



Highlights

- Payroll sizes continue to increase across most industries in B.C.
- B.C. short-term business confidence fell again in July

B.C. payroll increases 0.6 per cent in May

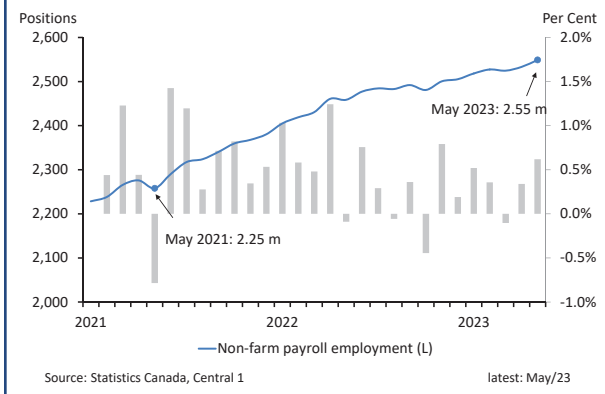
Alan Chow, Business Economist

B.C. employers saw an increase to payrolls in May, which is the third consecutive month of increases. From the latest Survey of Employers, Payroll and Hours (SEPH), May reported a seasonally-adjusted 0.6 per cent (15,701 positions) monthly increase, bringing the total job count in B.C. to 2.55 million positions. The estimates from the Labour Force Survey (LFS) reported a marginal increase in B.C. employment, with 1,400 more persons (0.1 per cent) employed during the same month. Both continue to show a resilient job market that has yet to be drastically affected by the tightened monetary policy. However, the seasonally adjusted job vacancy rate in May came in at 4.7 per cent, which represents 118,370 positions. It is also the lowest vacancy rate since April 2021.

May's job increases were virtually across the board with service producing industries showing a 0.6 per cent monthly increase while goods producing industries showed a 0.5 per cent increase. Forestry (1,076 positions) and construction (974 positions) led the way in the goods producing sectors. The service producing sectors was led by public administration (8,798 positions), health care and social assistance (1,192) and Arts, entertainment and recreation (1,106). The only industries that saw fewer positions is accommodation and food services (-921), finance and insurance (-641), professional, scientific, and technical services (-350), and manufacturing (-183).

On the wage front, seasonally adjusted average weekly earnings jumped 4.5 per cent to \$1,211.65 on a year-over-year basis, which is higher than last month's 3.3 per cent increase. Month-over-month the average weekly earnings increased 0.7 per cent in May.

B.C. sees another increase in non-farm payrolls

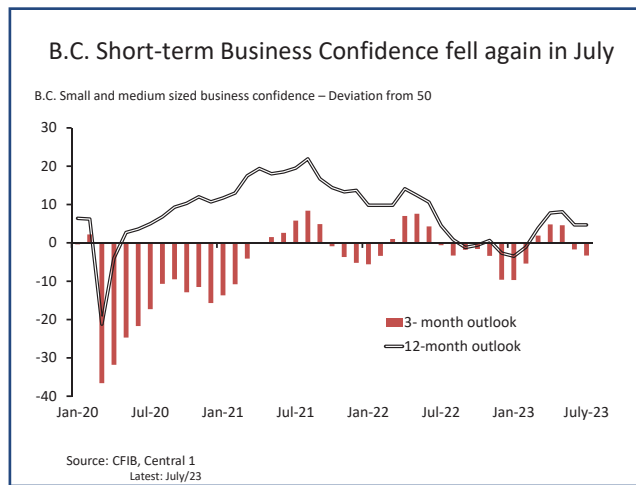


B.C. business long-term confidence stalled and short-term business optimism fell

Ivy Ruan, Economic Analyst

Confidence amongst B.C. small and medium scale enterprises (SME) continued to trend down in July according to the Business Barometer survey released this week by the Canadian Federation of Independent Business. The long-term index was unchanged at 54.7 points and still above the index's neutral benchmark of 50 points. The short-term 3-month index was down to 46.7 points from 48.5 points in the previous month. The results are pointing to weaker forward expectation of small business owners in B.C. as the Bank of Canada announced to raise interest rates again. Contributing factors to the deterioration in short-term expectations could include higher interest rates and the short-lived port strike.

With regards to general business indicators, only 19 per cent of small businesses in B.C. planned to expand full-time staff, the proportion fell below 20 per cent again since February. Only 28 per cent of B.C. SMEs considered themselves to be in a good state of business health. The lack of skilled labour was the major issue that stood out among other limitations on sales or production growth. Wage costs continued to be the greatest input cost constraint amongst SMEs while tax and insurance costs were also on the top of the list of costs constraints.



On the national level, Canadian small business optimism index changed slightly in July. The 12-month index came in at 54.2 and the 3-month index was almost unchanged at 49.0. Both indices were still below their historical average levels. The long-term optimism improved in some sectors in July, with notable growth seen in retail, finance, insurance and real estate sectors. Meanwhile, short-term expectations among industries varied. Canadian SMEs in agriculture and natural resources reported large declines in their forward expectations for both short-term and long-term. Their short-term optimism indices fell below 40 in July, suggesting that business owners expect weaker performance in the coming months.

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