

COVID-19 Economic Dashboard

Updated: January 13, 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.

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1. **Snapshot:** Canadian economy hitting some bumps on road to recovery

December data brings mixed data on economic recovery.

Employment

For the eighth consecutive month, BC's [workforce expanded in December](#). However, the most recent data shows that BC's growth rate continues to slow considerably from rates seen earlier in the recovery, and for the first time since April, Canada as a whole saw an employment loss.

In total, BC added just 3,800 jobs in December while the unemployment rate stood at 7.2%, well below the national rate of 8.6%. Though still positive, it also highlights the long path that remains to return to pre-crisis employment as BC's workforce remains 1.3% smaller than in February, representing 33,600 lost jobs. Employment in several industries relying on close human interaction have also taken a step back. In particular, the workforce for other services (e.g. household and personal services), hospitality, and recreation/entertainment saw 10,400 jobs displaced in December.

Meanwhile, Canada lost 62,600 jobs in December, largely attributable to social and business restrictions being imposed across many jurisdictions to combat growing COVID-19 cases. With an extension of many of these restrictions into late January or February, additional downward pressure may continue.¹

Consumer spending

Since mid-summer, consumer spending had rebounded from the record lows witnessed in March and April. In fact, spending exceeded pre-crisis levels from June to November. However, spending returned to negative growth territory once again in December as consumers reduced their overall purchases by

¹ CBC News, "Coronavirus: What's happening in Canada and around the world on Tuesday"
<https://www.cbc.ca/news/canada/coronavirus-covid19-canada-world-january-12-2021-1.5869645>

around 2.4% compared to last year. While not a large decline, it is concerning as it marks the first step back in around half a year and consumer spending is critical to spur our economic recovery.

Since late fall, additional social, business and travel restrictions have put significant renewed pressure on certain industries such as travel, entertainment and dining industries. Consumer spending on travel remains down around three-quarters in December, a level that has remained relatively consistent over the past few months. This has resulted in operational changes by airlines, including reducing the number of operational flights as seen recently in Comox, BC.² Spending on dining and entertainment out have faced renewed challenges and were both down by over a quarter compared to last year (-29.0% and -28.1%, respectively).

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 November, overall exports were up compared to last year (+6.2%), led by increases to metallic mineral products (+88.9%) and solid wood products (+38.6%).

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, which after taking a small step back in November are once again nearly 60% higher than at the start of 2020. Prices of energy, metals/minerals and agriculture products all saw gains to end the year, with the latter two higher than where they started in 2020 (+14.9% and 10.7%, respectively). If these commodity prices hold or continue to grow, BC's commodity export market will be an increasingly important part of BC's economic recovery.

Economic Forecasts:

Despite the worrying signs in consumer spending and employment, updated forecasts in December 2020 and January 2021 remain largely consistent with earlier ones. The five forecasts CPABC tracks expect BC's real GDP to decline by 5.2% and the unemployment rate to stand at 9.1% 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 4.9% and unemployment to decline to 7.1%, again both better than the national average (4.6% and 7.7%, respectively). However, it is important to note forecasts are revised as new events unfold, and downside risks remain.

² Comox Valley Record, "WestJet flights reduced at YQQ due to 'volatile demand and instability'" <https://www.comoxvalleyrecord.com/news/westjet-flights-reduced-at-yqq-due-to-volatile-demand-and-instability/>

2. **Employment:** Employment growth continues to slow in BC, goes into negative territory nationally

A small job gain in BC's December [Labour Force Survey](#) marked the eighth consecutive month of jobs returning to the workforce from the April low. However, the rate of job growth has continued to slow in BC and was in fact negative across the country to end the year.

This put pressure on both the BC and Canadian unemployment rate, both up slightly compared to November. BC's December unemployment rate stood at 7.2%, nearly half the rate at the peak in May but well above pre-crisis levels (see *Figure 1*). BC's unemployment rate continues to outperform the rest of the country, standing 1.4 percentage points below the national rate (8.6%).

In total, BC added 3,800 jobs in December. While still positive, this continues a trend of slowing monthly job gains and highlights the long path that remains to return to pre-crisis employment (see *Figure 2*). BC's workforce remains 1.3% smaller than in February, representing 33,600 lost jobs.

Meanwhile, Canada lost 62,600 jobs in December, largely attributable to social and business restrictions being imposed across many jurisdictions to combat growing COVID-19 cases. With extension of many of these restrictions into late January or February, additional downward pressure may continue.³

December once again brings strong full-time job gain

For much of the crisis, the return of full-time position has been slow. Thankfully, the December data continued to see full-time positions return to the province, up 24,000. With the gain, full-time employment is down 1.6% compared to February, a sizeable improvement over the low point in April when it was down by 12.6% (see *Figure 3*).

A part-time job loss of 20,300 in December partially offset the full-time gains.

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

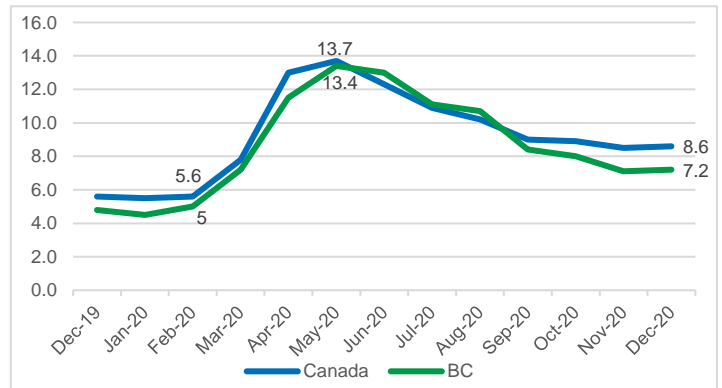


Figure 2: Employment (1,000s), December 2019-20

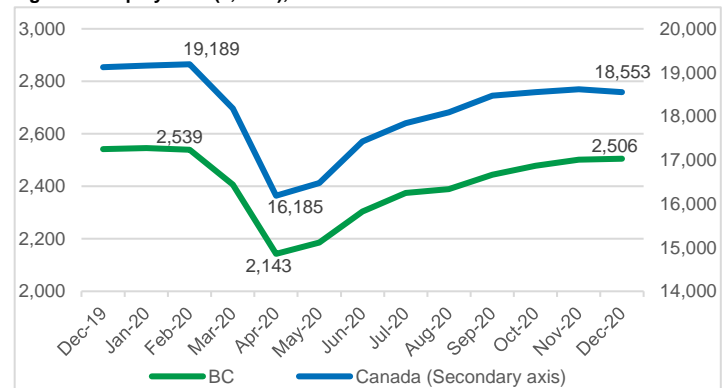


Figure 3: BC part-time and full-time employment (1,000s), December 2019-20

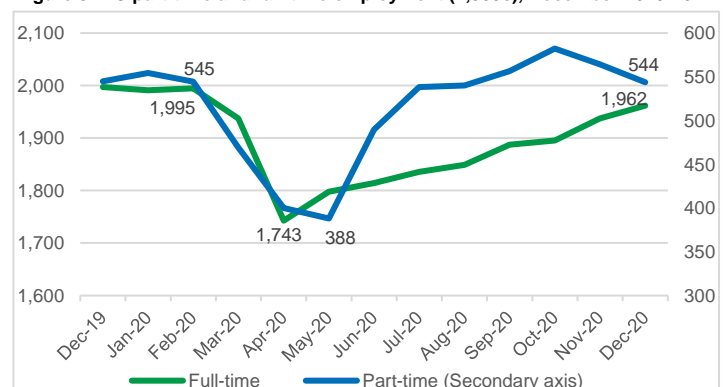


Figure 1-3: Statistics Canada, Table 14-10-0355-01. Seasonally adjusted.

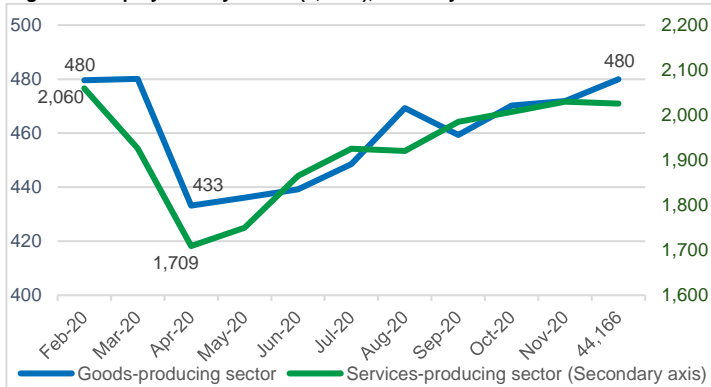
³ CBC News, "Coronavirus: What's happening in Canada and around the world on Tuesday"
<https://www.cbc.ca/news/canada/coronavirus-covid19-canada-world-january-12-2021-1.5869645>

Service sector sees step back in December

Despite the overall job gain in December, the service-sector workforce saw a decline of 4,300 positions. This marked the first time since August that the service industry saw a step back, partially hampered by social interaction restrictions in BC. The service sector's workforce is down 1.7% compared to February, and despite the job loss has recouped over 316,000 positions since April.

Conversely, the goods-sector saw a job gain of 8,100 positions in December. This job gain has helped the sector reach pre-crisis levels for the first time since February. However, for both sectors certain industries remain hard hit.

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



Industries relying on social interaction taking a step back

As social interaction restrictions have ramped up in BC, industries that relied on close human interaction or non-essential services have taken a step back. In December, other services (e.g. household and personal services), hospitality, and entertainment/recreation employment all saw employment losses and were down by 11.7%, 7.5% and 7.1%, respectively (see Table 1). Still, the situation remains a far cry from earlier in the crisis. For example, in April employment in the hospitality industry had seen nearly one in every two jobs displaced with several other service industries dropping 20% to 30%. Thankfully, many other service subsectors are now approaching pre-crisis employment levels.

Within the goods sector, job losses continue to be concentrated in the construction industry. However, the construction workforce once again increased in December by 6,000, helping reduce the overall decline from February levels to 11.6%. All other industries in the goods sector are performing above pre-crisis levels in terms of employment.

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

	Net change	% change		Net change	% change
Services-producing sector	-34,000	-1.7%	Goods-producing sector	400	0.1%
Other services (except public administration)	-13,400	-11.7%	Construction	-27,800	-11.6%
Accommodation and food services	-14,600	-7.5%	Manufacturing	12,800	8.0%
Information, culture and recreation	-8,400	-7.1%	Agriculture	3,300	12.3%
Wholesale and retail trade	-25,900	-6.4%	Forestry, fishing, mining, quarrying, oil and gas	8,400	22.0%
Transportation and warehousing	-6,700	-4.9%	Utilities	3,500	23.6%
Support services	-4,300	-3.9%			
Finance, insurance, real estate, rental and leasing	-5,400	-3.3%			
Health care and social assistance	7,300	2.3%			
Educational services	8,800	5.0%			
Public administration	8,900	7.9%			
Professional, scientific and technical services	19,900	9.2%			

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

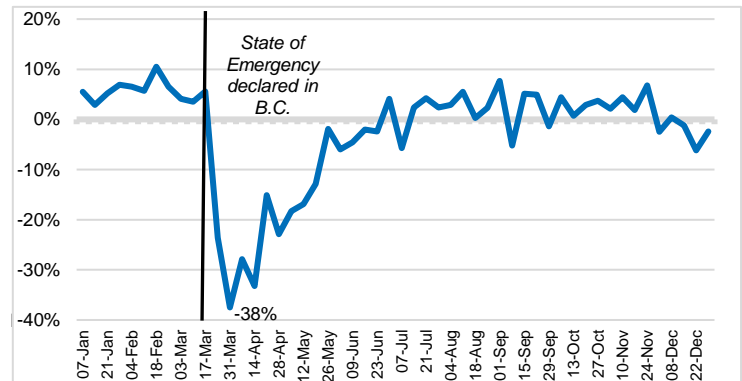
3. **Canadian consumer spending:** December marks reversal in consumer spending growth

Early in the crisis, uncertainty led to historic declines in [consumer spending](#) & confidence, while the savings rate hit levels not seen since the 1990s (see [Figure 5](#)).⁴

Since mid-summer, consumer spending had seen a rebound and spending began to exceed pre-crisis levels from June to November. However, spending reached negative growth territory once again in December as consumers reduced their overall purchases by around 2.4% compared to last year.

While not a large decline, it is concerning as it marks the first step back in around half a year and consumer spending will be key to our economic recovery.

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



Government restrictions and rising cases adds additional pressure on travel, dining and entertainment

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, down around three-quarters in December. This has resulted in airlines reducing the number of operational flights, including in BC.⁵

In December, both entertainment and dining out have faced renewed challenges and were both down by over a quarter compared to last year (-29.0% and -28.1%, respectively).

Figure 6: Consumer spending annual % change by category, Jan– Dec 2020

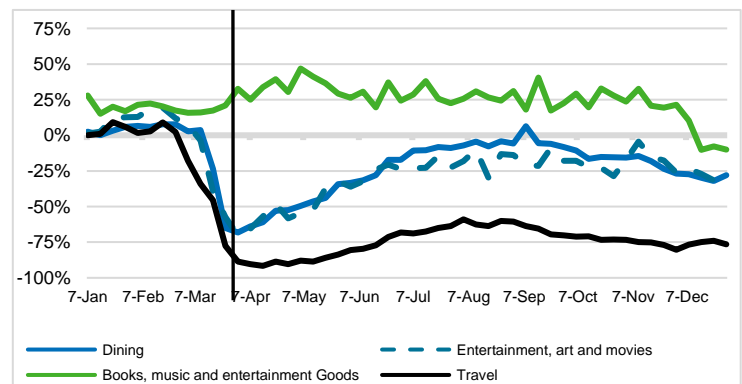


Figure 5-6 source: RBC, Haver Analytics. Weekly debit and credit spending compared to previous year.

⁴ 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/>

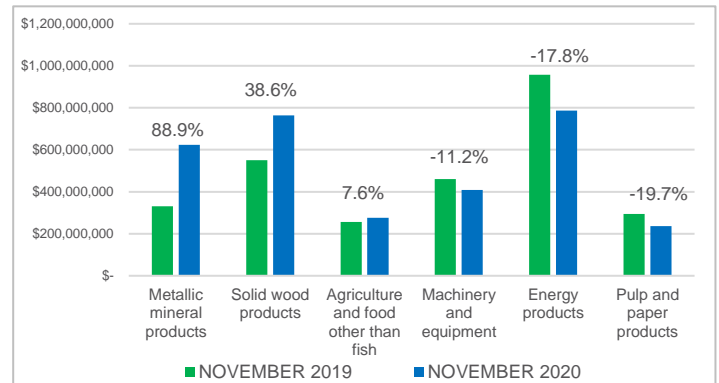
⁵ Comox Valley Record, "WestJet flights reduced at YQQ due to 'volatile demand and instability'", <https://www.comoxvalleyrecord.com/news/westjet-flights-reduced-at-yqq-due-to-volatile-demand-and-instability/>, CBC News, "Westjet shuts down most of its operations in Atlantic Canada" <https://www.cbc.ca/news/business/westjet-cuts-1.5761526> 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:** BC exports continue to perform 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 in November with overall exports up 6.2% compared to last year (see *Figure 7* for breakdown).

In November, exports of metallic mineral products saw the largest increase, up nearly 88.9% compared to last year. Solid wood products continue to perform well, up 38.6% and agriculture goods rounded was up 7.6%. 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 five largest export commodities, November 2019-20 percent change



Source: BC Stats, Monthly Export Data tables

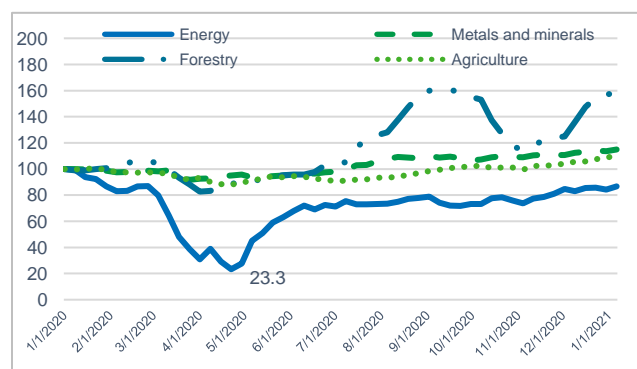
Commodity prices

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 nearly 60% higher than at the start of the year (see *Figure 8*⁶).

However, other commodities have also advanced in recent months. Prices of energy, metals/minerals and agriculture products all saw gains to end the year, with the latter two higher than where they started in 2020 (+14.9% and 10.7%, respectively). If these commodity prices hold or continue to increase, BC's commodity export market will be an increasingly important component of BC's economic recovery.

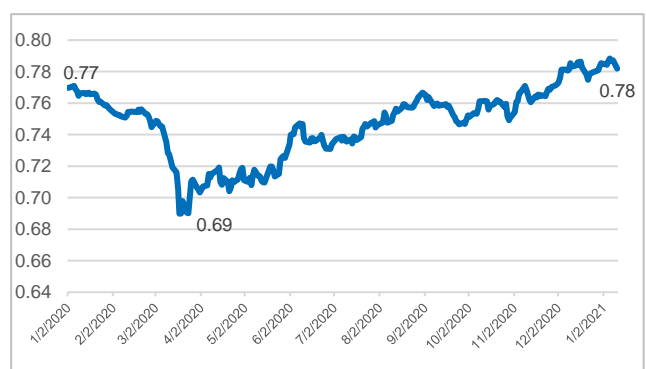
The Canadian dollar has bounced back from early March lows and as of January 2 stood at \$0.78 USD per CAD (see *Figure 9*). Export data for November is expected later this month. The strength of the world economy's rebound from the crisis will continue to significantly impact BC's export market's ability to reverse the trend.

Figure 8: 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 9: Value of \$1.00 CAD to USD



⁶ 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

Table 2 below tabulates recent economic forecasts from the big 5 banks 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 2020 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 such as 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 2: BC and Canadian Economic Forecasts	Real GDP, annual change		Unemployment rate		Reported
	2020	2021	2020	2021	
Forecasts					
British Columbia					
Average	-5.2%	4.9%	9.1%	7.1%	
RBC Economics	-5.3%	5.1%	8.9%	6.7%	15-Dec
BMO	-4.8%	5.6%	9.1%	6.5%	04-Jan
Scotiabank	-5.3%	4.3%	8.8%	7.2%	12-Jan
TD Economics	-5.3%	5.1%	8.9%	6.3%	15-Dec
CIBC	-5.3%	4.4%	9.8%	8.7%	25-Sep
Canada					
Average	-5.6%	4.6%	9.5%	7.7%	
RBC Economics	-5.8%	5.0%	9.6%	7.6%	15-Dec
BMO	-5.5%	5.0%	9.5%	7.5%	04-Jan
Scotiabank	-5.5%	4.3%	9.5%	8.1%	12-Jan
TD Economics	-5.7%	4.9%	9.5%	7.3%	15-Dec
CIBC	-5.6%	4.0%	9.5%	7.9%	08-Dec