



Highlights

- Small business confidence continues to slide as B.C. enters winter and flooding disaster adds to uncertainty;
- B.C. sees largest hiring boost since the pandemic began and not far from reaching pre-pandemic levels;
- Inflow of U.S. travellers since the reopening of Canadian border to fully vaccinated U.S. residents, continued to lead the increase in the number of travellers entering B.C.

Small-business confidence now on a three-month slide

Edgard Navarrete, Regional Economist

B.C. small-business confidence - both the short-term and long-term outlooks - slid further in November, continuing a slide that started in September. According to the latest reading, the long-term outlook (12-months) fell an additional 1.1 points to 63.3 points in November and the short-term outlook (3 months) fell 2.8 points to 46.3 points. Measured on a scale between 0 and 100, an index above 50 means business owners expecting their performance to be stronger in the next year outnumber those expecting weaker performance.

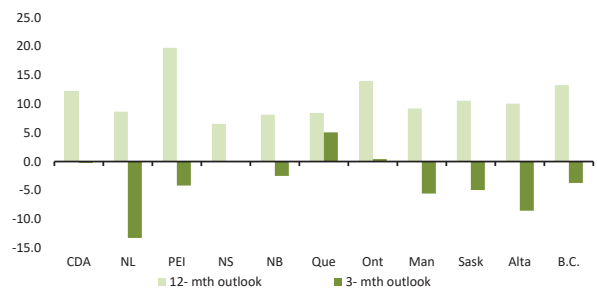
Now, given increased uncertainty as society heads into the winter months, the short-term outlook has baked in greater risk over the next three months. Factors mentioned last month continue to cloud the outlook such as increased inflation, supply chain issues, the expectation of increased interest rates by mid-2022 and skilled labour shortages.

From a year-ago, short-term confidence remains 7.8 points higher and long-term confidence remains 1.2 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 (unchanged from October) and 20 per cent of SMEs feel the general state of business health

Short-term outlook remains uncertainty for many regions

CFIB Business Barometer, Deviation from 50, October 2021



Source: CFIB, Central 1

is bad (up from 19 per cent in October). Despite the increased uncertainty B.C. SMEs continued to remain resilient and average capacity utilization moved up to 77 per cent. Moreover, 26 per cent of B.C. SMEs surveyed are back up at full capacity utilization, unchanged from October.

The recent natural disasters in British Columbia caused by flooding has added an extra layer of uncertainty and risk for small-businesses particularly in the short-term.

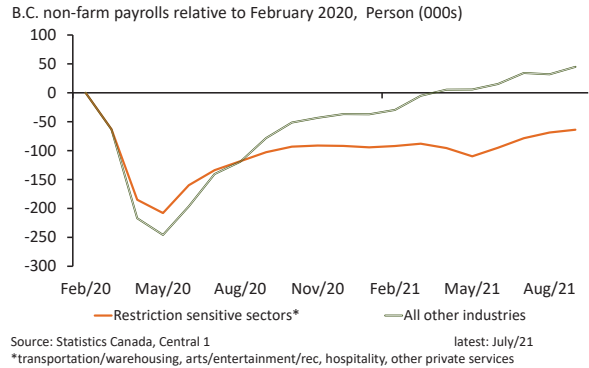
Payroll employment continues to rebound

Alan Chow, Business Economist

The latest survey of employment, payroll, and hours came out this week and BC saw September non-farm payroll count increase 18,000, up 0.8 per cent over the previous month to 2.337 million jobs. This is the highest number since the pandemic began and only around 20,000 (0.8 per cent) from reaching pre-pandemic levels. This compared to a 0.2 per cent increase from the previous month but is a resumption of the gains seen in June and July. This is also ahead of the national increase of 0.6 per cent and places it fourth among the provinces.

Strong gains were seen in the education sector, which were up 9,000 or 5.5 per cent, as the new school year begins and staff and students return to in class learning, specifically universities and colleges, which were mostly online and remote the previous year. However, this still was not enough to recapture the losses that occurred in August. Accommodation and food

Non-farm payrolls continued strong recovery



services as well as arts, entertainment, and recreation also saw strong gains of 2,800 and 2,600. This could be in anticipation of the further lifting of restrictions, which occurred in late October, as well the relaxation of border restrictions, specifically the land border between USA and Canada. In contrast, trades saw a decrease of 1,300, which ended three consecutive months of increases. Retail and wholesale trades also saw small decreases as the summer season ends.

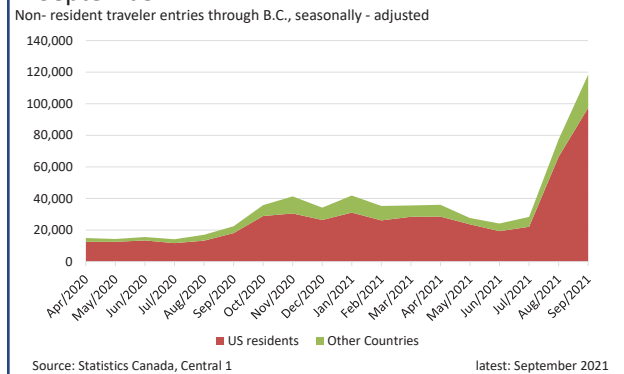
Average weekly earnings were down slightly from the previous month at \$1,136, which breaks three straight months of gains. Mining, forestry, and other natural resource earnings along with healthcare and education services were the main drag while real estate and finance professionals' earnings were up to mitigate the levels. Despite the fall this month in earnings, the numbers are still above pre-pandemic levels but are not staying ahead of recent inflation numbers.

International travel to B.C. continued to recover in September

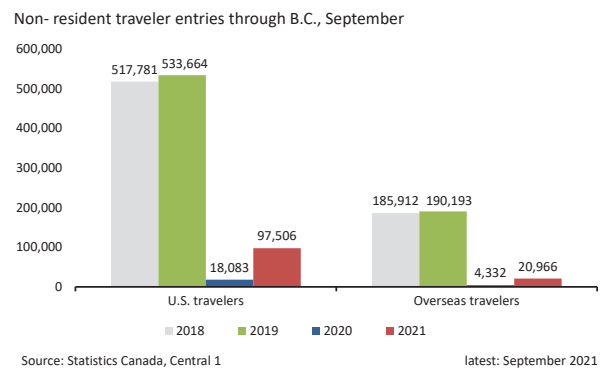
Ivy Ruan, Economic Research Associate

The number of international arrivals to Canada continued to increase in September but remained well below pre-pandemic levels. The number of non-resident travellers entering through B.C. was 118,472 persons, over five times greater than the same month last year, yet only 16.4 per cent of the number from September 2019. The inflow of U.S. travellers since the reopening of Canadian border to fully vaccinated U.S. residents, continued to lead the increase in the number of travellers entering B.C. in September. There were 97,506 American travellers entering B.C. in September, a fivefold increase from last year, but remains a small portion (18.3 per cent) of the September 2019 level.

International travel to B.C. continued to recover in September



But levels remain decimated by pandemic



As most provinces continued to ease restrictions, Canada began allowing entry to fully vaccinated foreign nationals for discretionary travel on September 7, 2021. The number of total travellers from countries other than the U.S. entering B.C. in September was 20,966 persons. This was five times higher than September 2020, and the highest number since the pandemic began in April 2020. However, it was still well below the pre-pandemic level in September 2019, counted only 11.0 per cent of the travelers back then.

Total Canadians returning from abroad through B.C. were 103,545 in September. The November reopening of U.S. land border was a relief for many Canadian travelers and will restore the number of total Canadians returning through B.C., especially via ground transportation, in the coming months to pre-pandemic level.

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