

COVID-19 Economic Dashboard

Updated: December 08, 2020

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.

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1. **Snapshot:** BC economy continues to rebound, but long road remains ahead

Data continues to illustrate how BC's economy is on the mend, but rising cases bring downside risk.

Employment

For the seventh consecutive month, BC's saw its [workforce expand in November](#). Provincial employment grew by 23,900 helping drive the unemployment rate down to 7.1% from 8% in October. This widened BC's advantage over the national average, now 1.4 percentage points below the Canadian average (8.5%). However, BC's unemployment rate remains well above the 5% it boasted back in February.

The November employment reading also showed positive signs on the return of full-time positions. In fact, all job gains in the month were of the full-time variety (+42,100), partially offsetting the reduction of 18,200 part-time positions. However, even with the gain, full-time positions continue to lag behind and are down nearly double the rate seen for overall employment compared to February (-2.9% vs -1.5%).

The November data also continued to see BC's job growth rate slow. The 23,900 increase is well below the average monthly gain experienced between May to September (+60,000) and the expectation is that job growth will continue to moderate going forward.

Further, while the growth rate of new daily COVID-19 cases in BC has steadied, it remains high. This puts downside risk on employment prospects in the province. When Ontario and Quebec imposed stricter business restrictions, employment in some industries such as hospitality and entertainment saw a significant set-back. While the BC government has so far resisted imposing extensive business restrictions, the situation could shift if the number of cases increase significantly.¹

Consumer spending:

¹ CBC News, "COVID-19 in British Columbia by the numbers", <https://www.cbc.ca/news/canada/british-columbia/covid-19-british-columbia-charts-1.5510000>

Even as business restrictions have been introduced, overall Canadian consumer spending has stayed resilient. Through the first few weeks of November, [RBC's Consumer Spending Tracker](#) was up around 3% compared to the same time last year. However, this level is essentially the same as in each of the past four months and has shown little momentum expanding further above pre-crisis levels. As consumer spending typically makes up over half of Canadian GDP, it is critical to help drive our economic recovery.

Spending on travel-related costs remained depressed in November, down about three-quarters compared to last year. Historically, travel is a major component of spending around this time of year, but a recent [PwC report](#) found it will likely be one of the hardest hit categories this year.

Restrictions on dining and entertainment industries in other Canadian jurisdictions helped drive spending on those categories down further in November, again indicating what may occur in BC if similar restrictions are imposed.

International trade:

For the first time in 2020, BC's monthly commodity exports were up compared to last year. In October, BC's commodity exports grew by 6.5% annually. This rebound has been primarily driven by gains in solid wood product exports, which were up 47.7% and exceeded \$900 million in monthly export value. Another promising sign was that four out of BC's six largest commodity exports were up in October, with just energy products and machinery/equipment down 22.7% and 6.3% respectively.

Forestry prices have moderated from their September highs, but remain around a quarter above the start of the year. Most other commodity prices are above levels seen at the start of the year, with the exception of energy products which are down around 15%. However, energy prices have seen some upward momentum recently and are well above the historic lows seen in May.

Economic Forecasts:

Not much has shifted in terms of the economic forecasts for BC. The five forecasts CPABC tracks expect real GDP to decline by 5.3% and the unemployment rate to stand at 9.3% in 2020 as a whole. BC is expected to outperform Canada in both 2020 GDP growth and unemployment rate (-5.6% and 9.5%, respectively).

Looking towards 2021, BC's GDP is forecast to grow 4.6% and unemployment to decline to 7.1%, again both better than the national average (4.4% and 7.7%, respectively). However, 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. Depending on the severity of rising cases and restrictions in both BC and other Canadian jurisdictions, these outlooks could shift, highlighting the fluidity of the situation.

2. **Employment:** BC unemployment rate falls to 7.1%, but employment growth continues to slow

Employment gains posted in November's *Labour Force Survey* marked the seventh consecutive month of jobs returning to the workforce from the April low witnessed early on in the pandemic.

The job gains continue to push the unemployment rate down from the thirty-year highs witnessed over the summer. BC's November unemployment rate stood at 7.1%, nearly half the rate at the peak in May (see *Figure 1*). BC's unemployment rate gap advantage over the Canadian average continues to widen, now 1.4 percentage points below the national rate (8.5%).

In November, BC saw a job gain of 23,900. With the increase, BC has seen 359,000 jobs return to the province from the low April low (see *Figure 2*). As of November, the provincial workforce is now 37,000 – or 1.5% smaller than in February.

Despite the progress, BC's unemployment rate remains higher than any pre-pandemic rate since 2012 and well above the 5% rate in February. Further, job growth has continued to slow and additional downward pressure may arise if further business restrictions are put in place in the wake of rising COVID-19 cases.²

Canada as a whole has gained 2.43 million jobs since April, but employment remains 3.0% lower than pre-crisis levels.

November brings strong full-time job gain

One troubling trend had been the slow rate of full-time positions returning to the workforce. Thankfully, November data brought positive news on that front as the province managed to recoup 42,100 full-time positions.

Still, full-time positions in BC remain down 2.9% compared to February, nearly twice the overall employment decline (see *Figure 3*).

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

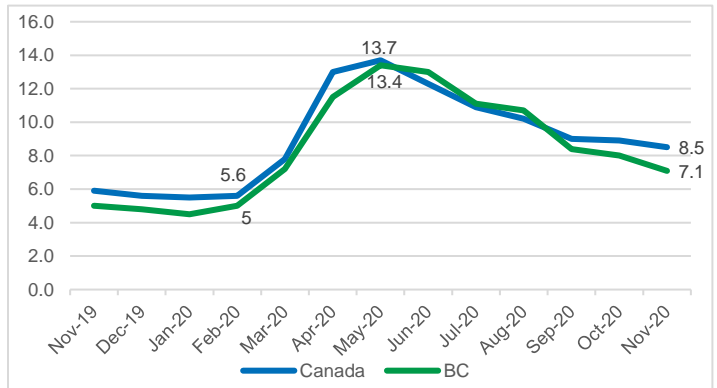


Figure 2: Employment (1,000s), November 2019-20

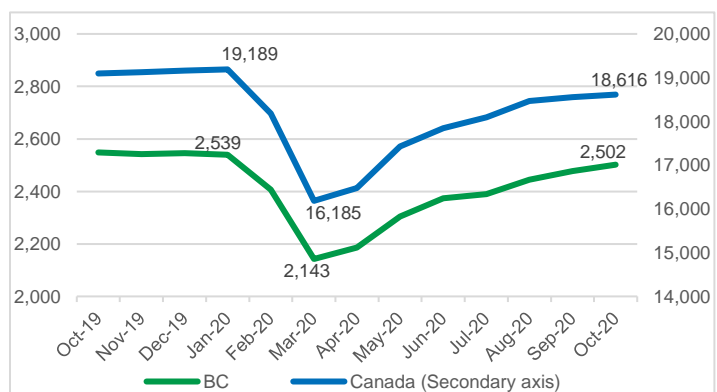


Figure 3: BC part-time and full-time employment (1,000s), November 2019-20

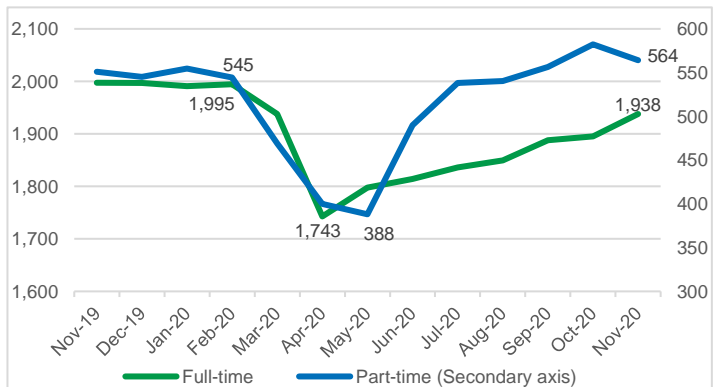


Figure 1-3 source: Statistics Canada, Table 14-10-0287-01. Seasonally adjusted.

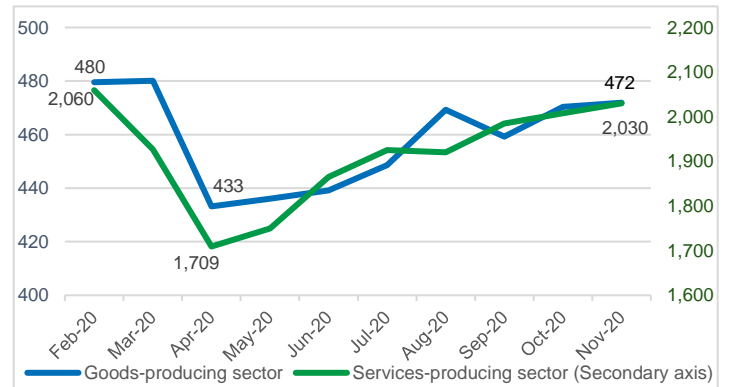
² CBC News, "Coronavirus: What's happening in Canada and around the world" <https://www.cbc.ca/news/world/coronavirus-what-s-happening-in-canada-and-around-the-world-on-thursday-1.5835527>

Service sector jobs lead job growth in November

In November, the service-sector made up the vast majority of job growth, accounting for over 9 in every 10 positions. The sector's workforce is now down just 1.4% compared to February, a massive improvement compared to the April low of -17%.

In fact, the service sector's relative employment decline is lower than the goods-sector (-1.6%), highlighting how strongly it has managed to recoup lost jobs in key sectors witnessed earlier in the recession.

Figure 4: Employment by sector (1,000s), February – November 2020



Despite November job gain, construction now hardest hit industry

After physical distancing requirements, industries that relied on close human interaction or non-essential services saw the largest employment declines. For instance, by April the hospitality industry had seen nearly one in every two jobs displaced with several other service industries dropping 20% to 30%. Thankfully, many subsectors are now approaching pre-crisis levels (see *Table 1*). However, some industries, such as “other services” (such as household and personal), still remain considerably below pre-crisis numbers (-10.4%).

Within the goods sector, all job losses are now concentrated in the construction industry. However, the construction workforce increased by 5,700 in November, helping reduce the overall decline from February levels to 14.3%. Conversely, the natural resource sector has fared better with employment up nearly a quarter in November. In addition, despite taking a small step back in November, employment in manufacturing, agriculture and utilities all remain well above pre-crisis levels. These goods industries have helped provide stability to the sector as a whole.

Table 1: Employment by subsector, February to November 2020 change

	# of jobs lost	% change in employment		# of jobs lost	% decline in employment
Services-producing sector	-29,700	-1.4%	Goods-producing sector	-7,700	-1.6%
Other services (except public administration)	-11,900	-10.4%	Construction	-34,400	-14.3%
Wholesale and retail trade	-26,500	-6.6%	Manufacturing	9,500	5.9%
Information, culture and recreation	-6,900	-5.8%	Agriculture	3,800	14.1%
Transportation and warehousing	-7,600	-5.5%	Forestry, fishing, mining, quarrying, oil and gas	9,300	24.3%
Business, building and other support services	-6,000	-5.5%	Utilities	4,000	27.0%
Accommodation and food services	-7,200	-3.7%			
Finance, insurance, real estate, rental and leasing	300	0.2%			
Health care and social assistance	4,900	1.6%			
Educational services	8,000	4.5%			
Public administration	6,300	5.6%			
Professional, scientific and technical services	17,100	7.9%			

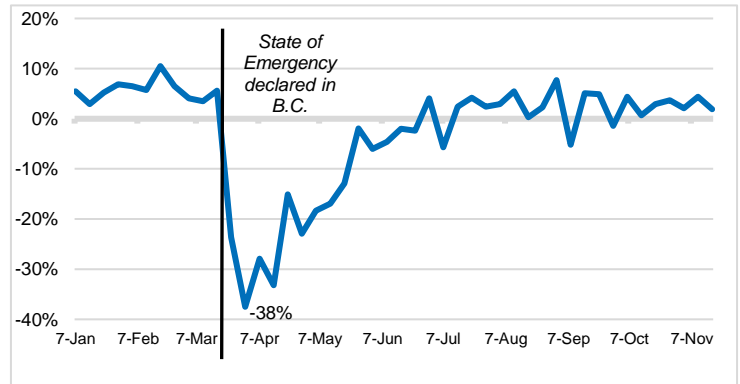
Figure 4 and Table 1 source: Statistics Canada, Table 14-10-0355-01. Seasonally adjusted.

3. **Canadian consumer spending:** November marks fifth month above pre-crisis levels

Throughout the crisis, data such as the [RBC Canadian Spending Tracker](#) has helped illuminate consumer trends. Through mid-March to late May consumers lowered their spending with the low point being three weeks of 20-40% declines between mid-March and April (see *Figure 5*). Uncertainty in the future led to declines in consumer spending & confidence, while the savings rate hit levels not seen since the 1990s.³

Since mid-summer, consumer spending has rebounded. In the first three weeks of November, spending was about 3% higher than last year, a level more-or-less in line with the levels seen since July.

Figure 5: Consumer spending annual % change, Jan-Nov 2020

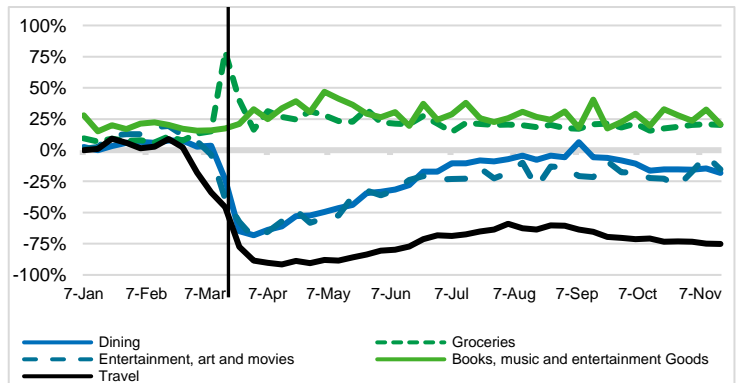


Government restrictions and rising cases brings further reduction to spending on travel, dining and entertainment

The crisis has shifted the basket of goods and services consumers are willing to spend on. While some trends have moderated, others continue to put intense pressure on certain industries (see *Figure 6*).

Travel restrictions and unease around travelling resulting in spending on travel to fall as much as 90% early in the pandemic. That level improved throughout the summer, but rising COVID-19 cases and restrictions has once again put downward pressure on travel. Since early September, travel spending has been on the downward trend, and by mid-November was down by three-quarters compared to last year. This has placed significant challenges on the airline industry, with some businesses beginning to scale back operations.⁴

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



New restrictions on dining and entertainment industries in some Canadian jurisdictions also resulted in spending on those categories to decrease in October and November, providing a sign for what may happen in BC if similar restrictions are imposed.

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

³ Globe and Mail, “Savers stashed \$127-billion in 2020 – it may just rescue the economy”, <https://www.theglobeandmail.com/investing/personal-finance/household-finances/article-savers-stashed-127-billion-in-2020-it-may-just-rescue-the-economy/>

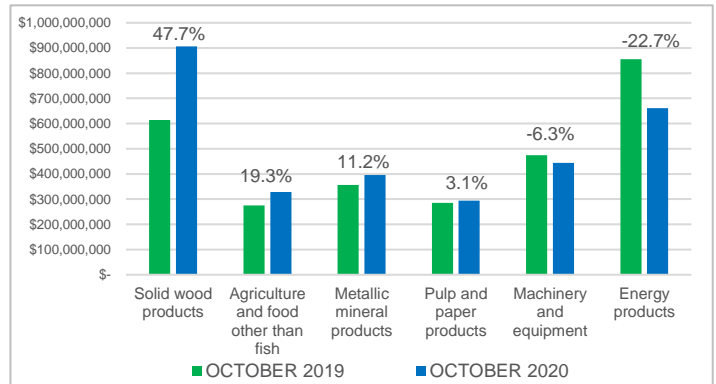
⁴ CBC News, “Westjet shuts down most of its operations in Atlantic Canada” <https://www.cbc.ca/news/business/westjet-cuts-1.5761526> and CBC News, “Air Canada suspends all Saint John Flights, and Fredericton-Toronto service” <https://www.cbc.ca/news/canada/new-brunswick/air-canada-saint-john-sydney-airport-atlantic-fredericton-halifax-1.5832712>

4. **International trade:** For first time in pandemic, commodity exports up year-over-year

BC's commodity export market has struggled throughout much of the crisis, particularly early on. However, it has been on the mend since the latter part of the summer. That trend continued in October, and for the first time since March overall exports were up compared to last year (+6.5%, see *Figure 7*).

In October, forestry product exports continued to drive the export market in BC. Solid wood exports increased by nearly 50% compared to last year, exceed \$900 million in monthly value. Only machinery and equipment (-6.3%) and energy products (-22.7%) were down compared to last year, a vast improvement compared to earlier in the pandemic when most categories had seen sizeable contractions.

Figure 7: Exports by selected commodities, October 2019-20 percent change



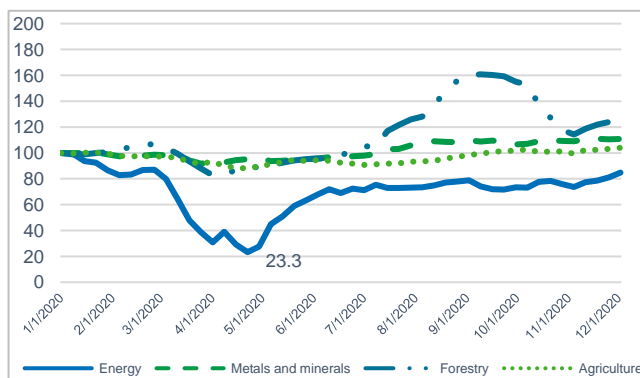
Source: BC Stats, Monthly Export Data tables

Most commodity prices stabilizing/improving in November, but forestry prices down compared to September highs

Through the summer and into September, forestry products prices increased by as much as 60% compared to the start of the year, helping boost BC's forestry product export market up considerably. Unfortunately, forestry prices have since retreated, which may put downward pressure on forestry exports going into the winter (see *Figure 9*⁵).

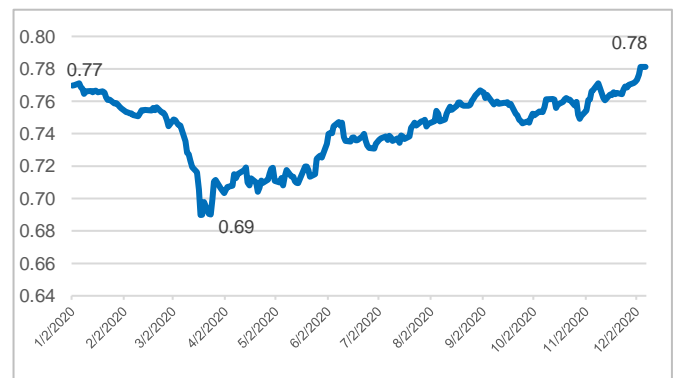
Energy prices have recovered from the low experienced earlier in the pandemic, when the price of energy products (coal, oil, and natural gas) fell by over three-quarter from the start of the year. From July through November, prices rebounded and stabilized, but remain down around 15% compared to the start of the year. This has continued to drive BC's energy export market down compared to the same time last year.

Figure 9: Price index by select commodities, Jan-Dec 2020



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

Figure 10: Value of \$1.00 CAD to USD



⁵ Price indices [Bank of Canada's Commodity Price Index](#). Components for each can be found online.

Meanwhile, both metal/mineral and agricultural product prices have stayed relatively stable throughout the pandemic and are slightly up from the start of the year. The Canadian dollar has bounced back from early March lows and as of December 7 stood at \$0.78 USD per CAD (see *Figure 10*). Export data for November is expected later this month. How strongly the world economy rebounds from the crisis will continue to have a significant impact on whether BC's export market can continue to turn the trend around.

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

Table 1 below tabulates recent economic forecasts and will be updated as new information becomes available. 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 followed by an economic recovery in Q3/Q4 and leading into 2021 as economic activity expands. Similarly, unemployment rates are expected to peak in Q2 2020 before gradually decreasing in 2021. However, unemployment rates are still expected to remain high compared to pre-crisis standards, with an average forecast of 7.1% in BC for 2021 as a whole.

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 in Ontario and Quebec, when business restrictions were re-introduced, outcomes in such indicators as employment have weakened. Depending on the severity of rising cases and restrictions in both BC and other Canadian jurisdictions, these outlooks could shift.

Table 1: BC and Canadian Economic Forecasts

Forecasts	Real GDP, annual change		Unemployment rate		Reported
	2020	2021	2020	2021	
British Columbia					
Average	-5.3%	4.6%	9.3%	7.1%	
RBC Economics	-5.6%	4.9%	9.1%	6.5%	10-Sep
BMO	-5.2%	5.5%	9.1%	6.5%	03-Dec
Scotiabank	-5.0%	3.7%	8.9%	6.8%	04-Dec
TD Economics	-5.4%	4.4%	9.4%	7.0%	17-Sep
CIBC	-5.3%	4.4%	9.8%	8.7%	25-Sep
Canada					
Average	-5.6%	4.4%	9.5%	7.7%	
RBC Economics	-5.6%	4.5%	9.5%	7.6%	Nov
BMO	-5.7%	5.5%	9.5%	7.5%	03-Dec
Scotiabank	-5.7%	4.0%	9.5%	7.6%	04-Dec
TD Economics	-5.6%	4.1%	9.7%	7.9%	18-Sep
CIBC	-5.6%	4.0%	9.5%	7.9%	08-Dec