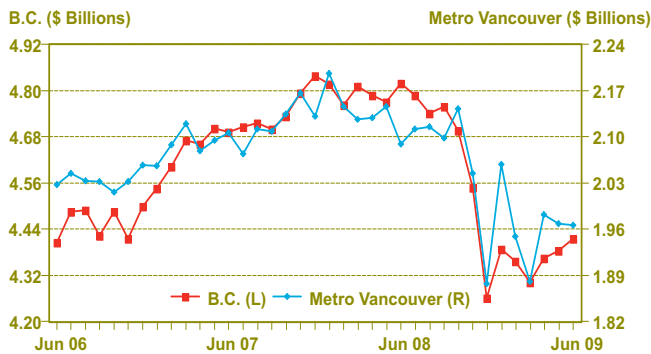


### Retail Sales Monthly, Seasonally Adjusted



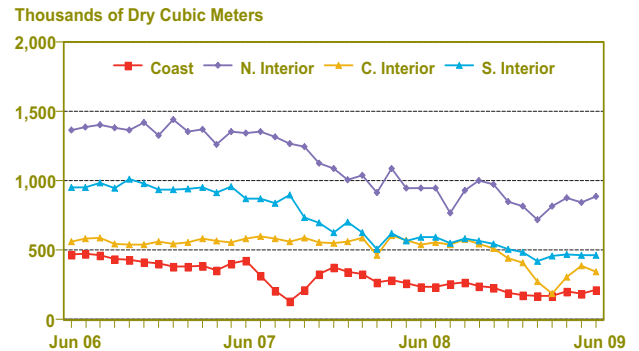
Source: Statistics Canada and Central 1 CU seasonal adjustment for Vancouver.

This week's economic indicators reveal retail sales and lumber manufacturing in B.C. continue to slowly rebound from recessionary lows.

**Retail sales** in B.C. continued to rebound in June from the low reached in December last year, according to the latest estimates from Statistics Canada. Sales increased by an above-average 0.7%, month-over-month, seasonally adjusted, the third consecutive monthly gain. While sales are trending upward now, they remain well below levels of a year ago. Year-to-June sales in 2009 are 9.2% lower than in the same period last year.

Leading B.C.'s year-to-June, year-over-year decline in retail sales are new car dealers (-21%), gasoline stations (-26%), home centre/hardware stores (-12%), furniture/home furnishing stores (-17%), pharmacies/personal care stores (-6%) and used/recreational motor vehicles/parts (-9%). Most other retail sectors also saw significant declines of a lesser magnitude. Meanwhile, sectors showing growth include supermarkets (+2%), general merchandise stores (+1%), specialized building material and garden stores (+5%) and beer/wine/liquor stores (+1%).

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



Source: Statistics Canada with C1CU seasonal adjustment.

In metro Vancouver, retail sales edged down by a slight 0.1% in June, month-over-month, seasonally adjusted. That is the second consecutive month of little change, following a very robust 5.3% rise in April. Year-to-June sales in metro Vancouver are down 8.5% from the same period in 2008.

Central 1 Credit Union forecasts consumer spending will increase throughout the next several years, as housing and labour markets rebound from the latest recession and consumer confidence grows. Retail sales are forecast to rise 3% in 2010, year-over-year, and 5.4% in 2011, following a -5.4% decline this year.

B.C.'s **lumber manufacturing** industry depends on housing markets in the United States. Recent statistics indicate the U.S. resale housing market has bottomed out. Nation-wide house prices increased 2.9% in the second quarter, the first quarterly gain in several years. Sales of existing single-family homes increased 6.5% in July, month-over-month, seasonally adjusted, marking the third consecutive monthly gain.

The recent rebound in existing housing markets is being driven by much-improved affordability, due to historically



low mortgage rates and relatively low housing prices. This bodes well for a rebound in new home construction in the U.S., although that is likely to be at least a few months from now. Central 1 Credit union forecasts U.S. housing starts will total a record low 550,000 units in 2009, rising to 800,000 units in 2010 (+40%) and over one million units in 2011.

B.C. accounts for about half of Canada's softwood lumber production. Statistics Canada's latest estimate of **sawn lumber production** in B.C. shows a slight increase in June, the third monthly gain in the last four months. Production totalled 1.91 million dry cubic metres in June, seasonally adjusted, up 2% from May. The Northern Interior region led the way, while output also increased materially in the Coastal region. Elsewhere, output declined in the Central Interior region and held steady in the Southern Interior region.

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