

Highlights:

- Wage earnings and employment creep higher in November
- Year-over-year weekly earnings gain of 3.2 per cent among highest in Canada
- Small business confidence softens to kick off 2019

Wage earnings edge higher in November

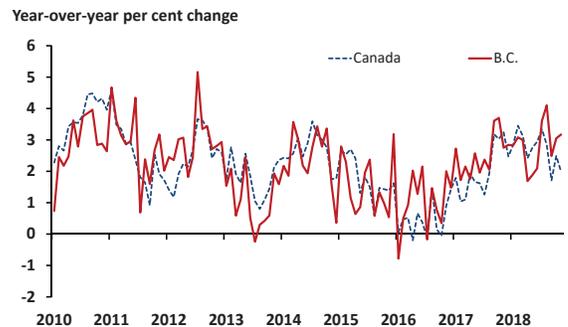
B.C.'s labour market conditions continued to firm in November according to the latest establishment survey data from Statistics Canada¹, but upward momentum abated. Average weekly earnings rose 0.2 per cent from October to \$983.05, following a 0.6 per cent increase the previous month. Nationally, average weekly earnings rose 0.3 per cent.

While various factors influence weekly earnings—including industry composition and hours worked—workers in B.C. experienced solid wage growth. Year-over-year, wage growth was up 3.2 per cent, which was highest among provinces and compared to a two per cent national gain. B.C.'s recent growth trend is the strongest since 2014. A tight labour market, an unemployment rate below 4.5 per cent and the highest job vacancy rate in the country continues to drive wage inflation. For hourly employees, average hourly earnings rose 5.8 per cent year-over-year, which led the country.

Among sectors, weekly earnings growth has been led by relatively higher paying industries but observed across various sectors. Specifically, forestry and logging levels were up 20 per cent to \$1,437, with mining and quarrying up 10 per cent to \$2,083. That said, both make up a small share of overall employment. Strong growth of 9.2 per cent to \$1,386 was observed in the information and cultural industries, which includes a portion of technology workers. Other sectors with above average gains included construction (up 6.8 per cent) and retail trade (up 8.2 per cent)—reflecting high levels of building activity, a lack of trade workers and generally solid domestic demand.

On the hiring front, payroll counts increased for a seventh straight month and ninth time in ten months. Total counts increased 0.1 per cent from October to

B.C. Average Weekly Earnings



Source: Statistics Canada, Central 1 Credit Union

Latest: Nov 2018

2.31 million persons. Year-over-year growth of 3.7 per cent (or more than 82,600 positions) was the second strongest among provinces and exceeded the national gain of 2.3 per cent. Growth has outpaced employment estimates from the Labour Force Survey of households, which was estimated at just over one per cent. Various factors may contribute to the divergence—including individuals with multiple jobs or workers residing outside of B.C.—which would lift payroll counts but not B.C. Labour Force Survey employment.

Hiring momentum was observed across industries. Growth was particularly strong and significant in the information and cultural industries (up 10 per cent or 4,950 persons); education (up 6.6 per cent or 10,500 persons); and arts, entertainment and recreation (up 12.5 per cent or 5,825 persons).

While some of the growth momentum has tapered, the combination of higher earnings points to solid growth in labour income of about five per cent. This will continue to support consumer demand in the economy; although, higher interest rates and debt accumulation will limit credit induced spending. Momentum is expected to wane in 2019.

Soft business confidence a sign of waning economic momentum

Small business confidence in B.C. softened in January according to the latest Business Barometer reading published by the Canadian Federation of Independent Business (CFIB). At 57.3 points, the index declined by 2.8 points from December 2018. This was higher than the national reading of 56.1 points, but near the bottom

end of the readings observed since the 2008/09 recession. Central and Atlantic Canada are currently showing the highest levels of business sentiment, while the west has weighed it down.

Businesses generally anticipate stronger business performance over the next year, but a degree of optimism has moderated from early 2018, which aligns with signs of an economic slowdown. Some of this erosion reflects a natural climb down of expectations following rapid economic expansion and sales gains in 2017. Other factors include: slowing domestic demand via a sluggish housing market and higher household debt loads, Alberta oil sector woes and higher interest rates. Indeed, the survey's results suggest B.C. businesses remain in a pretty solid state, with 43 per cent noting good business health. This is below early 2018 levels; however, it is the fourth highest among provinces. About 24 per cent of respondents are anticipating to add full-time staff over the next three months, compared to 12 per cent looking to cut staff. Businesses remain constrained by staffing shortages, particularly for skilled labour.

Bryan Yu

Deputy Chief Economist

byu@central1.com / P 604.742.5346

Mobile: 604.649.7209

