



## Highlights

- B.C. business confidence on the up, but business growth slow
- Sharpest declines in active businesses were in arts/entertainment/recreation (down 7.4 per cent), accommodations/foodservices (down 5.5 per cent), and other private services (down 5.2 per cent);
- Relatively unaffected sectors include professional/scientific and technical services, healthcare and social assistance, and manufacturing.

## Small business confidence gains traction

The ongoing rollout of vaccines and easing of the pandemic second wave lifted business confidence in B.C. and across the country in February. The latest Business Barometer readings from the Canadian Federation of Independent pointed to the strongest 12- month outlook since late- 2018, while short- term confidence also rose to a 5-month high.

B.C.'s headline index rose to 63 points, up from 61.7 points in January and 56.4 points a year ago. Nationally, the index came in at 62.5 points. As the index is measured on a scale of 0 to 100, a value above 50 suggests that the number of businesses expecting stronger activity outnumbers those expecting a worse performance. While uneven, B.C.'s index has trended higher since June, amidst the combination of easing restrictions, government supports, economic recovery and most recently vaccine deployment. Uncertainties regarding case counts and potential for further rounds of closures undoubtedly weighed. It should also be noted that businesses are generally not in a better position than before the pandemic, but clearly goal posts of success have changed, while some businesses have already shuttered for good. Short-term expectations rose to the highest level since September but fears of a third wave likely still weighs on sentiment.

## Business confidence picks up amidst vaccine deployment



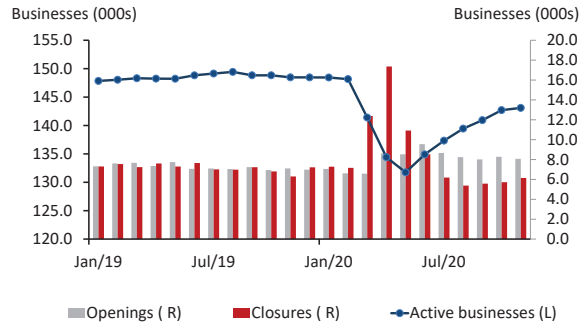
Current assessments of business health also slightly improved from January with 32 per cent of firms surveyed stating good business health, with 24 per cent noting conditions were bad. This likely reflects industry factors as hospitality and tourism sectors remain under pressure. Full-time hiring plans were roughly balanced, with 17 per cent looking to add staff while 18 per cent looked to cut over the coming three months.

The outlook remains contingent on the pandemic evolution and vaccine deployment. Negative risks remain a third wave of the pandemic and spread of new variants which could pause or partially rollback the recovery. That said, ongoing measures such as physical distancing and health-related restrictions should allow the economy to improve with vaccine deployment supporting medium- to-longer term growth.

## Recovery in business counts slows in November

While business sentiment continues to recover, active business counts suggest many remained closed into November, either temporarily or permanently, and growth slowed. Total active B.C. businesses rose 0.3 per cent to a count of 143,093 in November, compared to a 1.3 per cent increase the prior month. That said, B.C.'s rebound in businesses outpaced the national gain of 0.1 per cent. Relative to February, B.C. business counts were down 3.5 per cent compared to a peak-to-trough drop of 11 per cent.

## Recovery in business counts slows in November



Source: Statistics Canada, Central 1

latest: Nov 2020

Slower growth in active businesses reflected a sharper increase in business closures while opening edged lower (albeit still exceeding the pace of closures). Of the former, which rose 7.4 per cent to 6,146 closures, drivers were in health care and social assistance (up 11.7 per cent), wholesale trade (up 13.1 per cent), construction (4.7 per cent).

On an industry basis, recoveries remain uneven and align with the broader economy. Relative to February, the sharpest declines in active businesses remain in the arts/entertainment/recreation (down 7.4 per cent), accommodations/foodservices (down 5.5 per cent), and other private services (down 5.2 per cent). Retail trade and transportation and warehousing also fell more than headline figures. In contrast, sectors largely unaffected include professional/scientific and technical services, healthcare and social assistance, and manufacturing.

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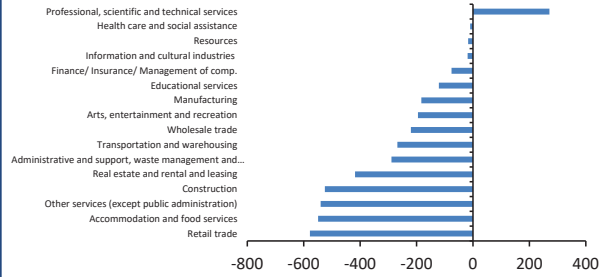
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## Hospitality and private service business counts down sharply

Active business change, Nov/20 vs Feb/20, number of businesses



Source: Statistics Canada, Central 1

latest: Nov 2020