

This week's economic indicators were mostly downbeat except for a rally in major North American stock market indexes. Sales of existing homes in the U.S. dropped 3% in March to near the long-term low reached in January. Inventories remain at depressed market levels but are down slightly from the long-term highs of last year. Median home prices have edged up so far this year.

Closer to home, retail sales and international visitor entries in B.C. both resumed downward trends in February following a brief, one-month "bear market bounce" in January.

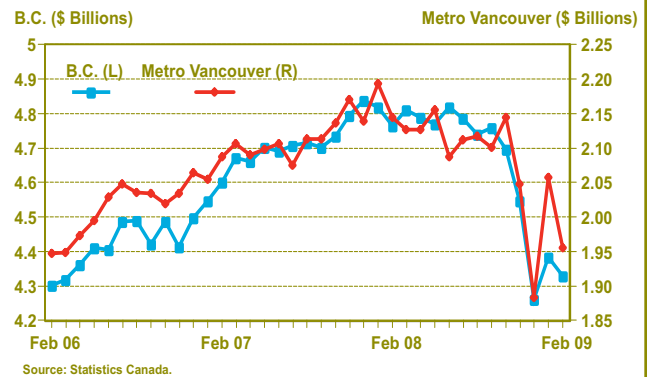
Retail sales in B.C. fell 1.3% in February, month-over-month, seasonally adjusted, according to the latest estimates from Statistics Canada. That offsets some of the growth in January and resumes the downward trend that began in February 2008. Unadjusted sales in the first two months of 2009 are down 9.8% compared to the same period a year ago.

Retail sales in metro Vancouver also fell in February, down 5.0% month-over-month, seasonally adjusted. Unadjusted sales in January and February are down 9.4% year-over-year.

Consumer spending is a mainstay of economic growth, but the economic recession is reflected in less excessive consumption and higher propensity to save. This is expected to happen when household wealth has plunged due to lower real estate and business equity values as well as declining employment.

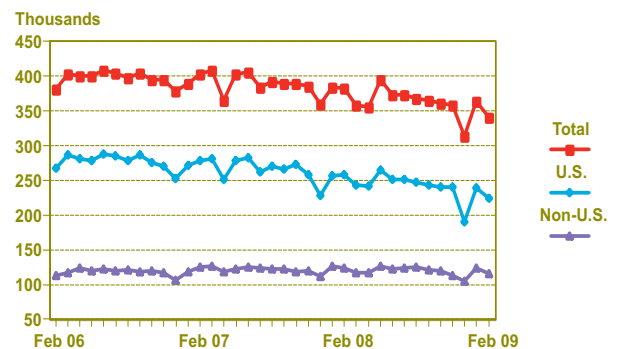
Central 1 Credit Union forecasts retail sales in B.C. will drop 2.8% in 2009, the first year-over-year decline since 1998. Hardest hit will be durable goods such as automobiles and building supplies.

Retail Sales
Monthly, Seasonally Adjusted



International non-resident tourist entries to B.C. also declined in February, according to the latest estimates from Statistics Canada. Entries fell 6.4% month-over-month, seasonally adjusted, offsetting some of the growth in January and resuming the downward trend that began in late 2002. Unadjusted entries in the first two months of 2009 are down 9.8% compared to the same period a year ago.

International Tourist Entries to B.C.
Seasonally Adjusted, Monthly



February's decline was spread over visitors from the U.S. and elsewhere. Entries from the U.S. dropped 6% month-over-month, seasonally adjusted, and year-to-date are down 11.7% year-over-year. Meanwhile, entries from non-U.S. countries fell 6.1% month-over-month and are down 6.1% year-to-date, year-over-year.

The lengthening global recession is expected to continue to dampen international tourist visits to B.C. this year, marking four consecutive years of decline. A boost in visitors is expected in early 2010 when the Winter Olympics are staged.

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