

Highlights:

- Small business confidence index slips in November
- Non-farm payroll counts unchanged from August, up 2.2 per cent from a year ago
- Wage earnings on the rise with 0.6 per cent gain

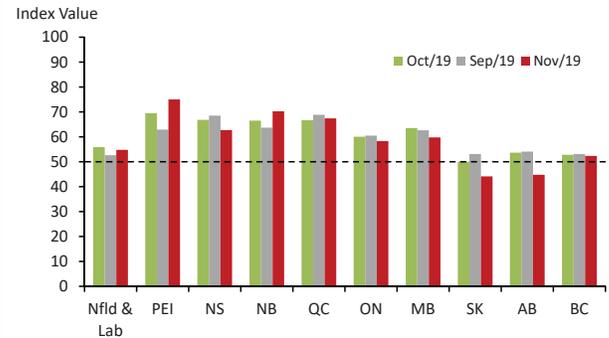
B.C. small businesses pinched by economy, wage pressures

B.C. small businesses are feeling the pinch of a slower economic environment and are feeling cautious about the future.

Small business confidence eroded in most Canadian provinces in November and B.C. was no different, according to the latest Canadian Federation of Independent Business monthly Business Barometer. The index showed a decline in B.C.'s barometer reading to 52.3 points in November, down from 52.8 points in October and from 63 points a year ago. A value above 50 means on net, the number of businesses with a positive outlook for the year ahead outnumbered those with a negative assessment. The latest reading was in line with recent months, but lowest since mid-2009. Comparatively, sentiment is lower than the national picture which came in at 56.1 points but barometer values were higher than B.C. in all other provinces. The national picture was weighed down by plunges in Alberta and Saskatchewan during the most recent month to 44 points, potentially a reflection of shifts in the political environment.

Eroding confidence in B.C. likely owes to a sluggish retail trends and weaker commodity sector. Businesses are still citing shortages of skilled labour, rising wages and taxation as impediments to business. One trend worth watching is hiring plans. While labour market data has been firm, the survey suggests a slowdown in hiring. Firms looking to increase full-time staffing declined to 16 per cent, while those looking to cut rose to 18 per cent, marking the first time since 2012 that net employment plans turned negative. It remains to be seen if this translates into slower hiring going forward.

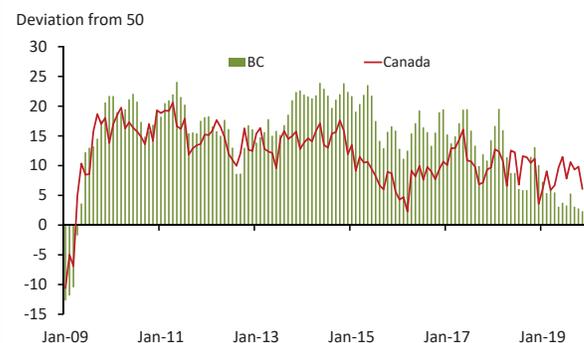
CFIB Business Barometer by Province



Source: CFIB, Central 1

Latest: Nov 2019

CFIB Business Barometer



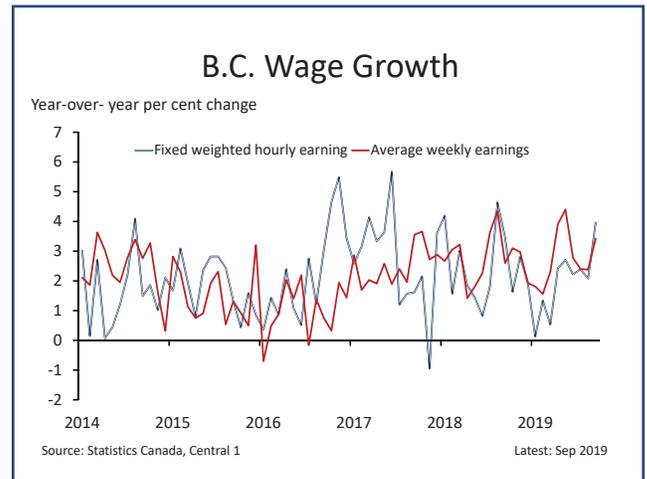
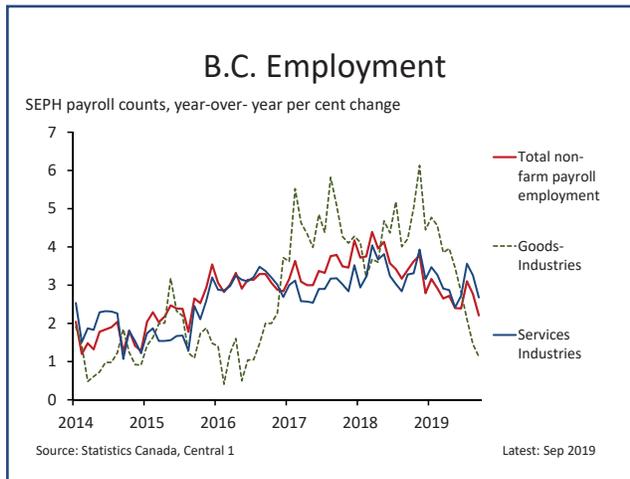
Source: CFIB, Central 1

Latest: Nov 2019

Payroll counts flat in September, weekly earnings on the rise

B.C.'s labour market showed mixed signals in September according to the latest data from Statistics Canada's Survey of Employment Payroll and Hours (SEPH). Non-farm payroll employment was essentially unchanged from August at about 2.355 million persons, which compared to a mild slip nationally at 0.2 per cent. Nevertheless, year-over-year growth at 2.2 per cent remained moderately strong and above the national performance, albeit below gains observed in Quebec and provinces in Atlantic Canada.

Divergent sector performance highlighted the latest numbers with goods employment flat from August and up a mild 1.1 per cent from a year ago, while services growth was robust at 2.7 per cent year-over-year. This owes to resource-sector malaise, while the high-tech sector boom, strong tourism and an increasing population drives growth.



Forestry, logging and support was a key drag with employment down 3.3 per cent from August, and 12.6 per cent from a year ago (the latter representing about 2,200 workers). This reflects the ongoing crisis in the forestry sector, including mill shutdowns and curtailments. Mining employment also pulled back, likely an offshoot of global economic weakness. Retail trade employment fell 0.5 per cent from August, with year-over-year growth a weak 0.6 per cent. In contrast, stronger performances continued amongst professional, scientific and technical services (which includes the high growth technology sector), posting a 1.2 per cent increase from August and six per cent year-over-year gain. Education, healthcare/social assistance, and accommodation/foodservices have also posted stronger hiring with growth near five per cent over the past 12 months. The election cycle also lifted public administration jobs by close to 12 per cent from a year ago.

Despite the latest flat payroll reading, wage inflation continued to pick up as the labour market remains tight. Average weekly earnings rose for the sixth time in seven months with a 0.6 per cent increase from August to \$1,009. Year-over-year, wage earnings rose 3.4 per cent. While various factors contribute to growth, including hours worked and job composition, wage inflation was behind the latest gain. Fixed weighted hourly earnings growth accelerated to a year-over-year pace of 3.9 per cent. The latest data suggests households are still a growth driver for the economy despite resource sector headwinds.

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