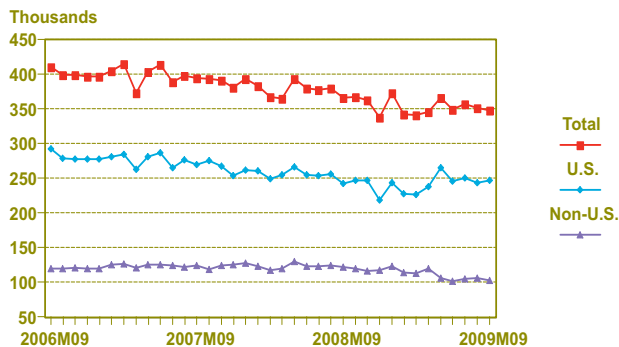


International Tourist Entries
British Columbia, Seasonally Adjusted, Monthly



Source: Statistics Canada and Central 1 CU seasonal adjustment.

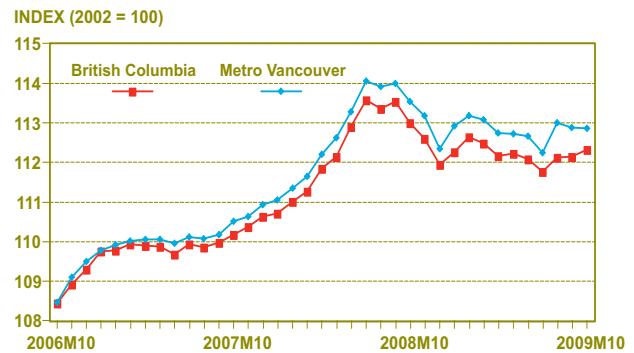
This week's indicators of B.C. economic activity reveal weakness. Tourist flows continue to slow, while overall consumer price inflation remains slight.

International tourist entries to B.C. continued down in September, although the flow remains above the 12-year low set in December 2008. The latest month-over-month decline was entirely due to fewer visitors from countries other than the U.S., which was largely offset by somewhat more visitors from the U.S.

Total entries in September declined 1.1% month-over-month, seasonally adjusted, according to the latest estimates from Statistics Canada. U.S. visitors increased 1.3%, while visitors from other countries dropped 3.1%. In the nine months through September, total entries dropped by 268,000 people (7.0%) compared to the same period a year ago. Year-to-September visitors from the U.S. were down 105,000 (4.1%) year-over-year, while visitors from other countries have dropped 162,000 (13.1%).

International 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 in the Greater Vancouver and Squamish-Lillooet regions. The global economic recovery will lift business travel in the coming years, but discretionary travel spending

Consumer Price Index
Monthly, Seasonally Adjusted



Source: Statistics Canada and C1CU seasonal adjustment.

is likely to remain weak for some time due to high and rising household and government debt.

Consumer prices in B.C. edged up from September to October but remain below the level of a year ago. The year-over-year decline was due to a spike in gasoline and other energy prices at this time last year. October's all-items Consumer Price Index (CPI) for B.C., seasonally adjusted, edged up 16 basis points (a basis point is one one-hundredth of one percent) from September and was 0.62% below the year-ago level, according to the latest estimates from Statistics Canada.

Neither inflation nor deflation is of particular concern over the near-term. Domestic demand and production remain weakened by the latest financial crisis, but monetary policy can readily become less expansive if price inflation accelerates unexpectedly. 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. Consumer price inflation is forecast to average 1.7% in B.C. in 2010.

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