



Highlights

- Long-term business outlook descends further in January
- Overnight tourists account for 72.6 per cent of total non-resident visits in B.C.
- Non-farm payroll edged up while job vacancy rate unchanged in November

SME Business confidence remains weak in both short-term and long-term horizons

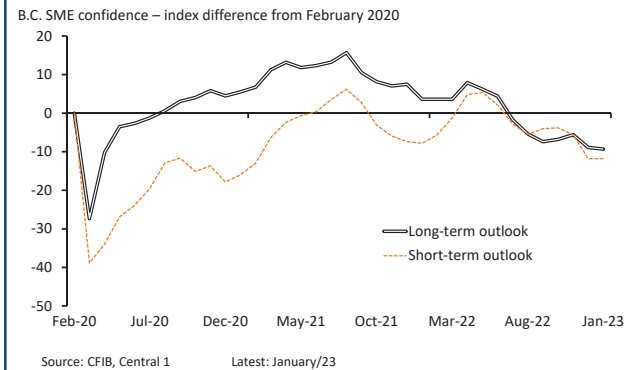
Eloho Ennah, Economic Analyst

Confidence among B.C. small and medium enterprises (SME) deteriorated in January according to the Business Barometer survey released this week by the Canadian Federation of Independent Business. The long-term index fell to 46.9 points, the second consecutive monthly drop below the index's neutral benchmark of 50 points. Business performance expectations were lower moving into the new year after November's high of 50.6 in the long-term index. January's short-term index for B.C. was especially low at 40.4 points, corresponding with December's value but still the lowest value since before March 2021. This is consistent with substantial uncertainty given near-term recession fears and a combination of high inflation and interest rates.

The majority of B.C. SMEs stated no additional plans to adjust full-time staff, and average capacity utilization was at 78 per cent. Only 32 per cent of SMEs considered themselves to be in good state of business health.

B.C. Small Business owners sited shortages in skilled and unskilled labor, insufficient domestic demand as well as several other factors as reasons for their inability to boost sales and production. In addition, fuel/energy, wage and insurance costs were among the major expenses limiting business performance. These factors in addition to persisting inflation plus the probable deterioration of economic conditions in coming months may be to blame for the sustained decline in forward business expectations. The belief of sub-par business performance in nearer months is not unique to B.C. SMEs but seems to be widespread across provinces.

Long term business outlook descends further in January



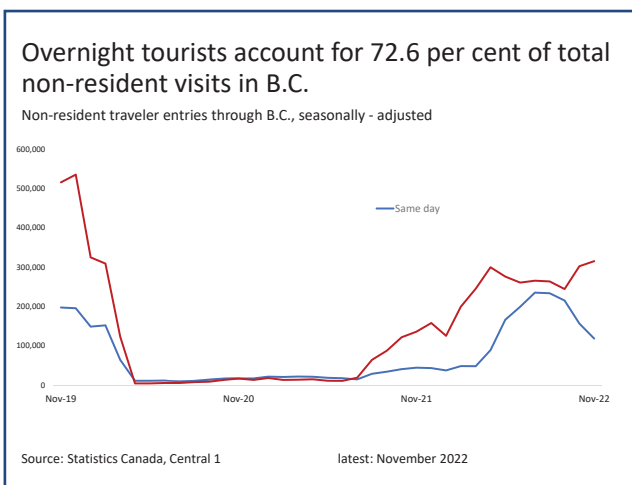
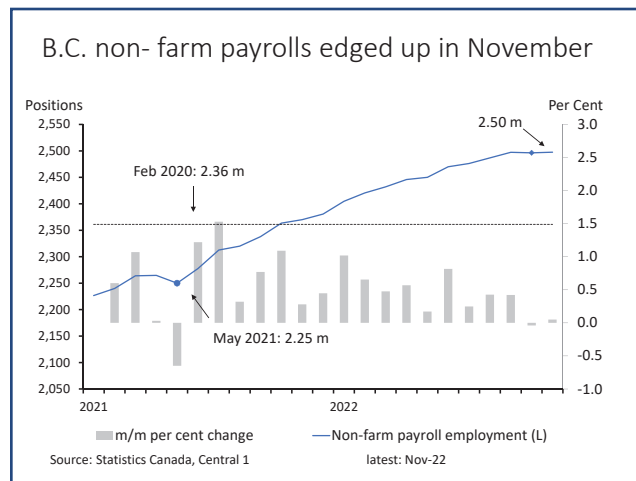
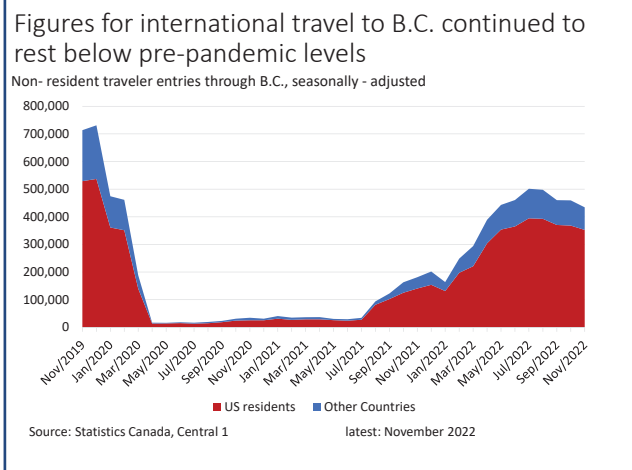
Short-term index figures for all provinces were below 50 points. The long-term index indicated greater optimism from business owners and recorded January values above 50 points in five out of the ten regions surveyed in Canada.

Figures for international travel to B.C. continued to rest below pre-pandemic levels

Eloho Ennah, Economic Analyst

The seasonally-adjusted value of non-resident travelers entering B.C. in November 2022 fell to 434,264, a 5.5 percent reduction from the previous month. Total non-resident visits in October were close to September, with only a slight decrease of 0.2 percent between the consecutive months. Overnight tourists accounted for 72.6 per cent of total non-resident visits, up by 4.3 per cent from October while one-day visitors accounted for 27.4 per cent, down by 24.2 per cent from the prior month's value. American residents made up 81.2 per cent of visitors that arrived in Canada through B.C. during November, the majority of these travelers arriving via automobile.

The number of tourists setting foot in B.C. in November 2022 was 131.3 per cent higher than in November 2021 but only 61.2 per cent of pre-pandemic values in November 2019. During the 12-month period, trips from American residents increased by 151.1 per cent. In the first half of 2022, non-resident visits through B.C. grew then peaked at 501,459 travelers in July 2022. However, this amount has since been decreasing gradually.



All Covid-19 border restrictions, for arrivals to Canada via land, air or sea were lifted on October 1, 2022. B.C. ports of entry welcomed 57,812 more overnight tourists in October but less than a quarter of that increase was reported in November (12,912). The number of American travelers arriving by automobile increased by 35.2 per cent between September and October. After July 2022, more overnight travelers took a preference to travel by automobile, while air travel into the B.C. decreased. Reduced air travel during this time may have eased some pressure and elevated capacities that had been witnessed in B.C. airports during the busy summer months.

Payroll counts edged up in November

Ivy Ruan, Economic Analyst

B.C. employers added to payrolls in November following a modest decline in the previous month. From the latest Survey of Employers, Payroll and Hours (SEPH), November reported seasonally-adjusted 0.05 per cent (1,242 persons) monthly growth, reversing the drop in October and pushing the total employment reading to a new record level of 2,497,540 persons. In comparison, estimates from the Labour Force Survey (LFS) reported a loss in B.C. employment of 13,700 persons

driven by part-time job losses during the same month. That said, LFS results reported a continuous expansion in full-time employment (0.4 per cent) in November, suggesting employers and employees opting for more hours given the tight labour market and inflationary pressure. In B.C., the unadjusted job vacancy rate came in at 5.3 per cent, flat from last month and the highest among provinces and representing 134,070 unfilled positions.

With the latest gain, seasonally-adjusted payroll counts were 5.8 per cent higher than February 2020, while the employment growth reported by LFS was 4.6 per cent over the same period. Various factors can create divergence between the surveys including timing of job losses as SEPH reflects payouts of salaries and/or benefits in a month in contrast to whether an individual worked, and excludes farm work and self-employed workers.

November's job gain reported by SEPH was concentrated in the service-producing industries, which offset the losses in good-producing sector. Administrative, and support, waste management and remediation services sector (1223 persons), together with educational services sector (872 persons), contributed the most to the monthly employment gain. Slight losses were broadly reported in goods-producing industries.

On the wage front, average weekly earnings rose 0.3 per cent to \$1,177.45, and year-over-year growth counted to be 4.0 per cent. The fixed hourly earnings index which is controlled for industry edged up to 172.5, up 0.58 per cent from the previous month and reached the highest level in 2022. In comparison, LFS average hourly wage rose 6.5 per cent year-over-year in November, but still lagged inflation. As the economy is gradually moving into a slower growth phase and inflation is cooling down, wage pressure may lift in the coming months.

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