

CPABC's Economic Dashboard

Updated: March 17, 2021

This resource provides a snapshot on some key economic data that highlight COVID-19's impact on the economy – employment, consumer trends, economic forecasts, and international trade – and will be updated each month.

Contents

1. Snapshot: BC economy continues to rebound, but challenges remain	1
2. Employment: Employment bounces back nationally, continues upward trend in BC	3
3. Canadian Consumer Spending: February marks bounce back after second wave downturn	5
4. International Trade: BC exports continue to grow as commodity prices boom	6
5. Economic Forecasts: 2020 marred by deep recession, but full recovery expected by late 2021/early 2022	7

1. **Snapshot:** BC economy continues to recover in February, but challenges remain

Employment

BC saw another month of job gains in [February](#) 2021, marking the tenth consecutive month of employment levels improving since the low witnessed in April 2020. The increase helped lower the unemployment rate to 6.9%, a sizeable decline from the peak of 13.4% seen in May 2020 but above the 5.0% rate in February 2020. BC employment in February 2021 now exceeds pre-crisis levels, though that increase is mostly attributable to strong gains in the public sector.

For Canada as a whole, February marked a positive turning point. In both December and January, the country saw employment losses as social and business restrictions were imposed to combat surging COVID-19 cases in large jurisdictions such as Ontario, Quebec and Alberta. As those restrictions were loosened, employment bounced back with nearly 260,000 jobs added across the country in February. This helped lower the national unemployment rate to 8.2% in February from 9.4% in January.

Consumer spending

Throughout December and January, Canadian consumers began to reduce their spending, falling slightly below pre-crisis levels. This was in part due to business and social restrictions which limited the basket of goods readily available to purchase. However, by February the trend began to reverse, and by the end of February consumer spending had returned to positive growth territory. The direction consumer spending takes will be critical for our economic recovery. The expectation is spending should increase as more Canadians receive vaccination and gain confidence in returning to normal activities.

Some industries continue to struggle, particularly those related to travel and discretionary spending on activities out of the house. In fact, spending on travel has been on a downward trend since September and as of February was down by around 80% compared to pre-crisis levels. This has resulted in airlines reducing the number of operational flights, decreasing their workforce and seeking government aid to traverse the financial storms. Spending on entertainment and dining also continues to face challenges

and were both down by around a quarter compared to last year, although there was an uptick as February progressed.

International trade:

Some of the most optimistic data continues to be found in BC's commodity export market. After struggling early on in the crisis, BC's commodity export market has seen a resurgence in recent months. In January 2021, overall exports were up 16.6% compared to January 2020, led by increases in solid wood products (+98.0%), metallic mineral products (+28.9%) and agriculture goods (+11.1%).

The rebound has been driven by burgeoning prices for most of BC's key export commodities. The top performer in terms of key BC commodities has been forestry products prices, up nearly 70% compared to January 2020. Prices of energy, metals/minerals and agriculture products all saw gains at the start of 2021, and the prices of all three commodities are now higher than they were at the start of 2020 (+14.3%, +12.4% and 23.3 %, respectively). If global demand remains strong and commodity prices continue to perform well, BC's commodity export market will be an increasingly important component of BC's economic recovery.

Economic forecasts:

The COVID-19 pandemic caused a deep recession in both BC and Canada in 2020, with the big five Canadian banks expecting forthcoming data to indicate real GDP declined 5.1% in BC and 5.5% in Canada for the year. Forecasts for the unemployment rate for 2020 as a whole highlight a significant increase over pre-crisis levels at 8.9% in BC and 9.6% for Canada.

However, the economic landscape has improved considerably in the later half of 2020 and coming into 2021, with many indicators showing a strong recovery is underway. In 2021, BC's real GDP is forecast to grow 5.6% with an unemployment rate of 6.8%, while Canada's GDP is forecast to grow 5.7% with an unemployment rate of 7.7%. By 2022, GDP is forecast to be above pre-crisis levels in both Canada and BC, and unemployment is expected to fall to slightly above pre-crisis levels. It is important to note forecasts are revised as new events unfold, and downside risks remain if there are spikes in the number of COVID-19 cases that necessitate further restrictions.

2. **Employment:** Employment bounces back nationally, continues upward trend in BC

BC saw another month of job gains in [February 2021](#), marking the tenth consecutive month of employment levels improving since the low witnessed in April 2020. The increase helped lower the unemployment rate to 6.9%, a sizeable decline from the peak seen in May 2020 but above the rate in February 2020 (see [Figure 1](#)).

After two months of unemployment rate increases in December and January for Canada as a whole, February marked a turning point as a strong employment gain helped further drive the unemployment rate down to 8.2%.

In total, BC added 26,600 jobs in February (see [Figure 2](#)). Overall, BC's employment in February 2021 is now higher than in February 2020, highlighting the robust recovery underway in the province. However, the performance varies by industry, with several still well below pre-crisis levels (see page 4).

Meanwhile, the gradual reopening of the economy in jurisdictions such as Ontario, Alberta and Quebec helped reverse two prior months of job losses which had been concentrated in the service sector. In February, Canada saw employment increase by 259,200. However, employment remained down by 3.4% compared to February 2020.

February brings strong part-time job gain

After a strong initial recovery, part-time positions remained relatively flat. However, February saw a strong job gain of part-time positions (+22,600). As of February 2021, both part and full-time positions exceed February 2020 levels.

Figure 1: Unemployment rate as a percentage, February 2020-21

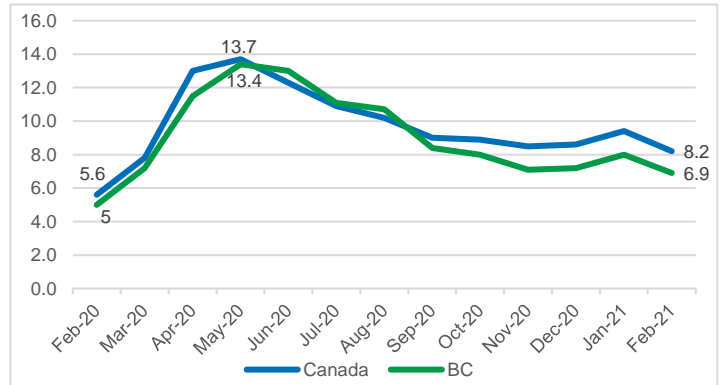


Figure 2: Employment (1,000s), February 2020-21

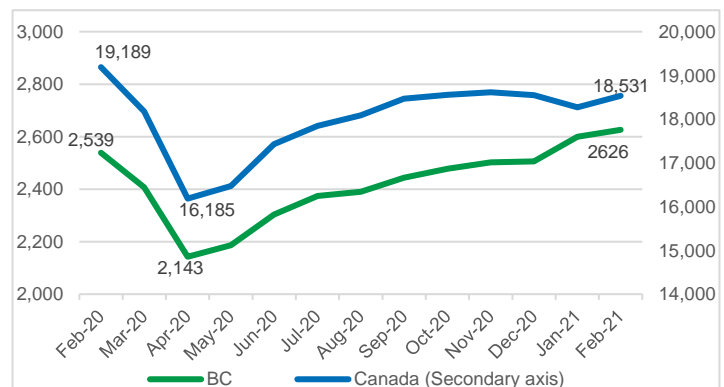


Figure 3: BC part-time and full-time employment (1,000s), February 2020-21

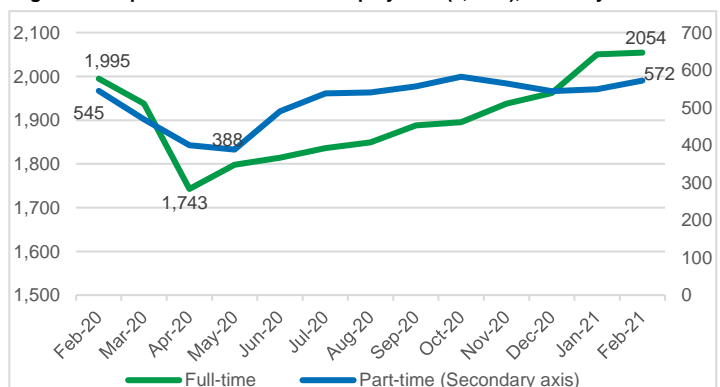


Figure 1-3: Statistics Canada, Table 14-10-0355-01. Seasonally adjusted.

Goods sector see job loss in February, while service sector continues growth

Despite the overall employment increase in February, the good-sector workforce saw a decline of 9,800 positions. This marked the first time since September that the sector saw a decline. Overall, employment across goods industries remains flat in February 2021 compared to February 2020 (see *Figure 4*).

The employment gains in February came from the service sector, up by 36,400 across BC. The service sector had originally faced the steepest job declines but has since recovered strongly. In fact, as of February 2021 employment in the sector is up by 86,300 positions compared to February 2020. However, for both sectors certain industries remain hard hit.

Figure 4: Employment by sector (1,000s), February 2020-21

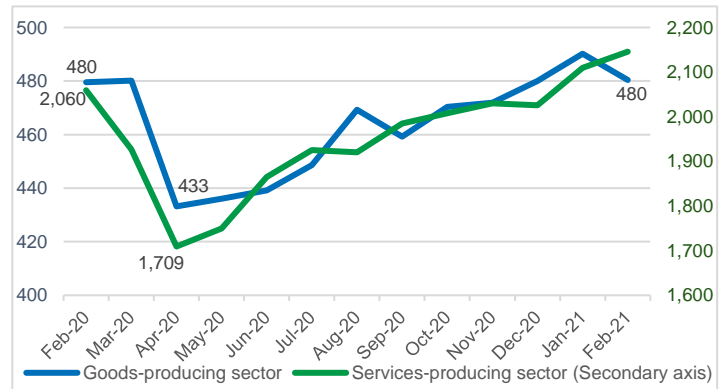


Figure 4 and Table 1 source: Statistics Canada, Table 14-10-0355-01. Seasonally adjusted.

Public sector jobs have led employment gains, while construction, hospitality remain down

The service sector job gain has been primarily driven by increases in public sector employment. Total employment in public administration, health care and social assistance, and educational services is collectively up by 71,400 in February 2021 compared to February 2020 (see *Table 1*). Professional, scientific and technical services employment is also up, as is the information, culture and recreation industry, led by the strong return of film production in the province. Meanwhile, the hospitality industry, business/building support, wholesale/retail trade and other services remain down compared to pre-crisis levels.

Within the goods sector, job losses continue to be concentrated in the construction industry. With an additional job loss of 2,100 in February, construction employment is now down by 23,300 year-over-year. This has been driven by a decrease in investment in both residential and private non-residential construction.¹ Employment is also down in the agriculture industry. Conversely, strength in commodity prices has helped drive employment up in the natural resource industry, while utilities and manufacturing have also seen annual increases.

Table 1: Employment by subsector, February 2020-21 change

	Net change	% change		Net change	% change
Services-producing sector	86,300	4.2%	Goods-producing sector	800	0.2%
Public administration	25,500	22.6%	Utilities	5,000	33.8%
Professional, scientific and technical services	41,100	19.0%	Forestry, fishing, mining, quarrying, oil and gas	11,300	29.6%
Health care and social assistance	29,800	9.6%	Manufacturing	9,300	5.8%
Educational services	16,100	9.1%	Agriculture	-1,700	-6.3%
Information, culture and recreation	6,200	5.2%	Construction	-23,300	-9.7%
Transportation and warehousing	700	0.5%			
Finance, insurance, real estate, rental and leasing	300	0.2%			
Other services (except public administration)	-600	-0.5%			
Wholesale and retail trade	-5,600	-1.4%			
Business, building and other support services	-6,600	-6.0%			
Accommodation and food services	-20,600	-10.6%			

¹ See CPABC's BC Check-Up: Invest report to learn more about investment trends across the province in 2020: <https://www.bccpa.ca/cms/getmedia/b5499e14-c4ab-4a43-ba0d-0794088eb6a5/BC-Check-up-INVEST-2021.pdf>

3. **Canadian Consumer Spending:** February marks bounce back after second wave downturn

Early in the crisis, uncertainty led to historic declines in [consumer spending](#) and confidence, while the savings rate hit levels not seen since the 1990s (see [Figure 5](#)).²

Starting in mid-summer, consumer spending rebounded and actually began to exceed pre-crisis levels from June to November. However, spending reached negative growth territory once again in December through January as consumers reduced their overall purchases in the wake of additional restrictions to combat the second wave of COVID-19 across Canada.

That trend began to turn in February and by the end of the month had returned to positive, albeit small, growth.

Biggest loss continues to be consumer spending on travel

Throughout the crisis, consumers' basket of goods and services has shifted dramatically (see [Figure 6](#)). Since late fall, social, business and travel restrictions have put significant pressure on industries such as travel, entertainment and dining industries.

Travel continues to face the largest consumer spending declines. In fact, spending on travel has declined since September and as of February was down by around 80%. This has resulted in airlines reducing the number of operational flights, decreasing their workforce and airline companies seeking government aid to traverse the financial storms.

Spending on entertainment and dining also continues to face challenges and were both down by around a quarter in February 2021 compared to February 2020 (-26.3% and -24.9%, respectively). However, there has been an uptick on spending for both categories in recent weeks.

Figure 5: Consumer spending annual % change, January 2020 – February 2021

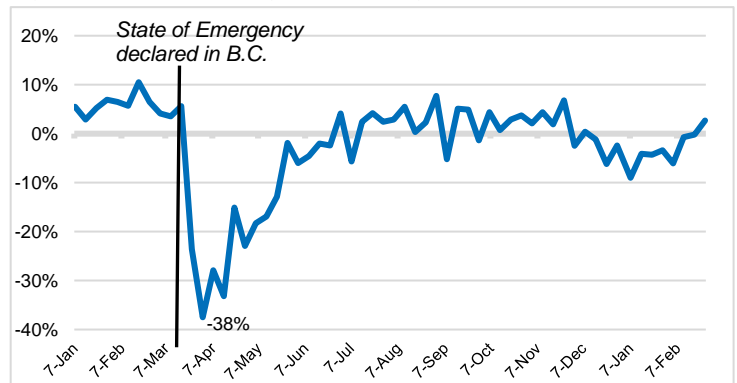
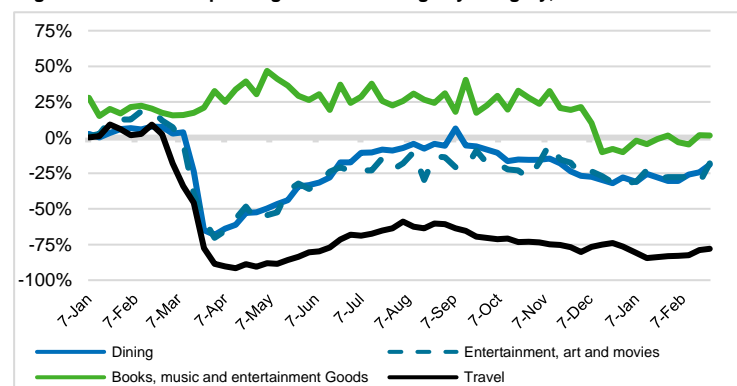


Figure 5-6 source: RBC, Haver Analytics. Weekly debit and credit spending compared to previous year.

Figure 6: Consumer spending annual % change by category, Jan 2020-Feb 2021



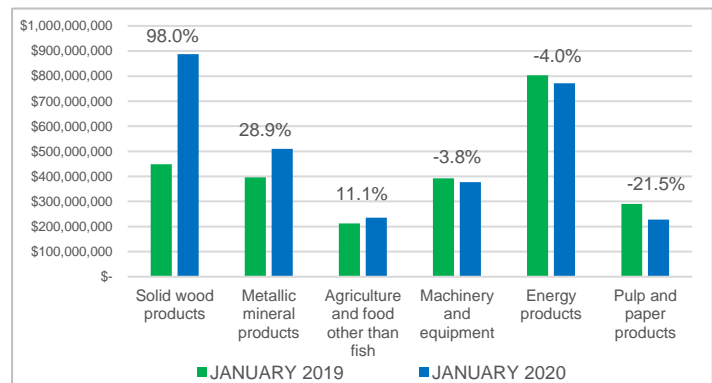
² Globe and Mail, "Savers stashed \$127-billion in 2020 – it may just rescue the economy", <https://www.theglobeandmail.com/investing/personal-finance/household-finance/article-savers-stashed-127-billion-in-2020-it-may-just-rescue-the-economy/>

4. International Trade: BC exports continue to grow as commodity prices boom

After struggling early on in the crisis, BC's commodity export market has seen a resurgence in recent months. Starting in October, exports edged into positive territory. That trend continued to improve in January with overall commodity exports up 16.6% compared to last year (see *Figure 7* for breakdown).

In January, exports of solid wood products saw the largest increase, increasing 98.0% compared to last year. Metallic mineral products continue to perform well, up 28.9% and agriculture goods was up 11.1%. While exports of other key commodities like energy are down compared to last year, they've recovered from earlier lows. The rebound has been driven by burgeoning prices for most key BC export commodities.

Figure 7: Exports by six largest export commodities January 2020-21 percent change



Source: BC Stats, Monthly Export Data tables

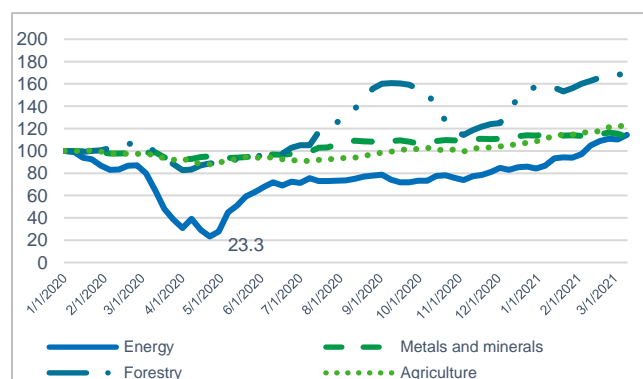
Commodity prices strong to start the year

Since June, most commodities have seen significant price increases. The top performer in terms of key BC commodities has been forestry products, which after taking a small step back in November are once again on the uptrend and nearly 70% higher than at the start of 2020 (see *Figure 8*³).

However, other commodities have also advanced in recent months. Prices of energy, metals/minerals and agriculture products all saw gains to begin the year, with all three now higher than where they started in 2020 (+14.3%, +12.4% and 23.3 %, respectively). If global demand remains strong and commodity prices continue to perform well, BC's commodity export market will be an increasingly important component of BC's economic recovery. The rate at which the world economy continues to rebound from the pandemic will continue to significantly impact BC's export market's performance.

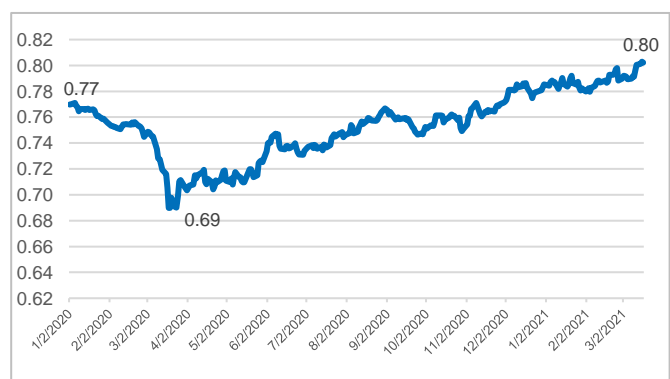
The Canadian dollar has bounced back from early March 2020 lows and as of March 17 stood at \$0.80 USD per CAD (see *Figure 9*).

Figure 8: Price index by select commodities, Jan 2020 - Mar 2021



Source: Bank of Canada Commodity Price Index. CPABC reindexed for Jan 1, 2020 = 100; Daily exchange rates

Figure 9: Value of \$1.00 CAD to USD



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

5. **Economic Forecasts:** 2020 marred by deep recession, but full recovery expected by late 2021/early 2022

Table 2 below tabulates recent economic forecasts from the big five banks and will be updated as new information becomes available.

Table 2: BC and Canadian Economic Forecasts

Forecasts	Real GDP, annual change			Unemployment rate			Reported
	2020	2021	2022	2020	2021	2022	
British Columbia							
Average	-5.1%	5.6%	4.5%	8.9%	6.8%	5.1%	
RBC Economics	-5.3%	5.1%	5.2%	8.9%	6.7%	5.6%	15-Dec
BMO	-4.8%	6.2%	na	9.0%	6.8%	na	03-Mar
Scotiabank	-5.0%	6.1%	4.1%	8.9%	7.3%	5.0%	15-Mar
TD Economics	-5.0%	6.3%	4.2%	9.0%	6.1%	5.0%	19-Mar
CIBC	-5.6%	4.4%	4.6%	8.9%	6.9%	4.7%	25-Jan
Canada							
Average	-5.5%	5.7%	4.3%	9.6%	7.7%	6.0%	
RBC Economics	-5.8%	5.0%	4.8%	9.6%	7.6%	6.1%	15-Dec
BMO	-5.4%	6.0%	4.0%	9.6%	7.8%	6.3%	16-Mar
Scotiabank	-5.4%	6.2%	4.0%	9.6%	8.0%	5.7%	15-Mar
TD Economics	-5.4%	6.0%	3.9%	9.6%	7.2%	6.1%	19-Mar
CIBC	-5.4%	5.3%	4.6%	9.5%	7.8%	5.9%	08-Mar

The forecasts expect that the COVID-19 pandemic caused a deep recession in both BC (-5.1%) and Canada (-5.5%) in 2020, around twice as impactful as the recession in 2008. Forecasts for the unemployment rate in 2020 as a whole indicate a significant increase above pre-crisis levels, at 8.9% in BC and 9.6% for Canada.

However, the situation has improved considerably in the later half of 2020 and coming into 2021, with many indicators showing a strong economic recovery is underway. This is expected to result in a strong rebound in 2021, with real GDP forecast to grow by 5.6% in BC and 5.7% in Canada. While unemployment is expected to decrease, the rate is expected to remain above pre-crisis levels. By 2022, GDP is forecast to be above pre-crisis levels in both Canada and BC, with unemployment returning to slightly above pre-crisis levels.

It is important to note forecasts are revised as new events unfold, and downside risks remain to the outlook as the number of cases of COVID-19 rise. As seen in jurisdictions such as Ontario and Quebec, when business restrictions were re-introduced, outcomes in such indicators as employment weakened. Depending on the severity of rising COVID-19 cases and restrictions in both BC and other Canadian jurisdictions, these outlooks could shift.