

**Retail sales** in B.C. declined in July following three straight month-over-month gains, according to the latest estimates from Statistics Canada. Sales decreased by 0.8% seasonally adjusted, reversing a 0.8% gain in June. July's lower sales mostly reflected lower gasoline prices. Retail sales remain on an upward trend despite July's result, rebounding from steep declines in late 2008. Year-to-July sales in 2009 are 8.7% lower than in the same period last year.

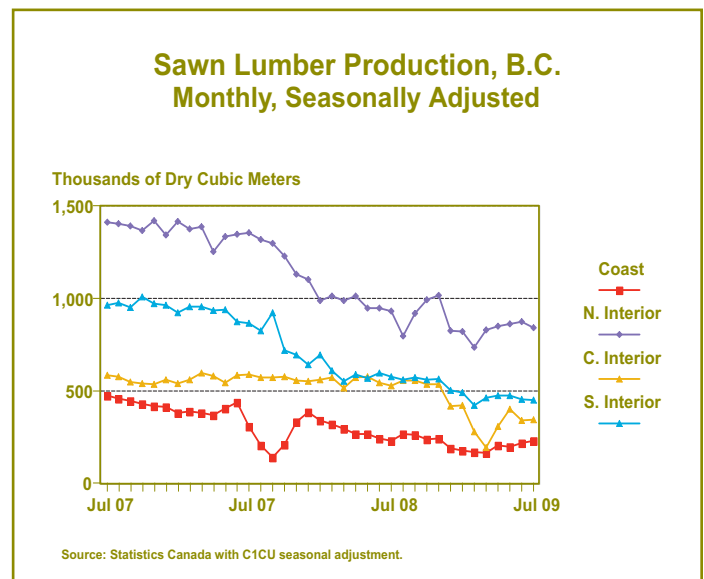
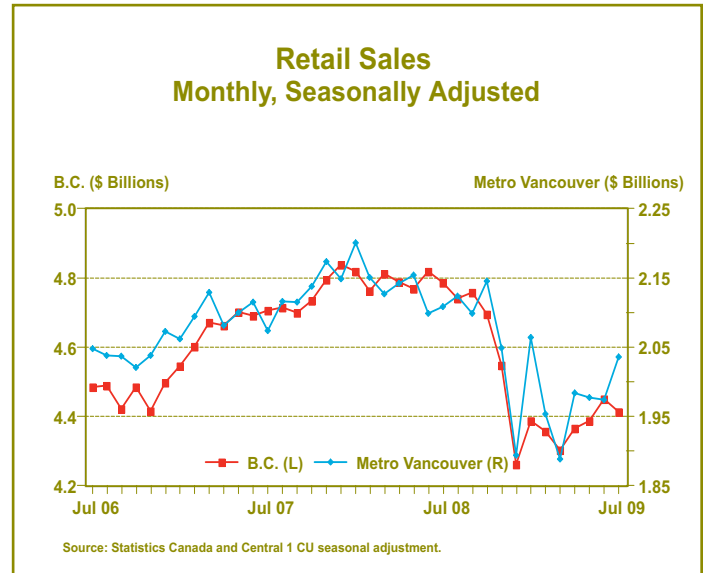
Unlike the province overall, metro Vancouver saw retail sales soar by 3.1% in July, month-over-month, seasonally adjusted. Year-to-July sales in 2009 are 7.7% lower than in the same period last year.

While the urgent risks associated with the financial crisis are past and a return to economic growth is underway, it will take some time yet for household wealth and employment to fully recover. Central 1 Credit Union forecasts consumer spending in B.C. will increase throughout the next several years. Retail sales are forecast to rise 3% in 2010 and 5.4% in 2011, following a -5.4% year-over-year decline in 2009.

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. A recent rebound in existing home sales 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 the strength of such a rebound is not yet clear. 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.

Statistics Canada's latest estimate of sawn lumber production in B.C. shows a slight decrease in July. Production totalled 1.87 million dry cubic metres, seasonally adjusted, down 0.5% from June. The Northern Interior region led the decline, while output also decreased in the Southern Interior region. Meanwhile, output increased in Coastal and Central Interior regions.



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