

### Highlights:

- Weekly wage earnings dip 0.4 per cent from October, momentum still positive
- Resource sector drag on non-farm payroll counts
- Small business confidence edges higher

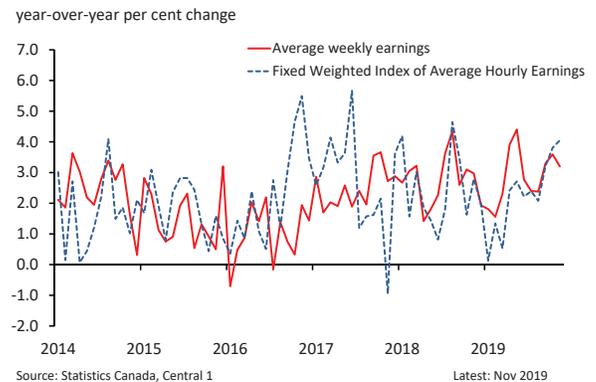
### Payroll counts and wages slip in November, but momentum remains positive

November marked a softer month for both weekly earnings and payroll employment for B.C., but trends were generally positive heading into late year.

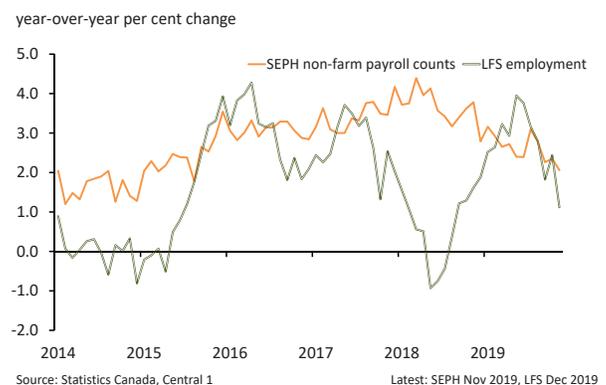
According to Statistics Canada's Survey of Employment, Payroll and Hours (SEPH), average weekly earnings fell 0.4 per cent from October to \$1,011 to negate October gains. Despite this, year-over-year growth was a solid 3.2 per cent which was slightly higher than the national increase of 3.1 per cent and third strongest among provinces behind Quebec and Nova Scotia.

The latest dip in B.C. weekly earnings primarily reflected the combination of a second straight decline in goods-producing sectors earnings (down one per cent) and a 0.4 per cent decline in the larger services producing sectors. While monthly data can be volatile, reflecting factors such as hours worked and full-time/part-time split, there has been a clear downward trend in the resource extraction sectors of forestry and logging (down 11 per cent year-over-year) and mining, although the latter popped higher in November. This reflects malaise in the forestry sector and some weakness in global commodities. In contrast, earnings in sectors such as professional, scientific and technical services (PST), which includes a chunk of the high tech sector, has surged by 9.5 per cent year-over-year, with strong gains in healthcare and tourism-related sectors.

### Wage growth remains firms in B.C.



### SEPH employment growth outpaces LFS



Positive weekly earnings momentum reflects underlying wage growth. The fixed-weighted index of hourly earnings, which adjusts for sector composition, rose 4.1 per cent year-over-year. Similar to weekly earnings, forestry wages have declined sharply, while retail, PST, and accommodations/foods services have risen sharply. A tight labour market and rapid expansion in the tech sector are fueling wage growth.

Payroll counts in B.C. also slipped but by a negligible 0.1 per cent to 2.36 million persons. Year-over-year, levels were 2.1 per cent higher. Employment continued to rise in most sectors but was tempered by resources. Forestry continued to struggle, with employment down 1.3 per cent from October and 14 per cent from a year ago (representing 2,520 positions). Mining fell 2.3 per cent from the previous month and nearly six per cent year-over-year. The PST employment declined from October but was up 4.4 per cent on a year-over-year basis.

It is important to juxtapose modest gains in SEPH employment with the recent downturn in the more widely watched Labour Force Survey (LFS). LFS employment has declined since May and was up a mild 0.5 per cent year-over-year in November. While employment indicators move in tandem over longer periods, they can diverge in the medium term. We tend to put more weight on SEPH values given that it is based on administrative data, while the LFS is based on a household survey. That said, the LFS is timelier and includes farm and self-employed workers which is excluded from SEPH. LFS employment further deteriorated in December which could signal a slip in payroll counts going forward. Both surveys point to strong wage growth, which aligns with a tight labour market and low unemployment.

### Shallow small business confidence edges higher

Small business confidence in B.C. rose for a second straight month in January according to the Canadian Federation of Independent Business. While moving away from the doldrums of the Fall months, the group's Business Barometer Index (BBI) remained weak and in line with a year ago.

At 56.4 points, the BBI rose more than a full point from December to exceed the national index value of 55.3 points. A value above 50, which is on a scale of 0 to 100, means that on net, survey respondents expect better business conditions in the year ahead. However, current levels lag the average of 65 points observed since 2010 and points to downbeat expectations. Optimism has been relatively higher in Victoria, compared to Vancouver and the rest of B.C.

Survey details were not much better than the headlines. Short-term full-time hiring plans in B.C. were negative, with 12 per cent of respondents looking to increase staff, and 17 per cent planning to cut. This is abnormal for B.C. From 2012 through October 2019 expansionary hiring plans comfortably outpaced cuts. This suggests some downward pressure on B.C.'s hiring in 2020. Some seasonal factors may be at play but hiring intentions have waned. Over the past year, more firms are citing wages, taxes, and insurance as major cost constraints. Skills shortages remain a challenge.

---

#### Bryan Yu

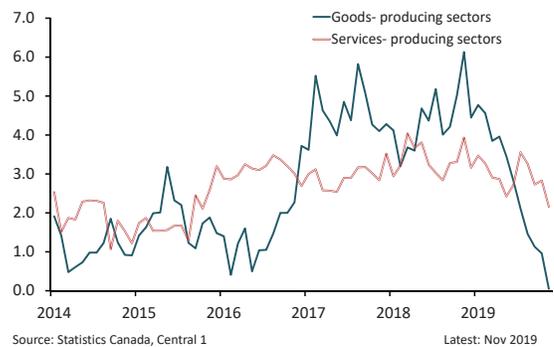
Deputy Chief Economist

byu@central1.com / P 604.742.5346

Mobile: 604.649.7209

### Resources drag on goods- sector employment

SEPH employment, year-over-year per cent change



### Small business confidence edges higher

CFIB Business Barometer, Deviation from 50

