



Highlights

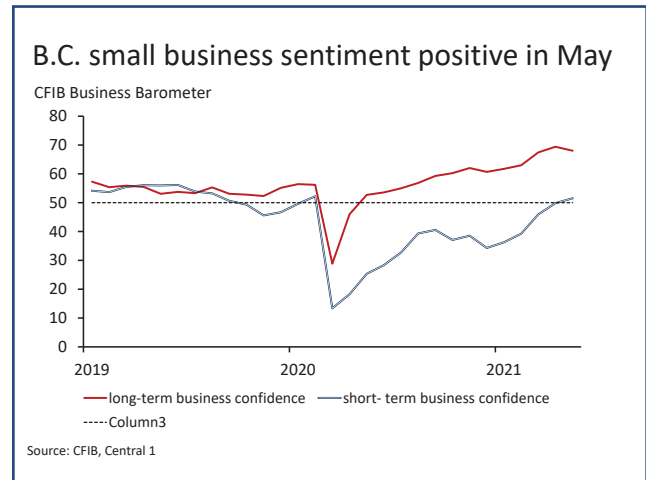
- B.C. businesses remain upbeat amidst third wave, the province's return to normal plan to further boost sentiment;
- Non-farm payrolls rose 1.2 per cent or 26,754 positions in March but will dip in April due to 'circuit breaker' impacts;
- Some sectors have experienced full- rebounds, while other remain severely depressed e.g. accommodation/foodservices (down 24 per cent) and arts/entertainment/recreation (down 39 per cent)

B.C. businesses remain upbeat amidst third wave

Small business confidence in B.C. came in positive in May despite effects of “circuit breaker” restrictions implemented during the third wave, according to the latest CFIB Business Barometer reading. The 12- month index came in at 68 points. While this was lower than April's reading of 69.4, it far exceeded the demarcation level of 50. A value above 50 means that, on net, the number of businesses expecting better performance outnumbers those expecting a worse performance. B.C.'s reading was second only to Ontario.

The short-term outlook turned positive for the first time since February 2020. A weaker short-term index trend compared to other provinces could reflect the fact that economic performance in B.C. has generally fared better than provincial peers over the past year while restrictions were more modest, meaning relatively less upside.

While undoubtedly divergent across industry lines, optimism is likely rising among firms as vaccinations continue to rollout at a quick pace while third wave restrictions are bearing fruit and lowering the pace of COVID-19 cases. Circuit breaker restrictions were rolled back in late May and with the province setting out the conditions for a further return to normal in coming months, the outlook continues to brighten amidst strong global economic growth, and low interest rate environ-



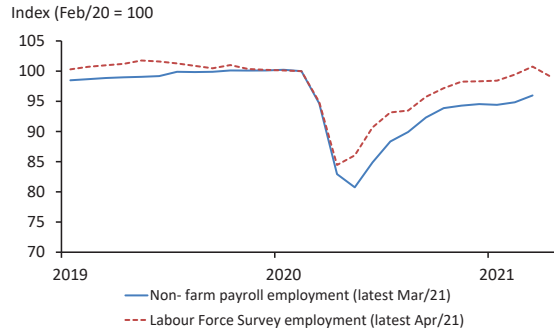
ment. For the hardest hit service sectors reliant on tourism and major events, the path to re-opening is also in sight with vaccinations of 75 - 80 per cent of the adult population likely to trigger relaxation of border measures.

Non-farm payroll employment bumps higher in March, but dip expected in April

Payroll employment counts in B.C. jumped in March, preceding restrictions associated with the third wave and province's “circuit breaker”. Based on employer data, reflecting employees receiving benefits or wages, non-farm payrolls rose 1.2 per cent or 26,754 positions. This was the strongest monthly increase since October, and first year-over-year increase February 2020. The latter reflected base-year effects of as the effects of the pandemic on payroll began in March 2020. At 2.26 million positions, levels were still four per cent below February 2020. Nevertheless, this marked a strong performance in advance of a round of third wave driven layoffs in April.

Hiring growth was broad-based across the economy with the retail sector driving nearly one third of the March increase with growth of 2.9 per cent (8,067 positions). Other key contributors included health care/social assistance (1.7 per cent and or 4,926 positions), accommodations/foodservices (up 1.6 per cent or 2,791 positions), professional/scientific/technical services (up 1.5 per cent or 2,117 positions).

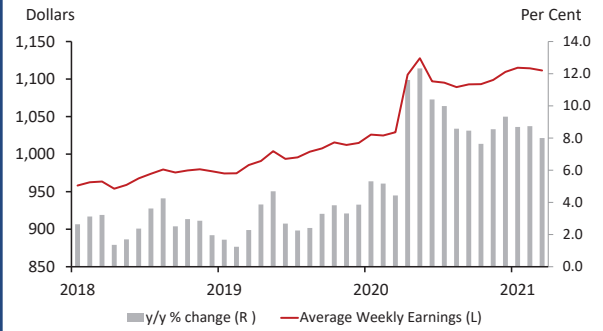
Non-farm payrolls increase but lags LFS employment recovery



That said, wide divergence continues from pre-pandemic levels with full- rebounds in some sectors, while other remains severely depressed. Of the latter, accommodation/foodservices (down 24 per cent), arts/entertainment/recreation (down 39 per cent) make up 80 per cent of the net declines from February 2020. Educational services (down 5.8 per cent or 10,000 positions) was also a main drag. In contrast, professional/scientific/technical services employment rose 4.7 per cent or 6,572 persons, and healthcare and social assistance grew 12,100 positions or 4.2 per cent. The patterns reflect the ongoing restrictions in travel and on high-touch businesses, needs for healthcare professionals, while demand for technology workers and other professionals, and natural resource workers have increased. (See table on page 3)

There remains a notable gap between the payroll counts and employment estimated by the Labour Force Survey. The latter has shown a near full recovery in employment based on household responses. This gap owes to a combination of survey coverage, and omission of farm and self employed individuals in the payroll survey, but also reflects fewer multiple job holders owing to less demand for retail and food services and fears of COVID-19 which depresses payroll counts.

Severe job losses in lower paid industries inflates average weekly earnings



Average weekly earnings eased 0.3 per cent to \$1,111 but remained eight per cent higher than a year ago. Relatively strong hiring in lower paid sectors contributed to easing in the March headline earnings, although significant job losses in these sectors during the pandemic has inflated economy-wide average wages. The fixed earnings index which controls for industry was up 0.1 per cent from February and 3.1 per cent year-over-year, although there remain some shifts within industry bumping up the latter numbers.

Payrolls likely shrunk in April given additional restrictions, however, as seen through the pandemic the economy has remained resilient and rebound re-emerges with loosening of at the end of May. Further easing of restrictions are coming as vaccinations rise and case counts decline, with the hardest hit sectors likely to see a surge in hiring by the fourth quarter if broader tourism re-opens. Signs are also emerging of a tightening labour market with job vacancy rates sitting near five per cent in B.C. which is second only to Quebec as job openings increase.

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B.C. non- farm payroll counts	Mar/21 non- farm payrolls	m/m change		Change from Feb/20	
		persons	per cent	persons	per cent
All industries	2,261,520	26,754	1.2%	-94,898	-4.0%
Forestry, logging and support	17,051	354	2.1%	2,281	15.4%
Mining, quarrying, and oil and gas extraction	20,426	218	1.1%	1,858	10.0%
Utilities	12,139	-237	-1.9%	-23	-0.2%
Construction	169,997	212	0.1%	1,955	1.2%
Manufacturing	151,052	1,139	0.8%	-1,970	-1.3%
Wholesale trade	95,773	639	0.7%	-3,834	-3.8%
Retail trade	283,807	8,067	2.9%	-3,333	-1.2%
Transportation and warehousing	114,417	13	0.0%	-5,199	-4.3%
Information and cultural industries	56,505	28	0.0%	-1,291	-2.2%
Finance and insurance	89,640	961	1.1%	-280	-0.3%
Real estate and rental and leasing	43,265	89	0.2%	-1,997	-4.4%
Professional, scientific and technical services	146,147	2,117	1.5%	6,572	4.7%
Management of companies and enterprises	19,362	500	2.7%	1,107	6.1%
Administrative and support, waste management and remediation services	99,810	260	0.3%	-7,406	-6.9%
Educational services	169,987	1,998	1.2%	-10,503	-5.8%
Health care and social assistance	297,494	4,926	1.7%	12,103	4.2%
Arts, entertainment and recreation	33,529	684	2.1%	-21,228	-38.8%
Accommodation and food services	178,962	2,791	1.6%	-55,707	-23.7%
Other services (except public administration)	73,497	234	0.3%	-6,166	-7.7%
Public administration	135,910	2,326	1.7%	1,454	1.1%