

Tourist visits up slightly in June

International tourist visits to British Columbia rose slightly in June to 339,969 entries, up 0.29% from May on a seasonally adjusted basis. As a continuation of recent trends, U.S. visits declined by 0.2%, while non-U.S. international visits remained relatively robust, rising 1.3%. Based on data adapted from Statistics Canada, tourists from Asia accounted for most of the rise in non-U.S. entries, as visits from the region rose by an estimated 9.5% from May. Tourists visits from Japan rebounded in June after a sharp May decline, while the number of visitors from China increased by an estimated 17%.

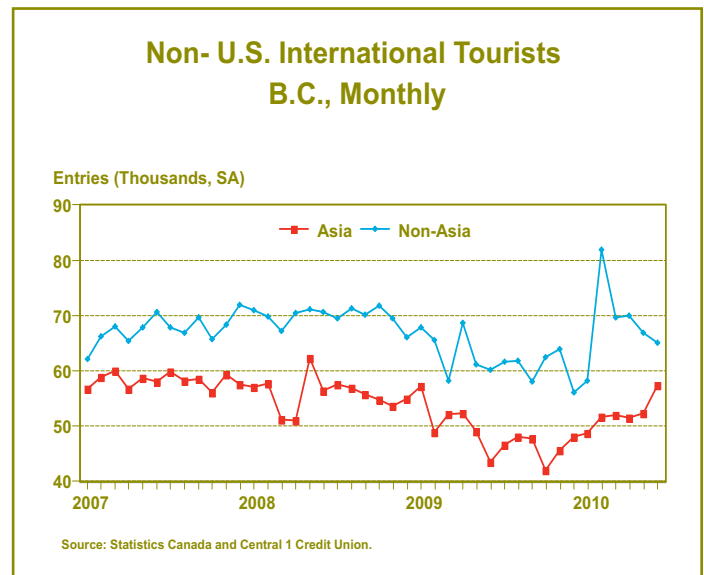
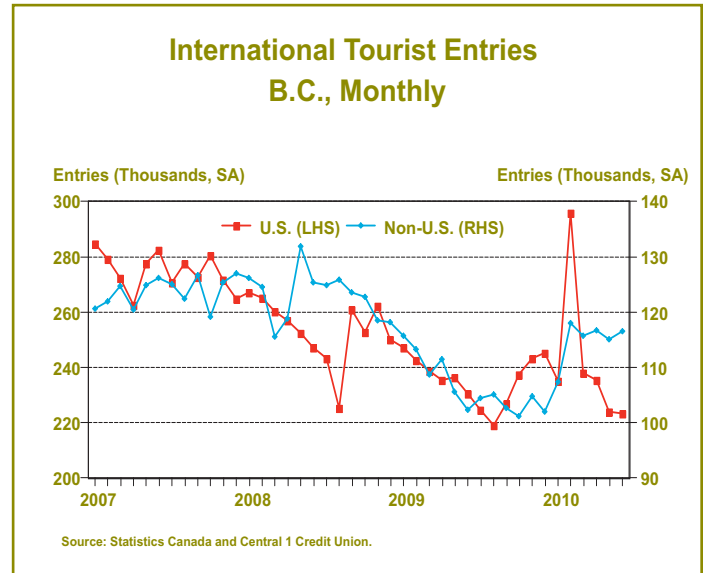
Tourism originating from China has followed a long-term growth path over the past decades, which should extend further as a result of the Approved Destination Status (ADS) agreement between Canada and China and ongoing growth in the Chinese and other Pacific region economies.

Aggregated tourism from regions outside of the U.S. and Asia fell by an estimated 2.5% in June and is trending back to pre-Olympic levels.

While the U.S. share of B.C. tourist visits has dropped from nearly 75% earlier this decade to under 70% currently, it remains the key market for the province, despite growth in some international markets. Moving forward, U.S. tourism is unlikely to record a significant rise in the short to medium term. The higher Canadian exchange rate, a weak U.S. labour market and constrained U.S. consumer and business spending have made travel to Canada a less attractive option. Growth in B.C.'s tourism market will increasingly rely on visitors from outside of North America.

New vehicle sales flat in June

Seasonally adjusted new motor vehicle sales in the British Columbia and the Territories (B.C. &T) region in June remained virtually unchanged from May, at 12,814 vehicles. After six consecutive monthly declines spanning from November to April, vehicle

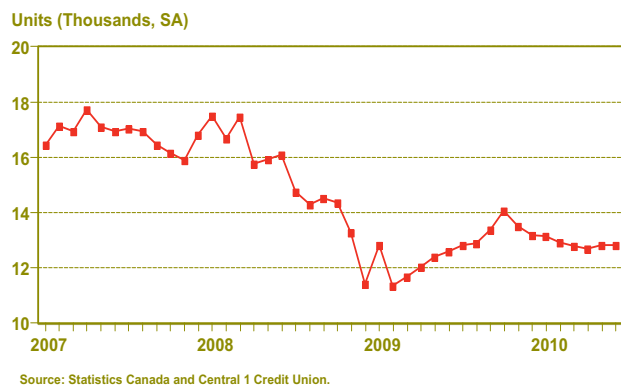


sales have shown signs of stabilization over the past two months, which is a welcome relief to new auto retailers.

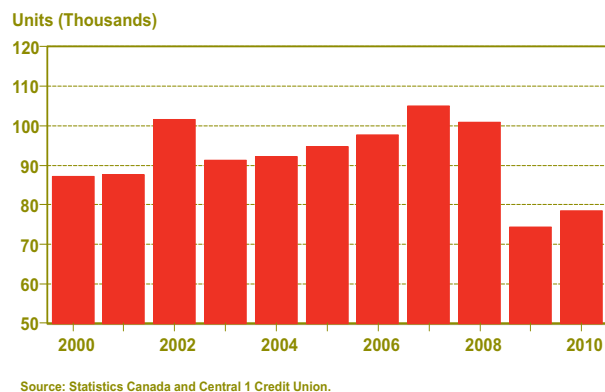
The sales environment remains a challenge, however. While vehicle sales remain above the recession troughs of early 2009, they are only at levels comparable to the late 1990s, despite continuous



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



Year-to-Date New Vehicle Sales B.C. and Territories



population gains. Current annualized sales trends are hovering near 153,500 vehicles, which contrasts with an average monthly trend of 193,500 vehicles, annualized, from 2005 to late 2008.

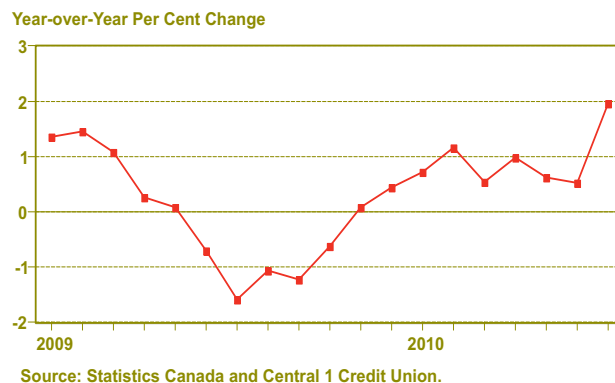
While new auto sales are a small element of overall provincial economic activity, they represent a significant component of durable goods consumption. As a result, sales provide an indication of consumer demand, particularly when juxtaposed with other variables such as housing sales. Weak auto sales, when combined with recent downtrends in resale and new home activity, suggest that consumers are reluctant to make large-scale purchases despite low interest rates.

Consumer Price Inflation Rises on HST

According to the latest estimates from Statistics Canada, consumer prices in British Columbia jumped to 2% on a year-over-year basis in July, compared to 0.5% in June, as the harmonization of federal and provincial sales taxes in the province led to increased prices for some goods and base effects from electricity rebates in 2009 boosted headline inflation. B.C.'s consumer price index (CPI) rose 0.9% from June on a seasonally adjusted basis.

Not surprisingly, significant price increases during the month were observed in the restaurant food and tobacco product/smoker supplies sub-components of the CPI, which rose by 7.5% and 7.1% from the previous year. The HST pushed consumption taxes up in these sectors to 12% from 5%. Non-restaurant

Consumer Price Inflation B.C., Monthly



food and clothing/footwear price levels remained lower than the July 2009.

A year-over-year increase of 36.7% in the shelter related electricity index also contributed to higher headline year-over-year CPI growth, but was primarily the result of a temporary drop in the index level in June and July of 2009 as consumers were provided one-time electricity rebates. In the absence of the rebate, and assuming index levels matched those recorded in May and August 2009, year-over-year growth in the electricity index would have been 8.8%.

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