

This week's releases of key indicators of B.C.'s economy are positive. Lumber production and incorporations are up, while bankruptcies are down. The economy continues to rebound from last year's recession lows.

B.C.'s **lumber manufacturing** industry depends on housing markets in the United States. Recent statistics indicate that U.S. markets remain beaten down and recent signs of recovery are weak. Sales of existing homes plunged in December, month-over-month, seasonally adjusted, as a federal tax credit program for first-time buyers reached its initial deadline. Meanwhile, housing starts fell 4% in December and remain near long-term historic lows.

More positively for U.S. housing markets, the tax credit program has been extended to spring, residential building permits increased 11% in December, and resale housing prices have bottomed out and appear to be edging up. These indicators suggest moderate, near-term future growth in housing sales, starts and prices.

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 continuing slow recovery. Production totalled 2.06 million dry cubic metres in November, seasonally adjusted, up 1.8% from October. The Central Interior region led the way, while output also increased materially in the Northern Interior and Southern Interior regions. Meanwhile, output declined in the Coastal region.

Bankruptcies in B.C. declined in November 2009, according to the latest statistics from the Office of the Superintendent of Bankruptcy for Canada. In November, bankruptcies totalled 1,034 persons or corporations, down 5% from October but up 16% from 12 months earlier. For all of 2009, bankruptcies in B.C. will be up almost 50% from 2008.

Personal bankruptcies in B.C. totalled 1,010 in November, down 4% from October but up 18% from 12 months earlier.

In 2009, personal bankruptcies will be up more than 50% year-over-year. Business bankruptcies in B.C. totalled 24 in November, down 31% from October and 39% from 12 months earlier. In 2009, business bankruptcies will be about 4% lower, year-over-year.

Bankruptcies are a lagging indicator of broad measures of economic output, and further decreases are likely in the coming months, as the economy has been improving for the past six or seven months.

Incorporations in B.C. continued to increase in December 2009, according to the latest figures from B.C. Stats. In December, incorporations totalled 2,634, up almost 13% from November and up almost 19% from 12 months earlier. For calendar year 2009, incorporations in B.C. declined over 12% from 2008.

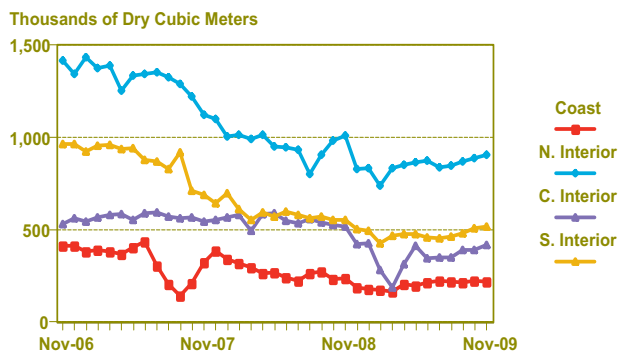
Incorporation statistics are indicative of trends in business formation and investment. The number of incorporations reached a recession low in March 2009 and have since trended upward.

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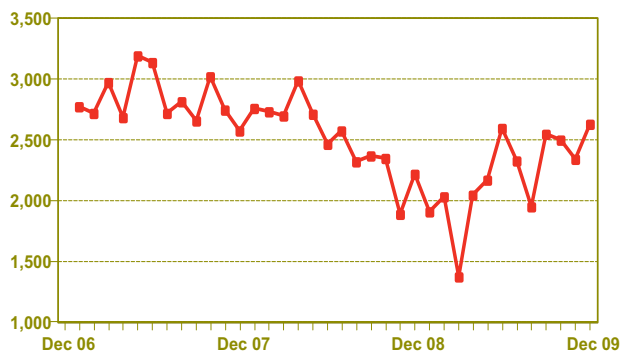


Sawn Lumber Production, B.C. Monthly, Seasonally Adjusted



Source: Statistics Canada and Central 1 Credit Union.

Incorporations, British Columbia, Monthly



Source: B.C. Stats.