

### Highlights:

- Rising weekly earnings and payroll counts signal labour income growth
- Tourism robust on overseas visits in August
- Small business confidence turns up in October

### Average weekly earnings growth climbs above four per cent

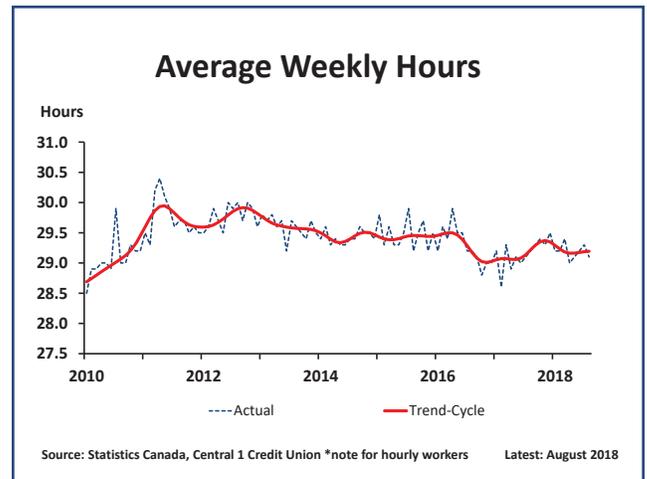
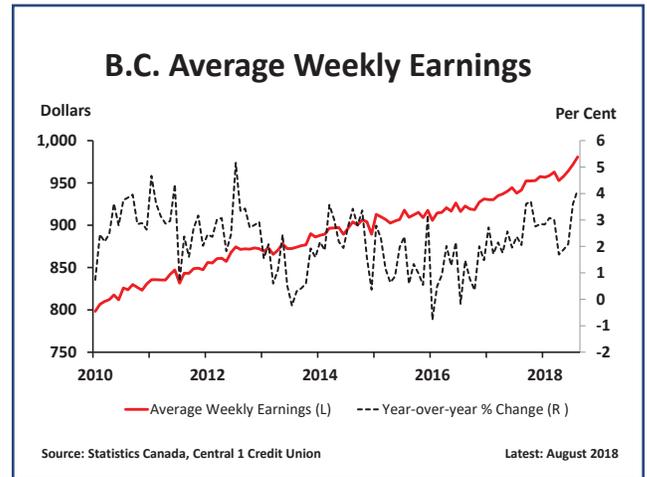
Paycheques in B.C. plumped up in August as average weekly wage earnings rose 0.9 per cent to \$981, exceeding the national increase of 0.6 per cent. This followed an increase of 0.8 per cent in July. Year-over-year earnings were up 4.1 per cent, marking the strongest gain among provinces.

Sectors contributing most to the gain from July were wholesale trade (up 1.7 per cent); information and culture industries, which includes part of the technology sector (up 1.6 per cent); professional, scientific and technical services (up 2.2 per cent); and real estate, rental and leasing (up 2.8 per cent). Education-related service earnings also rebounded.

Year-over-year earnings growth was led by a nine per cent increase in construction earnings, with growth near ten per cent for real estate, rental and leasing; and, professional and scientific services. Broadly, earnings have risen across most sectors this year.

Headline weekly earnings are driven by factors including industry composition, hours worked, job experience and others. Nevertheless, weekly earnings have picked up steam since May. An easing of average hours worked from a year ago point to wage growth, due to a combination of industry composition and wage growth. This aligns with tight labour market conditions observed in elevated job vacancy rates and low unemployment rates.

Payroll employment counts rose 0.2 per cent from July with year-over-year growth at a robust 3.2 per cent. The combination of strong employment counts and wage earnings growth points to robust labour income gains. Year-over-year growth has been led by a 20 per cent—or 2,060 people—increase in utilities employment, with the contribution of BC Hydro’s Site C Clean



Energy Project. Hiring was strong in construction (up 5.6 per cent or 8,530 people), public administration (up 5.5 per cent or 6,730 people), information and culture industries (up 12 per cent or 5,750 people), and health services (up 3.8 per cent or 9,850 people).

### Overseas visitors drive B.C. tourist inflows

B.C. tourism trends remained robust in August. Total international tourists entering Canada through B.C. reached a seasonally-adjusted 488,950 people. While down 0.5 per cent from July, this is not far off the highs observed earlier this year and was up a solid 5.8 per cent from the same-month in 2017. Year-to-date international visits rose more than five per cent, which will drive an annual gain of more than four per cent, if recent trends hold.

A rise in the number of overseas visitors has underpinned this year’s growth. Entries of U.S. visitors were up about three per cent on a year-to-date basis, while

the number of overseas visitors rose more than seven per cent. Asia comprised of more than 60 per cent of net growth of the overseas visitors this year. Inflows from China rose nine per cent, while Taiwan visitors surged 57 per cent. Each accounted for about 20 per cent of the total net gain in overseas visitors. Visitors from India rose 30 per cent accounting for 14 per cent. The number of European visitors rose 10 per cent accounting for more than a third of the net overseas increase. This was led by a 12 per cent increase from Germany, a double in the number of visitors from Ireland and growth from the Netherlands. In contrast, visits from Australia fell by nine per cent this year.

High levels of tourism flows are underpinned by a competitive Canadian dollar, economic growth in emerging markets and redirection of some tourist dollars away from the U.S.—due in part to the political environment. B.C.’s hospitality industries continue to benefit from international inflows and domestic visits, observed in the highest hotel occupancy rates since at least 2001.

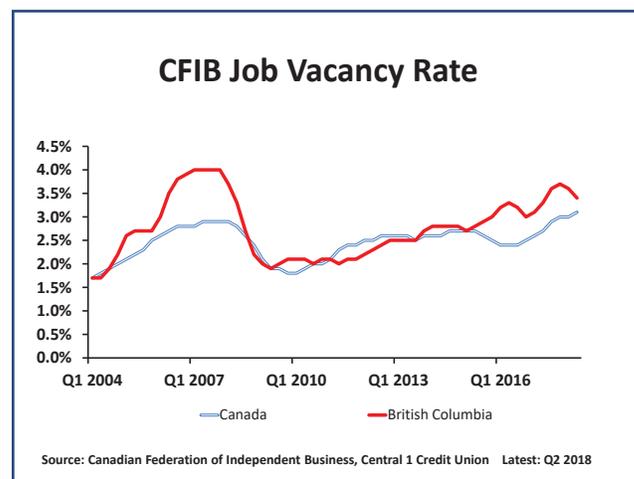
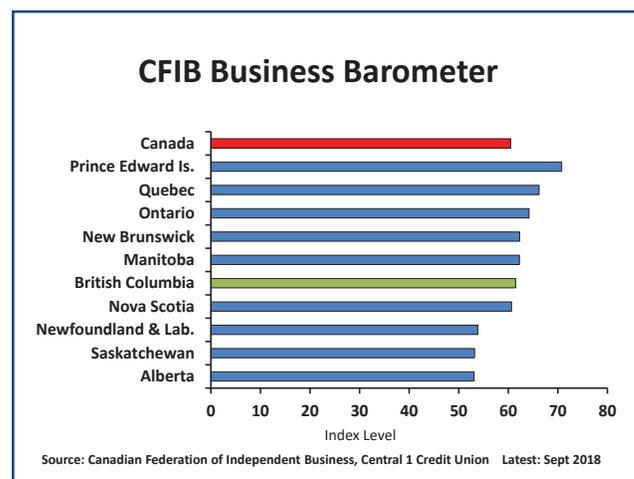
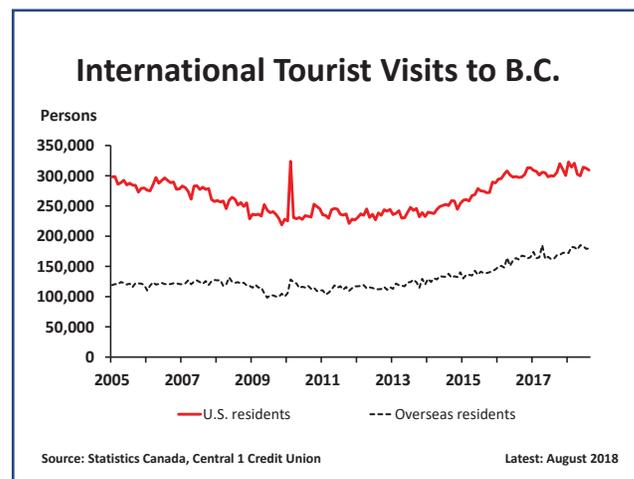
### Business confidence on the mend in October, but skills shortage a challenge

Small business confidence in B.C. surged in October following a five-month lull. The Canadian Federation of Independent Business’ (CFIB) latest monthly Business Barometer reading jumped 5.6 points from September to 61.5 points on a scale of 0 to 100. A value above 50 means that more businesses surveyed expect strong conditions in the next year, compared to businesses expecting worse conditions. Levels remain lower than normal for B.C., but the province bucked the general pattern of declines seen in most other provinces.

In comparison the national reading came in at 60.5 points, which was down 0.9 points from September. B.C.’s reading was the sixth highest in the country.

While the index level remained low, several factors likely lifted confidence. These included the announcement of the United States-Mexico-Canada Agreement, and a greenlight for LNG Canada’s liquefied natural gas terminal and related pipelines in Kitimat, which is sure to fuel a boom in economic activity. There are also signs that the resale housing market is stabilizing. The province is also coming off strong growth in recent years and is hard-pressed to experience continued upward momentum.

Capacity constraints remain a concern for businesses, aligning with the province’s low unemployment rate and high job vacancy rate. According to the CFIB survey, 47 per cent of respondents noted that business health was good, which was third highest in the



country alongside Ontario. However, B.C.’s labour market is a constraint to growth with 49 per cent citing a shortage of skilled labour, which was the highest in the country, while 29 per cent cited a shortage of un/semi-skilled labour. Full-time staffing plans are easing, possibly the result of insufficient labour availability.

The CFIB also released its second quarter estimates of private-sector job vacancy rate. The rate has eased from a peak of 3.7 per cent in the fourth quarter, but at 3.4 per cent, it was the second highest behind Que-

bec. The long-term average vacancy rate in B.C. is 2.8 per cent. Estimated B.C. job vacancies were 62,200 positions in the second quarter.

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