

Highlights

- Robust labour demand in B.C.
- Wholesale sales rebound

Strong job growth

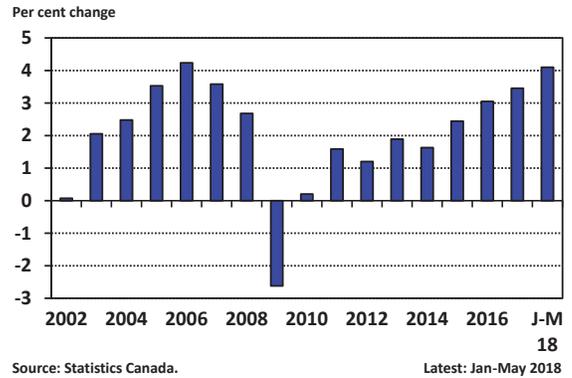
The Survey of Employment, Payrolls and Hours (SEPH) shows a strong picture of B.C.'s labour market with the demand for labour growing at a faster pace this year. Growth in the number of employees was up 4.1 per cent this year through to May. If this pace holds for the rest of the year, it would mark the highest growth rate during this business cycle expansion phase. Year-to-date employment gains are widespread across industries.

In May, the seasonally adjusted number of employees increased 0.3 per cent with equal gains in the goods and services-producing industries. In the goods-producing industries, stronger gains occurred in manufacturing and construction, while in services-producing industries, arts, entertainment, and recreation, education, and administrative and support, waste management and remediation posted large increases.

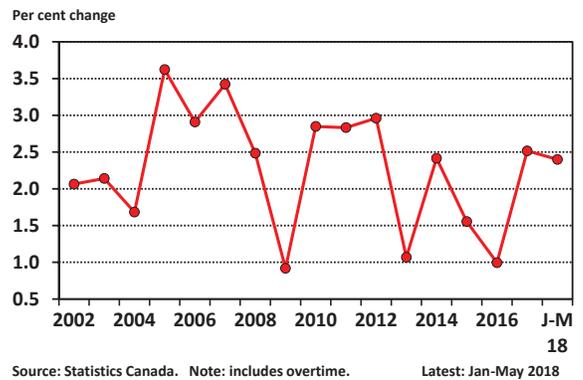
The average weekly earnings, including overtime, of non-farm payroll employees totalled \$960 seasonally adjusted in May, up 0.7 per cent from April and 2.1 per cent from one year ago. The year-to-date average was 2.4 per cent higher than in the same period last year. In all of 2017, weekly earnings increased 2.5 per cent.

That earnings are not rising at a faster pace this year given the strength in labour demand is a bit surprising. Compositional or measurement issues may account for some of the apparent sluggishness in earnings or it could be a timing issue as well. The time lag between changes in labour demand and earnings involves annual wage setting contracts. In addition, recent low CPI inflation numbers also plays a role in wage-setting practices. Market forces will eventually prevail with earnings growth most likely higher next year.

Growth in Number of Employees, B.C.



Average Weekly Earnings Growth, B.C.



Wholesale sales boosted by machinery and equipment

The strongest performance this year played out for wholesales sales in B.C. during May. Total seasonally adjusted wholesale sales increased 1.9 per cent over April. Most of this gain was driven by an 11.4 per cent jump in sales by machinery, equipment and supplies merchant wholesalers, which is subject to large monthly swings.

Year-to-date wholesale sales were 8.2 per cent higher than in the first five months of last year. Building materials and supplies merchant wholesales led with an 11.1 per cent increase. Machinery and equipment sales were 8.9 per cent higher while motor vehicle and parts sales lagged with a 4.5 per cent increase.

Adjusting for price changes using national price indexes, wholesale sales in constant 2007 dollars

increased 2.1 per cent in May over April and 6.7 per cent year-to-date.

Wholesale sales are on pace to post another solid gain this year, as in recent years, reflecting the strength of B.C.'s economy. Low interest rates, rising incomes, and population growth are generating more consumer and business spending. The 2019 outlook is less positive with trade issues looming large, though saner trade policies could emerge.

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