



Highlights

- B.C.'s employment exceeds pre-pandemic 2020 level
- Labour market remains tight
- B.C. records a surge in dollar-volume exports from higher natural gas and coal pricing

Labour market sizzles in February, unemployment rate drops below 5 per cent

Bryan Yu, Chief Economist

B.C.'s economy continued to add jobs at a robust pace in February to mark a seventh straight increase. Provincial employment increased by 21k persons (0.8 per cent) from January. While lagging the 1.8 per cent [national gain](#), B.C.'s economy did experience a comparable set back in January due to lighter Omicron restrictions. With the latest gain, B.C. employment exceeds pre-pandemic 2020 by 3.2 per cent marking the strongest performance among provinces.

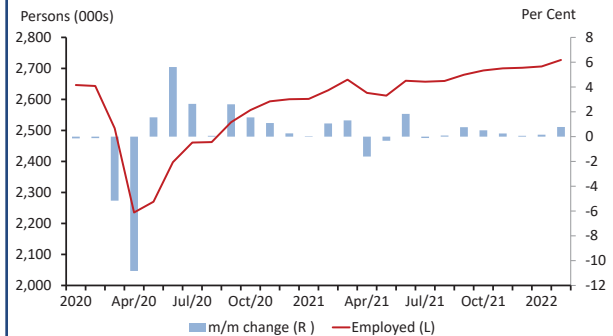
More striking is that full-time employment spiked by 2.2 per cent in the latest month as part-time counts fell 4.2 per cent. This suggests that Omicron-related restrictions caused employers to reduce hours in January, rather than lay off workers in a tight labour market. Total hours worked accelerated and came in 10.7 per cent above year ago levels in comparison to a flat January.

Most industries recorded modest but insignificant growth, but continued to trend higher. The most substantial growth came in manufacturing (+5.4k or 2.9 per cent), professional/scientific/technical services (+10.9k or 4.5 per cent), and educational services (+8.8k or 4.5 per cent). Hospitality employment rose a modest 4.2k (2.4 per cent), but likely driven by a more significant portion of hours worked. Sectors experiencing significant losses include building and business support (7.8k or 8.2 per cent) and public administration (-3.3k or 2.3 per cent).

Metro Vancouver hiring outpaced the rest of the province with growth of 17.7k persons or 1.2 per cent.

The broad environment for B.C.'s labour market remains tight. At 4.9 per cent, the average unemployment rate

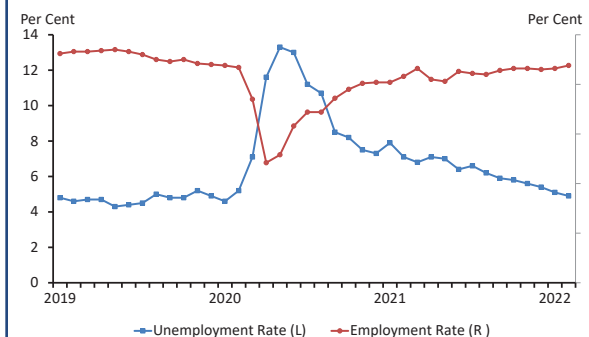
B.C. hiring remains on the upswing



Source: Statistics Canada, Central 1

Latest: Feb/22

Labour market tightens to pre-pandemic levels



Source: Statistics Canada, Central 1

Latest: Feb/22

has declined to the lowest level since January 2020, while both participation and employment rates have fully recovered, pointing to a labour market operating at capacity. Metro Vancouver unemployment sat at 5.1 per cent of the labour force. While employment in industries like hospitality remain below pre-pandemic levels, this reflects a shuffling-out of the workforce into other high growth sectors through the pandemic and aligns with high job vacancy rates. These sectors will need to rely on increased automation or hike wages to adapt to this new reality. Broadly, economy-wide average hourly wages are trending at about 3.2 per cent year-over-year.

Labour market pressures are expected to persist through 2022 as the economy fully returns to normal levels of capacity. Employers will continue to scramble for workers and will face growing calls for wage hikes amidst a tight market and high inflation. Higher immigration will provide mild but insufficient alleviation for labour supply.

As Canadian exports falter, B.C. soars

Bryan Yu, Chief Economist

Canadian merchandise trade posted a disappointing start to 2022 as dollar-volume exports held flat while imports declined sharply. Supply chain factors continued to drag on the production and shipments of motor vehicles and parts, both to and from the country, aircraft, and other electronics. Impacts of the convoy protests which blocked a number of key border crossings across the country will likely be observed in February data.

Total Canadian January exports managed a meagre 0.2 per cent increase but gains were entirely driven by higher commodity prices particularly for energy. Excluding energy, exports fell 2.7 per cent. Adjusting for broader export prices, real exports declined 4.6 per cent. Year-over-year growth remained positive at 9.7 per cent but paled in comparison to a 19.7 per cent in December. Further subsequent gains in energy prices will continue to boost dollar volume exports. International imports to Canada fell 7.4 per cent after three months of gains on broad declines. Motor vehicle supply chain issues curtailed inflows of parts and components, while mining product, clothing and other imports also declined.

While national trade declined, B.C. recorded a surge in dollar-volume exports as the province benefitted from higher natural gas and coal pricing. Dollar-volume exports came in at \$4.93 billion which accelerated to a year-over-year gain of 42 per cent from 26 per cent in December. Seasonally-adjusted, we calculate

B.C. exports remain elevated in January, imports drop



Source: Statistics Canada, Central 1

Latest: Jan/22

a 17 per cent increase after recent easing patterns. January growth was driven by energy exports which nearly tripled from a year ago and rose 50 per cent from December. Benchmark Henry Hub natural gas price rose 16 per cent from December. Agriculture and food exports rose 7.7 per cent year-over-year, and increased forestry volumes also added to the increase. Further upside price pressure persists due to Russia's war on Ukraine, while broad increases in prices for food and other commodities will further lift dollar-volumes from already record levels.

In contrast, international imports to B.C. decelerated with the rest of the country. Goods imports came in at \$5.05 billion. While up 18 per cent year-over-year, this compared to a 30 per cent increase in December. Central 1's seasonal-adjustment points to a 12 per cent monthly decline. Import declines were broad-based across sectors.

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