



Highlights

- B.C. business outlook edged up in March
- Gains in trade and accommodation and food services sectors led the provincial payroll growth
- Average weekly earnings rose, but industry-controlled earning index dropped

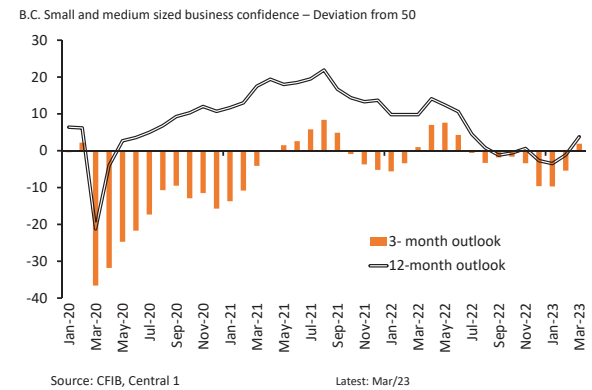
Short-term and long-term business expectations up for the second consecutive month

Eloho Ennah, Economic Analyst

Confidence amongst B.C. small and medium scale enterprises (SME) edged higher again in March according to the Business Barometer survey released this week by the Canadian Federation of Independent Business. The long-term index rose to 53.8 points, above the index's neutral benchmark of 50 points for the first time since August 2022, but remained subdued. This marked the strongest gain amongst all provinces, and an increase from the 48.9 points recorded in February. The short-term 3-month index also increased to 51.9 points from 44.6 points from the previous month, also above 50 points. The latest results are evidence of improving expectations from small business owners in the province. Although B.C. small business expectations are positive, index values still lag national results, likely due to the higher debt load of households and businesses alike, while many firms are still distressed by the impact of a tight labour market.

In terms of general business indicators, more small business owners plan to bring in additional full-time staff while only 33 per cent of B.C. SMEs considered themselves to be in good state of business health. According to survey responses, the shortage of skilled labour was the most pressing issue limiting sales and production growth. Insufficient domestic demand and shortages of unskilled/semi-skilled labour are additional factors preventing businesses from producing at their optimum potential. Wages, tax/regulatory costs, and energy costs are some of the major cost constraints affecting business performance.

B.C. business outlook edged up in March



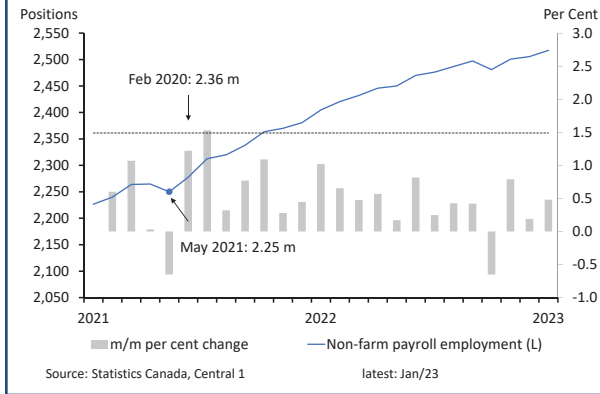
In Canada as a whole, the majority of small business owners expect their firms' performance to be the same or slightly stronger in twelve months compared to now. Some businesses that weathered unprecedented storms from the onset of the pandemic are now struggling to remain resilient in the face of growing economic challenges. Unsold inventories are also on the rise since a greater percentage of firms reported inventory levels to be "worse than normal" in March. As the full impact of higher interest rates settles in, declining consumer spending, elevated input costs and sustained supply chain limitations may continue to burden many businesses.

B.C. payroll edged up 0.5 per cent in January

Ivy Ruan, Economic Analyst

B.C. employers added to payrolls in January following a modest gain that was revised down in December. From the latest Survey of Employers, Payroll and Hours (SEPH), January reported seasonally-adjusted 0.5 per cent (11,915 persons) monthly growth, the third consecutive monthly gain and pushing the total job counts in B.C. to 2.52 million persons. The estimates from the Labour Force Survey (LFS) reported a gain in B.C. employment of 7,700 persons (0.3 per cent) during the same month. Both SEPH and LFS readings fell short of the robust nationwide performance which rose 0.7 per cent (71,100 persons), nevertheless reflecting steady upward trend despite economic uncertainties. In B.C., the unadjusted job vacancy rate came in at 4.7 per cent representing 120,625 unfilled positions.

B.C. added more non-farm payrolls in service-producing sectors



With the latest gain, seasonally-adjusted payroll counts were 6.6 per cent higher than February 2020, while the employment growth reported by LFS was 4.9 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.

January's job gain reported by SEPH was largely concentrated in the service-producing industries. The trade sector (5,582 persons), together with accommodation and food services sector (3,326 persons), contributed the most to the monthly employment gain and offset the losses seen in sectors such as information and cultural industries (-2,607 persons). Employment in goods-producing industries was mostly flat from last month.

On the wage front, average weekly earnings jumped 2.5 per cent to \$1,182.48, and year-over-year growth adjusted to be 2.4 per cent. That said, the fixed hourly earnings index in B.C., which is controlled for industry, fell 2.0 per cent from the previous month. In comparison, LFS average hourly wage rose 4.5 per cent year-over-year in January but slowed from a 5.0 per cent growth in the previous month.

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