

B.C. economic activity to remain below pre-pandemic levels into 2022

Highlights:

- B.C.'s economy forecast to contract by 6.1 per cent in 2020 with a recovery trend lifting growth to 4.0 per cent in 2021 and 3.4 per cent in 2022
- Economic output returns to pre-pandemic levels partway through 2022 as services-sector recovery lags goods production
- Annual unemployment rate to average nearly 10 per cent by end 2020, gradually improving to near 6 per cent by 2023
- Emergency government support programs for households and businesses remains supportive through 2020, but benefits to moderate in 2021
- Major project investments announced pre-pandemic remains supportive as businesses remain cautious

B.C.'s economic recovery is well underway with restart activity propelling strong rebounds in key indicators such as employment, housing and retail spending. On the surface these early recoveries suggest an economy marching quickly back to pre-pandemic activity, but headline figures mask underlying challenges and we expect 2020 to mark a series of lowlights with contractions in nearly all areas of the economy.

Gross domestic product (GDP) in the province is forecast to contract this year by 6.1 per cent, and average annual employment will decline by more than 7 per cent despite a rising trend through the remainder of 2020, contributing to an unemployment rate that sits closer to 10 per cent but on a downward trajectory. Ongoing recovery is set to persist through 2021 and beyond – aided by major construction projects which were initiated prior to the pandemic – but will remain below pre-pandemic levels into 2022.

Mixed recoveries following sharp Spring contraction

Business activity and jobs

Business closures (largely temporary) [surged during the Phase 1 period](#), with B.C. seeing a doubling of closures from a year ago in April to 13,715, while active businesses fell 10 per cent. Many have re-opened since B.C.'s Phase 2 restart in May, but it is unclear yet how many permanently closed or will do so later this year under the weight of a weak economy. While monthly GDP estimates are unavailable at the provincial level, it is worth noting that this is unlikely to be substantially different than the national picture where GDP contracted by 18 per cent from February through April. National GDP has since rebounded but remained 8.5 per cent below February levels in June.

Forecast Summary: British Columbia

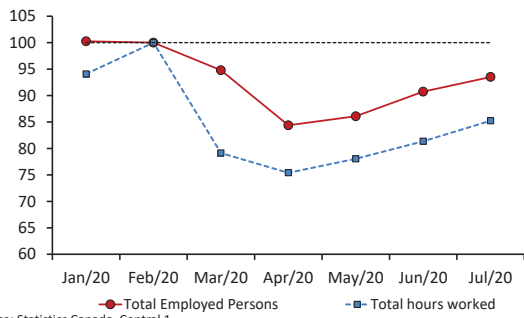
Provincial Forecast

	2017	2018	2019	2020	2021	2022	2023
Real GDP, % Change	3.7	2.6	2.8	-6.1	4.0	3.4	2.2
Nominal GDP, % Change	7.1	4.5	5.6	-6.0	6.3	5.7	4.3
Employment, % Change	3.7	1.1	2.6	-7.1	4.4	2.3	2.1
Unemployment Rate, (%)	5.1	4.7	4.7	9.9	7.5	6.3	5.4
Population, % Change	1.3	1.6	1.4	1.0	0.6	0.9	1.1
Housing Starts (000s)	43.7	40.9	44.9	34.7	36.3	37.1	40.7
Retail Sales, % Change	9.3	2.0	0.6	-3.7	6.4	5.3	3.7
Personal Income, % Change	6.2	4.3	5.2	5.1	-4.2	4.9	3.8
Net Operating Surplus Corporations, % Change	18.0	-0.4	5.1	-13.7	-1.4	5.5	0.9
Consumer Price Index, % Change	2.1	2.7	2.3	0.5	1.3	1.7	1.9

Source: Statistics Canada, CMHC, Central 1 forecast

Headline employment recovery masks elevated levels of underemployment

Index Feb/2020 = 100



Source: Statistics Canada, Central 1

The province has since recouped more than half of the 400,000 jobs lost from February through April during the early stages of the pandemic bring levels to, albeit with unemployment rates sitting near 11 per cent compared to five per cent in February. Meanwhile, both home sales have surged amidst low interest rates and pent up demand, and retail sales have quickly returned to pre-pandemic levels. These gains are encouraging but come with a number of caveats that temper the exuberance and will likely give way to a slowing recovery in the back half of 2020.

Labour market

The labour market rebound shows a substantial rehiring spike in the economy due to re-openings of businesses closed by the pandemic. That said, it is hardly business as usual, as firms grapple with a lower demand and uncertain environment. Underemployment also remains prevalent. Full-time employment has been slower to rebound as part-time work has returned to near pre-pandemic levels. This may be explained by re-hiring at fewer hours than prior to the pandemic due to the weaker demand environment. Actual hours worked in the economy remained well below year-ago levels by 18 per cent.

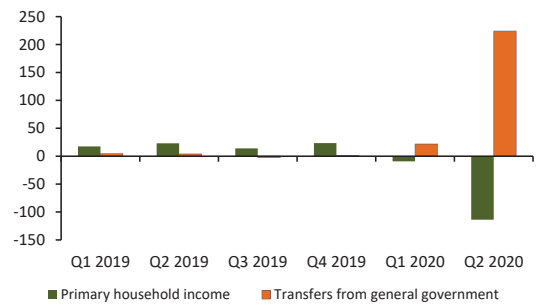
Flow through of sharp declines in wages and earnings has been neutralized by programs like the federal Canada Emergency Response Benefit (CERB), while hard hit businesses still operating have been able to access the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Business Account (CEBA). These programs have helped to support consumption and stave off consumer delinquencies.

Employment

For the most part, employment is down across sectors and those with the strongest rebounds are still well below February levels. Employment in accommodations/

Large drop in wage earnings offset by transfers from EI, CERB and other income supports

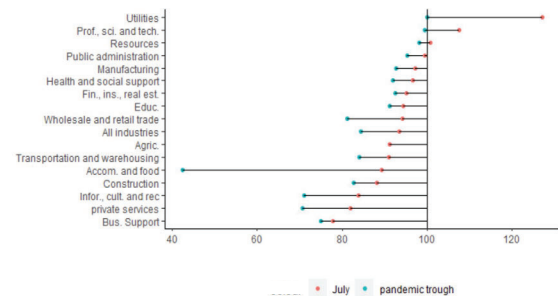
Canada - Quarterly change in SAAR Income, \$ billions



Source: Statistics Canada, Central 1

Employment downturns and recoveries vary among sectors of economy

B.C. employment trough and recovery through July as % of February employment



Source: Statistics Canada

foodservices were still 11 per cent below February levels, private services were down 18 per cent, and information/culture down 16 per cent. Construction was 12 per cent lower, while business/building/support was down 22 per cent (likely reflecting ongoing work from home). Employment in most other sectors were within 10 per cent of February levels but still subdued. Bright spots included utilities (up 27 per cent) and professional/scientific/technical services (up 8 per cent) with the latter able to expand amidst a remote environment.

Housing and retail

'V' shaped recoveries in both the housing market and retail spending have showcased stronger than expected demand from households. The housing cycle has been a huge surprise from what was anticipated at the early stages of the pandemic, and is likely propelled by a combination of pent up demand in March and April, substantial cuts to mortgage rates and a shift in consumer preferences given the advent of work from home and constraints to leisure activities. The peculiarities of the labour market downturn also factors in as layoffs hit lower paid occupations hardest, suggesting a greater hit in the rental market. Low inven-

tory has continued to propel prices higher across the province. The other bright spot was a rebound in retail spending numbers which returned to February levels in July after a 25 per cent drop through April. However, this should be taken with caution because pent-up demand surely played a role in the uptick – particularly for vehicles, clothing and other discretionary items. Retail spending is also only a part of total consumer spending, and lack of spending options on restaurants, entertainment and tourism likely reallocated spending to goods. The gains from pent up demand will likely retrace.

Outside trends in these highly visible sectors, the numbers are not nearly as encouraging.

Hospitality and foodservices

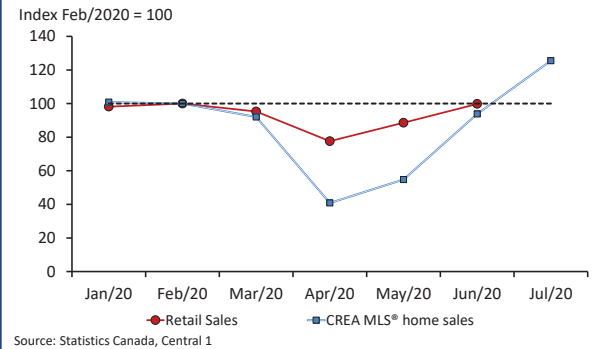
The hospitality and foodservices sector continues to bleed amidst international border restrictions and physical distancing policies. Through May, receipts fell 48 per cent on a year-over-year. Activity has surely picked up as restaurants re-opened in late May and hotels in June, but volumes are weak. Opentable data for mid-August point to a 60 per cent drop in dining even after re-opening, reflecting physical distancing constraints for businesses and consumers. Hotel occupancy rates declined to about 20 per cent in April/ May, compared to 70 per cent a year ago.¹ Significant discounts to lure domestic tourists and lowered capacity to encourage physical distancing suggests struggles. Conditions will likely retrench again as winter approaches when early efforts to support restaurants such as outside patios will no longer be viable, business conferences become non-existent until the pandemic subsides. Sectors like accommodations/foodservices are forecast to contract by 20 per cent on a full year basis. Other face-to-face sectors will continue to struggle.

Manufacturing and goods

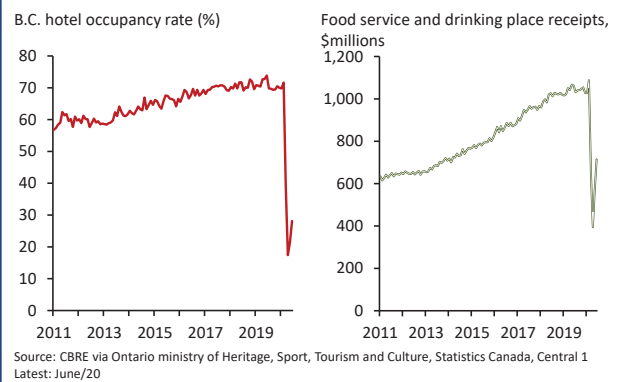
Manufacturing and goods-export trends are also down significantly, although not entirely related to the COVID-19 downturn. B.C. has fared well compared to other provinces given lower exposure to the hardest hit sectors in automotive production and energy, with a decline of 15 per cent from February through April before rebounding to 7 per cent of February levels. That said, activity remained sharply lower from a year ago by 11 per cent due mostly to sawmill closures through 2019. Lumber production fell 25 per cent through the same period, in part due to further curtailment during COVID19. On the bright side, producers are turning back the clock as prices have unexpectedly surged

¹ <http://www.mtc-currentperformance.com/Hotel.aspx>

'V'- shaped recovery in housing and sales of retail goods



Hospitality sectors hammered by depressed tourism, weak demand, physical distancing



Manufacturing and exports down, but declining trend pre-dates pandemic



on demand for renovations and a housing market that has remained surprisingly robust both in Canada and the U.S. That said, return to higher production will take time and output will likely contract close to 15 per cent this year, also impacting harvesting operations. Natural gas production has increased modestly, while mining is mixed. Weaker capital investment going forward, both domestically and internationally, will constrain the recovery in manufacturing products. Through May, lumber production had declined 25 per cent year-to-date.

Construction

Construction trends are mixed. Despite flow-through of record housing starts in 2019, residential investment is forecast to decline in 2020 reflecting the impact of a sharp drop off in detached housing starts which have a more substantial impact on short-term investment. 2019 gains were driven by apartment construction growth which is spread over multiple years and represents a lower per unit cost. This year's drop in starts also contributes to a drop off. Renovations continue to create a buffer as households reinvest in their homes during the pandemic and resale activity also drives ancillary spending. A rising trend in home sales will likely support pre-sale activity but won't support new construction for a couple of years.

Major project construction

An area that continues to support growth in the province is major project construction, both from the private and public sphere. Undoubtedly, businesses are pulling back as the pandemic has led to closures (most temporarily) of businesses, and a reset of business expectations going forward. Capital intentions for machinery and equipment are down 15 per cent this year but are offset by another strong increase in non-residential building. Ongoing construction related to LNG Canada's massive liquefied natural gas terminal and pipelines; the Site C dam; and public infrastructure including bridges, Vancouver's Broadway Subway, and schools and hospitals continue to support the economy. This underscores how major investment decisions made prior to the pandemic will continue to support activity during the recovery phase.

Recovery Outlook

Robust early stage gains reflect some of the low-lying fruit of the economic restart. The next stage of the recovery is expected to be more challenging, and B.C. economic activity is anticipated to remain below pre-pandemic levels into 2022. Businesses and households will continue to navigate the new environment of physical distancing requirements, persistence of travel restrictions, and broad economic and health-related uncertainty.

Global environment

The external global environment remains weak given that economies around the world are grappling with the same health crisis and similar economic drags. The International Monetary Fund forecasts global growth to contract 4.9 per cent for 2020, marking a modern record contraction, with only a partial rebound to output in 2021 with growth of 5.4 per cent. Govern-

ments have employed large fiscal injections to bridge household incomes through the pandemic, which will end at some point, leading to a drag on the recovery. Adding to the slow growth scenario is the emergence of greater trade and political uncertainty between the U.S. and China.

Both the U.S. and Canada are forecast to contract sharply this year before moderate rebounds in 2021. The U.S. economy has performed better than expected with restarts occurring earlier than predicted (and possibly warranted). Real GDP is forecast to contract six per cent this year before climbing 3.5 per cent. The still elevated spread of COVID-19 is a dampening factor in the U.S. growth recovery. Canadian growth is forecast to contract 7.5 per cent this year but rebound closer to 5.0 per cent next year. With economies unlikely to see a return in economic output to pre-pandemic levels before 2022, policy interest rates near zero are expected into 2023.

COVID-19 realities mean the outlook is fraught with uncertainty. Progress is being made on a vaccine as researchers around the globe race for a treatment for COVID-19 (and the economy). We remain optimistic that a workable treatment will emerge in early 2021, but even so, wide availability and deployment is unlikely until late in the year. The medium-to-long term trajectory will depend on this progress, and the ongoing health measures in place in its absence. A second wave of COVID-19 is apparently emerging with economic restarts and there are signs of COVID fatigue on the part of residents. A second wave may not automatically trigger the economic impact observed in March and April and outcomes will depend on the ability of health authorities to manage the pandemic with adjustments to policies as needed. Obviously if a new wave is severe and unmanageable, broader lockdowns are a possibility.

B.C.: From severe recession to modest recovery

Our outlook is broadly consistent with our views from late Spring. B.C.'s GDP is forecast to decline 6.1 per cent this year but a shallower recovery of about 4.0 per cent is forecast for 2021 with output returning to pre-pandemic levels in early 2022. The province's economy is forecast to expand 3.4 per cent in 2022 and 22 per cent in 2023.

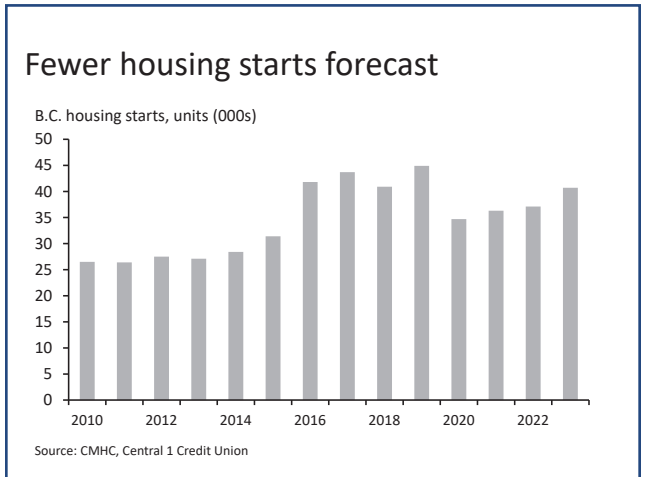
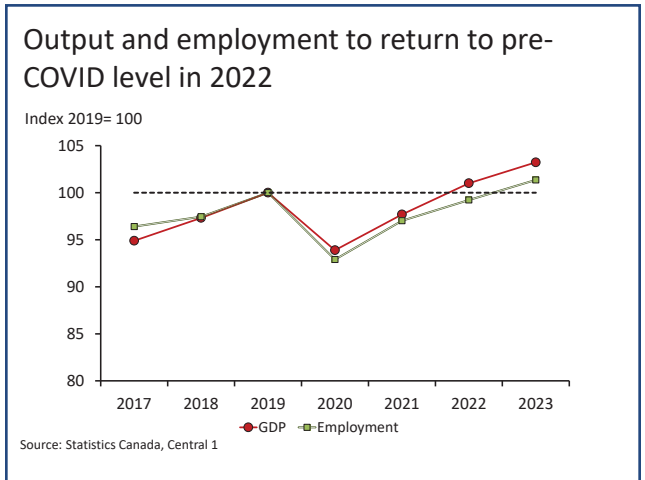
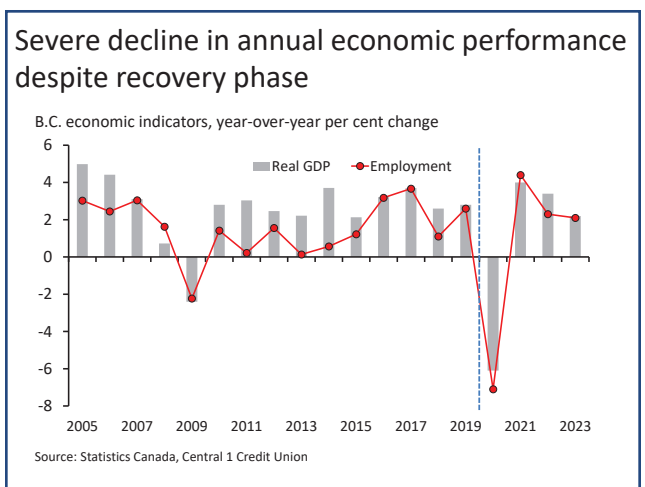
Constraints in this pandemic economy will lead to varying degrees of economic recovery among sectors. Those hardest hit during the current recession will also be last to return to normal. Tourism remains in a difficult position in coming years. While a vaccine is unavailable and physical distancing remains in place,

sectors like hospitality, foodservices, and events/event management will operate at significantly lower capacity. Consumers will remain skittish even after a vaccine is deployed. Businesses are resilient and will adapt but won't be able to maintain the same revenue and staffing levels which will likely lead to significant permanent closures of marginally profitable businesses. Private services, including elective and discretionary medical services will continue to operate at lower capacity due to physical distancing at offices but will return to pre-pandemic levels over the next year. Education related output also declines, reflecting the shift of campuses to online, fewer international students and impacts on both public institutions and private colleges.

Professional services and the technology sector have proven resilient during the pandemic, and demand for technology workers will likely remain stable. That said, expansion may be slowed given the slowdown in broader economy and the sectors which technology companies cater to.

Goods-oriented sectors will recover more quickly. While elevated government deficits will curtail some planned investments, prior investment decisions related to hospitals, schools and transportation infrastructure will continue to maintain elevated of capital construction investments although levels ease. Similarly, private sector and crown corporation construction investment will also remain firm, offsetting some weakness in investment in machinery and equipment spending. Housing construction is forecast to rise over the forecast period but still trend below 37,000 units in 2022 before climbing to about 40,000 units in 2023. A period of lower population growth will hold back new home construction. Manufacturing also remains on the rebound as sectors like forestry improve modestly, nevertheless, there remains the structural issue of timber supply which constrains a sectoral rebound. Uncertainty in the broader economic environment also constrains the recovery of resources and related activity.

Lower population growth will factor into a slower rebound in activity. On a July to July basis, population growth declines to 1.0 per cent this year and 0.6 per cent in 2021, reflecting global travel restrictions and reduced processing of permanent residency applications. International students and workers may find greater difficulty entering the country, fewer job opportunities or will decide to stay home with a temporary shift of institutions to remote learning. A rising trend is established in 2021 as immigration normalizes. Modest positive gains are expected for interprovincial migration, reflecting a comparatively strong economy



compared to Alberta and flow from retirees. That said, lower population growth constrains housing demand and consumer spending, while also depriving the economy of new businesses and entrepreneurship.

On the expenditure basis, rising GDP is led by higher consumer spending in 2021 as spending on goods and to a lesser extent services continue to normalize. The latter of course remains more constrained by physical distancing, health concerns and lack of tourism spending. As a vaccine is deployed consumer activity will

continue to return to normal. Non-residential investment remains a key driver of activity, although elevated government capital investment trend will flatten as current project construction builds out while private/crown projects lift activity. Investments in machinery equipment bounce back only modestly in the next two years.

Exports rebound 4.5 per cent in 2021 and more than 5.5 per cent in 2022 following an 11 per cent drop this year. This reflects a combination of stronger global activity and rising tourism flows.

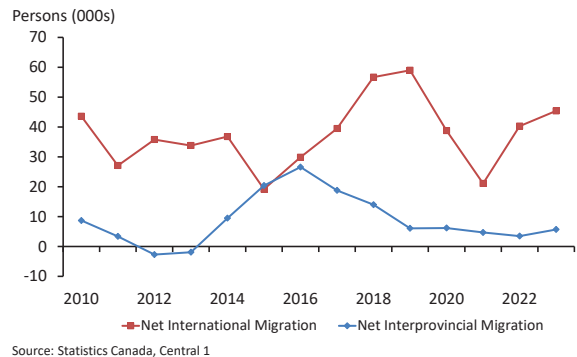
B.C. Labour market

Average annual employment is forecast to decline by 7.1 per cent as the recuperation phase of the economy and physical distancing measures limit upward momentum. The unemployment rate has come in higher than previously anticipated, but trend toward 8 per cent by year-end but still result in an average unemployment rate close to 10 per cent due in part to quicker rebound in labour force participation. Employment growth aligns with economic growth and expands 4.4 per cent and above 2 per cent in both 2022 and 2023, moving employment back to pre-pandemic levels. In part due to aging population trends and lower population growth, the unemployment rate moves below 6 per cent towards the end of the forecast period, while wage growth trends toward 2 per cent.

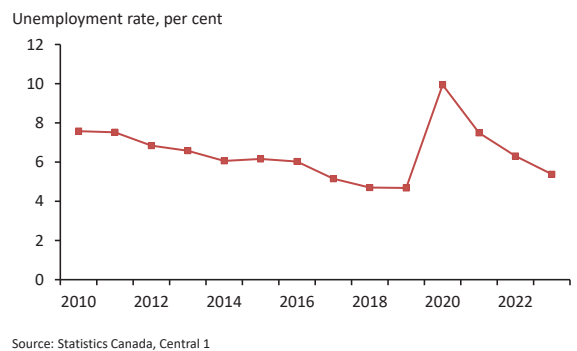
Struggles in the labour market will continue to be supported in part by federal income measures. The CERB is being transitioned to a modified employment insurance program and the Canada Recovery Benefit. The CEWS is currently set to expire on December 19, providing support to businesses and incentivizing rehiring. This program could be extended or modified as the government hopes to keep individuals engaged with the labour market.

Recovery in labour markets and less support from government programs contribute to a rotation of gross domestic income towards wage compensation in 2021

Pandemic led drop in international migration slows population growth before rebound



Unemployment rate to ease after 2020 as economy mends and labour force ages



onwards, following a substantial shift in share to government transfers this year. Corporate profits decline 15 per cent in 2020 and remain weak in 2021 before improving thereafter. Low profits contributes to weak investment on the part of firms in the coming year.

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Real Gross Domestic Product: Expenditures (\$2012, millions)

	2017	2018	2019	2020	2021	2022	2023
GDE	257,466	264,063	271,342	254,754	265,050	274,067	280,092
% Change	3.7	2.6	2.8	-6.1	4.0	3.4	2.2
Household Final Consumption	167,702	171,502	174,916	160,769	169,536	175,483	180,635
% Change	4.6	2.3	2.0	-8.1	5.5	3.5	2.9
Durable Goods	21,126	21,320	21,285	18,016	20,059	21,308	22,566
% Change	8.3	0.9	-0.2	-15.4	11.3	6.2	5.9
Semi-Durable Goods	11,342	11,794	11,919	10,924	11,340	11,747	12,110
% Change	3.5	4.0	1.1	-8.3	3.8	3.6	3.1
Non-Durable Goods	36,292	36,517	37,150	36,811	37,447	38,075	38,389
% Change	4.1	0.6	1.7	-0.9	1.7	1.7	0.8
Services	99,010	101,933	104,608	95,072	100,734	104,398	107,619
% Change	4.1	3.0	2.6	-9.1	6.0	3.6	3.1
NPISH Consumption	3,892	4,034	4,111	4,134	4,194	4,075	4,146
% change	-3.1	3.6	1.9	0.6	1.5	-2.8	1.7
Government Current	45,468	46,821	48,009	49,092	49,542	49,943	50,502
% Change	2.9	3.0	2.5	2.3	0.9	0.8	1.1
Government Investment	8,977	9,547	10,694	10,133	9,318	9,585	9,734
% Change	14.2	6.3	12.0	-5.2	-8.0	2.9	1.6
Business Gross Fixed Capital	51,908	52,197	53,704	49,593	53,991	57,412	58,195
% change	4.4	0.6	2.9	-7.7	8.9	6.3	1.4
Residential Construction	25,877	25,242	25,182	23,240	23,828	24,771	26,347
% Change	-0.2	-2.5	-0.2	-7.7	2.5	4.0	6.4
Machinery & Equipment	8,002	8,443	8,942	7,865	8,151	8,788	8,927
% Change	3.3	5.5	5.9	-12.0	3.6	7.8	1.6
Non-Residential Structures	14,577	14,818	15,921	15,482	18,634	20,000	18,853
% Change	15.1	1.7	7.4	-2.8	20.4	7.3	-5.7
Intellectual Property	3,452	3,694	3,658	3,006	3,378	3,853	4,068
% change	0.9	7.0	-1.0	-17.8	12.4	14.1	5.6
NPISH Investment	328	348	344	359	372	368	366
% change	-0.3	6.1	-1.1	4.3	3.6	-1.2	-0.6
Domestic Demand	278,189	284,253	291,528	273,954	286,699	296,573	303,251
% Change	4.4	2.2	2.6	-6.0	4.7	3.4	2.3
Exports	99,666	103,871	105,485	93,871	98,133	103,592	106,360
% Change	2.7	4.2	1.6	-11.0	4.5	5.6	2.7
Imports	121,912	125,445	127,848	116,388	122,337	129,290	132,710
% Change	5.6	2.9	1.9	-9.0	5.1	5.7	2.6

Source: Statistics Canada, Central 1 forecast

Nominal Gross Domestic Product: Expenditures (millions)							
	2017	2018	2019	2020	2021	2022	2023
GDE	282,639	295,401	311,810	293,228	311,806	329,424	343,690
% Change	7.1	4.5	5.6	-6.0	6.3	5.7	4.3
Household Final Consumption	177,971	185,360	194,491	180,719	193,502	203,936	213,314
% Change	6.0	4.2	4.9	-7.1	7.1	5.4	4.6
Durable Goods	22,167	22,520	23,141	19,778	22,358	24,136	25,946
% Change	9.8	1.6	2.8	-14.5	13.0	8.0	7.5
Semi-Durable Goods	11,853	12,370	12,928	12,010	12,651	13,318	13,928
% Change	4.2	4.4	4.5	-7.1	5.3	5.3	4.6
Non-Durable Goods	38,199	39,655	41,024	40,605	41,900	43,622	44,792
% Change	6.7	3.8	3.5	-1.0	3.2	4.1	2.7
Services	105,752	110,815	117,398	108,326	116,592	122,859	128,648
% Change	5.2	4.8	5.9	-7.7	7.6	5.4	4.7
NPISH Consumption	4,396	4,633	4,876	4,985	5,136	5,080	5,253
% change	3.8	5.4	5.3	2.2	3.0	-1.1	3.4
Government Current	49,897	52,372	55,158	57,451	59,193	60,754	62,496
% Change	5.0	5.0	5.3	4.2	3.0	2.6	2.9
Government Investment	10,140	11,042	12,767	11,928	10,372	10,482	11,143
% Change	16.6	8.9	15.6	-6.6	-13.0	1.1	6.3
Business Gross Fixed Capital	59,964	61,611	64,927	60,987	66,909	71,936	74,430
% change	7.4	2.7	5.4	-6.1	9.7	7.5	3.5
Residential Construction	31,160	31,310	32,026	30,341	31,754	33,546	36,225
% Change	5.1	0.5	2.3	-5.3	4.7	5.6	8.0
Machinery & Equipment	9,008	9,584	10,390	9,191	9,659	10,620	10,919
% Change	3.3	6.4	8.4	-11.5	5.1	10.0	2.8
Non-Residential Structures	15,968	16,602	18,293	18,349	22,536	24,626	23,593
% Change	16.6	4.0	10.2	0.3	22.8	9.3	-4.2
Intellectual Property	3,828	4,115	4,218	3,106	2,960	3,143	3,693
% change	1.2	7.5	2.5	-26.4	-4.7	6.2	17.5
NPISH Investment	367	395	402	417	429	426	436
% change	2.5	7.6	1.8	3.7	2.8	-0.6	2.3
Domestic Demand	302,735	315,413	332,622	316,487	335,541	352,614	367,072
% Change	6.4	4.2	5.5	-4.9	6.0	5.1	4.1
Exports	112,886	119,796	121,283	105,047	112,638	123,332	129,017
% Change	8.2	6.1	1.2	-13.4	7.2	9.5	4.6
Imports	134,350	141,164	145,315	130,623	138,155	149,427	155,338
% Change	7.4	5.1	2.9	-10.1	5.8	8.2	4.0

Source: Statistics Canada, Central 1 forecast

Real Gross Domestic Product: Industries

	2017	2018	2019	2020	2021	2022	2023
All Industries	239,852	246,260	253,049	237,579	247,181	255,590	261,209
% change	3.9	2.7	2.8	-6.1	4.0	3.4	2.2
Agriculture	2,881	3,066	3,306	3,083	3,176	3,230	3,265
% change	-1.4	6.4	7.8	-6.7	3.0	1.7	1.1
Forestry	1,755	1,844	1,488	1,327	1,382	1,425	1,436
% change	-2.9	5.1	-19.3	-10.8	4.1	3.1	0.8
Fishing, hunting, trapping and agriculture and forestry support	292	278	252	232	239	244	246
% change	-3.8	-4.6	-9.5	-7.7	3.1	1.8	1.0
Oil and Gas Mining	4,126	5,230	5,306	5,454	5,578	5,919	6,276
% change	17.9	26.7	1.5	2.8	2.3	6.1	6.0
Other Mining	4,775	4,848	4,963	4,400	4,629	4,533	4,625
% change	-2.4	1.5	2.4	-11.3	5.2	-2.1	2.0
Support activities for oil, gas, and other mining	882	1,060	926	947	880	774	747
% change	-7.5	20.1	-12.6	2.3	-7.0	-12.0	-3.6
Utilities	5,002	4,833	4,868	5,013	5,136	5,236	5,299
% change	-0.4	-3.4	0.7	3.0	2.5	1.9	1.2
Construction	19,825	20,562	22,650	21,837	23,089	24,496	24,983
% change	8.2	3.7	10.2	-3.6	5.7	6.1	2.0
Residential Construction	9,089	9,661	9,531	8,827	8,915	9,273	9,886
% change	2.9	6.3	-1.3	-7.4	1.0	4.0	6.6
Non-Residential Construction	2,392	2,709	3,263	2,942	3,035	3,298	3,391
% change	3.4	13.3	20.5	-9.8	3.2	8.7	2.8
Engineering Construction	5,156	5,003	6,423	6,443	7,353	7,959	7,544
% change	21.0	-3.0	28.4	0.3	14.1	8.2	-5.2
Other Construction	3,189	3,189	3,432	3,624	3,787	3,966	4,162
% change	9.4	0.0	7.6	5.6	4.5	4.7	5.0
Manufacturing	17,538	17,621	17,383	16,008	16,598	17,128	17,525
% change	6.2	0.5	-1.4	-7.9	3.7	3.2	2.3
Food Products	2,265	2,252	2,303	2,187	2,260	2,311	2,343
% change	5.8	-0.6	2.3	-5.0	3.3	2.2	1.4
Wood Products	3,026	2,991	2,613	2,396	2,430	2,500	2,548
% change	1.2	-1.1	-12.6	-8.3	1.4	2.8	1.9
Paper and Allied Product	1,420	1,449	1,241	1,146	1,220	1,281	1,312
% change	4.5	2.1	-14.4	-7.6	6.4	5.0	2.4
Primary Metals	1,424	1,412	1,283	1,160	1,260	1,335	1,392
% change	8.7	-0.8	-9.1	-9.6	8.6	6.0	4.3
Non-Metallic Minerals	1,402	1,646	1,659	1,543	1,599	1,671	1,716
% change	14.4	17.5	0.8	-7.0	3.6	4.5	2.7
Fabricated Metals	1,028	1,171	1,254	1,127	1,195	1,249	1,272
% change	4.1	13.9	7.1	-10.2	6.1	4.5	1.9
Machinery	1,108	1,099	1,110	1,003	1,038	1,074	1,092
% change	16.2	-0.8	1.0	-9.6	3.5	3.5	1.8

Real Gross Domestic Product: Industries (continued)

	2017	2018	2019	2020	2021	2022	2023
Wholesale trade	9,405	9,454	9,539	8,634	8,957	9,285	9,478
% change	5.4	0.5	0.9	-9.5	3.8	3.7	2.1
Retail trade	14,486	14,670	14,770	13,504	14,109	14,687	15,086
% change	6.3	1.3	0.7	-8.6	4.5	4.1	2.7
Transportation And Warehousing	13,774	14,374	14,729	12,683	13,374	14,713	14,978
% change	7.2	4.4	2.5	-13.9	5.5	10.0	1.8
Pipelines	1,264	1,249	1,248	1,082	1,113	1,377	1,473
% change	3.0	-1.2	-0.1	-13.3	2.8	23.8	7.0
Other Transportation & Warehousing	12,510	13,125	13,480	11,600	12,262	13,336	13,505
% change	7.7	4.9	2.7	-13.9	5.7	8.8	1.3
Finance, Insurance & Real Estate	28,818	28,895	29,731	28,189	29,504	30,443	31,276
% change	2.9	0.3	2.9	-5.2	4.7	3.2	2.7
Owner-Occupied Housing	28,418	29,321	30,454	31,151	31,902	32,885	33,966
% change	3.8	3.2	3.9	2.3	2.4	3.1	3.3
Professional, scientific and technical services	15,126	15,438	16,142	15,520	16,211	16,867	17,168
% change	3.7	2.1	4.6	-3.9	4.5	4.0	1.8
Administrative and support, waste management and remediation services	7,074	7,192	7,206	6,563	6,877	7,100	7,259
% change	-0.7	1.7	0.2	-8.9	4.8	3.2	2.2
Other services (except public administration)	5,290	5,358	5,409	4,893	5,156	5,243	5,327
% change	2.4	1.3	1.0	-9.5	5.4	1.7	1.6
Arts, entertainment and recreation	2,276	2,327	2,411	1,803	2,093	2,170	2,199
% change	3.4	2.2	3.6	-25.2	16.1	3.7	1.4
Information and cultural industries	8,671	8,793	8,876	7,836	8,212	8,424	8,551
% change	7.1	1.4	0.9	-11.7	4.8	2.6	1.5
Educational services	12,113	12,580	12,968	12,351	12,273	12,204	12,129
% change	2.1	3.9	3.1	-4.8	-0.6	-0.6	-0.6
Health care and social assistance	16,357	16,911	17,576	16,921	17,254	17,640	18,053
% change	2.1	3.4	3.9	-3.7	2.0	2.2	2.3
Government Services	13,135	13,615	13,958	13,727	13,878	13,978	14,157
% change	3.0	3.7	2.5	-1.7	1.1	0.7	1.3
Accommodation and food services	7,188	7,573	7,735	5,743	6,671	6,965	7,185
% change	4.8	5.4	2.1	-25.8	16.2	4.4	3.2

Source: Statistics Canada, Central 1 forecast

* includes direct hunting, fishing and trapping

Employment by Industry: British Columbia

	2017	2018	2019	2020	2021	2022	2023
Total	2,466.8	2,493.6	2,559.0	2,377.2	2,482.6	2,539.0	2,593.6
% Change	3.7	1.1	2.6	-7.1	4.4	2.3	2.1
Agriculture	26.2	23.6	26.6	27.1	27.7	27.7	27.7
% Change	7.4	-9.9	12.7	1.8	2.4	-0.3	0.2
Other Primary	49.8	49.7	44.5	38.1	41.0	42.9	45.1
% Change	-2.0	-0.2	-10.5	-14.3	7.5	4.5	5.3
Manufacturing	174.2	174.3	165.7	156.8	161.3	164.6	166.1
% Change	2.4	0.1	-4.9	-5.4	2.8	2.1	0.9
Utilities	12.9	13.9	12.2	15.1	15.8	15.5	15.6
% Change	-4.4	7.8	-12.2	23.4	4.9	-1.7	0.3
Construction	228.6	238.4	236.6	217.9	228.0	234.6	240.9
% Change	8.2	4.3	-0.8	-7.9	4.6	2.9	2.7
Transportation & Warehousing	139.4	135.8	140.6	126.7	131.5	135.5	137.8
% Change	1.1	-2.6	3.5	-9.9	3.8	3.0	1.8
Trade	374.0	368.4	389.2	374.5	388.4	395.8	405.8
% Change	1.1	-1.5	5.6	-3.8	3.7	1.9	2.5
FIRE	156.2	150.8	158.9	164.4	171.1	174.5	178.8
% Change	14.9	-3.5	5.4	3.4	4.1	2.0	2.5
Professional, Scientific, Managerial	299.7	309.1	336.0	324.9	339.0	349.0	356.5
% Change	-0.2	3.1	8.7	-3.3	4.3	3.0	2.2
Accommodation & Food Services	182.6	187.7	191.2	149.0	172.2	180.6	189.7
% Change	4.8	2.8	1.9	-22.1	15.5	4.9	5.0
Education Services	166.6	168.6	178.7	167.5	166.3	165.2	164.0
% Change	1.0	1.2	6.0	-6.3	-0.7	-0.7	-0.7
Health & Welfare Services	303.5	323.2	312.6	288.9	294.3	300.5	307.3
% Change	4.1	6.5	-3.3	-7.6	1.9	2.1	2.2
Other Services	251.2	245.7	250.3	215.5	233.0	237.8	242.2
% Change	8.7	-2.2	1.9	-13.9	8.1	2.1	1.8
Government Services	101.9	104.3	116.0	111.0	113.2	114.9	116.1
% Change	-1.7	2.4	11.2	-4.3	1.9	1.5	1.1

Labour Market Indicators: British Columbia

	2017	2018	2019	2020	2021	2022	2023
Source Population	3,979.7	4,031.8	4,097.3	4,142.4	4,171.1	4,214.4	4,264.1
% Change	1.2	1.3	1.6	1.1	0.7	1.0	1.2
Participation Rate	65.3	64.9	65.5	63.7	64.3	64.3	64.3
Labour Force	2,600.7	2,616.5	2,684.7	2,639.7	2,683.6	2,709.8	2,741.2
% Change	2.7	0.6	2.6	-1.7	1.7	1.0	1.2
Employment	2,466.8	2,493.6	2,559.0	2,377.2	2,482.6	2,539.0	2,593.6
% Change	3.7	1.1	2.6	-7.1	4.4	2.3	2.1
Unemployment	133.9	122.9	125.7	262.5	201.0	170.9	147.6
% Change	-12.4	-8.2	2.3	108.8	-23.4	-15.0	-13.6
Unemployment Rate	5.1	4.7	4.7	9.9	7.5	6.3	5.4
Average Weekly Hours	32.5	32.8	32.0	30.6	31.0	31.7	31.9
Hourly Wage Rate (%ch.)	3.5	3.8	5.6	5.6	0.1	1.8	2.2

Source: Statistics Canada, Central 1 forecast

Domestic and Personal Income (\$Millions): British Columbia

	2017	2018	2019	2020	2021	2022	2023
GDP at Market Prices	282,639	295,401	311,810	293,228	311,806	329,424	343,690
% Change	7.1	4.5	5.6	-6.0	6.3	5.7	4.3
Employee Compensation	135,921	143,959	152,181	142,605	151,395	161,071	169,102
% Change	6.3	5.9	5.7	-6.3	6.2	6.4	5.0
Net Operating Surplus: Corporations	33,471	33,341	35,048	30,257	29,847	31,485	31,776
% Change	18.0	-0.4	5.1	-13.7	-1.4	5.5	0.9
Net Operating Surplus: Mixed Income	39,485	41,140	43,791	44,855	46,853	49,160	50,744
% Change	6.0	4.2	6.4	2.4	4.5	4.9	3.2
Fixed Capital Consumption	42,495	44,782	46,770	48,506	49,133	51,169	53,809
% Change	3.7	5.4	4.4	3.7	1.3	4.1	5.2
Indirect Taxes Less Subsidies	31,511	32,335	34,175	27,161	34,735	36,695	38,415
% Change	6.2	2.6	5.7	-20.5	27.9	5.6	4.7
Net Domestic Income (Factor Cost)	208,633	218,284	230,865	217,561	227,938	241,559	251,466
% Change	8.0	4.6	5.8	-5.8	4.8	6.0	4.1
Personal Income	235,673	245,743	258,549	271,787	260,324	272,980	283,418
% Change	6.2	4.3	5.2	5.1	-4.2	4.9	3.8
Total Primary Income	199,008	207,418	218,125	208,664	219,225	230,701	239,592
% Change	6.4	4.2	5.2	-4.3	5.1	5.2	3.9
Labour Income	138,037	146,219	154,570	144,843	153,772	163,600	171,756
% Change	5.4	5.9	5.7	-6.3	6.2	6.4	5.0
Net Operating Surplus: Mixed Income	39,485	41,140	43,791	44,855	46,853	49,160	50,744
% Change	6.0	4.2	6.4	2.4	4.5	4.9	3.2
Net Property Income	21,486	20,059	19,763	18,965	18,601	17,941	17,091
% Change	14.2	-6.6	-1.5	-4.0	-1.9	-3.5	-4.7
Transfer Payments Received	36,665	38,325	40,424	63,122	41,099	42,280	43,826
% Change	4.8	4.5	5.5	56.2	-34.9	2.9	3.7
Transfer Payments Paid	63,928	66,958	69,748	63,553	65,249	69,754	74,957
% Change	4.1	4.7	4.2	-8.9	2.7	6.9	7.5
Disposable Income	171,745	178,785	188,801	208,233	195,075	203,226	208,461
% Change	7.0	4.1	5.6	10.3	-6.3	4.2	2.6

Source: Statistics Canada, Central 1 forecast

Population and Components of Growth: British Columbia

	2017	2018	2019	2020	2021	2022	2023
Population (000s)	4,924.2	5,001.2	5,071.3	5,121.4	5,152.0	5,199.8	5,254.5
% Change	1.3	1.6	1.4	1.0	0.6	0.9	1.1
Births (000s)	44.9	44.2	43.4	44.2	44.9	45.1	45.6
Deaths (000s)	38.3	37.9	38.3	39.2	40.1	41.1	42.0
Natural Growth Rate (%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net In Migration (000s)	58.3	70.7	65.1	45.0	25.8	43.8	51.1
Net International(000s)	39.5	56.7	59.0	38.8	21.1	40.3	45.4
Net Interprovincial (000s)	18.8	14.0	6.1	6.2	4.7	3.5	5.7

Source: Statistics Canada, Central 1 forecast

Key External Forecasts

	2017	2018	2019	2020	2021	2022	2023
U.S. Real GDP, %chg.	2.4	2.9	2.3	-6.5	3.0	3.5	2.3
Japan Real GDP, %chg.	2.2	0.3	0.8	-6.0	3.3	2.0	1.5
European Union Real GDP, %chg.	2.7	1.9	1.2	-9.0	5.0	2.5	1.8
China Real GDP, %chg.	6.0	6.9	6.1	0.0	8.0	5.7	5.5
Canada Real GDP, %chg.	3.1	1.9	1.4	-7.5	5.0	3.3	2.5
Canada 3-month T-Bill, %	0.71	1.40	1.66	0.50	0.30	0.30	0.50
Canada GoC Long-term Bond, %	2.18	2.33	1.73	1.00	1.10	1.30	1.80
U.S.-Canada Exchange Rate, cents/dollar	77.05	77.16	75.37	74.00	73.00	74.10	76.00
Henry Hub Natural Gas Price, USD/mmbtu	2.99	3.17	2.57	1.80	2.40	2.90	3.20
WTI USD/barrel	51	65	57	38	41	47	50

Source: Statistics Canada, US FRED, Central 1 forecast

Real Residential Investment: British Columbia

	2017	2018	2019	2020	2021	2022	2023
Real Residential Investment (Millions)	25,877	25,242	25,182	23,240	23,828	24,771	26,347
% Change	-0.2	-2.5	-0.2	-7.7	2.5	4.0	6.4
Total New Dwellings	13,395	14,185	14,210	12,746	12,409	12,815	13,776
% Change	0.9	5.9	0.2	-10.3	-2.6	3.3	7.5
Renovations	6,503	6,537	6,258	6,234	6,737	7,097	7,460
% Change	4.7	0.5	-4.3	-0.4	8.1	5.3	5.1
Total Acquisition Costs	5,809	4,344	4,536	4,114	4,512	4,679	4,925
% Change	-7.4	-25.2	4.4	-9.3	9.7	3.7	5.2
Other Residential Construction	170	177	179	145	169	179	187
% Change	6.0	4.0	1.0	-18.6	16.5	5.8	4.2
Housing Starts (000s)	44	41	45	35	36	37	41
% Change	4.4	-6.4	10.0	-22.8	4.7	2.3	9.6
Single Detached Housing Starts (000s)	12	11	9	8	8	8	9
% Change	0.6	-9.6	-21.2	-14.1	4.6	-0.4	11.0
Multi-Family Housing Starts (000s)	31	30	36	27	28	29	32
% Change	5.9	-5.2	21.7	-24.9	4.7	3.0	9.2

Source: Statistics Canada, Central 1 forecast

Non-Residential Investment: British Columbia

	2017	2018	2019	2020	2021	2022	2023
Total	19,472	20,047	21,807	21,393	24,009	25,549	24,609
% Change	13.1	3.1	7.9	-5.0	9.0	6.4	-2.3
Engineering Construction	14,295	14,475	15,344	15,565	17,998	19,016	17,891
% Change	17.7	1.3	6.0	1.4	15.6	5.7	-5.9
Building Construction	5,177	5,572	6,463	5,828	6,011	6,533	6,718
% Change	-4.0	7.6	16.0	-9.8	3.2	8.7	2.8
Industrial Construction	1,039	1,219	1,287	1,147	1,245	1,520	1,552
% Change	15.2	17.3	5.6	-10.9	8.6	22.1	2.1
Commercial Construction	1,498	1,611	1,859	1,569	1,685	1,830	1,935
% Change	-23.9	7.5	15.4	-15.6	7.4	8.6	5.7
Inst. & Gov't Construction	2,589	2,711	3,285	3,080	3,050	3,151	3,199
% Change	3.7	4.7	21.2	-6.2	-1.0	3.3	1.5

Source: Statistics Canada, Central 1 forecast