

## COVID-19 Economic Dashboard

*Updated: June 8, 2020*

COVID-19 has had a profound effect on every sector in our economy. Despite unprecedented levels of financial support from the [BC](#) and [Federal](#) governments, the physical distancing measures necessary to contain the growth curve have greatly disrupted economic activity. This resource provides a snapshot on some key economic data that highlight COVID-19's impact on the economy – employment, consumer trends, economic forecasts, international trade, and business sentiment.

The largest effects on the economy began in mid-March as governments across the country activated more strenuous physical distancing measures. For example, the BC government declared a [state of emergency](#) on March 18. The situation is also evolving rapidly, with the government announcing a phased approach to re-open [BC's economy](#) starting in May. As such, the Dashboard focuses on indicators with data available for March 2020 onward.

### Contents

Executive Summary .....	1
Employment: Spike in unemployment, service sector hit hard .....	2
Consumer Sentiment: Confidence plunges .....	4
International Trade: Commodity exports taking a hit .....	5
Economic Forecasts: Short-term pain, long-term recovery .....	6

### 1. Executive Summary

New economic data is illustrating how COVID-19 containment measures is affecting BC's economy.

After two months of devastating job losses across the country in March and April, BC saw a reversal in May with a job gain of 43,000 while Canada added 290,000 jobs. Despite the gain, BC's unemployment rate increased to 13.4%, up 1.9 percentage points from April and 8.4 percentage points since February. However, this increase is entirely due to an increase in people looking for work (or returning to the labour force). As the economy continues to reopen, the expectation is that the province will see continued gains in employment levels.

In March and April, an unprecedented dip in consumer confidence occurred as many British Columbians lost their jobs, saw reduced hours, or changed spending habits as they self-isolate. Weekly consumer spending decreased significantly in March through mid-April, ranging from a decline of 20% to 40% compared to the same period last year. However, just like in employment numbers, consumer confidence rebounded slightly in May. Throughout May consumers have increased their consumer spending as the economy began to reopen, albeit still below pre-crisis levels.

Despite some progress, businesses are struggling. By mid-April, it was clear that the path to economic recovery would not be an easy one. A survey conducted by the BC Chamber of Commerce, the Greater Vancouver Board of Trade, and the Business Council of BC between April 9 and 17 found that nearly half

of the businesses responding had laid off staff, reduced hours, and/or closed temporarily.<sup>1</sup> And in a follow-up survey conducted by these same organizations after the BC government announced its Restart Plan on May 6, only one-quarter of BC businesses affected by COVID-19 said they believed they could reopen profitably.<sup>2</sup>

Meanwhile, weakness in global demand and low commodity prices have taken a toll on BC's crucial export industry. Five of BC's six largest commodity exports were down from a range of 5% (metallic and mineral products) to 29% (solid wood products) in April compared to the same month last year. However, commodity prices – in particular energy and forestry products – have experienced a bounce back from March and April lows. The Canadian dollar has also strengthened in recent weeks against the USD, sitting at \$0.75 CAD per USD as of June 2, down \$0.02 since the start of the year.

Economic forecasts expect a marked downturn in Q2/Q3 2020, resulting in negative GDP growth and spikes in unemployment for 2020 as a whole. Heading into the summer, more and more businesses will be permitted to reopen or expand services. The silver-lining is the number of total cases has recently declined, leading the BC government to announce on May 6 a ["Restart Plan"](#) to open up economic activity. The expectation is that pent up consumer demand, expansion of business activity/employment, and government supports will help return the economy to a semblance of normalcy going into the second half of the year and into 2021, leading to an economic recovery. However, what that recovery looks like is largely predicated on how successful we are at balancing containment of COVID-19 while increasing economic activity.

This resource will be updated as new data is released.

## **2. Employment: Spike in unemployment, service sector hit hard**

May employment data from Statistic Canada's [Labour Force Survey](#), conducted between May 10 and 16, 2020, provides an updated understanding of how physical distancing measures are impacting employment. In May, BC's unemployment rate increased to 13.4%, up 1.9 percentage points from April and 8.4 percentage points since February (see *Figure 1*). The rate is 0.3 percentage points below the national rate (13.7%), which experienced an increase of 0.7 percentage points in May. However, the unemployment rate increase is due to growth in the size of the labour force in May (+103,000), rather than a reduction in employment levels.

---

<sup>1</sup> BC Chamber of Commerce, Greater Vancouver Board of Trade, and Business Council of British Columbia, *COVID-19 Impact Pulse Check #2*, April 20, 2020.

<sup>2</sup> BC Chamber of Commerce, Greater Vancouver Board of Trade, and Business Council of British Columbia, "BC Businesses Face Major Hurdles Under Phase 2 of Restart Plan," press release, [bcchamber.org/advocacy-news](https://www.bcchamber.org/advocacy-news), May 23, 2020.

After two months of devastating job losses across the country in March and April, May brought welcome news as BC experienced a job gain of 43,000 while Canada added 290,000 jobs (see *Figure 2*). The impacts of COVID-19 have hit some sectors particularly hard, concentrated primarily among low-wage positions. However, after steep declines in the service sector in March and April, the sector rebounded in May with a gain of 40,500 jobs – 94% of the total job gain for the month. Despite the gain, the service sector employment remains well below pre-crisis levels. In total, the service sector has now shed 309,700 positions since February, representing a 15% percent decline in employment.

The effects of COVID-19 began to spread beyond the service-sector in April and only saw a small rebound slightly in May. The sector added 2,900 positions in May compared to April, a 0.2% increase. *Table 1* shows employment shifts for each sub-sector since February, ordered from largest to smallest relative decrease.

The May LFS appears to mark a turning point for BC’s employment trajectory. The survey ended May 16, prior to the start of Phase 2 in the province, which allowed many additional types of business to reopen or operate at greater capacity. With BC’s economy continuing to open up through the summer, and businesses expanding services or re-opening altogether, employment gains are expected to continue.

This trends reflects most economic forecasts for a reduction in the unemployment rate in late Q3 on to Q4, 2020 into 2021. The next *Labour Force Survey* update for June data is expected to be released July 10.

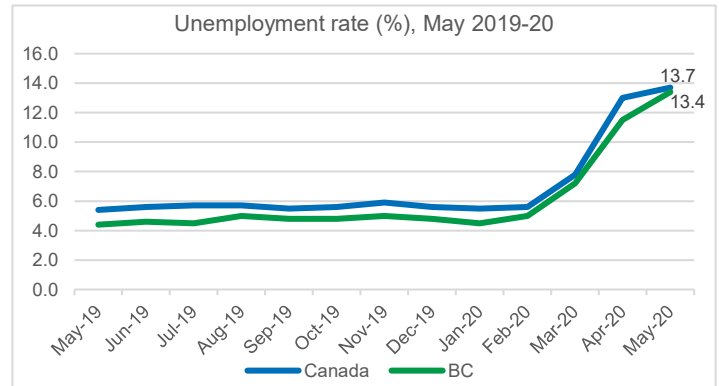


Figure 1: Unemployment rate as a percentage, May 2019-20

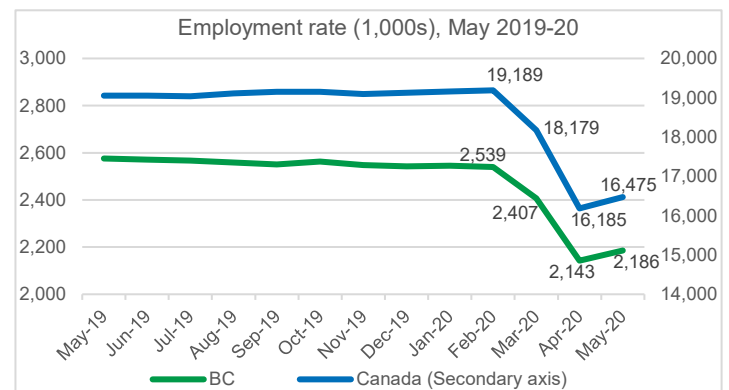


Figure 2: Employment (1,000s), May 2019-20

**Table 1: Total Employment Change February to May 2020, by Sub-Sector, largest relative declines**

	# of jobs lost	% change in employment		# of jobs lost	% decline in employment
<b>Services-producing sector</b>	<b>-309,700</b>	<b>-15.0%</b>	<b>Goods-producing sector</b>	<b>-43,500</b>	<b>-9.1%</b>
Accommodation and food services	-99,700	-51.1%	Construction	-41,700	-17.4%
Other services (except public administration)	-33,800	-29.4%	Manufacturing	-5,000	-3.1%
Information, culture and recreation	-30,300	-25.6%	Forestry, fishing, mining, quarrying, oil and gas	-300	-0.8%
Business, building and other support services	-27,500	-25.0%	Agriculture	-200	-0.7%
Transportation and warehousing	-22,000	-15.9%	Utilities	3,600	24.3%
Wholesale and retail trade	-63,800	-15.8%			
Health care and social assistance	-17,700	-5.7%			
Finance, insurance, real estate, rental and leasing	-8,500	-5.2%			
Public administration	-3,600	-3.2%			
Educational services	-3,700	-2.1%			
Professional, scientific and technical services	1,000	0.5%			

### 3. Consumer Sentiment: Confidence plunges

As consumers began to understand the challenges they faced over the foreseeable future, their consumption habits and outlook have changed dramatically. The [Conference Board of Canada's Consumer Confidence](#) tracks how consumers feel about their financial well-being and consumption outlook and provides insight into how consumers will make spending decisions. The index for British Columbia collapsed in March and April, down 84 points from February confidence levels (see *Figure 4*). The trend reversed in May with a modest gain of 13 points to 68. The BC index maintains a slim margin over the Canadian average, which increased 16 points to 64. The May level remains well below pre-crisis levels, but is an improvement from April's reading which marked the lowest in both BC and Canadian consumer confidence since the Conference Board began tracking.

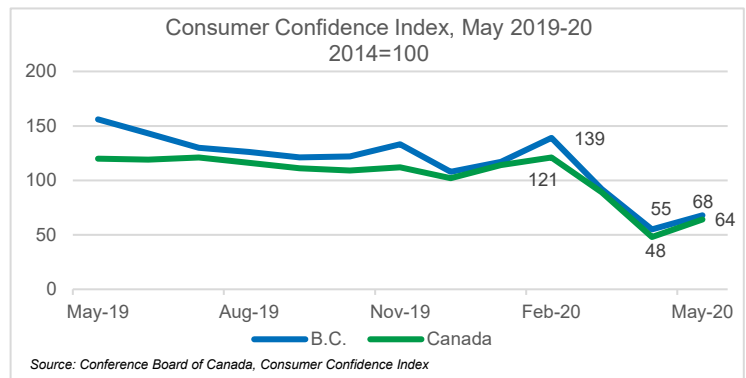


Figure 3: Consumer Confidence Index, May 2019-20

The shifts in consumer confidence has corresponded closely with consumer spending. Unfortunately, StatsCan retail spending data has a two-month lag and thus provides a challenge in understanding what is happening in the economy presently. However, RBC has tracked weekly spending habits of consumers and compared to pre-crisis levels (see Figure 4). Since mid-March, consumers have considerably lowered their spending habits compared to the same period last year. After three weeks of -20% to -40% declines between March 17 and April 14, data from late April into May is showing a promising trend in consumer spending. However, spending remains depressed compared to last year. Tracking how this shifts as the economy continues to reopen will be key to understand how the economy will emerge out of the containment phase.

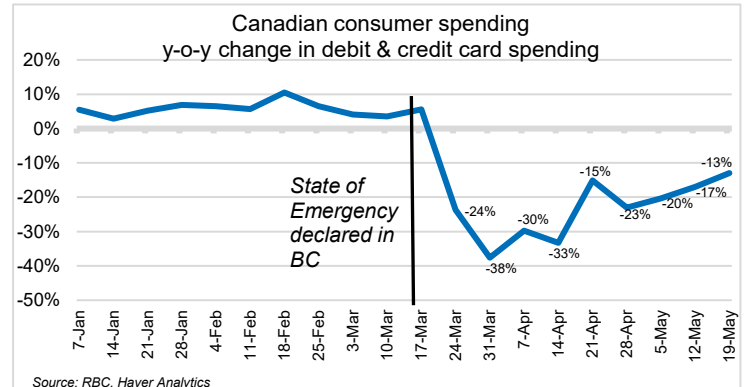


Figure 4: Consumer spending relative to pre-COVID levels, Jan 7 to May 19, 2020

#### 4. International Trade: Commodity exports taking a hit

One area that has been hit hard by the COVID-19 pandemic and weak commodity prices is BC's crucial export sector. Data for April shows five of the province's six largest export categories are down significantly in dollar terms over last year, with just agriculture products up slightly (see Figure 5).

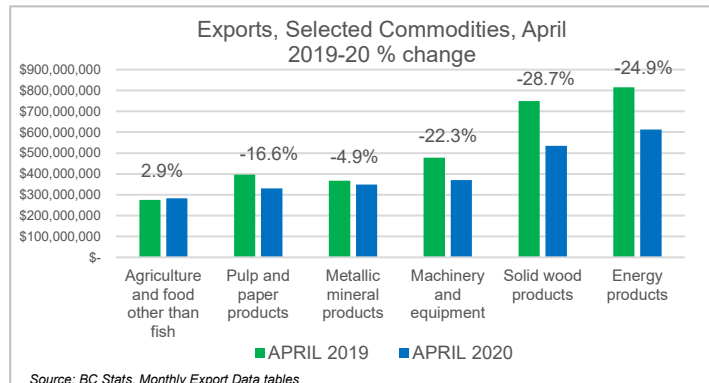


Figure 5: Exports by selected commodities, April 2019-20

Energy and forestry product exports were down significantly in April in part due to rapidly declining commodity prices. By mid-April, global demand shocks saw the price of energy products (coal, oil and natural gas) fall by 76.7% from prices seen at the start of the year (see Figure 6<sup>3</sup>). However, an agreement from OPEC+ to [reduce global oil production](#) and global demand increasing as economies gradually reopen their economy appears to have led a large rebound in energy prices over the past month. This should keep energy exports afloat over the summer.

Lumber prices also experienced a considerable drop leading into April but have since recovered, while metal and mineral and agricultural product prices have stayed relatively stable. The Canadian dollar has bounced back from early March lows, but remains down compared to the start of the year. As of June 2, the loonie stood at \$0.75 USD per CAD, down from \$0.77 at the start of the year (see Figure 7). Export data for May is expected later this month. How strongly the rest of the world rebounds from the crisis will have a significant impact on whether BC's export market is able to turn the trend around.

<sup>3</sup> Price indices [Bank of Canada's Commodity Price Index](#). Components for each can be found online.

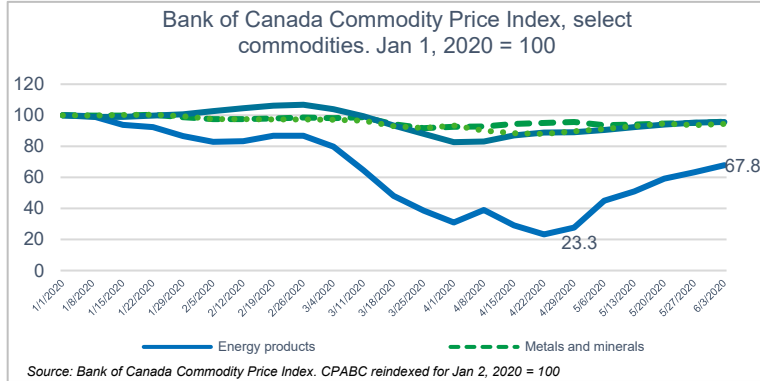


Figure 6: CPI Index by select commodities, January 2020-May 2020

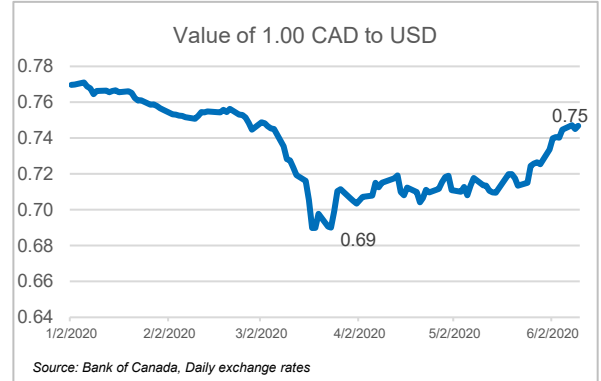


Figure 7: Value of \$1.00 CAD to USD

## 5. Economic Forecasts: Short-term pain, long-term recovery

As we better understand the implications of [COVID-19](#) on our society and the measures required to curb its growth, organizations are updating their economic forecasts in real-time. The table below tabulates some economic forecasts made after March 15 and will be updated as new information becomes available. Each makes different assumptions in terms of the [length of time](#) required to flatten the growth curve of COVID-19, creating significant disparities on the impact the pandemic has on the economy.

The forecasts expect a marked decline in economic activity as a result of the pandemic, with serious negative consequences for GDP growth and employment. The negative economic impact is expected to peak in Q2/Q3 followed by a healthy economic recovery in Q4 and into 2021, as the world returns to a semblance of normalcy.

Table 2: BC and Canadian Economic Forecasts

Forecasts	Scenario	Real GDP, annual change		Unemployment rate			Reported
		2020	2021	2020	Peak unemployment	2021	
<b>British Columbia</b>							
Conference Board of Canada	May-August containment phases slowly lift; September most return to normal.	-3.2%	6.3%	8.0%		5.2%	<a href="#">15-Apr</a>
RBC Economics	Easing of containment in second half of 2020	-4.2%	3.9%	8.7%	na	6.3%	<a href="#">10-Jun</a>
Scotiabank	Economic activity resumes by start of Q3	-5.5%	6.6%	9.4%	na	5.7%	<a href="#">05-Jun</a>
TD Economics	Worst effects from containment over by May	-6.0%	7.6%	8.3%	na	5.2%	<a href="#">23-Apr</a>
CIBC	Curve flattening by July	-6.1%	7.5%	9.7%	na	7.8%	<a href="#">24-Apr</a>
Central 1	Re-open segments in late May	-6.8%	5.2%	8.3%	na	6.3%	<a href="#">25-May</a>
BC Business Council	8 week shutdown non-essential, social distancing until summer	-7.3%	na	na	na	na	<a href="#">27-Mar</a>
	Extension of shutdown and other measures kept in place beyond summer	-11.4%	na	na	na	na	<a href="#">27-Mar</a>
<b>Canada</b>							
Conference Board of Canada	May-August containment phases slowly lift; September most return to normal.	-4.3%	6.0%	8.8%	na	6.6%	<a href="#">15-Apr</a>
RBC Economics	Easing of containment in second half of 2020	-5.9%	4.2%	9.5%	na	7.6%	<a href="#">June</a>
TD Economics	Worst effects from containment end in mid-May	-7.3%	7.3%	10.3%	12.6% (Q2)	8.0%	<a href="#">20-Apr</a>
Scotiabank	Economic activity resumes by start of Q3	-7.3%	6.6%	10.3%	13.3% (Q2)	6.8%	<a href="#">05-Jun</a>
CIBC	Unspecified containment length	7-.3%	6.8%	10.3%	13.5% (Q2)	8.4%	<a href="#">16-Apr</a>
Central 1	Re-open segments in late May	-7.7%	5.3%				<a href="#">25-May</a>
International Monetary Fund (IMF)	Pandemic and containment measures fade in second half of 2020	-6.2%	4.2%	7.5%	na	7.2%	<a href="#">14-Apr</a>
Parliamentary Budget Office (PBO)	Containment measures through spring and relaxed slowly; continued weak oil prices	-6.8%	na	9.9%	13.4% (Q2)	na	<a href="#">30-Apr</a>

To see more indicators updated on a weekly basis, StatsCan also provides an Economic Dashboard on some selected metrics:  
<https://www150.statcan.gc.ca/n1/pub/71-607-x/71-607-x2020009-eng.htm>