

This week's major economic indicators for B.C. reveal higher electricity and clothing prices in August and rising international tourist entries in July. New automobile sales and wholesale trade also increased in July, while manufacturing sales edged down.

Consumer prices in B.C. were higher in August than July but are down from a year ago. The year-over-year decline was almost entirely due to a spike in gasoline and other energy prices at this time last year. The month-over-month increase was largely due to higher electricity and clothing prices in August.

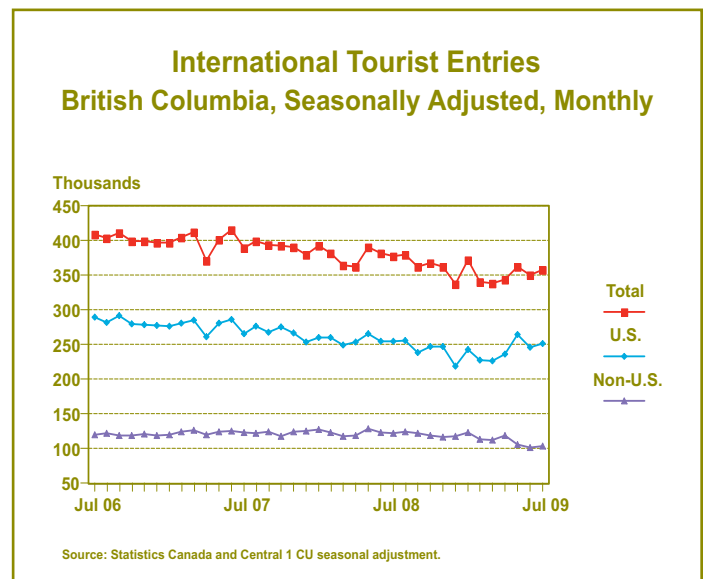
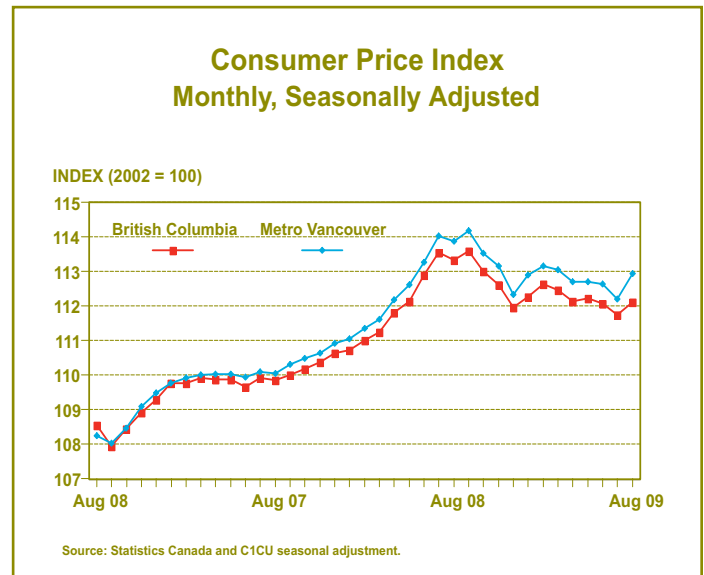
The all-items Consumer Price Index (CPI) for B.C., seasonally adjusted, increased 0.3% from July and was 1.1% below the year-ago level, according to the latest estimates from Statistics Canada. Metro Vancouver's consumer price inflation was similar to that of the province overall.

Neither inflation nor deflation is of particular concern this year. The latest recession has weakened domestic demand and production, and yet monetary policy can readily become less expansive if price inflation accelerates. Central 1 Credit Union forecasts that B.C.'s CPI inflation rate will slow down to average just 0.4% this year, compared with 2.1% last year. That will be the slowest rate of CPI inflation since a 0.3% rise in 1998.

International tourist entries to B.C. increased in July, the third month-over-month gain in the last four months. The gain was broad-based with more visitors from the United States and from other foreign countries. Recent gains are a welcome relief from the downward trend of the past several years.

Total entries climbed 2.0% month-over-month, seasonally adjusted, according to the latest estimates from Statistics Canada. U.S. visitors rose 2.0%, while visitors from other countries increased 2.6%. In the seven months of 2009, total entries declined by 187,500 people (7.1%) compared to the same period a year ago. Year-to-July visitors from the U.S. were down 79,900 (4.5%) year-over-year, while visitors from other countries have dropped 107,600 (12.3%).

Tourism will likely continue to struggle for some time yet, although the 2010 Winter Olympics will provide a significant temporary boost in the first half of next year.



The global economic recovery will lift business travel in the coming months and years, but discretionary travel spending is likely to remain weak for some time.

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