Economics | Current Economic Trends

B.C. Economic Briefing

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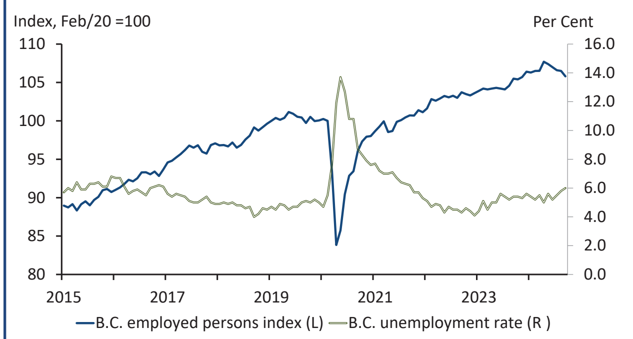
central 1 Economics

Highlights

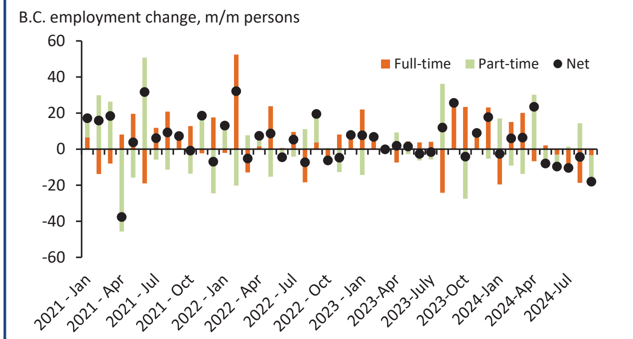
- Part-time employment drove hiring contraction in B.C.
- Unemployment level rose to six per cent in September
- Canadian permits down in August by seven per cent
- B.C. was one of the provinces leading the national loss, with permits falling by 21.0 per cent
- Trade volumes increased in August

Total employment in B.C. declined in September



Source: Statistics Canada, Central 1 latest: Sep/24

Both full-time and part-time employment decreased in B.C. in September



Source: Statistics Canada, Central 1 latest: Sep/24

B.C. employment continued to decline in September

Ivy Ruan, Economic Analyst

British Columbia employment fell for a fifth consecutive month in September with a drop of 18,000 people (-0.6 per cent). Due to the monthly retrenchment, the year-over-year hiring growth of 0.3 per cent was below the national performance of 1.5 per cent. The unemployment rate rose 0.2 points to six per cent as labour force contracted (-0.4 per cent) in September. The labour participation rate dropped to 63.8 per cent from 64.2 per cent last month, along with a 0.3 per cent increase in population.

The decline of part-time employment led the overall contraction in B.C. employment in September. Full-time employment also dropped 0.2 per cent (3,400 people), following the decrease during the previous month. Part-time employment fell 2.5 per cent or 14,600 people. The Vancouver Census Metropolitan area (CMA) saw a 0.2 per cent increase in its employment level, while the unemployment rate rose to 6.7 per cent from 6.3 per cent recorded in August. During the same month last year, Vancouver CMA's unemployment rate level was at 6.1 per cent.

By sector, the services-producing industries led the decline in employment in September, with a 0.7 per cent decrease, in addition to the 0.4 per cent decline in goods-producing industries. The natural resources sector led the monthly decrease at 4.7 per cent (-2,500 people), along with the 10.3 per cent decline (-1,900 people) in agriculture sector. The finance, insurance, real estate, rental and leasing sector (-12,500 people or -6.7 per cent) reported a large decline in hiring in September. Notable hiring declines were also seen in sectors such as accommodation and food services (-2.7 per cent or 4,900 people). The declines were partially offset by the employment gains in sectors such as educational services (4,500 people or 2.1 per cent).

Lower permits issued in B.C. construction sector in August

Eloho Ennah, Economic Analyst

Canadian building permits retreated in August following the uptick in the prior month. Total permit values issued in the country was down to $11.5 billion, a seven per cent drop from the value issued in July. The decline was as a result of lower permits issued in the residential and non-residential sectors. 18,500 new multi-family units and 4,700 single-family units were approved across the country in July. In addition, the 12-month cumulative sum of permits issued in the residential sector from September 2023 to August 2024 increased by 2.8 per cent to 268,200 units, compared to the same 12-month period in 2022-2023.

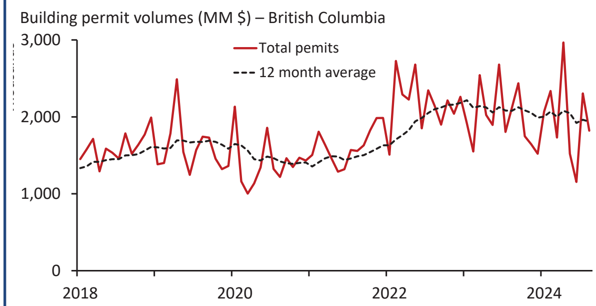
B.C. was one of the provinces contributing largely to the national loss in permits in August. Total permit values in the province dropped significantly, down by 21.0 per cent to reach $1.8 billion. Permits declined substantially in both the residential and non-residential sectors. That said, the retrenchment followed a month of stellar readings.

Monthly permit numbers tend to vary widely, but the 12-month moving average has not shown significant changes. The unadjusted for seasonality, year-to-date permits have fallen by 3.3 per cent. Still-high construction and borrowing costs are limiting activity growth in the sector. More rate cuts will be needed to support a sustained boost in activity in the sector.

Residential building permits in B.C. dipped in August, falling by 12.2 per cent to $1.3 billion. Within the sector, multi-family permit issuances declined by 11.1 per cent while single-family dwelling issuances saw a decrease of 16.4 per cent.

Non-residential permit values decreased by 35.6 per cent to $559.8 million, with all subcategories experiencing lower permit issuances in August. Industrial permit values lessened by 53.5 per cent while commercial permits were down by 41.4 per cent. Institutional/governmental permits issued also fell by 4.5 per cent.

B.C. building permits decline in August



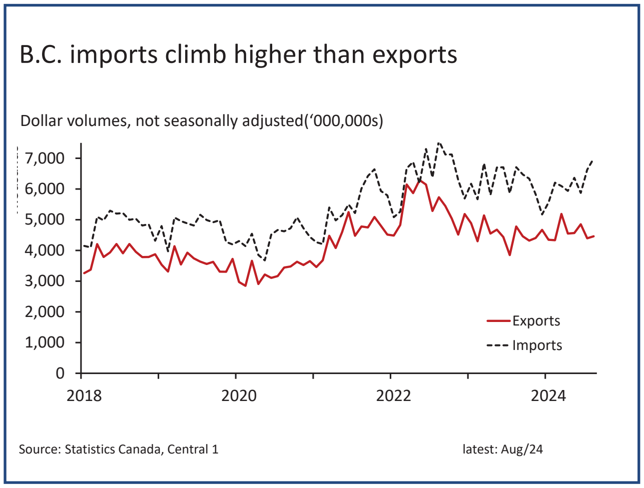
Source: Statistics Canada, Central 1
latest: Aug/24

Reductions were widespread across B.C.'s census metropolitan areas. Permits in Vancouver decreased by 35.1 per cent during the month and by 18.8 per cent on a year-over-year basis. Kelowna permits also declined by 15.2 per cent, while they fell in Kamloops by 42.5 per cent. Permits in Abbotsford-Mission were down by 50.6 per cent while they retreated in Victoria by 2.1 per cent. In contrast, permits increased in Chilliwack, with almost four times the value of July, while they were up in Nanaimo by 150.3 per cent.

Imports increased more than exports

Alan Chow, Business Economist

In August 2024, B.C.'s merchandise exports rose slightly in August after a large decline in July. Exports rose 1.5 per cent to $4.5 billion. On the other hand, B.C. saw an even higher volume of imports for August, rising 5.5 per cent to just under $7.0 billion, which is the highest level seen since October 2022. As a result, the trade deficit for the month was $2.5 billion, up from last months's revised number of $2.2 billion. This was the widest deficit in five years. Overall exports for the last 12 months are down four per cent from the previous 12 months, while over the same period, imports are down 4.2 per cent. Year to date, exports are virtually flat, up only 0.2 per cent while imports are down 1.6 per cent.



The monthly increase in exports was seen in only four out of the 11 categories. Positively contributing to exports were:

- Energy products was by far the largest contributor, up 11.7 per cent to $1.3 billion;
- Metal ores and non-metallic minerals, up 16.1 per cent to $351 million;
- Basic and industrial chemical, plastic and rubber products, up 19.2 per cent to $126 million.

Offsetting these was declines in:

- Farm, fishing and intermediate products, down 14.4 per cent to $300 million;
- Forestry products and building and packaging materials, down 4.5 per cent to $981 million;
- Aircraft and other transportation equipment and parts, up 11.0 per cent to $23 million.

Eight out of the 11 categories are also seeing year- to-date export growth. Higher year to date exports were led by:

- Metal ore and non-metallic minerals, up 13.9 per cent or $369 million;
- Forestry products and building and packaging materials, up 2.8 per cent or $225 million;
- Aircraft and other transportation equipment and parts, up 81.9 per cent or $184 million.

Offsetting the increase in those categories was a 7.4 per cent or a $783.9 million decline in energy products.

The monthly increase in imports was seen in six out of the 11 categories. Leading the way were:

- Motor vehicles and parts, up 44.0 per cent to $1.1 billion, the highest month seen in five years;
- Consumer goods, up 7.3 per cent to $1.9 billion;
- Industrial machinery, equipment and parts, up 7.3 per cent to $885 million.

Offsetting this growth was declines in:

- Energy products, down 27.1 per cent to $269 million;
- Basic and industrial chemical, plastic, and rubber products, down 23.3 per cent to $245 million;
- Electronic and electrical equipment and parts, down 5.4 per cent to $678 million.

Despite the overall decline in year-to-date imports, seven out of the 11 categories saw higher volumes. The top three categories were:

- Consumer goods, up 5.5 per cent or $691 million;
- Motor vehicle and parts, up 8.7 per cent or $498 million;
- Aircraft and other transportation equipment and parts, up 32.9 per cent or $432 milliion.
- More than offsetting the increase in these categories was declines in:Industrial machinery, equipment and parts, down 25.3 per cent or $2.2 billion;
- Energy products, down 24.5 per cent or $880 million.

For more information, contact economics@central1.com.