

COVID-19 Economic dashboard

Updated: July 13, 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 necessary physical distancing measures have greatly disrupted economic activity. This resource provides a snapshot on some key economic data that highlights COVID-19's impact on the economy in areas such as employment, consumer trends, economic forecasts, and international trade.

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1. Executive summary

Economic data continues to illustrate how COVID-19 containment measures is affecting BC's economy.

The most overt sign of the economic damage came in BC's employment data seen since March. After years of enjoying a robust labour market, containment measures in March and April brought devastating job losses. But as the economy began reopening in May, employment has been on the uptrend with the province adding 43,000 jobs in May and 118,000 in June. Despite the gain, the provincial workforce is 235,000 smaller than in February, a decline of 9.3% of pre-crisis employment. BC's unemployment rate saw its first decline post-crisis, falling to 13%, but remains 8 percentage points higher than in February. Meanwhile, Canada as a whole has gained 1.2 million jobs since April lows, 1.8 million lower than pre-crisis levels.

In March and April, many British Columbians lost their jobs, saw reduced hours, or changed spending habits as they self-isolated. As a result, consumer confidence plummeted to the lowest level on record. But just like with employment numbers, consumer confidence has rebounded in May and June 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 to 40% compared to pre-crisis levels. Throughout May and June consumers have ramped up their spending, and by the end of June spending approached pre-crisis levels.

However, consumer spending has shifted away from services like travel, entertainment, and dining to purchases of household products, hobby items, and electronics – which could have larger implications on our economy. As the economy continues to expand, it will be critical to track consumer habits to understand the longer-term shifts that may emerge as a result of the pandemic.

Meanwhile, weakness in global demand and low commodity prices have taken a toll on BC's crucial export industry. Five of BC's six largest commodity exports were down from a range of 14% (machinery

and equipment) to 28% (energy products) in May compared to the same month last year. However, 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 Canadian dollar has also strengthened compared to the start of the crisis against the USD, sitting at \$0.74 CAD per USD as of July 10, down \$0.03 since the start of the year.

The six economic forecasts CPABC tracks expect a marked downturn in Q2 2020, resulting in negative GDP growth (*average -5.6%*) and spikes in unemployment (*average 9.0%*) for 2020 as a whole. Heading into the summer, more and more businesses will be permitted to reopen or expand services. The silver-lining is the number of total cases has stayed relatively low, which led the BC government to announce a [“Restart Plan”](#) on May 6 to open up economic activity.

By mid-June, the province entered [Phase 3](#) of the plan, allowing greater travel in the province and more businesses to open or expand services. The expectation is that suppressed 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 economic recovery. However, what that recovery looks like is largely predicated on how successful we are at balancing containment of COVID-19 while increasing economic activity.

2. Employment: Despite rebound from April lows, long road to recovery remains

June employment data from Statistic Canada’s [Labour Force Survey \(LFS\)](#), conducted between May 14-20, 2020, provides updated insights on how physical distancing measures are impacting employment. In June, BC’s unemployment rate saw the first decrease since the pandemic began in mid-March, standing at 13.0%, 0.4 percentage points below the May reading but still up 8.0 percentage points since February (see *Figure 1*). The current unemployment rate in BC is 0.7 percentage points above the national rate (12.3%), which experienced a stronger rebound in June, down 1.4 percentage points compared to May.

After two months of devastating job losses in March and April, the May and June data is welcome news and appears to show a trend reversal, as BC added 43,000 jobs in May followed by 118,000 in June (see *Figure 2*). Despite these gains, the province has still shed 235,000 jobs since February, or 9.3% of total pre-crisis employment. Canada as a whole has gained 1.2 million jobs since April lows, but employment remains 1.8 million lower than in pre-crisis levels.

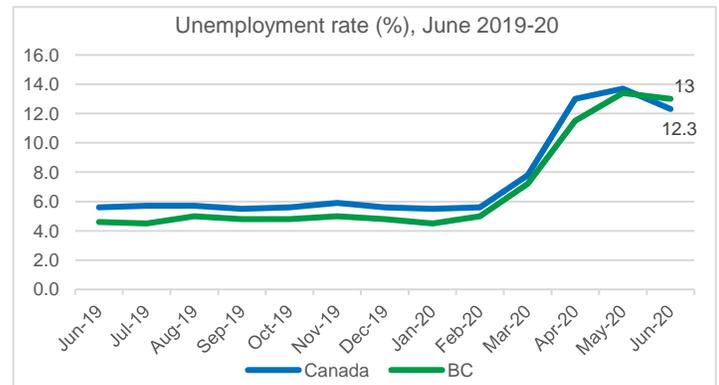


Figure 1: Unemployment rate as a percentage, June 2019-20

The impacts of COVID-19 initially hit some sectors hard, particularly among low-wage, service sector positions. However, after steep declines in both March and April, the service sector once again rebounded in June with a gain of 115,000 jobs – accounting for 97% of BC’s total job gain for the month.

The accommodation and food sub-sector made up nearly half of this increase, adding 54,800 jobs. Until June, the sub-sector was by far the leader in terms of relative job losses. Now that position is held by information, culture and recreation; and business, building and other support services, both which have struggled to regain ground.

Table 1 shows employment shifts for each sub-sector since February, ordered from largest to smallest relative decrease. Despite the gain, the service sector employment remains well below pre-crisis levels. In total, the service sector shed 194,700 positions in June compared to February, representing a 9.5% percent decline in employment.

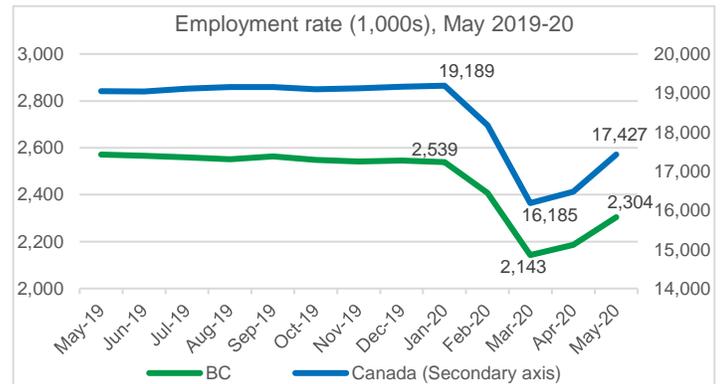


Figure 2: Employment (1,000s), June 2019-20

With the strong gains in both May and June, the service sector’s relative job loss is now more comparable to the goods-producing sector. The goods-producing sector saw just a 0.7% increase in employment in June, down 8.4% since February for a job loss of 40,400. This has been driven by job losses in construction (-14.0%, -33,500) and manufacturing (-7.4%, -11,800).

The June LFS continued the positive employment trajectory first noted in May, something anticipated to continue through the rest of the summer. The survey ended June 20, prior to the start of Phase 3 in the province, which allows additional types of businesses to reopen or operate at greater capacity, and opens up travel for British Columbians to explore the province.

This trend follows the path of most economic forecasters’ expectations of a reduction in the unemployment rate in late Q2 on to Q4, 2020 and into 2021. The next *Labour Force Survey* update for July data is expected to be released August 7.

Table 1: Total employment change from February-June, by sub-sector

	# of jobs lost	% change in employment		# of jobs lost	% decline in employment
Services-producing sector	-194,700	-9.5%	Goods-producing sector	-40,400	-8.4%
Information, culture and recreation	-28,200	-23.9%	Construction	-33,500	-14.0%
Business, building and other support services	-25,400	-23.1%	Manufacturing	-11,800	-7.4%
Accommodation and food services	-44,900	-23.0%	Agriculture	-600	-2.2%
Other services (except public administration)	-26,100	-22.7%	Forestry, fishing, mining, quarrying, oil and gas	900	2.4%
Transportation and warehousing	-18,500	-13.4%	Utilities	4,500	30.4%
Wholesale and retail trade	-47,700	-11.8%			
Finance, insurance, real estate, rental and leasing	-10,500	-6.5%			
Health care and social assistance	-7,900	-2.5%			
Educational services	-2,800	-1.6%			
Public administration	-1,100	-1.0%			
Professional, scientific and technical services	18,600	8.6%			

3. Consumer sentiment: Confidence rebounds from record low

As consumers began to understand the challenges they faced over the foreseeable future early on in the crisis, their consumption habits and outlook changed dramatically. The [Conference Board of Canada's Consumer Confidence](#) tracks how consumers feel about their financial well-being and consumption outlook and provides insight into how consumers will make spending decisions. The index for British Columbia collapsed in March and April to 55, down 84 points from February confidence levels (see *Figure 4*).

However, like with employment, the index's trend has reversed over the past two months, jumping to 91 points after gains in May (+13) and June (+23). The BC index continues to maintain a margin over the Canadian average, which increased 16 points in June to 80. The June level remains well below pre-crisis levels, but is a marked improvement from April's reading which marked the lowest point in consumer confidence since the Conference Board began tracking.

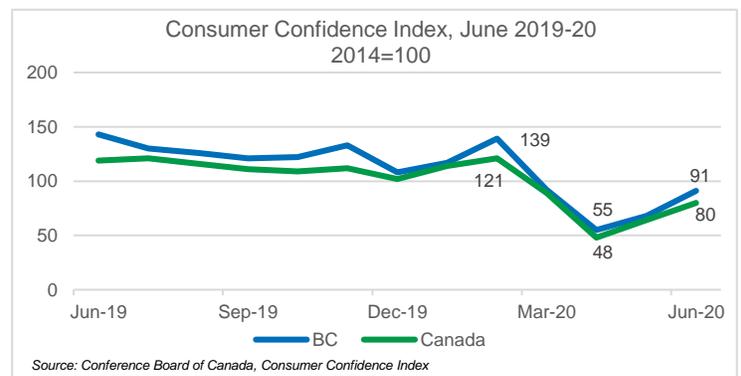


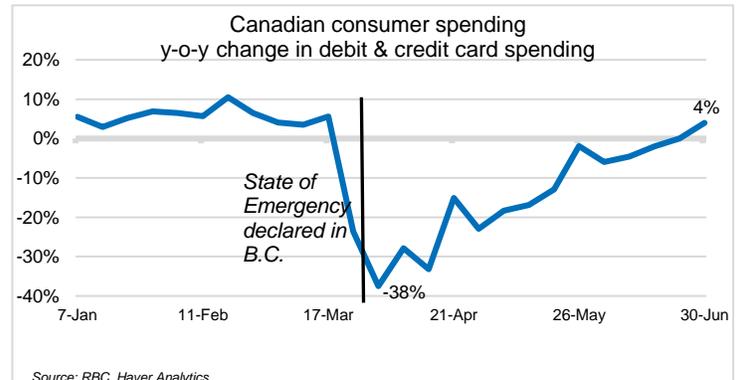
Figure 3: Consumer Confidence Index, June 2019-20

The trend in consumer confidence has tracked closely with consumer spending. Unfortunately, StatsCan retail spending data has a two-month lag and thus provides a challenge in understanding what is currently happening in the economy.

However, [RBC](#) has tracked weekly spending habits of consumers and compared this data to pre-crisis levels (see Figure 4). Between mid-March to late May, consumers considerably lowered their spending habits compared to the same period last year.

However, after three weeks of -20% to -40% declines between March 17 to April 14, data from late April into late June is showing a promising rebound in consumer spending. In fact, by June 30 consumer card spending was slightly above where it was at the same period last year.

The crisis has shifted many consumer choices, with a greater emphasis being placed on purchases of household goods, electronics and hobby items at the expense of purchases like travel, dining, and outside entertainment. How these trends shift as the economy gradually reopens will be key to understand the economy in the “new normal”. Further, a sustained consumer spending rebound will be critical to economic recovery.



Source: RBC, Haver Analytics
Figure 4: Consumer spending relative to pre-COVID levels, Jan 7 to June 16, 2020

4. International trade: Commodity exports taking a hit

One area that has been hit hard by the COVID-19 pandemic and weak commodity prices is BC’s crucial export sector. While the May data offers a slight improvement over the levels seen in March and April, the picture remains bleak.

In May, 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 5).

Energy and forestry product exports were hit hard early in the pandemic due to rapidly declining commodity prices and weak demand.

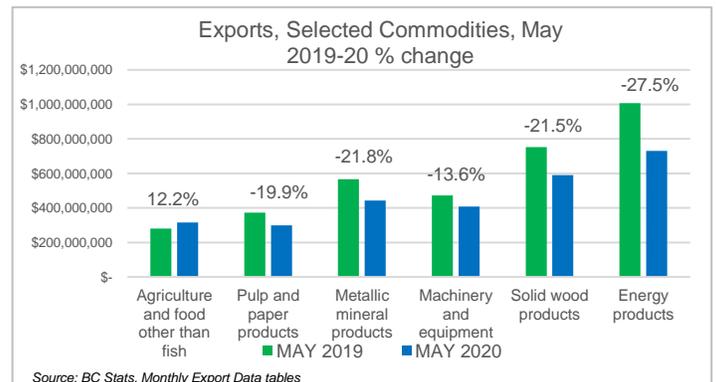


Figure 5: Exports by selected commodities, May 2019-20

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 6¹). However, an agreement from OPEC+ to [reduce global oil](#) production and global demand increasing has led a large rebound in energy prices over the past two months. While energy products remain down from the start of the year, the rebound should help some energy exports over the summer.

¹ Price indices [Bank of Canada’s Commodity Price Index](#). Components for each can be found online.

Lumber prices also experienced a weakness in April but have since recovered, while metal, mineral, and agricultural product prices have stayed relatively stable.

The Canadian dollar has bounced back from early March lows, but remains down compared to the start of the year. As of July 10, the loonie stood at \$0.74 USD per CAD, down from \$0.77 at the start of the year (see Figure 7).

Export data for June is expected later this month. The success of the global economic rebound will significantly impact the performance of BC's export market; July and August will reveal indicative insight into the export sector's health.

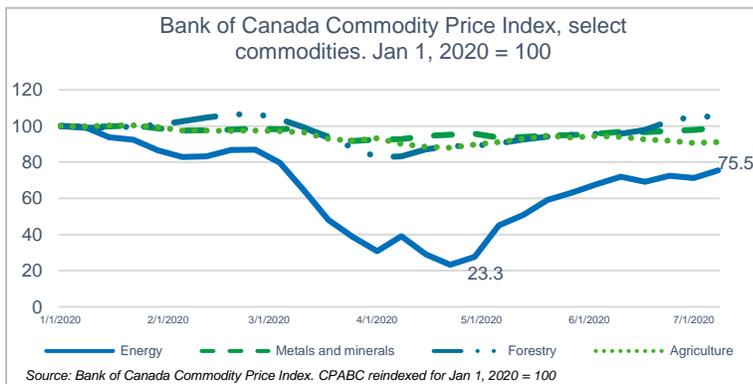


Figure 6: CPI Index by select commodities, January 2020-July 2020

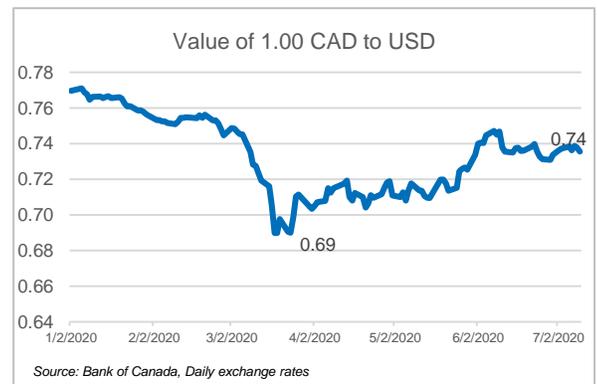


Figure 7: Value of \$1.00 CAD to USD

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 2 below tabulates 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 impact the pandemic has on the economy.

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 leading into 2021 as provincial economies begin to reopen.

Table 2: BC and Canadian Economic Forecasts

Forecasts	Real GDP, annual change		Unemployment rate		Reported
	2020	2021	2020	2021	
British Columbia					
RBC Economics	-4.2%	3.9%	8.7%	6.3%	10-Jun
BMO	-5.3%	na	9.0%	na	07-Jul
Scotiabank	-5.5%	6.6%	9.4%	5.7%	05-Jun
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%	5.4%	9.0%	6.6%	
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>