

This week's releases of indicators of British Columbia's economy are positive. Payroll employment increased in December last year, while non-residential capital spending intentions for 2010 are up from last year.

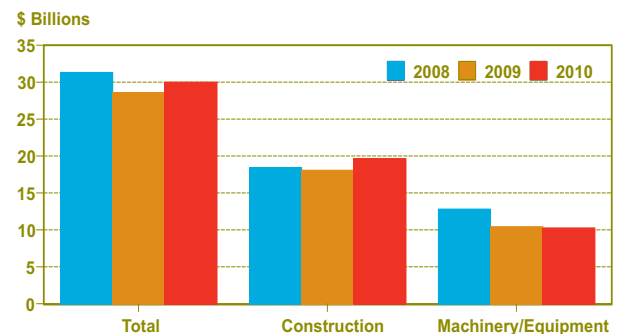
Capital spending on non-residential construction, machinery and equipment by private and public sector organizations totalled \$28.6 billion in British Columbia in 2009, according to preliminary estimates by Statistics Canada. That is down \$2.7 billion (8.7%) from 2008. Capital spending on non-residential construction declined \$324 million (1.8%), while spending on machinery and equipment dropped \$2.4 billion (18.6%).

Looking ahead, private and public sector organizations intend to spend \$30.0 billion on non-residential construction, machinery and equipment in B.C. in 2010, according to Statistics Canada's latest survey. That is an increase of \$1.4 billion (4.8%) from the preliminary estimate of spending in 2009. Intended capital spending on non-residential construction is up \$1.5 billion (8.4%) from 2009, while intended spending on machinery and equipment is down a slight \$140 million (1.3%).

Payroll employment in British Columbia totalled 1,877,218 employees in December 2009, according to the latest seasonally adjusted estimate from Statistics Canada. That is up 5,452 (0.3%) from November, which was the lowest level since March 2007. Payroll employment peaked in B.C. in August 2008 at 1,953,557 employees, a month before Lehman Brothers defaulted on its debt and credit markets largely dried up. By November 2009, B.C. had dropped 76,339 employees (3.9%) from payrolls.

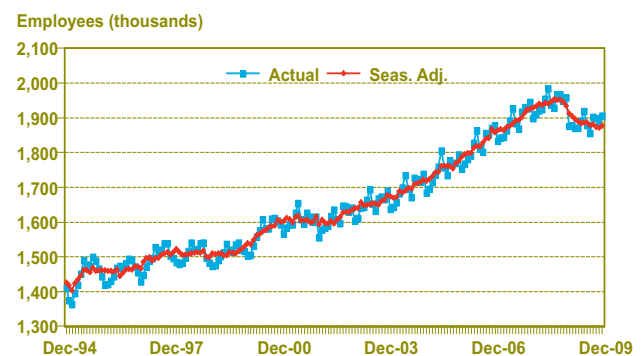
Payroll employment in B.C. averaged 1,844,656 employees in 2009, down 62,786 (1.2%) from 2008. Industry-wise, the loss of jobs was led by manufacturing (-20,359), retail/wholesale trade (-15,150) and construction (-12,036). Administrative support services (a.k.a. business and building support

Capital Spending, B.C., Annual
Non-Residential Construction, Machinery & Equipment



Source: Statistics Canada.
Note: 2008 is actual, 2009 is preliminary and 2010 is intended.

Total Payroll Employment
British Columbia, Monthly



Source: Statistics Canada.

services), mining/oil/gas, transportation/warehousing, forestry/logging, finance/insurance/real estate/leasing, professional/technical and accommodation/food services also saw the average level of payroll employment decline in 2009.

A few industries partly offset the widespread decline last year by increasing their average levels of payroll



employment: health/social services (up 8,302), public administration (2,366), arts/entertainment/recreation (2,117), information/cultural (885) and utilities (811).

Looking ahead, Central 1 Credit Union forecasts the average level of total employment, including both payroll and self-employment, will rise 0.9% in 2010 following a 2.4% decline in 2009. The weak recovery in North American economies is behind this below-average growth. The industries leading forecast job growth are health/social services, construction, finance/insurance/real estate services, accommodation/food services and transportation/warehousing services. Offsetting forecast growth will be some modest further job declines in manufacturing, retail/wholesale trade and administrative support services.

David Hobden, Economist
dhobden@central1.com
604 737 5063