



Highlights

- Small-business confidence dipped in January
- Non-farm payroll jobs increased for the sixth consecutive month
- International travel to B.C. continued to increase in November but remains well below pre-pandemic levels.

B.C. SME confidence slides in January as pandemic intensifies and supply chain challenges

Edgard Navarrete, Regional Economist

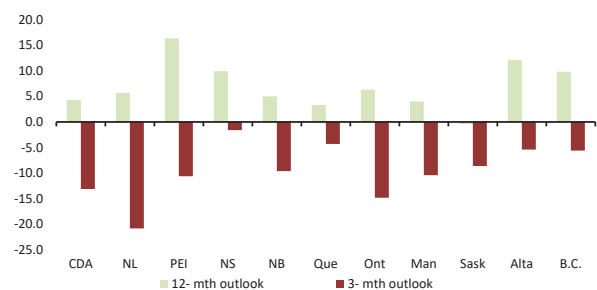
Like other parts of the country, small business confidence in British Columbia (B.C.) dipped in January but at a less pronounced pace. The short-term outlook (three-months) fell 0.4 points to 44.8 points while the long-term outlook (12 months) fell 3.9 points to 59.8 points. While the short-term outlook has now fallen for five consecutive months, the rate of drop is slowing down. B.C. has faced stiff short-term headwinds not only from the pandemic, but also from recent floods and forest fires which have hampered social and economic life in the province. That said, public health restrictions have been mild compared to province such as Ontario and Quebec.

Year-over-year, the long-term index fell 1.9 points while the short-term index remains 8.1 points higher than a year ago.

The index is measured on a zero to 100 scale and any reading over 50 points means the majority of SMEs are expecting their business' performance to be stronger in the coming year. This is certainly true of the long-term outlook that, despite the month-over-month slide in January, remains well over 50 per cent. Many businesses have internalized that the short-term outlook will be quite choppy, reflecting the latest wave of the pandemic, inflation pressures and ongoing supply chain issues. Likely, many SMEs feel that once the warmer weather arrives, economic and social activity can rebound, and the worst of this pandemic will be behind them.

Omicron-related restrictions continued to eat away at short-term SME confidence

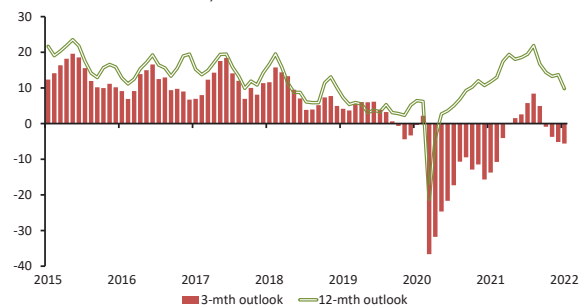
CFIB Business Barometer, Deviation from 50, January 2022



Source: CFIB, Central 1

SMEs in B.C. worried about the future, as uncertainty persists

B.C. CFIB Business Barometer, Deviation from 50



Source: CFIB, Central 1

Latest: Jan.-22

B.C. has not faced long periods of strict public health restrictions unlike other provinces so average capacity utilization rates have remained stable. In January this rate came in at 73 per cent only three per cent lower than last month.

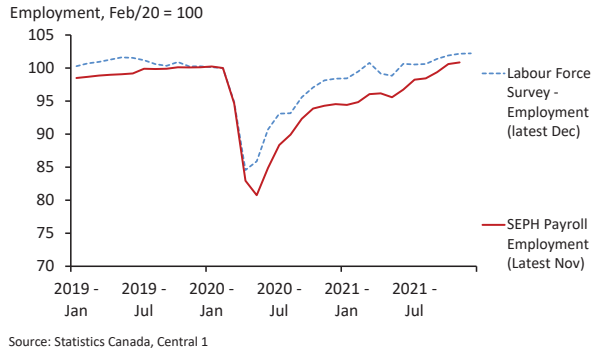
Payroll employment counts continue to recover through November

Alan Chow, Business Economist

The latest Survey of Employment, Payroll, and Hours (SEPH) came out this week and B.C. saw November non-farm payroll count increase modestly by 6,000 positions or 0.3 per cent over the previous month to a seasonally- adjusted 2.376 million jobs. This represents six straight months of increases.

The accommodations and food services sector saw the largest gains again, with 2,700 job increases or 1.4 per cent over the previous month, and the arts,

Non-farm payrolls return to pre-pandemic level, lag Labour Force Survey recovery



entertainment, and recreation sector, which saw an increase of 1,500 jobs. This continues the trend of this sector starting to come back from health restrictions, although with the current fifth wave occurring, combined with the typical slower winter season, it's expected that these numbers will pull back in January data. Other sectors seeing gains include the trade sector with an increase of 1,400 jobs or 0.4 per cent, and the professional, scientific, and technical services, which saw an increase of 1,600 jobs or one per cent. Balancing these gains were job losses in the goods-producing industries, which saw a decrease of 2,300 jobs or 0.6 per cent, with most of the decrease in construction, which is down 1,500 jobs or 0.9 per cent.

The latest hiring increase pushed the job count above February 2020 levels by 0.8 per cent, lagging behind the 2.1 per cent increase estimated in the Labour Force Survey data. Divergence owes to factors such as self-employment and agriculture employment captured in the latter, but not SEPH. Additionally, fewer individuals working multiple jobs has likely tempered SEPH counts.

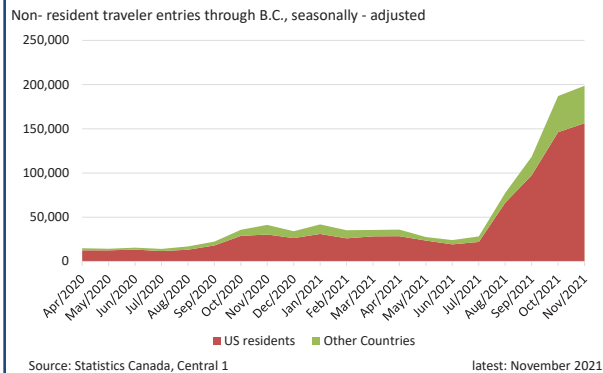
Average weekly earnings were down slightly again to \$1,131 from \$1,135 the previous month. While the goods-producing sector saw an increase, taking its average weekly earnings to an all-time high of \$1,406, service-producing industries saw a drop from \$1,087 to \$1,076. Recoveries in lower paying sectors contributed to the aggregate decline. Job vacancies also fell to 5.6 per cent in November, down from 6.3 per cent in October, suggesting some moderation of labour shortages.

International travel in November reaches pandemic high but remains low

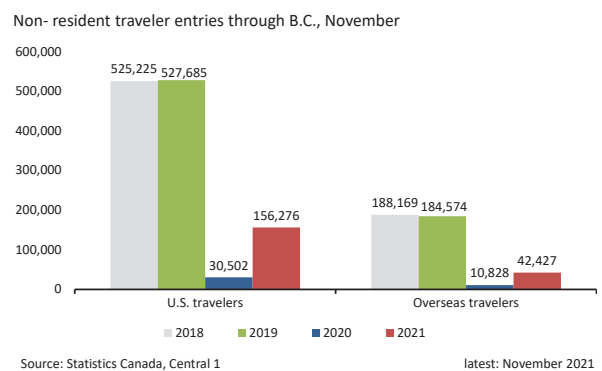
Ivy Ruab, Economics Research Associate

The number of international arrivals to Canada continued to recover through November but remained well below pre-pandemic levels. The total number of non-resident travelers entering through B.C. reached 198,703 persons on a seasonally adjusted basis, almost five times greater than the same month in 2020, but still only 27.9 per cent of November 2019. The influx of U.S. travelers since the reopening of Canadian border to fully vaccinated U.S. residents continued to lead the overall travel increase. There were 156,276 American travelers entering B.C. in November, a more than fivefold increase from last year and 29.6 per cent compared to November 2019.

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



Levels remain far below pre-pandemic levels



The number of total travelers from countries other than the U.S. entering B.C. in November doubled from the previous month to 42,427 persons. This was almost four times higher than November 2020 levels and remained a pandemic- era high. It was, however, was still well below the pre-pandemic level which accounted for only 23.0 per cent of travelers in November 2019. That said, November's travel data did not reflect the impacts of the Omicron variant. Effective October 30, 2021, all air passengers departing from Canadian airports were required to be fully vaccinated in order to travel. For many Canadians who had their second dose of vaccination, travelling during the holiday season became an option again, albeit many provinces resumed public health measures to control the spread of Omicron into late year.

B.C. also saw a sharp increase in same-day trips to the States after major flooding prompted a temporary exemption of COVID-19 testing requirements. The exemption allowed B.C. residents affected by the floods to travel for essential supplies and services. However, some residents following the exemption were reported to still get fined as much as \$5,750 for not complying with the rules.

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