B.C. ECONOMIC REVIEW AND OUTLOOK

Business Council *of* British Columbia
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AUGUST 2021

STRONGER TODAY, MOMENTUM FOR TOMORROW

HIGHLIGHTS

- Global GDP growth is projected to be 6.9% in 2021, 4.4% in 2022 and 3.2% in 2023. Vaccination programs are expected to help achieve broad immunity from COVID-19 by: 2021Q3 in Canada; 2021Q4 in the United States, most other advanced economies and China, and 2022 in other emerging market economies.
- After a slow start, Canada's vaccination program ramped up in the second quarter of 2021 and has overtaken many countries. This is saving lives and allowing the economy to reopen.
- Canadian GDP growth is expected to be 6.0% in 2021, 4.6% in 2022, and 3.3% in 2023. Despite significant slack in the economy, CPI inflation is running close to 4% per annum, well above of the Bank of Canada's 1-3% target range. Although the Bank attributes this to temporary supply-side factors, inflation persistence is a key risk to the outlook.
- B.C.'s recession was milder than in the other large provinces due to the lift provided by large capital projects and B.C.'s export-oriented resource sector. B.C. GDP is projected to grow by 5.8% in 2021, an upward revision from our prior forecast, with growth moderating in subsequent years.
- Labour demand in Canada has recovered and surpassed pre-pandemic levels in most industries – but significant unemployment remains. The federal government's decision to boost labour supply growth through record immigration inflows (not something usually done in or following a recession) has shifted the goalposts for a full recovery. Hardest hit by excess labour supply and high unemployment are young, low-skill, and/or recent immigrant workers.
- To stimulate demand and absorb labour market slack, highly-expansionary monetary and fiscal policies will likely be needed for longer and could exacerbate other imbalances around excessive indebtedness.
- While soft spots remain, the provincial labour market is healing with overall employment now slightly above the pre-COVID level. Global trade is expanding and supporting a hefty upswing in B.C.'s merchandise exports. Tourism and hospitality sectors remain weak. These sectors will recover as travel resumes, gradually. Given ultra-low interest rates, the real estate sector remains hot and residential construction activity buoyant.

VACCINATION PROGRAMS ARE ALLOWING MOST ADVANCED ECONOMIES TO REOPEN

Global GDP growth is expected to rebound to 6.9% in 2021 before easing to 4.4% and 3.2% in 2022 and 2023, respectively **(Table 1)**. The Bank of Canada assumes broad immunity from COVID-19 will be achieved by: 2021Q3 in Canada (significantly faster than projected three months ago): 2021Q4 in the United States, most other advanced economies and China, and 2022 in other emerging market economies.

Vaccination programs are allowing the reopening of advanced economies and, so far, keeping in check the spread of COVID-19 variants **(Figure 1)**. Rising demand is contributing to global supply shortages, logistics difficulties, and elevated commodity prices, business input costs and consumer inflation. Emerging economies are likely to experience a more muted recovery through to 2023 due to slower vaccination rates and greater exposure to COVID-19 variants.

The U.S. recovery is well-advanced – which is good news for Canada. U.S. GDP growth is expected to reach 6.6% in 2021 and 5.1% in 2022 before easing to 1.8% in 2023. U.S. GDP surpassed its pre-pandemic level in the second quarter of 2021. Consumer inflation is trending above 3% per annum and is set to remain above the Federal Reserve's 2% target across the outlook and until extraordinary monetary and fiscal stimuli start to be withdrawn.

CANADA'S ECONOMY IS RECOVERING BUT WITH CONSIDERABLE SLACK YET TO BE ABSORBED

After a slow start, Canada's vaccination rate ramped up in the second quarter of 2021 and we now lead many other countries **(Figure 1)**. Public health measures kept Canadian GDP growth subdued in the first several months of 2021, but their subsequent scaling back has allowed the economy to gradually reopen. Some of the GDP growth that was expected in early 2021 has been pushed into late 2021 and 2022-2023.

Canadian GDP growth is expected to be 6.0% in 2021, 4.6% in 2022, and 3.3% in 2023 **(Table 1)**. These growth rates exceed estimated potential GDP growth (based on trend growth in labour supply and labour productivity) and are made possible by workers and businesses returning to work following many months of COVID-related disruptions. Despite considerable slack weighing on the economy (see below), higher commodity prices, exchange rate pass-through effects and other factors are driving higher CPI inflation **(Figure 2)**.

Indeed, Canadian CPI inflation is expected to be 3% annualized for the rest of 2021 (and possibly even higher in the Maritime provinces where it is currently around 4-6% per annum). The Bank of Canada views upside factors such as supply chain disruptions and rising business input costs as temporary. It asserts that inflation will gradually ease to around its 2% target across the outlook. Consequently, the Bank has reiterated its forward guidance that it will keep its policy rate ultra-low at

TABLE 1: **GLOBAL ECONOMIC FORECASTS (ANNUAL % CHANGE IN REAL GDP)**

	2020f	2021f	2022f	2023f
World	-2.4	6.9	4.4	3.2
U.S.	-3.5	6.6	5.1	1.8
Euro area	-6.7	4.8	4.7	1.9
Japan	-4.7	2.7	2.6	0.4
China	2.3	8.9	5.6	5.5
Canada				
Potential GDP	0.8-2.0	0.8-2.2	0.4-2.2	1.0-3.0
Actual GDP	-5.3	6.0	4.6	3.3

f - forecast

Source: Bank of Canada.

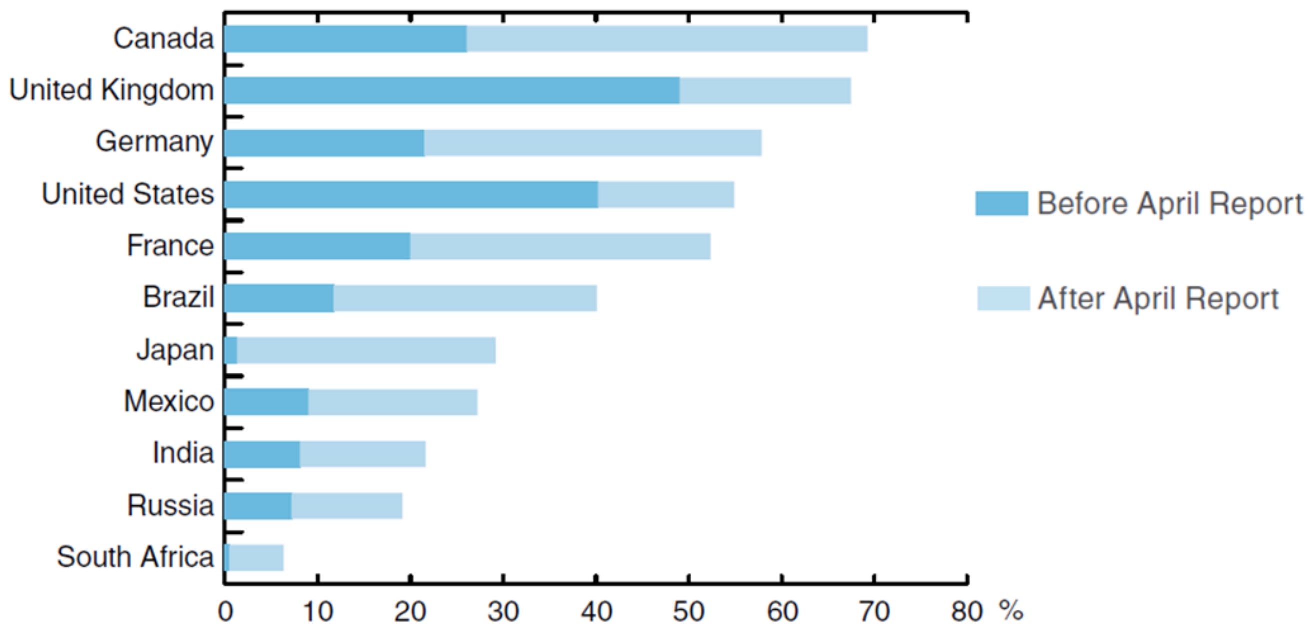
0.25% until the second half of 2022. It has, however, scaled back purchases of federal government bonds to $2 billion per week, down from $3 billion per week.

Labour demand in Canada, measured as employment hours worked, is now *above* pre-pandemic levels except in a few high-contact service sectors **(Figure 3)**. However, more people are now seeking employment so the recovery in labour demand has not been enough to return the unemployment rate to its pre-pandemic level. The federal government's decision to boost the country's population and labour supply through record immigration inflows (not something usually done in or following a recession) has unwittingly shifted the goalposts for a full labour market recovery. Canada intends to land 401,000 new immigrants in 2021, the largest number since 1913. The timing is odd given the state of the economy and continued weakness in some parts of the labour market. To stimulate the demand needed to absorb slack in the economy, highly-expansionary monetary and fiscal policies will likely be needed for longer and thus could exacerbate other imbalances such as high, economy-wide indebtedness.

Canada intends to land 401,000 new immigrants in 2021, the largest number since 1913. The timing is odd given the state of the economy.

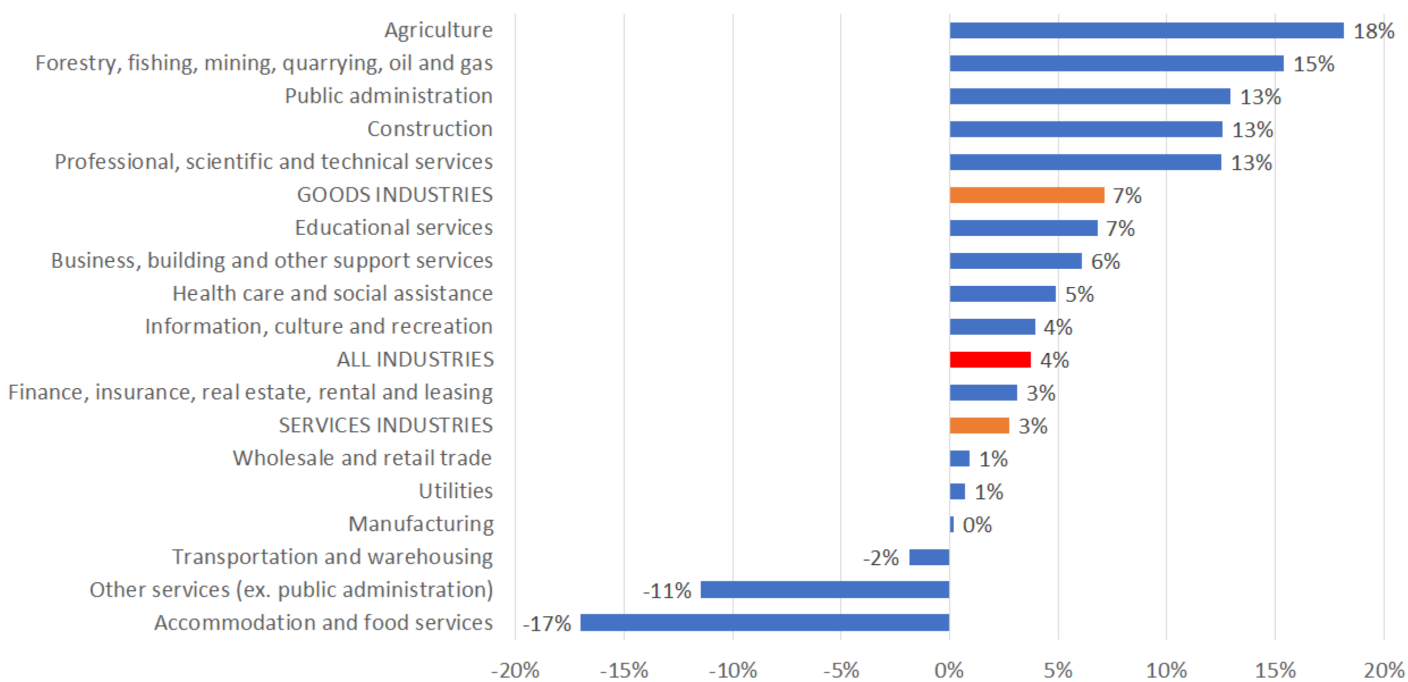
Canada's unemployment rate stands at 7.8%, down from its peak of 13.7% in May 2020, but still above its pre-pandemic level of around 5.7%. By comparison, immigrants who have been in the country for 10 years or less face an unemployment rate of around 11%, down from a peak of 16-18% in May 2020 **(Figure 4)**. The Bank of Canada estimates that another 550,000 jobs – that is, over and above what has already been recuperated – would now need to be created to absorb the extra population growth and restore the

FIGURE 1: **AFTER A SLOW START, CANADA'S FIRST DOSE VACCINATION RATE EXCEEDS OTHER COUNTRIES (PERCENTAGE OF THE POPULATION THAT HAS RECEIVED AT LEAST ONE DOSE OF COVID-19 VACCINE)**



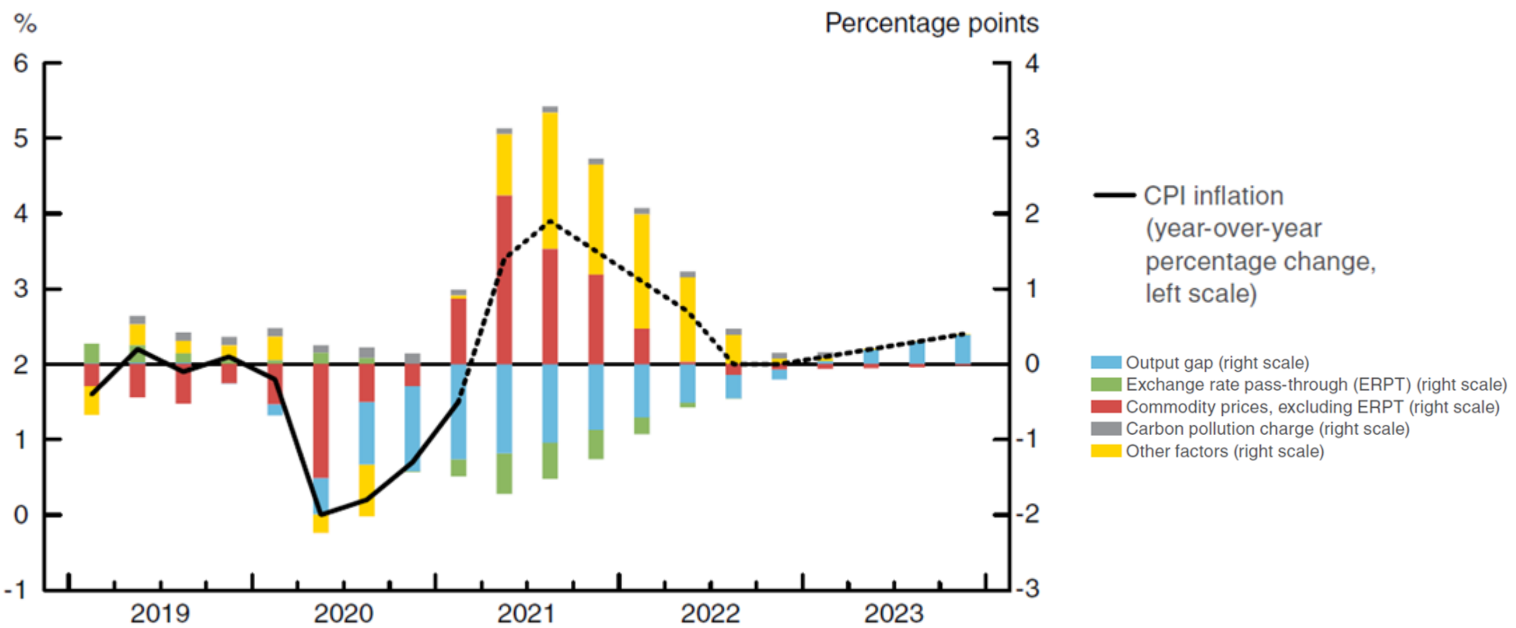
Source: Bank of Canada Monetary Policy Report, July 2021.

FIGURE 2: **LABOUR DEMAND IS ABOVE PRE-PANDEMIC LEVELS, EXCEPT IN A FEW SECTORS HOURS WORKED BY INDUSTRY, CHANGE FROM FEBRUARY 2020 TO 2021, CANADA**



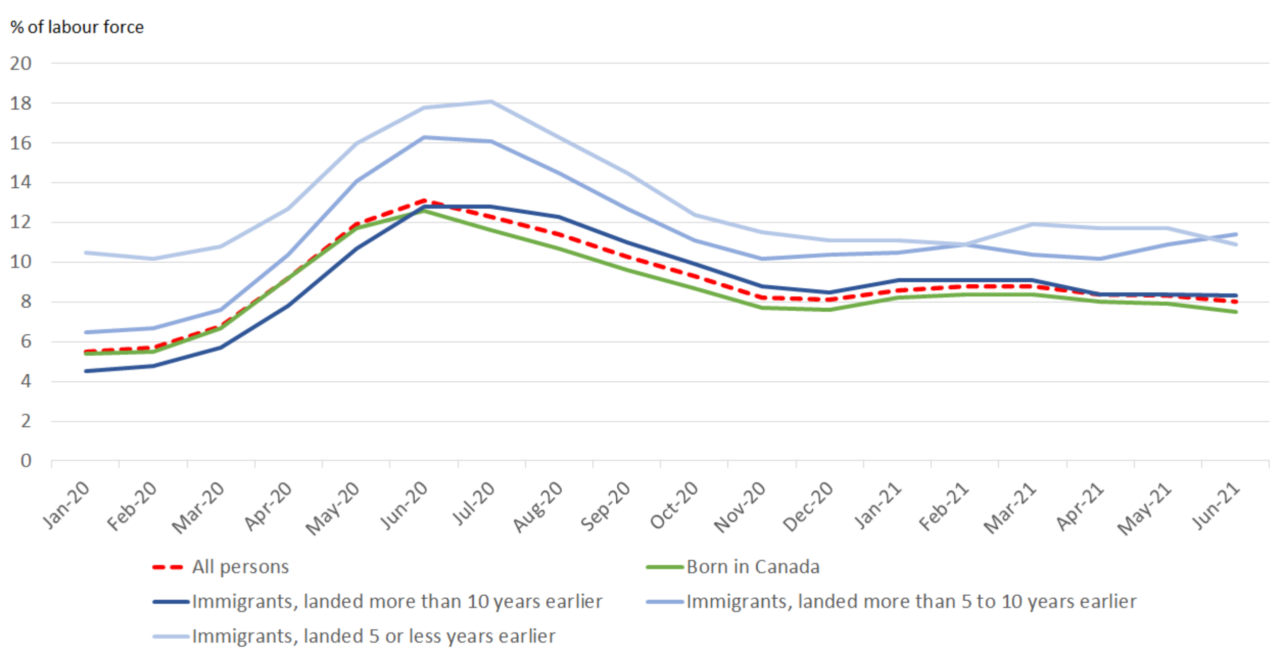
Source: Statistics Canada.

FIGURE 3: **BANK OF CANADA EXPECTS CPI INFLATION TO EASE AS TEMPORARY FACTORS FADE**
CONTRIBUTION TO DEVIATION OF INFLATION FROM 2 PERCENT, CANADA QUARTERLY DATA



Source: Bank of Canada Monetary Policy Report, July 2021.

FIGURE 4: **NEWCOMERS BEAR THE BRUNT OF EXCESS SUPPLY IN THE LABOUR MARKET**
UNEMPLOYMENT RATE BY IMMIGRATION STATUS, POPULATION AGED 15 YEARS & OVER, THREE MONTH MOVING AVERAGE, CANADA



Source: Statistics Canada.

employment-to-population ratio to its pre-pandemic level. Labour force data shows that the groups hardest hit by ongoing excess labour supply and high rates of unemployment are young workers, low-skill workers or recent immigrants (less than 10 years). Canada's economy is not expected to return to full employment until the second half of 2022.

Risks to the outlook are evenly balanced. Consumption, business investment and exports could all be stronger than expected, supported by extraordinarily stimulatory monetary and fiscal policy and buoyant global commodity prices. A faster-than-expected recovery in emerging market economies could also accelerate the expansion of global trade. On the downside, vaccines could prove to be less effective against COVID-19 variants in Canada and elsewhere. Also, the apparently temporary supply-side factors driving higher CPI inflation could prove more persistent. Such a scenario could prompt central banks and governments to throttle back monetary and fiscal stimuli earlier and more sharply than most forecasters are now anticipating. Rising global and domestic interest rates will likely be a challenging adjustment for Canada's debt-fuelled economy (especially the housing market).

BRITISH COLUMBIA OUTLOOK

A solid economic rebound is underway in B.C. Real GDP is set to increase by a robust 5.8% in 2021 followed by a still strong 4.8% pace in 2022. The province's resilient merchandise export sector and the construction of large capital projects tempered the downturn in 2020 and provided an early lift. The recovery is now broadening to most sectors. International tourism remains a visible weak spot, but here too we anticipate better days in the remainder of 2021 and into next year.

B.C. is essentially on course to match Canada's economic expansion this year. But because the downturn was less severe here, B.C.'s 2021 GDP will surpass its pre-pandemic (2019) level of output. In contrast, the Canadian economy (which shrank 5.8% compared to B.C.'s 3.8%) will not regain its pre-pandemic level of output until 2022.

B.C.'s broadly successful management of the pandemic and more limited closures helped limit the economic fallout from the virus last year. This is a principal reason why B.C. recorded the smallest real GDP contraction among the large provinces in 2020. Working to keep construction sites open and the export sector operating proved highly beneficial. Indeed, B.C.'s downturn was less severe in large part because big capital construction project sites remained open and our natural resource industries – which supply three-quarters of all merchandise exports – continued to operate even amid the worst of the pandemic. Underscoring this point the value of economic activity

FIGURE 5: **MILD DOWNTURN IN B.C.'S GOOD SECTOR LAST YEAR**

Source: Statistics Canada, Table 36-10-0402-01.

TABLE 3: **B.C.GDP* GROWTH BY SECTOR, 2020 AND ANNUAL AVERAGE 2010 - 2019**

B.C. Industry Sectors and selected Sub-sectors	2020	Average 2010-19
	Real GDP Growth %	
All industries	**-3.8**	**2.8**
Goods-producing industries	**-0.3**	**3.2**
Agriculture, forestry, fishing and hunting	-2.7	2.2
Mining, quarrying, and oil and gas extraction	0.6	3.8
Oil and gas extraction	0.3	7.6
Metal ore mining	33.4	4.0
Utilities	2.7	1.4
Construction	4.2	4.4
Residential building construction	-1.9	6.2
Non-residential building construction	-2.7	2.9
Engineering and other construction activities	18.0	4.1
Manufacturing	-7.1	2.6
Service-producing industries	**-4.9**	**2.7**
Wholesale trade	-1.0	2.7
Retail trade	-0.9	2.6
Transportation and warehousing	-21.6	4.1
Air transportation	-72.5	8.0
Rail transportation	-6.6	6.4
Truck transportation	-5.6	4.1
Information and cultural industries	-0.7	2.6
Software publishers	14.2	5.2
Motion picture and video industries	-13.4	11.7
Data processing, hosting and related services	23.7	3.8
Finance and insurance	2.5	3.3
Real estate and rental and leasing	4.1	3.4
Professional, scientific and technical services	-1.8	4.5
Legal, accounting and related services	0.2	3.0
Architectural, engineering and related services	-3.4	5.4
Other professional, scientific and technical services, including scientific R&D	-7.0	4.5
Computer systems design and related services	7.2	6.0
Management of companies and enterprises	-14.1	-5.1
Administrative and support, waste management services	-14.9	1.6
Educational services	-4.7	2.0
Health care and social assistance	-8.0	1.9
Arts, entertainment and recreation	-39.6	2.5
Accomodation and food services	-31.1	2.5
Accomodation services	-41.2	2.6
Food services and drinking places	-26.8	2.5
Other services (except public adminstration)	-16.5	1.3
Public administration	-1.7	0.9

Source: Statistics Canada, Table: 36-10-0402-01. * at basic prices, 2012 chained dollars.

(real GDP) in B.C.'s goods producing sector barely declined last year, while the other large provinces saw output in their goods sectors slump by 5% or more (**see Figure 5**).

The contraction in B.C.'s services sector, on the other hand, closely matches the pain experienced by the other large provinces. There are some differences across sub-sectors, however. B.C.'s retail services sector, for example, fared better than the other provinces. B.C. also got a larger boost from real estate activity. And job and GDP growth in the professional, scientific and technical services were much stronger in B.C. than elsewhere in Canada.

The outperformance in these segments, however, was offset by an oversize contraction in health care services, severe declines in activity in the tourism and travel industries, and comparatively weak growth in B.C.'s finance and insurance industry.

The natural resource, advanced technology, and professional/ technical services sectors helped to lead the province out of recession in the second half of 2020 and are providing momentum in 2021. The economic benefits of B.C.'s sizable inventory of large capital projects will continue to flow over the forecast horizon. The expansion of exports (goods plus services) will play a vital role in sustaining the province's ongoing economic rebound, supported by strong global growth. But the main reason GDP growth will exceed 5% and may hit 6% in 2021 is the additional lift provided by the full reopening of consumer services and, to a lesser extent, the nascent return of international travel. Domestic services will also gain from British Columbians' desire to return to more normal activities, bolstered by an unusually high level of household savings. Put briefly, our economy is close to firing on all cylinders with some segments running especially hot – at least in the near-term.

TABLE 2: **B.C. ECONOMIC OUTLOOK (BCBC FORECAST) (ANNUAL % CHANGE UNLESS OTHERWISE INDICATED)**

	2019	2020	2021f	2022f
Real GDP	1.7	-3.8	5.8	4.5
Employment	2.6	-6.2	7.2	3.2
Unemployment rate (%)	4.7	8.8	6.5	5.2
Housing Starts (000 units)	45.2	38.0	44.0	45.0
Retail sales	0.7	1.3	12.5	4.0
B.C. CPI	2.3	0.8	2.8	2.6

f - forecast Source: Statistics Canada and B.C. Stats; Business Council of B.C. forecasts.

B.C. JOB MARKET RECOVERS AND IS IN COMPARATIVELY GOOD SHAPE

Consistent with the milder 2020 downturn, the labour market has recovered quickly from the dramatic but relatively brief drop-off in employment last spring **(Figure 6)**. B.C. is the only province where the number of jobs has now fully regained – and in fact slightly surpassed—its pre-pandemic level.

Throughout the pandemic, however, younger females and older workers were hit relatively hard, with employment levels for these cohorts still shy of February 2020 levels. For females aged 15-24, employment remains 4% lower. In contrast, employment among young males is up more than 10% over the same period. The other weak spot in the B.C. job market is among those over the age of 55. Employment levels for both older males and females have yet to recover and hiring/re-hiring activity appears to have slowed. Some individuals in this age group may have chosen to leave the labour force amid the ongoing COVID shock.

Notwithstanding these weak spots, it is encouraging to see employment among core working-age females up 1.2% and up 1.1% for males in the same age cohort since February 2020. Furthermore, job numbers in these cohorts continues to trend higher.

Across industries, the recovery profile remains varied. Not surprisingly, in the food and accommodation services sector employment is still 12% below February 2020 levels. The number of people working in construction is also about 15% below pre-pandemic levels. This reflects an earlier pull back and the postponing of smaller scale non-residential and residential construction projects (rather than heavy engineering projects). But given the recent rise in permit activity (discussed below), construction employment is poised to climb over the next 18 months.

At the other end of the scale, the number of people working in the professional, scientific and technical services sector surged nearly 20% over the past 16 months. The biggest lift in this sector came from jobs in computer services, but employment is up in all parts of the sector, in part reflecting the flow of services for capital construction projects and B.C.'s growing exports of professional and technical services. The next strongest job gains relative to February 2020 have been in public administration and health care. Strong growth in public sector employment (11% since February) has helped to boost B.C.'s overall employment numbers. One concern is that this trend points to sustained upward pressure on government spending, adding to the fiscal pressures the province will face post-pandemic.

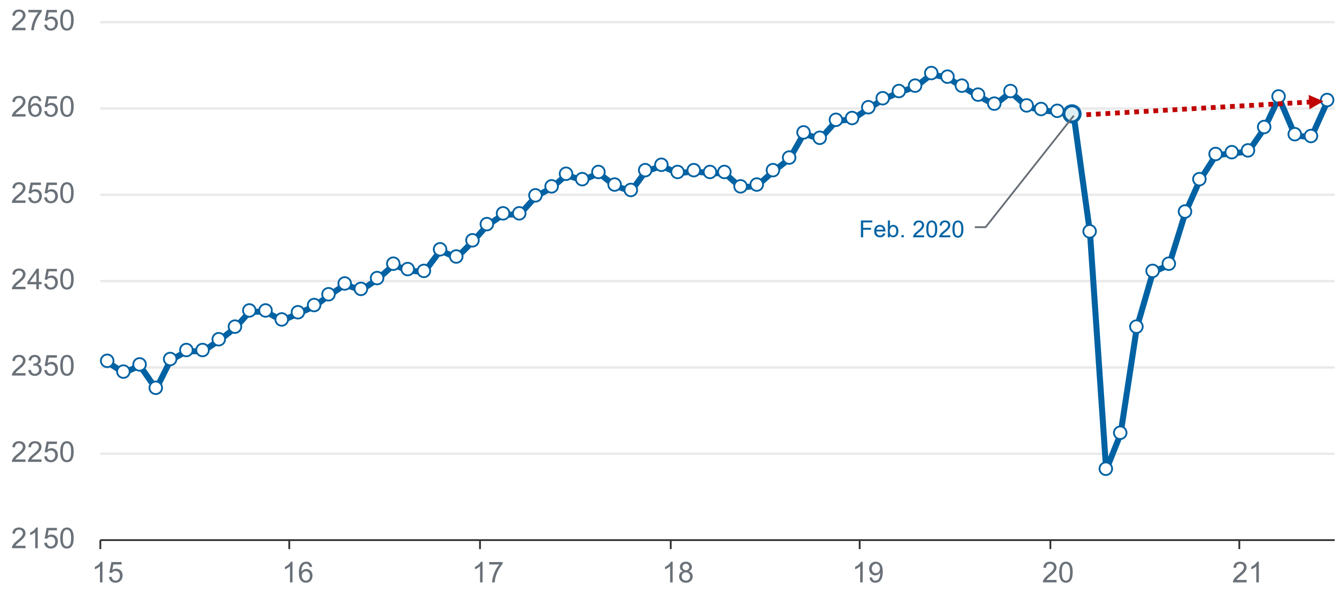
In the harder hit sectors of the B.C. economy the recovery process is apt to be uneven and slow at times. Inevitably, some employers will face hiring challenges as workers have moved to new jobs in different industries. Still, as the reopening unfolds, there should be more jobs in food services, accommodation, and other hard-hit consumer-facing sectors, which will improve labour market conditions for younger workers.

ALL PARTS OF CONSTRUCTION SUPPORTING GROWTH

The steep and rapid fall in interest rates at the outset of the pandemic improved housing affordability and in turn fuelled demand -- in B.C. and across Canada. Established home resales and prices surged to record highs in 2020.

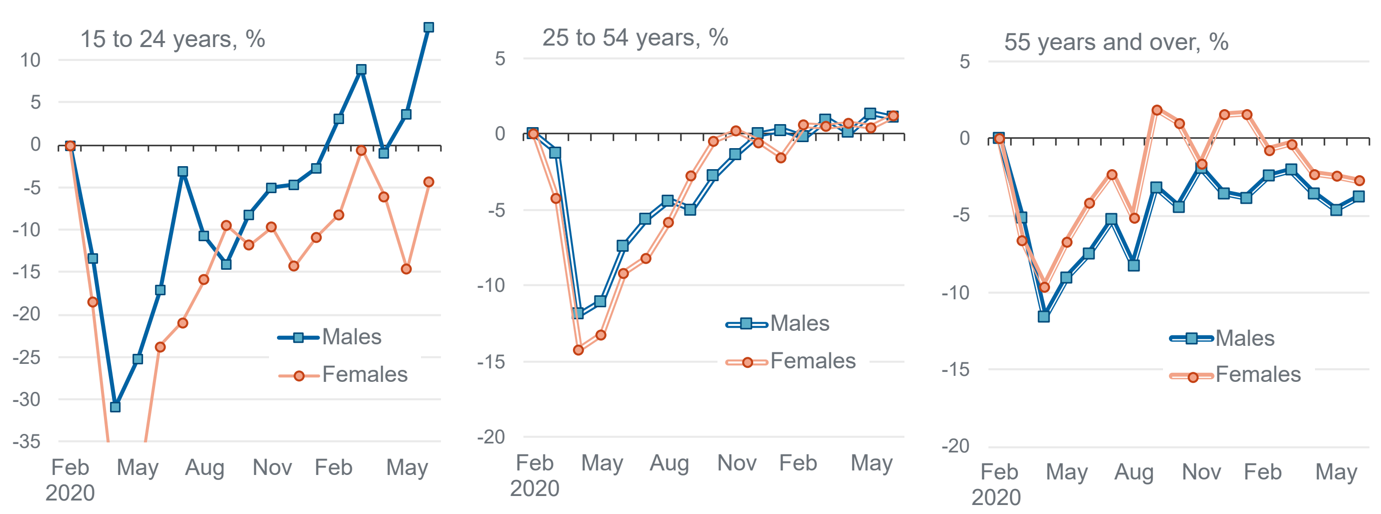
Over the first five months of 2021, the

FIGURE 6: **B.C. EMPLOYMENT BACK TO PRE-PANDEMIC LEVELS (B.C. EMPLOYMENT 15 YEARS AND OVER, 000s)**



Source: Statistics Canada, Labour Force Survey, Table 14-10-0287-01. June 2021, seasonally adjusted..

FIGURE 7: **EMPLOYMENT AMONG CORE WORKING AGE PERSONS HAS RECOVERED (CHANGE IN B.C. EMPLOYMENT FEBRUARY 2020 TO JUNE 2021 BY GENDER AN AGE COHORT)**



Source: Statistics Canada, Labour Force Survey, Table 14-10-0287-01. June 2021, seasonally adjusted.

number of permits for new housing units is up 11% compared to the same period last year. True, the year-over-year gain is flattered by the fact that 2020 includes the early months of the pandemic. Still, an uptrend in permit activity points to more residential construction, especially outside of Metro Vancouver.

In Kelowna, however, residential permits are three times higher than during the same 5-month period last year and have reached new highs. The jump in permits presages a sizable lift in housing starts in the Kelowna area **(Figure 9)**. Residential permits have also rebounded in Victoria. And in non-Metro B.C. as a whole (all areas excluding Metro Vancouver, Victoria, Kelowna and Abbotsford), residential permits are up 50% ytd and also at new highs.

The overall B.C. permit numbers are tempered by a softening in permits in Metro Vancouver where the number of residential permits issued so far this year remains well below last year's pace and (somewhat surprisingly) at their lowest level since 2013. Whether this is temporary situation or, instead, reflects concerns over housing affordability among existing residents and potential in-migrants is unclear.

Non-residential building permits have generally followed a similar pattern to residential permits. A 6.4% increase from last year suggests additional non-residential building activity in the coming months and into 2022, but the total value of non-res permits is well below the level back in 2019. Mirroring residential permits, non-residential permits are also soft in Metro Vancouver, with a stronger picture evident in most other regions of the province.

As noted at the outset, the construction sector helped temper last year's downturn. Within the broad construction sector, however, the real differentiator was the engineering construction segment (think LNG, pipelines, and a very big hydro project) where GDP (after inflation) surged 18%. In the other large provinces, engineering construction GDP has posted double digit declines.

MERCHANDISE EXPORTS TEMPERED DOWNTURN AND CONTINUE TO FUEL THE RECOVERY

The export sector has and continues to underpin B.C.'s economic recovery. Total international merchandise exports are up nearly 30% through May of this year. Merchandise exports to the U.S. have reached new highs **(Figure 11)**, led by a massive increase in wood product exports (up 150%). The latter is due mostly to higher lumber prices, which have retreated more recently. Exports to China are also up 30% so far this year, led by a near tripling in metallurgical coal exports.

Consistent with the comparatively moderate economic downturn seen last year, and as presented on the BCBC Economic Dashboard, B.C.'s merchandise exports have risen more or less steadily since the outset of the pandemic and have posted larger gains than in other Canadian provinces. With the improving global/U.S. backdrop over the next couple of years, we expect that exports will continue to bolster provincial growth **(Figure 12)**.

> **B.C.'s merchandise exports have risen more or less steadily since the outset of the pandemic and have posted larger gains than in other Canadian provinces**

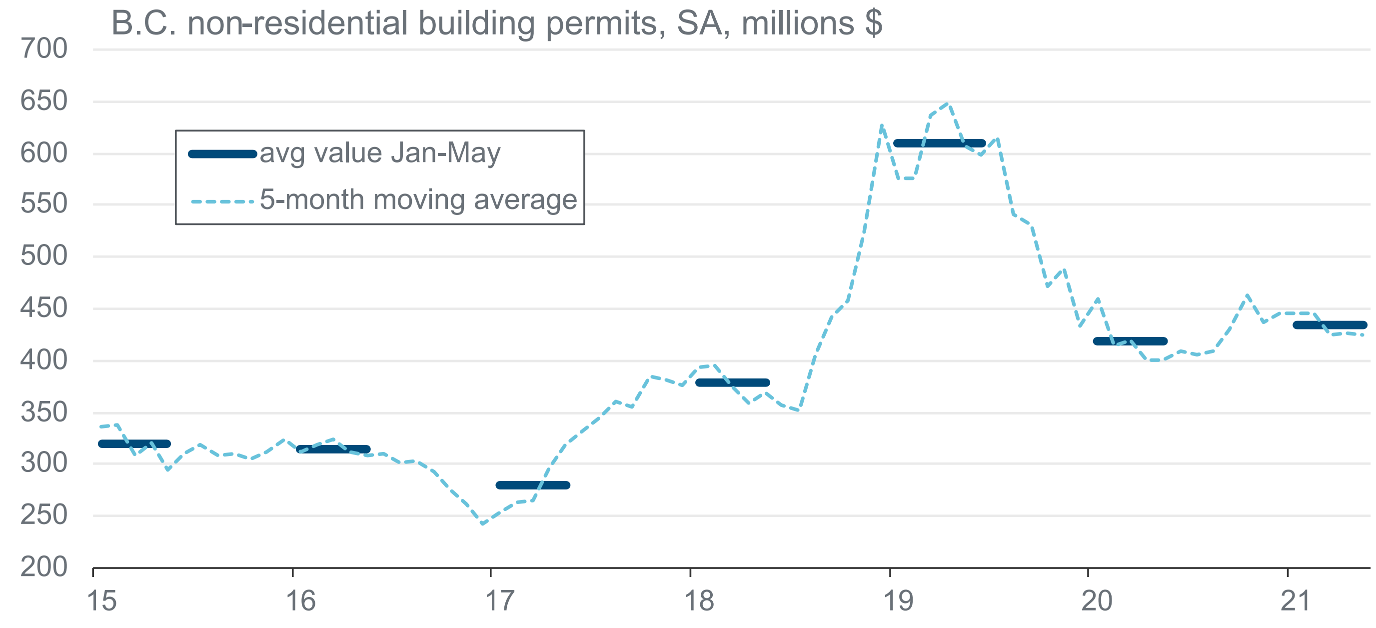
In this regard, we believe B.C. policymakers need to focus more attention on building an attractive and competitive environment for new capital investment and job creation across all of the province's export-oriented sectors. B.C. is a small, open, trading economy. As such, industries that generate export earnings play a critical role in sustaining prosperity and helping to "pay the bills" for imports and public services financed by taxpayers. Improving the economic and investment environment for export-capable industries should be top-of-mind as policy-makers continue to work on B.C.'s post-pandemic economic plan over the rest of 2021.

INTERNATIONAL TOURISM RECOVERS SLOWLY AT FIRST THEN IS EXPECTED TO REBOUND SHARPLY

With the recent announcement that the Canada-US border will soon re-open (on the Canadian side) to non-essential travel for vaccinated persons, a recovery for international tourism is in sight. We believe there is much pent-up demand for travel and expect a resurgence of tourism in the next few years. With rising caseloads of the Delta variant, the timing is uncertain – with the situation further complicated by the uneven pace of vaccinations across countries. Still, international air travel and international tourism should resume later this year with a more meaningful recovery materializing in 2022.

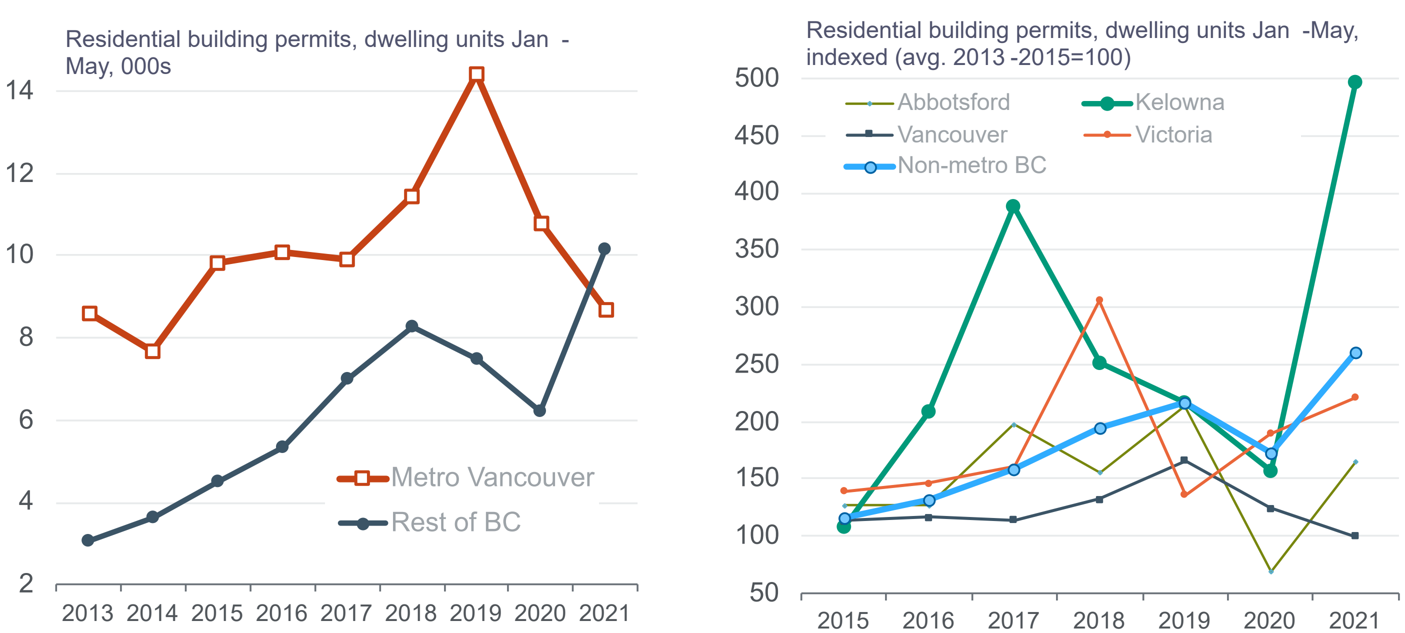
Meanwhile, with most restrictions

FIGURE 8: **RESIDENTIAL PERMITS RECOVER BUT REMAIN SHY OF RECENT HIGHS**



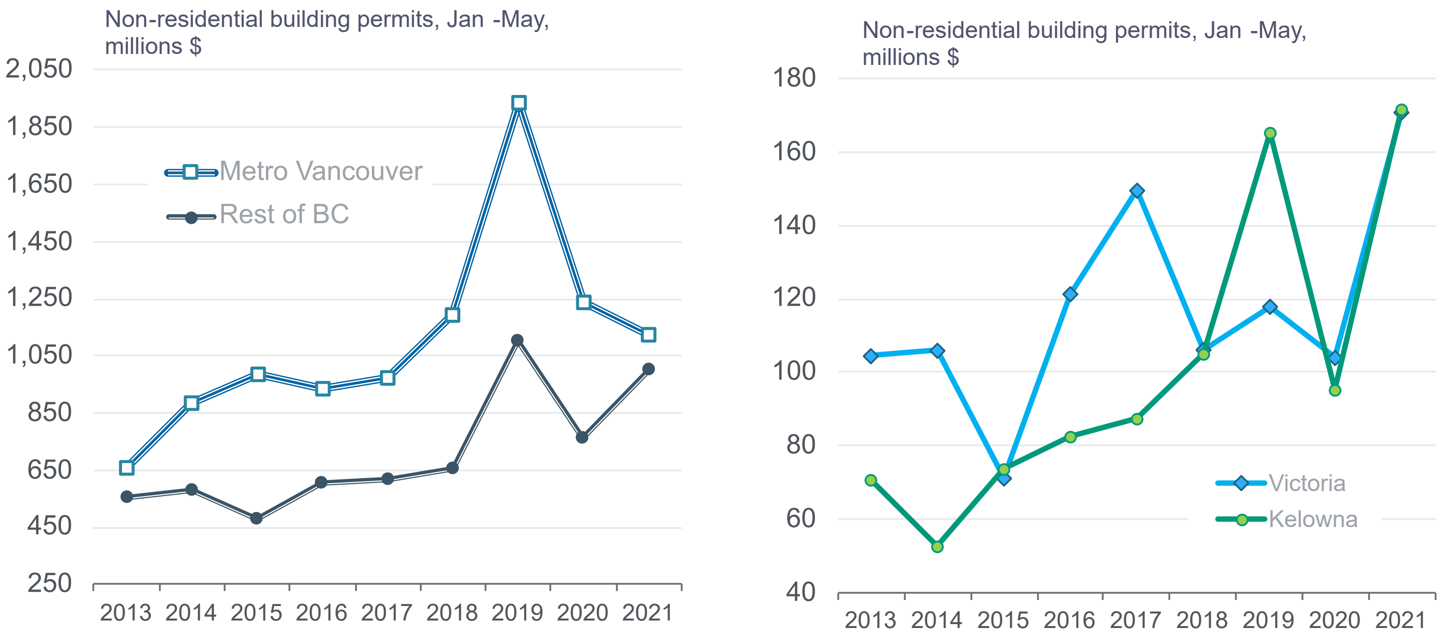
Source: Statistics Canada.

FIGURE 9: **RESIDENTIAL PERMITS ISSUED IN METRO VANCOUVER AT LOWEST LEVEL SINCE 2014**



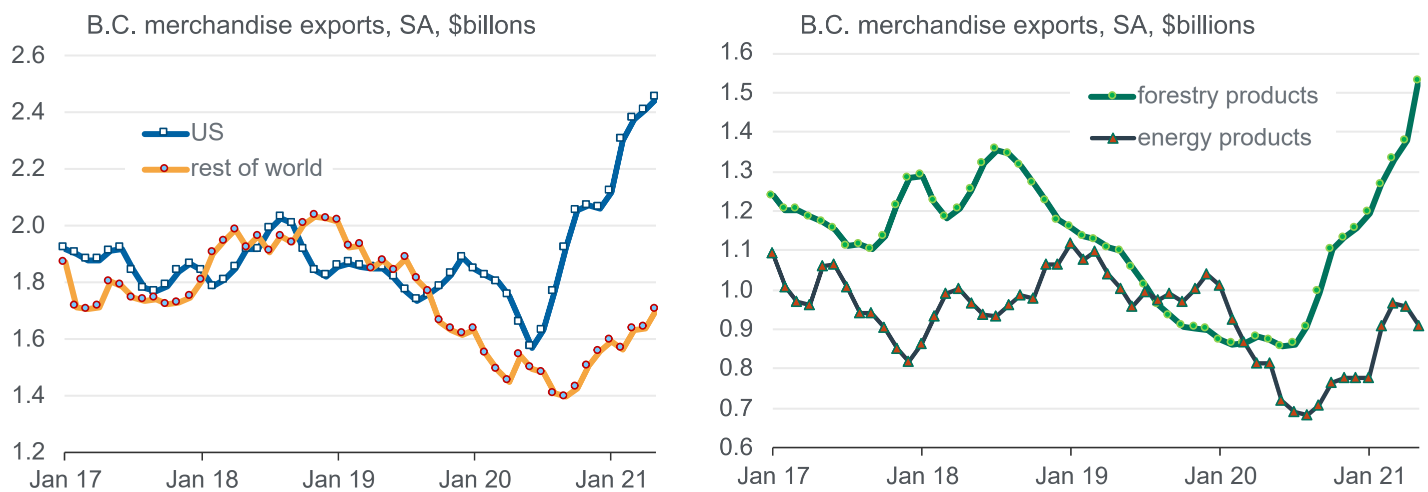
Source: Statistics Canada.

FIGURE 10: **NON-RESIDENTIAL PERMITS STILL DOWN IN METRO VANCOUVER**



Source: Statistics Canada.

FIGURE 11: **EXPORTS TO U.S. BOOSTED BY FOREST PRODUCTS**



Source: B.C. Stats.

and closures now lifted, domestic tourism will be strong this summer and through the remaining months of the year, providing a much needed boost many tourism businesses. But the province's large tourism sector will not fully heal until international visitors begin again showing up in significant numbers.

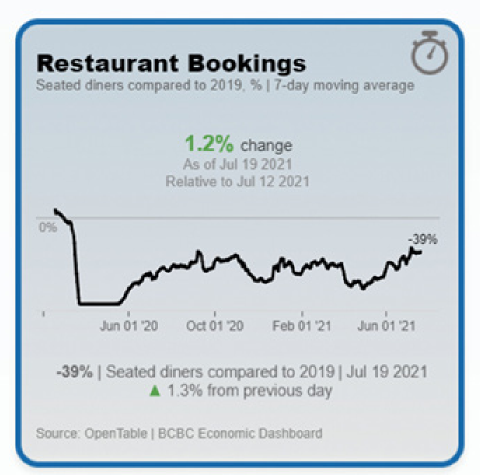
RETAIL ACTIVITY HIGHER LED BY BIG INCREASE IN AUTO SALES

Hefty increases in household savings over the past year and pent-up demand to spend are fuelling retail sales in B.C. Strong gains since the initial lockdowns ended early last summer have propelled retail sales to new highs in all categories (apart from clothing stores). Sales at motor vehicle dealers have been especially buoyant, hitting record highs over the first four months of the year. Higher than normal inflation is also a factor.

The month-to-month sales volumes in **Figure 13** (seasonally adjusted and in current dollars) show total spending levelling off recently. Some moderation would not be surprising following at least 10 months of impressive gains. But even if retail sales stay relatively flat for the remainder of the year, an increase in total sales of at least 12% in 2021 is already baked in.

HOUSEHOLDS SPENDING MORE ON SERVICES AGAIN

Consumer-facing services are continuing to recover from previous lockdowns. Sales at food service establishments stalled earlier in the year when restrictions were re-imposed for in-person dining. Because of their take-out orientation, sales at limited-service restaurants have mostly recovered. Spending in full-service restaurants (over



Source: B.C. Economic Dashboard

the first four months of the year) was still 40% lower than during the comparable period prior to the pandemic. More recent data available on the B.C. Economic Dashboard tracking the number of reservations made in B.C. restaurants indicates that in-person dining is rising. In the spring, reservations at B.C. restaurants were running 80% below 2019 levels but they are now "only" 39% lower than what is typical. It will take time for consumer behavior to return to more normal patterns and we anticipate more business closures in the restaurant/foodservices industry.

CONCLUDING THOUGHTS

Considering the context, the B.C. economy is in reasonably good shape and is set for strong growth over the 2021-22 period. We expect the province's economy to grow by 5.8% after inflation this year. Despite most economic indicators showing progress, this will be just shy of the national growth rate because B.C.'s economic downturn in 2020 was milder than in most other provinces. It bears repeating that real GDP in B.C.'s goods producing sector dipped only slightly in 2020. Going forward strong global commodity prices,

It bears repeating that real GDP in B.C.'s goods producing sector dipped only slightly in 2020.

B.C.'s resource-based exports, and investment and related construction are helping to lay the foundations for a significant rebound.

The export led recovery and rising levels of construction (ongoing projects and more residential and non-residential structures) will continue to underpin growth, especially in smaller communities. The pandemic has highlighted the outsized contributions of these sectors in driving growth in our economy.

The province's technology sector and professional services more generally are also important growth engines. Employment in professional services has roared ahead, and jobs in B.C.'s information, communication and technology sector increased at a record pace last year, well ahead of most other provinces. Policymakers need to recognize the expanding role of the broad advanced technology sector in the province's economy. Talent and skills are the most vital inputs for businesses in these industries, so policy needs to be aligned with attracting and retaining qualified people.

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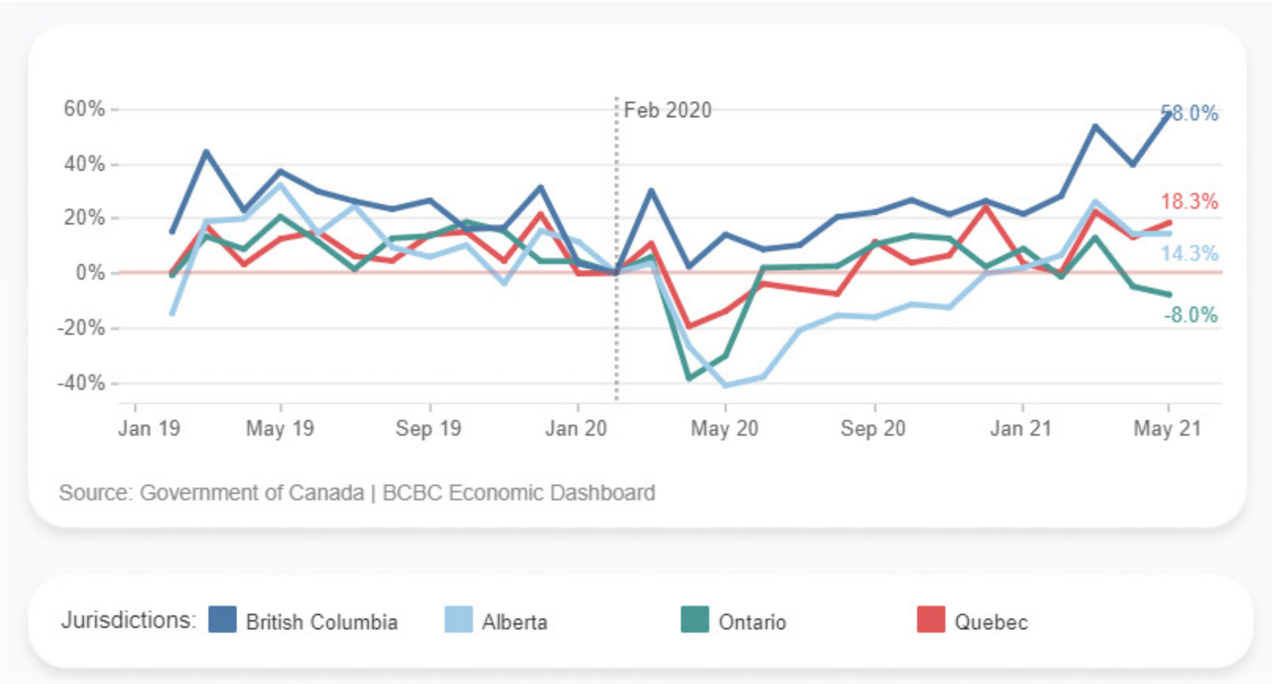
FIGURE 12: **ALL MERCHANDISE EXPORTS TREND IN B.C. COMPARED TO OTHER JURISDICTIONS INDEXED TO FEBRUARY 2020, %**



Source: B.C. Economic Dashboard.

FIGURE 13: **CONSUMERS RETURN TO B.C. STORES (B.C. RETAIL SALES SA, MILLIONS $)**

Source: Statistics Canada Table 20-10-0008-01. Latest: April 2021, seasonally adjusted