

B.C. Economic Outlook

Preparing for an Economic Storm - How Consumer
Businesses can Thrive in Challenging Times

Tuesday, October 28, 2008

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Central 1 Credit Union



Sharp decline in equity market

S&P/Toronto Stock Exchange Composite Index, Weekly



Source: Yahoo Finance.

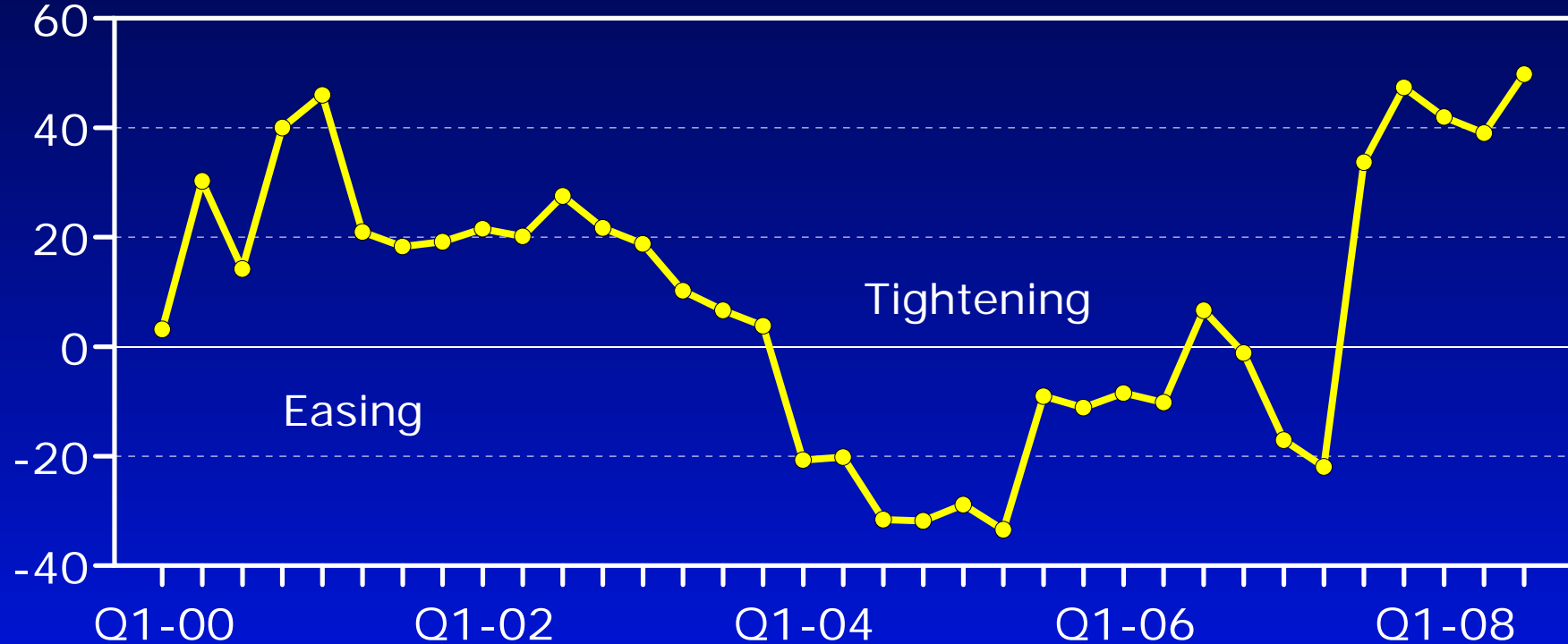
Latest: 10/27/2008



Borrowers face tighter credit conditions

Overall Business-Lending Conditions: Balance of Opinion

Per cent



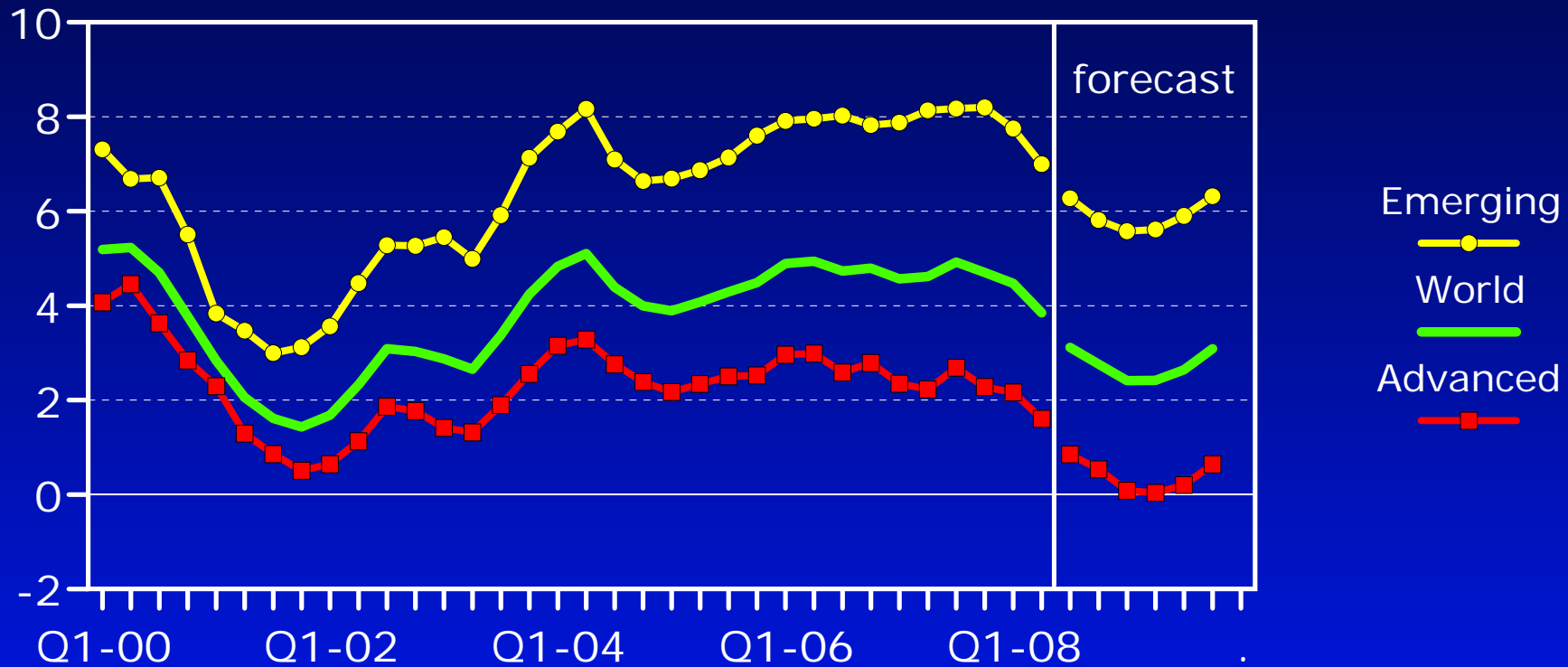
Source: Bank of Canada Senior Loan Officer Survey. Latest Q3-08



Global economy heading for recession, led by industrialized economies

Global Economic Growth Outlook

Per cent



Source: International Monetary Fund.

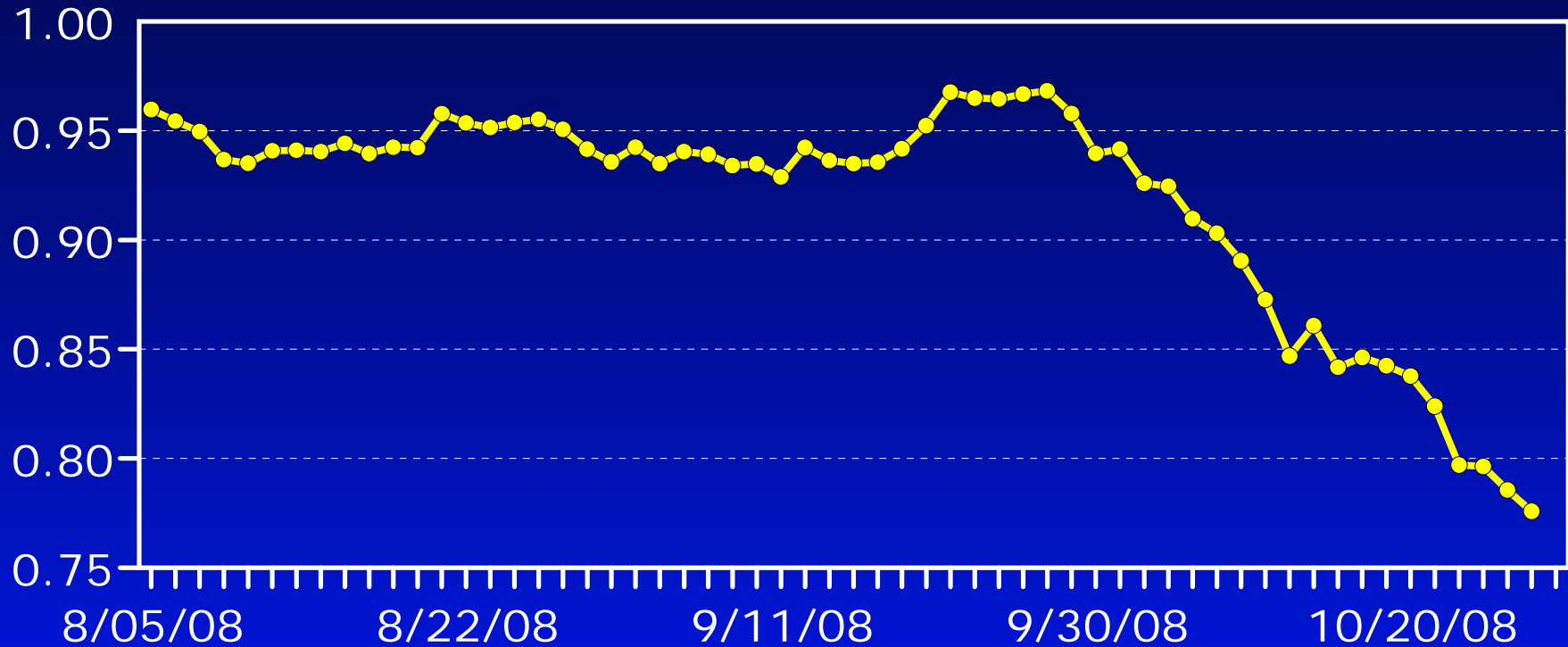
Forecast period: Q3-2008 to Q4-2009.



Canadian dollar plummets against USD

U.S.-Canada Exchange Rate, Daily

U.S. dollar per Canadian dollar



Source: Bank of Canada.

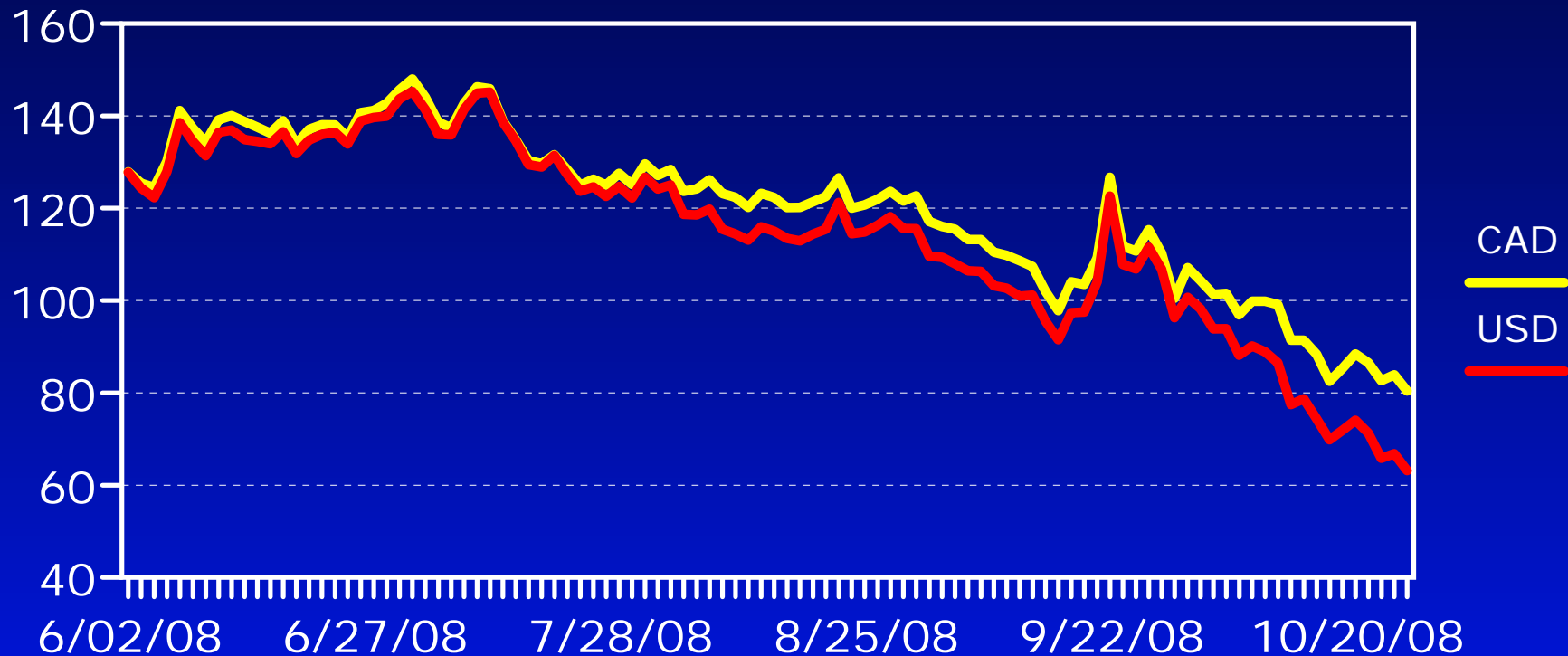
Latest: Oct. 27, 2008



Oil price falls, lower CAD reduces consumer pass-through benefit

Crude Oil Prices, WTI, Daily

Dollars per barrel



Source: Bank of Canada.

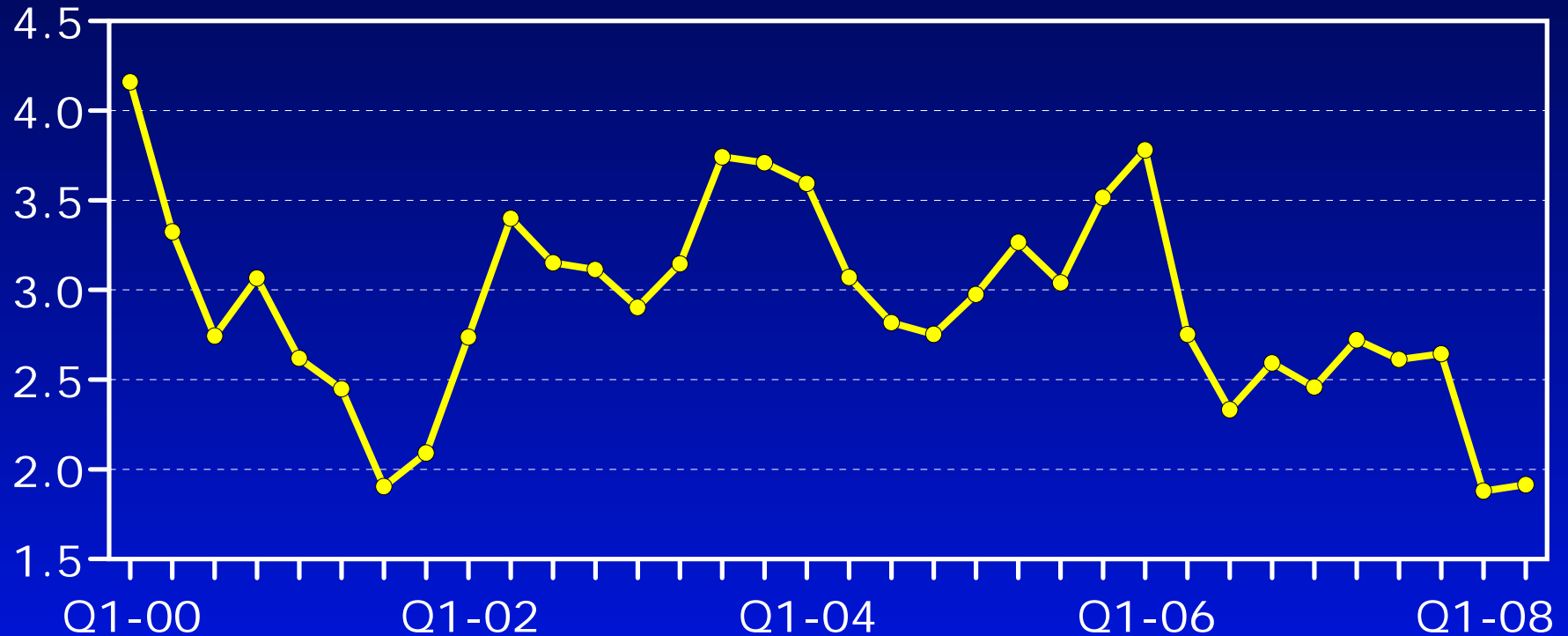
Latest: Oct. 24, 2008



Growth slowdown underway in B.C. economy

B.C. Coincident Economic Index

Percentage change at annual rate



Source: C1CU.

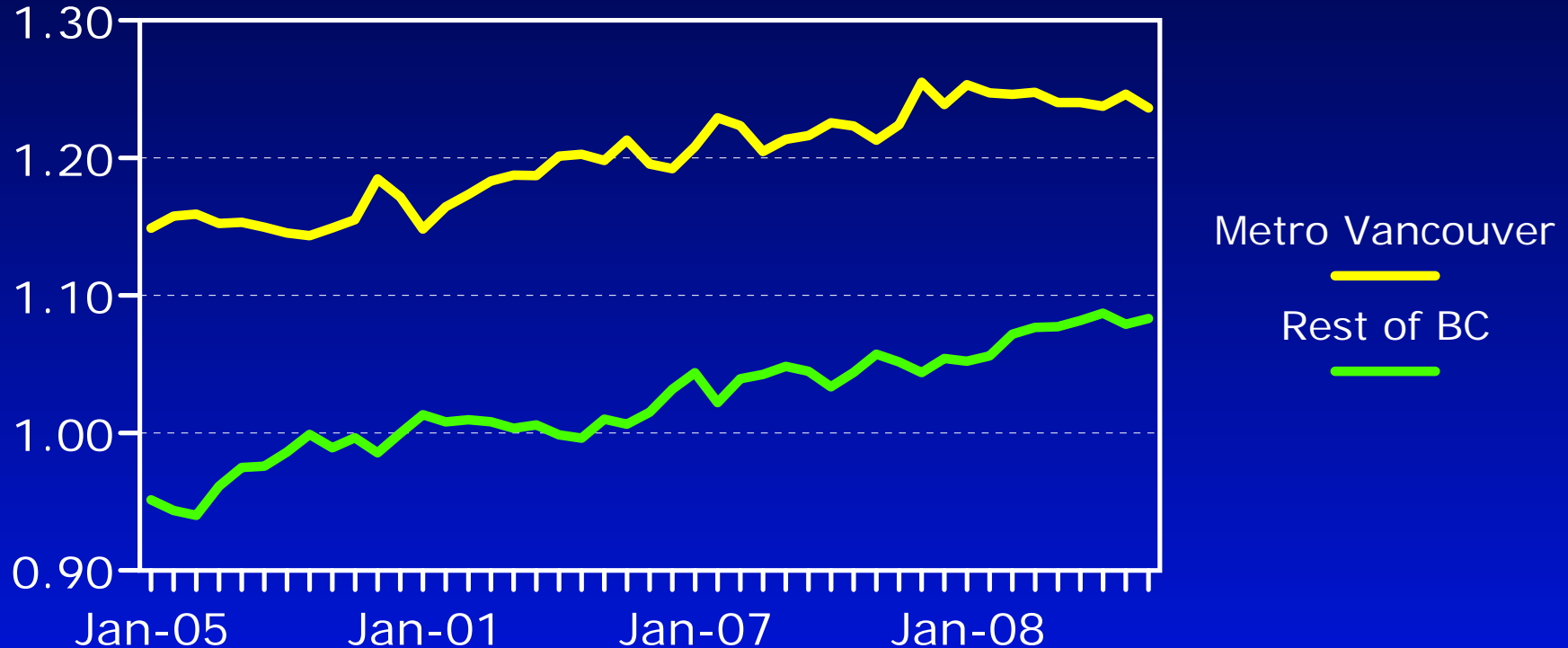
Latest: Q2-2008



Metro Vancouver employment sliding lower

Employment, Metro Vancouver and Rest of B.C.

Persons - millions



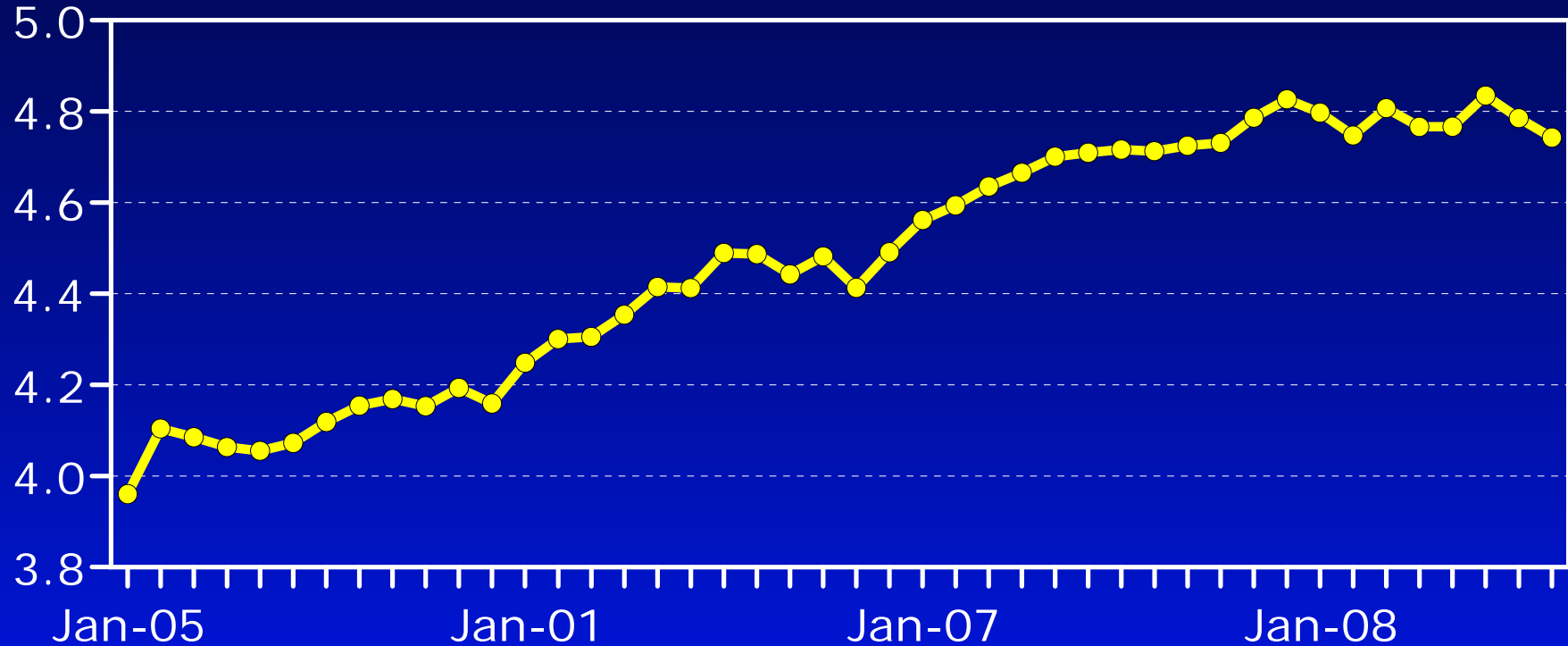
Source: Statistics Canada. Note: Seasonally adjusted. Latest: Sept. 2008



Retail sales turn down

B.C. Retail Sales

Dollars - billions



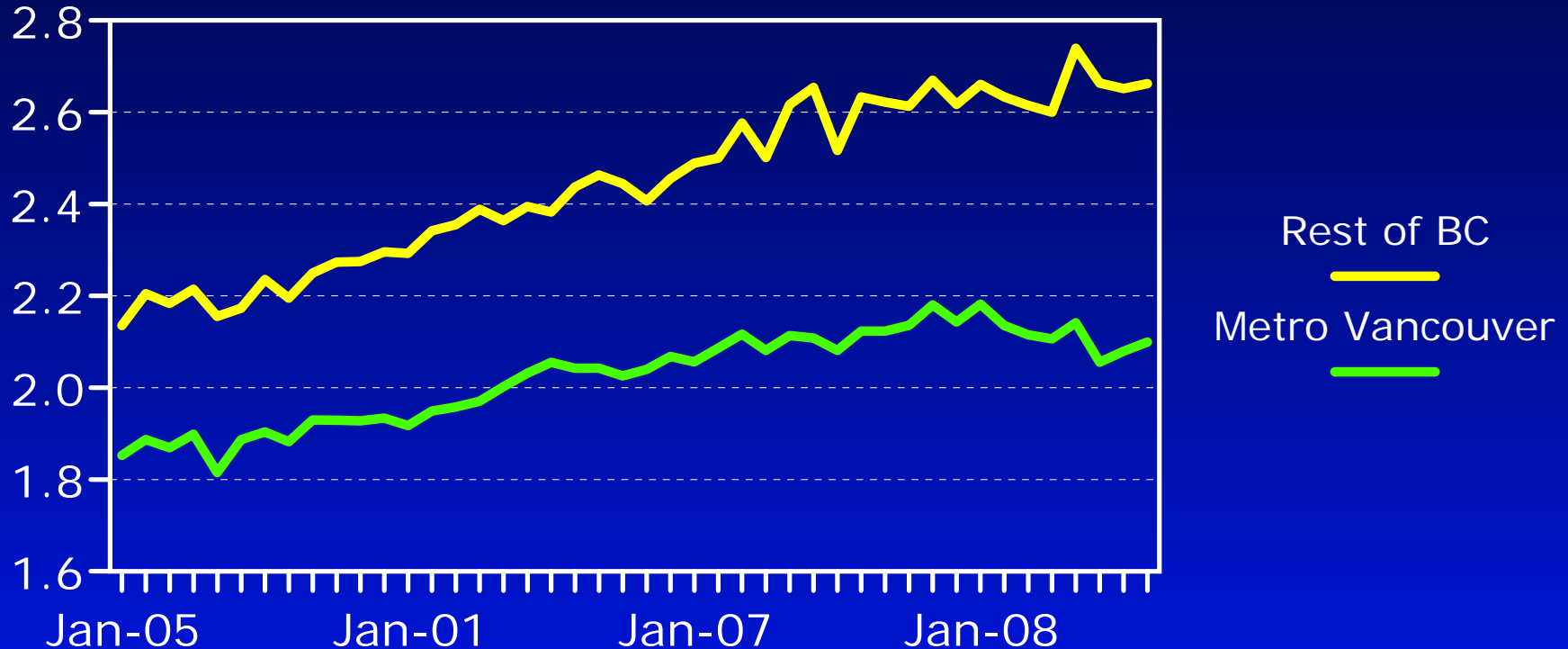
Source: Statistics Canada, C1CU. Note: Seasonally adjusted. Latest: Aug. 2008



Retail sales trending lower in Metro Vancouver

Retail Sales, Metro Vancouver and Rest of B.C.

Dollars - billions



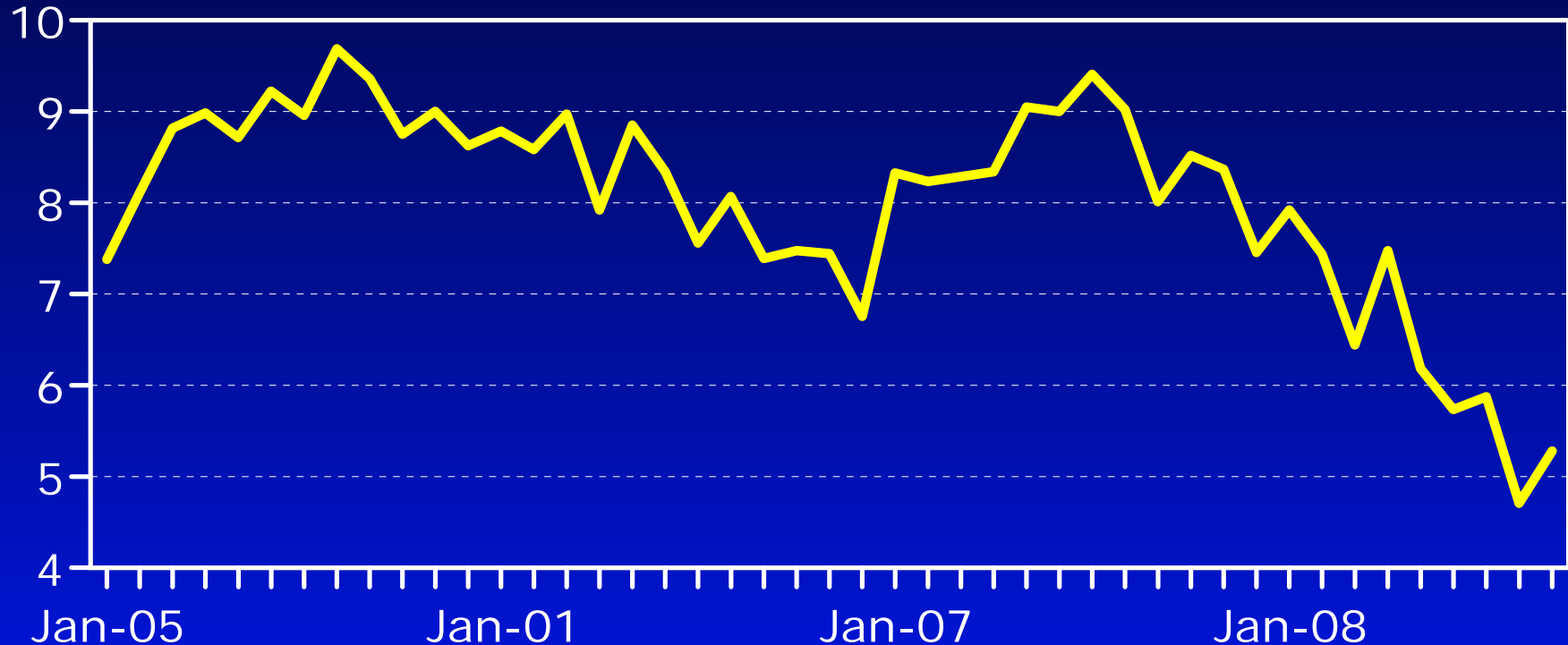
Source: Statistics Canada, C1CU. Note: Seasonally adjusted. Latest: Aug. 2008



Housing sales plunge

B.C. MLS Residential Sales, Seasonally Adjusted, Monthly

Units - thousands



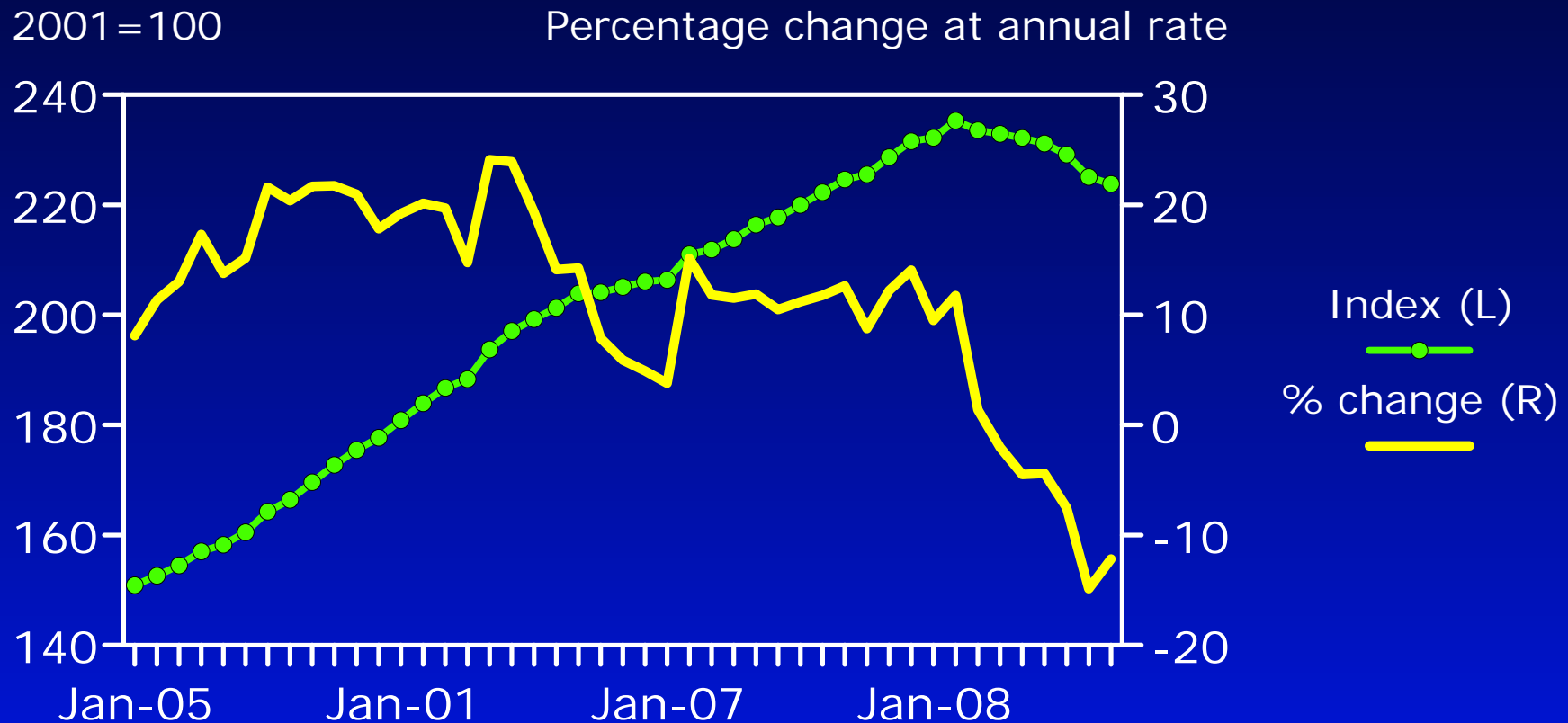
Source: CREA, C1CU.

Latest: Sept. 2008



Prices declining at 15% annual rate

Housing Price Index, Lower Mainland

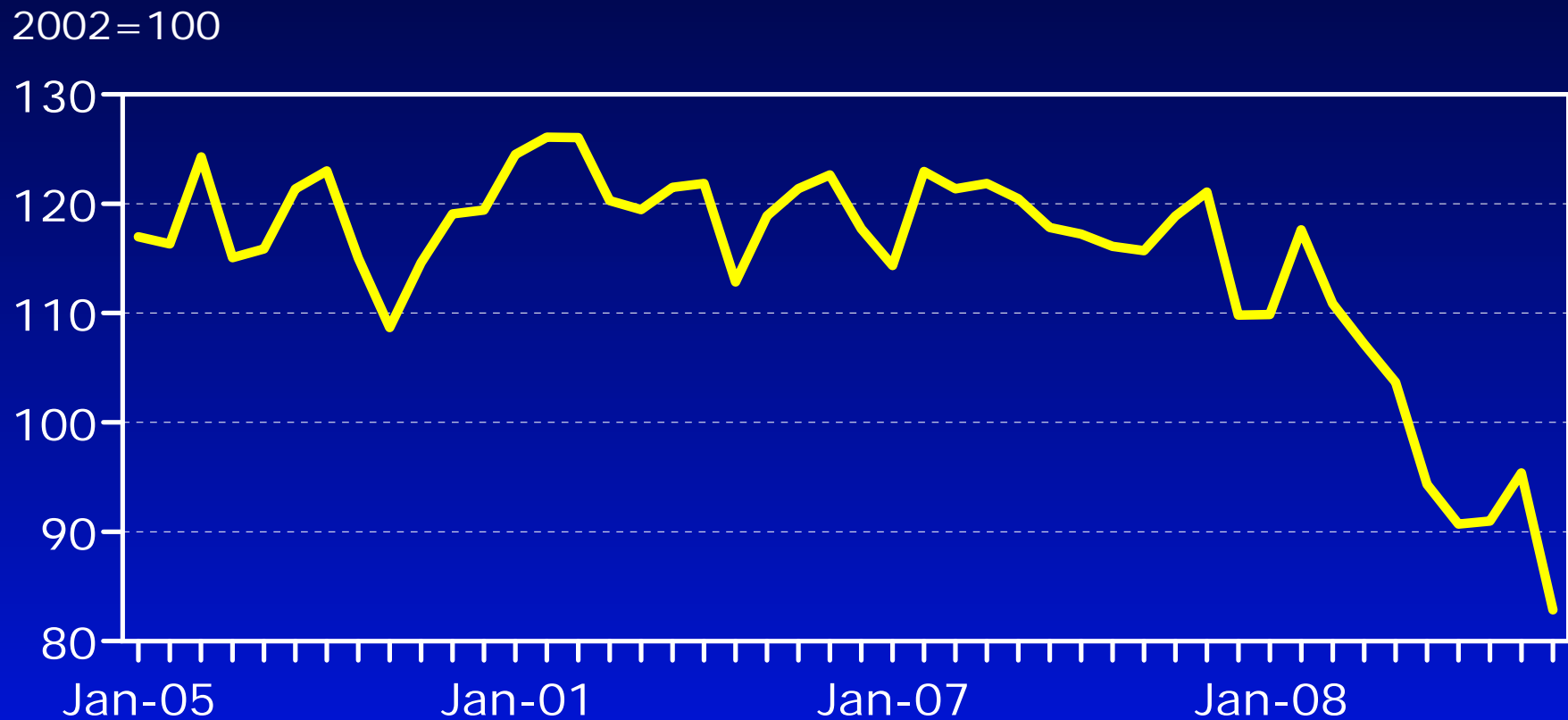


Source: REBGV, C1CU. Note: Seasonally adjusted. Latest: Sep-2008



Consumer confidence plunges

B.C. Index of Consumer Confidence, Monthly



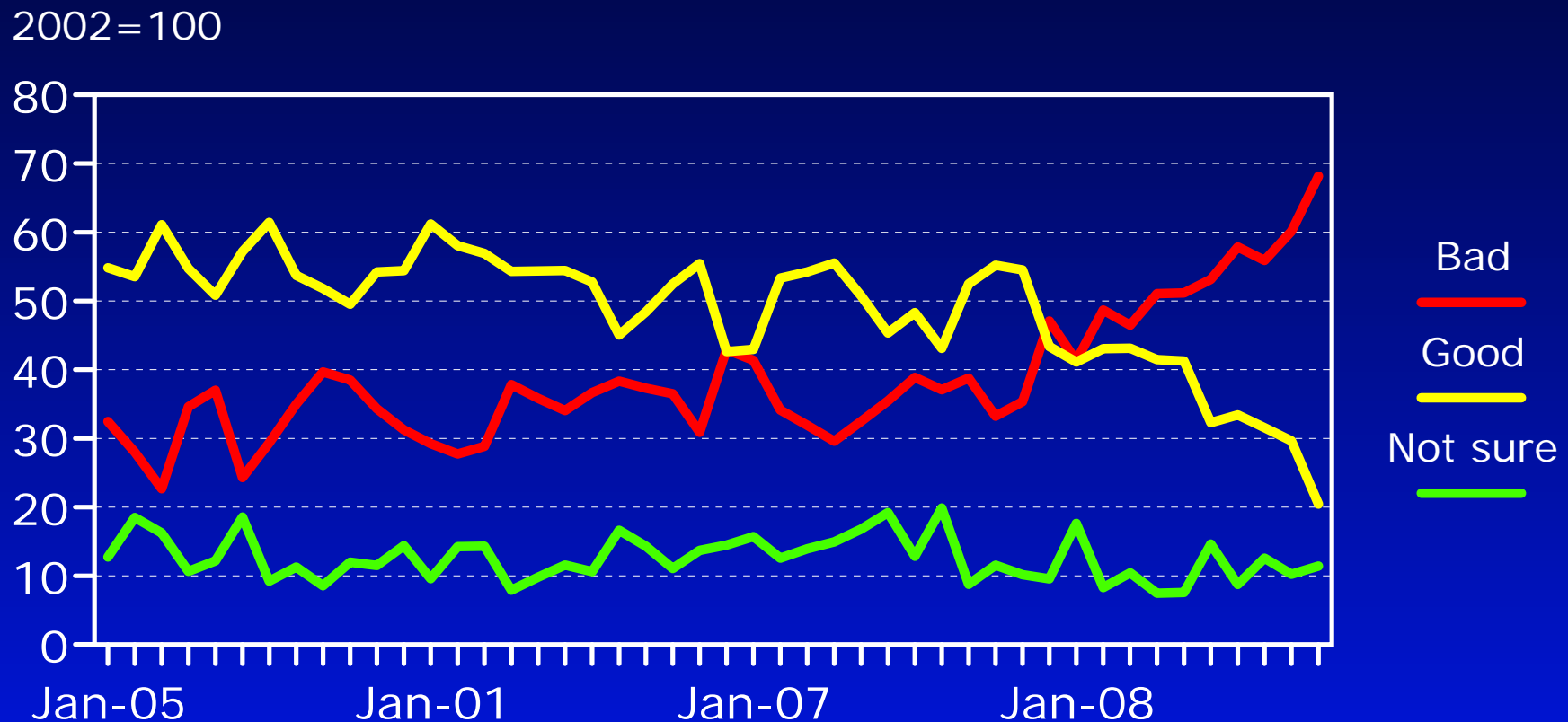
Source: Conference Board of Canada.

Latest: Oct. 2008



Most consumers avoid major purchases

Conditions for Major Purchase, B.C. Consumers, Monthly



Source: Conference Board of Canada.

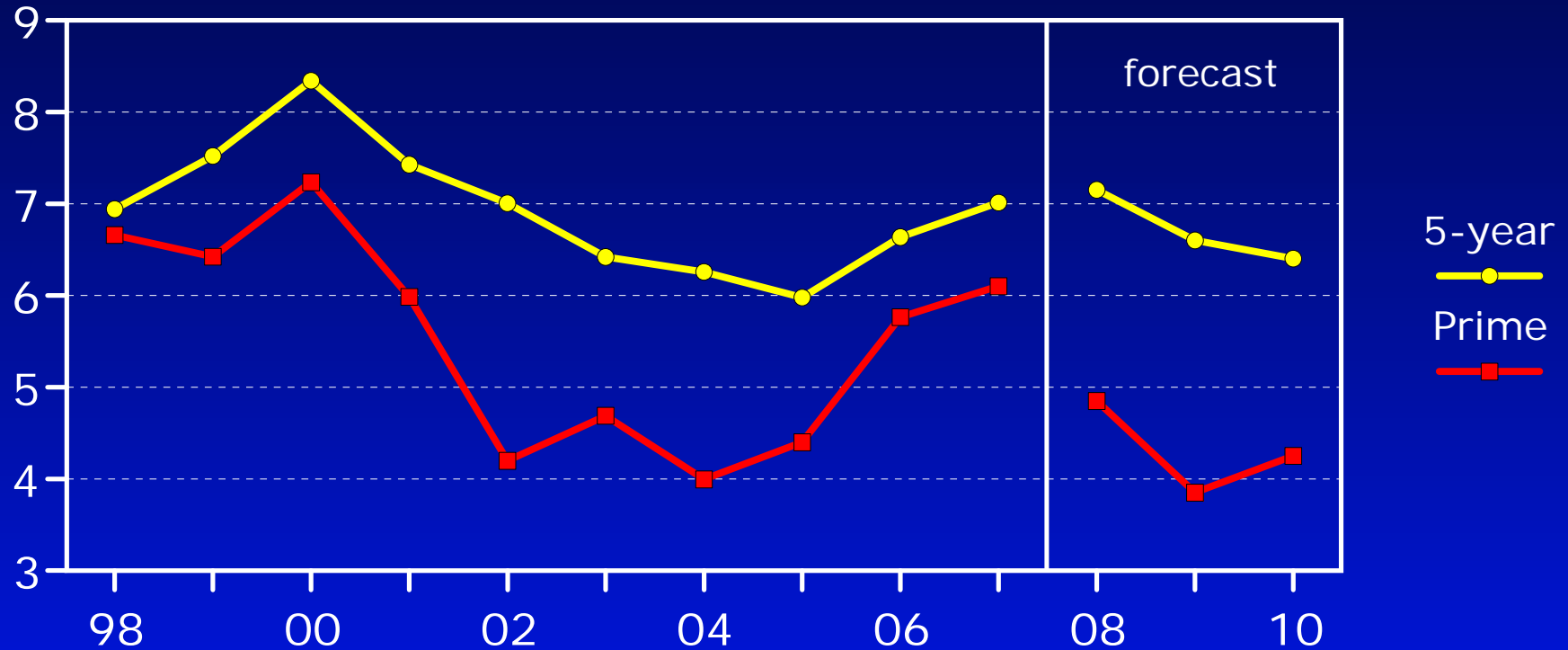
Latest: Oct. 2008



Lower interest rates ahead

Five-year Mortgage Rate and Prime Rate

Per cent



Source: Bank of Canada, C1CU.



Growth slowdown hits B.C., Olympic spike in 2010

Economic Growth, B.C.

Percentage change in real GDP



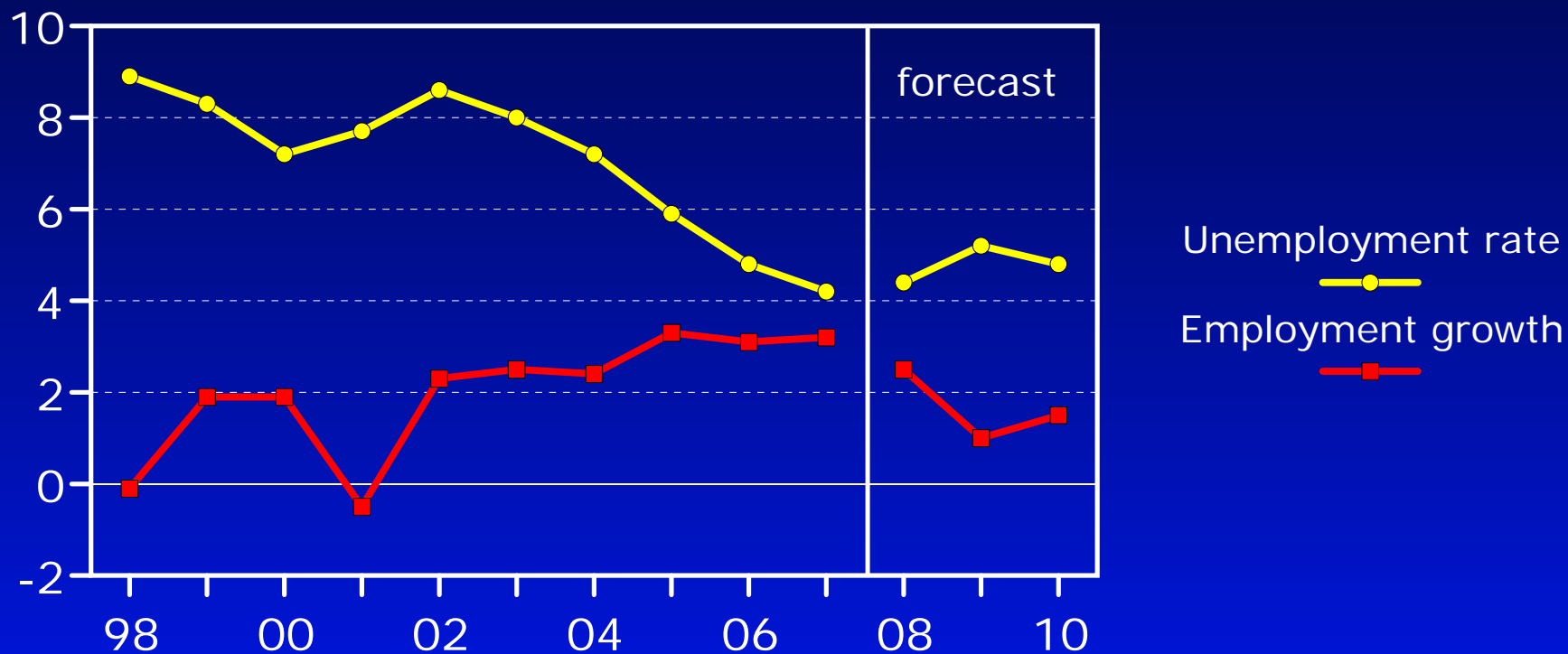
Source: Statistics Canada, C1CU.



Labour market conditions easing

B.C. Labour Market

Per cent



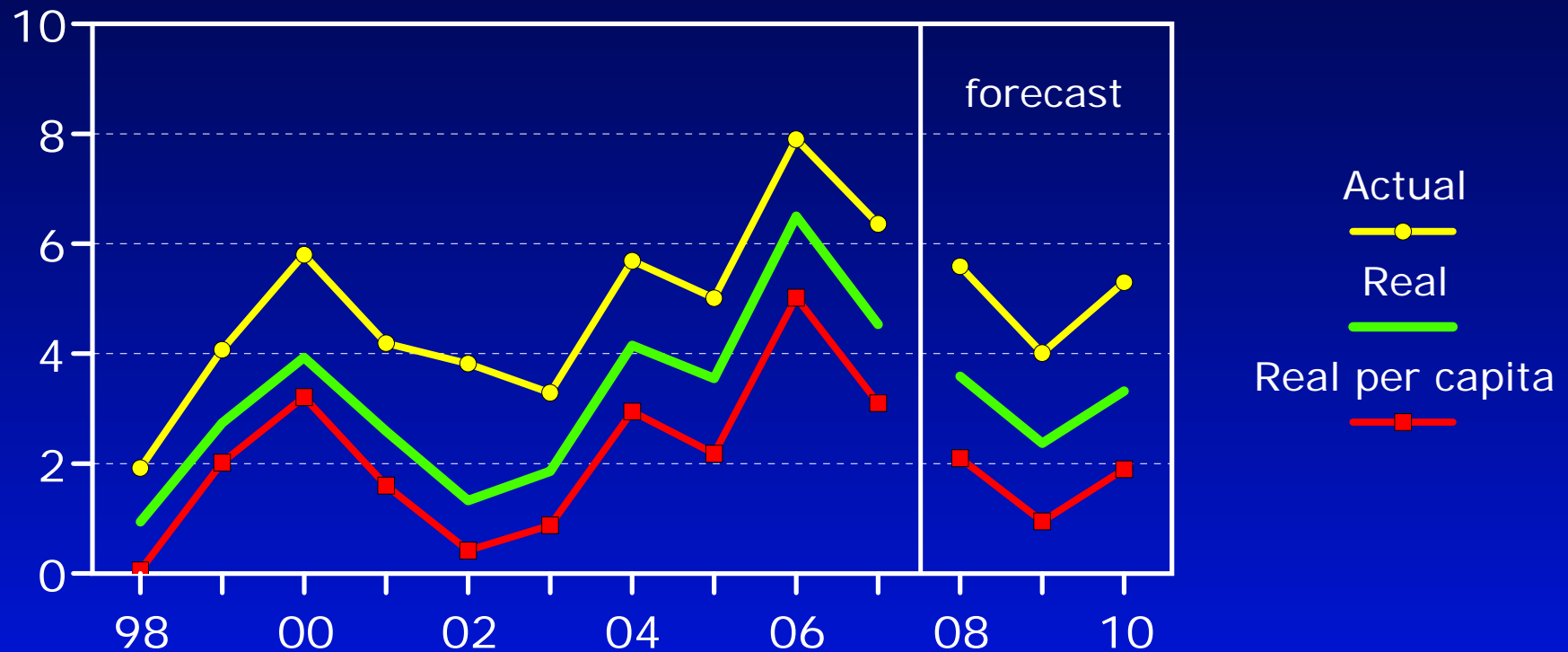
Source: Statistics Canada, C1CU.



Slower income growth ahead

B.C. Personal Disposable Income Growth

Per cent



Source: Statistics Canada, C1CU.



Population growth eases

B.C. Population Growth Rate, Annually



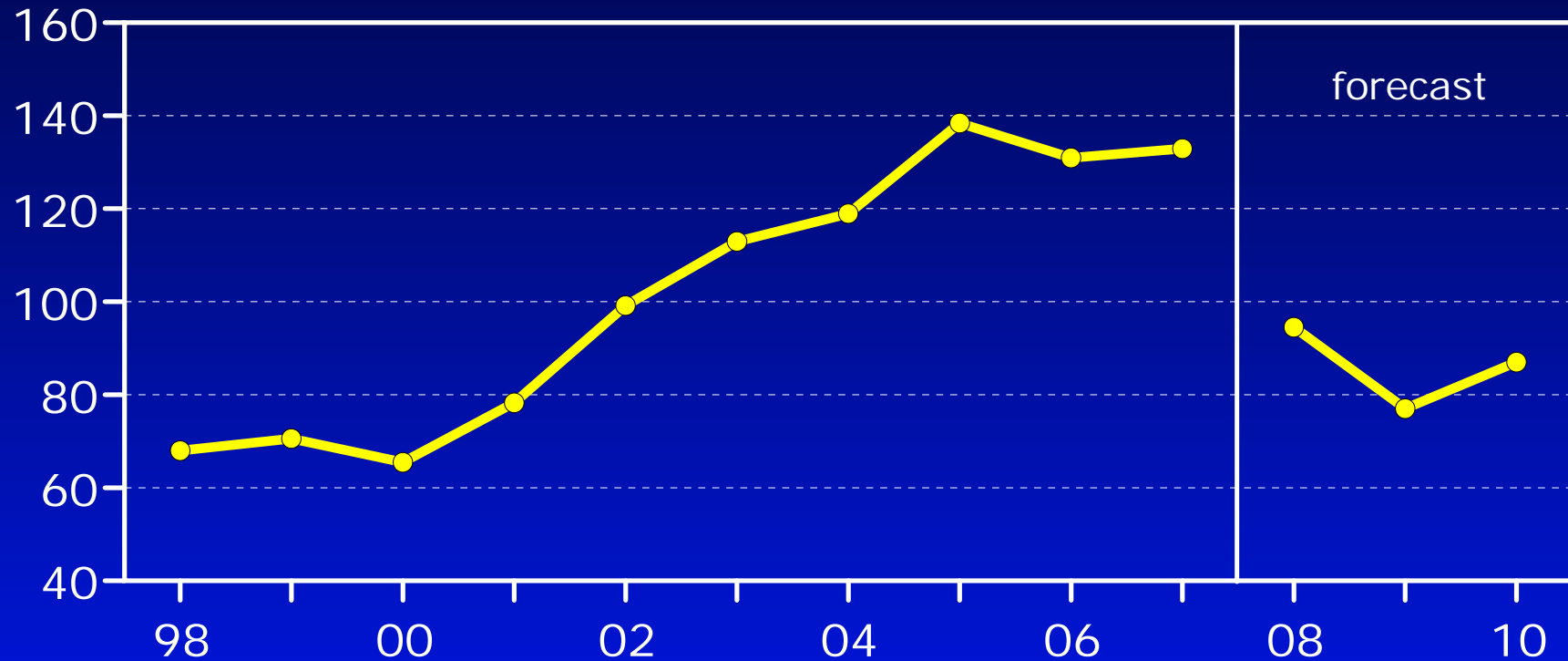
Source: Statistics Canada, C1CU.



Housing sales down 30% in 2008, 18% in 2009

B.C. Housing Sales*, Annually

Units - thousands



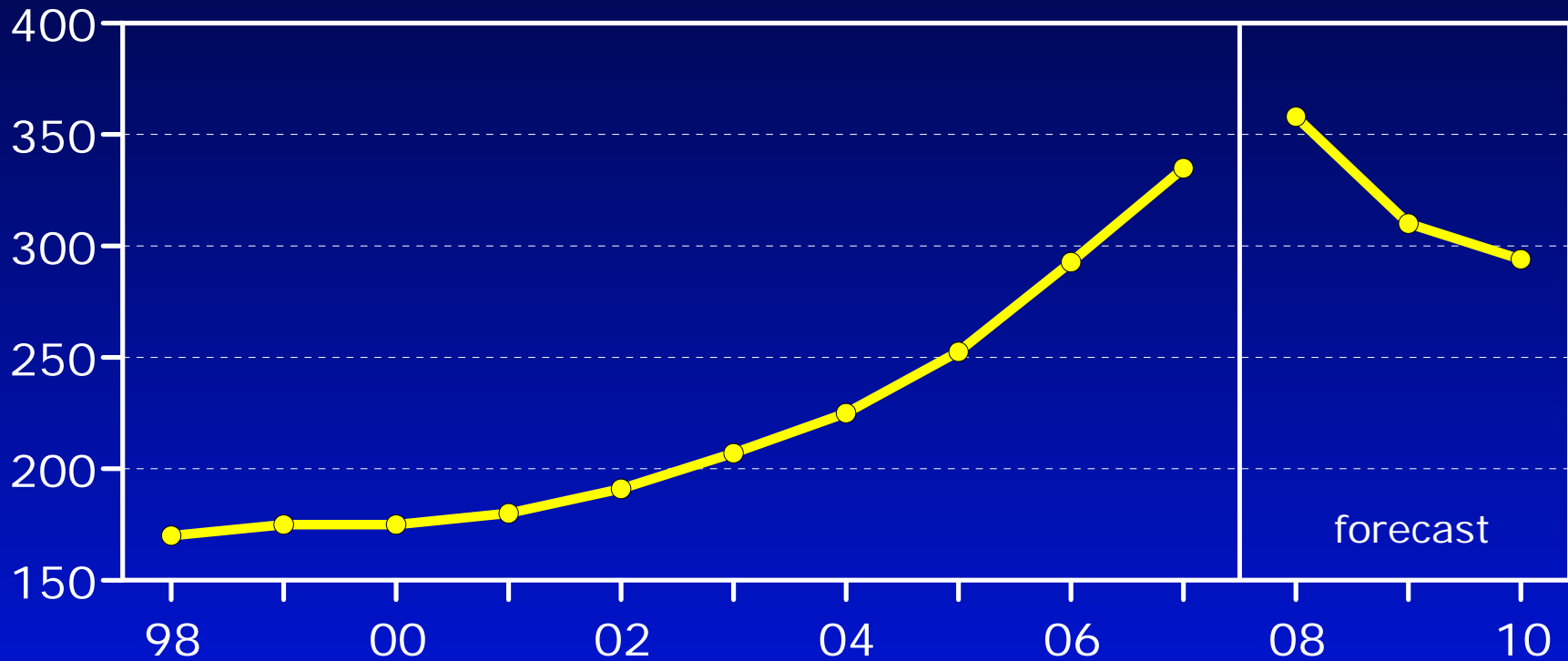
Source: Landcor Data Corp., C1CU. *All market sales



Prices down 20% during housing recession

B.C. Housing Median Sales Price, Annually

Dollars - thousands



Source: Landcor Data Corp., C1CU.



Summary:

- Credit crisis spilling over onto real economy increasing, recession looming
- Weak trade sector and domestic economy cooling
- Consumer confidence very low
- Bank rate cuts expected, lower mortgage rates
- Sluggish growth in 2009, possible recession
- Ownership housing market in decline, prices down into 2009, less new construction

