

## COVID-19 Economic Dashboard

*Updated: November 12, 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's unemployment rate falls to 8.0% during the fall, but storm clouds remain

Data continues to illustrate how BC's economy is on the mend, but rising COVID-19 cases threaten this progress.

#### *Employment*

The most recent [Labour Force Survey](#) showed BC's employment increased by 33,500 jobs in October, marking the sixth consecutive month of job growth. This helped lower BC's unemployment rate to 8.0%. This rate is now 5.7 percentage points lower than the peak in May, but remains well above the 5.0% February reading.

Since April, the province has recouped 85% of pandemic job losses. However, employment remains down by over 60,000 jobs compared to February. More concerning, full-time positions are down by 99,000 since February and encompass all job losses. This is partially offset by a part-time job gain of 38,000.

In addition, October's job gain marked a slowdown compared to the previous 5-month average (+60,000) and the expectation is that job growth will continue to slow going forward. The rising level of COVID-19 cases in BC also puts additional pressure on employment prospects in the province. In jurisdictions such as Ontario and Quebec, employment gains faltered when restrictions were placed back on businesses in industries like hospitality and entertainment. With the level of COVID-19 cases rising in BC, a similar scenario could emerge.<sup>1</sup>

#### *Consumer spending:*

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<sup>1</sup> CBC News, "COVID-19 in British Columbia by the numbers", <https://www.cbc.ca/news/canada/british-columbia/covid-19-british-columbia-charts-1.5510000>

Despite re-introduction of some business restrictions in major jurisdictions across Canada, consumer spending in October continued to stabilize. Throughout the month, average weekly spending was about 3% higher than over the same period last year. However, [RBC's consumer spending](#) tracker shows spending habits continue to shift throughout the crisis.

Consumer spending on travel took a hit throughout the month of October, falling by around three-quarters compared to last year. In fact, spending on consumer travel has weakened through September and October as the weather worsens and rising levels of COVID-19 cases have resulted in some jurisdictions discouraging domestic travel. Normally a popular area of consumer spending around the holidays, travel will likely be one of the hardest hit categories this year according to a recent [PwC report](#).

New restrictions on dining and entertainment industries in some Canadian jurisdictions also resulted in overall spending declining in these categories in October, indicating what is likely to occur in BC if similar restrictions are imposed.

#### *International trade:*

BC's commodity exports were down around 5% in September compared to last year, which still marks a considerable improvement over the 10-20% annual declines experienced earlier in the recession. This rebound has been led by strength in solid wood and agricultural exports, up 38.7% and 19.5%, respectively. However, BC's commodity exports continue to be primarily hampered by the performance of energy product exports (-36.6%).

Going forward, commodity price data signals weakness may return to key BC exports. Forestry prices, which had increased as much as 60% compared to the start of the year, weakened considerably throughout October in the face of a slowing global recovery. And despite gains from the lows experienced earlier in the year, weakness in energy product prices continue to put pressure on energy exports. How the global market navigates the next few months will dictate how BC's commodity exports perform.

#### *Economic forecasts:*

The five BC economic forecasts CPABC tracks expect real GDP to decline by 5.3% and the unemployment rate to stand at 9.3% in 2020 as a whole. BC is expected to outperform Canada in both 2020 GDP growth and unemployment rate (-5.7% and 9.8%, respectively).

As we head into the last months of the year, the expectation is pent-up consumer demand, expansion of business activity/employment, global economic activity and government supports will continue to help boost our economic recovery. On average, BC's GDP is forecast to grow 4.6% and unemployment is forecast to decline to 7.2% in 2021. Again, both outlooks are stronger than the national average (4.4% and 7.8%, respectively).

However, it is important to note that forecasts are revised as new events unfold, and downside risks threaten these outlooks as the number of COVID-19 cases rise. As seen in jurisdictions in Ontario and Quebec, the re-introduction of business restrictions could negatively affect indicators such as employment. Depending on the severity of rising COVID-19 cases and restrictions in both BC and other Canadian jurisdictions, our economic outlook could shift.

2. **Employment:** BC's unemployment rate falls to 8.0% in October, but employment growth slowing

Employment gains posted in October's [Labour Force Survey](#) marked the sixth consecutive month of jobs returning to the workforce from the April low witnessed early on in the pandemic.

Job gains continue to push BC's unemployment rate down from the thirty-year highs suffered over the summer. BC's October unemployment rate stood at 8.0%, 5.7 percentage points lower than the peak in May (see [Figure 1](#)). The provincial unemployment rate outperformed the Canadian average, now 0.9 percentage points below the national rate (8.9%). National job growth was hampered by recent slowdowns in major jurisdictions such as Quebec in large part due to new business restrictions imposed. Despite recent progress, BC's unemployment rate remains well above pre-pandemic levels and is 3.0 percentage points higher than in February.

In October, BC saw a job gain of 33,500 positions. With this increase, BC has now seen 335,000 jobs return to the province since the April low (see [Figure 2](#)). Still, the provincial workforce remains 61,000 jobs smaller than in February. Further, job growth has begun to slow and additional downward pressure may also arise if more business restrictions are enforced in response to rising COVID-19 cases.<sup>2</sup>

Canada as a whole has gained 2.37 million jobs since April, but employment remains 636,000 positions lower than pre-crisis levels.

*All job losses in BC are now full-time positions*

While the decrease in BC's unemployment is promising, it's important to note that full-time positions remain depressed. In October, part-time positions continued to experience stronger gains than full-time positions and now exceed pre-crisis levels (see [Figure 3](#)).

Full-time positions make up the entirety of remaining job losses in October, down by nearly 100,000 since February (-5.0%). Though promising to see jobs of any kind return, full-time work provides greater economic output and will be critical in returning the economy to pre-pandemic levels.

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

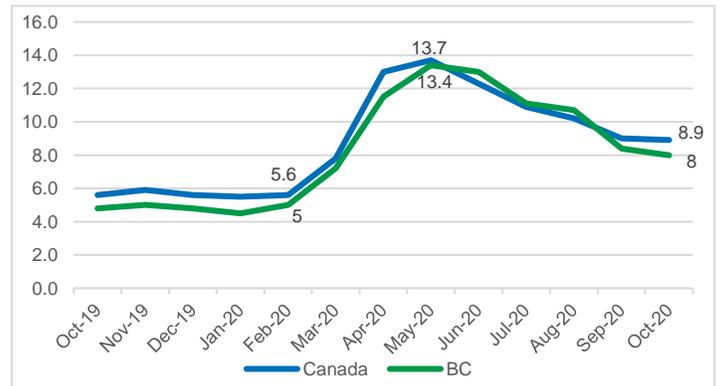


Figure 2: Employment (1,000s), October 2019-20

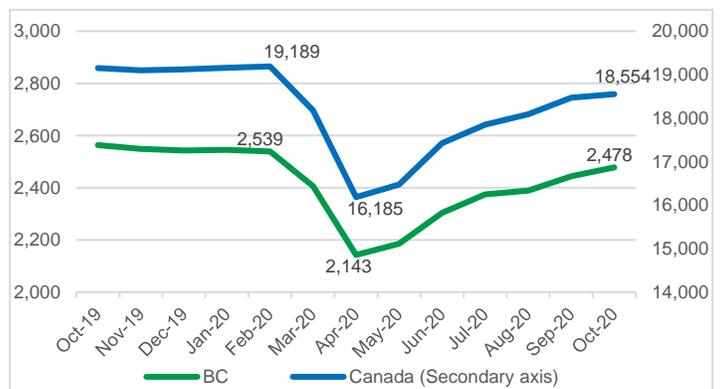


Figure 3: BC part-time and full-time employment (1,000s), October 2019-20

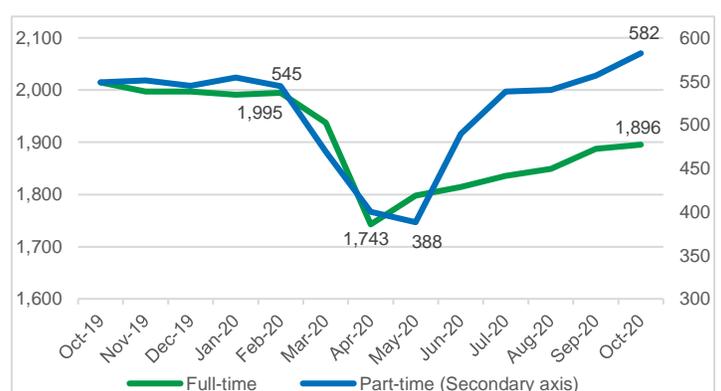


Figure 1-3 source: Statistics Canada, Table 14-10-0287-01. Seasonally adjusted.

<sup>2</sup> CBC News, "Coronavirus: What's happening in Canada and around the world" <https://www.cbc.ca/news/canada/coronavirus-covid19-canada-world-nov16-1.5803245>

*BC's goods sector's job numbers up, but construction losses continue in October*

After a dip in September, the goods-sector bounced back in October, gaining 11,000 jobs (see *Figure 4*). This was led by strong job gains in manufacturing (+5,900); natural resources (+3,900) and agriculture (+2,800).<sup>3</sup>

However, BC's construction workforce continued to face attrition, losing another 900 jobs in October, and bringing the total decline to over 40,000 since February, or more than one of every six pre-crisis jobs.

The service sector continued to rebound in October, posting a job gain of 22,500. While still down by 2.5% compared to February, service jobs have seen almost 300,000 jobs return since the bottom in April.

*Hardest hit service subsectors have been on the mend*

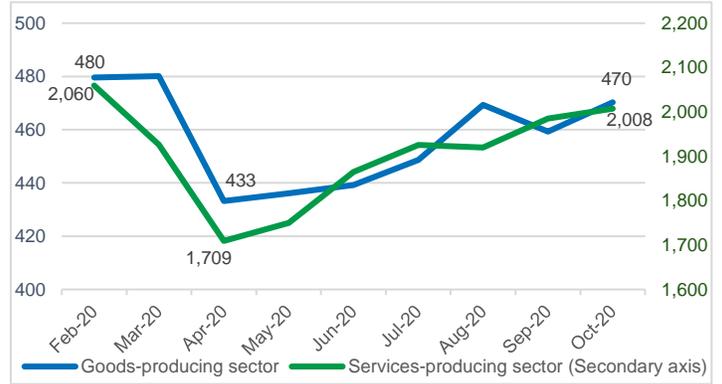
After physical distancing requirements were enforced in March, industries that relied on close human interaction or non-essential services saw the largest employment declines.

By April, the hospitality industry had seen nearly one in every two jobs displaced. Employment in the accommodation and food subsector rebounded throughout the summer and recouped 90% of losses, but has remained flat since August (see *Figure 5*).

The entertainment and media industry has also rebounded strongly, and continued to perform well in October.<sup>4</sup> The industry's workforce is now down just -2.1% compared to February, a significant improvement over the 28.9% decline in April.

Two of the other subsectors hardest hit earlier in the crisis – “other services” such as personal and household, and business/building support services – also remained mostly flat in October.

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



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

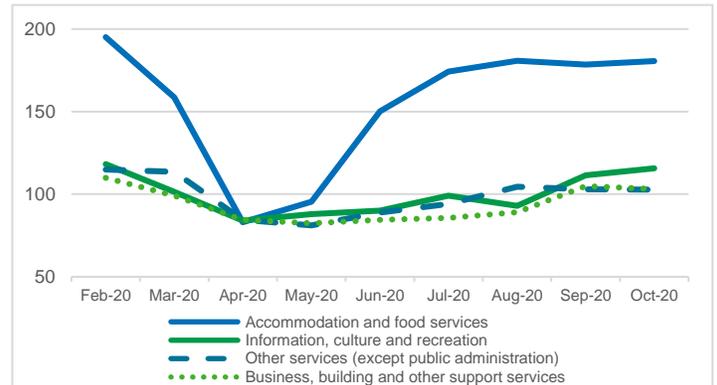


Figure 4-5 source: Statistics Canada, Table 14-10-0355-01. Seasonally adjusted.

<sup>3</sup> Natural resources include: forestry, fishing, mining, quarrying, oil and gas

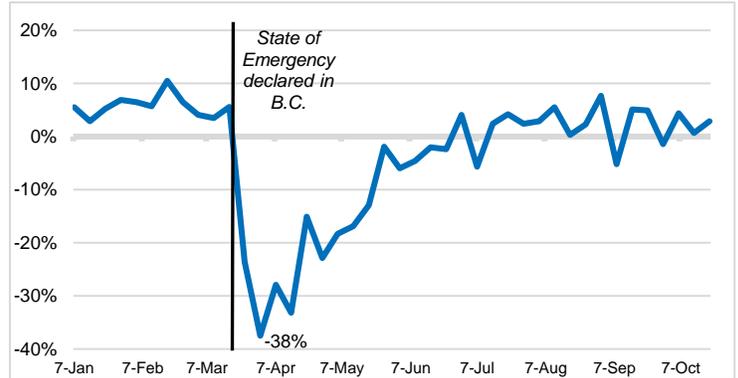
<sup>4</sup> NCAIS category: Information, culture and recreation

3. **Canadian consumer spending:** October marks fourth month above pre-crisis levels

Throughout the crisis, the [RBC](#) Canadian spending tracker has helped analyze consumer trends. According to this analysis, from mid-March to late May consumers lowered their spending, with the low point between mid-March and April (see *Figure 6*) experiencing declines between 20-40%. Declines in consumer spending and confidence were attributed to uncertainty in the future. On the other end of the scale, the personal savings rate increased and reached levels not seen since the 1990s.<sup>5</sup>

Throughout the summer, consumer spending began to increase and by July it had inched into stable, slightly positive growth. This trend continued into the fall, with October marking the third consecutive month where consumer spending was slightly above where it was at the same period last year.

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

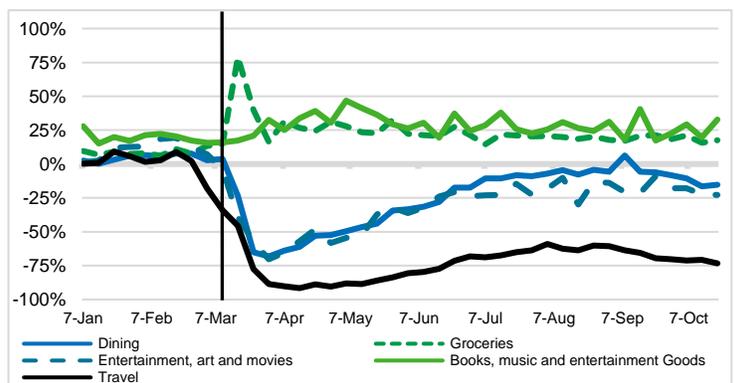


*Fall weather and rising COVID-19 cases impacts travel and entertainment*

The crisis has shifted the basket of goods and services consumers are willing to spend on (see *Figure 7*).

Travel restrictions and unease saw travel spending fall as much as 90% early in the pandemic before improving throughout the summer. However, rising COVID-19 cases and shifting weather has once again resulted in downward pressure on travel. Since early September, spending on travel has once again been on a downward trend, and by late October was down by around three-quarters compared to last year. This has placed significant challenges on the airline industry, with some businesses beginning to scale back operations.<sup>6</sup>

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



Restrictions on dining and entertainment industries throughout October in some Canadian jurisdictions resulted in further decreases in consumer spending within these industries, providing a sign for what may happen in BC if similar restrictions are imposed. As BC continues to face new COVID-19 challenges, we will see how much additional restrictions affect our economy.

<sup>5</sup> 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/>

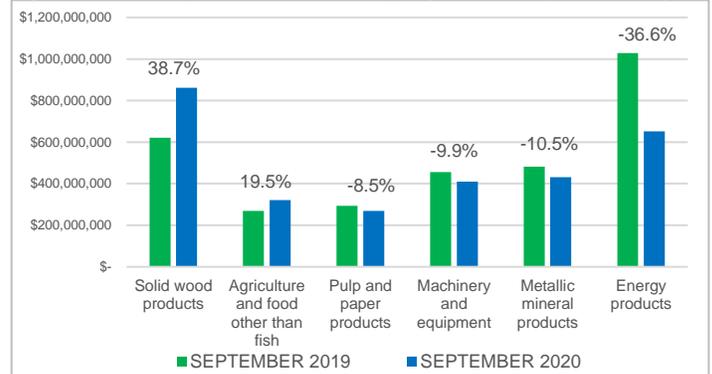
<sup>6</sup> CBC News, “WestJet shuts down most of its operations in Atlantic Canada” <https://www.cbc.ca/news/business/westjet-cuts-1.5761526>

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

BC's commodity export market struggled through much of the crisis, but began to improve as the global economy started to recover. This trend continued into September, but some commodities remain depressed (see Figure 8).

In September, strengthening global demand saw forestry prices up as much as 50% from the start of the year. This helped BC's solid wood exports, which increased by 38.7% compared to last year. This performance helped offset severe declines in energy exports – down 36.6% – which continues to face challenges in the face of weak prices and demand.

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



Source: BC Stats, Monthly Export Data tables

Overall, September exports were down 5.3% compared to last year. However, this is a considerable improvement compared to earlier in the year when exports experienced declines in the range of 15-20% year-over-year.

*Weakening forestry prices in October may spell trouble for BC's fall exports*

Throughout the summer and into September, forestry products prices increased by as much as 60% compared to the start of the year, helping to boost BC's forestry product export market up considerably. Unfortunately, forestry prices retreated throughout October as international economic recovery suffered set-backs. This is likely to put downward pressure on BC forestry exports going forward (see Figure 9<sup>7</sup>).

Energy prices have recovered from the low experienced earlier in the pandemic, when the price of energy products (coal, oil and natural gas) fell by over three-quarters from the start of the year. From July through October, prices rebounded and stabilized, but remained down around 20% compared to the start of the year. Unfortunately, prices remain relatively weak and total exports of metallurgical coal – a key energy export for the province – has tumbled. This has continued to drive BC's energy export market down compared to the same time last year.

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; Daily exchange rates

<sup>7</sup> Price indices [Bank of Canada's Commodity Price Index](#). Components for each can be found online.

Meanwhile, metal and mineral and agricultural product prices have stayed relatively stable overall throughout the pandemic. The Canadian dollar has bounced back from early March lows and as of November 9 stood at \$0.77 USD per CAD (see *Figure 10*). Export data for October is expected later this month.

5. **Economic Forecasts: Short-term pain, long-term recovery**

*Table 1* below tabulates recent economic forecasts 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 followed by an economic recovery in Q3/Q4 and leading into 2021 as provincial economies begin to reopen. Similarly, unemployment rates are expected to peak in Q2 2020 before gradually decreasing in 2021. Despite this, unemployment rates are still expected to remain higher than pre-crisis standards, with an average forecast of 7.2% in BC for 2021 as a whole.

It is important to note forecasts are revised as new events unfold, and downside risks threaten these outlooks as the number of cases of COVID-19 rise. As seen in jurisdictions in Ontario and Quebec, the re-introduction of business restrictions could negatively affect indicators such as employment. Depending on the severity of rising COVID-19 cases and restrictions in both BC and other Canadian jurisdictions, economic outlooks could shift.

*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>4.6%</b>	<b>9.3%</b>	<b>7.2%</b>	
RBC Economics	-5.6%	4.9%	9.1%	6.5%	<a href="#">10-Sep</a>
BMO	-5.2%	5.5%	9.1%	6.7%	<a href="#">06-Nov</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>-5.6%</b>	<b>4.4%</b>	<b>9.6%</b>	<b>7.8%</b>	
RBC Economics	-5.6%	4.5%	9.5%	7.6%	<a href="#">November</a>
BMO	-5.6%	5.5%	9.5%	7.5%	<a href="#">09-Nov</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>