

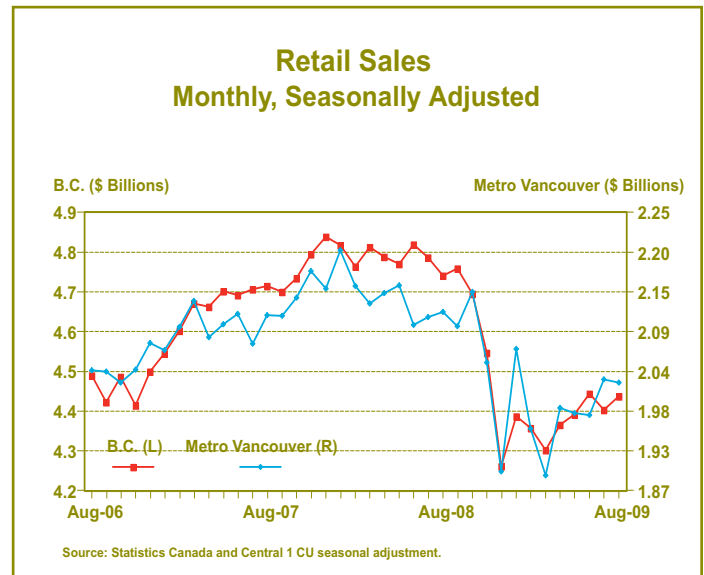
**Retail sales** in B.C. increased in August, continuing the upward trend that began in January, according to the latest estimates from Statistics Canada. Sales grew by 0.8% seasonally adjusted, likely due to higher gasoline prices and new car sales. Consumer spending is in the early stages of rebounding from recessionary declines at the end of 2008. Year-to-August sales were down 8.7% compared to last year.

Unlike the province overall, metro Vancouver saw retail sales edge down by 0.2% in August, month-over-month, seasonally adjusted. That follows very strong growth in July. Year-to-August sales were down 7.4% year-over-year.

Consumer spending represents almost 70% of economic output and is thus critical to economic growth. While the urgent risks associated with the 2008-09 financial debacle are past and economic growth has likely resumed, it will take considerable time for household wealth and employment to recover from recessionary losses.

Central 1 Credit Union forecasts consumer spending in B.C. will increase throughout the next several years, but at a below-average rate of growth. Retail sales are forecast to rise 3% in 2010 and 5.4% in 2011, following a -5.4% year-over-year decline in 2009.

**Wholesale sales** in B.C. totalled \$4.09 billion in August, seasonally adjusted, down 1.6% from July and off 11.4% year-over-year. The decline was led by sales of machinery and electronic equipment, according to Statistics Canada. Real GDP (that is, aggregate net income net of price inflation) from wholesale and retail sales combined totalled \$17.07 billion (in 2002 dollars) in 2008, down 1.3% from 2007. Central 1 Credit Union forecasts this sector's real GDP will decline 3.8% this year before inching up 1.4% in 2010.



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