Strong second half lifts annual employment growth to 1.1 per cent

B.C.’s labour market capped off 2018 with a flat December performance. According to the latest Labour Force Survey (LFS) data, employment edged up from November by 0.2 per cent or 4,400 persons to 2.535 million persons. While exceeding the national performance, which was unchanged from November, B.C.’s gain was still statistically insignificant. Year-over-year, B.C. employment rose 1.8 per cent in December. Unemployment remained a scant 4.4 per cent of the labour force, which was identical to November, but lowest among provinces by a full percentage point.

The Vancouver Census Metropolitan Area (CMA) lagged the rest of the province in December, with employment down 0.6 per cent, while the unemployment rate rose from 4.3 per cent to 4.8 per cent.

Despite little in the way of headline change, December’s numbers pointed to strong conditions for hiring in the province. While monthly provincial increases in new hires were insignificant, the employment bump extended the strong upward momentum observed through the second half of 2018. Employment fell by nearly 30,000 persons during the first six months, before roaring back with a gain of 73,600 persons in the second half of the year.

Rising population and a rebound in labour force participation have helped to lift labour supply, contributing to the increase. Meanwhile, full-time employment surged 1.2 per cent from November, contributing to the entirety of the monthly gain, which was offset by a sharp decline in part-time work. This suggests a shift in job tenure and increased hours worked for individuals. Full-time employment has accounted for most of the gains in 2018. With the unemployment rate near record lows and high job vacancy rates, hiring has been constrained by the pool of available labour. Year-over-year wage growth has slowed from a breakneck speed of more than five per cent during the summer months to 1.7 per cent in December—suggesting employers may be topping out on the amount they are willing and able to increase wages. That said, this may be temporary given the calls of labour shortages coming from employers.

At an industry level, there were several significant monthly changes to employment. Construction rose by 5,500 persons or 2.3 per cent, while professional, scientific and technical services (PST) rose by 9,100 persons or 4.3 per cent. In contrast, utilities employment fell 2,700 persons or 18 per cent, while healthcare and social services employment fell 6,300 persons or 1.9 per cent.

With December in the books, average annual B.C. employment came in at 1.1 per cent slowing from the 3.7 per cent increase in 2017. After leading the country...
Similarly, B.C. sentiment retreated three points to 60.1 points but remained above the recent low of 56 points in August and well above the national reading. Despite the shallow index level, which has likely been hampered by a weaker housing and retail market performance and natural slowdown following strong economic growth in prior years, conditions remain solid. Full-time hiring plans are still firm with 23 per cent of respondents looking to hire and only 12 per cent looking to cut jobs. This gap has improved in recent months pointing to increased job growth and

in 2017 by a strong margin, employment growth fell to mid-pack; however, with an average unemployment rate of 4.7 per cent, the labour market remained tight-est in the country.

Regionally, 2018 employment growth was strongest on Vancouver Island at 2.6 per cent and the Northeast at 2.9 per cent. The latter rebounded following a 2017 contraction. The Lower Mainland-Southwest employment rose 1.3 per cent. Employment contractions were observed in the southern and central interior of the province.

The average unemployment rate was lowest on Vancouver Island (4.7 per cent) and the Lower Mainland-Southwest (4.3 per cent), and highest in the Thompson-Okanagan (6.1 per cent) and North Coast and Nechako (5.9 per cent).

On an industry-basis, average annual employment growth was led by construction (up 4.3 per cent), professional, scientific and technical services (up 5.7 per cent) and healthcare and social services (up 6.5 per cent). Significant declines were observed in finance, insurance, real estate and leasing (down 3.5 per cent) and information, culture and recreation (down 6.7 per cent).

**B.C. business sentiment falls with rest of the country in December**

According to the latest Canadian Federation of Independent Business (CFIB) Business Barometer, small and medium-sized business sentiment cratered in December. The index sank 7.6 points to 53.6 points—marking the lowest level since March 2016 and the sharpest one-month decline since the height of the Great Financial Crisis in October 2008.

The index is measured on a scale of 0 to 100 points. Levels above 50 points indicate that on net more businesses expected stronger business conditions over the next year than businesses expecting worse conditions. An index range of 65 to 70 points is typically associated with economic growth near potential.

The latest setback to confidence largely reflects a sharp deterioration in Alberta, which saw its index value crash by 8.7 points below the 50-point threshold to 45.1 points. Lower sentiment was likely triggered by the steep decline in the export price of Canadian oil. The steep decline caused another crisis in the oil patch and reverberated through the supply chain and across provincial borders. The provincial government’s early December announcement of required production cuts has shored up prices but will also be a drag on real economic activity. Confidence readings fell in seven of the ten provinces in December, with full-time hiring plans eroding.
was second only to Quebec, which had even stronger hiring intentions. B.C. businesses continued to cite labour availability as a key constraint to production growth.

Bryan Yu
Deputy Chief Economist
byu@central1.com / P 604.742.5346
Mobile: 604.649.7209