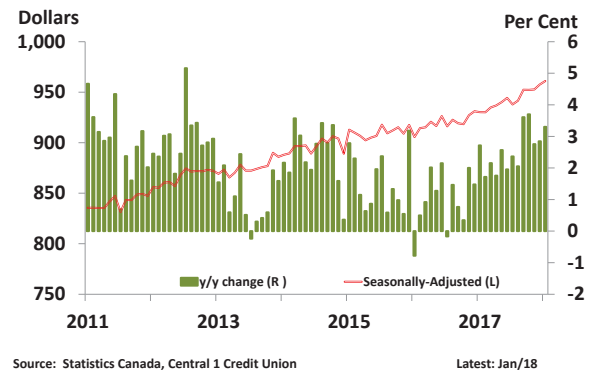
While down significantly, B.C.'s confidence index trailed only Prince Edward Island, Nova Scotia, and Quebec during the month, and outpaced the national reading of 60.7 points. Business optimism is still healthy and within the range observed in recent years. As a forward-looking indicator, a decline in the index would not surprise, given businesses have enjoyed a very strong expansion in demand in recent years, with surging retail sales, strong tourism, and an active housing market. Economic growth is forecast to slow from above four per cent in 2017 to a more modest three per cent this year and 2.3 per cent in 2019.

A scan of other measures in the survey point to a slight moderation in short-term full-time hiring

### CFIB Business Barometer - B.C.



### B.C. Average Weekly Earnings



intentions, although the number looking to hire (27 per cent) remains high. Meanwhile, nearly half of businesses stated that general business health was good. Similar to the overall index, B.C. was fourth highest among provinces in the latter measure. Key challenges facing small businesses at the current time include labour shortages, capacity, wage costs and other regulatory constraints. For the most part, this reflects B.C.'s tight labour market and low unemployment rate.

### Weekly earnings rise in January as tight labour market lifts wages

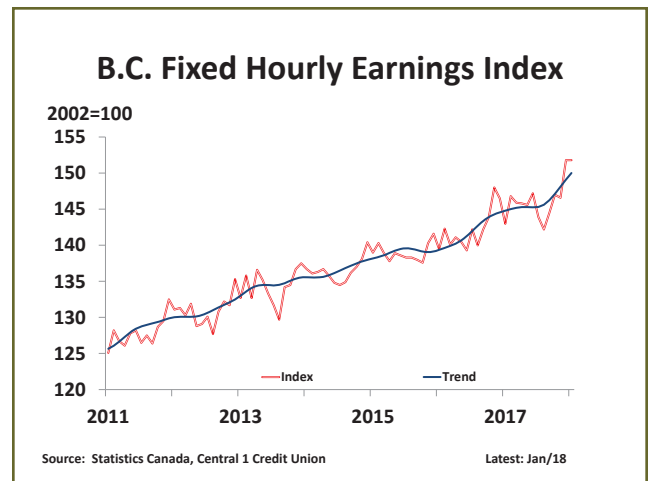
Stronger economic growth and a tight labour market added a few more dollars to household earnings in January. Wage earnings growth picked up steam for a second straight month in

January with a 3.3 per cent year-over-year gain to \$961, up from a 2.8 per cent increase the previous two months. In comparison, national weekly earnings rose three per cent over the period. Relative to December, earnings rose a solid 0.4 per cent, extending the upward trend in gross weekly earnings going back through 2017.

Workers in most industry sectors have experienced healthy gains in total pay over the past year. Smoothing out some monthly variation using a three-month average, year-over-growth in average weekly earnings was strongest in mining, quarrying and natural gas (up 11 per cent), and for those in the management of companies (up 19 per cent). Utilities and real estate financing sectors were up about nine per cent, with growth of seven per cent in accommodations and foodservices, and near five per cent increase for health care and arts, entertainment and recreation. In contrast, lower earnings growth has occurred in the construction sector (up 1.4 per cent), manufacturing (up 1.6 per cent), administrative support, waste management, and remediation (down 7.0 per cent).

While various factors contribute to average weekly earnings growth including job market composition, hours worked (including part-time/full-time divide and overtime), the latest estimates point to rising wage inflation, which is consistent with low unemployment. Statistics Canada's fixed-weight index of hourly earnings, which adjusts for compositional effects, has accelerated since mid-2017, and rose 2.7 per cent year-over-year on three-month average basis. Growth patterns are similar to average weekly earnings, although there are deviations in financial services and real estate leasing sectors.

On the employment front, B.C.'s non-farm payroll count fell 0.5 per cent from December to 2.24 million persons. Relative to December, the goods-producing sector posted a 0.4 per cent contraction, with services-producing sector employment down a comparable rate (0.5 per cent). The most significant declines included health care and social services (down 1.1 per cent) manufacturing (down 0.9 per cent), real estate leasing (down 0.8 per cent), public administration (down 1.3 per cent), and transportation and warehousing down 1.3 per cent.



Despite the employment dip, which could reflect constraints due to a growing labour shortage, conditions remain strong. Year-over-year employment growth was a stellar 3.6 per cent, with healthy gains across industries. Total employment is forecast to climb about two per cent, while the low unemployment rate will add to wage momentum, contributing to solid consumer demand through 2019.

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