



Ministry of
Finance

B.C. Economic Update

Presentation to FMI Regional Learning Series

Economic Forecasting and Analysis Branch, Treasury Board Staff
May 21, 2025

Contents



1. State of the B.C. Economy

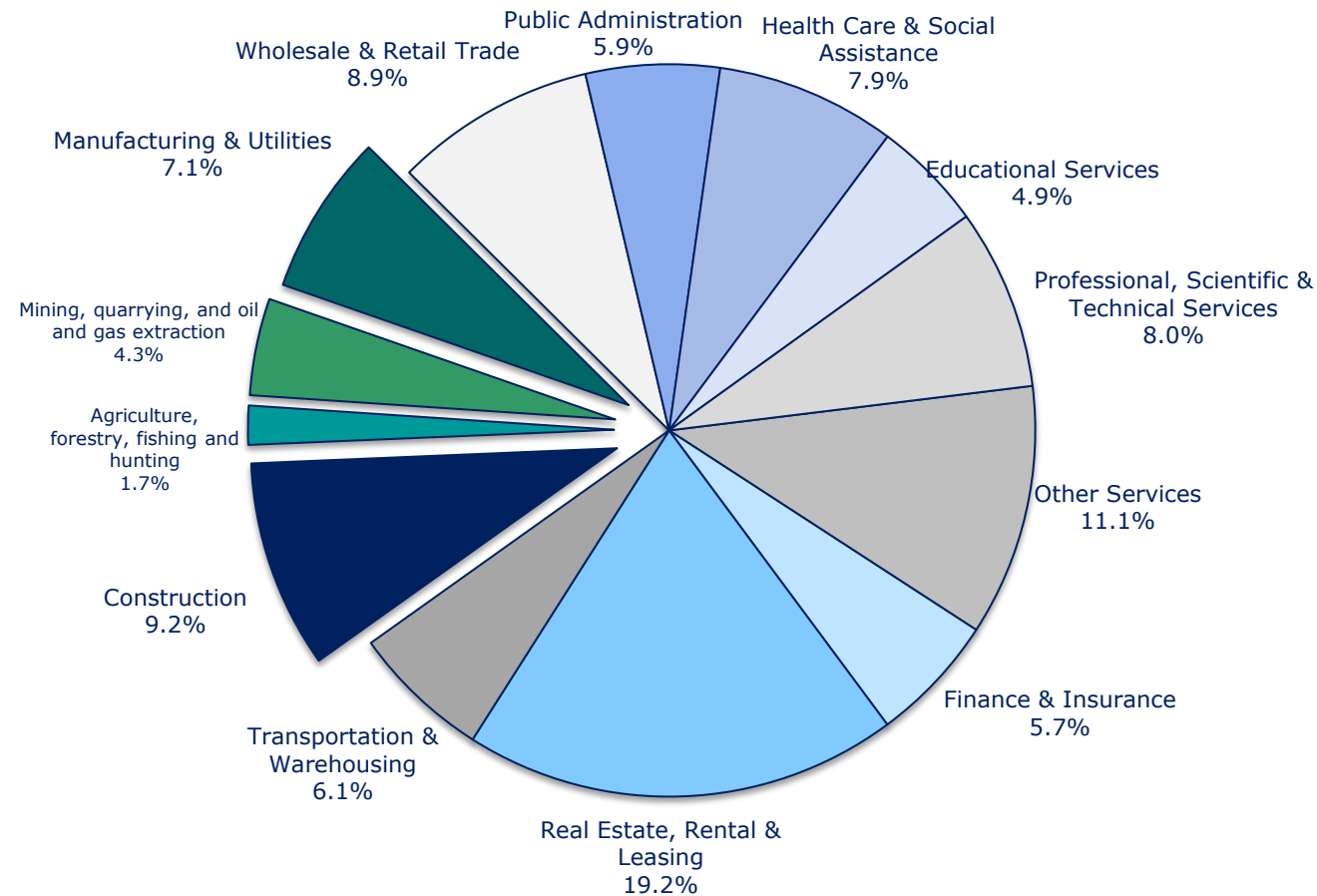


2. Economic Outlook

Part 1: State of the B.C. Economy

B.C.'s Diversified Economy

B.C.'s GDP by Major Industry

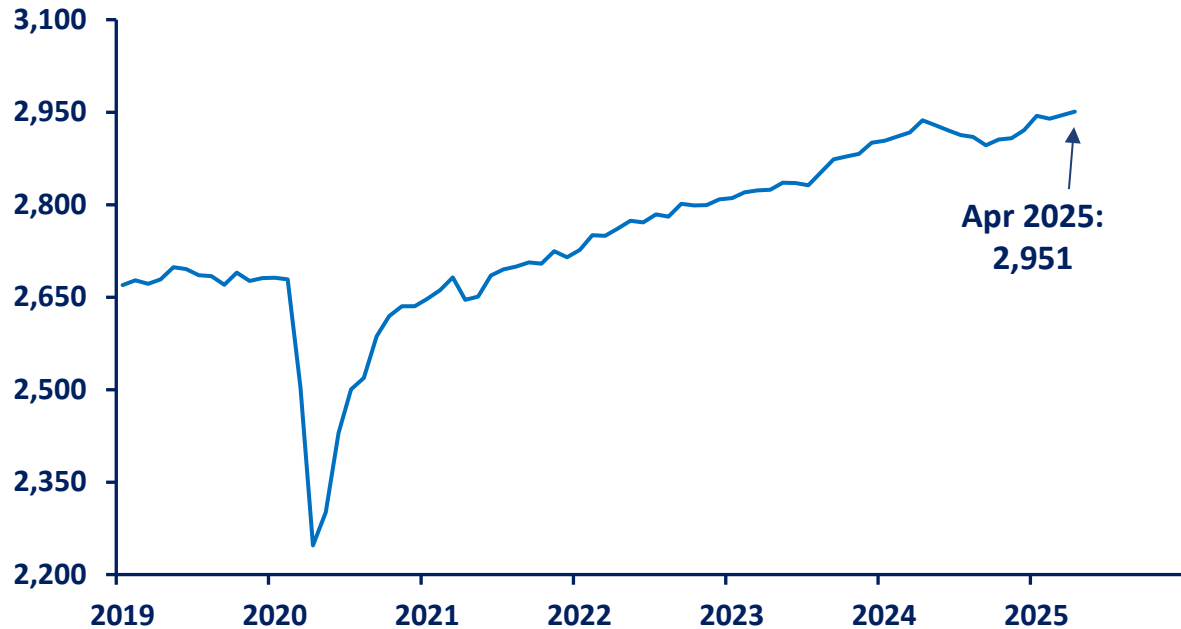


Source: 2024 shares of B.C. GDP at basic prices by major industry; Statistics Canada (may not add to 100 per cent due to rounding)

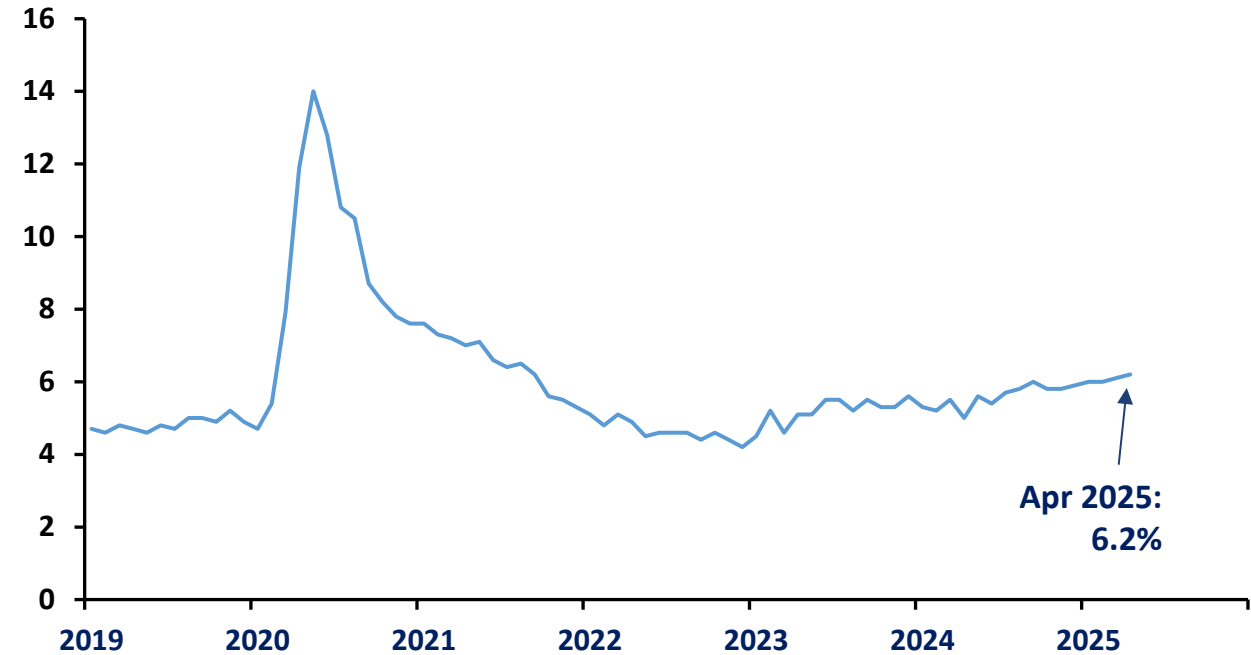
Labour Market Activity

- Employment rose by 2.3% overall in 2024 compared to 2023. The unemployment rate averaged 5.6% in 2024 and has risen in recent months but was fourth lowest in the country in April 2025.
- A softening labour market might put downward pressures on wage growth, potentially easing consumer spending and signaling weaker economic activity.

Employment growth is holding steady
BC employment (thousands, sa)



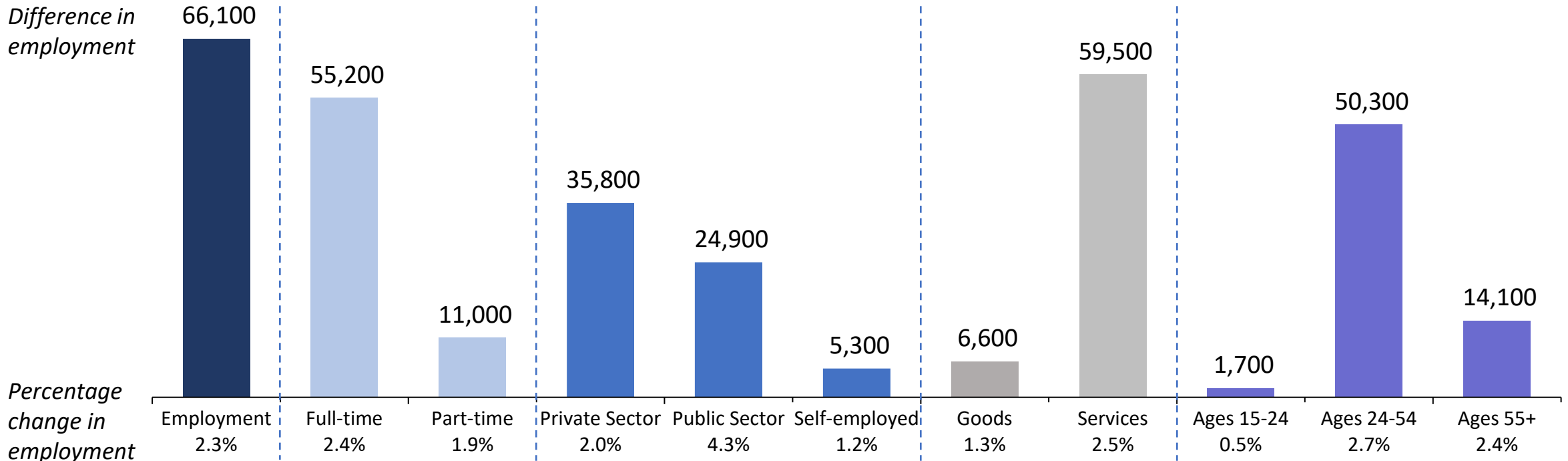
Unemployment rate has generally been in the 5-6% range for the past year
BC unemployment rate (% , sa)



Employment Composition

- In 2024, job creation was led by the private sector (+35,800 jobs) and the public sector (+24,900 jobs), while self-employment increased by 5,300 jobs.
- On an industry basis, employment gains in 2024 were concentrated in the services sector (+59,500 jobs), led by health care and social assistance (+27,000 jobs).

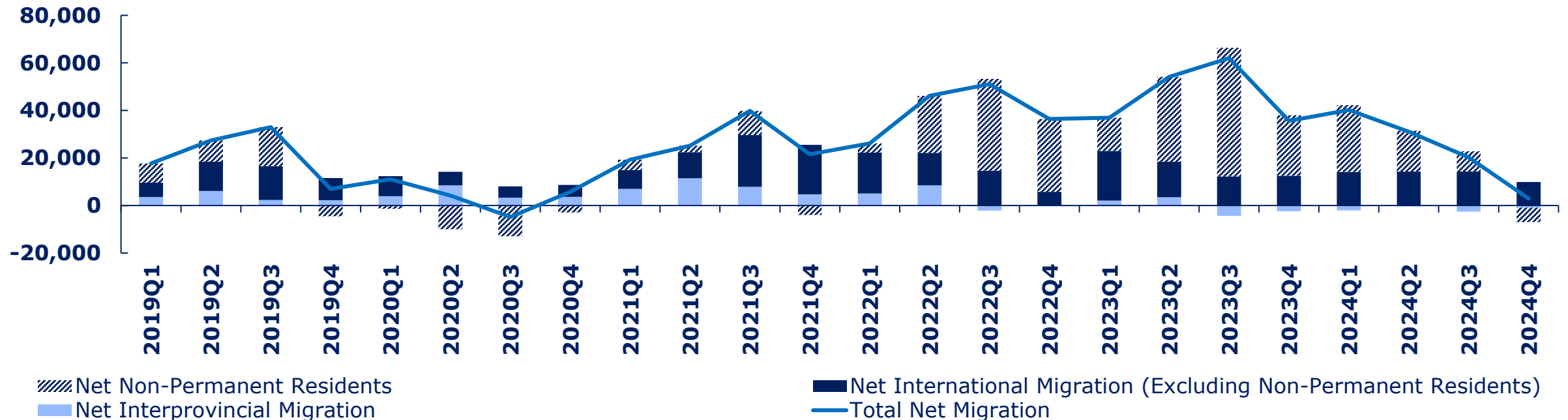
B.C. LFS Employment Gains (2024 compared to 2023)



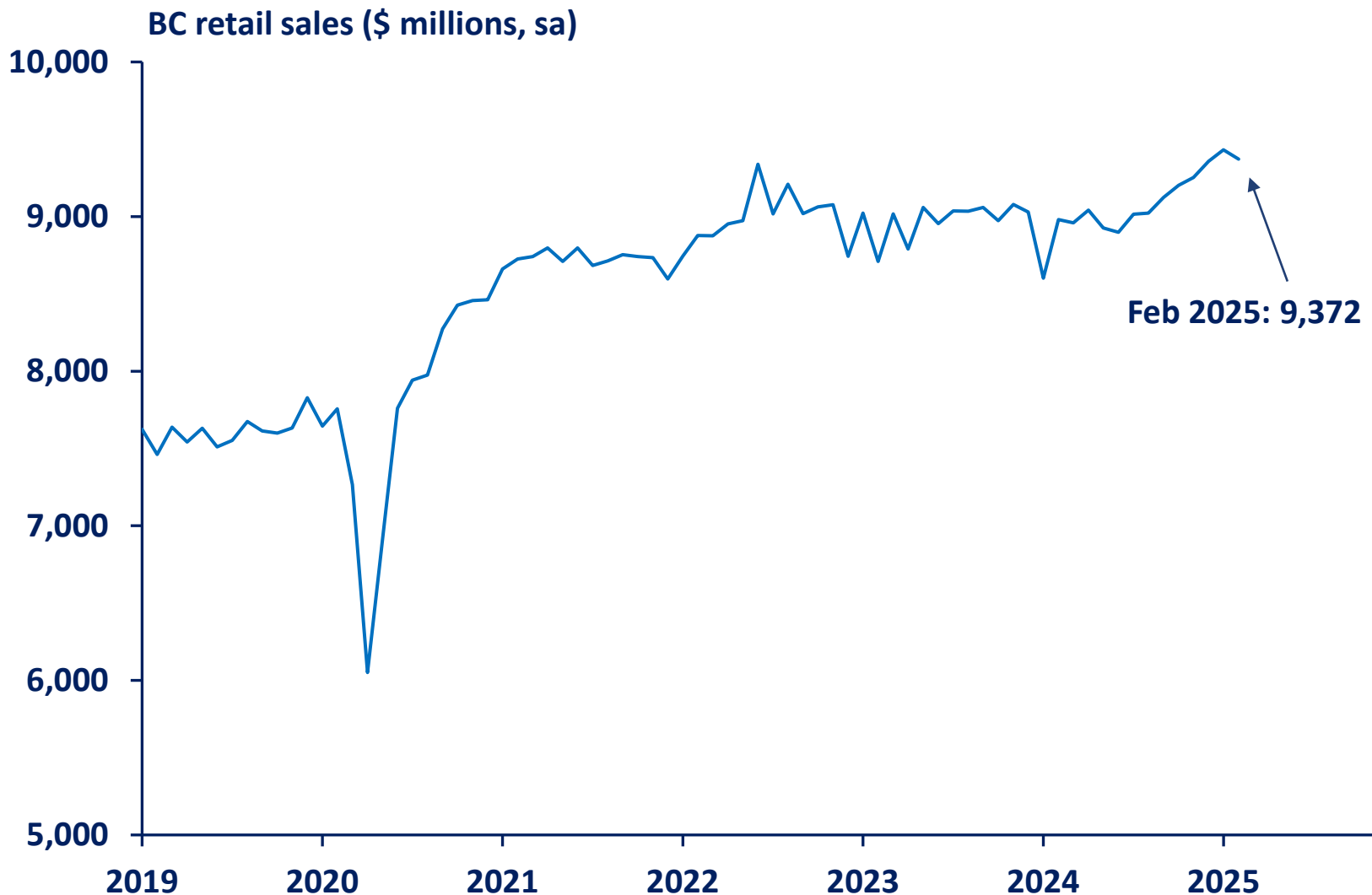
Total Net Migration

- B.C.'s population increased by 1.7% in January 2025, supported by permanent international migration. Net migration has slowed in recent quarters, mainly due to lower non-permanent international migration. In 2024, B.C. welcomed almost 50% fewer net migrants compared to 2023.
- Slower net migration and overall population growth pose a risk to the economic and fiscal outlook.

B.C. total net migration has slowed
(persons)



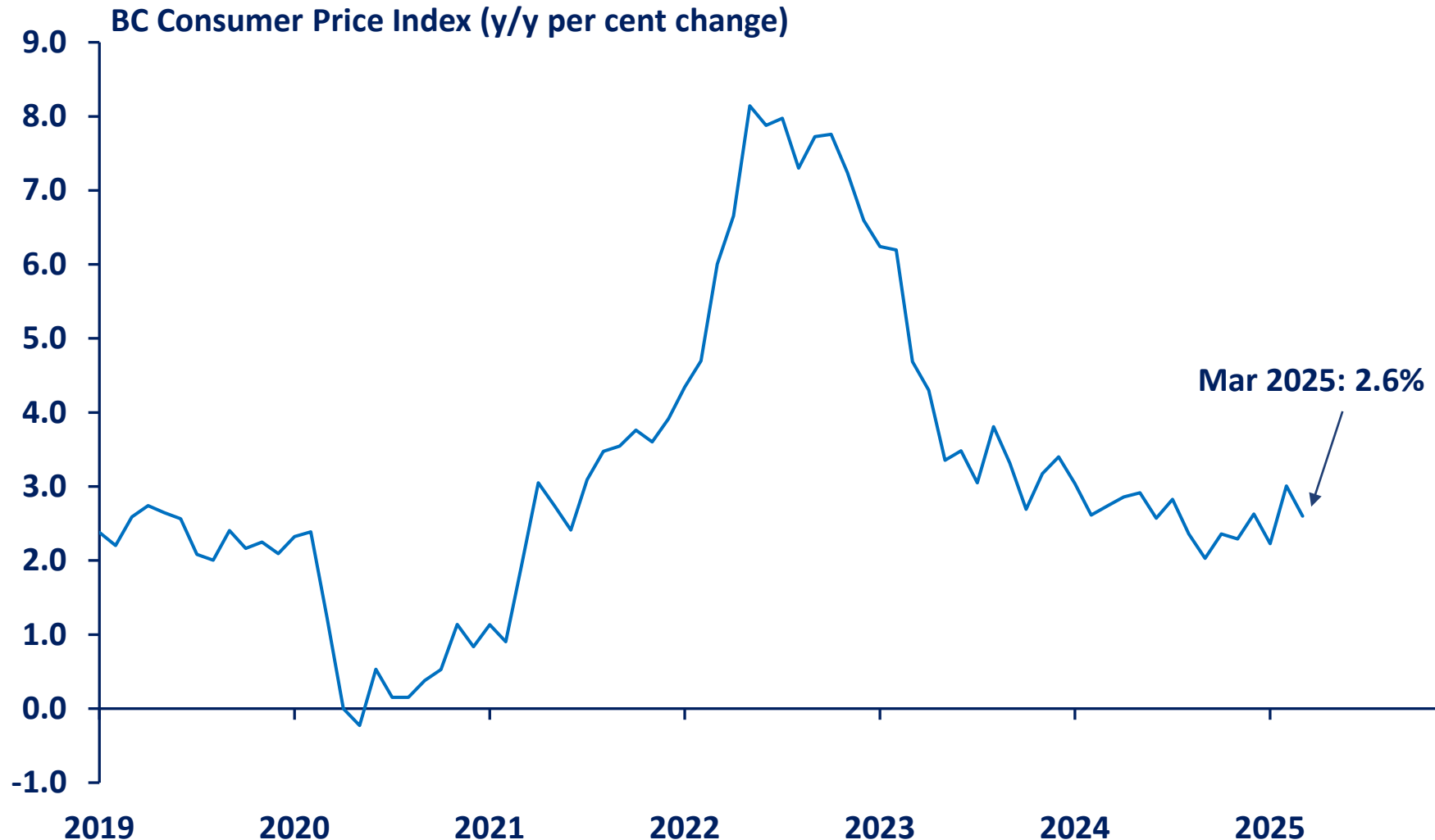
Consumer Spending



Sources: Statistics Canada; Haver Analytics

- Retail sales rose by just 0.6% in 2024 as the previous year's weakness continued due to impacts of relatively high prices and interest rates.
- So far in 2025, retail sales are up 6.9% year-to-date to February, with risks to the downside.
- Consumer spending is one of the main drivers of B.C.'s economic growth and government sales tax revenue. Weaker consumer spending could impact business profits, potentially leading to lower business investment and hiring, which in turn weigh on overall economic activity.

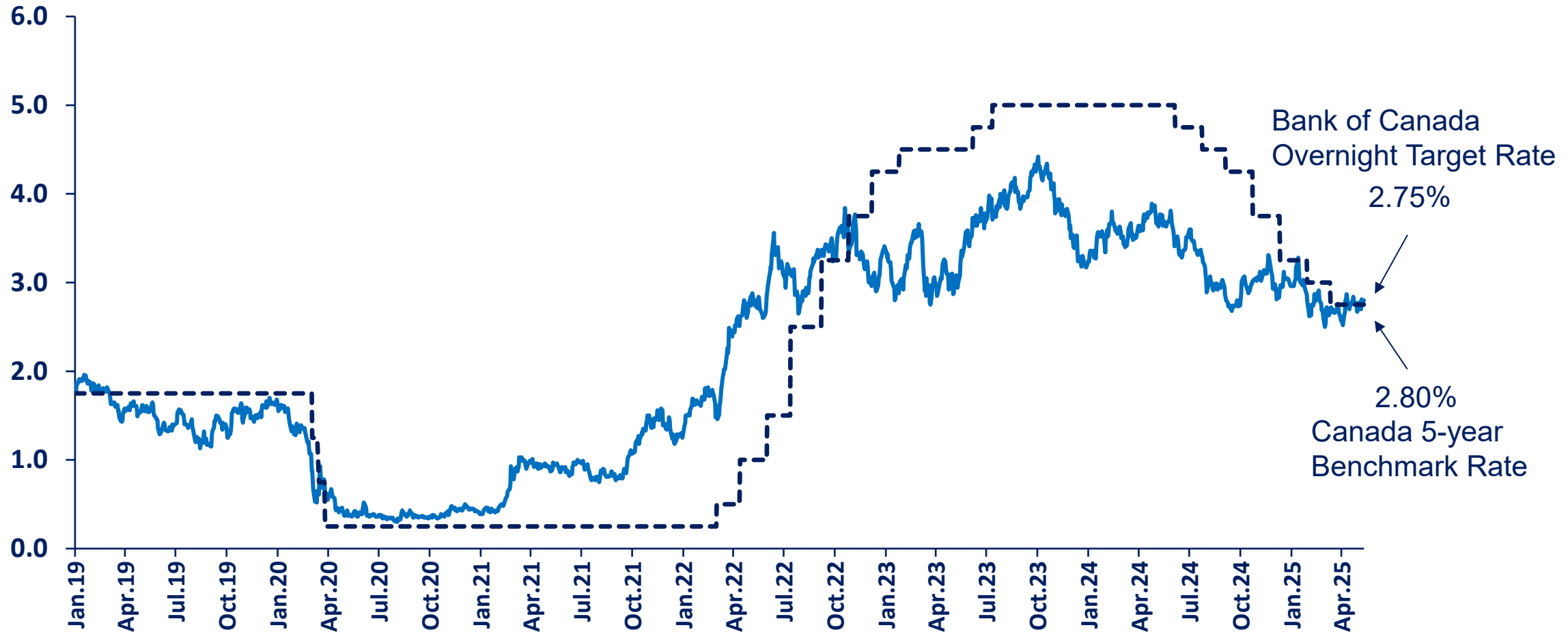
Inflation



- Headline inflation has eased and was 2.6% in March 2025.
- Interest rates have come down, with the Bank of Canada pausing after seven consecutive rate cuts.
- Lower inflation and lower interest rates help restore British Columbians' purchasing power and spur demand.

Interest Rates

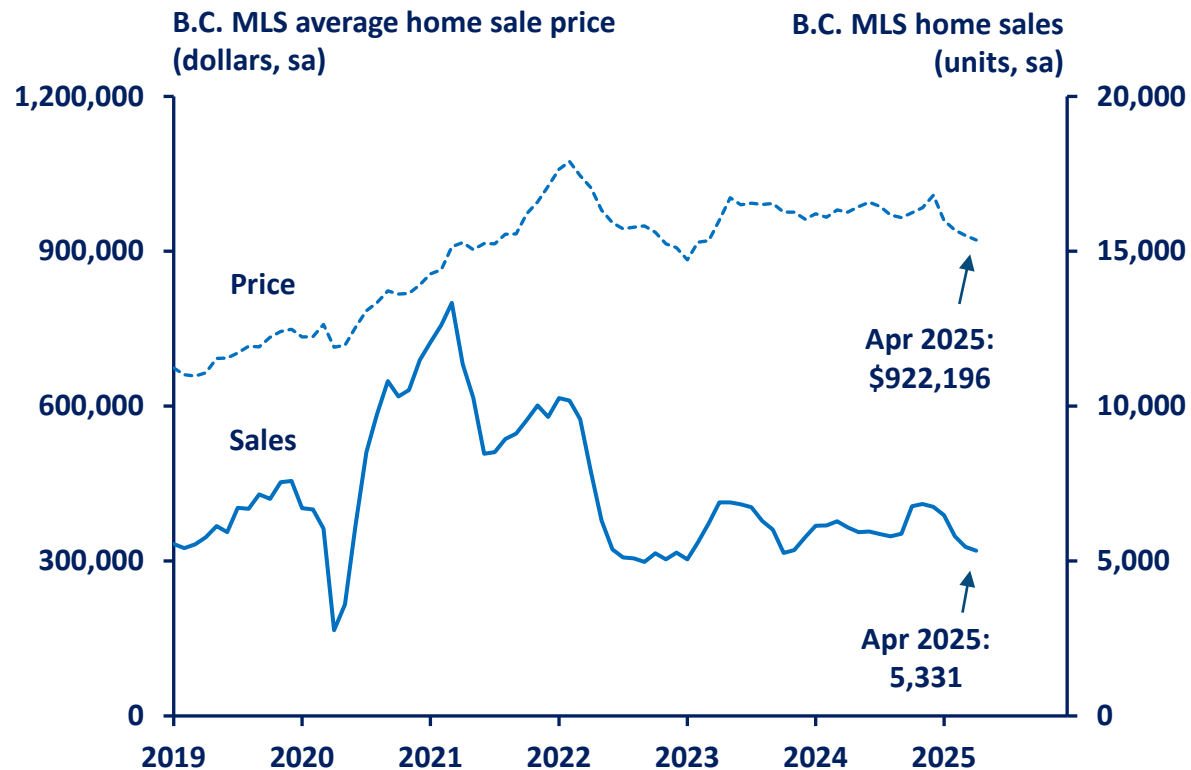
Per cent



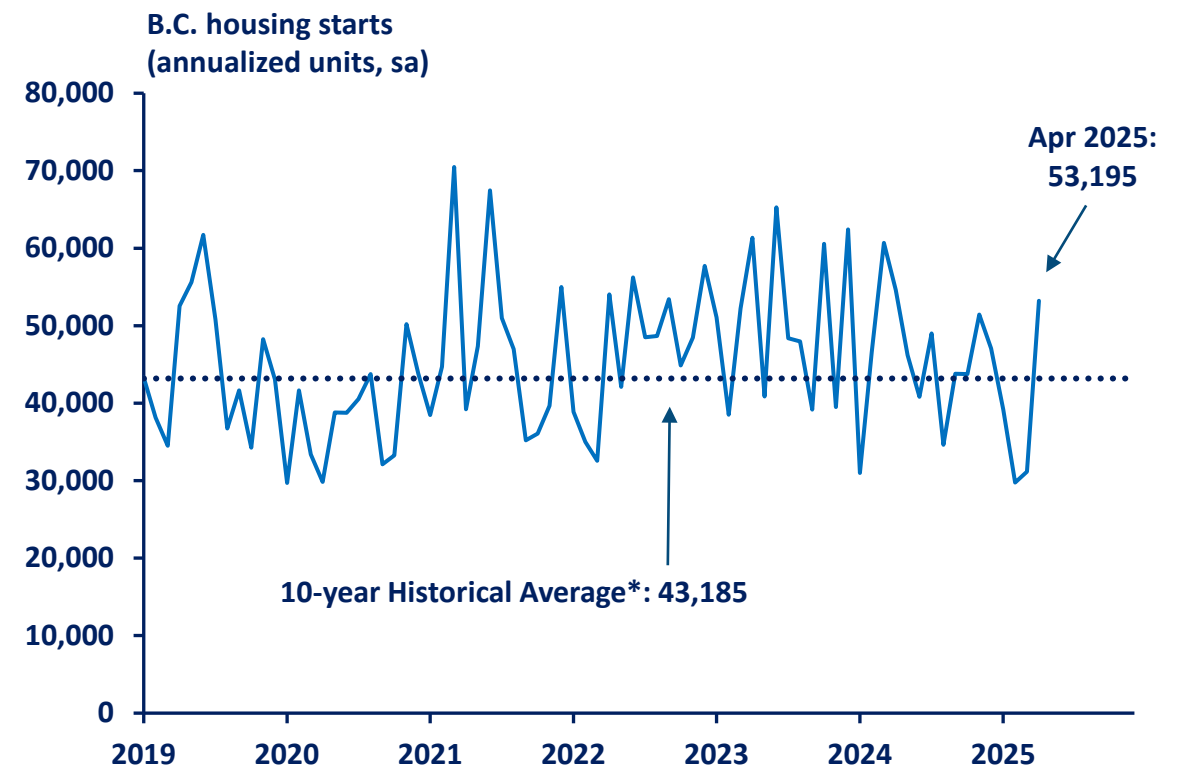
Source: Bank of Canada

Housing Market Activity

- Home sales activity was subdued in 2024 and so far in 2025; housing starts decreased by 9.2% in 2024 from the record level seen in 2023, and so far in 2025 are below the 10-year historical average.
- Subdued housing market activity reflects the impact of past relatively high interest rates and affordability challenges on B.C. homebuyers and homebuilders, along with tariff-related uncertainty.

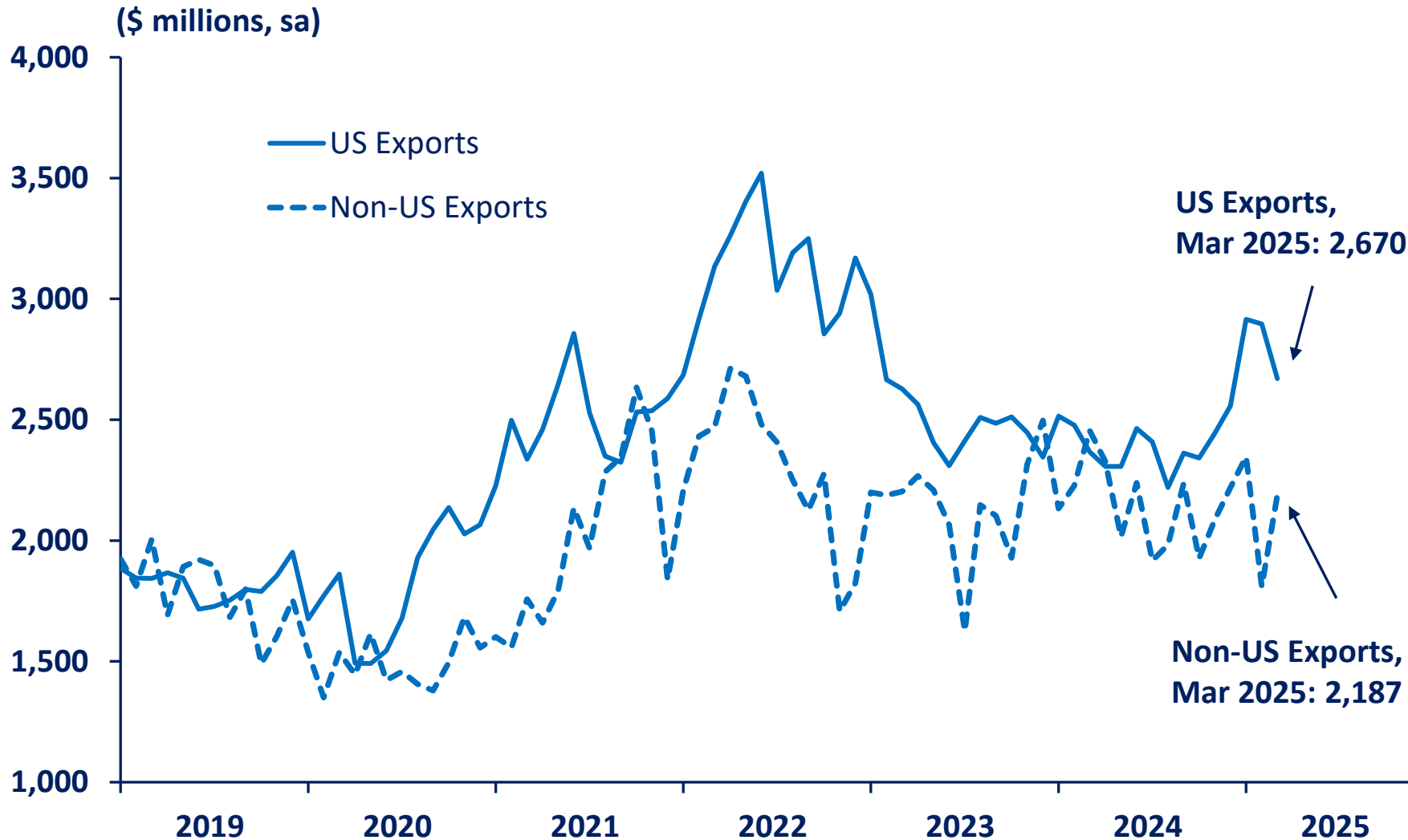


Sources: Canadian Real Estate Association; Haver Analytics



Sources: Canadian Mortgage and Housing Corporation; Haver Analytics
*Historical average from Jan 2015 to Dec 2024

B.C. Goods Exports

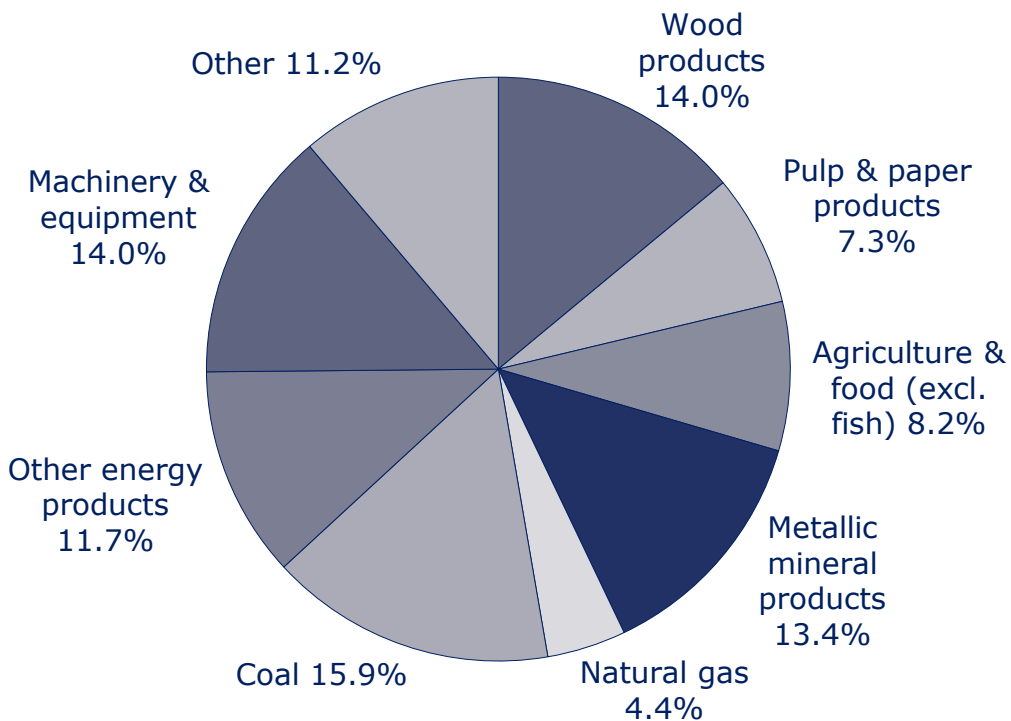


Sources: BC Stats (accessed May 2025); Haver Analytics

- The value of B.C.'s goods exports declined by 2.7% in 2024 compared to 2023, partly due to lower prices for key commodities.
- B.C. goods exports increased in early 2025, ahead of U.S. tariffs, but face significant headwinds due to uncertainty around U.S. trade policy.
- Weak exports dampen B.C.'s economic growth and government natural resource revenue.

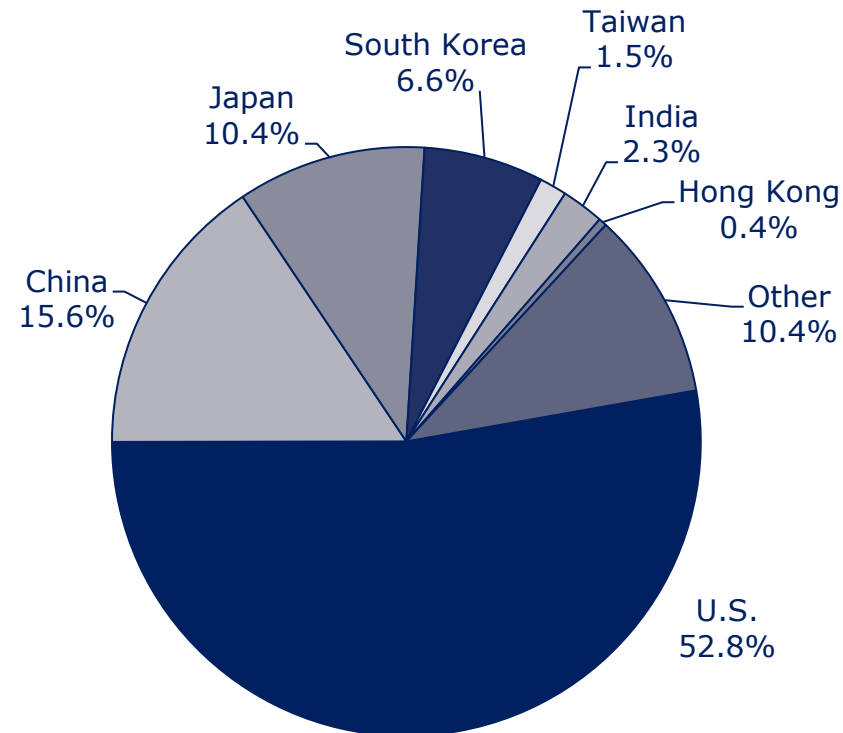
Structure of B.C. Exports

B.C. share of international goods exports by commodity, 2024



Source: BC Stats (accessed February 2025)

B.C. share of international goods exports by destination, 2024

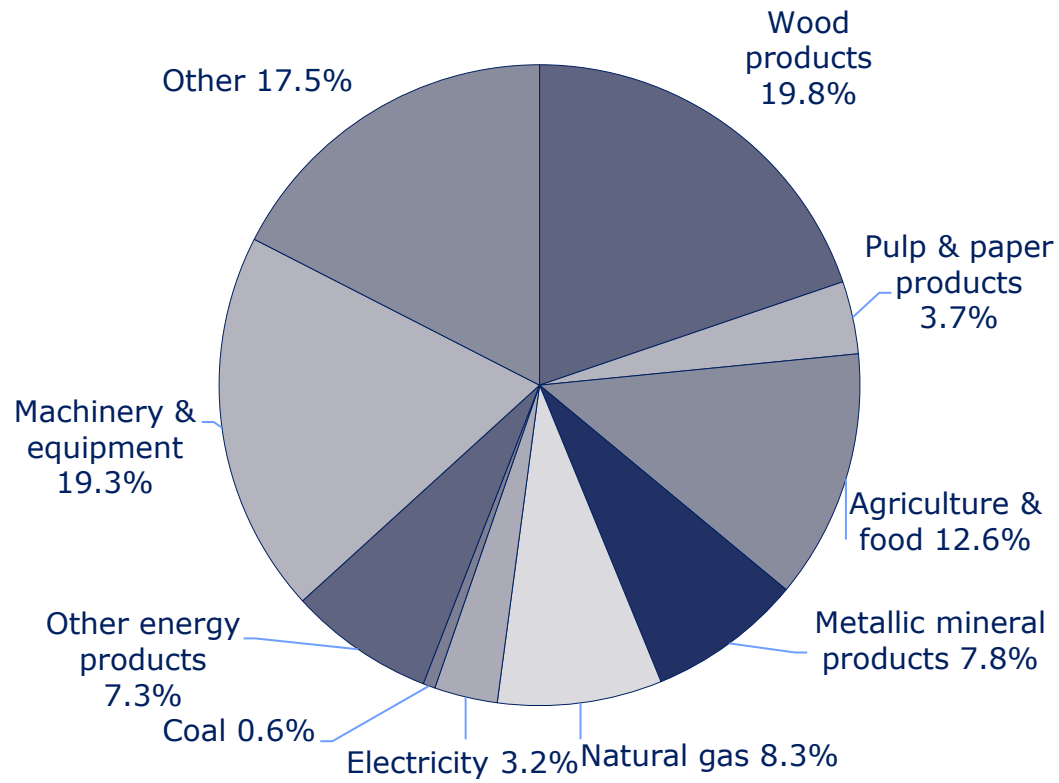


Source: BC Stats (accessed February 2025)

- Most of B.C.'s exports are natural resources
- Key commodity exports are coal, wood products, metallic mineral products, and natural gas
- While the U.S. is B.C.'s largest trading partner, trade with Asia has grown and provides more diversification compared to other provinces

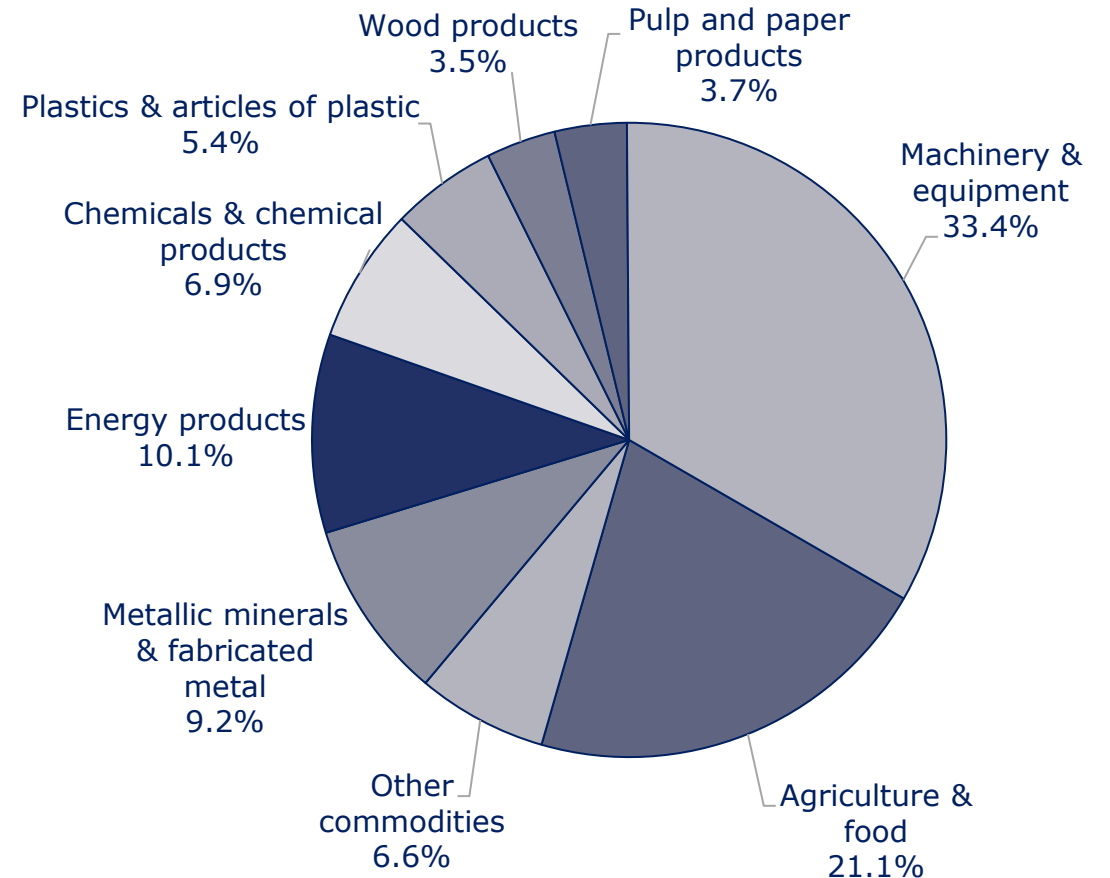
B.C. Goods Trade with the U.S.

B.C. share of goods exports to the U.S. by commodity, 2024



Source: BC Stats (accessed February 2025)

B.C. share of goods imports from the U.S. by commodity, 2024



Source: BC Stats (accessed February 2025)

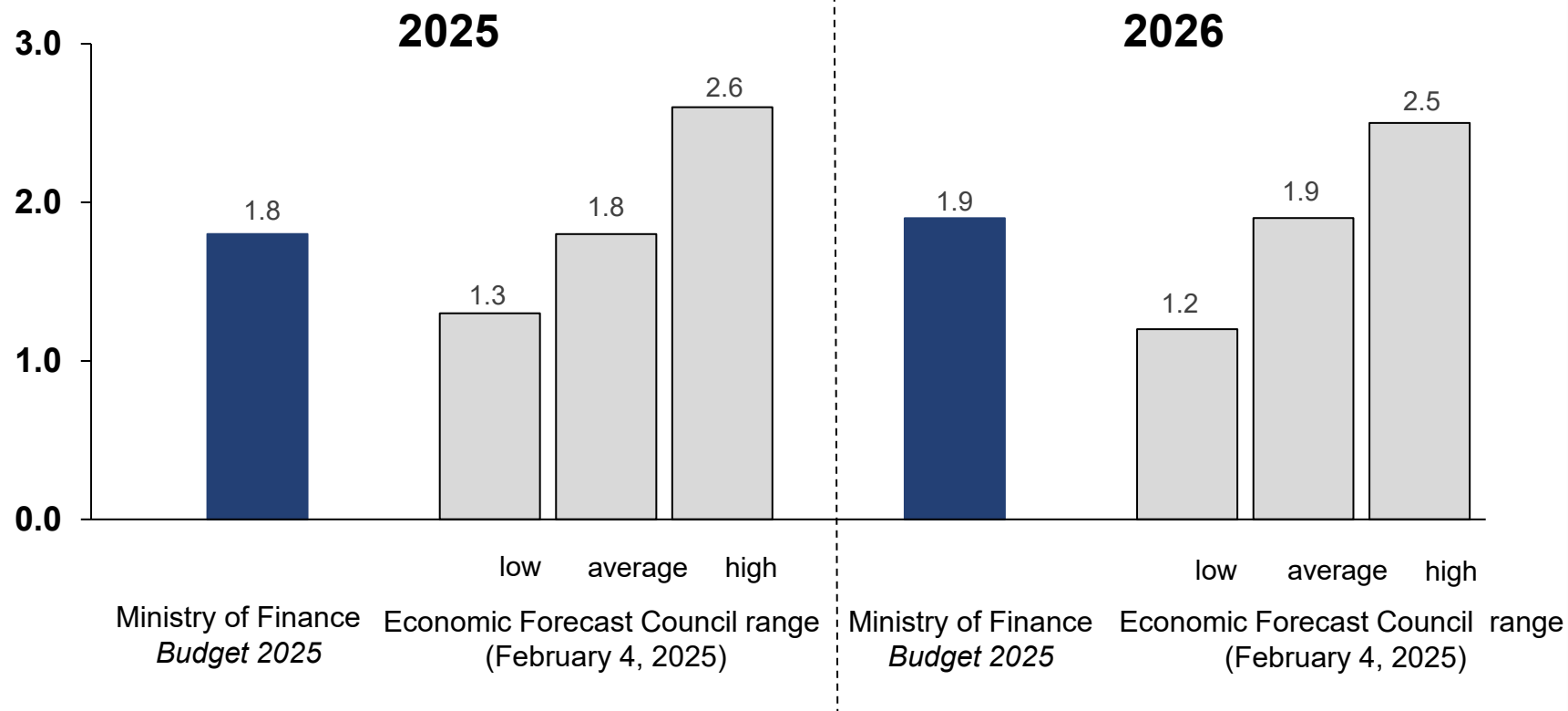
U.S. Tariffs as of May 12, 2025

- U.S. tariffs on goods imported from Canada and Mexico
 - 25% on non-CUSMA compliant goods
 - 10% on potash and energy products on non-CUSMA compliant goods
 - 25% on steel and aluminum
 - 25% on automobiles and parts
- U.S. tariffs on goods imported from other countries
 - 10% reciprocal tariffs on non-retaliating countries
 - 25% on steel and aluminum
 - 25% on automobiles and parts
 - 30% on China

Part 2: Economic Outlook

Budget 2025: Near-term B.C. Economic Outlook

BC real GDP (annual per cent change)



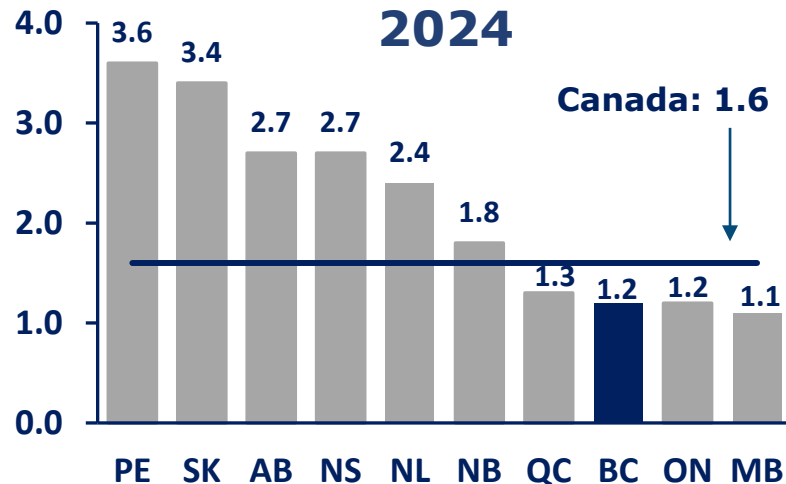
- The Ministry projects real GDP growth of 1.8% in 2025 and 1.9% in 2026.
- This matches the average of the Economic Forecast Council (EFC) forecasts in the near-term.
- The Ministry's forecast is within the range of EFC projections over the medium-term.
- There is a wide range of expectations by private sector forecasters over the forecast horizon, which reflects uncertainty in views on the ultimate impact of various factors such as immigration and trade policy on the economy.

Sources: B.C. Ministry of Finance; Economic Forecast Council range as of February 4, 2025 (low/average/high).

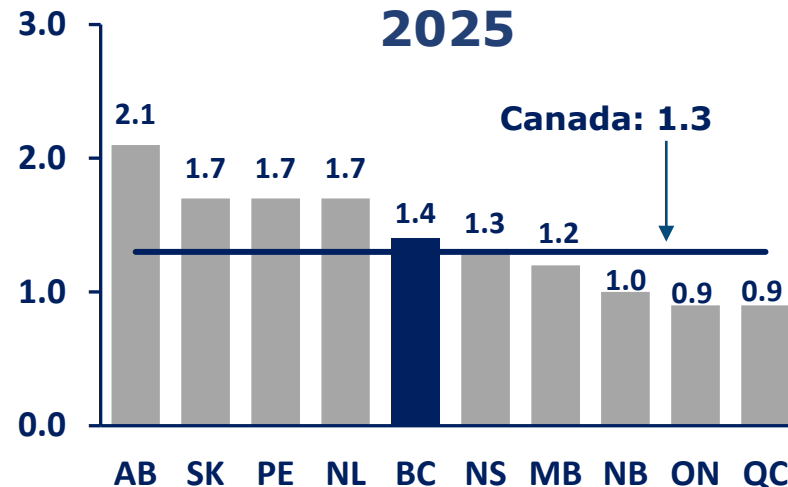
Private Sector Growth Forecasts for Provinces

- B.C. was tied for 8th among provinces in economic growth in 2024, and private sector forecasters expect B.C. to rank 5th in 2025 and 3rd in 2026.

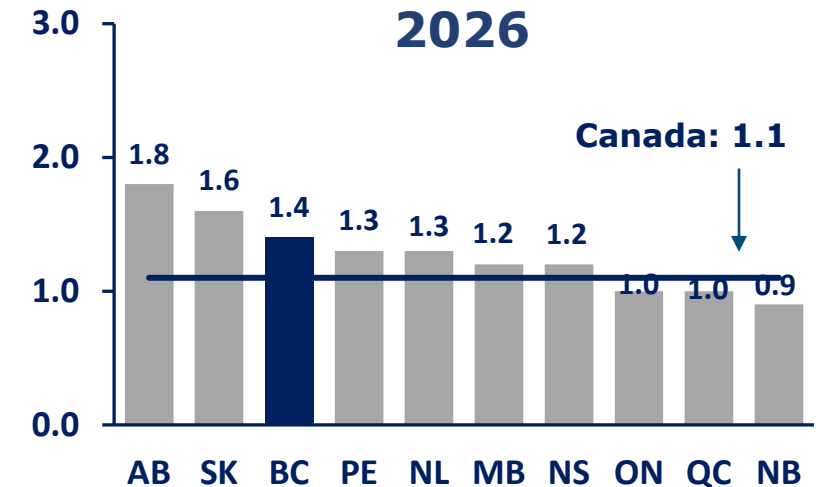
Economic growth across provinces last year
Real GDP actuals for 2024 (annual % change)



Economic growth across provinces this year
Real GDP forecasts for 2025 (annual % change)



Economic growth across provinces next year
Real GDP forecasts for 2026 (annual % change)



Sources: Statistics Canada; Haver Analytics;
Average of a subset of the Economic Forecast Council that regularly forecasts economic performance in all provinces
(BMO, CIBC, National Bank, RBC, Scotiabank and TD) as of May 9, 2025.

Private Sector Growth Forecasts for Countries

Forecast annual per cent change in real GDP	2025	2026
Canada	0.8	0.7
US	1.2	1.5
Euro Zone	0.9	1.1
China	4.3	4.0
Japan	0.8	0.6

Source: Consensus Economics, May 2025

Questions?



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