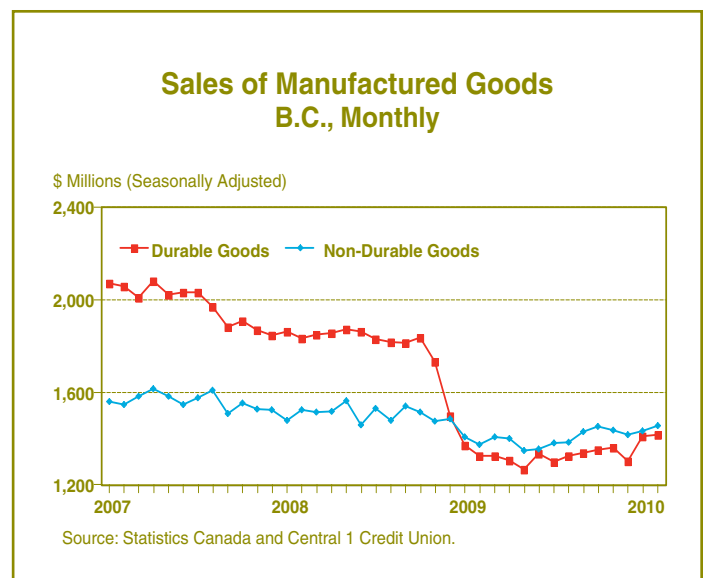


Economic indicators this week were moderately positive. British Columbia's exports and manufacturing sales volumes continued their recent upward trend. Confidence of small and medium-sized business operators dipped from the previous month but remains positive. Non-residential construction rose for the first time in over a year.

**International exports** of B.C.-origin goods, adjusted for seasonal factors, advanced for the fifth consecutive month in February, reflecting an improvement in global economic conditions and higher demand for B.C. products. Export volumes reached \$2.28 billion in February, up 2.2% from January. Nonetheless, export trade volumes remained relatively weak during the month, down 1% from the depressed level of a year ago and 12% below February 2008.

Rising export prices also contributed to higher export volumes. Inflation-adjusted export volumes in February edged up by a modest 1.4% from January. Stronger gains in the agricultural/fishing and industrial goods/materials sectors were tempered by monthly declines in machinery/equipment and energy products exports. The heavily weighted forestry product sector, which accounts for nearly 40% of total exports, rose by 1% during the month, marking the sixth consecutive monthly increase.

**Manufacturing sales volumes** in British Columbia, adjusted for seasonal factors, rose by 1.1 per cent in February for the second straight monthly gain. Sales have been on a grinding upward trend since May 2009, but remain well below pre-recession levels. While shipments of non-durable manufactured goods have emerged relatively unscathed from the recession, sales of durable goods remain in a severe slump, reflecting weak export markets and low consumer demand in the U.S. Despite the recent rise, seasonally adjusted manufactured durable goods sales remained 22% below the level recorded in August 2008.



**Confidence among small and medium-size businesses** in British Columbia edged lower in March, according to the Canadian Federation of Independent Business' monthly Business Barometer Index. After a strong uptick in the second half of 2009, business confidence has dampened slightly in 2010, lagging the upward trend observed in most



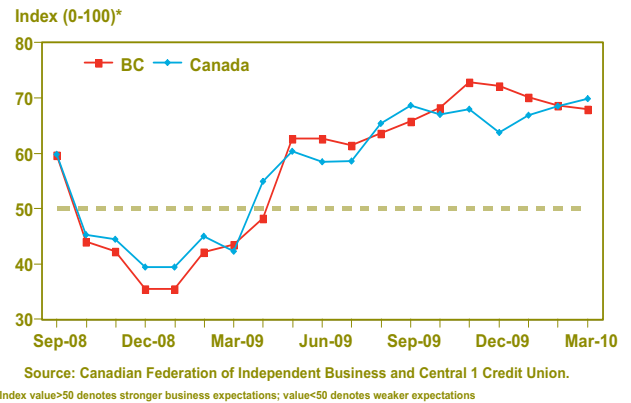
other Canadian provinces. The stronger performance relative to the rest of Canada in the latter half of 2009 may have been associated with the Winter Olympics in February; which is now a distant memory.

Nevertheless, survey respondents on balance are expecting business conditions to improve in the coming year. While this should bode well for stable employment levels and business expenditures, a recovery in hiring will likely be slow and gradual. Businesses have reported lower than normal unfilled customer orders and staff overtime, reflecting continued slack in the economy.

**Investment in non-residential building construction** in British Columbia rose by 2.9% during the first quarter of 2010, marking the first quarterly increase in more than a year. While the aggregate growth is encouraging, the gain is entirely attributed to continued growth in institutional and government-related construction spending. Private investment in commercial and industrial building construction continued to trend lower during the first quarter, likely reflecting higher vacancy rates and business uncertainty surrounding the economic recovery. Commercial investment has declined 20% on a seasonally adjusted basis since the first quarter of 2009.

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### Business Barometer Index Monthly



### Non-Residential Building Construction B.C., Quarterly

