

This week's economic releases were generally consistent with a continuing slide into recession in British Columbia. Lumber production continued to decline, and unemployment kept rising. Meanwhile, U.S. existing housing sales remained near 10-year lows.

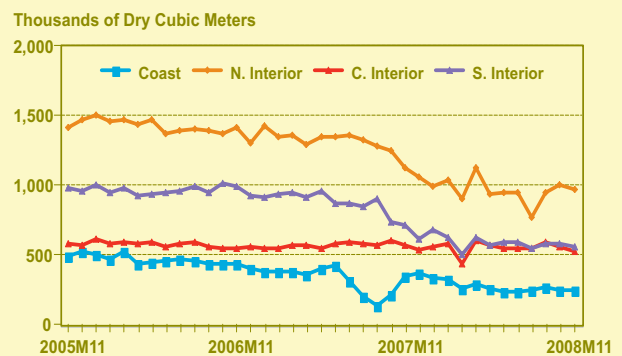
Statistics Canada's latest estimate of **sawn lumber production** in B.C. shows a continuing decline in output. Production totalled 2.3 million dry cubic meters in November, seasonally adjusted, down 3.9% from October. The Central Interior forest region saw a 5.6% month-over-month decline, while the Northern and Southern Interior regions each experienced a 3.2% drop. In contrast, the Coast region saw a 1% rise in seasonally adjusted, month-over-month sawn lumber output.

B.C.'s lumber manufacturing industry continues to be depressed by shrinking housing markets in the U.S., Canada and Japan. This week, the U.S. National Association of Realtors reported that **sales of existing homes** remained very weak in December at 4.74 million units, on a seasonally adjusted annualized rate (SAAR) basis. Although that represents the strongest month-over-month increase since 2002, sales in November had amounted to the lowest monthly total since the late 1990s.

Existing home sales will need to trend upward before housing asset prices bottom out and thus set the stage for a rebound in new home construction. So far, there is no clear sign that any of these indicators has reached bottom, let alone begun to trend upward. Thus, the outlook for lumber manufacturing in B.C. remains negative.

Central 1 Credit Union forecasts sawn lumber production in B.C. will drop a further 5% this year, following year-over-year declines of 23% in 2008 and 11% in 2007. Sawmills in the Central Interior forest region (Williams Lake, Quesnel) will continue to avoid most of the production cuts.

**Sawn Lumber Production, B.C.  
Monthly, Seasonally Adjusted**



Source: Statistics Canada with C1CU seasonal adjustment.



## Weekly Economic Briefing

Other economic releases this week were also consistent with B.C. sliding into recession. Statistics Canada estimates the number of beneficiaries in B.C. receiving regular **Employment Insurance** payments totalled 46,120 in November, seasonally adjusted. That is up 4% month-over-month and almost 25% year-over-year. Central 1 forecasts employment will average 2.28 million persons this year in B.C., down about 40,000 from 2008.

Statistics Canada also released preliminary estimates of November **GDP in Canada**. Real GDP is estimated to have declined 0.7% SAAR. All major sectors had reduced output, led by manufacturing, wholesale trade and construction. Energy, retail trade, finance, insurance and transportation service industries also showed notable declines.

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