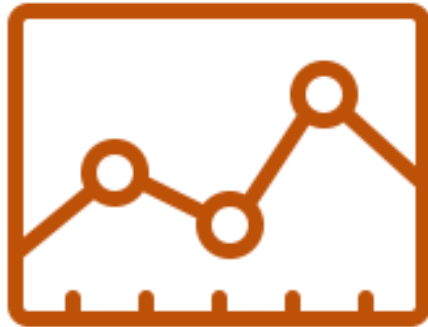


The state of the New Brunswick economy coming out of Covid-19



1. The current state of the economy
2. Covid-19 hangover: Emerging challenges
3. The Roaring 20s?: Emerging opportunities
4. The outlook for New Brunswick



The current state of the New Brunswick economy

The economic impact of Covid-19 in New Brunswick was **not as severe** as it was in most other Canadian provinces and other OECD countries.

- **Real GDP fell by 4.2% in New Brunswick**

- 3.7% on Prince Edward Island

- 4.4% in Nova Scotia

- 4.6% in Newfoundland and Labrador

.....compared to a **drop of 5.8%** across the country.

Why did the economy perform better in Atlantic Canada?

- The region is home to **64 out of every 1,000** people living in Canada but only accounted for less than 5 out of every 1,000 Covid-19 cases since the beginning of the pandemic.

The economy was still hit hard.....

- The lost GDP in 2020 (original growth forecast + GDP lost) is equivalent to **\$2 billion wiped off** the New Brunswick economy in one year.
- Most forecasters are expecting it to **take two years** just to get back to 2019 GDP levels.

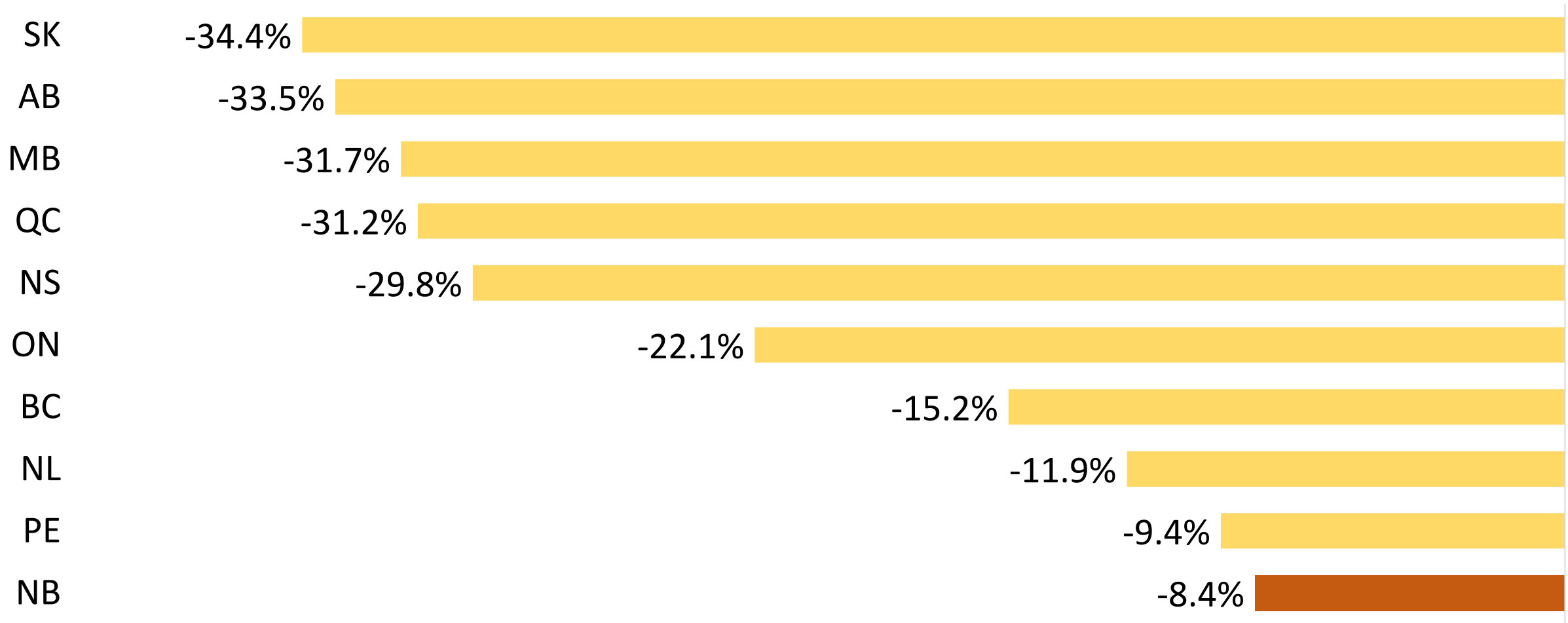
Employment in New Brunswick is down by only 0.3% in January 2020 compared to January 2019.

- Employment is down down 4.4% across the country.
- The unemployment rate was up modestly in January 2020 to 8.8% compared to 7.7% last year (12.8% across Canada).
- There were, however; 17,000 more people collecting EI in November compared to last year (up 39%).

Tourism was hit hard in 2020 but not as hard as most other provinces

- In December 2020, tourism unemployment rate was 9% compared to 14.6% across Canada.
- Tourism employment dropped by 8% year over year.
- The lowest drop among the 10 provinces.

DECREASE IN TOURISM EMPLOYMENT, DEC 2019-DEC 2020



Despite the Atlantic Bubble, tourism activity collapsed in Covid-19 2020*

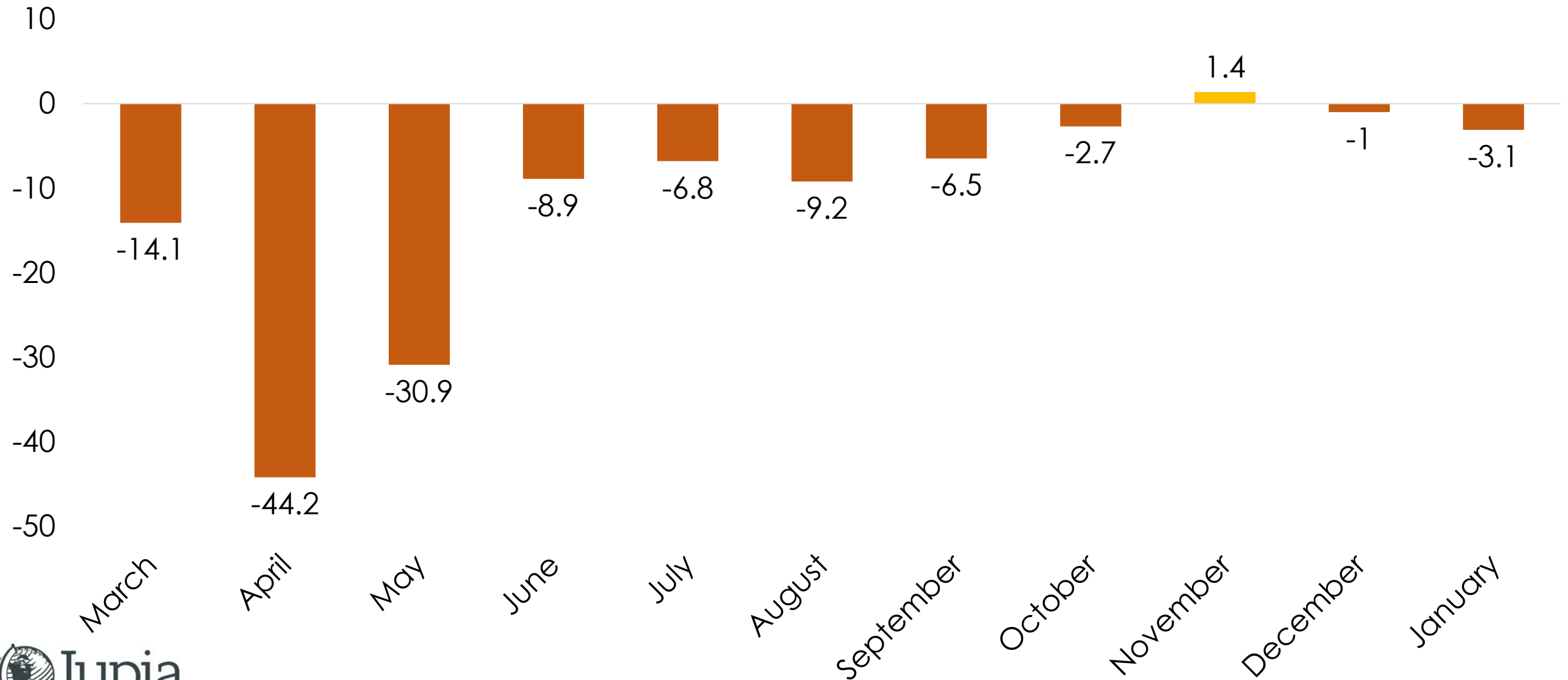
- Province-wide room sales down 64%
- NB Aquarium and Marine Centre visitors down 72%
- NB Museum visitors down 88%
- Village Acadian visitors down 79%
- **New Brunswickers did more outdoor recreation but did not spend as much on tourism activities or overnight stays.**

Southeastern New Brunswick tourism was hit particularly hard.....*

- Room sales down 70%
- Hopewell Rocks visitors down 85%
- Outdoor venues (other than Hopewell) not hit as hard – Fundy Park down 30%, Fundy Trail down 39%, Kouchibouguac down 21%

CHANGE IN EMPLOYMENT BY MONTH, 2020 VS 2019

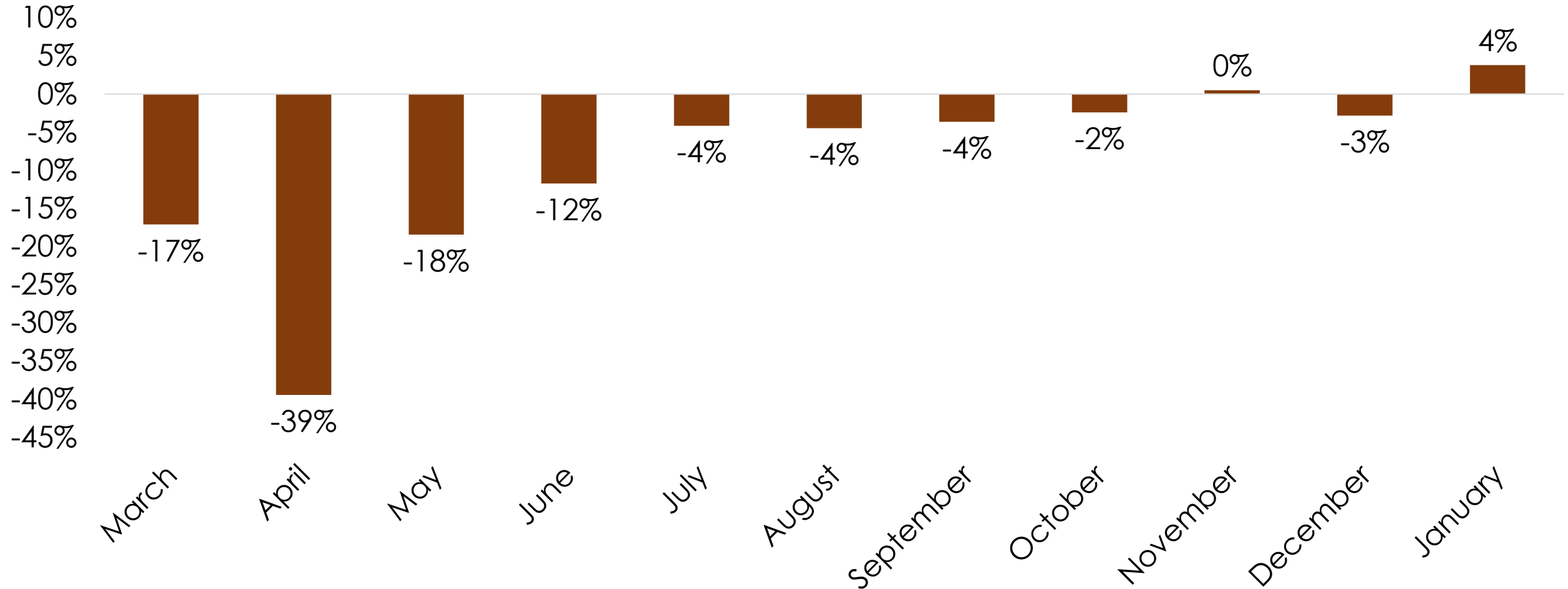
NEW BRUNSWICK (000s)



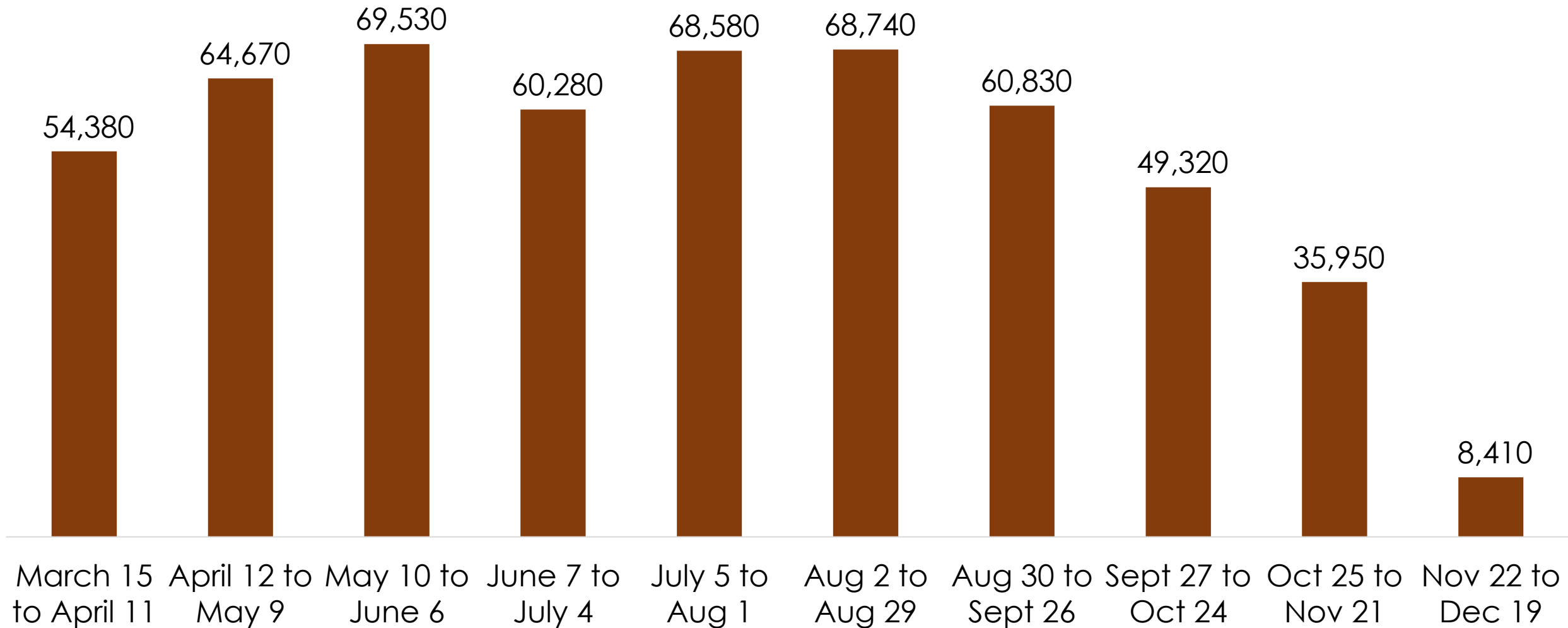
CHANGE IN EMPLOYMENT BY MONTH, 2020 VS 2019

ACCOMMODATION AND FOOD SERVICES (% CHANGE)

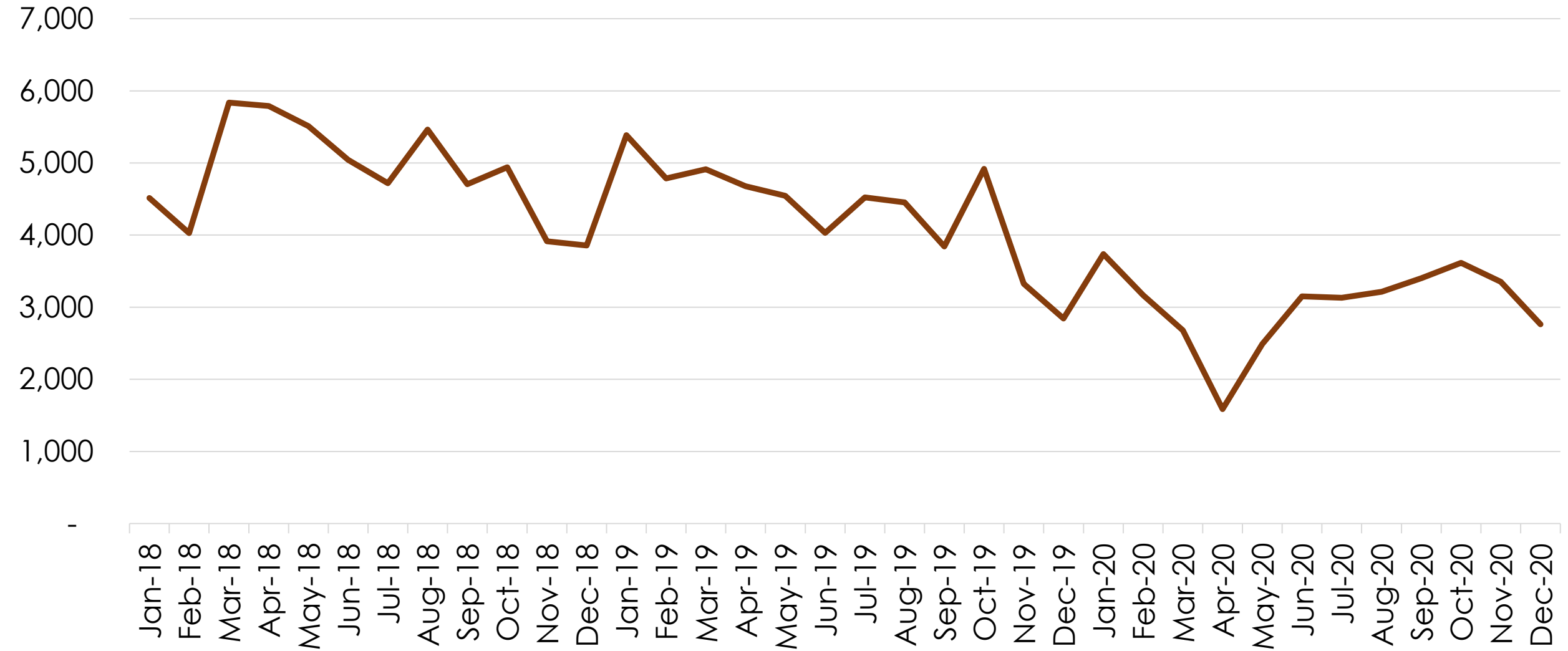
NEW BRUNSWICK



EMPLOYEES COVERED BY CEWS, NEW BRUNSWICK

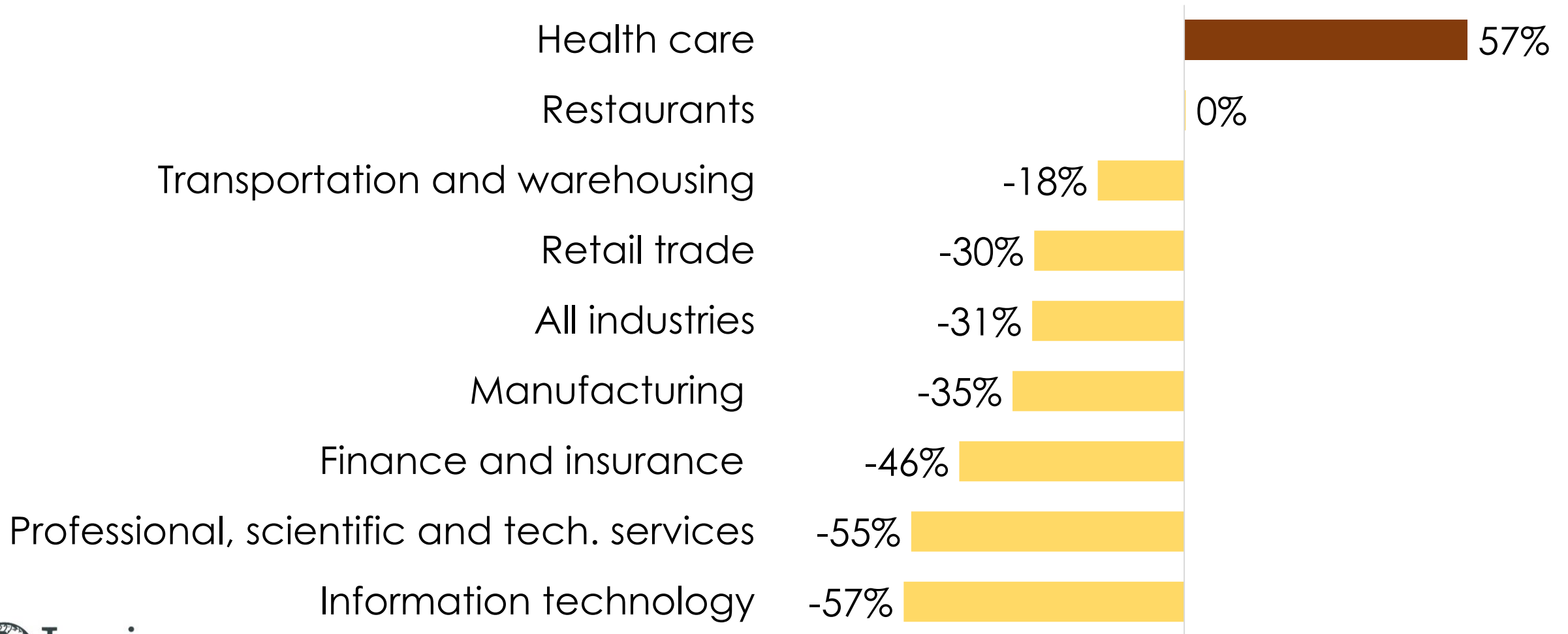


JOB POSTINGS BY MONTH, NEW BRUNSWICK



JOB POSTINGS BY INDUSTRY

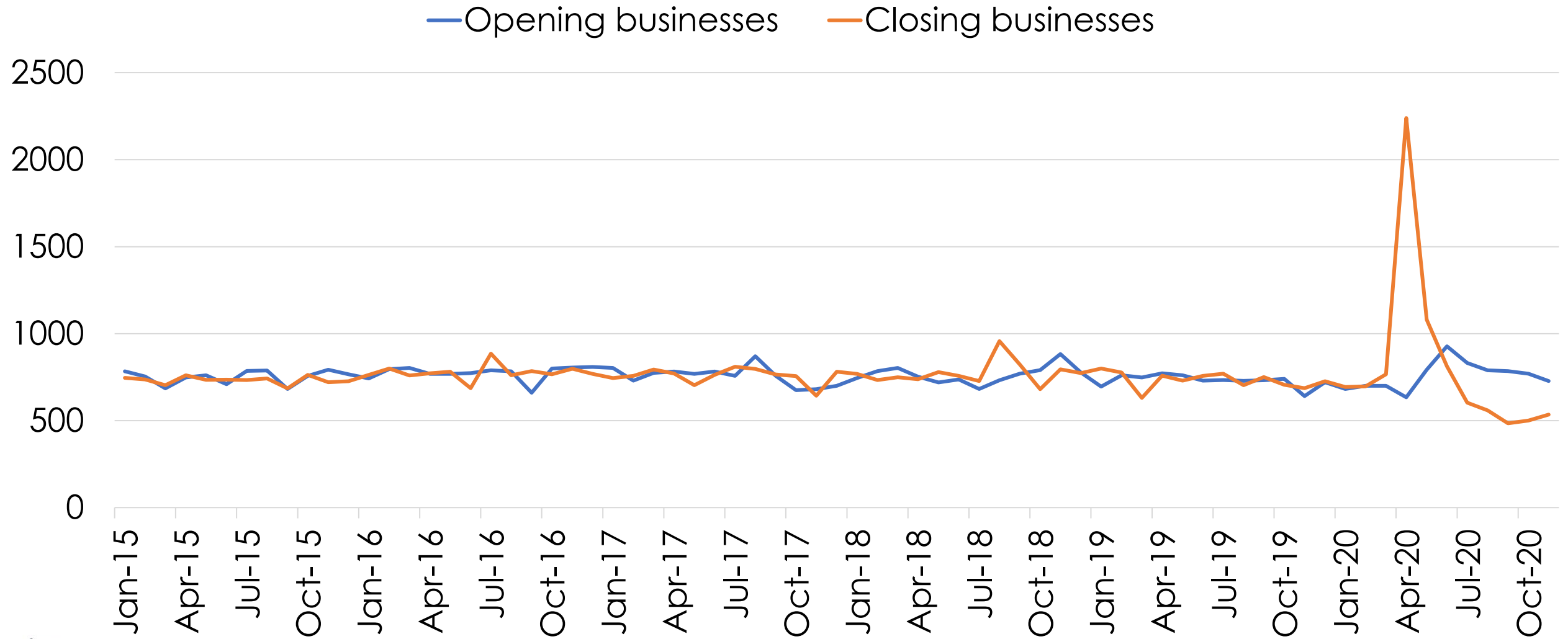
MAY – DEC. 2020 COMPARED TO THE SAME PERIOD IN 2019



VALUE OF BUILDING PERMITS ISSUED, NEW BRUNSWICK

	<u>2020</u>	<u>% change vs. 2019</u>
Residential	\$749 million	+31%
Industrial	\$78 million	-63%
Commercial	\$159 million	-46%
Institutional and government	\$152 million	+75%
Total building permits	\$1.14 billion	-2%

BUSINESS OPENINGS AND CLOSINGS BY MONTH, NEW BRUNSWICK





Covid-19 hangover: Emerging challenges

CHALLENGES COMING OUT OF COVID-19

- What if Covid-19 sticks around?
- **Potential structural decline in local entrepreneurship**
- Sustained slump in tourism activity
- **Will our customer service/back office sector bounce back?**
- What will be the impact of the remote workforce?
- **Impact on immigration and international students**



The Roaring 20s?: Emerging Opportunities

OPPORTUNITIES COMING OUT OF COVID-19

- Attracting remote workers
- **Strategic industries focus: Mining, local food, biosciences**
- Growing population: Immigration and international students
- **Cooped up in Canada: Regional/national tourism**



Outlook for 2021 and beyond

For New Brunswick, RBC Economics forecasting a 4% growth rate in 2021 and 3.8% in 2022.

NEW BRUNSWICK IN 2021 AND BEYOND

- Needs to get back on track.
- Pre-Covid-19, there were green shoots – population growth, modest GDP growth, record immigration, ICT industry growing strongly. Even tourism was trending in the right direction.
- Might require government stimulus to:
 - Encourage industries to invest and grow.
 - Encourage households to spend again in the local area.
 - Foster entrepreneurship.
 - Invest in strategic economic development infrastructure.
 - Ensure air transportation gets back to 'normal' (build back at least the same).

GREATER MONCTON OUTLOOK

- The Moncton CMA is particularly exposed to services-based exports - WestJet, Sitel, ALC, etc. already announced major layoffs.
- Also more exposed to the tourism sector – many hotels running at low occupancy.
- Food manufacturing well positioned for growth.
- Transportation and warehousing sector remains relatively strong: Exception is the airport.
- Immigration and international students are key to growth aspirations.
- Greater Moncton also needs to get back on track.

Questions?