

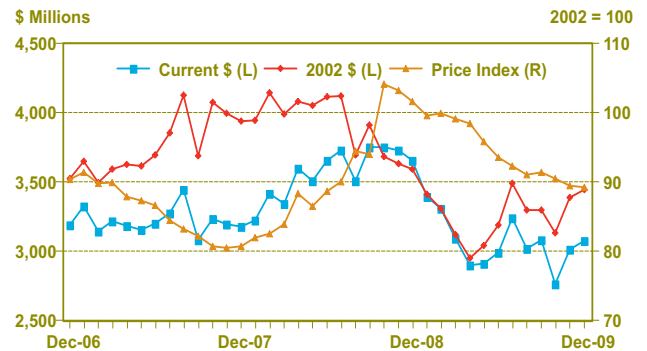
This week's indicators of B.C. economic activity are mostly positive. International merchandise trade flows are rising, along with housing starts, while new motor vehicle sales are edging down.

The latest **international merchandise trade** statistics for B.C. show imports and exports are slowly recovering from their recession lows of spring 2009. The global recession hammered trade flows in 2008-09, but now the world economy is growing again.

Exports of B.C.-origin goods have been slowly trending upward since May 2009, driven by both quantity and price gains. The current dollar value of exports increased \$118 million (5.7%) in December, month-over-month, seasonally adjusted (SA). The gain resulted mostly from rising quantities but also from increasing prices.

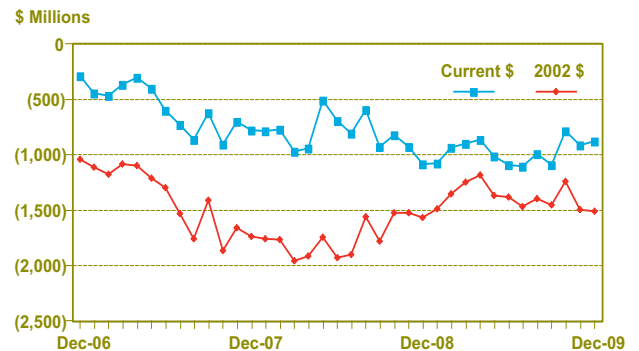
Imports of B.C.-destined goods have been slowly trending upward since April 2009, with gains in quantity largely offset by lower prices. The current dollar value of imports increased \$61 million SA (2.0%) in December, month-over-month. The gain was entirely due to rising quantities, which were partly offset by declining prices.

Merchandise Imports, B.C.-Cleared, Monthly Nominal, Real and Price Index: Seasonally Adjusted



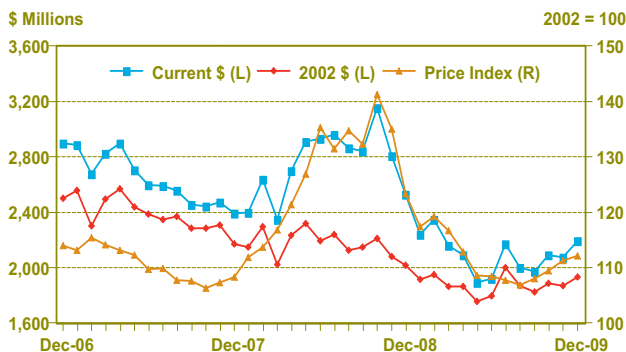
Source: Statistics Canada and Central 1 Credit Union.

International Merchandise Trade Balance British Columbia, Monthly, Seasonally Adjusted



Source: Statistics Canada and Central 1 Credit Union.

Merchandise Exports, B.C.-Origin, Monthly Nominal, Real and Price Index: Seasonally Adjusted



Source: Statistics Canada and Central 1 Credit Union.

B.C.'s international merchandise trade deficit trended down over the five months ending in December last year, as exports grew faster than imports. The deficit decreased from \$911 million in November to \$878 million in December, as exports increased more than imports.



Central 1 Credit Union forecasts the current dollar value of B.C.'s trade flows, including international and interprovincial goods and services, will rise at an anemic pace through at least 2011, averaging about 5% in current dollars and 3% after inflation.

The global economic recovery and higher commodity prices are positive factors for exports, but the high Canadian dollar and weak recovery in U.S. housing construction will restrain growth. Resumed expansion of consumer spending is the main driver of rising imports, but declining business investment in plant and equipment will restrain growth this year.

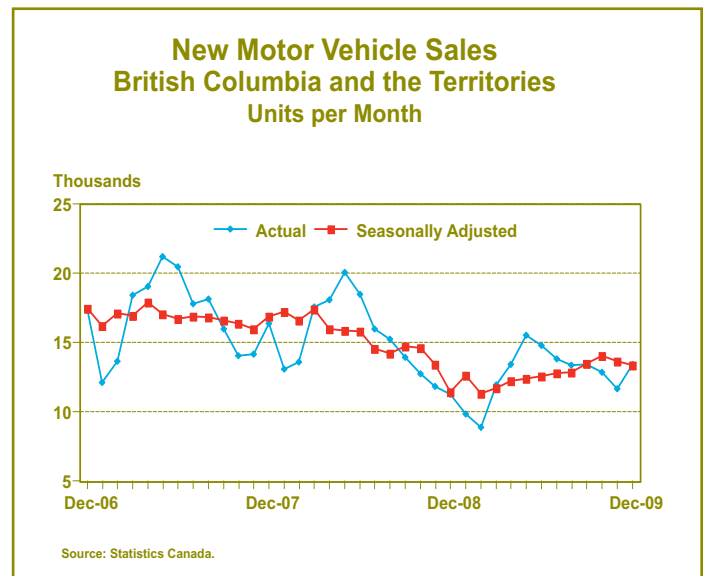
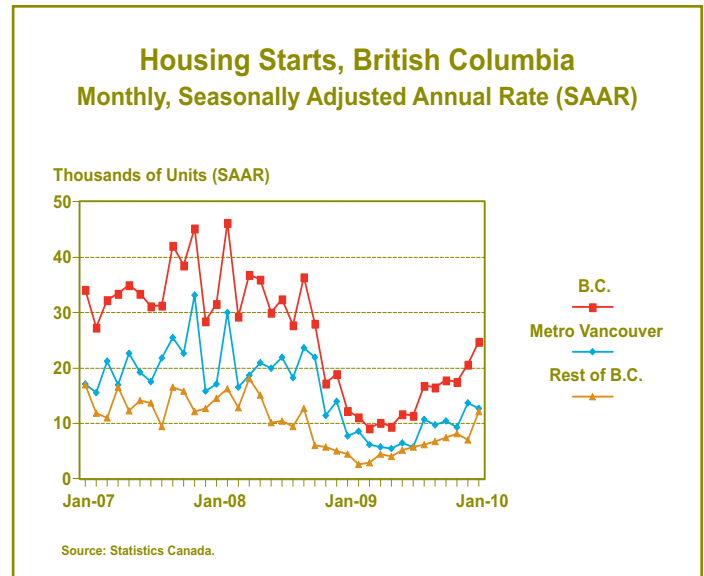
Housing starts in B.C. in January continued their upward rebound from the cyclical low reached in March 2009, according to the latest estimates from Canada Mortgage and Housing Corporation. Construction began on 24,800 housing units, at a seasonally adjusted annualized rate (SAAR), up 20% from December. Housing starts are on a rebounding trend in both Metro Vancouver and the rest of B.C.

A strong rebound in housing sales is driving up housing prices and investment in new construction. Housing is typically one of the first sectors, if not the first, to come out of an economic recession. The current rebound is shaping up to be the fastest on record, due largely to record-low mortgage rates.

Central 1 Credit Union forecasts housing starts will trend upward during the 2010 through 2014 period on the strength of pent-up demand, existing homeowner turnover, additional investor demand, and new households from population and income growth. Starts are forecast to jump more than 50% in 2010 from last year's deep low, climb to more than 30,000 units in 2012 and peak at almost 40,000 units in 2014.

New motor vehicle sales in B.C. and the territories edged down 2% in December, according to the latest seasonally adjusted estimates from Statistics Canada. That is the second straight monthly decline in what was a slowly recovering trend from the declines of 2008. Most of the rest of Canada saw auto sales increase in December.

Sales in the B.C.-Territories region totalled 153,091 units in 2009, down 28,989 units (15.9%) from 2008. The average price was \$33,843 last year, up 5.6% year-over-year.



Central 1 Credit Union forecasts total consumer spending on durable goods in B.C. will rise by almost 8% in 2010, following a decline of almost 8% in 2009. Growth will be driven by pent-up demand left over from the recession, as well as an expanding population and growing aggregate income.

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