

Highlights:

- Employment unchanged from August
- Unemployment rate dips
- Goods exports decline

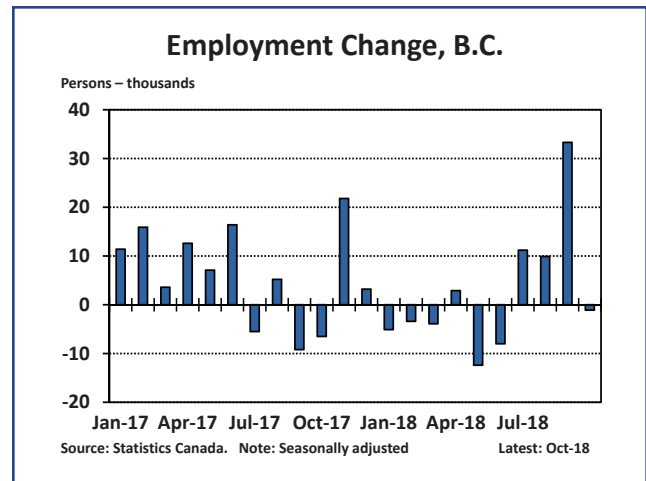
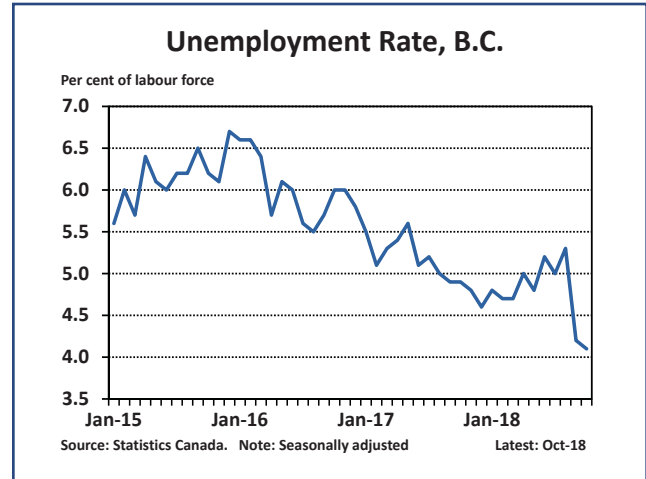
Labour market steady

No material changes in B.C.'s labour market were recorded in the October 2018 Labour Force Survey by Statistics Canada. Employment changed slightly, and the unemployment rate edged a notch lower to 4.1 per cent from 4.2 per cent in September. None of the main labour market indicators posted a statistically significant change from last month.

Year-to-date employment was up 0.9 per cent, or 22,200 persons, over the same period last year. Full-time employment was up 1.3 per cent, or 25,000 persons, while part-time employment was down 0.5 per cent, or 2,800 persons. The unemployment rate averaged 4.8 per cent this year compared to 5.3 per cent last year.

Notable industry employment trends so far this year are a 7.5 per cent, or 22,700, increase in health care and social assistance jobs; a 5.5 per cent, or 10,800, increase in professional, scientific, and technical jobs; and a 4.4 per cent, or 10,100, increase in construction jobs. Other industries saw small changes from the same period last year.

B.C.'s economy is on pace for employment growth of around one per cent this year, down from more than three per cent from the previous two years. Slow labour supply growth is a factor holding down employment growth this year, at 0.4 per cent. The labour force participation rate averaged 64.8 per cent so far this year, compared to 65.4 per cent in the same period last year—it has been trending lower each month since mid-2017. The cyclical upturn in labour supply growth in tandem with the faster job growth of the last two years appears to be over. Aging demographics are one reason for the decline in labour force and job growth, among others. However, faster population and wage growth could reverse the trend and allow for faster job growth.



Trade deficit increases

B.C.'s international merchandise trade balance deteriorated during September 2018 with imports rising and exports falling. Merchandise exports declined 5.2 per cent from August, while goods imports rose 1.0 per cent. The goods trade balance deficit increased to \$1.031 billion in September from \$758 million in August (unadjusted for seasonal factors).

For the year to September, goods exports were up 7.5 per cent at \$34.9 billion compared to the same period last year and imports were 13.4 per cent higher at \$44.1 billion. B.C.'s main goods exports—forestry and energy—were up 10.2 per cent and down 1.2 per cent, respectively. The mining sector fared better with a 15.1 per cent increase in metal and non-metallic mineral products (mainly aluminum) and a 10.2 per cent increase in metal ores and non-metallic products.

The largest goods import category is consumer goods with a gain of 3.0 per cent to \$12.6 billion year-to-date.

The deficit in international goods trade amounts to \$9.1 billion through the first nine months of the year compared to \$6.3 billion in the same period last year. B.C. has a large trade surplus in forestry and energy products, a large deficit in consumer goods and substantial deficits in machinery, equipment, and transportation products.

A deficit in international merchandise trade has existed since 2001 and looks to continue for some time yet. A sustained resurgence in exports is required to make a meaningful dent in the trade balance. Prospects for such a development are not bright. LNG Canada's new export facility on the horizon will help in the long-term, but will drive imports higher during construction.

Helmut Pastrick

Chief Economist, Central 1 Credit Union
hpastrick@central1.com
www.central1.com 604.737.5026

