



Highlights

- Business confidence improves in March as health orders ease
- Non-farm payroll hiring down 0.9 per cent m/m
- Strong population growth continues to drive need for more services in B.C.

B.C. short-term business outlook continued to recover in March

Ivy Ruan, Economics Research Associate

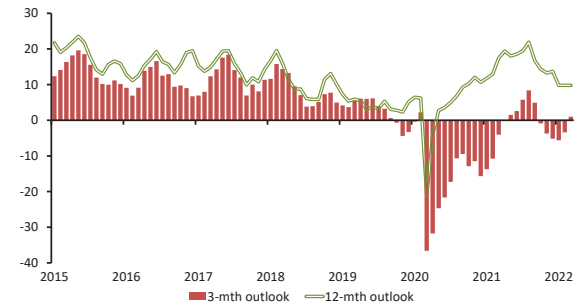
Consistent with the national trend, small business confidence in British Columbia (B.C.) continued to recover in March. Short-term optimism fully recovered following a weak start to the year. The short-term outlook (three months) was up 4.4 points to 51.0 points, reaching the highest figure since October 2021, suggesting that on net, businesses expect a mild improvement in coming months. Small business seemed to be more confident in their short-term business activities as the provincial government has largely eased most public health restrictions. That said, the long-term outlook (12 months) remained unchanged at 59.8 points for the third consecutive month, suggesting uncertainties amid elevated inflation, the crisis in Ukraine, and labour market strains.

The index is measured on a scale of zero to 100 and any reading over 50 points means the majority of SMEs are expecting their business' performance to be stronger in the coming year. As pre-entry test requirements for fully vaccinated travellers lifted on April 1, economic and social activities are likely to rebound more in B.C., a popular travel destination historically. That said, business owners are also expecting higher costs, especially on fuel, energy and wages, which might impact their business optimism.

B.C.'s average capacity utilization rates have remained relatively stable since 2021. In March, this rate came in at 71 per cent, unchanged from last month.

Small business confidence continued to recover in B.C.

B.C. CFIB Business Barometer, Deviation from 50



Source: CFIB, Central 1

Latest: Mar-22

Non-farm payroll hiring remains strong in B.C.

Edgard Navarrete, Regional Economist

Non-farm payroll hiring continued to expand in B.C. through January with a strong gain of 0.9 per cent m/m or over 22,000 net new hires. Services-sector hiring surged 1.0 per cent m/m, while goods-sector counts rose 0.3 per cent m/m. Overall hiring in B.C. has expanded now for eight consecutive months, largely from an equally impressive eight-month run of hiring in services.

Hiring in the services sector was led by real estate and rental and leasing (up 3.5 per cent m/m), education (up 1.0 per cent m/m), administrative and support, waste management and remediation services (up 1.8 per cent m/m), and finance and insurance (up 0.8 per cent m/m) offsetting job losses in arts, entertainment and recreation (down 2.5 per cent m/m) where the Omicron wave likely hampered activity. Increased demand for owned and rental housing is driving hiring in finance and insurance and real estate, rental and leasing. The province continues to benefit from more people settling in the province from abroad and from other parts of Canada, lifting demand for goods and services.

In the goods sector, strong hiring occurred in construction (up 1.4 per cent m/m) and mining, quarrying, and oil and gas extraction (up 4.2 per cent m/m) while forestry, logging and support hiring fell sharply (down 2.1 per cent m/m). Strong investments in non-residential to fill the need for greater services is driving increased demand for skilled and unskilled construction workers. Increased global demand and prices for commodities is also driving demand in mining and related areas.

Non-farm payroll employment fully recovered in British Columbia



Year-over-year, overall non-farm hiring is up 7.9 per cent while services- and goods-sector hiring are up 8.3 per cent and 3.7 per cent respectively. Some of the growth y/y is due to base year effects.

B.C.'s job market is fully recovered. Since the start of the pandemic, overall non-farm payroll hiring is up 1.8 per cent with the goods and services sector up 4.2 per cent and 1.0 per cent respectively.

Fixed-weight index average weekly earnings increased 0.3 per cent m/m in January and 2.9 per cent y/y. The rate of earnings growth is slowing down m/m and y/y from December. Average weekly earnings increased 0.2 per cent m/m in January. Services-sector wages moved up 0.9 per cent m/m while goods-sector wages declined 0.9 per cent m/m.

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