

COVID-19 Economic Dashboard

Updated: May 11, 2020

COVID-19 will have profound effects on every sector in our economy. Despite unprecedented levels of financial support from the [B.C.](#) and [Federal](#) governments, the physical distancing measures necessary to contain the growth curve will greatly disrupt 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, international trade, and business sentiment.

The largest effects on the economy began in mid-March as governments across the country activated more strenuous physical distancing measures. For example, the B.C. government declared a [state of emergency](#) on March 18. The situation is also evolving rapidly, with the government announcing a phased approach to re-open [B.C.'s economy](#) starting in May. As such, the Dashboard focuses on indicators with data available for March 2020 onward.

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1. Executive Summary

Data is beginning to illustrate the impact containing COVID-19 is having on B.C.'s economy.

After years of a strengthening labour market, the trend has taken a sharp reversal. In April, B.C.'s unemployment rate jumped an additional 4.3 percentage points to 11.5 per cent. The increase in unemployment reflects 264,000 lost jobs across the province, after previously losing 132,000 in March. Some industries have been hit particularly hard over the past two months, with the service sector making up nearly 90 per cent of the job losses, concentrated in accommodation and good services, wholesale and retail trade, and information, culture, and recreation.

This has led to a significant dip in consumer confidence as individuals across the province lose their jobs, see reduced hours, or change spending habits as they self-isolate for an extended period of time. Consumer spending has faltered as many reduce discretionary spending and/or await government financial assistance. In this framework, businesses are struggling. In a recent BC Chamber of Commerce, Board of Trade, and Business Council of British Columbia's [survey of businesses across the province](#), nearly half of the respondents had laid off staff, reduced hours, and/or closed temporarily.

Meanwhile, weakness in global demand and low commodity prices have taken a toll on B.C.'s crucial export industry. Four of B.C.'s largest commodity exports were down from a range of 10 per cent (solid wood products) to 40 per cent (energy, pulp and paper products) in March compared to the same month last year. The Canadian dollar has also weakened against the USD, pegged at \$0.72 CAD per USD as of May 8, down \$0.05 since the start of the year.

This economic reality has resulted in many organizations downgrading their economic forecasts. Most now expect a marked downturn in Q2/Q3 2020, resulting in negative GDP growth and spikes in unemployment for 2020 as a whole. The silver-lining is the total number of active cases has recently declined, leading the B.C. government to announce on May 6 a [“Restart Plan”](#) to open up economic activity. 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 Q3/Q4 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.

This resource will be updated as new data is released.

It’s important to note the full impact on employment, and on the economy more generally, will not be fully understood until data is available in April, May, and onward. This is a result of several reasons, including:

- Some businesses reduced their employment over March and into April as they better understood what the measures meant for their business.
- Several new government initiatives were announced in the latter half of March and into April, most notable the Canada Emergency Wage Subsidy (CEWS). This subsidy of up to 75 per cent of an employee’s salary is retroactive to March 15, and should have a positive effect as some businesses reopen and/or rehire employees originally laid off
- The situation is continuing to evolve, with the scope of measures in some cases becoming more stringent (such as new businesses required to close)
- How successful we are in simultaneously re-opening the economy while containing COVID-19

2. Employment: Spike in unemployment, service sector hit hard

The April Statistic Canada [Labour Force Survey](#), conducted between April 12 and 18, 2020, provides an updated understanding of how physical distancing measures are impacting employment. In April, B.C.’s unemployment rate jumped to 11.5%, up 4.3 percentage points from March and 6.5 percentage points from February (see *Figure 1*). The rate is 1.5 percentage points below the national rate (13.0%), which experienced a jump of 5.2 percentage points in April. B.C. saw a total job loss of 264,000 in April while Canada lost just under 2,000,000 jobs (*Figure 2*).

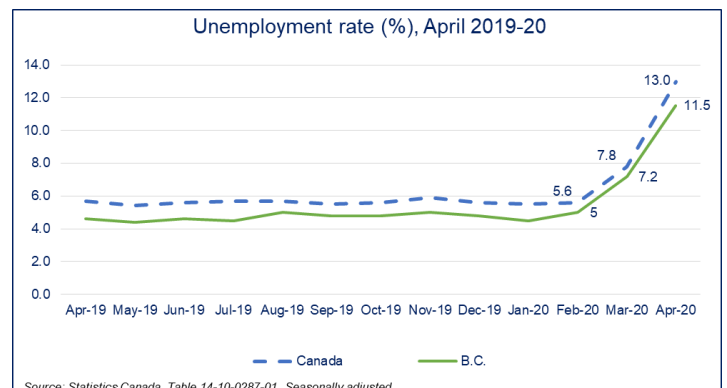
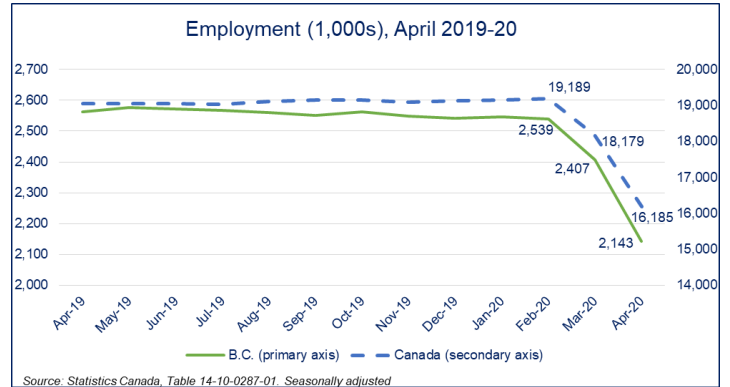


Figure 1: Unemployment rate as a percentage, April 2019-20

The impacts of COVID-19 hit some sectors particularly hard, concentrated particularly among low-wage positions. Similar to March, the service sector saw a deep drop in employment, down 217,200 employees compared to March. In total, the sector has shed 350,200 jobs since February, representing a 17.0 percent decline in employment. The effects of COVID-19 spread beyond the service-sector in April, hitting the goods-producing sector which had held strong in March. The sector saw a decline in April of 46,900 jobs compared to March, a nearly ten percentage point drop. *Table 1* shows employment shifts for each sub-sector since February, ordered from largest relative decrease.



The silver-lining from the April LFS is that 97 per cent of the displaced workers were on temporary layoff and expect to return to previous work when the containment measures begin to relax. With B.C.'s economy gradually opening up in May and businesses expanding services or re-opening altogether, April may be the peak of the job losses. This reflects the expectation most economic forecasts have of a reduction in the unemployment rate in late Q3 on to Q4, 2020 into 2021. The next Labour Force Survey update for May data is expected to be released June 5.

Table 1: Total Employment Change February to April 2020, by Sub-Sector, largest relative declines

	# of jobs lost	% change in employment		# of jobs lost	% decline in employment
Services-producing sector	-350,200	-17.0%	Goods-producing sector	-46,400	-9.7%
Accommodation and food services	-112,100	-57.5%	Construction	-40,300	-16.8%
Information, culture and recreation	-34,200	-28.9%	Agriculture	-2,300	-8.6%
Other services (except public administration)	-30,500	-26.5%	Manufacturing	-6,200	-3.9%
Business, building and other support services	-25,500	-23.2%	Forestry, fishing, mining, quarrying, oil and gas	-700	-1.8%
Wholesale and retail trade	-75,600	-18.7%	Utilities	3,100	20.9%
Transportation and warehousing	-14,800	-10.7%			
Educational services	-15,600	-8.9%			
Health care and social assistance	-25,100	-8.1%			
Finance, insurance, real estate, rental and leasing	-12,100	-7.4%			
Public administration	-5,300	-4.7%			
Professional, scientific and technical services	700	0.3%			

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

3. Consumer Sentiment: Confidence plunges

As consumers began to understand the realities facing them over the foreseeable future, their consumption habits and outlook have changed dramatically. The [Conference Board of Canada's Consumer Confidence](#) tracks how consumers are feeling about their financial well-being and consumption outlook and provides a good key indicator to understand how consumers will make spending decisions. The index for British Columbia continued to collapse in April, down nearly 37 points since March and 84 since February (see *Figure 4*). It maintains a slim margin over the Canadian average, which fell an additional 41 points to 48. The April reading marks the lowest in both B.C. and Canadian consumer confidence since the Conference board began tracking.

The expectation is this decline in consumer confidence will coincide with declines in discretionary consumer spending. Unfortunately, retail spending data has a two month lag and March retail sales will be unavailable until mid-May. The data will be added then to understand how this translates on the ground. However, RBC has tracked weekly spending habits of consumers (see *Figure 4*). Since mid-March, consumers have considerably lowered their spending habits compared to pre-COVID levels. After three weeks of 20 to 30 per cent declines between March 17 and April 14, data from late April is showing a slight rebound in consumer spending.

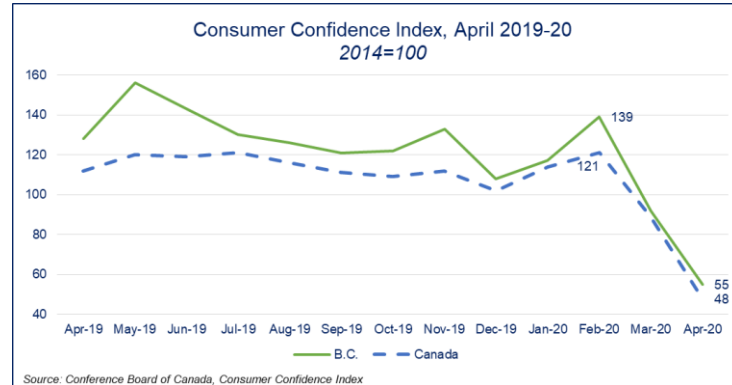


Figure 3: Consumer Confidence Index, April 2019-20

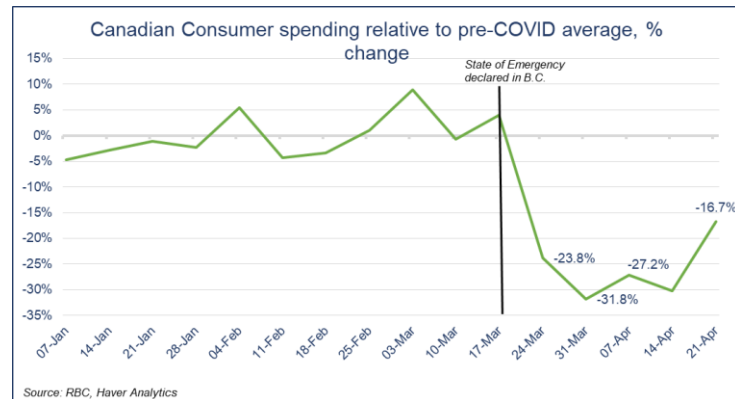


Figure 4: Consumer spending relative to pre-COVID levels, Jan 7 to Apr 21, 2020

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 B.C.'s crucial export sector. Data for March shows four of the province's six largest export categories are down significantly in dollar terms over last year, with just agriculture and machinery/equipment up (see *Figure 5*).

Global demand shocks have more than halved the price of energy products (coal, oil and natural gas) since the start of March (see *Figure 6*).¹ However, an agreement from OPEC+ to [reduce global oil](#) production appears to have led a small rebound in energy prices over the past two weeks. Lumber prices have seen a 20-point drop since the start of March, while metal and mineral prices

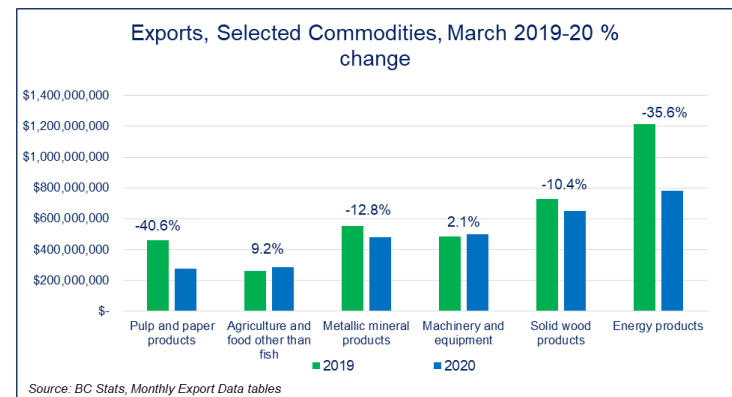


Figure 5: Exports by selected commodities, March 2019-20

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

have stayed stable. The Canadian dollar has depreciated considerably, as of May 8 \$0.72 USD per CAD down from \$0.77 at the start of the year (see *Figure 7*). Export data for April is expected later this month. How strongly the rest of the world rebounds from the crisis will have a significant impact on whether B.C.'s export market is able to turn the trend around.

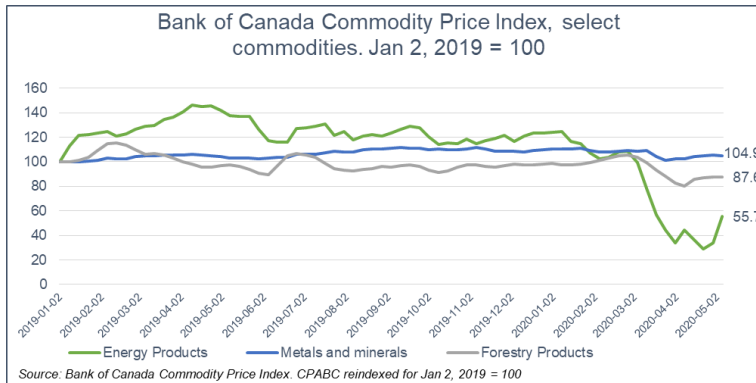


Figure 6: CPI Index by select commodities, January 2019-May 2020

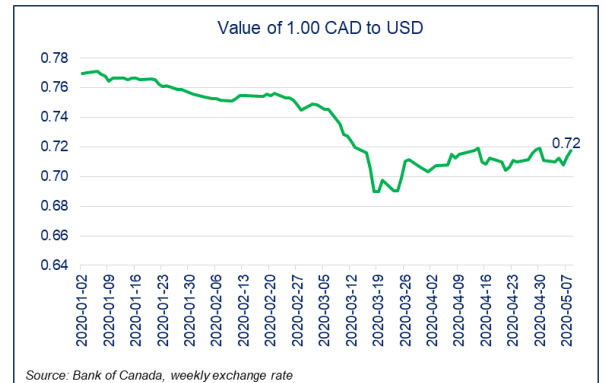


Figure 7: Value of \$1.00 CAD to USD

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. The table 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 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/Q3 followed by a healthy economic recovery in Q4 and into 2021, as the world returns to a semblance of normalcy.

Table 2: B.C. and Canadian Economic Forecasts

Forecasts	Scenario	Real GDP, annual change		Unemployment rate			Reported
		2020	2021	2020	Peak unemployment	2021	
British Columbia							
Conference Board of Canada	May-August containment phases slowly lift; September most return to normal.	-3.2%	6.3%	8.0%	na	5.2%	15-Apr
Central 1	Re-open segments in late May	-7.3%	5.1%	8.0%	na	6.3%	29-Apr
RBC Economics	Easing of containment in second half of 2020	-5.1%	5.2%	7.8%	na	6.5%	11-May
TD Economics	Worst effects from containment over by May	-6.0%	7.6%	8.3%	na	5.2%	23-Apr
Scotiabank	Economic activity resumes by start of Q3	-7.9%	6.6%	9.5%	na	6.3%	17-Apr
CIBC	Curve flattening by July	-6.1%	7.5%	9.7%	na	7.8%	24-Apr
BC Business Council	8 week shutdown non-essential, social distancing until summer	-7.3%	na	na	na	na	27-Mar
	Extension of shutdown and other measures kept in place beyond summer	-11.4%	na	na	na	na	27-Mar
Canada							
Conference Board of Canada	May-August containment phases slowly lift; September most return to normal.	-4.3%	6.0%	8.8%	na	6.6%	15-Apr
RBC Economics	Easing of containment in second half of 2020	-7.1%	4.9%	10.0%	na	7.6%	11-May
TD Economics	Worst effects from containment end in mid-May	-7.5%	7.3%	9.4%	16.5% (Q2)	6.0%	20-Apr
Scotiabank	Economic activity resumes by start of Q3	-9.1%	6.5%	10.9%	na	7.9%	17-Apr
CIBC	Unspecified containment length	-6.9%	6.8%	10.3%	13.5% (Q2)	8.4%	16-Apr
Central 1	Re-open segments in late May	-8.0%	6.0%				30-Apr
International Monetary Fund (IMF)	Pandemic and containment measures fade in second half of 2020	-6.2%	4.2%	7.5%	na	7.2%	14-Apr
Parliamentary Budget Office (PBO)	Containment measures through spring and relaxed slowly; continued weak oil prices	-6.8%	na	9.9%	13.4% (Q2)	na	30-Apr

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>