

COVID-19 Economic Dashboard

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1. **Snapshot:** BC's economy ends 2021 with tight labour market and growing population

BC's labour market robust to end year, but employment growth lags population gains

As 2021 came to an end, BC's unemployment rate stood at 5.3% in December. That was a small decline from 5.6% in November and well below the 8.0% rate at the start of 2021. However, even after strong employment gains over the past year BC's unemployment rate remained above the 4.8% set in December 2019. Canada's unemployment has also been steadily declining, dipping to 5.9% in December 2021, but still above the 5.7% rate in December 2019.

As of December 2021, BC's employment increased by 3.9% compared to December 2020. However, growth in BC's workforce slowed throughout 2021 and has not kept pace with population growth. Since December 2019, BC's working age population grew by 118,200 compared to employment growth of 50,200.

One reason for optimism is the growing number of full-time positions in the province. As of December 2021, full-time positions were up by 2.2% compared to December 2019. In contrast, part-time positions were up by 0.9% over that period. This is a promising sign as it reflects that the average hours worked per BC worker is rebounding from the lows experienced earlier in the pandemic.

Service sector boosted by public jobs while goods sector continues to struggle

BC's service sector employment reached 2.2 million in December 2021, up 5.4% from the same time in 2020 and 3.1% compared to December 2019. Employment gains were concentrated in the public sector, with the three largest public service industries (public administration, health care, and education) up by 12.4% compared to December 2019. In contrast, employment across the rest of the service sector declined 0.9% over the same period.

While employment in some private industries such as professional services, information/culture, and trade have fared well in 2021, growth was dragged down by continued weakness in the hospitality and building/business services industries. This dynamic highlights an uneven recovery in the service sector.

Employment in BC's goods-producing sector has been far weaker than the service sector. In fact, despite overall robust employment growth over the past year, goods sector employment was down 2.0% compared to December 2020 with only manufacturing experiencing job growth.

As labour market tightened, BC businesses faced record labour shortages in 2021

As BC's employment levels have recovered, the labour market has tightened, and employers have been unable to fill many open positions. In Q3 2021, BC's job vacancy rate reached 6.7%, a new record high. That represented nearly 158,000 positions employers were unable to fill across British Columbia. While data is unavailable for the last quarter of 2021, the expectation is that labour shortages will continue to be an acute issue facing BC's economy in 2022.

Retail spending well above pre-pandemic levels, but has seen recent downward pressure

In October 2021, BC monthly retail spending was up 10.7% compared to January 2020, and 6.5% across Canada. While retail spending in BC has made a robust recovery from the May 2020 low point, it has been on a slight downtrend since the start of 2021.

At the time of writing, StatsCan data for the November and December 2021 is not yet available. However, [RBC consumer spending data](#) shows that despite the rising concerns associated with the Omicron variant, overall spending has remained robust, though some categories such as travel (-60% below pre-pandemic levels) have struggled.

Strength in BC exports, prices, continue to drive economic recovery

While there has been a small dip in total exports from the record level set in June 2021, the \$4.56 billion of BC exports in November 2021 was still 49.1% higher than January 2020 and 32.9% higher than January 2019. The strength in BC exports has been driven by rising prices and growing global demand for key BC commodities.

Most of BC's most key export commodities have realized significant price increases as the global economy continues to recover and international demand for commodities rises. While forestry prices moderated from the highs set in June 2021, as of January 12, 2022 prices were up by 124.0% compared to January 2020. Prices of other key commodities were also up over that period, including metals/minerals (+29.1%), energy products (+48.5%), and agriculture products (53.1%).

Economic forecasts highlight return to more typical economic conditions by 2023

The economic picture has improved considerably in 2021, with real GDP forecast to have grown around 4.5% in BC and 4.6% in Canada for the year as a whole. In 2022, real GDP is expected to exceed pre-crisis levels in both Canada and BC, while the unemployment rate is forecast to continue to decline but remain slightly above pre-crisis levels. By 2023, unemployment is anticipated to return to around or below the rates set in 2019.

2. **Employment:** Robust labour market to end year, but growth flatlining

Even after strong employment gains, unemployment above pre-pandemic rates

As 2021 came to an end, BC's unemployment rate stood at 5.3% in December. That was a small decline from the 5.6% set in November 2021 (see *Figure 1*). Despite strong employment gains over the past year, BC's unemployment rate remains well above the 4.8% set in December 2019. Canada's unemployment has also been steadily declining, dipping to 5.9% in December 2021, but still higher than the 5.7% rate in December 2019.

Employment above pre-pandemic level, but lags population growth

By the end of 2021, BC added 100,500 jobs compared to December 2020 (see *Figure 2*). As a result, BC's workforce is now 1.9% larger than in December 2019. Employment across Canada has also increased 1.6% over that period. However, the growth has slowed in recent months and has not kept pace with population growth. Since December 2019, BC's working age population grew by 118,200 compared to employment growth of 50,200.

Full-time jobs increase at end of 2021

After struggling in the early days of the pandemic, part-time positions returned with greater strength than full-time positions for much of late 2020 and 2021. However, that trend shifted over the second half of 2021. As of December 2021, full-time positions were up by 2.2% compared to December 2019. In contrast, part-time positions were up by 0.9% over that period (see *Figure 3*).

This is a promising sign as it reflects that the average hours worked per BC worker is rebounding from the lows witnessed earlier in the pandemic.

Figure 1: Unemployment rate as a percentage, BC and Canada

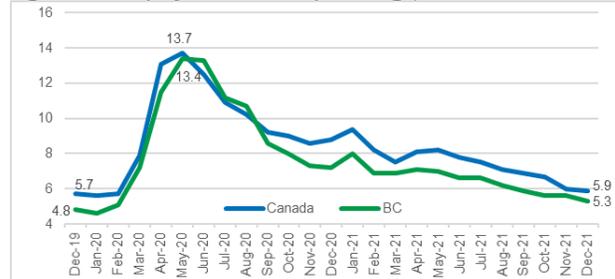


Figure 2: Employment (1,000s), BC and Canada

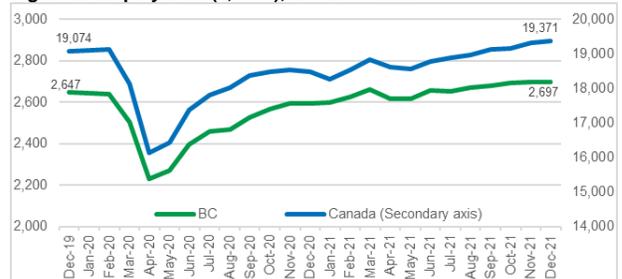


Figure 3: BC part-time and full-time employment (1,000s)

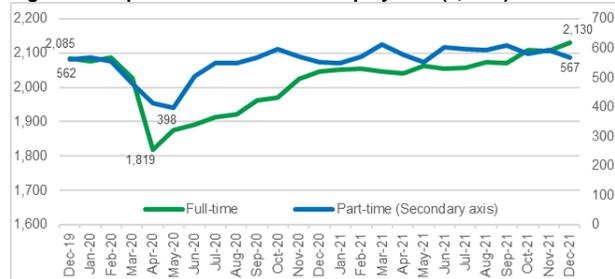


Figure 1-3: Statistics Canada, Table 14-10-0287-01. Seasonally adjusted.

Service sector has led all job growth over past year, but private sector lagging public

BC's service sector employment reached 2.2 million in December 2021, an increase of 5.3% compared to December 2020 and 3.1% compared to December 2019 (see *Table 1*).

Job gains have been concentrated in the public sector, with employment in the three largest public service industries (public administration, health care, and education) up by 12.4% compared to December 2019. In contrast, employment across the rest of the service sector declined 0.9% over the same period.

While employment in some private industries such as professional services, information/culture, and trade have fared well in 2021, growth was dragged down by continued weakness in the hospitality and building/business services industries. This dynamic highlights an uneven recovery in the service sector.

Goods sector employment declined in 2021

Employment in BC's goods-producing sector has been far weaker than the service sector. In fact, despite the overall robust employment growth over the past year, goods sector employment was down 2.0% compared to December 2020 with just manufacturing experiencing job growth (see *Table 2*). Construction employment has declined by nearly 40,000 positions compared to December 2019, the largest absolute decline.

BC businesses faced record labour shortages in 2021

As BC's employment levels have recovered, the labour market has tightened and many employers have been unable to fill open positions. As a result, BC's job vacancy rate has reached record highs. The 6.7% job vacancy rate in Q3 2021 (see *Figure 4*) represented nearly 158,000 positions employers were unable to find workers to fill across BC. Some of the greatest labour scarcities were in the hospitality and construction industries.

Table 1: BC service sector employment (1,000s)

	Dec-19	Dec-20	Dec-21	1-year change	2-year change
Services-producing sector	2,142.7	2,098.7	2,209.2	5.3%	3.1%
Information, culture and recreation	126.3	116.4	133.6	14.8%	5.8%
Health care and social assistance	336.1	337.2	383.2	13.6%	14.0%
Wholesale and retail trade	399.7	385.7	422.1	9.4%	5.6%
Public administration	119.4	130.4	142.4	9.2%	19.3%
Other services (except public administration)	119.0	103.6	107.2	3.5%	-9.9%
Educational services	185.9	190.6	195.6	2.6%	5.2%
Transportation and warehousing	142.7	139.9	142.5	1.9%	-0.1%
Professional, scientific and technical services	227.6	240.3	243.7	1.4%	7.1%
Finance, insurance, real estate, rental and leasing	169.3	161.4	160.7	-0.4%	-5.1%
Accommodation and food services	205.6	182.4	173.5	-4.9%	-15.6%
Business, building and other support services	111.1	110.7	104.7	-5.4%	-5.8%

Table 2: BC goods sector employment (1,000s)

	Dec-19	Dec-20	Dec-21	1-year change	2-year change
Goods-producing sector	504.4	498.1	488.1	-2.0%	-3.2%
Manufacturing	166.3	178.3	190.4	6.8%	14.5%
Construction	252.2	220.4	213.6	-3.1%	-15.3%
Agriculture	28.6	30.8	27.5	-10.7%	-3.8%
Forestry, fishing, mining, quarrying, oil and gas	44.7	50.1	42.2	-15.8%	-5.6%
Utilities	12.5	18.5	14.4	-22.2%	15.2%

Table 1-2: Statistics Canada, Table 14-10-0355-01. Seasonally adjusted

Figure 4: BC job vacancy rate (%)

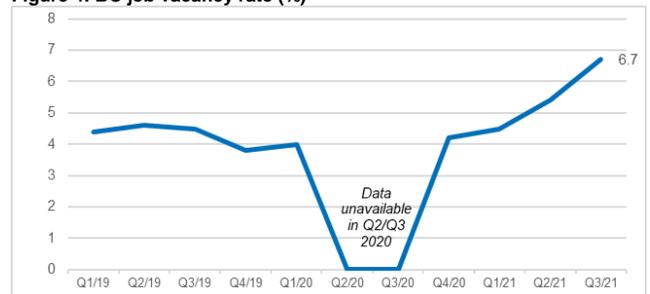


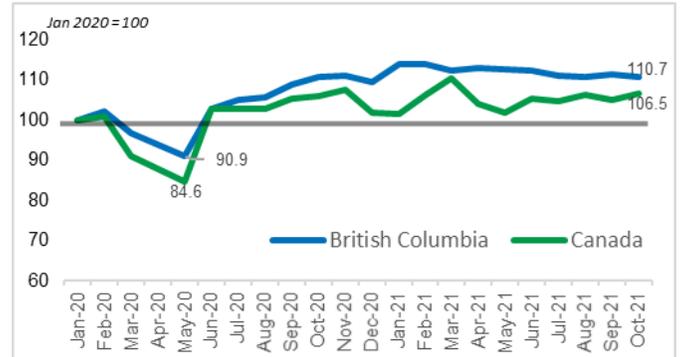
Figure 4: Statistics Canada, Table 14-10-0325-01. Seasonally adjusted

3. **Retail spending:** Above pre-pandemic levels, but down from start of 2021

Retail spending in both Canada and BC continued to remain above pre-pandemic rates (see *Figure 5*). In October 2021, BC monthly retail spending was up 10.7% compared to January 2020, and 6.5% across Canada. While retail spending in BC has made a robust recovery from the May 2020 low point, it has been on a slight downtrend since January 2021.

At the time of writing, StatsCan data for the end of 2021 is not yet available. However, [RBC consumer spending data](#) shows that despite the rising concern with the Omicron variant, overall spending has remained well above pre-pandemic levels to end the year, though some categories such as travel (-60% below pre-pandemic levels) have struggled.

Figure 5: Retail spending, Canada and BC, indexed for January 2020 = 100



Source: Statistics Canada, Table 20-10-0008-01. Seasonally and inflation adjusted.

4. **International trade:** Despite small dip, BC exports continue to drive recovery

After struggling early on in the crisis, both Canada and BC's export market have experienced a renaissance over the past year. Starting in October 2020, BC exports edged into positive annual growth territory and have continued to outperform pre-pandemic levels since.

While there was a dip in total exports from the record level set in June 2021, the \$4.56 billion of BC exports in November 2021 was 49.1% higher than January 2020 and 32.9% higher than January 2019 (see *Figure 6*).

The strength in BC exports has been driven by rising prices and growing global demand for key BC commodities.

Figure 6: BC total exports (\$ billions, inflation adjusted)



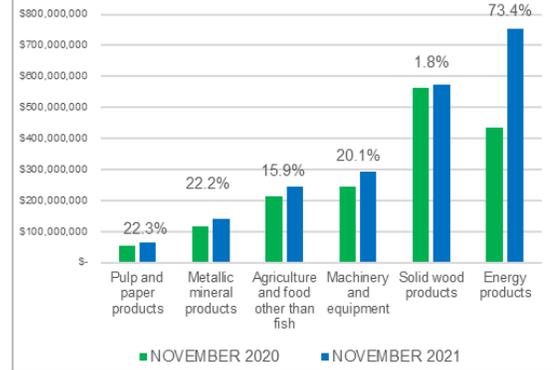
Source: BC Stats, Seasonally Adjusted Data for BC Exports. Adjusted for inflation.

November exports driven by energy products and rising commodity prices

In November 2021, BC commodity exports were up by 27.6% compared to November 2020. This was primarily driven by energy products, whose export value increased by 73.4% compared to last November (see Figure 7). All of BC's key commodity products were up, particularly machinery and equipment (+20.1%), metallic mineral products (+22.2%) and pulp/paper (+22.3%)

While exports of solid wood products were up just 1.8% compared to last year, that is more a reflection of the strong demand and prices for lumber experienced over the past year. Commodity exports should benefit to end the year as commodity prices have seen recent strength.

Figure 7: Six largest export commodities, November 2020-21



Source: BC Stats, Monthly Export Data tables

Commodity prices continue upward trajectory, CAD hits five-year high

Most of BC's most important commodities have realized significant price increases due to the continued global economic recovery and strong international demand. While forestry prices moderated from the highs seen in June 2021, as of January 12, 2022 prices were up by 124.0% compared to January 2020. Prices of other key commodities were also up over that period, including metals/minerals (+29.1%), energy products (+48.5%), and agriculture products (53.1%). 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.

As of January 13, 2022, the Canadian dollar stood at \$0.80 USD per CAD, up over the past two months but down from the peak of \$0.83 USD set in May and June 2021 (see Figure 9).

Figure 8: Price index of top BC commodities, Jan 2020 = 100

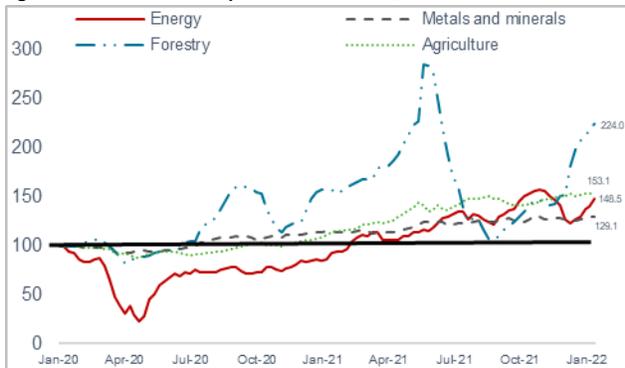
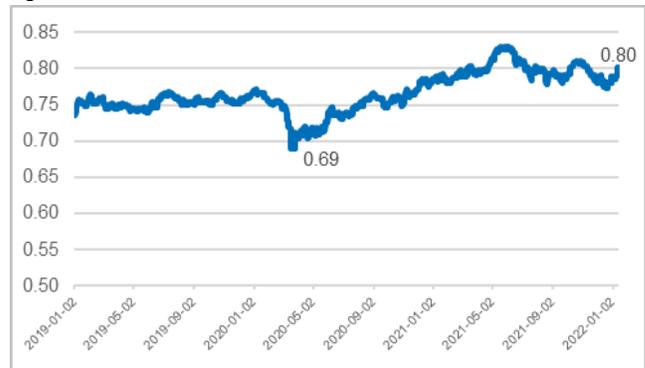


Figure 9: Value of \$1.00 CAD to USD



Source: Bank of Canada Commodity Price Index. CPABC reindexed for Jan 1, 2019 = 100; Daily exchange rates

5. **Economic forecasts:** After steepest recession in 40 years, outlook bright

Table 3 below tabulates recent economic forecasts from the big five banks and will be updated as forecasts are updated.

Table 3: BC and Canadian Economic Forecasts

Forecasts	Real GDP, annual change				Unemployment rate				Reported
	2020a	2021f	2022f	2023f	2020a	2021a	2022f	2023f	
British Columbia									
Average	-3.4%	4.8%	4.2%	3.0%	9.0%	6.5%	4.9%	4.5%	
RBC Economics		5.6%	4.2%	2.2%			5.2%	5.0%	02-Dec
BMO		4.8%	4.6%	3.7%			4.8%	4.4%	14-Jan
Scotiabank		4.0%	4.7%	3.8%			4.3%	3.7%	07-Jan
TD Economics		5.3%	4.0%	2.5%			4.7%	4.5%	15-Dec
CIBC		4.2%	3.4%	2.9%			5.3%	4.8%	13-Jan
Canada									
Average	-5.2%	4.6%	4.1%	3.2%	9.6%	7.4%	5.7%	5.4%	
RBC Economics		4.7%	4.3%	2.6%			6.1%	5.7%	02-Dec
BMO		4.5%	4.0%	3.5%			5.7%	5.5%	14-Jan
Scotiabank		4.5%	4.2%	3.5%			5.2%	4.6%	07-Jan
TD Economics		4.5%	4.4%	3.1%			5.6%	5.4%	15-Dec
CIBC		4.6%	3.5%	3.1%			5.9%	5.6%	13-Jan

A = actual, F = forecast

The COVID-19 led recession of 2020 was a deep one, with Canadian real GDP down by 5.4% compared to 2019. While BC's economy fared relatively better, real GDP still declined 3.4%, the worst downturn in 40 years. The unemployment rate also spiked, reaching 9.6% for Canada and 9.0% in BC – well above the sub 5.0% rate seen in BC in 2019.

The economic picture improved considerably in 2021, with real GDP forecast to have grown around 4.5% in BC and 4.6% in Canada. While unemployment dropped significantly, the 6.5% rate in BC for the year remains well above pre-pandemic rates. In 2022, real GDP is expected to exceed pre-crisis levels in both Canada and BC, while the unemployment rate is forecast to continue to decline but remain slightly above pre-crisis levels. By 2023, unemployment is anticipated to return to around or below the rates set in 2019.

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, including the Omicron variant. As seen with our experience with the Delta variant, when business restrictions were re-introduced, outcomes in indicators such as employment and some types of consumer spending like travel weakened. Depending on the severity of rising cases and restrictions in both BC and other Canadian jurisdictions, these outlooks may continue to shift.