

This week's economic indicators are mostly positive. Employment rose in February on the strength of government hiring. New housing construction increased in February, continuing a robust rebound from last year's recession low. International exports of B.C.-origin goods edged down in January, although the recent trend has been toward modest growth.

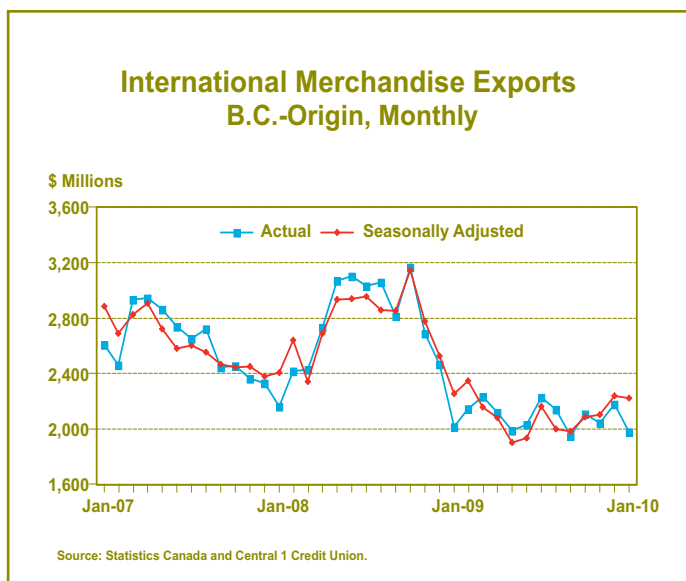
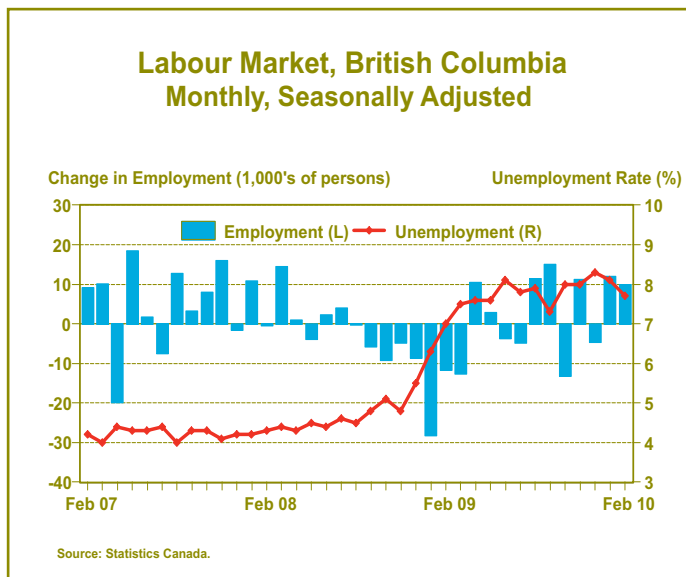
Employment in B.C. increased again in February, according to the latest seasonally adjusted estimates from Statistics Canada. An estimated 2,290,400 persons worked during the week of February 14 through 20, up 9,900 from one month earlier. Full-time employment jumped. B.C.'s unemployment rate was estimated at 7.7% of the labour force in February, down from 8.1% in January.

Industry-wise, job growth was driven entirely by public sector hiring, especially in health/social services and public administration. This was partly offset by a drop in persons working in retail/wholesale trade, mining and forestry.

Regionally, job growth has lately been concentrated in the Vancouver Island region, especially metro Victoria. Employment has also risen in the Thompson-Okanagan, Kootenay and Northeast regions. Meanwhile, the North Coast-Nechako and Lower Mainland regions have seen employment ebb recently.

Central 1 Credit Union forecasts the average level of employment in B.C. will rise 0.9% in 2010, year-over-year, following a 2.4% decline last year. This outlook for below-average job growth reflects weakness in the economic recovery in the United States. More favourable economic conditions after 2010 will lead to higher job growth and a declining unemployment rate.

International exports of B.C.-origin goods edged down in January, according to the latest estimates from Statistics Canada. B.C.'s exports have been bouncing along a cyclical trough since January 2009 due to the recent global recession. However, the world economy is recovering and seasonally adjusted



exports are slowly trending upward.

B.C.-origin goods exported internationally totalled \$2.22 billion in January, seasonally adjusted, down 0.8% from December. Industrial goods/materials, machinery/equipment and special transactions led the decline, which was partly offset by gains in energy and forest product exports.



Central 1 Credit Union forecasts the current dollar value of B.C.'s exports, including international and interprovincial goods and services, will rise at an anemic pace through at least 2011, averaging about 5% per year. 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. Expansion into the Chinese market is also positive, but this takes time to develop and starts from a small base.

Housing starts in B.C. in February 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 26,900 housing units at a seasonally adjusted annualized rate (SAAR), up 8% from January. February's gain was entirely within metro Vancouver.

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's forecast for the next five years sees housing starts on an upward trend, 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.

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