

This week's British Columbia economic indicators highlight the temporary effects of the Olympic Winter Games in February. As expected, entries to B.C. from non-resident international travellers increased, as well as retail sales for some sectors. New vehicle sales fell during the month, as buyers shifted attention away from the purchase of durable goods. Consumer price inflation fell slightly on declines in travel accommodation prices.

International non-resident traveller entries to British Columbia rose sharply in February as athletes, delegates and tourists from around the world descended on Vancouver for the Olympics. Total entries to B.C. reached 420,081 during the month after adjusting for seasonal factors, marking a 23.5% gain from January. American visitors, up 29% from January, accounted for most of the increase, while the number of visits from other countries grew by a more modest 11%. Despite the uptick, non-U.S. international entries remained well below pre-recession levels in February.

The brief jump in international tourism to B.C. is unlikely to persist. While March statistics could remain slightly elevated due to the Paralympic Games, the secular trends of a higher Canadian exchange rate and increased border security, along with weak U.S. consumer and business spending, has made travel to B.C. and Canada less attractive. Total entries will likely revert to the lower pre-Olympic trend in the coming months.

New motor vehicle sales in British Columbia and the Territories (B.C. & T), adjusted for seasonal factors, fell by 1% to 13,055 sales in February, in contrast to an 8% increase in national sales during the same period. Since recovering to just over 14,000 sales in October 2009, B.C. vehicle sales have declined for four straight months.

Part of the February deviation in sales growth between B.C. & T and the rest of Canada may be due to an Olympic effect as consumer interest shifted away from making major purchases. However, the previous months' downward trend in vehicle sales figures suggests that consumers may still be hesitant to make major purchases despite favourable financing rates. March statistics will provide a clearer indication of the underlying trend for new vehicle sales. Regardless of an Olympic effect, new vehicles sales are still 20% below the averages recorded in 2006 and 2007, despite the 15% bounce from February 2009 lows.

Central 1 Credit Union forecasts that consumption of durable goods, which include new vehicles, will rise 8% in 2010. Higher consumer demand will be driven by population growth, an improved economy, and pent-up demand built up during the recession.

Retail sales in British Columbia, adjusted for seasonal influences, rose by an underwhelming 0.1% in February, on par with Ontario for the second lowest monthly growth rate in the country. Nonetheless, the general upward trend in consumer spending remained intact during the month. Nominal retail sales volumes reached \$4.84 billion in February, which is shy of levels recorded in September 2008.

The Olympic effect on retail sales cut both ways in February. As expected, higher sales were recorded in clothing stores and beer, wine and liquor stores. Offsetting this growth was a contraction in sales at new car dealers and furniture stores. The overall impact on the Vancouver region was slightly negative, as retail trade dipped by an estimated 1.2% during the month. A more detailed analysis will be available next month when quarterly industry break-outs are released.

Consumer prices in British Columbia dipped slightly in March according to the latest estimates from Statistics Canada. On a seasonally adjusted basis, B.C.'s consumer price index (CPI) fell 0.5% from January. The unadjusted price level was up 0.5% on a year-over-year basis, after a 1.1% reading in February.

The month-over-month dip in CPI was largely accounted for by changes in the recreation component of the index, which fell 6% as the temporary Olympics-related boost in February traveller accommodation prices reversed to the January level. Increases in the price of clothing and footwear, food and gasoline offset much of this monthly price decline. Gasoline prices in particular have exerted significant upward pressure on B.C.'s CPI over the last year. The gasoline component of the price index has risen 14% since March 2009, but still remains 23% below the 2008 peak.

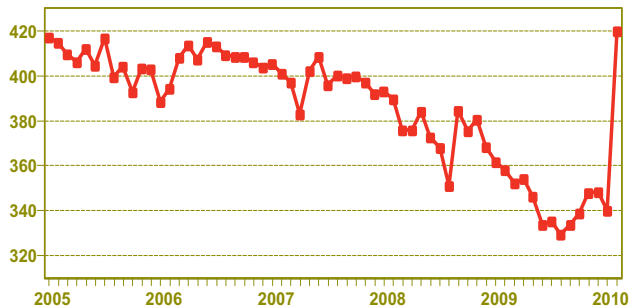
Bryan Yu, Economist
byu@central1.com
604 742 5346

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International Non-Resident Traveler Entries B.C., Monthly

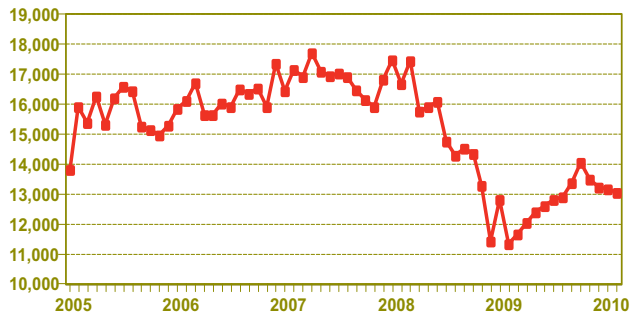
Thousands (Seasonally Adjusted)



Source: Statistics Canada and Central 1 Credit Union.

New Motor Vehicle Sales B.C. and Territories, Monthly

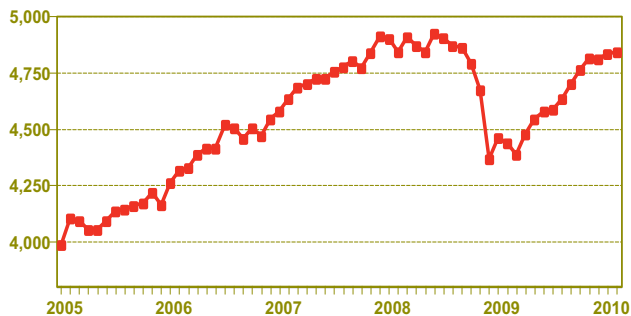
Total Sales



Source: Statistics Canada and Central 1 Credit Union.

Retail Sales B.C., Monthly

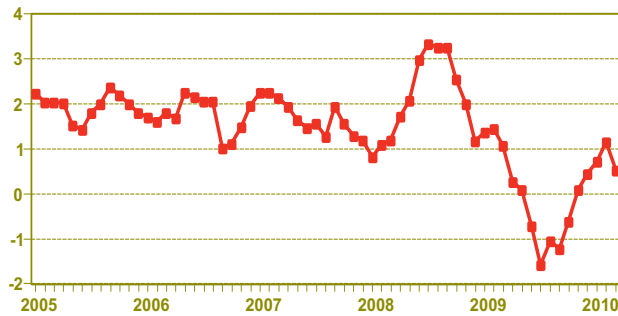
\$Millions (Seasonally Adjusted)



Source: Statistics Canada and Central 1 Credit Union.

Consumer Price Inflation B.C., Monthly

Year-over-Year % Change



Source: Statistics Canada and Central 1 Credit Union.