

COVID-19 Economic Dashboard

Updated: August 11, 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, and international trade – and will be updated each month.

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1. Executive summary

Economic data continues to illustrate how the COVID-19 containment measures and their gradual easing are affecting BC's economy.

Starting in May the economy was allowed to gradually expand, and by mid-June, the province entered [Phase 3](#) of the BC's Restart Plan, allowing for greater travel within the province and for more businesses to reopen or expand services. As a result, employment numbers started rebounding, with the province [adding 231,000 jobs between May and July](#) (+43,000 in May, +118,000 in June, and +70,000 in July).

However, these large increases are unlikely to continue as they correlated to the large number of businesses were able to reopen during that time period.¹ Moreover, provincial employment remains 165,000 jobs lower in July compared to February, a decline of 6.5% and BC's unemployment rate stood at 11.1% in July, up 6.1 percentage points respectively. While part-time positions are now near their pre-crisis levels (-6,000), full-time positions have not come back as rapidly and now make up the vast majority (-159,000) of job losses. And employment in several sectors such as entertainment, business/office services, and household services remain considerably lower than the average decline in BC's employment since March.

Like employment, consumer confidence has rebounded throughout May and July as people return to work and the economy reopens. Consumer spending has seen a corresponding bounce back from the March/April lows where spending was down 20-40% compared to pre-crisis levels. Throughout May and July consumers ramped up their spending. In fact, July marked the first month since the pandemic hit that consumer spending exceeded pre-crisis levels.

Consumer spending has historically been a key component of returning to economic growth following a recession, so the July data provides some optimism. However, consumer spending has shifted away from

¹ CTV News, "Canada's Labour Market Gained 419,000 Jobs in July: StatCan,"
<https://www.ctvnews.ca/canada/canada-s-labour-market-gained-419-000-jobs-in-july-statcan-1.5054860>

goods and services like travel and entertainment to items like at-home entertainment and hobbies. Dining out, originally down as much as two-thirds, is returning to pre-crisis levels.

Meanwhile, weakness in global demand and low commodity prices have taken a toll on BC's crucial export industry. While June data saw an improvement from previous months, five of BC's six largest commodity exports were still down from a range of 10% (solid wood products) to 36% (energy products) in June compared to the same month last year. In particular, BC's large coal export market has been hit hard by lower prices. However, other energy and forestry products prices have experienced a bounce back from March and April lows. With stronger prices and global economies reopening, the summer months could see a boost in the export sector.

The six BC economic forecasts CPABC tracks expect negative GDP growth (*average -5.6%*) and spikes in unemployment (*average 9.0%*) for 2020 as a whole. However, March and April 2020 are forecast to be the low point as an increasing amount of businesses were permitted to reopen or expand services near the start of this summer.

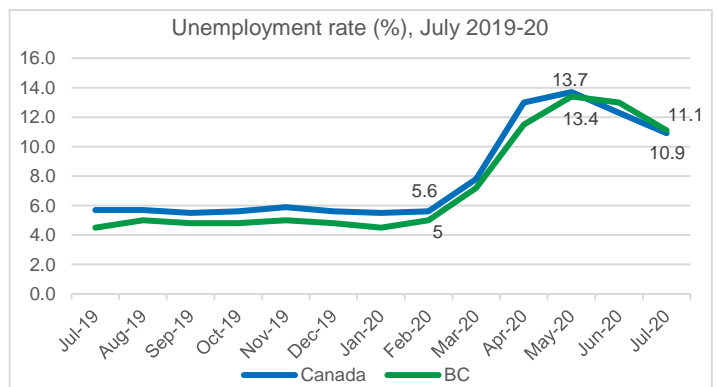
The expectation is that pent-up consumer demand, expansion of business activity/employment, and government supports will help return the economy to a semblance of normalcy going into the second half of the year and into 2021, leading to an economic recovery. On average, GDP is forecast to grow 5.2% in 2021.

However, increasing outbreaks of COVID-19 pose a risk to the anticipated economic recovery. As of August 12, the number of active COVID-19 cases climbed to its highest point since May 9.² As the success of our economic recovery largely correlates with the containment of COVID-19 and reopening of the economy, the recent surge in cases currently threatens BC's economic outlook.

2. Employment: July marks third month of job gains, but full recovery remains distant

July employment data from Statistic Canada's [Labour Force Survey](#), conducted between July 12 to 18, 2020, provides an updated understanding of various employment trends. In July, BC's unemployment rate saw its second decrease since the pandemic began in mid-March, standing at 11.1%, 2.6 percentage points below the May peak but still up 6.1 percentage points since February (see *Figure 1*). The rate is 0.2 percentage points above the national rate (10.9%), which has experienced a slightly stronger rebound.

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



Source: Statistics Canada. Table 14-10-0287-01. Seasonally adjusted.

² CBC News, "B.C. announces 85 new COVID-19 cases, 3rd highest single day jump since beginning of pandemic," <https://www.cbc.ca/news/canada/british-columbia/b-c-announces-85-new-covid-19-cases-3rd-highest-single-day-jump-since-beginning-of-pandemic-1.5684261>

Over the past three months, the province added a total 231,000 jobs (43,000 in May, 118,000 in June, and 70,000 in July). (see Figure 2). Despite the gain, the province has still shed 165,000 jobs since February, or 6.5% of total pre-crisis employment. Canada as a whole has gained 1.7 million jobs since April lows, but employment remains 1.3 million lower than in pre-crisis levels.

However, the size of increases seen in June and July are unlikely to recur as it correlated with a large number of businesses reopening in May.³ Economic forecasts project BC's unemployment rate to decrease over the year, but remain considerably higher in 2021 than pre-crisis levels (average forecast of around 6.7% in BC – for more details, see the Economic Forecast section).

Part-time work leading employment gains since May

One concerning trend in the data is the disproportionate return of part-time compared to full-time positions. While March and April did see a steeper decline in part-time employment than full-time, since May part-time employment has led the recovery (see Figure 3). By July, part-time employment had decreased just 6,000 compared to February, down just 1.3%. Meanwhile, the return of full-time positions has lagged behind, down nearly 160,000 in July from February levels or roughly -8%. While it's promising to see jobs of any kind return, full-time work provides greater economic output.

Service-sector has led recovery since April

The impacts of COVID-19 initially hit the service sector particularly hard. By April, the sector had shed 17% of its February employment levels – representing a job loss of over 250,000 jobs (see Figure 4). While the goods-producing sector was also hit hard, it held up relatively better with a decline of 9.7%. However, since May the service sector has seen stronger job growth and accounted for 93% of job gains. In the goods-producing sector, the construction subsector has remained relatively weak and represents nearly all (91%) of job losses in the sector.

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

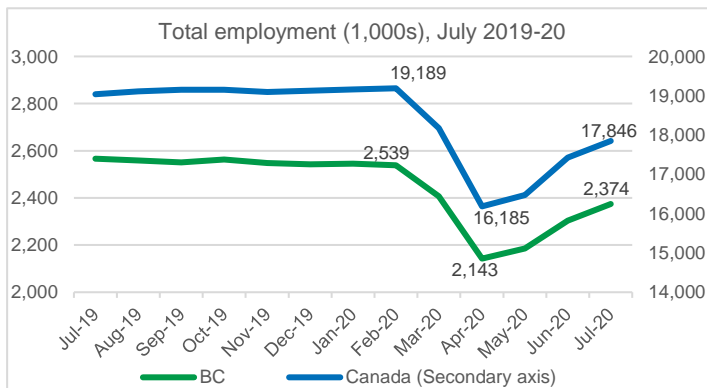
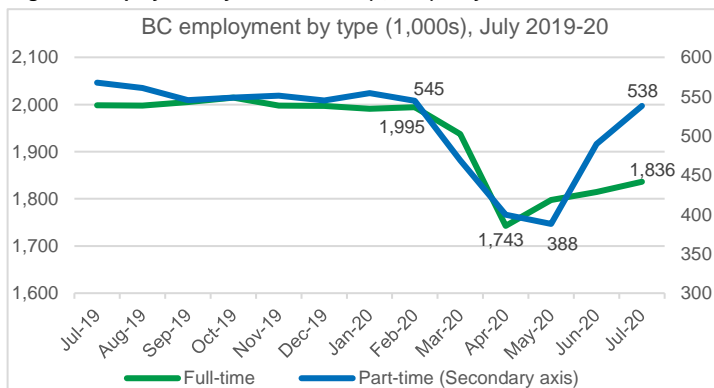
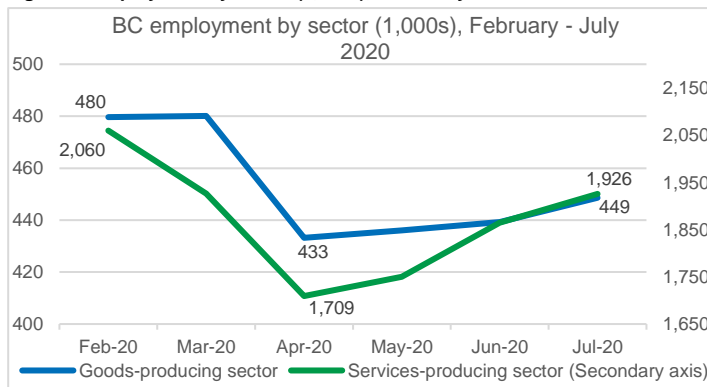


Figure 3: Employment by hours worked (1,000s), July 2019-20



Source: Statistics Canada, Table 14-10-0287-01. Seasonally adjusted.

Figure 4: Employment by sector (1,000s), Feb – July 2020



Source: Statistics Canada, Table 14-10-0355-01. Seasonally adjusted.

³ CTV News, "Canada's Labour Market Gained 419,000 Jobs in July: StatCan," <https://www.ctvnews.ca/canada/canada-s-labour-market-gained-419-000-jobs-in-july-statcan-1.5054860>

Service subsector employment growth has been uneven

After physical distancing requirements were introduced in March, the accommodation and food subsector was hit the most severely out of all industries. By April, the industry had seen nearly one in every two jobs displaced. Thankfully, the accommodation and food subsector has lead employment gains over the past few months and by July, the subsector had recouped 80% of losses (see Figure 5).

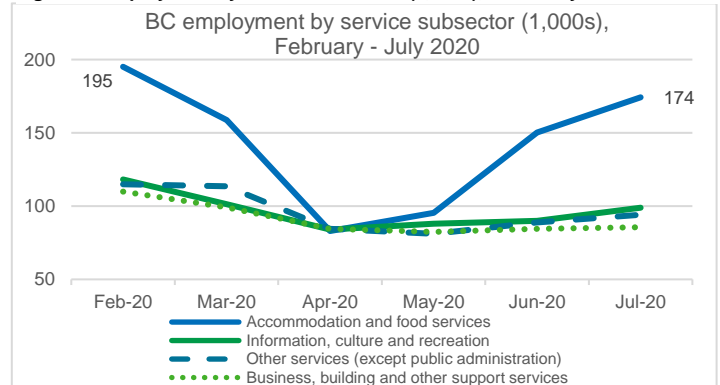
Unfortunately, other service subsectors have seen slower employment growth and remain considerably below February levels. In July, the three largest relative losses were in the subsectors of information, culture and recreation (-16.2%, -19,200); other services such as household services (-18.1%, -20,800); and business/building support services (-22.1%, -24,300). The next *Labour Force Survey* update for July data is expected to be released September 4.

3. Consumer spending: July marks first month above water

Throughout the crisis, [RBC](#) has tracked weekly spending trends of consumers compared to pre-crisis levels. The data shows that between mid-March and late May consumers lowered their spending considerably compared to the same period last year. However, the low point appears to be the three weeks of 20-40% declines between March 17 and April 14, with data from late April into late July showing a trend reversal. In fact, July marked the first full month since the pandemic began where consumer card spending was slightly above where it was at the same period last year.

Throughout the crisis, consumers also shifted their goods and services preferences. Early on, spending on groceries and home hobby-related activities spiked dramatically as people self-isolated (see Figure 7). Spending on dining and entertainment outside the home, as well as travelling fell. The situation has improved considerably for dining and entertainment with the gradual reopening of Canadian economy, and by the end of July both were close to pre-crisis levels. While travel has seen some growth, as of the end of July it remained close to two-thirds lower compared to last summer. How these trends shift as the economy gradually

Figure 5: Employment by service subsector (1,000s), Feb – July 2020



Statistics Canada, Table 14-10-0355-01. Seasonally adjusted.

Figure 6: Consumer spending relative to pre-COVID levels, Jan-July 2020

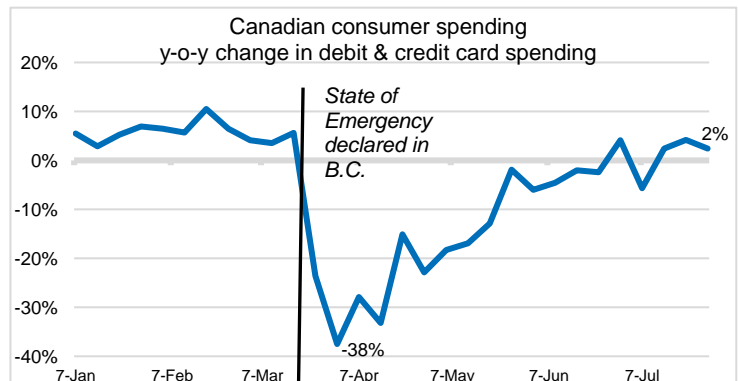
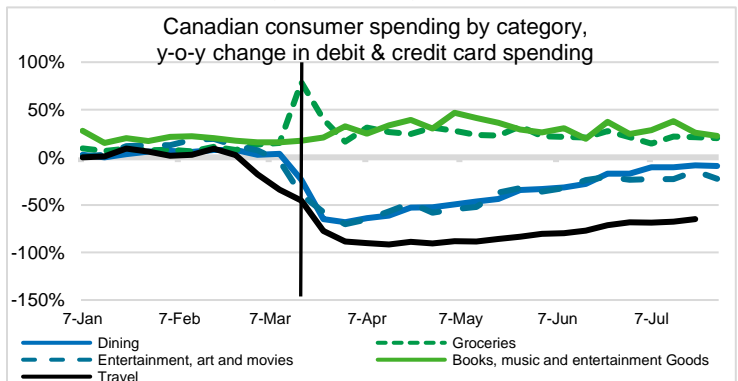


Figure 7: Consumer spending levels by category, Jan-July 2020



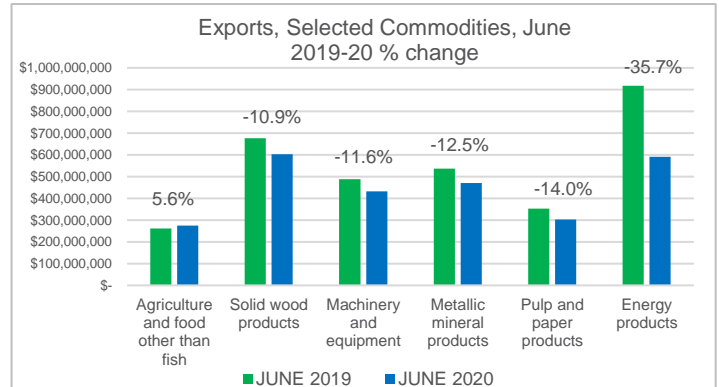
Source: RBC, Haver Analytics

reopens will be key to understanding how permanent these changes in consumer behavior are.

4. International trade: Commodity exports, especially energy products, remain suppressed

One area that has been hit hard by the COVID-19 pandemic and weak commodity prices is BC's important export sector. While June data shows improved performance of exports over the lows seen in March and April, exports remain weak compared to pre-crisis levels. In June, five of the province's six largest export categories were down significantly in dollar terms over last year, with just agriculture products up (see *Figure 8*).

Figure 8: Exports by selected commodities, June 2019-20

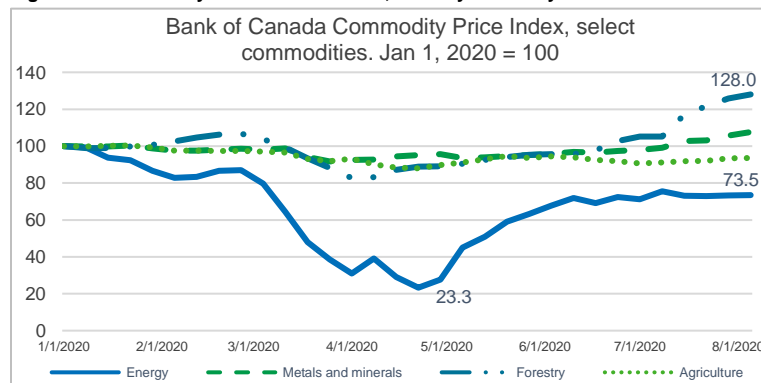


Source: BC Stats, Monthly Export Data tables

Energy and forestry exports were hit hard early in the pandemic due to rapidly declining commodity prices and weak demand. 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 9*⁴). However, an agreement from OPEC+ to [reduce global oil](#) production and global demand increasing has led a large rebound in oil and some energy prices over the past few months. Unfortunately, the price of metallurgical coal – a key energy export for the province – has tumbled. This has driven BC's energy export market down nearly 36% in June compared to the same time last year.

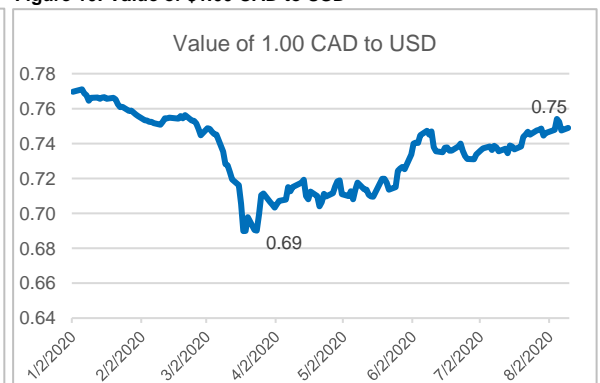
Forestry prices also experienced a weakness in April but have since recovered strongly, while metal and mineral and agricultural product prices have stayed relatively stable. The Canadian dollar has bounced back from early March lows and as of August 11 stood at \$0.75 USD per CAD, down from \$0.77 at the start of the year (see *Figure 10*). Export data for July 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. Data from the summer months will be a telling sign of the export-sector's longer-term recovery.

Figure 9: CPI Index by select commodities, January 2020-July 2020



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

Figure 10: Value of \$1.00 CAD to USD



Daily exchange rates

⁴ Price indices [Bank of Canada's Commodity Price Index](#). Components for each can be found online.

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. *Table 1* 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 pandemic's economic impact.

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 provincial economies begin to reopen. Meanwhile, 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 6.7% in 2021.

Table 1: BC and Canadian Economic Forecasts

Table 1: BC and Canadian Economic Forecasts	Real GDP, annual change		Unemployment rate		Reported
	2020	2021	2020	2021	
Forecasts	British Columbia				
RBC Economics	-4.2%	3.9%	8.7%	6.3%	16-Jul
BMO	-5.3%	na	9.0%	na	04-Aug
Scotiabank	-5.3%	5.4%	9.4%	6.2%	04-Aug
TD Economics	-5.6%	5.4%	9.0%	6.6%	23-Jun
CIBC	-6.1%	5.9%	9.4%	8.0%	24-Jun
Central 1	-6.8%	5.2%	8.3%	6.3%	25-May
Average	-5.6%	5.2%	9.0%	6.7%	
Canada					
Federal forecast: average of thirteen private sector estimates	-6.8%	5.5%	9.8%	7.8%	08-Jul

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>