

Highlights:

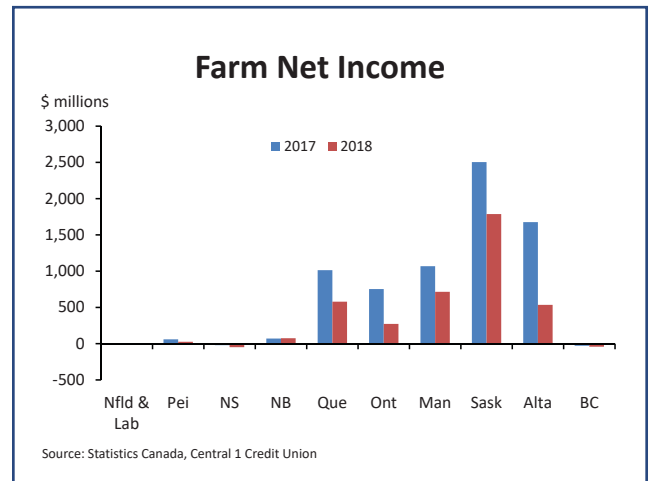
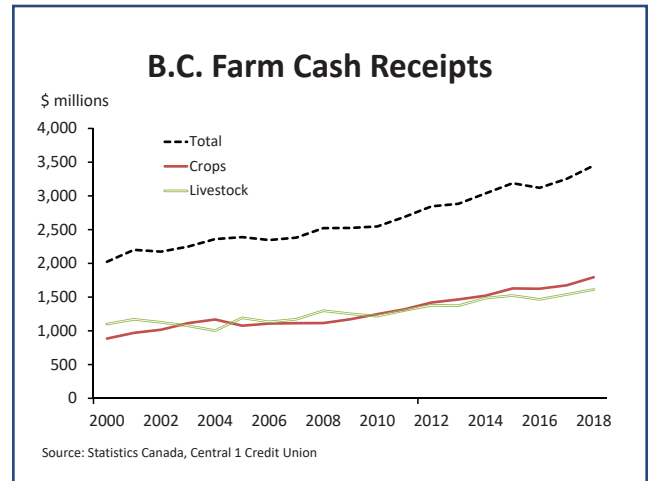
- B.C. farm receipts up six per cent in 2018, but net income slips
- Cannabis a key driver of the gains
- Average weekly earnings rise 1.2 per cent in March but compositional factors contribute
- Labour market trends remain solid

B.C. farm receipts rise to a record “high” in 2018

Canada’s farm sector had a challenging year in 2018 according to preliminary Statistics Canada data. Total farm cash receipts were essentially unchanged from 2017 in Canada at \$62 billion (up 0.1 per cent). However, a sharp gain in operating costs of 6.5 per cent cut realized net income, which includes depreciation and excludes inventory, by 45 per cent to \$3.9 billion from \$7.1 billion in 2017.

Growth in B.C. farm receipts largely outperformed its provincial peers in 2018, although the province makes up a relatively small 5.2 per cent share of Canadian receipts. Revenue in B.C. rose six per cent from 2017 to \$3.45 billion. This was second behind New Brunswick’s 13 per cent gain, and ahead of Ontario’s 3.7 per cent gain. Like all other provinces, operating costs in B.C. rose at a strong pace by 6.9 per cent. Aggregate net income for farms in B.C. came in at a loss of \$42 million compared to a \$29 million loss in 2017.

2018 farm receipts marked a record high for the province (unadjusted for inflation), and the strongest annual gain since 2001. Growth was led by higher crop receipts, which increased 7.2 per cent to \$1.79 billion, while livestock sales increased by a more moderate 4.7 per cent to \$1.6 billion. A key driver of the former was the burgeoning medical and recreational cannabis sector, which saw receipts total jump 177 per cent to \$61.9 million, up from \$22.3 million in 2017. This accounted for about 20 per cent of the net gain. Other significant contributors to growth included a 70 per cent increase in canola (10 per cent share of growth) and a 10 per cent increase in fresh fruit (20 per cent share of growth). Livestock sales were led by a 36.3 per cent increase in the sale of calves.



Nationally, average agriculture price levels were flat in 2018 according to the Bank of Canada commodity price index, suggesting real growth in output although B.C. agriculture composition differs from the rest of the country.

Agriculture will continue to expand despite global economic and trade uncertainty. Cannabis will continue to grow as a sector, while the Transpacific Partnership and curtailment of tariffs are already fueling increased export demand for agricultural product.

Weekly earnings rise in March, but some soft spots in wage growth

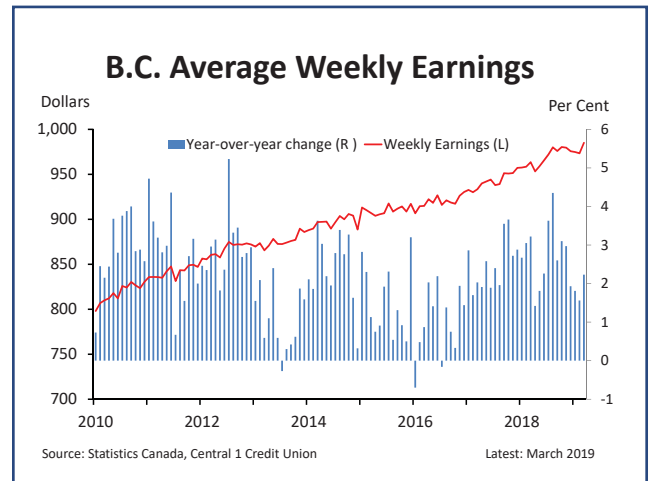
Wage earnings and employment rose in March signaling strength in the labour market, according to the latest results from Statistics Canada’s *Survey of Employment, Payrolls and Hour*. Average weekly earnings in B.C. firmed in March, rising 1.2 per cent from February to \$985. Year-over-year growth rose to 2.2 per cent from a 1.6 per cent the previous month.

Growth outpaced the national performance of 0.8 per cent month-to-month, and 1.9 per cent year-over-year.

Acceleration in year-over-year gains were observed across both the goods-producing and services-producing sector. Weekly earnings in the former rose 3.1 per cent to \$1,247, with services-sector earnings up two per cent year-over-year to \$935. Gains were the strongest since November. Sectors posting strong growth in the latest month included utilities (up 18 per cent from February and 21 per cent year-over-year) and mining which edged lower from February but jumped 21 per cent from same-month 2018. Health-care and social assistance, public administration and arts, entertainment and recreation posted growth of five per cent year-over-year.

While headline growth improved, compositional factors—including hours worked and industry—likely factored into the increase. Average hourly earnings for hourly workers were weak at a 0.8 per cent increased year-over-year, from 3.3 per cent in February. The fixed weighted index of average hourly earnings was similarly up only 0.9 per cent year-over-year. This weak reading comes as a disappointment given a tight labour market and is expected to firm.

On the hiring front, B.C. payrolls continued to expand at a steady pace. Payrolls rose 0.2 per cent, or 4,300 persons, from February to nearly 2.33 million people. This was in line with the national gain. Year-over-year growth of 2.6 per cent outpaced national growth of 2.1 per cent. Nearly all sectors have seen a upshift in hiring, with utilities (up 5.2 per cent), construction (up 4.9 per cent), healthcare and social assistance (up 4.9 per cent), arts, entertainment and recreation (up 7.8 per cent) and public administration (up 4.9 per cent) leading the way.



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