



The path to recovery

June 2021



Ordre du jour



- ① Economic Outlook
- ② What's ahead
- ③ What to watch for

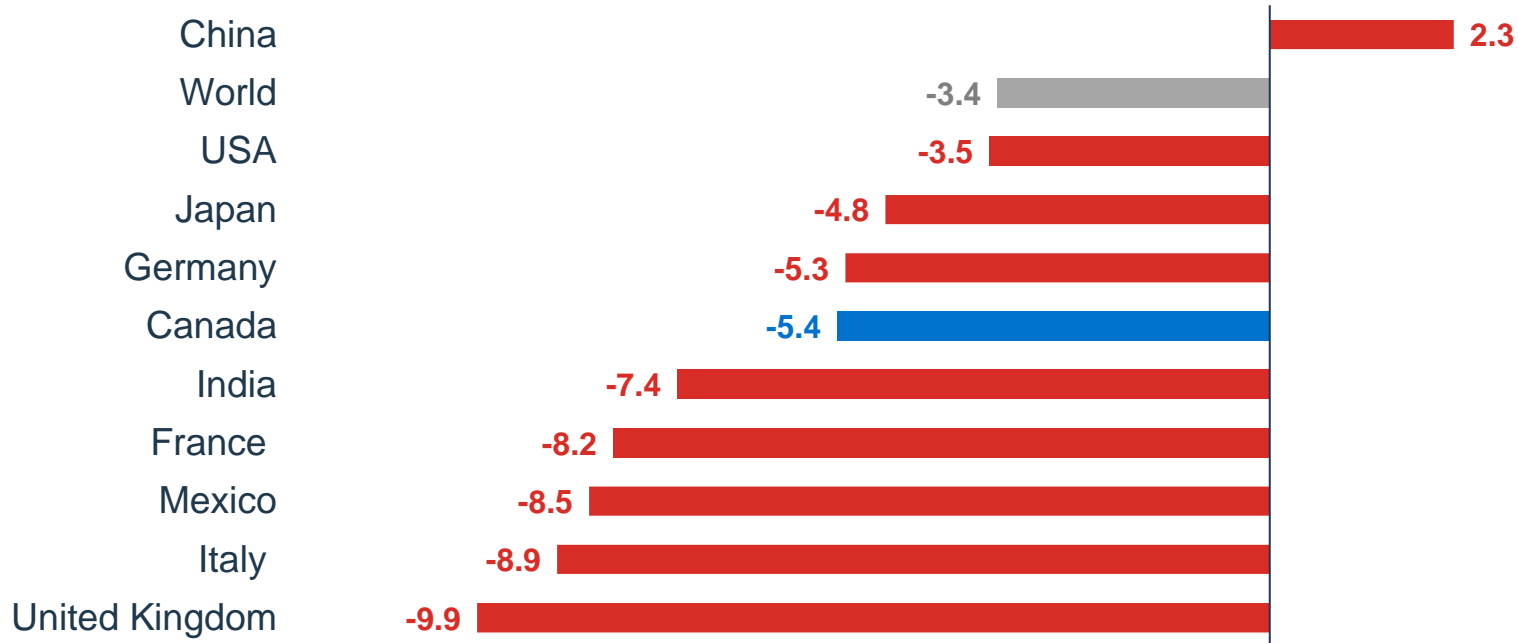
A dark blue background featuring a faint, stylized world map. The map is centered and shows the outlines of continents in a slightly lighter shade of blue.

World economic outlook

COVID-19 has had a severe impact on the world economy



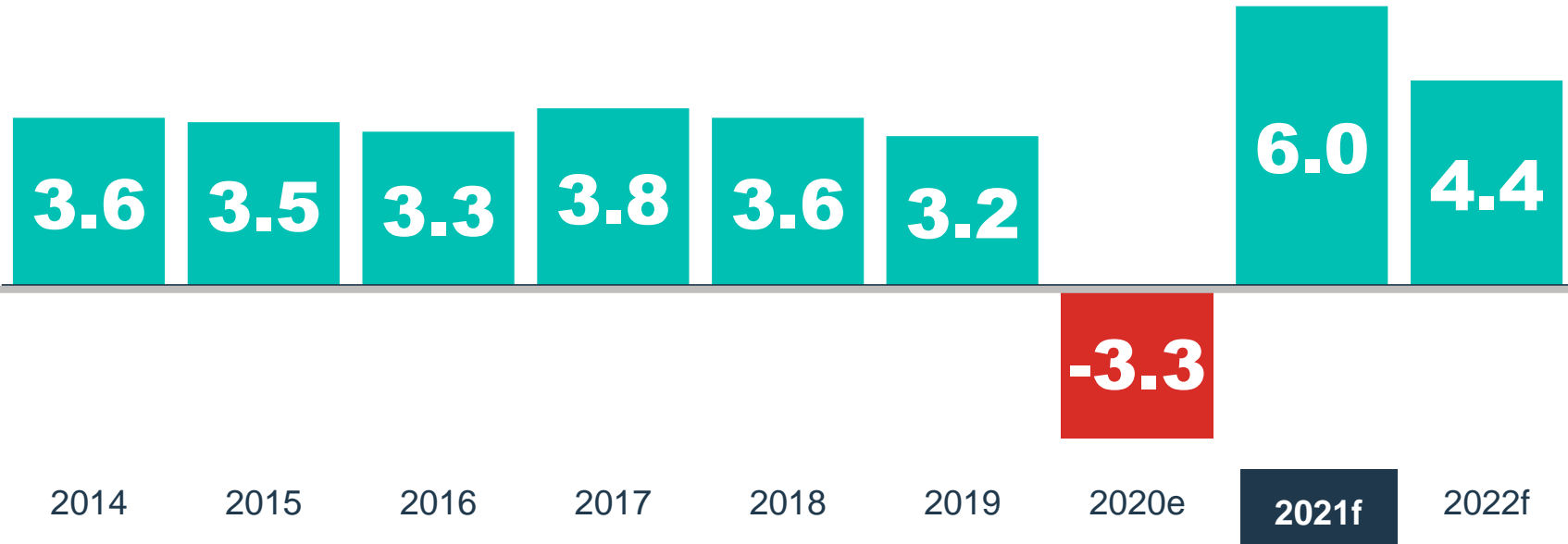
2020 change in GDP, %



Strong economic growth expected in 2021



Real global GDP growth (%)



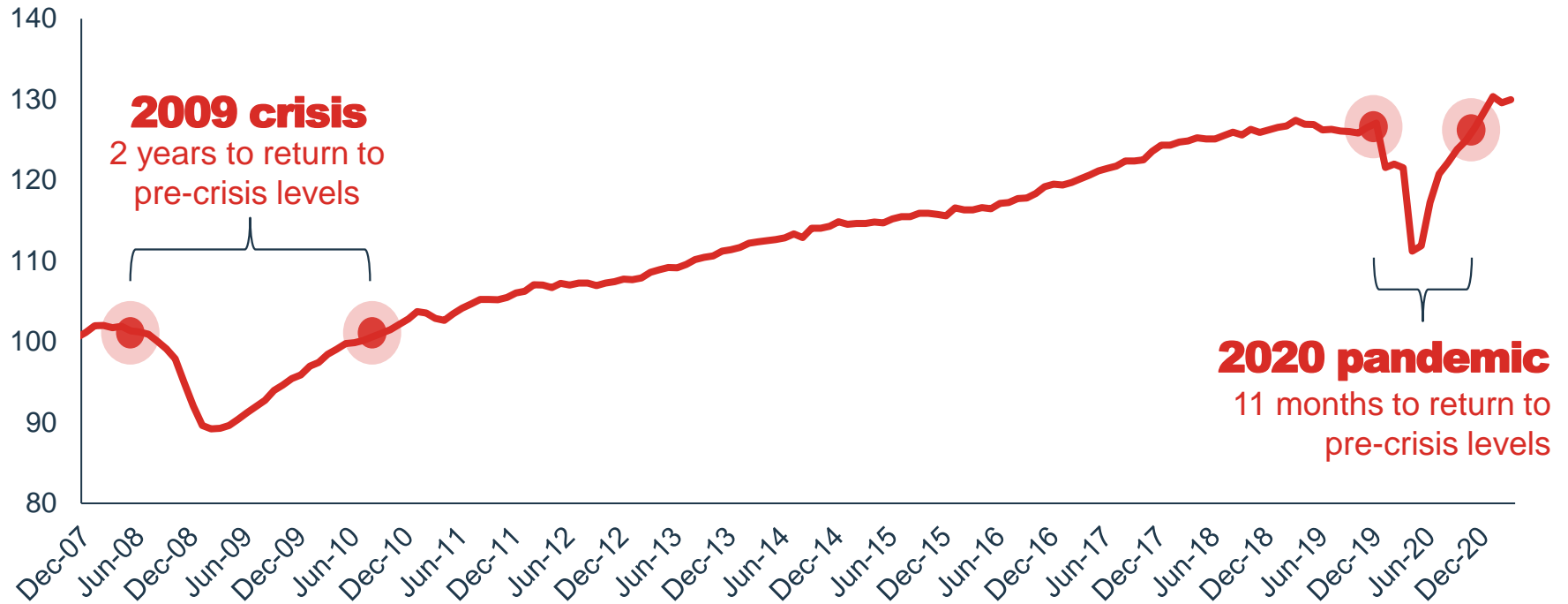
SOURCES: International Monetary Fund, World Economic Outlook Update (April 2021)

f = forecast, e= estimate



Global industrial production has rebounded faster than in 2009

World industrial production, volume, base 100 = 2010



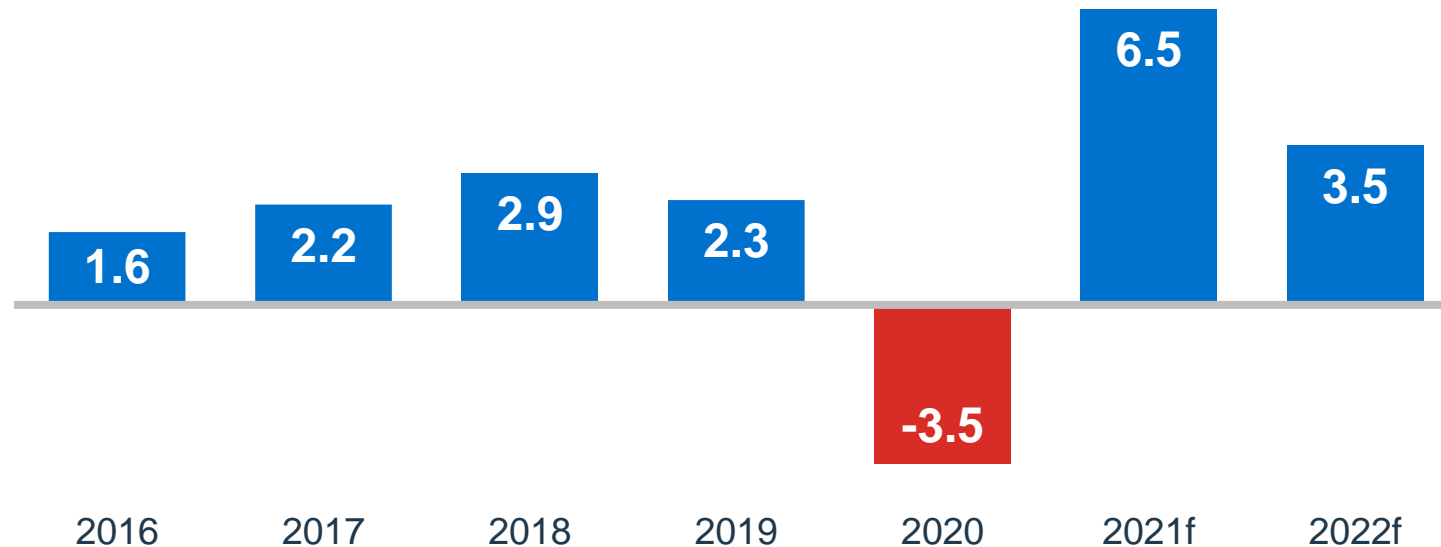


U.S. economic outlook

Strong economic growth expected in 2021 and 2022



GDP growth (%)



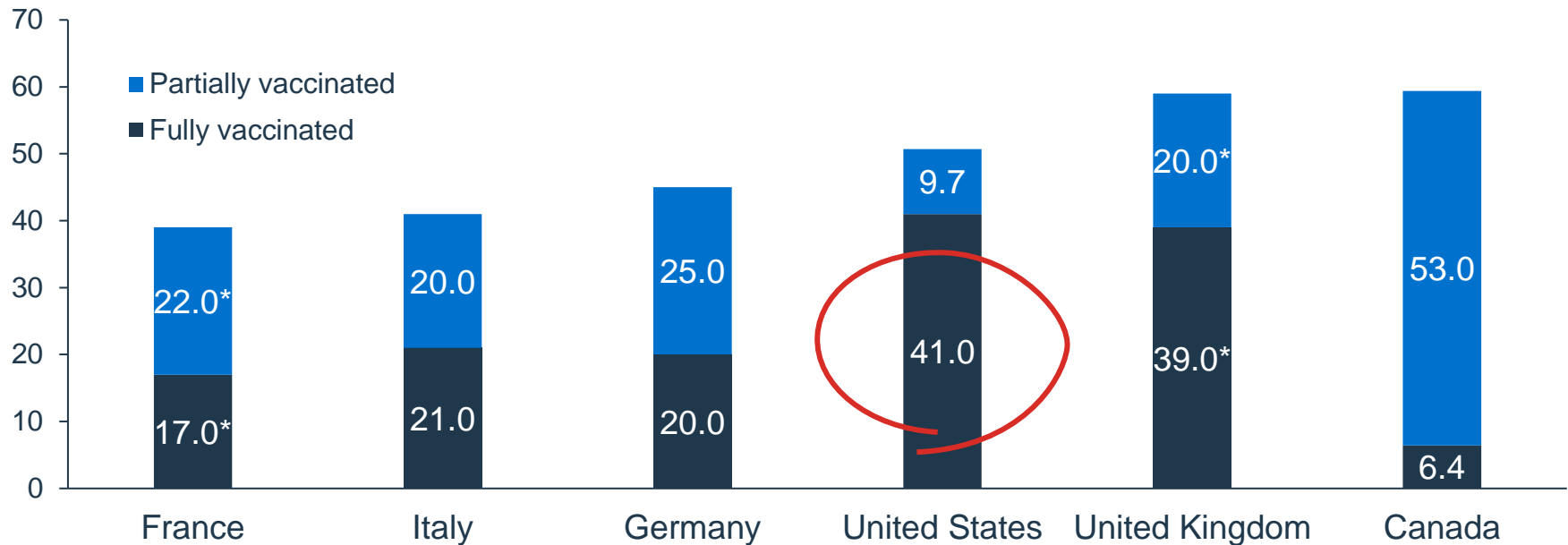
Note: e= estimate, f=forecast

SOURCE: Oxford Economics, BDC calculation



The U.S. has one of the highest percentages of population vaccinated

% of the population vaccinated, as of June 3, 2021

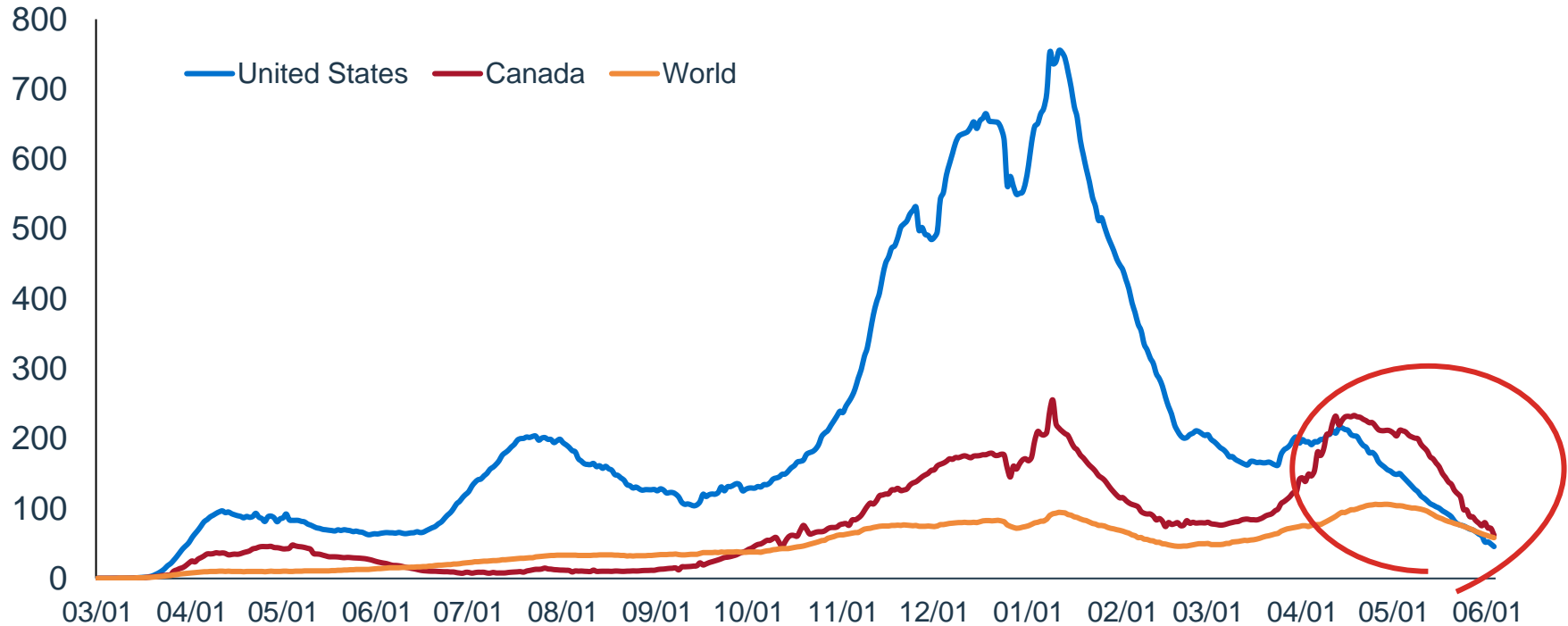


SOURCE: Our World in Data
*Data as of June 2nd

Vaccinations have kept cases low during the third wave

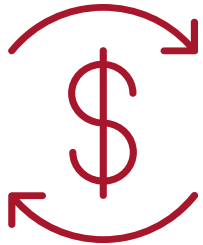


Daily new COVID-19 cases per 1 million people, seven-day moving average





The U.S. economy is benefiting from strong government programs



American Rescue Plan

\$1.9 trillion

Stimulus checks and better unemployment benefits



Build Back Better Plan

\$2.0 trillion

To rebuild infrastructure such as expanding the rail system

Clean Energy Revolution

\$2.0 trillion

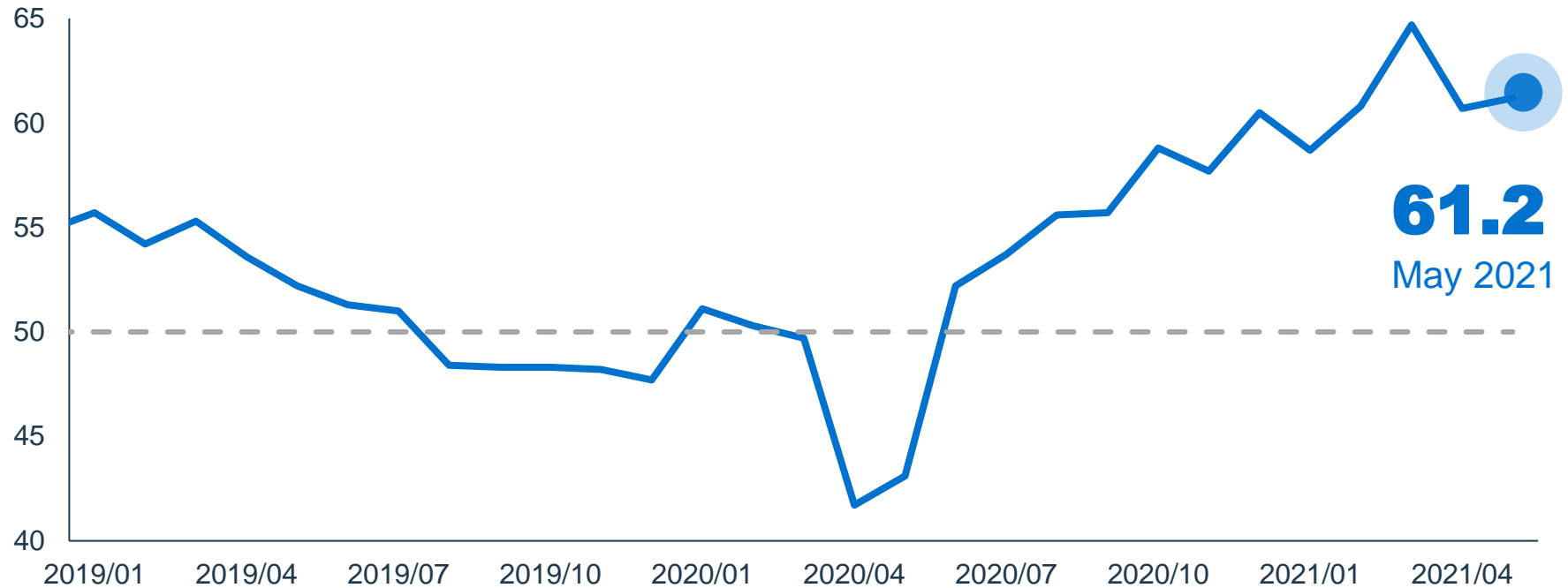
To support research and electric vehicles





American businesses are optimistic

ISM Manufacturing PMI, United states



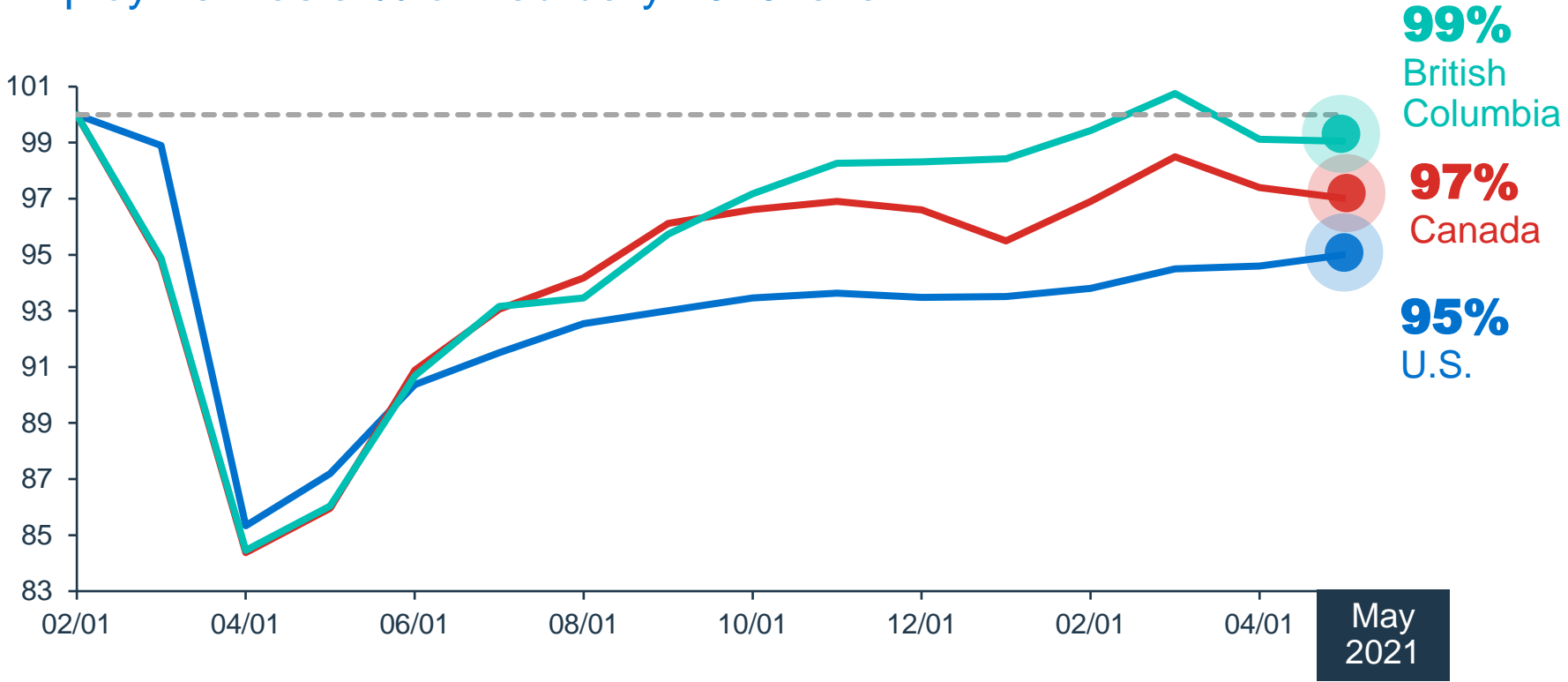
A stylized map of Canada is shown in the background, rendered in dark blue and maroon tones. The province of British Columbia is highlighted in a bright red color. The title text is overlaid on the map.

British Columbia Economic Outlook

Employment recovered in British Columbia



Employment as a % of February 2020 level

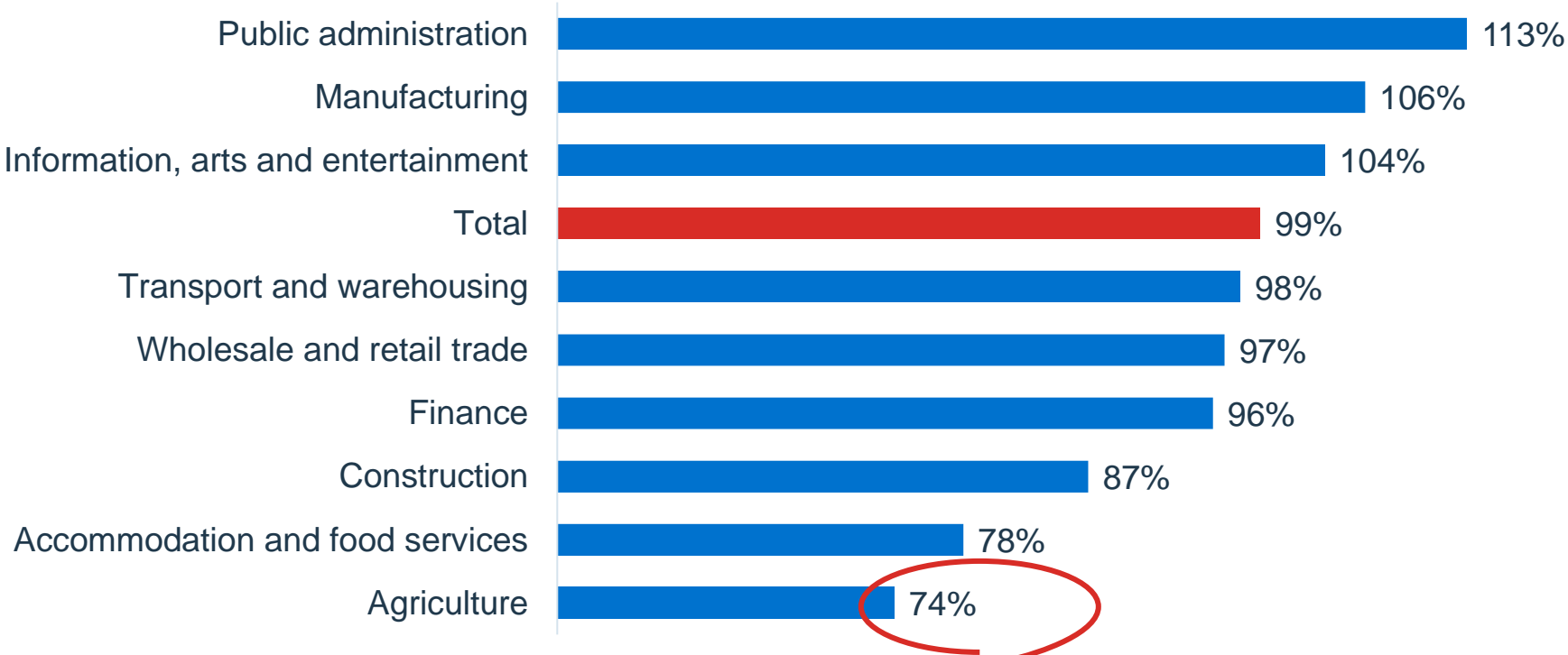


SOURCE: Statistics Canada and Bureau of Labor Statistics

Employment in the hospitality sector is still far from full recovery



May employment as % of February level, seasonally adjusted

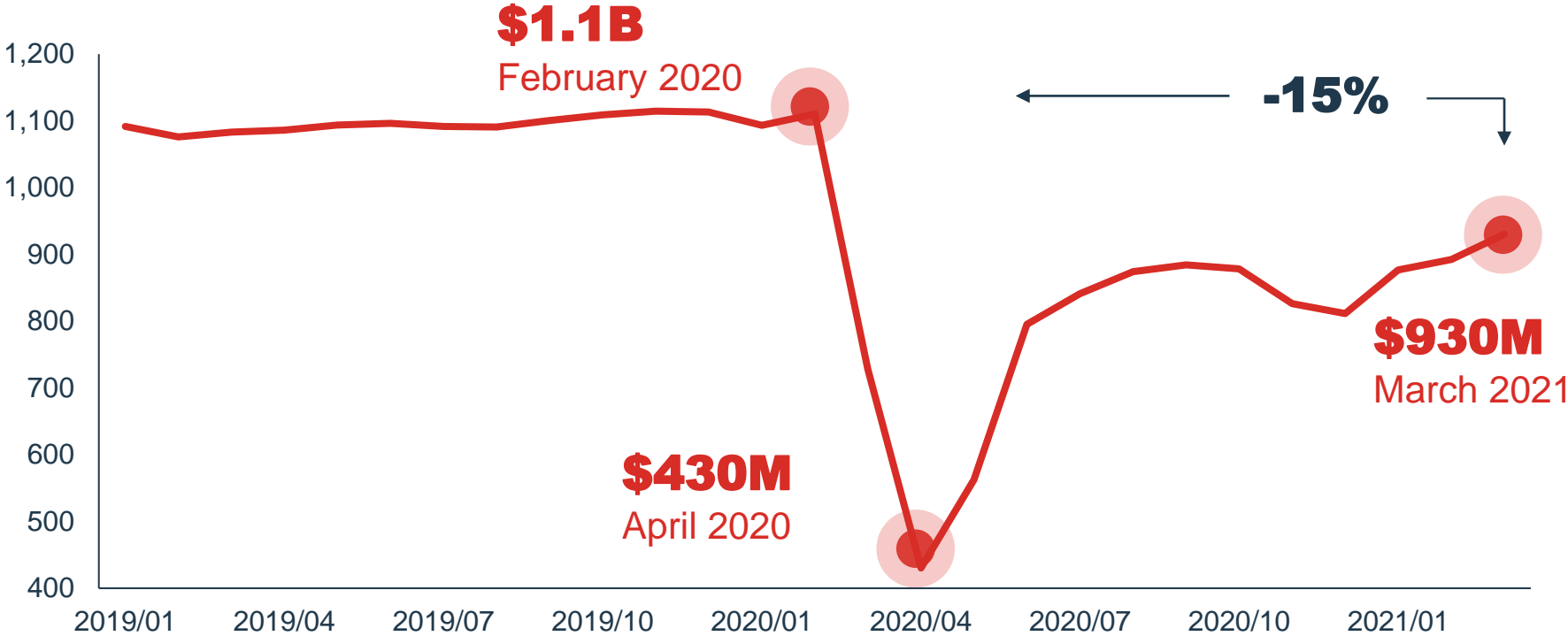


Note: Statistics Canada

Despite remaining open, restaurants did not recover all their sales yet



Food services and drinking places sales in BC, millions \$, seasonally adjusted

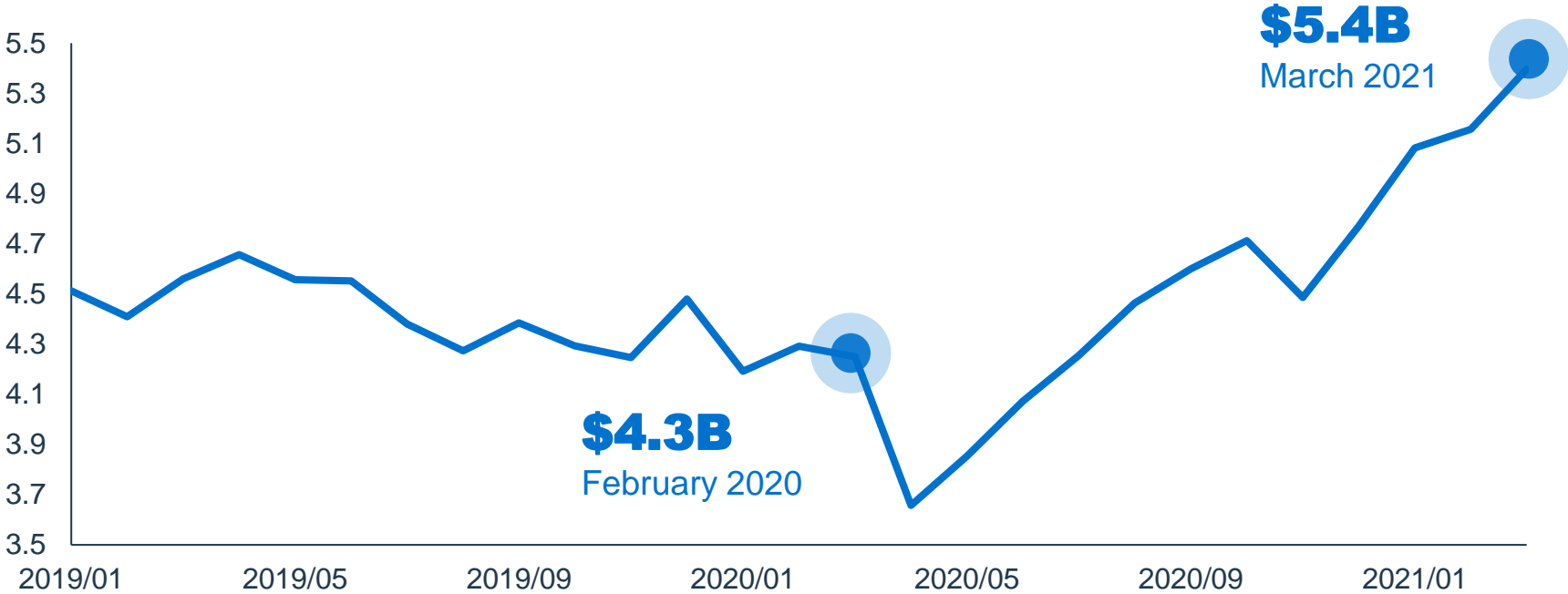


SOURCE: Statistics Canada.

Manufacturing sales reach record levels



Manufacturing Sales, seasonally adjusted, billions \$



SOURCE: Statistics Canada.

Wood manufacturing is booming as demand is high



Manufacturing Sales, seasonally adjusted, base 100= February 2020

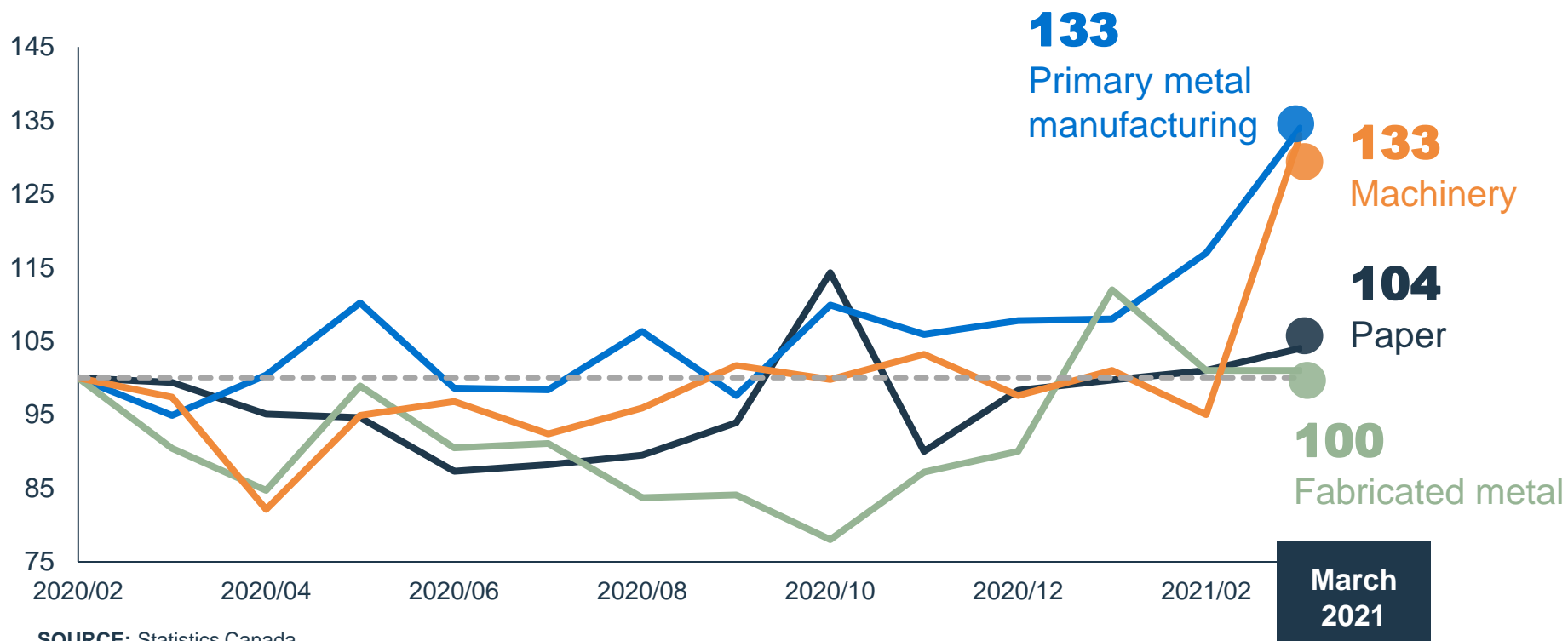


SOURCE: Statistics Canada.

Other top sectors are also performing well



Manufacturing Sales, seasonally adjusted, base 100= February 2020

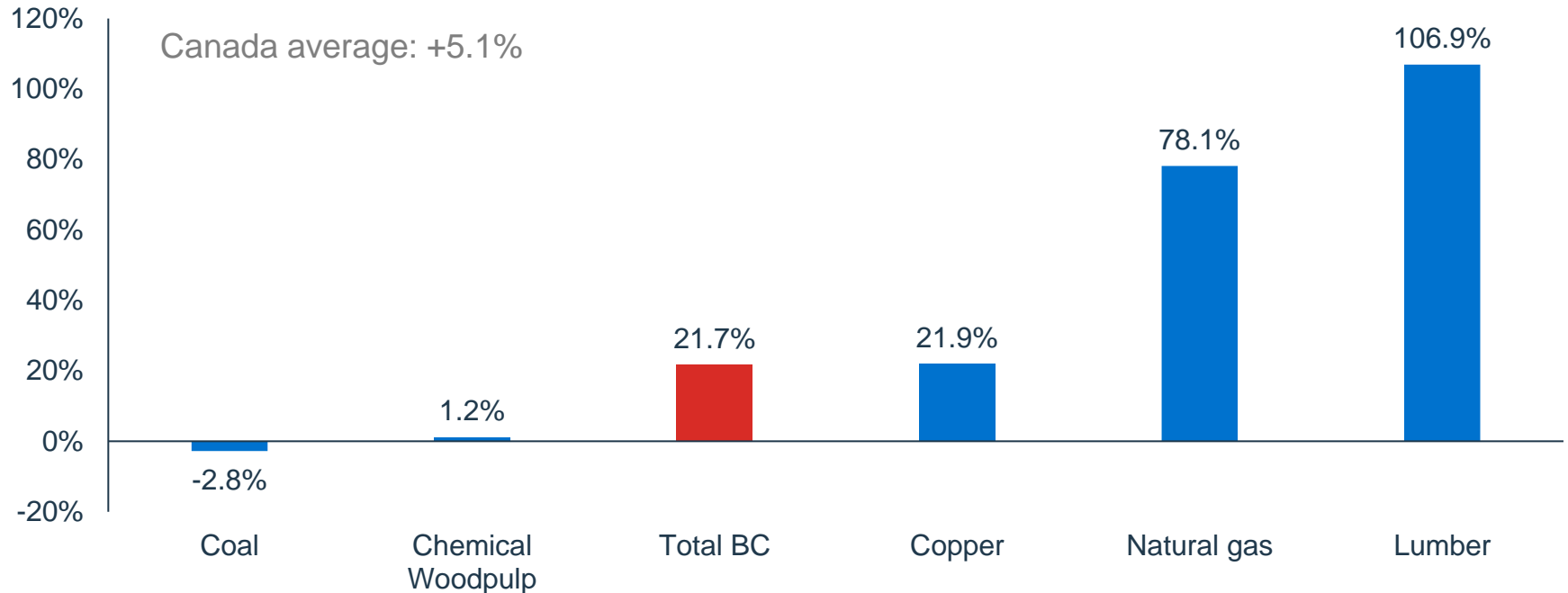


SOURCE: Statistics Canada.



Lumber became the top export of the province as the industry is booming

Export growth Y/Y, British Columbia, top five export industries

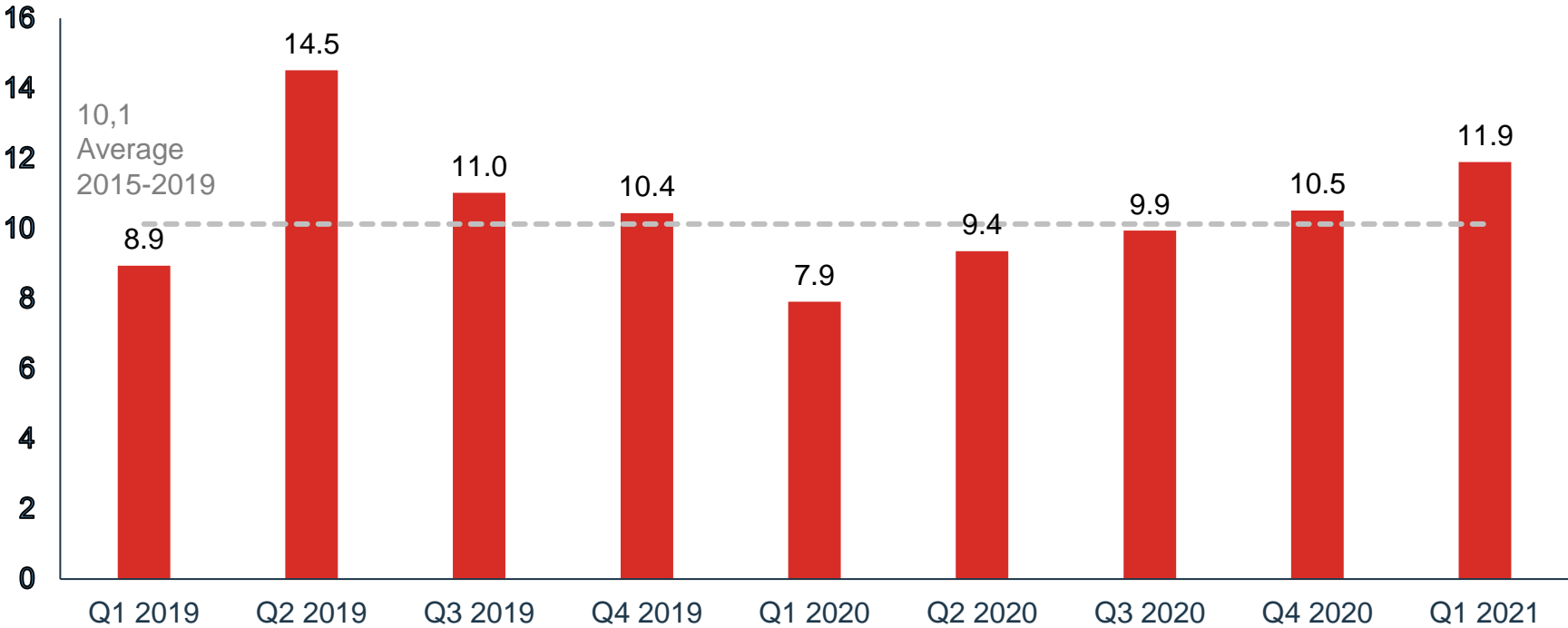


SOURCE: Statistics Canada.
Growth between January-March 2020 and January-March 2021

Housing starts rebounded and are above average



Housing starts, quarterly, thousands

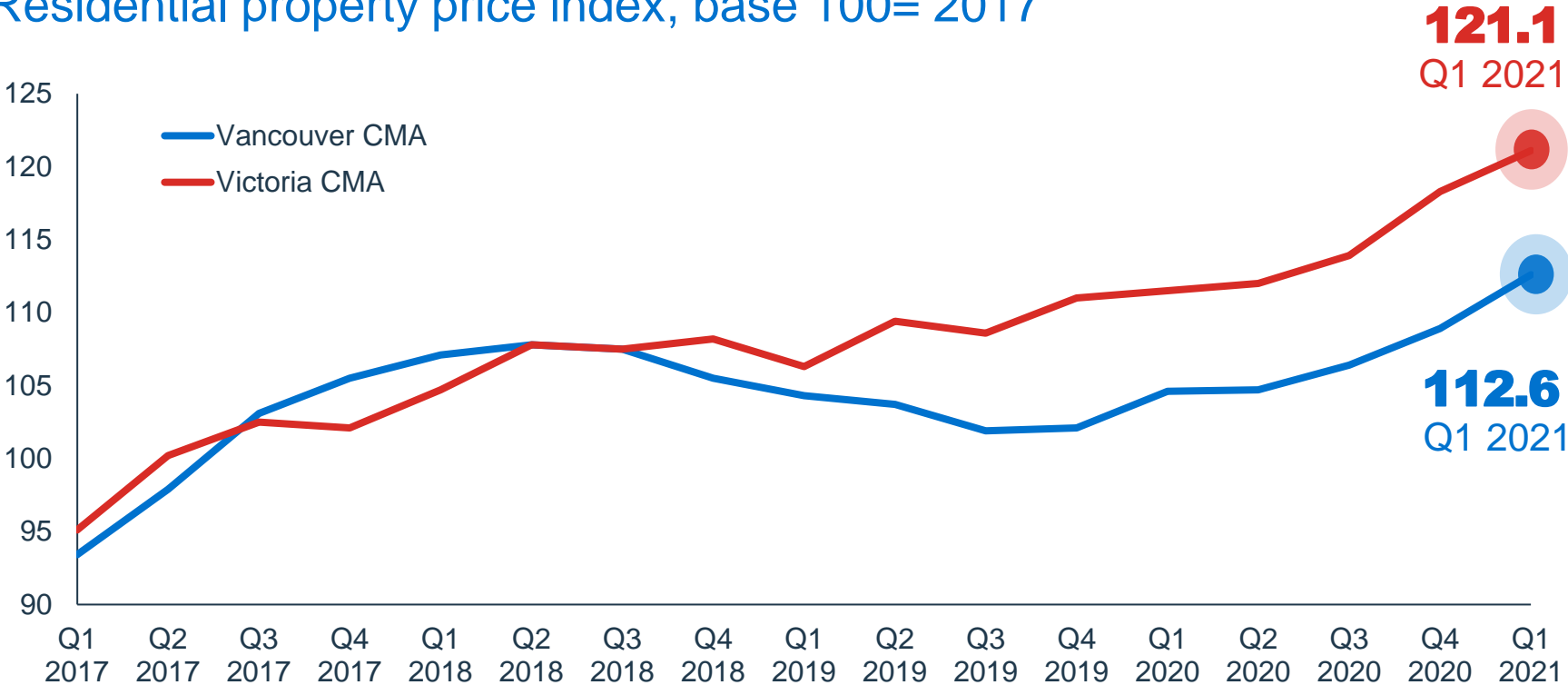


SOURCE: Statistics Canada

Home prices surged during the pandemic



Residential property price index, base 100= 2017



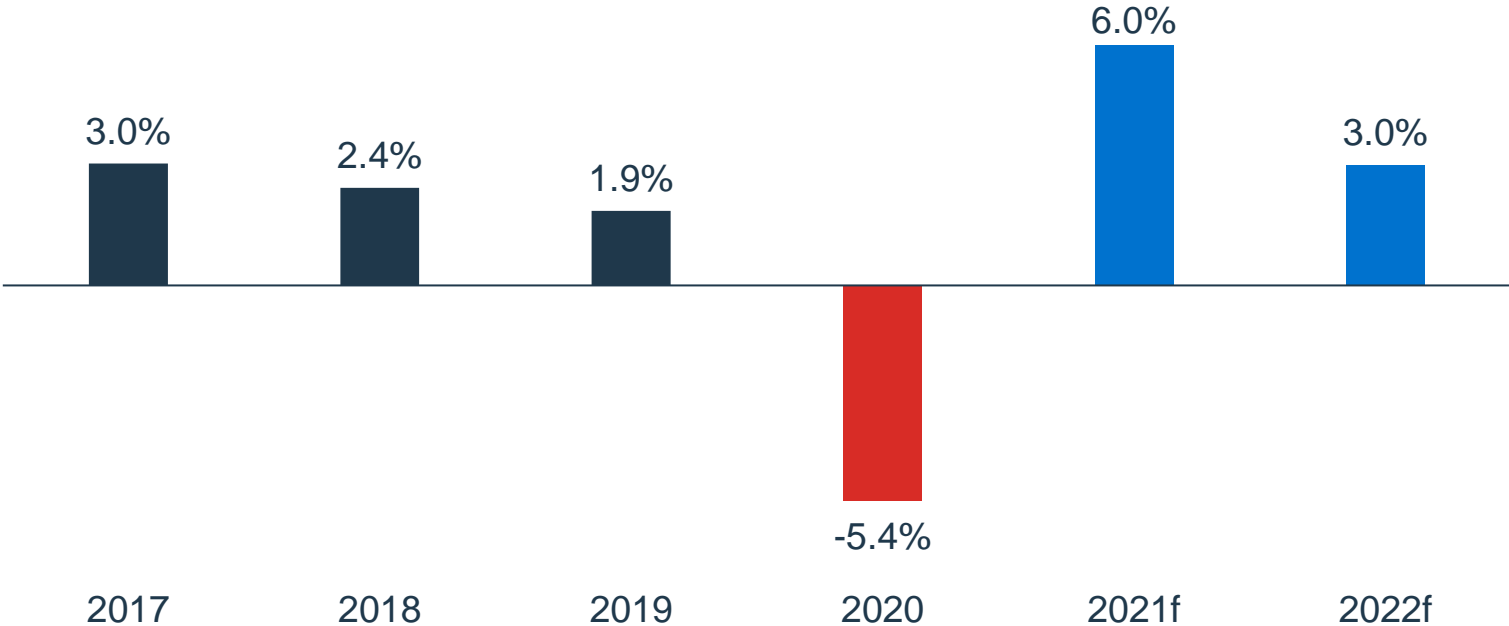
A man with a shaved head, wearing a light blue short-sleeved button-down shirt, stands in the center of a warehouse aisle. He has his arms crossed and is smiling warmly at the camera. The aisle is lined with tall industrial shelving units. The units on either side of the man are orange, while the ones directly behind him are blue. The shelves are filled with various items, including cardboard boxes and blue pallets. The lighting is bright and even, typical of a warehouse environment.

**What's ahead
for 2021?**

Major economic growth expected for 2021 in Canada



Canadian Annual Real GDP growth



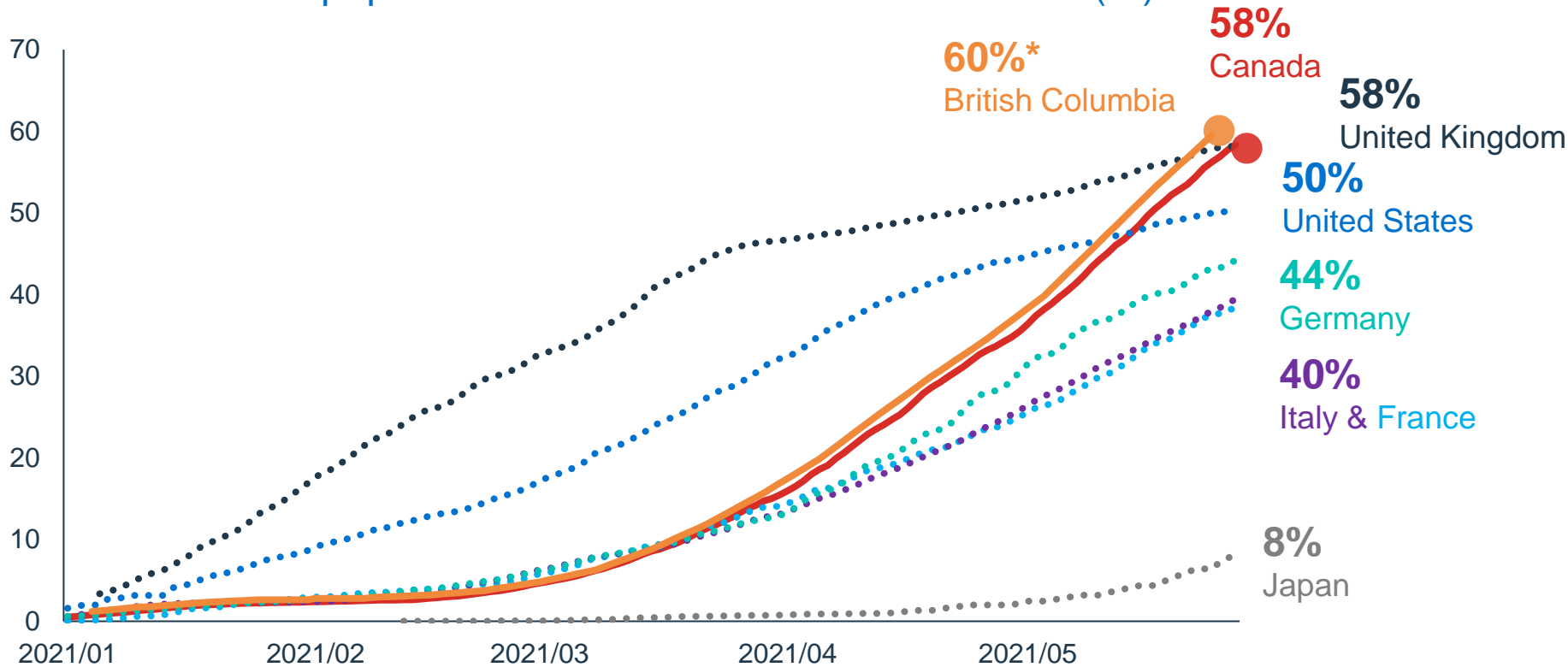
SOURCE: Oxford Economics and BDC
f: forecast

1

60% of the population in BC has received at least one vaccine dose



Share of the total population that received at least one dose (%)



SOURCE: Our World in Data, June 1, 2021

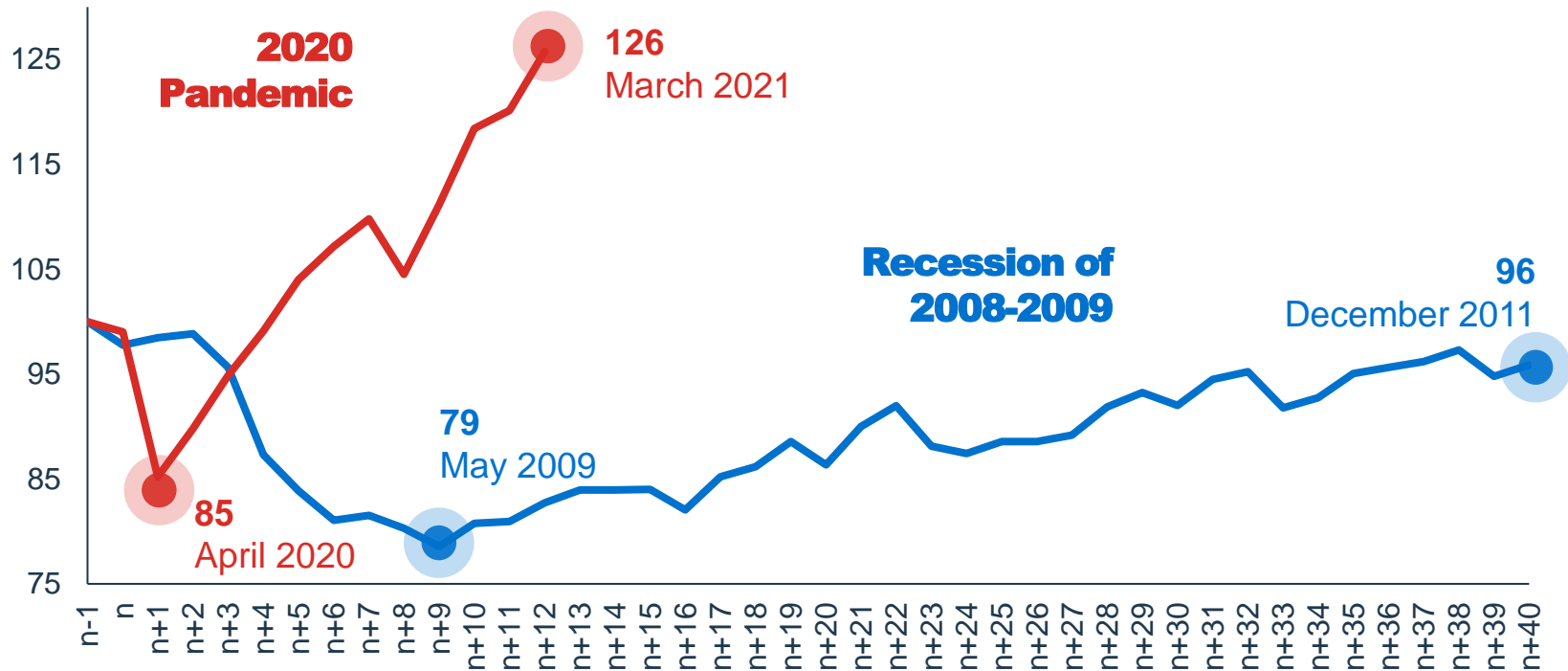
* Data as of May 29, 2021

BDC – The path to recovery



The recovery is faster than in 2009

Manufacturing sales in British Columbia, seasonally adjusted, base 100= month preceding the recession



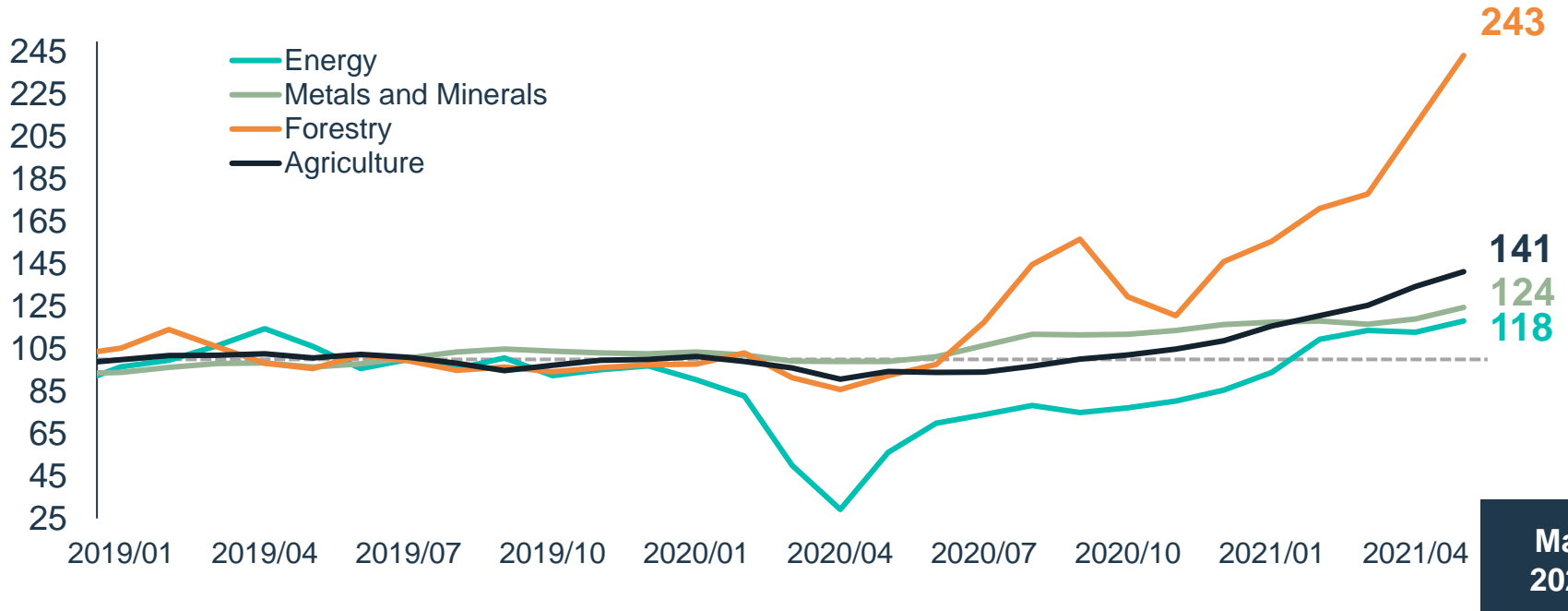
SOURCE: Statistics Canada, n= month where the recession started. For 2020 pandemic, 100= February 2020. For the recession of 2008-2009, 100=July 2008. The recession in the manufacturing sector started earlier but accelerated after that date.

2

Commodity prices are rising



Monthly commodities price index, 2019 = 100



May 2021

Metals and minerals: gold, silver, nickel, copper, aluminum, zinc, potash, lead, iron
 Forestry: Pulp, lumber, newsprint
 Agriculture: potatoes, cattle, hogs, wheat, barley, canola, corn
 Energy: Coal, oil and natural gas

3

Government policies will continue to support the recovery ✳

Key supports for businesses announced in the Federal Budget

Business support programs

- Canada Emergency wage subsidy
- Canada Emergency rent subsidy

Extended and will end in September 2021

Innovation programs

- Help support **large-scale clean technology** project with \$1 billion
- Help support projects that will help reduce Canada's greenhouse gas emission with \$8 billion through the **Strategic Innovation Fund Support**
- BDC to help small- and medium-sized businesses **finance technology adoption**

BC government also announced measures to support the recovery of the province



Key fiscal stimulus announced by the BC government

BC Recovery Benefit one time payment of \$500 to \$1000 for eligible families or individuals, until June 30, 2021

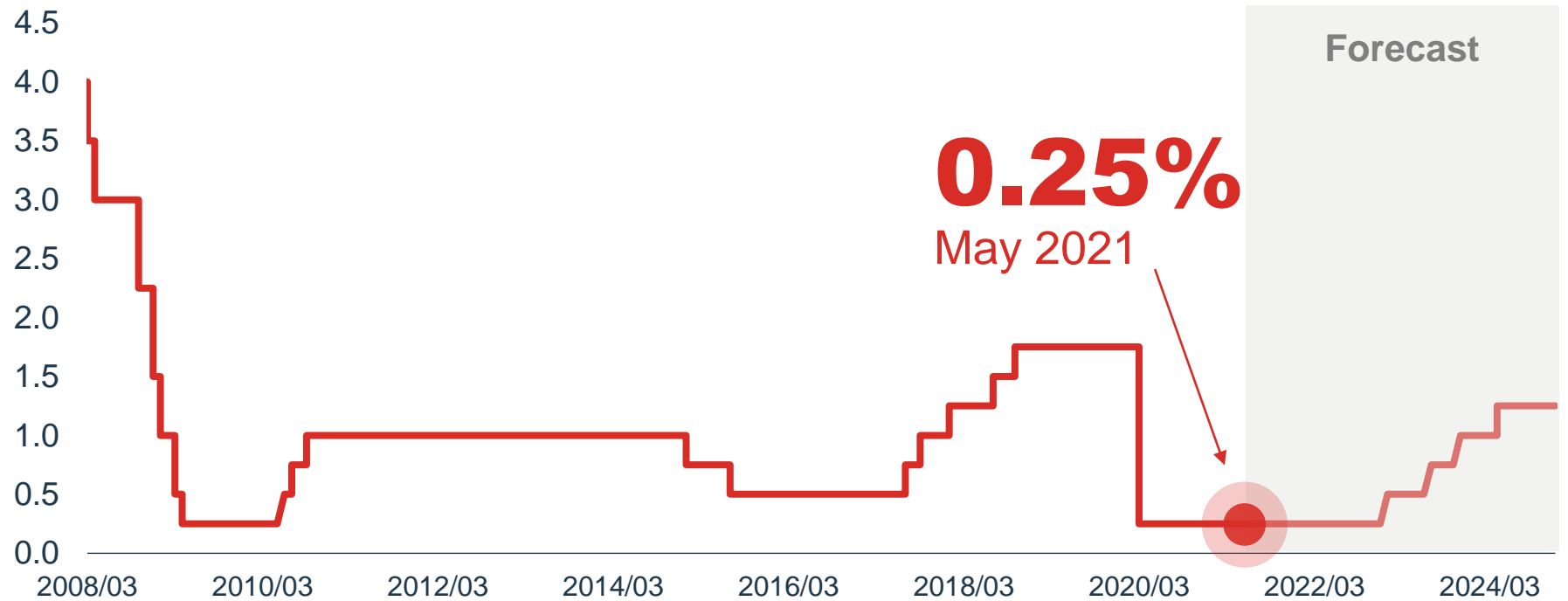
Launch online grant provides up to \$7,500 to help businesses create an online shop and/or improve their e-commerce experience

Small and Medium Sized Business Recovery Grant grants of \$10,000 to \$30,000 to support B.C. businesses, until August 31, 2021



Interest rates will remain low

Policy rate, %

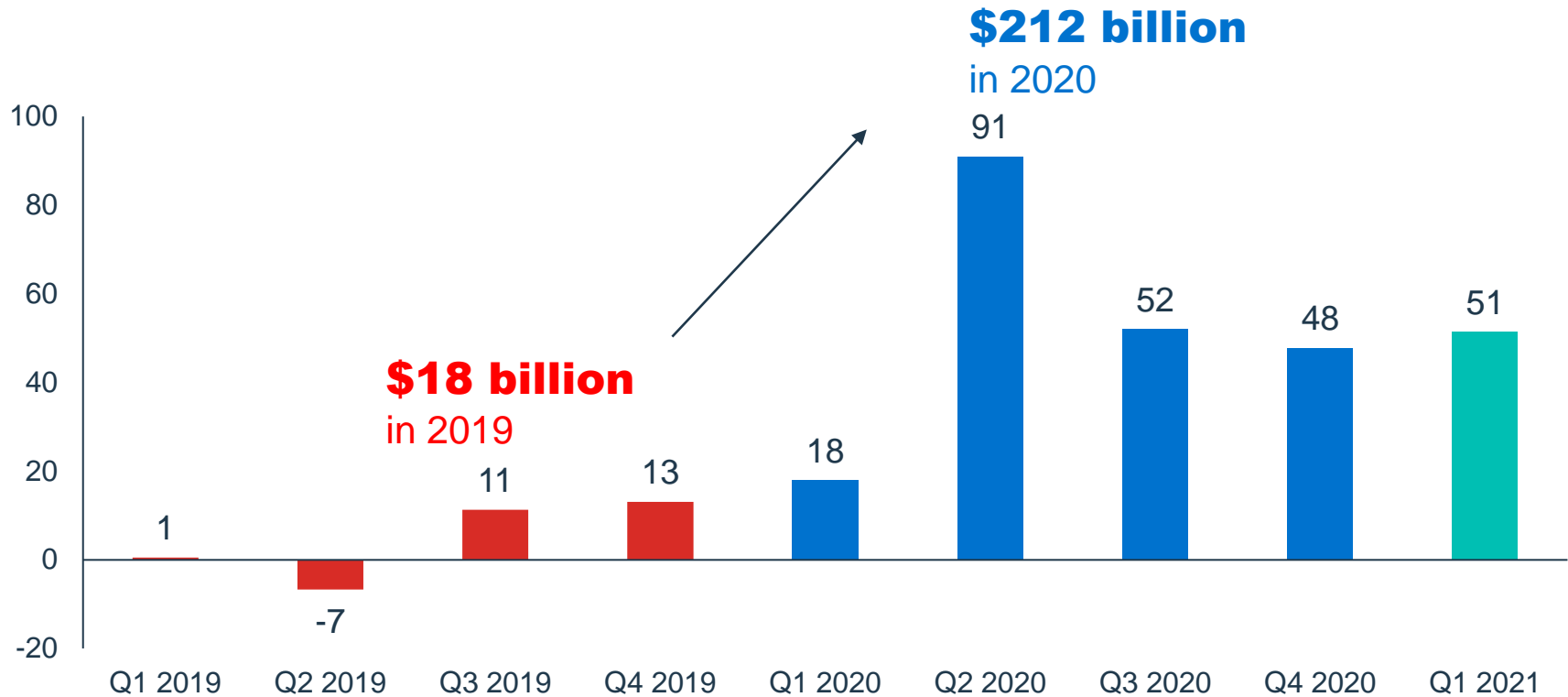


4

Household savings remain at record levels



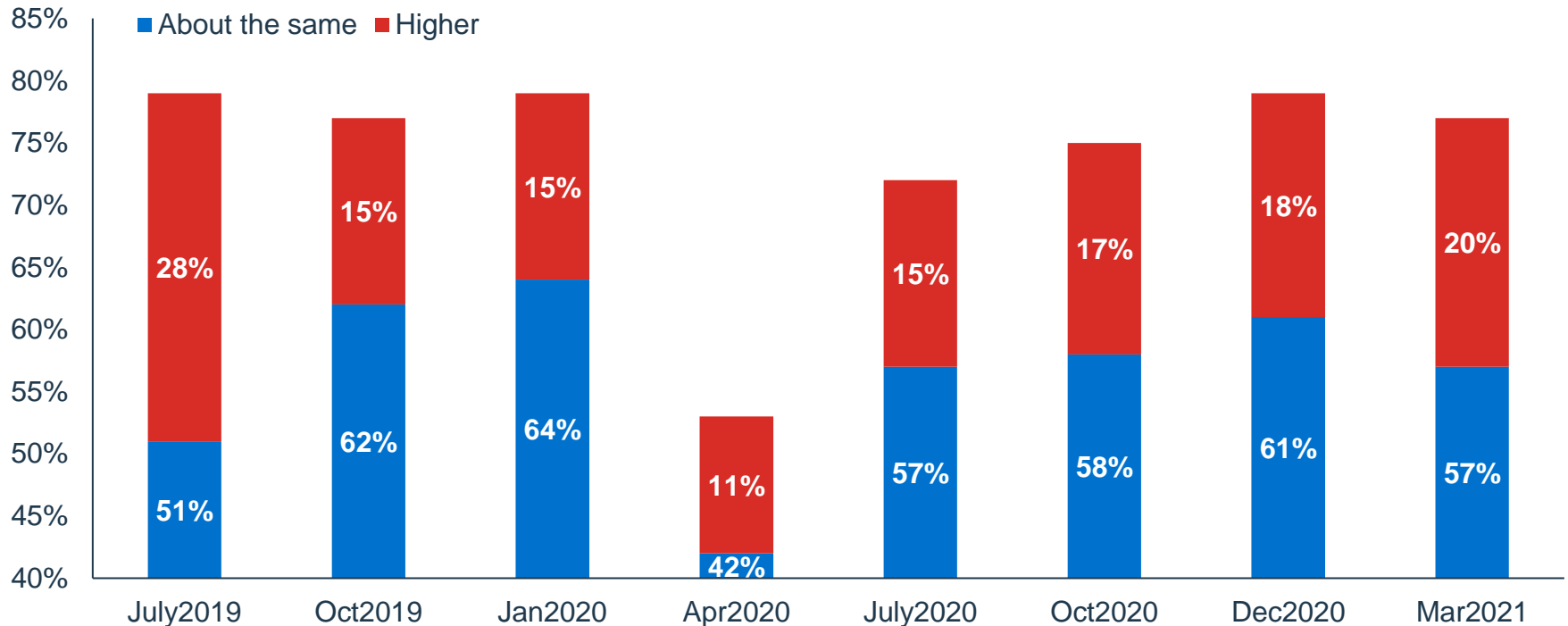
Household net savings in Canada, unadjusted, billions \$



5 Investment intentions of SMEs are improving in British-Columbia



% businesses planning to invest more or about the same over the next 12 months compared to the last 12 months

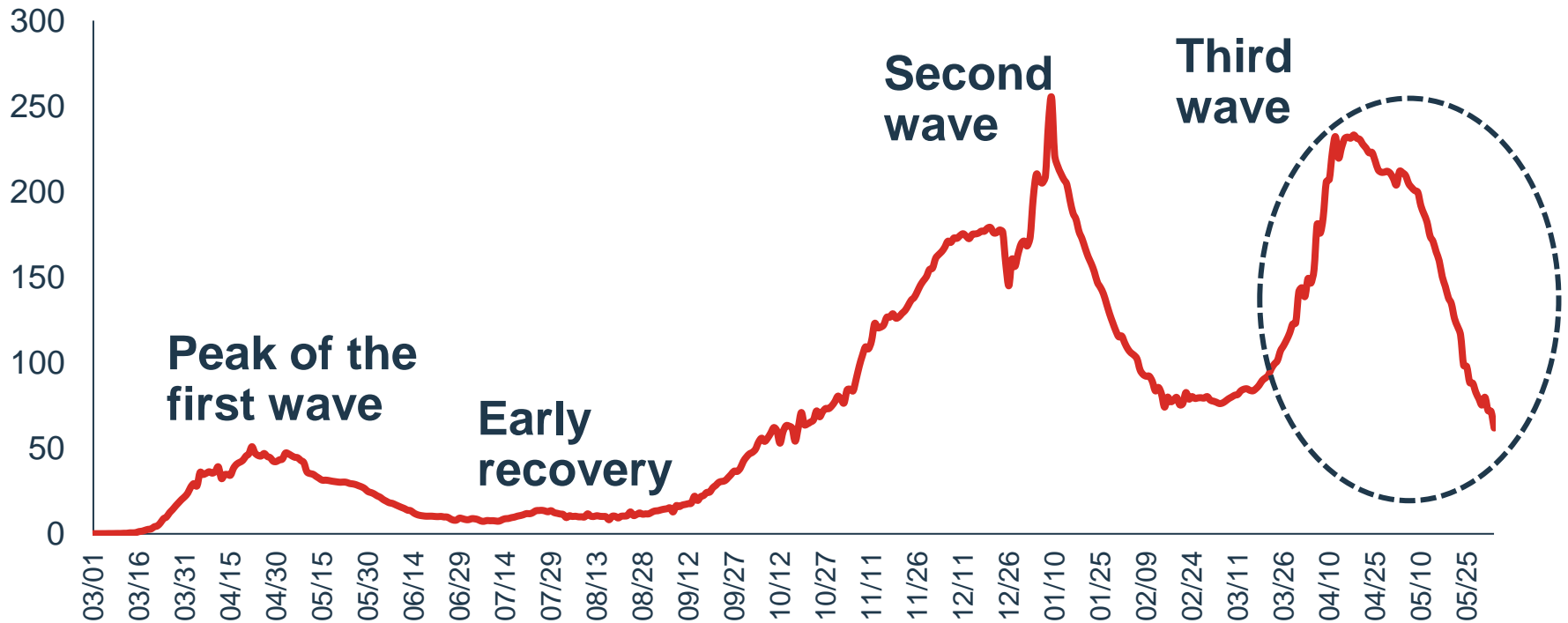


Source: BDC Investment Survey. All respondents (n=1,000). Respondents who did not know or preferred not to answer were excluded from the calculation base.



Risk to this forecast: COVID-19

Daily new cases per 1 million people in Canada, seven-day moving average





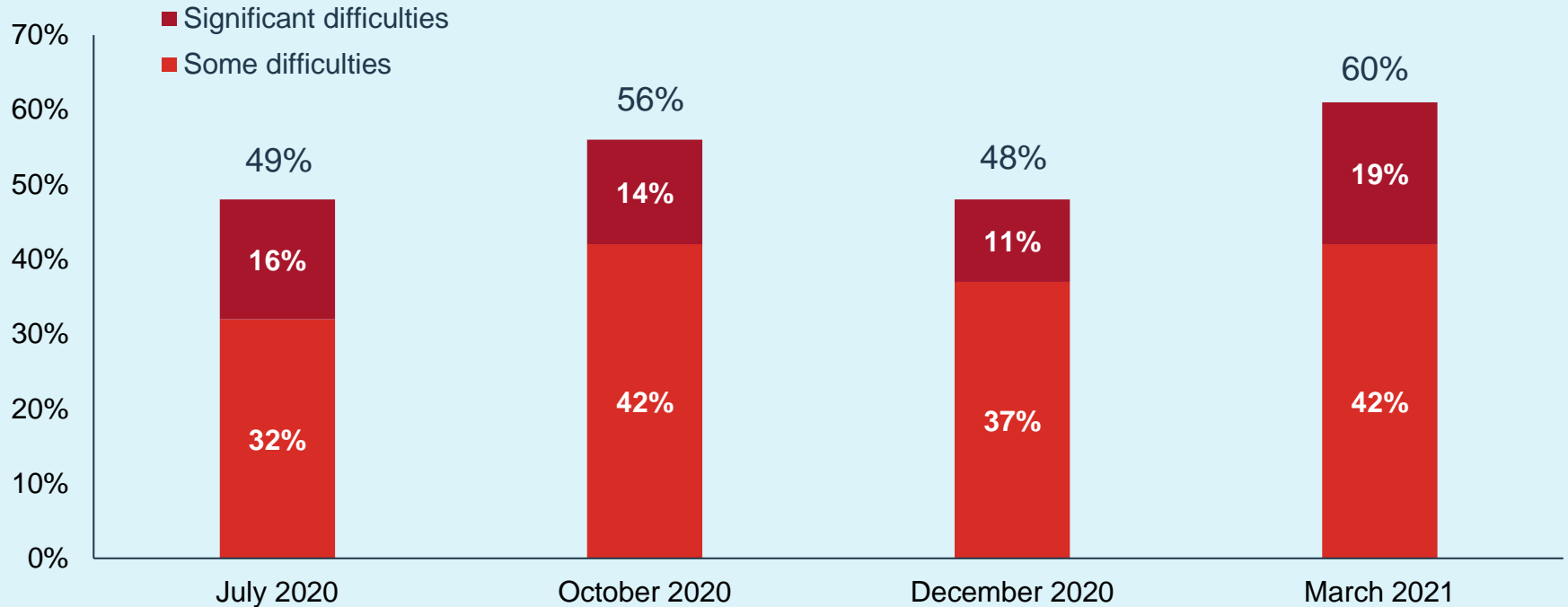
What to watch for

4

More labour shortages to come

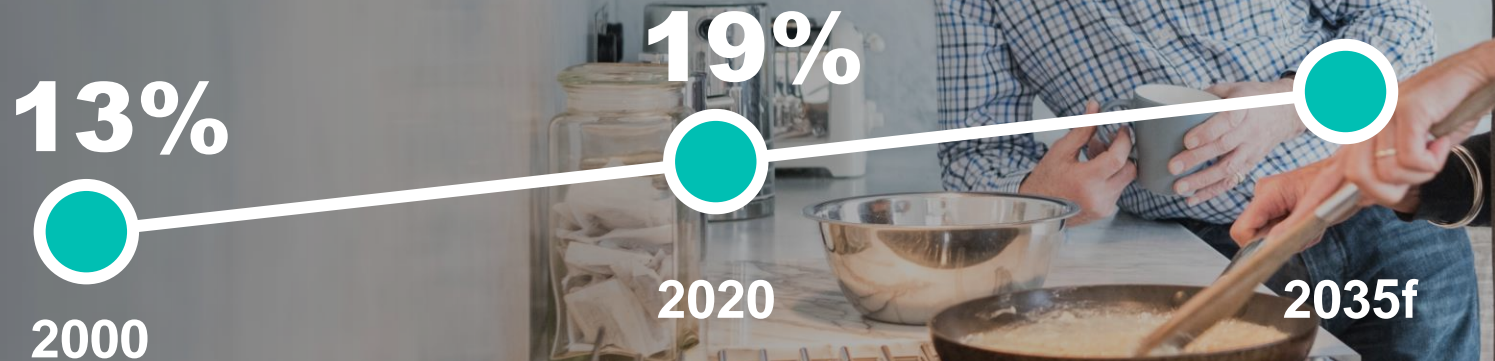


% of BC businesses having difficulties hiring qualified workers



SOURCE: BDC Investment Survey. Respondents in British Columbia

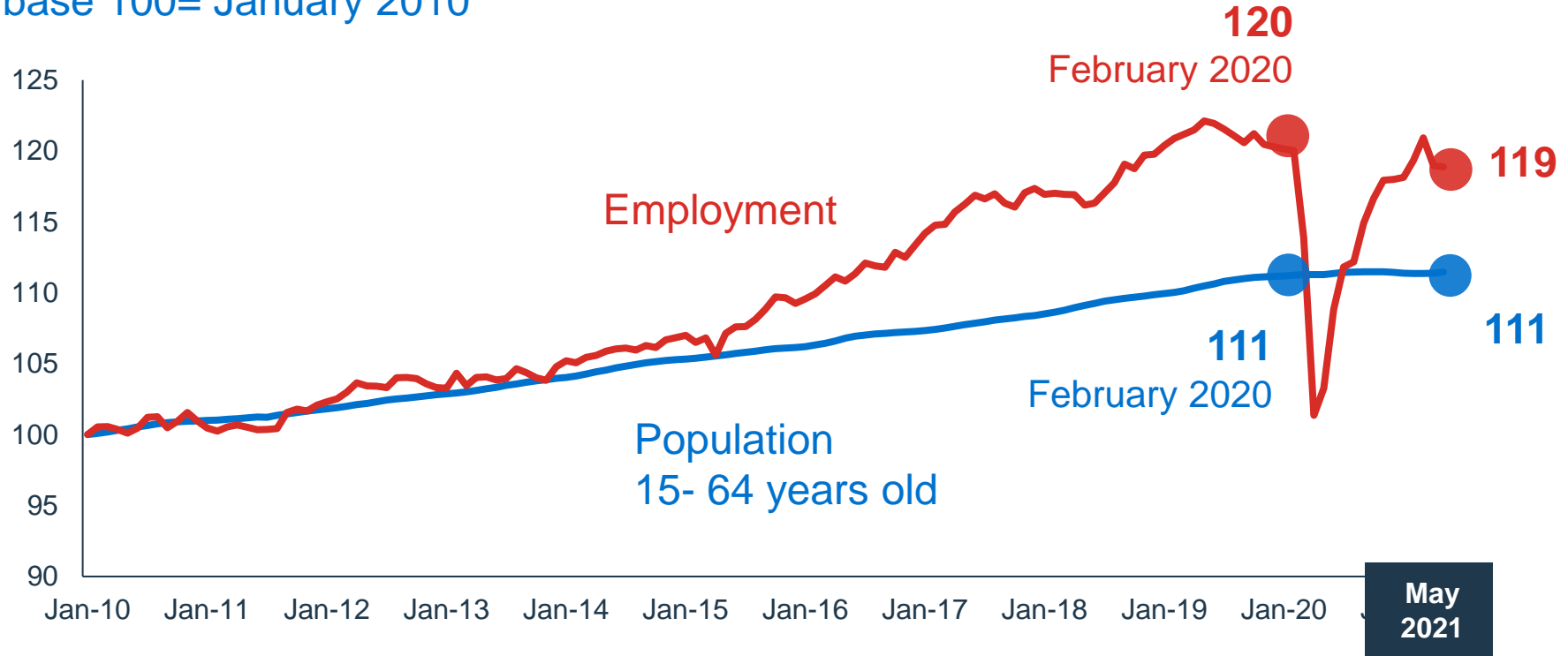
Proportion of people aged **65 and over** In British Columbia





The 15-64 population is growing slower than the demand for labour

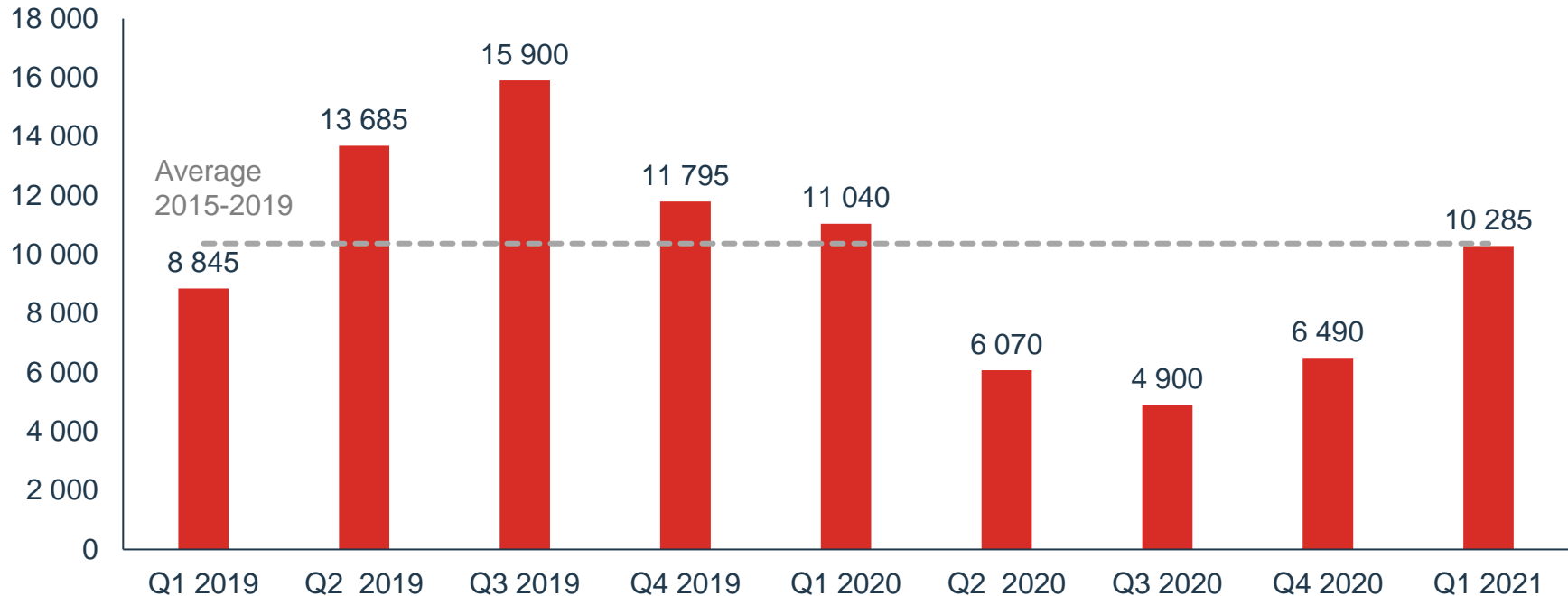
Population aged 15-64 and employment in British Columbia, base 100= January 2010

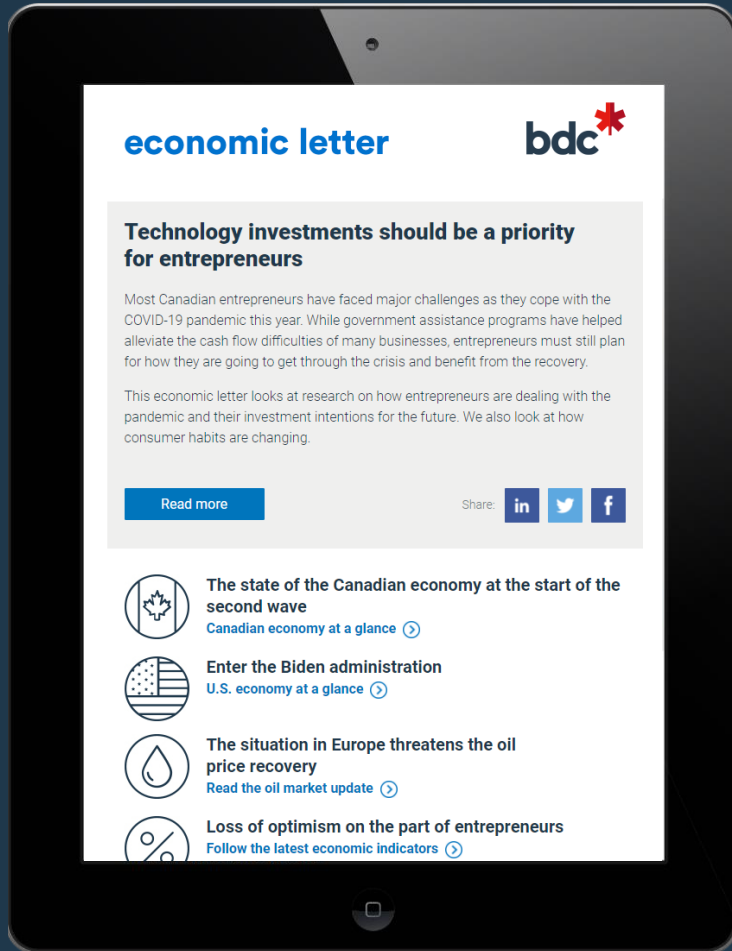




In 2020, immigration decreased by 40%

Number of new permanent residents admitted each quarter in British Columbia





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The path to recovery

Plan your way out of the COVID-19 crisis

