



# Publication

## BC ECONOMIC SNAPSHOT

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### JOB MARKET POWERS AHEAD DESPITE FALTERING EXPORTS

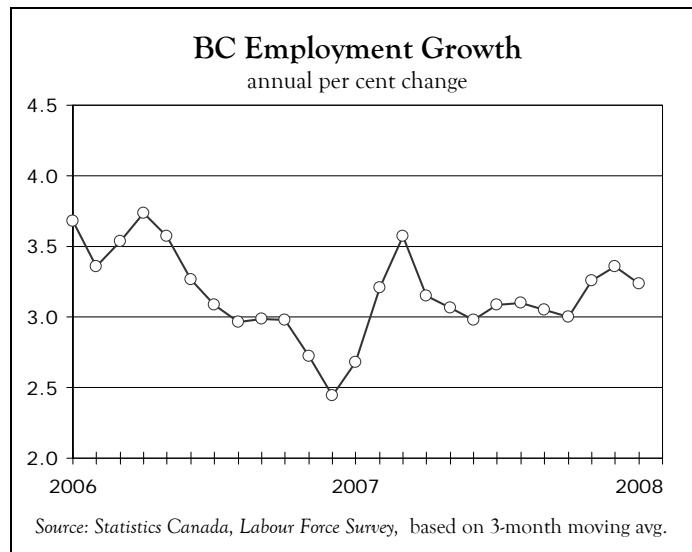
Confronted by a faltering US economy, a pull back in some key commodity prices and a Loonie that is hovering around parity with the US dollar, BC's economy is poised to cool a bit this year. The weakness will be concentrated in the export-sector, leaving the province's domestically-oriented industries, especially construction and consumer spending, to do the heavy lifting.

So far this is exactly how things are unfolding, with little evidence that deteriorating external conditions are spilling over into the broader BC economy. Indeed, total **employment in the province advanced by 12,000 in January**, a healthy gain that keeps the job count on a solid upward trend. This latest employment boost was also enough to nudge the **unemployment rate back down to a near record low of 4.1%**. Underlying strength in the job market is reflected in the fact that

there were more jobs in both the private and public sectors. Employment also rose in the overall goods producing sector as well as in the bigger services side of the economy.

While the job picture remains strong, digging a bit deeper into the data reveals a few soft spots, notably in trade-exposed industries. Although **manufacturing employment** edged higher in January, this followed six months of job losses, leaving the number of manufacturing jobs 6.3% lower than 12 months ago. Similarly, **primary industries** (logging, mining, and fishing) have had an erratic performance over much of the past year, capped by a sizable decline in January. Employment in this sector is now 6% lower than in January 2007.

**Accommodation and food services** is also feeling the effects of the high dollar and the slumping US economy. A steady decrease in the number of American tourists is hurting several parts of the hospitality sector. Employment in the industry slipped through much of 2007 and currently sits well below year-ago levels.

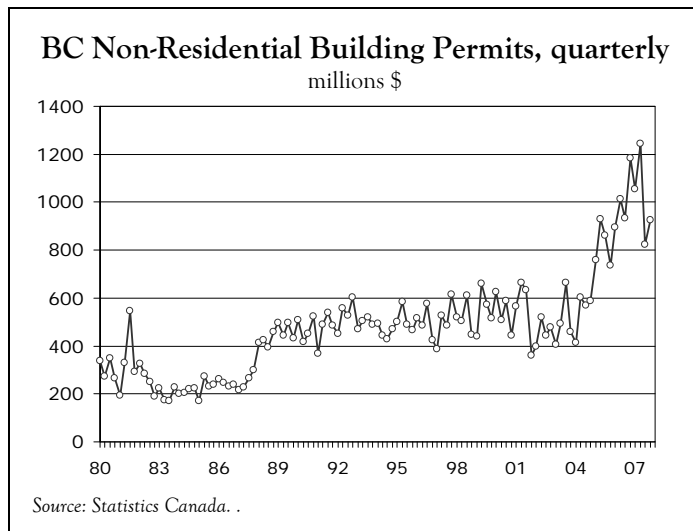




In marked contrast, **construction employment** in BC continues to climb and remains a key element underpinning the still-robust job market. The number of people working in construction is up 8.3% from last January. While this is a large gain by any measure, it is especially remarkable given that it follows four consecutive years of double-digit job growth. Construction alone has accounted for almost one-third of all new jobs created in the province in recent years.

With new structures going up all around BC and numerous large infrastructure projects either underway or in the planning stages, there is positive momentum in construction, suggesting that the industry has additional employment upside. That said, construction cannot continue to grow at the same pace. And with non-residential building permits dropping quite sharply in third quarter of last year, some moderation may already be underway.

The bottom line is that high levels of activity in most segments of construction and healthy consumer spending should keep the job market strong this year, even as persistent weakness in the export sector acts to dampen BC's overall economic growth rate in 2008.



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