



Highlights

- B.C. employment recovery remains highly uneven as job growth slows in August
- Increased job vacancy rate points to increased labour shortages
- Average weekly earnings see little change from July but levels were 5.0 per cent above year ago levels.
- Small business confidence dampens due to uncertainty caused by inflationary pressures and labour shortages
- International travel to B.C. gains traction in August

B.C. non- farm payroll counts flat in August, job vacancy rate highest among provinces

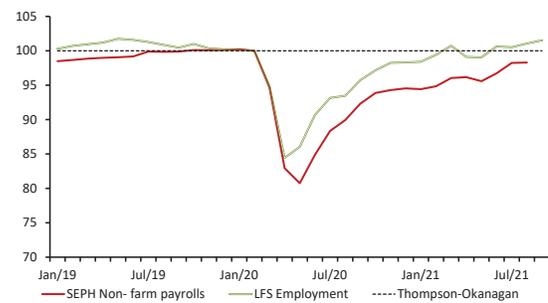
Bryan Yu, Chief Economist

According to the latest Statistics Canada’s Survey of Employment, Payroll and Hours (SEPH), B.C. non-farm payroll counts edged up in August by 0.1 per cent (1,300 persons) to 2.316 million jobs in the provincial economy. This marked a sharp slowdown in trend from June and July when growth average about 1.4 per cent each month potentially reflecting some challenges due to rising Delta variant case counts and a delay in reaching Stage 4 of the re-opening. While lagging the national increase of 0.4 per cent in August, year-over-year growth was highest among provinces at 9.3 per cent.

August’s mild increase held employment at 1.7 per cent below pre-pandemic levels. However, this continued to underperform the Labour Force Survey estimates which showed total employment up 1.1 per cent over the same corresponding time frame, with growth among non self-employed workers seeing even stronger growth. Fewer multi-job holders may be tempering SEPH employment counts, although differences in methodology between the SEPH and LFS is also a factor.

Non-farm payroll counts edge up, gap persists with Labour Force Survey employment

B.C. employment indicators, index Feb/20 = 100

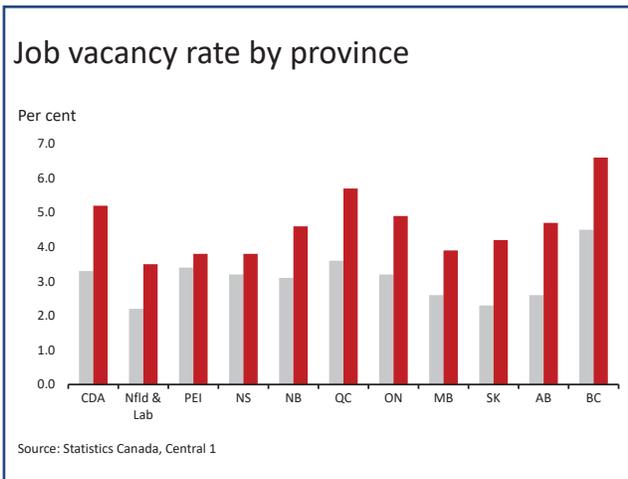


Source: Statistics Canada, Central 1 latest: SEPH Aug/21; LFS Sep 2021

Among sectors, growth was still being driven by broader re-opening trends and a likely boost to domestic tourism during the summer. While headline growth was negligible, hospitality jumped 4.6 per cent or 8,450 positions, while arts/entertainment/recreation was up 2.8 per cent or 1,070 positions from July. In contrast, there was a large decline in the education services sector from July of 7.1 per cent or 12,407 positions with the driver unclear. This could be due to additional hiring at schools for sanitation during the pandemic that were off during the summer. Resource sector employment fell 3.8 per cent but the actual change in employment was minor.

The employment recovery remains highly uneven with restriction sensitive sectors still reeling. Hospitality employment was down 18 per cent from February 2020, while arts/entertainment/recreation is still down 29 per cent, and education was 9.6 per cent lower. In contrast, professional/scientific/technical services rose 11.5 per cent highlighting the strength in the digital sectors and ease of shifting to remote employment in many roles, healthcare and social assistance gained 6.9 per cent.

While SEPH employment is still soft, the labour market looks to have tightened considerably. B.C. recorded the highest job vacancy rate among all provinces at 6.6 per cent which and compared to 5.2 per cent nationally. This exceeded pre-pandemic trends. Data on sectors by province is unavailable in monthly data, but nationally vacancies have surged in sectors related to the re-opening phase. In Q2 B.C.'s job vacancy rate in the hospitality sector was near 10 per cent which likely



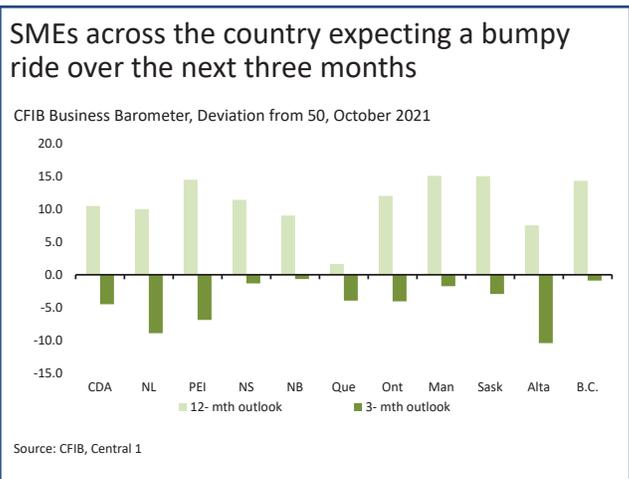
remained heavily understaffed into August. Employers are finding difficulty re-hiring workers as some have changed sectors or are shying away from work due to health risks and other considerations. With the re-opening continuing to expand and capacity of events increasing, demand for workers will continue to rise.

On the wage front, there was little change in average weekly earnings from July with a 0.1 per cent increase to \$1,143, but levels were 5.0 per cent above year ago levels. Growth in the fixed weighted index of earnings was little changed and up three per cent from a year ago. Levels remain firm but have been influenced in a number of directions by pandemic factors, while hours worked in some sectors have rebounded.

Increased uncertainty over the short-term continues to dampen SME confidence

Edgard Navarrete, Regional Economist

Following a positive trend from May through August 2021 that bucked the national trend, small business confidence in British Columbia (B.C.) eased in September. According to the latest estimate from the Canadian Federation of Independent Business (CFIB) both the short-term (three-month) and long-term (12 month) outlooks continued to slide marking two consecutive months of lower confidence. While the long-term outlook remains above 60 points (64.4 points), despite a 2.4-point slide month-over-month, the short-term outlook is below 50 points now (49.1 points) after losing an additional 5.8 points in September. Measured on a scale between 0 and 100, an index above 50 means owners expecting their business’s performance to be stronger in the next year outnumber those expecting weaker performance.



Uncertainty remains high in the short-term for many businesses given several factors such as inflationary pressures due in large part to supply chain issues, as well as increasing signs of labour shortages.

From a year-ago short-term confidence remains 12 points higher and long-term confidence remains 4.1 points higher.

According to the latest figures among the small and medium enterprises (SMEs) surveyed 15 per cent are expecting to decrease full-time hiring over the next three months and 19 per cent of SMEs feel the general state of business health is bad. Despite the increased uncertainty B.C. SMEs remained resilient and average capacity utilization has remained relatively high at 76 per cent over the last three months as other provinces see this metric fall. Moreover, 26 per cent of B.C. SMEs surveyed are back up at full capacity utilization with only Prince Edward Island at a higher level.

International travel to B.C. gains traction in August

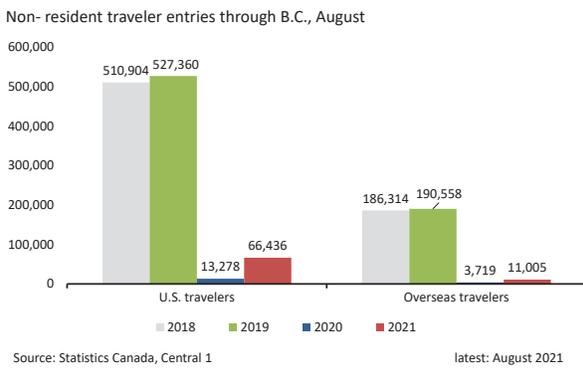
Ivy Ruan, Economics Research Associate

The number of international arrivals to Canada continued to increase during August but remained a fraction of pre-pandemic levels. The number of non-resident travelers entering through B.C. reached a seasonally-adjusted 77,441 persons, almost five times greater than the same month last year, yet only 10.8 per cent of the number from August 2019. The travel surge was contributed mostly by the flow of U.S. travelers, who could enter Canada for non-essential travel after fully vaccination, effective August 9. There were 66,436 American travelers entering B.C. in August, a fivefold increase from last year, but remains a small portion

International travel to B.C. thrived in August



But levels remain decimated by pandemic



(12.6 per cent) of the August 2019 level. The number of U.S. vehicles entering B.C. was 65,000, reporting the highest level since April 2021, almost double the amount from July. Overseas visitors also jumped from July, but at 11,005 visits this was 5.8 per cent of August 2019 levels.

As a popular travel designation, B.C. can expect increased traveler inflows from the U.S. land after a year-long border closure. This would continue boost the provincial tourism recovery in addition to the intra and inter provincial travel under easing restrictions. Meanwhile, increased vaccinations globally is also anticipated to lift overseas entries

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