

## COVID-19 Economic Dashboard

*Updated: October 15, 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. **Snapshot:** BC experienced strong job growth and recovery in consumer spending in September

BC is on track to outperform Canada's average GDP and unemployment rate in both 2020 and 2021, according to recent forecasts and new economic data from September. While this data indicates that BC's economy is continuing to recover from the steep damage experienced early on in the COVID-19 pandemic, recent surges in COVID-19 infections across the country, including here in BC, pose a threat to full economic recovery.

#### *Employment*

The province continued its employment rebound in September, adding 54,800 positions. This softened concerns that job growth would slow going into the fall since business reopenings were concentrated earlier in the summer. Since April, BC has experienced employment gains in each of the past five months, totalling 300,000 added jobs. These gains helped lower BC's unemployment rate to 8.4% in September, the first time under 10% in nearly half a year. While an improvement, BC's current unemployment rate remains well above the pre-pandemic rate of 5% in February.

The province has completely recouped losses in part-time employment, with the number of part-time positions in September slightly higher than in February. Losses in full-time positions now account for the entirety of BC's job displacement, with the number of positions down 107,000 in September from February levels, a decline of 5.4%. While it's promising to see jobs of any kind return, full-time work provides greater economic output and will be key to returning the economy to pre-pandemic levels.

September marked the first time since the recession began where job losses are more concentrated in the goods sector (-4.2%) than the service sector (-3.6%) due to a dip in construction employment and a stronger recovery in the service sector.

#### *Consumer spending:*

Canadian consumer spending in September was slightly above last year's (+3%), continuing a trend that began in July. However, [RBC's consumer spending](#) tracker shows spending habits have shifted throughout the crisis. For instance, dining/take out spending in September rebounded to near pre-crisis levels from the sharp lows experienced earlier on.

Consumer spending on travel continues to see the biggest drop of any category, falling further in September after seeing some modest gains over the summer led by domestic tourism. In fact, spending on travel declined by about two-thirds in September.

*International trade:*

Prospects for BC's international export market improved in August as some key commodity prices and global demand increased. While August's commodity exports are down approximately 5% compared to last year, this is a considerable improvement over the 10-20% annual declines experienced over the past five months. The recent rebound has been led by increases in solid wood and metal/mineral exports, up 18.4% and 13.4%, respectively. Forestry products have been buoyed by strong growth in prices, up over 50% in September compared to the start of year. Conversely, energy product exports continue to see the biggest declines, down over a quarter compared to the start of the year.

*Economic forecasts:*

The five BC economic forecasts CPABC tracks recently forecast an average GDP decline of 5.3% in 2020 and unemployment averaging 9.4% for 2020 as a whole. Q2 is expected to be the low point for the economy, as many businesses reopened or expanded services throughout the summer. BC is expected to outperform Canada in both 2020 GDP and unemployment rate (-5.7% and 9.8%, respectively).

As we head into the last months of the year, the expectation is that pent-up consumer demand, expansion of business activity/employment, global economic activity, and government supports will continue to boost our economic recovery. On average, BC's GDP is forecast to grow 4.7% in 2021 and unemployment to decline to 7.4%, both stronger than the national average (4.5% and 7.9%, respectively).

However, COVID-19 outbreaks continue to put negative pressure on the country's economic recovery. [Quebec, Ontario and Manitoba](#) have ordered some businesses to taper operations or re-close due to sizeable increases in cases, highlighting the real risks from another wave. While BC's [COVID-19 cases](#) per capita remain relatively low, they have risen through October with the number of active cases now considerably higher than earlier in the pandemic. As the success of our economic recovery largely correlates with the containment of COVID-19 and the reopening of the economy, any surge in cases threatens BC's economic outlook.

2. **Employment:** Unemployment falls below 10% as September brings surprisingly strong job growth

September employment data from the [Labour Force Survey](#) highlights the considerable progress the country continues to make from the devastating job losses experienced early on in the pandemic.

Both BC and Canada's unemployment rate decreased, both falling below 10% for the first time in half a year. In September, BC's unemployment rate stood at 8.4%, 5.3 percentage points lower than the peak seen in May. Despite the progress, it remains well above pre-pandemic levels and is 3.4 percentage points higher than in February (see *Figure 1*).

BC's unemployment rate was driven down by a job gain of 54,800 in September, a surprisingly strong showing. The expectation had been that job growth would slow going into the fall as the rate of businesses reopening had tapered from when the province entered Phase 2 and 3 earlier in the summer. Over the past five months, the province recouped over 300,000 jobs (see *Figure 2*).

Despite the gain, provincial employment remains down nearly 95,000 since February, representing a 3.7% decline from the pre-crisis workforce. Canada as a whole has gained 2.3 million jobs since April lows, but employment remains 720,000 lower than pre-crisis levels.

*BC full-time employment gains lagging*

While the trend has been promising, the disproportionate return of part-time compared to full-time positions (see *Figure 3*) gives cause for concern.

By September, part-time employment had completely recouped its losses and is in fact slightly higher than in February. Losses in full-time positions now make the entirety of the job displacement, down 107,000 in September from February levels, or roughly -5.4%. While it's promising to see jobs of any kind return, full-time work provides greater economic output and will be key to returning the economy to pre-pandemic levels.

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

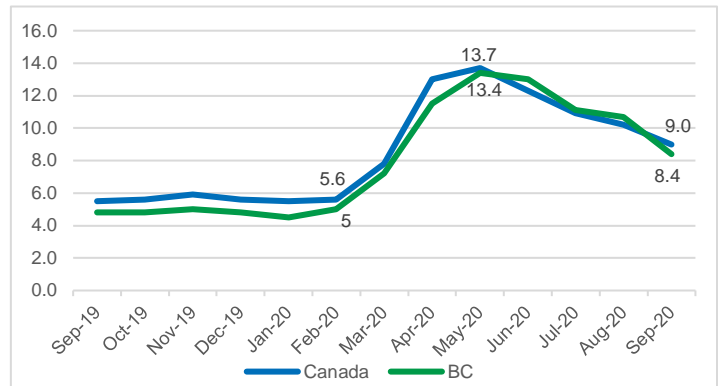


Figure 2: Employment (1,000s), September 2019-20

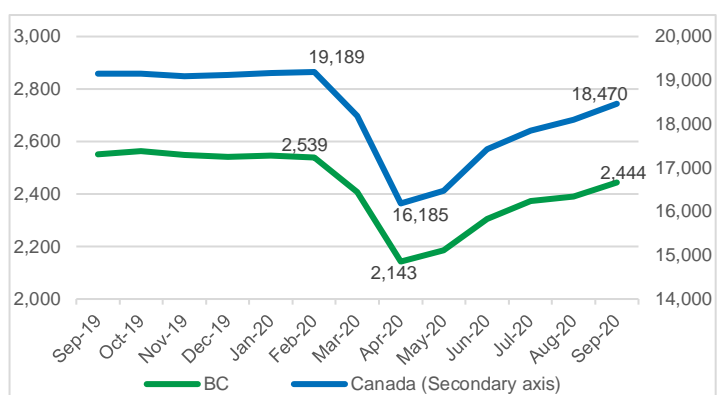


Figure 3: BC part-time and full-time employment (1,000s), September 2019-20

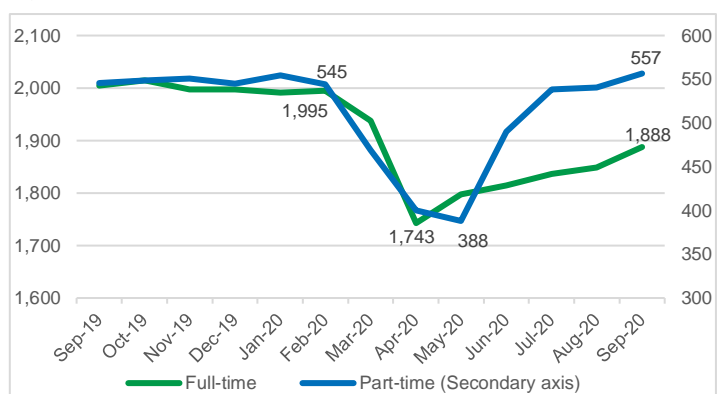


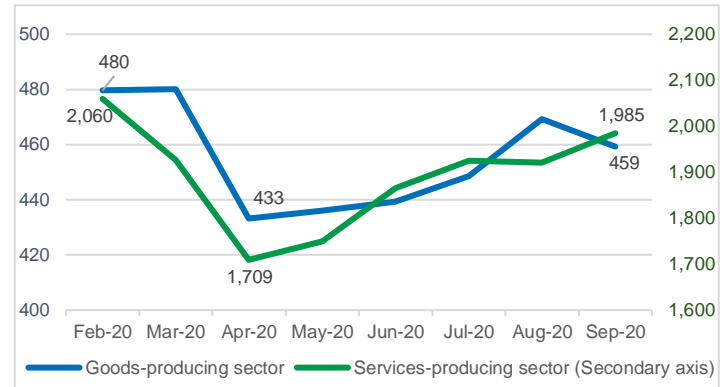
Figure 1-3 source: Statistics Canada, Table 14-10-0287-01. Seasonally adjusted.

*Goods-sector’s job numbers hampered by construction losses*

The impact of COVID-19 initially hit the service sector hard. By April, the sector had shed 17% of its February employment levels, representing a job loss of 350,000 jobs (see *Figure 4*). While the goods-producing sector was also hit severely, it held up relatively better with a decline of 9.7% over the same period.

However, since May the service sector has led job growth, a trend that continued in September with the service sector accounting for the entire job gain (+65,000). Overall, September service sector employment was down 3.6% compared to February.

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



Conversely, the goods sector has struggled in recent months due to considerable weakness in the construction industry. BC’s construction workforce lost another 15,000 positions in September, bringing the total loss to nearly 40,000 since February, or roughly one in every six pre-crisis construction job.

*Hardest hit service subsectors experience strong rebound*

When physical distancing requirements were introduced in March, industries that relied on close human interaction or provided non-essential services saw the largest employment declines.

This was especially true for the hospitality industry. By April, the industry had seen nearly one in every two jobs displaced. Thankfully, employment in the accommodation and food subsector resurged in the summer and recouped 90% of losses, but did see a small decline in September (see *Figure 5*).

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

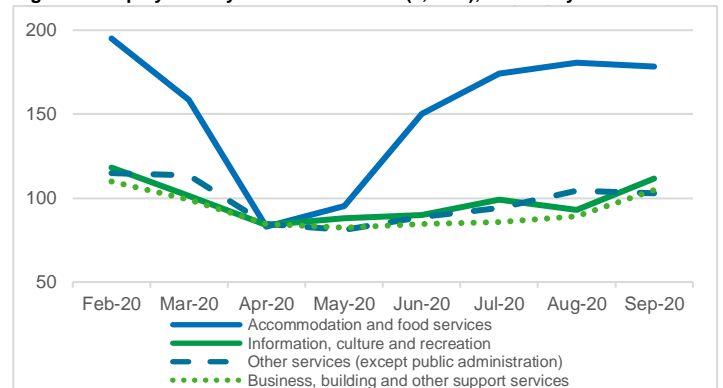


Figure 4-5 source: Statistics Canada, Table 14-10-0355-01. Seasonally adjusted.

There has also been progress in some service subsectors that had remained depressed.

For example, two service industries that remained hardest hit in August experienced sizeable employment gains in September. Information, culture, and recreation gained 19,000 jobs, and business/building support services gained 16,000, bringing employment much closer to pre-crisis levels than in previous months (a decline of 5.7% and 4.6%, respectively). Other services (such as personal and household services) have yet to experience the same level of rebound, where employment remains down 10.4% in September compared to February.

3. **Consumer spending:** September marks third month above pre-crisis levels

Throughout the crisis, RBC has tracked weekly spending trends of Canadian 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. The low point was a period between March 17 to April 14, which saw declines of 20-40%. By late April, the trend had reversed and by July had inched into positive growth.

This positive growth continued over the summer. In fact, September marked the third consecutive month since the pandemic began where consumer spending was slightly above where it was during the same period last year.

*Spending on air travel remains significantly down*

Throughout the crisis, consumers shifted their goods and services preferences. Early on, spending on groceries and home hobby-related activities spiked dramatically as people self-isolated. Conversely, spending on dining and entertainment outside the home, as well as travelling, fell sharply (see Figure 7).

The situation has improved considerably for dining and entertainment with the gradual reopening of the Canadian economy, but the growth experienced early on in the summer largely tapered off in August and September. Through September, average weekly spending on dining/takeout was close to pre-pandemic levels - down around 3% compared to last year - while entertainment, art and movies spending remained down about 16%.

Consumer spending on travel is in much worse shape. Even as it managed some growth over the summer with the opening up of domestic tourism, spending on travel has remained down at least 50% year over year throughout the crisis. Going into September, spending once again declined. This has placed significant challenges on the airline industry, with some businesses beginning to scale back operations.<sup>1</sup> How these trends shift as the economy continues to rebound will be key to understanding how permanent changes in consumer behavior are.

Figure 6: Consumer spending annual % change, Jan-Sept 2020

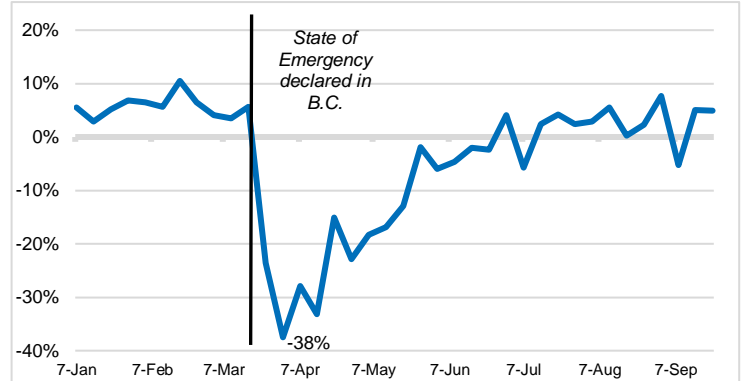


Figure 7: Consumer spending annual % change by category, Jan-Sept 2020

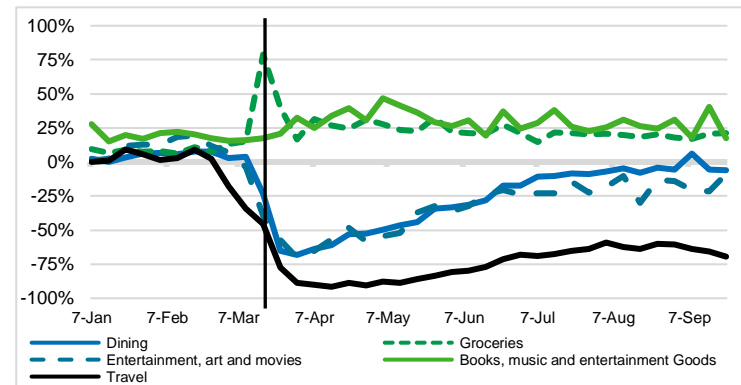


Figure 6-7 source: RBC, Haver Analytics. Weekly debit and credit spending compared to previous year.

<sup>1</sup> CBC News, “Westjet shuts down most of its operations in Atlantic Canada” <https://www.cbc.ca/news/business/westjet-cuts-1.5761526>

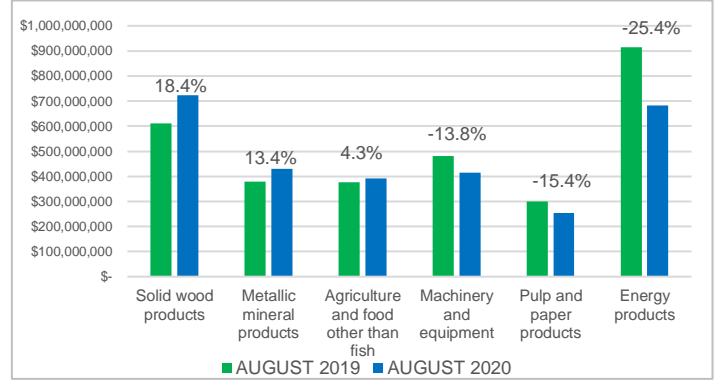
4. **International trade:** Commodity exports rebound led by mining and solid wood products

One area hit hard by the COVID-19 pandemic and weak prices has been BC's important commodity export sector. Between March and June, BC's exports were down an average of 15% compared to last year led by steep declines in most of the province's key trade commodities.

The data shows the situation improved in July and August. In August, total exports were down by 5% compared to last year. While still down, this is a marked improvement from earlier readings.

The August rebound was led by strength in solid wood products, metallic mineral products, and agriculture goods, all of which are up compared to last year (see Figure 8). However, weakness continues in some other key export categories, mostly notably in BC's largest commodity export: energy products. The 25.4% decline from last year in energy product exports represents a loss of \$231.7 million.

Figure 8: Exports by selected commodities, August 2019-20 percent change



Source: BC Stats, Monthly Export Data tables

*Weakened energy prices continue to dampen export market*

Energy exports were hit hard early in the pandemic due to very weak global demand and rapidly declining commodity prices. By mid-April, global supply and 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<sup>2</sup>). Energy prices began to rebound in May and by July were nearly 75% of the levels experienced at the start of the year. Going into October, energy prices remained approximately at this same level.

Forestry prices also experienced weakness in April but have since recovered well, now having climbed over 50% higher than at the start of the year. Meanwhile, metal and mineral and agricultural product prices have stayed relatively stable. The Canadian dollar has bounced back from early March lows and as of October 9 stood at \$0.76 USD per CAD, down slightly from \$0.77 at the start of the year (see Figure 10).

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

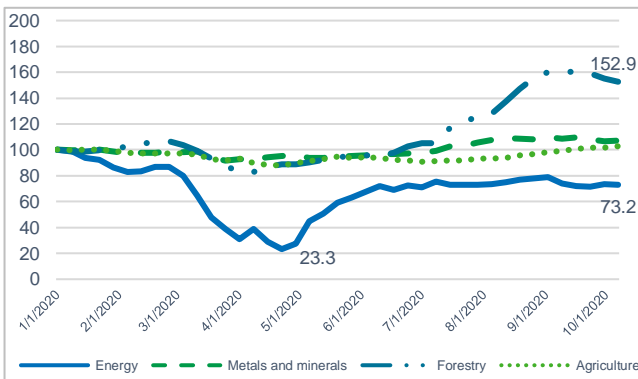
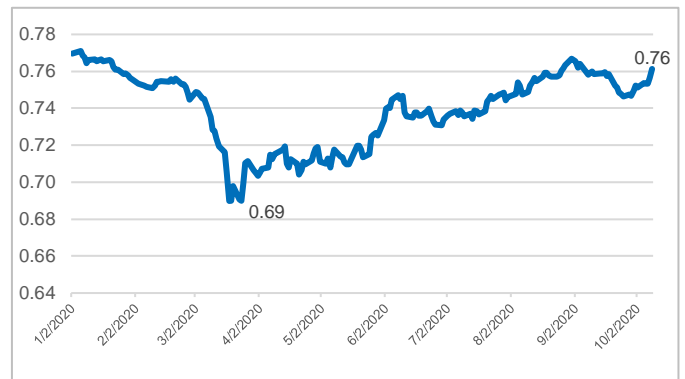


Figure 10: Value of \$1.00 CAD to USD



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

<sup>2</sup> Price indices [Bank of Canada's Commodity Price Index](#). Components for each can be found online.



Export data for September is expected later this month. How well the rest of the world rebounds from the crisis will have a significant impact on whether BC's export market will continue to turn the trend around.

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 recent economic forecasts 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 7.4% in BC for 2021 as a whole.

*Table 1: BC and Canadian Economic Forecasts*

Forecasts	Real GDP, annual change		Unemployment rate		Reported
	2020	2021	2020	2021	
<b>British Columbia</b>					
<b>Average</b>	<b>-5.3%</b>	<b>4.7%</b>	<b>9.4%</b>	<b>7.4%</b>	
RBC Economics	-5.6%	4.9%	9.1%	6.5%	<a href="#">10-Sep</a>
BMO	-5.4%	6.3%	9.7%	7.6%	<a href="#">06-Oct</a>
Scotiabank	-4.9%	3.7%	9.1%	7.1%	<a href="#">15-Oct</a>
TD Economics	-5.4%	4.4%	9.4%	7.0%	<a href="#">17-Sep</a>
CIBC	-5.3%	4.4%	9.8%	8.7%	<a href="#">25-Sep</a>
<b>Canada</b>					
<b>Average</b>	<b>-5.7%</b>	<b>4.5%</b>	<b>9.6%</b>	<b>7.9%</b>	
RBC Economics	-5.9%	4.4%	9.5%	7.6%	<a href="#">October</a>
BMO	-5.6%	6.0%	9.6%	8.0%	<a href="#">05-Oct</a>
Scotiabank	-5.7%	4.1%	9.5%	7.7%	<a href="#">15-Oct</a>
TD Economics	-5.6%	4.1%	9.7%	7.9%	<a href="#">18-Sep</a>
CIBC	-5.6%	4.0%	9.7%	8.4%	<a href="#">25-Sep</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>