Weekly economic Briefing

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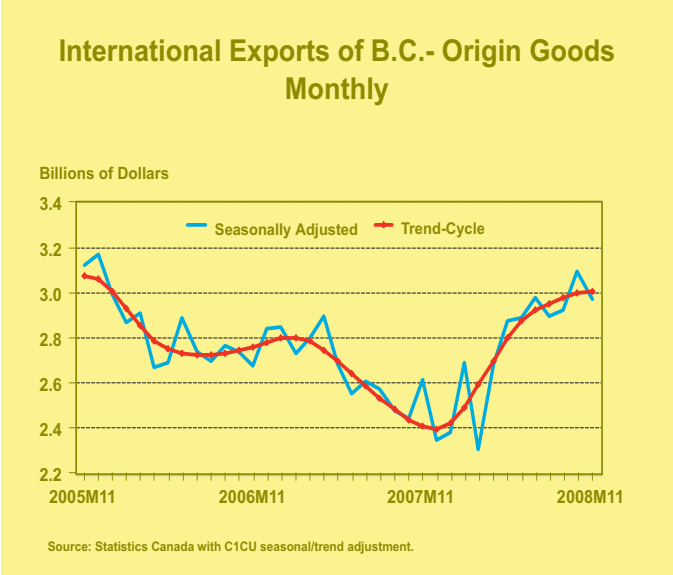
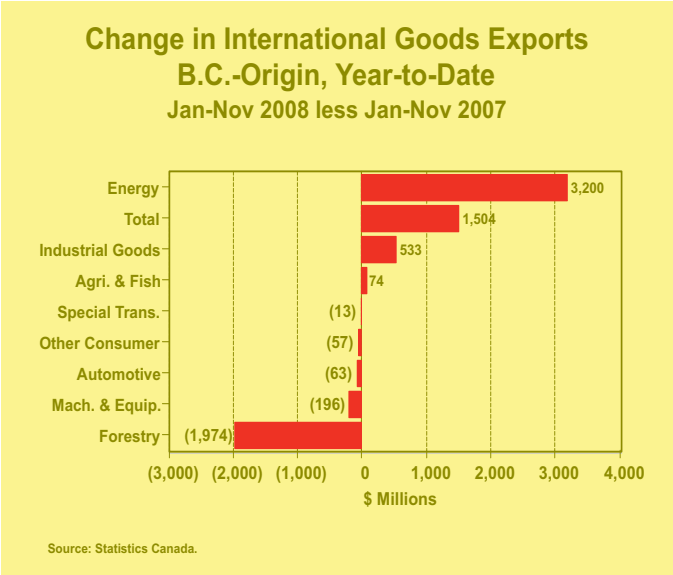
B.C.'s exports down

The dollar value of international exports of B.C.-origin goods was down in November following gains in September and October. Lower volume was largely due to declining commodity prices resulting from slowing global demand, as the financial crisis continues to weaken the real economy.

B.C.-origin, international goods exports totalled $2.69 billion in November, down $427 million (13.7%) from October, according to the latest estimates from Statistics Canada. November's decline was led by forest products, industrial goods/materials and energy products. After seasonal adjustment, total goods exports fell only 3.8% from October, following a 5.6% month-over-month increase in October.



On a year-to-date basis, B.C. international goods exports have increased, led by rising prices for energy products earlier in 2008. Through the first 11 months of 2008, exports totalled $30.7 billion, up $1.5 billion (5.1%) from the same period a year earlier. Year-to-date, year-over-year gains were led by energy products and industrial goods/materials. Gains in these sectors more than offset a sharp decline in forest products.



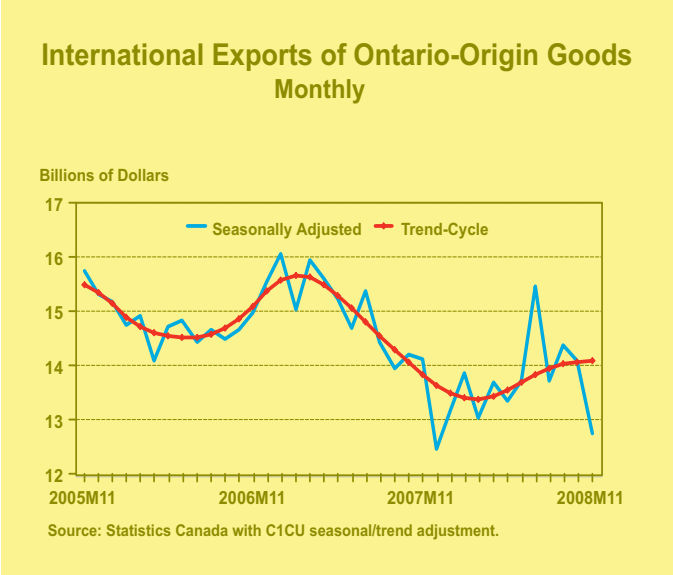
Central 1 Credit Union forecasts the real value of B.C.-origin exports, excluding price changes and including international and national goods and services, will decline 1.8% in 2009, following a drop of 3.3% in 2008. The Winter Olympics will boost exports of tourism-related services in 2010. However, substantial improvement depends on resumed growth or acceleration in the U.S. and world economies, which is unlikely before late 2009.

Weekly Economic Briefing is written and produced by the Economics Department, Central 1 Credit Union

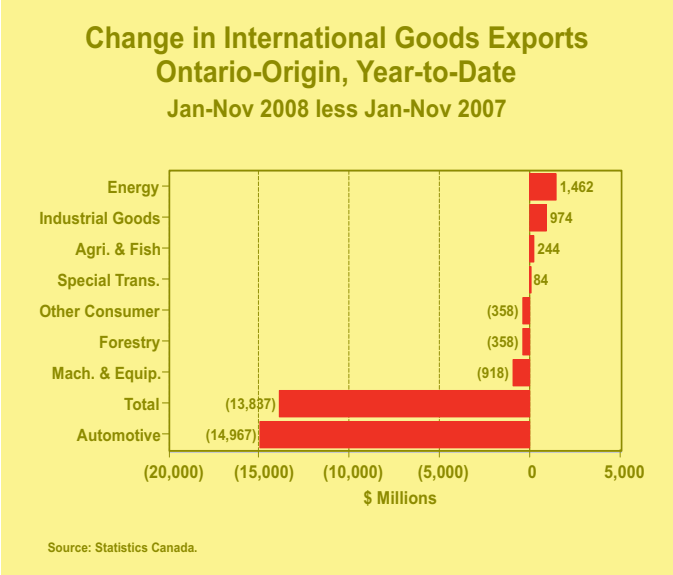
Central 1

Ontario's exports drop

Ontario saw the dollar value of its international goods exports drop in November, the third decline in the past four months. Lower volume resulted largely from sharply lower demand for industrial and consumer goods in the United States, as the real economy continues to be weakened by the financial crisis.



The value of Ontario-origin, international goods exports totalled $13.03 billion in November, a drop of $1.62 billion (11.1%) from October, according to the latest estimates from Statistics Canada. Leading November's decline were industrial goods/materials, automotive products and various other consumer products. After seasonal adjustment, total goods exports fell 9.5% from October, following a 2% month-over-month drop in October.



On a year-to-date basis, Ontario's international goods exports have declined as well. Through the first 11 months of 2008, exports totalled $151.8 billion, down $13.8 billion (8.4%) from the same period a year earlier. Year-to-date, year-over-year declines were largely driven by lower sales of automotive products, although decreases were also seen in machinery/equipment, forest products and various other consumer goods. Declines in these sectors far more than offset gains in energy products, industrial goods/materials and agriculture/fish products.

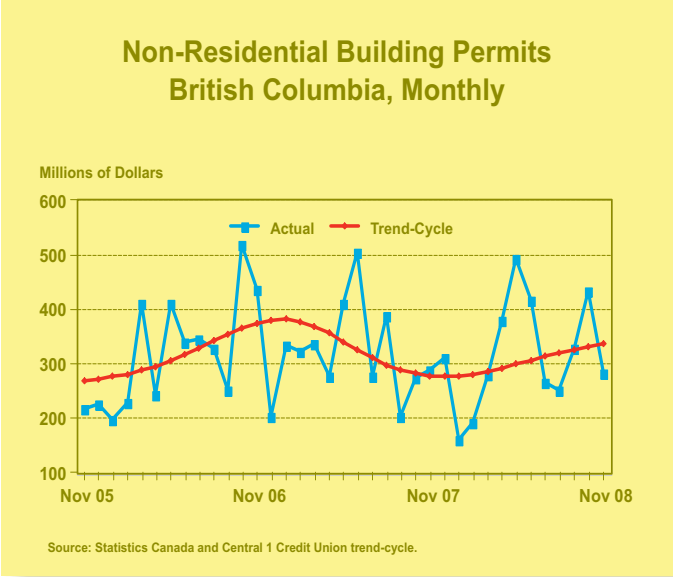
Central 1 Credit Union expects the real value of Ontario-origin exports, excluding price changes and including international and national goods and services, will decline in 2009 as the world economy will be in recession.

Non-residential building permits to drop in B.C. this year

The value of non-residential building permits issued by B.C. municipalities totalled $284 million in November, down 35% from October and partly offsetting strong growth in the prior two months, according to the latest estimates from Statistics Canada. So far this year, non-residential building permits total $3.49 billion, down a slight 3.6% from the same period last year, although still high relative to longer-term history.

Permits for all three major classes of non-residential buildings decreased in November: commercial (-24%), government/institutional (-69%) and industrial (-31%). In the first 11

months of the year, commercial building permits are up a slight 2.7% from the same period a year earlier. Meanwhile, year-to-date permits for government/institutional buildings are down 19% year-over-year and industrial building permits have dropped 9%.



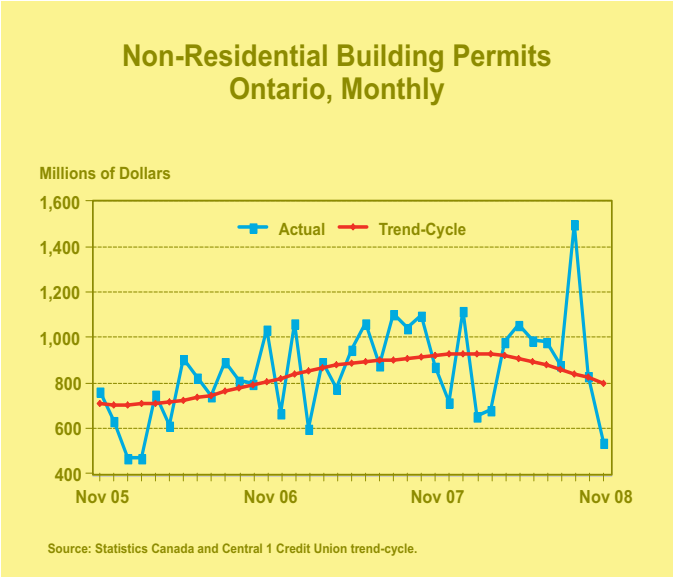
Among the metropolitan areas of B.C., November's decline in non-residential building permits was almost entirely in Vancouver, although relatively much smaller declines occurred in Abbotsford, Kelowna and Victoria. Year-to-date non-residential permits issued are little changed in Vancouver, year-over-year. Meanwhile, year-to-date permits are up 13% in metro Victoria and 55% in metro Abbotsford, while declining 13% in metro Kelowna.

Central 1 Credit Union forecasts that non-residential construction spending in B.C., including both buildings and heavy engineering projects, will total around $10.6 billion in 2009, down 22% from 2008. Lower corporate profits, weakening demand and tighter financing terms will drive this investment recession.

Ontario non-residential building permits on downward trend

In Ontario, the value of non-residential building permits issued by municipalities dropped 35% to $537 million in November from October, marking the lowest monthly total since February 2006, according to the latest estimates from Statistics Canada. Non-residential building permits total $10.2 billion so far this year, a slight drop of 1.5% from the same period last year, although still near the record-high level set in early 2008.

November saw decreases in permit values for all three major classes of non-residential buildings: commercial (-29%), government/institutional (-48%) and industrial (-37%). In the first 11 months of the year, commercial building permits are up by just 2% from the same period a year earlier, while permits for government/institutional buildings are up 10% and industrial building permits are down 25%.



Among Ontario's metropolitan areas, November's decline in non-residential building permits was led by Ottawa-Gatineau, Guelph and Toronto, with relatively much smaller decreases occurring in Hamilton, London, Brantford, Barrie, Kingston and Peterborough. These declines far more than offset increases in Oshawa, Kitchener and St. Catharines-Niagara.

Year-to-date non-residential building permits issued are down mostly in Toronto, Ottawa-Gatineau, Greater Sudbury, St. Catharines-Niagara and Windsor. Meanwhile, year-to-date permits are up mostly in Barrie, Kitchener, London, Hamilton, Thunder Bay and Guelph.

Central 1 Credit Union forecasts that Ontario will see a decline this year in non-residential construction spending, including both buildings and heavy engineering projects. This investment recession will be driven by lower corporate profits, weakening demand and tighter financing terms.

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