



Highlights

- B.C. business confidence up 4.5 points in March but entrepreneurs generally downbeat about short-term prospects;
- Population growth trends stabilize in fourth quarter;
- Job vacancies climb 4.1 per cent year-over-year during fourth quarter

Vaccines and outlook buoy small business sentiment

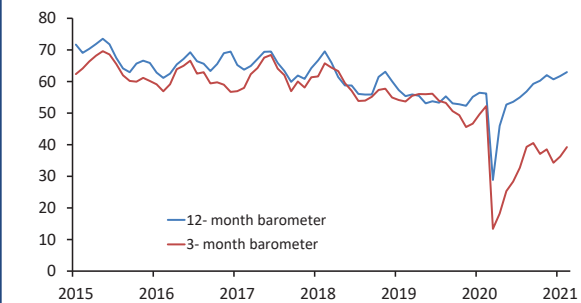
Business confidence at B.C.'s small and medium-sized firms surged in March according to the CFIB's latest Business Barometer readings. The monthly index jumped 4.5 points to 67.5 points, which was similar to the national reading of 68.2 points and third highest among provinces, behind only Ontario (72.8 points) and Nova Scotia (72.4 points). A value above 50 means on new, forward expectations are positive over the next 12 months which is consistent with stronger outlooks for both the Canadian and global economies.

That said, businesses are still downbeat about short-term prospects. While sentiment improved in the province to 45.9 points from 39.2 points in February, this marks a net negative response, reflecting unknowns about the evolution of the pandemic, risks of a third wave on operations, and relatively slow vaccine deployment. Broadly, firms in sectors most affected by the pandemic, namely hospitality, private services, and health/education remained the most pessimistic over the short-term despite improving prospects. The gap between short-term and long-term prospects were negligible prior to the pandemic but have remained wide over the past year.

Other data produced by the CFIB points to improved hiring plans. About 18 per cent of survey respondents planned to increase full-time employment over the next three months, with 14 per cent planning to cut. However, with the recovery in the economy driving increased demand for labour, businesses will likely adjust by increasing hours for existing staff rather than hire additional employees until more positive business conditions are deemed sustainable.

B.C. business confidence gathers steam despite short-term pessimism

CFIB Business Barometer Index, B.C.



Source: CFIB, Central 1

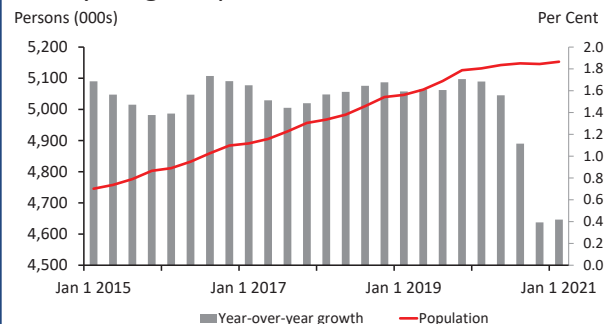
latest: Mar /21

Population growth trends stabilize in fourth quarter

The pace of B.C. population growth improved in the fourth quarter after a third quarter pandemic induced contraction. B.C.'s population reached 5.15 million persons as of January 1, up 0.14 per cent or 7,254 persons from October 1. This compared to a decline of 1,927 persons the previous quarter, and aligned more closely with a typical gain for the fourth quarter. Nevertheless, year-over-year growth remained soft at 0.4 per cent (21,464 persons).

The modest firming of population growth was driven by divergent patterns due to the pandemic. Inflows of international immigrants reached 6,429 persons during the quarter, and while the 30 per cent increase from the third quarter was stronger than normal, levels were down 45 per cent from same-quarter 2019 and the

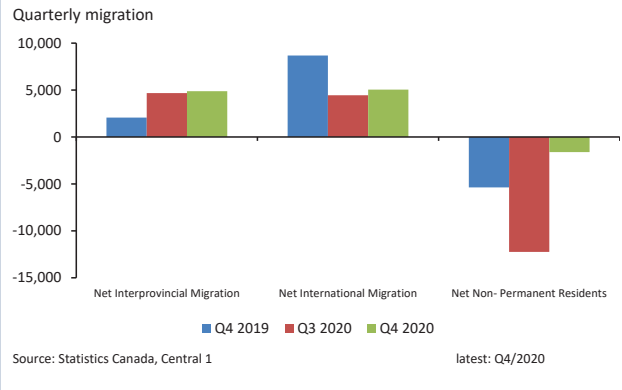
Population picks up through Q4 but slow year-over-year gains persist



Source: Statistics Canada, Central 1

latest: Jan 1, 2021

Interprovincial migration climbs, international inflows weak



long-term quarterly average of about 8,800 entries. New immigrants have likely delayed or cancelled moves to Canada amidst the pandemic given border restrictions/quarantines, economic weakness, and broader uncertainties. Net international migration, which accounts for emigration, fell 42 per cent from a year ago to 5,049 persons.

A plunge in net non-permanent residents was a key driver to the Q3 population contraction, and while still negative in the fourth quarter was less of a drag on population growth. Net non-permanent residents, which largely reflect students and temporary workers, fell 1,609 persons during the quarter, compared to a drop of more than 12,000 during the third quarter. In comparison, the first quarter of 2019 saw a gain of nearly 7,500 persons.

In contrast to ongoing weakness in international inflows, B.C. as a destination for Canadians has remained strong. Total interprovincial inflows reached 10,908 persons in the fourth quarter which was similar to year-ago levels. Fewer people have left the province over the same period, contributing to a positive net migration flows. The pandemic has likely supported mobility to markets in the interior and Island areas as work from home increased and households moved to smaller urban markets. Retirement living has also driven demand for year-round recreational living.

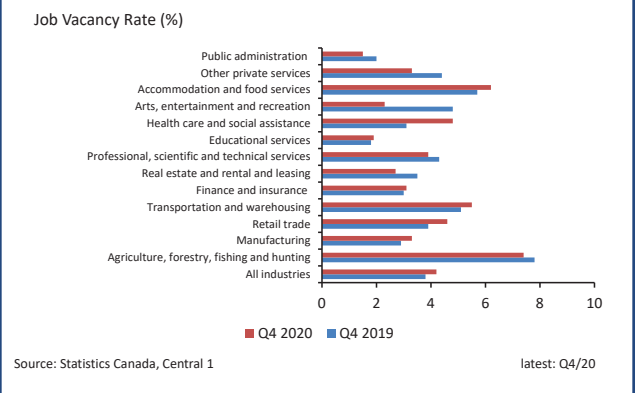
Going forward, population growth trends are expected to pick up as wide vaccine deployments tame the health crisis and mobility rises. Net non-permanent flows will also rise. Post-secondary institutions have already announced a plan to return to in-class learning, which will trigger inflows of more students bidding their time abroad, as well as lift interprovincial flows.

Job vacancies climb 4.1 per cent year-over-year during fourth quarter

Statistics Canada resumed its Job Vacancy and Wage Survey during the fourth quarter after a two quarter suspension due to COVID-19. The data suggests demand for employees picked up with the economic recovery but remains industry dependent. B.C. job vacancies reached a total of 93,835 during the fourth quarter, which was in line with the first quarter at the onset of the pandemic and 4.1 per cent above same-quarter 2019. The job vacancy rate rose to 4.2 per cent from 3.8 per cent one year prior.

Higher than pre-pandemic job vacancies comes as a surprise and suggests a tightening labour market despite lower employment and higher unemployment rates. This may reflect higher recruitment plans by re-opening firms or those planning for the recovery, while workers that lost their jobs during the pandemic may have moved on to other roles necessitating positions be filled. Statistics Canada also noted that some industries have higher proportion of new immigrant workers such as in healthcare, with labour supply slowed by restrictive border measures.

Higher job vacancy rates point to recovering labour market



According to the latest data, the largest gains in job vacancies were in construction (up 3,230 positions or 43 per cent year-over-year), retail trade (1,860 positions or 16 per cent), and healthcare/social assistance (up 5,635 position or 61 per cent). In contrast, vacancies plunged 71 per cent in arts/entertainment/recreation, 17 per cent in accommodations/foodservices.

Job vacancy rates were highest in construction (6.1 per cent), transportation/warehousing (5.5 per cent), health/social assistance (4.8 per cent), agriculture/

forestry/hunting (7.4 per cent). The lowest were in education (1.9 per cent), and arts/entertainment and recreation (2.3 per cent) which is not surprising given the impact on post-secondary institutions and tourism. Vacancy rates were surprisingly strong in accommodations/foods services at 6.2 per cent despite lower overall vacancies, which could reflect fewer multi-job holders during COVID-19.

Regionally, growth in job vacancies were led by Vancouver Island (up 58 per cent year-over-year), the Cariboo (up 33 per cent), and Thompson- Okanagan (up 28 per cent). The Lower Mainland – Southwest recorded an 8.8 per cent drop, with Kootenay area vacancies down 21 per cent. Vacancy rates were above four per cent in all markets except the Kootenay.

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