

Economy continues to condense

Based on the latest estimates of major economic indicators released this week, the recession continues to weaken B.C.'s economy. Jobs continued to decline while the labour force grew, driving the unemployment rate up for the fifth time in the past six months. Meanwhile, merchandise exports and housing starts continued to decline.

B.C.'s **labour market** remained largely weak in February, according to the latest estimates from Statistics Canada. Employment fell by 4,900 persons (-0.2%) from January, seasonally adjusted, the sixth consecutive monthly decline. Given the small size of the sample used in the Labour Force Survey in B.C., this estimate is not significantly different from zero, or no change in the number of workers. However, B.C.'s unemployment rate jumped from 6.1% in January to 6.7% in February, seasonally adjusted, as the labour force increased by 9,300 while jobs edged down.

Younger labour market participants, aged 15 to 24 years, saw employment drop by 12,700 persons in February. The labour force also declined, although by less than employment, driving the unemployment rate for this age group up from 9.9% in January to 11.6% in February, seasonally adjusted.

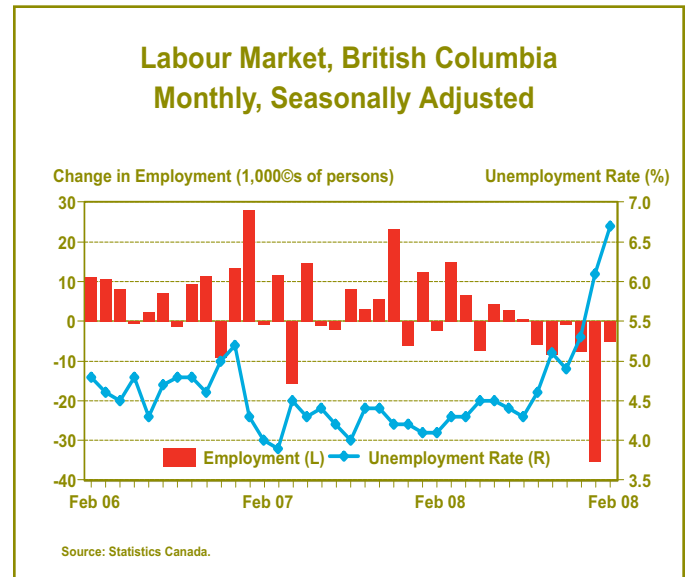
Men aged 25 years and over saw continued significant growth in the labour force, while net job creation was nowhere to be found. This propelled their unemployment rate up from 5.7% in January to 6.5% in February, seasonally adjusted.

For women aged 25 years and over, employment increased in February by an estimated 10,300 jobs, slightly exceeding growth in the labour force. The employment rate of this group thus edged up from 56.7% in January to 57.3% in February, seasonally adjusted.

In Metropolitan Vancouver, employment increased in February by 11,500 workers. This almost kept pace with continued labour force growth, so the unemployment rate inched up to 5.7%, seasonally adjusted. Regionally, the latest three-month rate of change in seasonally adjusted employment has been most negative in the North Coast-

Nechako (-4%) and Cariboo (-3.3%) areas. In contrast, the Thompson-Okanagan and Kootenay regions have seen job gains in the latest three months.

Central 1 Credit Union expects further job losses in B.C. over the next several quarters, as the recession works its way through the real economy. Bear in mind that employment is a lagging indicator of economic performance, usually trailing three to six months behind changes in aggregate expenditures and other broad measures of production. Central 1 expects average employment will decline by 53,000 or -2.3% this year from 2008 and the unemployment rate will average 7.1% compared to 4.6% last year.



The global recession continued to decimate **international exports** of B.C.-origin merchandise in January, according to the latest estimates from Statistics Canada. The seasonally adjusted dollar value of such exports fell 8% in January, month-over-month, following declines of 13% in December and 10% in November.

Forest products and machinery/equipment exports led January's decline in exports. Auto parts and accessories also dropped at a fast rate, although the volume of such exports from B.C. is relatively small. Energy exports



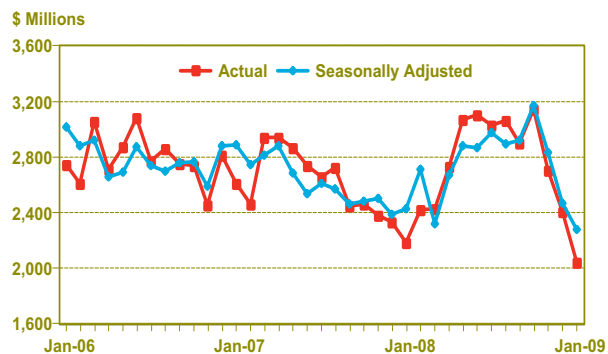
bucked the downward trend, edging up in January following three consecutive monthly declines.

For 2009 as a whole, Central 1 Credit Union forecasts a 2% year-over-year decline in the value-weighted quantity of B.C.-origin exports.

Housing starts in B.C. continued to tumble in February, according to the latest estimates from Canada Mortgage and Housing Corporation. Construction began on just 857 housing units in February in B.C.'s urban areas. That is down 76% from a year earlier. Central 1 Credit Union forecasts housing starts in B.C. will total a mere 16,700 units this year, down 51% from 2008 and the lowest level since 2000.

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Merchandise Exports, B.C.-Origin, Monthly



Source: Statistics Canada and Central 1 Credit Union.