

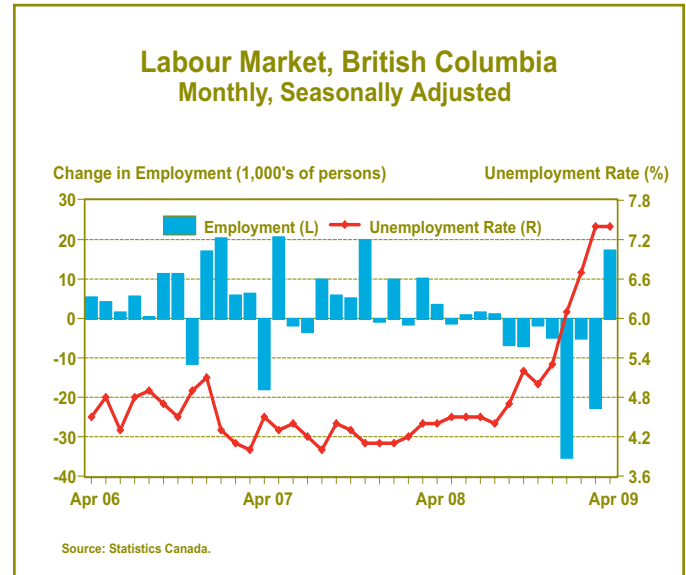
**Latest economic indicators show some improvement in B.C.**

The week’s economic indicators suggest B.C.’s economy may be improving, although it is still too early to base this inference on available data. Employment showed the first significant increase in 13 months, while non-residential building permits were up for the second consecutive month. Meanwhile, housing starts stopped plunging. For now it appears the plunge in economic output over the past nine to 12 months may be over.

However, the latest U.S. economic indicators suggest economic output there continues to shrink, although not as quickly as before. Lending conditions on businesses and households are still tightening, though less extensively than before. The much watched Institute of Supply Management’s indexes show both manufacturing and non-manufacturing production is still in decline, again less rapidly than before. Meanwhile, the U.S. lost another 540,000 jobs in April, with almost every sector down except health, education and public administration. That is not as bad as the 700,000 jobs lost in March.

B.C.’s **labour market** showed some significant improvement in April for the first time in 13 months, according to the latest estimates from Statistics Canada. Employment rose by 17,300 persons (0.8%) from March, seasonally adjusted, while total hours worked edged up 0.2%. B.C.’s unemployment rate was unchanged at 7.4%, seasonally adjusted, as the labour force increased by as much as employment.

April’s employment gains were more likely significant among self-employed workers than among private- and public-sector employees. Job gains were largely among men aged 25 years and over. Job growth was significant in manufacturing and wholesale/retail trade, whereas a significant decline in jobs occurred in the finance/insurance/real estate service industries. All of last month’s net job growth was in Metropolitan Vancouver.



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. The average level of employment is forecast to decline by 3.5% in 2009 year-over-year, following 2.1% growth in 2008. Meanwhile, the unemployment rate is expected to average 8% this year, up from 4.6% last year.

**Non-residential building permits** in B.C. increased in March for the second straight month, according to the latest estimates from Statistics Canada. Permit values for non-residential buildings totalled \$361 million in March, up \$55 million (18%) from February. Month-to-month changes of this magnitude are common due to the indivisibility and irregular frequency of larger building projects.

March’s rise was led by a surge in government/institutional buildings in metropolitan Victoria, Kelowna and Abbotsford. Permits for industrial buildings also increased in March. Meanwhile, permits for commercial buildings dropped, as did non-residential building permits in metro Vancouver.



In the first quarter, permits for government/institutional buildings were up sharply from the same period last year, while permits for commercial and industrial buildings were little changed. Year-to-date permits for non-residential buildings are up sharply in metropolitan Victoria and Kelowna year-over-year, but down notably in the Lower Mainland.

Central 1 Credit Union forecasts that the value of non-residential building permits issued in B.C. will drop 6% this year, on par with a 6.5% decline in 2008. This year's drop will be spread over all types of commercial, industrial and government/institutional buildings.

**Housing starts** in B.C. stopped falling in April, according to the latest estimates from Canada Mortgage and Housing Corporation. Construction began on just 9,900 housing units in B.C.'s urban areas at a seasonally adjusted annualized rate, on par with 9,800 starts in March. Central 1 Credit Union forecasts housing starts in B.C. will total a mere 16,700 units this year, down 51% from 2008 and marking the lowest level since 2000.

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