



B.C. Economic Forecast 2010-2014

Highlights:

- *The worst recession in B.C. since 1982 is over*
- *Moderate overall growth in first two recovery years*
- *Temporary boost from 2010 Winter Olympics*
- *Above-average growth after 2011, led by business investment*
- *Construction industry grows fastest*
- *Cyclical rebound in resource exports, but total trade sector a drag on growth*
- *No significant decline in the unemployment rate until after 2011*

Forecast overview

B.C.'s economy is emerging from its worst recession since 1982 and is on a moderate recovery path in the next two years, before growth accelerates in the later part of this five-year forecast. The 2010 Winter Olympics provides a temporary economic boost and the implementation of the HST also lifts first-half spending, though at the expense of some second-half activity. While the economy grows around 2.5% in 2002 dollars and 4.1% in current dollars during 2010, it does not regain pre-recession levels until 2011.

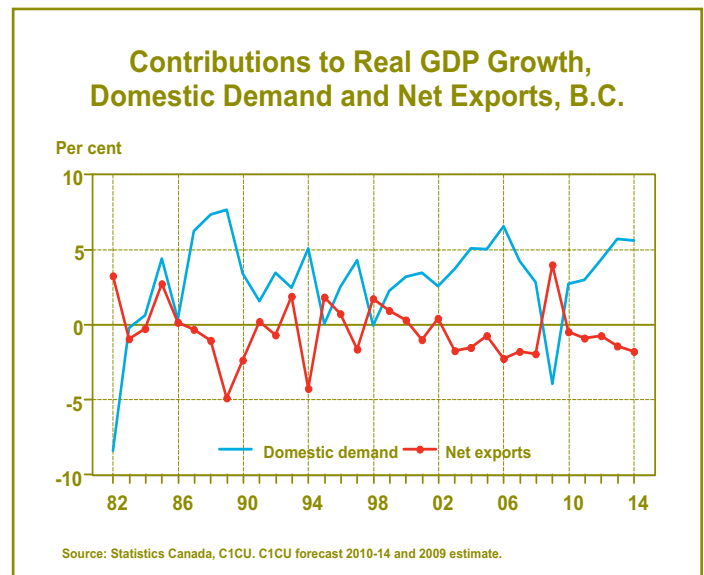
The growth acceleration envisioned after 2011 is centred in the domestic economy, and private investment in particular, assisted by more residential and consumer activity. The recession and initial moderate recovery leaves a substantial backlog of unmet demand by consumers and businesses and is realized as conditions improve. Investment spending receives a boost from major projects commencing in the utilities and transportation sectors. However, the

trade sector remains the Achilles heel of B.C.'s economy throughout the five-year forecast, not only on account of the elevated Canadian dollar but also due to structural issues affecting B.C. exports.

Incomes

Total income generated in B.C.'s economy rises 4.1% in 2010, following an estimated 4.1% drop during 2009, which will be the first decline on record. In the more severe 1982 recession, income-based GDP eked out a 0.5% gain, although after accounting for inflation, 1982's decline was greater than last year's. Income growth will pick up during the forecast period to 5.7% in 2011, 6.6% in 2012 and 7.4% in 2013.

Labour income is the largest income component in the economy. Following a 4.1% decline in 2009, it will rise by a modest 1.5% in 2010 followed by larger gains in each subsequent forecast year, reaching 6.0% in 2013. A higher demand for labour raises employment levels, increases



Forecast Summary: British Columbia

	2008	2009	2010	2011	2012	2013	2014
Real GDP, % chg.	0.0	-3.1	2.5	2.6	3.5	4.2	3.8
Nominal GDP, % chg.	3.3	-4.1	4.1	5.7	6.6	7.4	6.6
Employment, % chg.	2.1	-2.4	0.9	2.3	2.9	3.0	2.9
Unemployment Rate, %	4.6	7.6	8.1	7.8	7.2	6.6	6.0
Population, % chg.	1.7	1.6	1.6	1.7	1.7	1.8	1.8
Housing Starts, units, 000s	34.3	15.1	23.4	25.3	31.3	35.5	39.3
Retail Sales, % chg.	0.3	-6.0	4.3	5.0	4.5	7.5	8.7
Personal Income, % chg.	5.1	-1.2	3.7	3.6	5.1	5.9	5.8
Corporate Pre-tax profits, % chg.	3.6	-30.2	16.2	26.4	15.9	16.8	9.0
Consumer Price Index, % chg.	2.1	0.0	1.5	1.8	2.1	2.1	2.2

Forecast commences 2010. Source: Statistics Canada, Central 1 CU

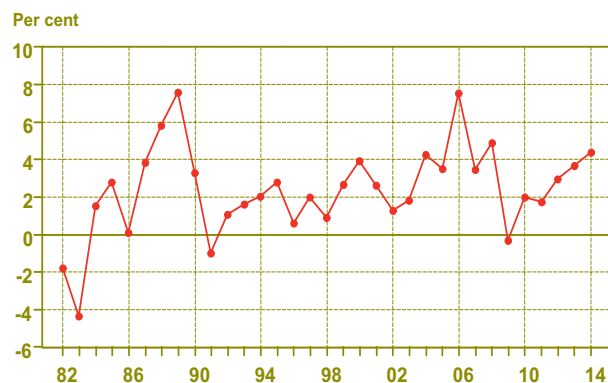
hours worked per week, and average remuneration levels. These economy-wide income gains are not necessarily representative for each worker or household.

Personal income (which includes labour income, net earnings of business proprietors, interest, dividends and investment income, and income transfers) resumes growth in 2010 through 2014. Last year's estimated 1.2% decline in personal income was a rare occurrence, although after inflation it was the fourth since 1981. Each of those occasions was during or immediately after a recession.

Personal disposable income (personal income after taxes and other government charges) held up better in 2009 than personal income, aided by some federal tax reductions. Aggregate personal disposable income grows steadily to 5.7% in 2014 from 3.6% in 2010, following a 0.3% dip last year. Inflation-adjusted growth is lower at 2.1% in 2010 and 3.5% in 2014, but nonetheless provides support for higher consumer spending.

Corporation profits before taxes took a large hit during the recession, falling an estimated 30% in 2009. The last time profits dropped by such a large amount were in the recessions of 1982 and 1990. Profitability returns this year and in each year of the forecast, in tandem with the economic recovery and higher commodity prices. Profits are a necessary foundation for more business investment spending.

Inflation-adjusted Personal Disposable Income Growth, B.C.



Source: Statistics Canada, C1CU. C1CU forecast 2010-14 and 2009 estimate.

Labour market

A key indicator of economic recovery is the return of job growth and the most recent monthly surveys reveal higher employment levels. During 2010, employment is forecast to be 0.9% higher than in 2009, which saw a 2.4% drop, the largest since 1982. Even though B.C. is hosting the 2010 Winter Olympics, job growth will be only moderate, which reflects the weakness in the North American recovery. It won't be enough to bring down the unemployment rate in 2010, which will average 8.1% compared to 7.6% last year.

More favourable economic conditions after 2010 mean higher job growth and a declining unemployment rate. Net job creation rises to 3% or about 70,000 persons annually in 2012 and 2013, cutting the unemployment rate to less than 7%. In 2014, the unemployment rate falls to 6.1%. This type of performance puts gradual upward pressure on wages and salaries and the average hours worked per week, with a higher share of full-time employment. An improving labour market typically leads to more migration into the province.

Population growth

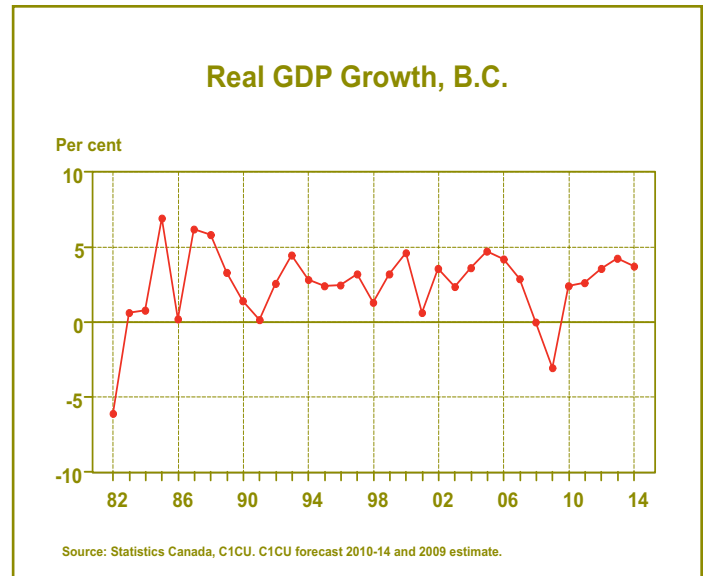
The slowdown in net interprovincial migration during the recession extends into 2010 before turning upward in 2011 and thereafter. However, the main source of population growth (about 70%) in B.C. remains net international migration, which rises during the forecast period. Overall, moderate population growth is forecast, rising to 1.8% annually from 1.6% in 2009. There is upside potential to this forecast and population growth could break 2% later in the forecast depending on the international flow.

Expenditures

Total spending in the economy increases 4.1% in current dollars and 2.5% in 2002 dollars during 2010. Real GDP expenditures contracted by 3.1% in 2009 in our estimate, making it B.C.'s worst recession since 1982. The 2010 Winter Olympics will boost economic activity, but without that event, real GDP growth would fall below 2% in 2010. Spending growth increases in 2011 to 2.6% in real terms and 5.7% in current dollars and grows faster in the next two years, exceeding 4% in real terms and 7% in current dollars during 2013. Domestic spending is the main growth driver in the forecast, led by a resurgence in business investment spending, while the trade sector struggles.

Consumer spending rebounds in 2010 with a 4.0% gain in current dollar spending or 2.6% after inflation. Consumer spending did not increase in 2009, which was a rare occurrence for B.C. and the worst performance since the 1982 contraction. Retail sales, though, will close 2009 about 6% lower as will spending on consumer durables in the economic accounts. Only consumer non-durables and services saw increased spending in 2009.

Looking ahead, consumer spending changes include higher overall growth and a shift to durable and semi-



durable goods. Some of this shift represents pent-up demand from the recession and the previous couple of years, while another component is new growth from an expanding population and income base. A prime example of pent-up demand is housing-related purchases.

A significant event for consumers in 2010 will be the implementation of the Harmonized Sales Tax (HST) effective July 1. This increases the sales taxes paid by consumers and potentially reduces demand due to higher final prices and lower disposable income. Because businesses are able to write-off their HST costs, with small exceptions, lower prices for some goods and services are possible, but this depends on each firm's financial situation, industry market conditions, and competition.

The impact of the HST on consumer spending is subject to many estimation errors and it is difficult to exactly separate its impact from the influence of other factors. Our forecast model, which attempts to control for other factors, projects consumer spending to be 1% to 2% higher by 2014 under the no-HST scenario, with durable goods spending at the upper end of the range. No doubt, other models would yield a different result but this estimate is a reasonable discussion point.

Residential investment is a sector particularly hit by the HST and the provincial government introduced a policy change to mitigate the negative impact on new housing construction. More importantly, housing market conditions are much improved, enabling builders to ramp up investment spending to meet higher sales levels. Some

housing starts will likely be brought forward to avoid the HST but, with the rebate price threshold set at \$525,000, this probably amounts to less than 20% of year-after starts.

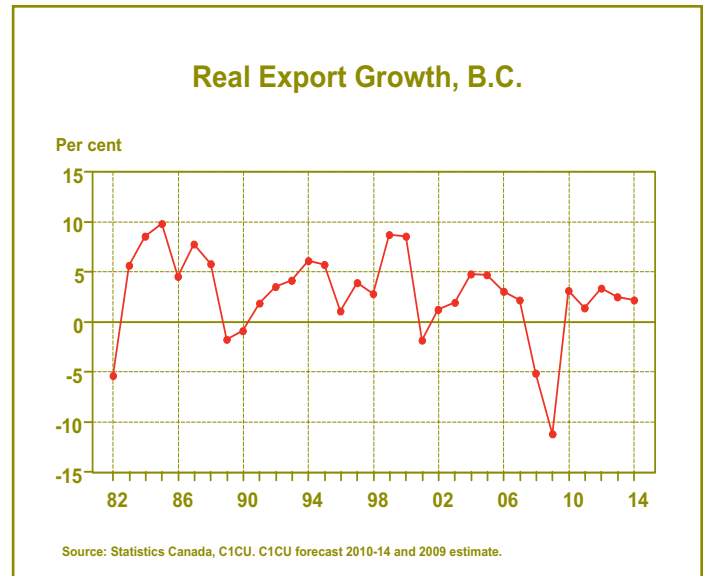
HST aside, residential investment received support in 2009 from the federal home renovation tax credit, which expires Feb. 1, 2010. This is a good example of a policy change altering the time profile of spending, in this case lifting 2009 at the expense of 2010. Renovation spending falls about 5% in 2010, following an estimated 13% surge in 2009. New housing construction, the largest component of residential investment, rebounds 55% in 2010 and comes off one of its worst plunges last year.

A primary benefit of the HST is more investment spending, which leads to enhanced economic and productivity growth, since businesses are able to deduct the PST portion of the HST. The forecast model generates more real spending on machinery and equipment during 2010 to 2014 by about 2% with HST than with no HST. Non-residential building investment is higher by about 1% after inflation.

Business investment spending is another area hard hit by the recession and financial crisis. Final 2009 numbers are not yet available but our estimate calls for a near-20% fall in plant and equipment spending. The situation does not improve in 2010, with a predicted 10% drop. Business investment spending is usually the last sector to turn around after a recession but this does occur in 2011 to 2014, with growth rates reaching 20% in some years.

Government spending, particularly on fixed capital or public infrastructure, remains elevated in 2010 and diminishes in 2011 and 2012 as fiscal stimulus winds down. Spending on current goods and services slows to about 3% in current dollars during 2010 and 2011, and thereafter tracking higher with economic and population growth.

Turning to the trade sector, exports grow in the next five years but at an anemic pace, averaging about 5% in current dollars and less than 3% in 2002 dollars. The global economic recovery and higher commodity prices are positive factors for exports, but the high Canadian dollar and a weak recovery in U.S. housing starts restrain the cyclical recovery in exports. Expansion into the Chinese market is also positive but this takes time to develop and starts from a small base.



Exports were also hard hit during the recession, dropping an estimated 11% in inflation-adjusted terms during 2009 after a 5% decline in 2008, according to Statistics Canada. This is probably the worst two-year performance on record, challenged only by the 1974-75 plunge.

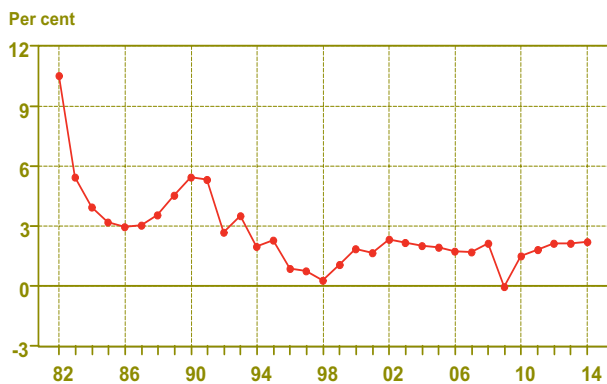
The other side of trade is imports, where more growth means more money is leaving the province. Imports also plunged last year with the drop in consumer goods demand and business demand for machinery and equipment. Somewhat ironically, the recession narrowed the trade deficit in 2009. Imports consistently outpace exports throughout the forecast period, resulting in a widening trade deficit and a larger drag on overall growth.

Housing market

A strong rebound in housing sales is driving higher housing prices and more investment in new construction. Record low mortgage rates and the fundamental attractiveness of home-ownership is bringing more first-time buyers into the market. A more active market in turn brings out more existing homeowners wanting to make a housing transaction. Investors are also more active in rising markets.

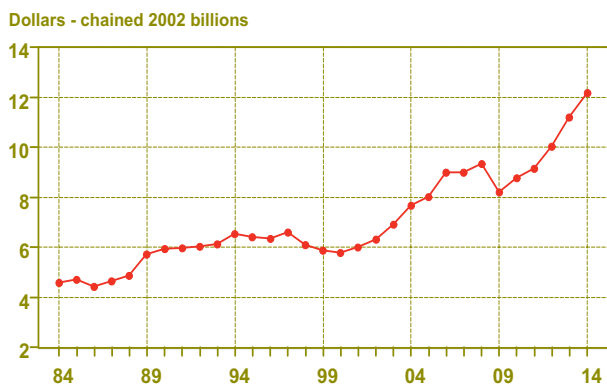
Housing is one of the first sectors, if not the first, to turn upward coming out of an economic recession. This time is no different except that the sales cyclical rebound is the strongest and sharpest on record, thanks to record-low mortgage rates. Some slowing of the sales rebound is likely in the short term, and over the next five years affordability

Consumer Price Index Inflation Rate, B.C.



Source: Statistics Canada, C1CU. C1CU forecast 2010-14 and 2009 estimate.

Construction Industry GDP, B.C.



Source: Statistics Canada, C1CU. C1CU forecast 2010-14 and 2009 estimate.

for low-equity buyers will worsen, with higher prices and mortgage rates. Annual housing sales will likely peak before 2014, though housing prices will probably keep rising until the next negative macro event or an adjustment process similar to that seen in 2007-2008.

Housing starts are forecast to keep expanding during the 2010-14 period on the strength of pent-up demand, existing homeowner turnover, additional investor demand, and new households from population and income growth. Housing starts jump more than 50% in 2010 from last year's deep bottom and climb to more than 30,000 units in 2012 and almost 40,000 units in 2014.

Inflation

The recession caused a large decline in energy prices, which pulled down the overall consumer price inflation rate to zero in 2009. Since crude oil prices are rising, this will not be repeated in 2010, and the inflation rate will rise consistent with a growing economy. The CPI inflation rate is forecast at 1.5% this year, steadily rising to 2.2% by 2014 with upside risk in the later years.

The HST impact on the CPI adds about 0.3 percentage points in 2010 and in 2011. There is no impact on the inflation rate or percentage change in the CPI after 2011, since it is fully embedded by then. However, the level of the CPI in 2014 will be about 0.5% higher with the HST than without it. The larger forces affecting inflation are commodity prices and resource utilization in the labour and product markets.

Economy-wide inflation as measured by the GDP price index contracted 1.1% in 2009 but is seen rising 1.5% this year and 3% in subsequent years of the forecast. Upward price pressure materializes in residential construction during the next five years, rising to more than 6% in 2013. Non-residential construction prices also heat up but by a lesser amount than residential. But prices for new machinery and equipment will move very little, thanks to an elevated currency and technological advances.

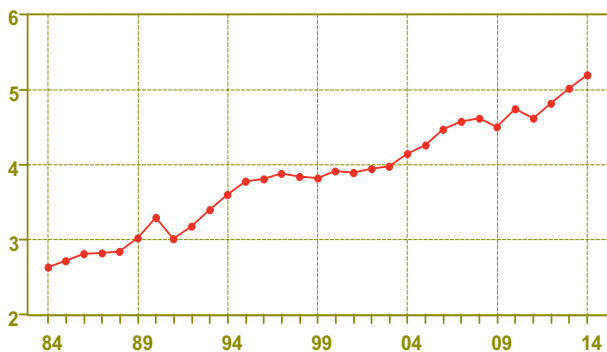
Industries

Domestic-oriented industries are the main growth drivers in the provincial economy, with export-oriented industries experiencing a cyclical upturn but still showing an anemic performance. Growth occurs across all main industry groupings, but in varying degrees due to their differing demand and supply situations. Industry GDP is measured on a value-added basis and differs from gross output.

The leading or strongest-growing industry in the next five years to 2014 is construction, which is entirely domestic-oriented with no exports. Construction benefits from the housing rebound and later from more non-residential investment related to some major projects in the utilities, transportation, and mining sectors, as well as new demand from the commercial real estate sector. Construction GDP increases about 50% between 2009 and 2014, with employment up about 30%.

Accommodation-Food Industry GDP, B.C.

Dollars - chained 2002 billions



Source: Statistics Canada, C1CU. C1CU forecast 2010-14 and 2009 estimate.

Engineering-type construction activity is the main source of growth and reflects the impact of major project investments in utilities and transportation. Engineering construction grows about 60% in the next five years, while non-residential building construction activity climbs 30%. Residential building undergoes a large turnaround from 2009's cyclical low, jumping about 70% by 2014.

Other domestic-oriented industries grow at below-average to average rates in the forecast period. Among the better performing industries are health-social services, retail-wholesale trade, accommodation-food, personal services, and finance-insurance-real estate. Government services, utilities, information-professional-business services, transportation-warehousing, and education emerge among the slower growing industries. Some of these industries have export markets but it is generally less than 30% of production.

The 2010 Winter Olympics have a substantial temporary impact on the accommodation-food and transportation sectors. Accommodation-food services real GDP jumps 5.5% during 2010 in the forecast, which follows an estimated 2.5% contraction in 2009. Output falls back in 2011 and resumes growth at around 4% per year. The transportation industry tracks a similar annual pattern, but at lower rates of change.

Significant investment in electric utilities projects is pending by BC Hydro and private companies, such as Plutonic Power. Hydro's capital spending focuses on upgrading existing facilities while the private sector

Forest Industry GDP, B.C.

Dollars - chained 2002 billions



Source: Statistics Canada, C1CU. C1CU forecast 2010-14 and 2009 estimate.

invests in new generation facilities, most commonly run-of-river projects and to a lesser extent wind power farms. The recession caused a drop in demand and electricity generation, but this reverses in 2010 and increases each year to 2014. Since new projects and existing upgrades are multi-year efforts, the increase in output is more noticeable after 2014.

B.C.'s export industries, notably forestry, mining, oil and gas, are weighed down by the high dollar and various structural issues. Nonetheless, a cyclical upturn linked to the U.S. and global economic recovery will play out and lift their exports.

The forest industry's real GDP, including wood products manufacturing, pulp and paper manufacturing, and logging and support activities, fell to a record low in 2009 but will rebound with higher U.S. housing starts in the next five years. The U.S. housing market will remain severely stressed in 2010, resulting in housing starts rising to about 0.75 million units from 0.55 million units in 2009. While this would be a 35% jump, the level is about one-half of a normal year, which is roughly estimated at 1.5 million units. By 2014, industry GDP will be about 20% below its 2006 high.

In addition to excess production capacity in wood products manufacturing, the pine beetle infestation will have a major negative impact on this sector. Those logs are drier and more costly to transform into dimensional lumber, which is typically a lower grade. Attempts to quickly harvest infested timber are hampered by low export demand, the

high dollar, the Softwood Lumber Agreement, and few alternatives uses other than wood pellets or co-generation. The pine beetle structural issue, over time, reduces the supply of harvestable timber, causing supply constraints for producers.

B.C.'s mining sector is poised for growth after 2010 with the rebound in copper, gold, and coal prices and demand in the Asian economy. A handful of major new projects are expected to commence construction and in some cases begin production before 2014. Project risk is always high since any number of factors can derail the plans, but geological potential exists and new projects become viable under the right market conditions and with the proper infrastructure in place, such as the Northwest energy transmission line. Mining GDP fell into a deep valley in 2009 and returns only to an average level by the end of the forecast.

Oil and gas mining also undergoes a cyclical revival, though of a lesser magnitude than forestry and mining. The major new development in the natural gas industry is the surge in shale gas production, due to hydraulic fracturing along with horizontal drilling. Shale gas has been produced for decades in North America but modern techniques have significantly increased its scale and commercial viability. This unconventional supply has altered the natural gas market, reducing prices and price expectations. In northeastern B.C., the Horn River and Montney areas are keenly sought out by exploration and development companies. Oil and gas real GDP expands by 18% between 2009 and 2014, reaching new highs each year.

External economic forecast

The worst global and U.S. recession in decades is largely over, but its impact extends into 2010 and beyond. The economic recovery in the U.S. began last summer and is shaping up to be of moderate proportions, since the flow of business credit remains constrained and consumer spending is hindered by high unemployment, low income growth, and a weakened balance sheet. Various government measures are assisting the U.S. economic recovery but their temporary nature raises concerns about the economy's ability to survive without fiscal assistance. Policy stimulus is a key reason behind the economic recovery, particularly on the monetary side. Co-ordinated global policy efforts made a difference and further fiscal measures are likely if the recovery falters or another crisis event occurs.

The financial crisis constituted a major shock to the global economy and to asset markets, causing activity to 'fall off a cliff'. When markets are hit with such a sudden blow, an over-reaction occurs, followed by a sharp rebound. Asset markets have regained 50% to 60% of their value from the post-shock lows but remain 20% to 40% below pre-crisis highs. Economic activity follows the same pattern but with less variability. The recovery is to some extent a result of this rebound, which is a temporary source of growth.

The consensus view has U.S. growth at 3% in 2010, with some forecasters as high as 4.5% and others as low as 1.5%. Clearly, considerable uncertainty still exists but only about the strength of the recovery -- no forecaster is predicting a fallback into recession in 2010. Of course, this does not mean a recession could not occur, but rather that the odds of a double-dip recession are low.

Beyond 2010, the recovery should gain some momentum, especially in 2012-14 when credit conditions are likely improved as are household balance sheets. Pent-up demand for business capital expenditures is another source of growth later in the forecast period. The winding down of fiscal stimulus presents a drag on growth but this is necessary to stem the large increase in government debt. Five-year forecasts typically assign 3% annual growth rates for the U.S. economy, but we are using somewhat higher figures in the 2012-14 period.

Monetary conditions will tighten during the next five years - it is just a matter of when and by how much. Central bankers will first remove or close their special liquidity provisions, cease their asset purchases, and lastly raise interest rates. This process is underway and at the early stages, with the first rate increase coming at the end of 2010.

U.S. interest rates will begin climbing in earnest during 2011 and reach 'normal' levels in 2014. It takes that long to reach normal since the recession has left substantial excess capacity and thus little inflation pressure until 2013-14. There is a fair chance that the expected above-average growth period might not occur until 2013-15 or 2014-16. In that case, interest rates would be held lower for longer.

Canadian interest rates generally follow the U.S. pattern, though it is likely the Bank of Canada will raise its policy rate before the U.S. Federal Reserve moves. The amount of slack in Canada's economy is far less than in the U.S.

and even moderate growth will close its output gap with the U.S. Central bankers are anxious to move policy rates up from their abnormally low levels and, when that time arrives, initial rate increases of one-half a percentage point are likely, before settling down to a more gradual tightening process.

A higher interest rate differential with the U.S. usually boosts the Canadian dollar (CAD). Along with higher commodity prices, particularly oil, in 2010, the CAD probably will break through parity with the U.S. dollar (USD). When the U.S. economy is on a stronger growth footing and the Fed is raising rates, the USD gains and the CAD gives up some of its prior gains. In general, the CAD is higher in 2010-14 than in 2005-09.

Higher commodity prices are likely during the forecast period, with the global economy seen growing at 5% after 2011, led by a recovery in the advanced economies and underpinned by high growth rates in the developing countries. The latter's economic development growth goals require an increasing consumption of commodities, which puts upward pressure on prices. Price cycles in commodities are normal and no doubt will emerge during the next five years but, barring a recession, these cycles are likely sectoral rather than broadly based.

Canada's growth is forecast at around 2.5% in 2010, rising to 3.2% in 2011, based on the average of forecasts. The Bank of Canada puts growth at 3% in 2010 and 3.3% in 2011. The main challenge to Canada's growth performance in the shorter term is the high CAD and its restraining effect on the trade balance. The domestic economy provides most of the growth impetus in 2010-14.

Forecast Risks

Recovering from a once-in-a-lifetime financial crisis is fraught with uncertainties in many quarters, certainly more than are usually present in a forecast. A major problem in the financial world -- whether a sovereign debt default, excessive government debt, or failing banks -- would be a setback and send shock waves through markets and the economy. In the real economy, macro risks range from inflation to deflation to double-dip recession to a lost decade. A botched exit strategy by the central bank, the untimely removal of fiscal stimulus, excessive household debt, and the ever-present geo-political event are other reasons for worry.

That there are such divergent views and in some cases completely opposing views speaks to the high level of uncertainty. No doubt, any one of those events could materialize and some could not be prevented. However, policymakers in most countries have displayed the will to enact measures to stimulate growth and rectify market problems. This is a considerable force that should not be underestimated, especially when it is co-ordinated across countries.

The main risk to the base-case scenario of a sub-par economic recovery in North America, Europe, and Japan is the double-dip recession or, more plausibly, a growth slowdown later in 2010 and into 2011. Beyond 2011, risks increase and become more diverse, causing the point forecasts in this report to be centred in a wider error band.

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Gross Domestic Expenditures (\$ Millions): British Columbia

	2008	2009	2010	2011	2012	2013	2014
Consumer	125,113	125,068	130,083	135,616	143,125	152,237	161,737
% change	4.3	0.0	4.0	4.3	5.5	6.4	6.2
Government Current	36,352	38,124	39,261	40,427	41,994	43,875	45,829
% change	7.0	4.9	3.0	3.0	3.9	4.5	4.5
Government Investment	6,824	6,505	6,776	6,482	6,264	6,525	6,838
% change	14.5	-4.7	4.2	-4.4	-3.3	4.2	4.8
Residential Construction	19,198	14,929	17,653	18,728	22,105	25,495	28,640
% change	1.5	-22.2	18.2	6.1	18.0	15.3	12.3
Plant and Equipment	24,194	20,006	18,031	20,167	22,880	28,069	33,847
% change	9.4	-17.3	-9.9	11.8	13.5	22.7	20.6
Machinery & Equipment	10,969	9,451	7,736	7,948	8,426	9,930	12,282
% change	4.1	-13.8	-18.1	2.7	6.0	17.9	23.7
Non-Residential Construction	13,225	10,555	10,294	12,220	14,454	18,139	21,565
% change	14.2	-20.2	-2.5	18.7	18.3	25.5	18.9
Domestic Demand	211,681	204,632	211,803	221,419	236,369	256,200	276,891
% change	5.3	-3.3	3.5	4.5	6.8	8.4	8.1
Exports	80,251	65,385	68,465	70,998	75,289	79,538	83,320
% change	1.2	-18.5	4.7	3.7	6.0	5.6	4.8
Imports	94,115	79,179	82,219	84,162	89,720	97,297	106,289
% change	4.4	-15.9	3.8	2.4	6.6	8.4	9.2
Net Exports	-13,864	-13,794	-13,753	-13,164	-14,431	-17,759	-22,968
Inventory change	241	-909	-384	629	720	786	1021
Statistical Discrepancy	128	128	128	128	128	128	128
GDE	197,930	189,801	197,538	208,756	222,530	239,099	254,815
% change	3.3	-4.1	4.1	5.7	6.6	7.4	6.6

Gross Domestic Expenditures (\$2002 Millions): British Columbia

	2008	2009	2010	2011	2012	2013	2014
Consumer	114,345	114,307	117,236	120,074	124,139	129,322	134,463
% change	2.4	0.0	2.6	2.4	3.4	4.2	4.0
Government Current	31,450	32,177	32,763	33,369	33,810	34,283	34,935
% change	3.4	2.3	1.8	1.8	1.3	1.4	1.9
Government Investment	5,397	5,669	6,082	5,665	5,001	4,908	5,044
% change	6.9	5.0	7.3	-6.8	-11.7	-1.9	2.8
Residential Construction	13,101	10,405	12,268	12,598	14,260	15,507	16,676
% change	-1.3	-20.6	17.9	2.7	13.2	8.7	7.5
Plant and Equipment	22,411	18,078	16,106	17,696	19,456	22,948	26,954
% change	4.8	-19.3	-10.9	9.9	9.9	17.9	17.5
Machinery & Equipment	13,118	10,742	9,020	9,412	9,953	11,437	13,865
% change	3.2	-18.1	-16.0	4.3	5.8	14.9	21.2
Non-Residential Construction	9,293	7,336	7,086	8,285	9,503	11,511	13,089
% change	7.2	-21.1	-3.4	16.9	14.7	21.1	13.7
Domestic Demand	186,277	179,615	184,203	189,308	196,996	207,577	218,599
% change	2.7	-3.6	2.6	2.8	4.1	5.4	5.3
Exports	70,174	62,321	64,295	65,201	67,427	69,118	70,868
% change	-5.1	-11.2	3.2	1.4	3.4	2.5	2.5
Imports	93,312	77,189	80,090	82,797	86,670	91,509	97,281
% change	-0.4	-17.3	3.8	3.4	4.7	5.6	6.3
Net Exports	-23,138	-14,868	-15,795	-17,596	-19,244	-22,391	-26,413
Inventory change	516	-1022	-499	669	726	921	1088
Statistical Discrepancy	-106	-106	-106	-106	-106	-106	-106
GDE	164,520	159,475	163,502	167,828	173,718	181,086	187,943
% change	0.0	-3.1	2.5	2.6	3.5	4.2	3.8

Consumer Expenditures: British Columbia

	2008	2009	2010	2011	2012	2013	2014
\$ Millions							
Consumer Expenditures	125,113	125,068	130,083	135,616	143,125	152,237	161,737
% change	4.3	0.0	4.0	4.3	5.5	6.4	6.2
Durable Goods	14,040	12,938	13,940	14,839	15,646	16,979	17,629
% change	-5.1	-7.8	7.7	6.5	5.4	8.5	3.8
Semi-Durable Goods	9,016	8,701	8,908	9,161	9,573	10,082	10,698
% change	0.2	-3.5	2.4	2.8	4.5	5.3	6.1
Non-Durable Goods	27,036	27,101	28,335	29,297	30,600	32,095	33,827
% change	5.5	0.2	4.6	3.4	4.5	4.9	5.4
Services	75,021	76,328	78,900	82,319	87,306	93,080	99,584
% change	6.3	1.7	3.4	4.3	6.1	6.6	7.0
Retail Sales	56,562	53,187	55,461	58,262	60,900	65,454	71,172
% change	0.3	-6.0	4.3	5.0	4.5	7.5	8.7
\$ 2002 Millions							
Consumer Expenditures	114,345	114,307	117,236	120,074	124,139	129,322	134,463
% change	2.4	0.0	2.6	2.4	3.4	4.2	4.0
Durable Goods	15,478	14,609	15,882	16,972	17,973	19,537	20,302
% change	-0.6	-5.6	8.7	6.9	5.9	8.7	3.9
Semi-Durable Goods	9,239	8,884	9,035	9,212	9,555	9,961	10,496
% change	1.4	-3.8	1.7	2.0	3.7	4.2	5.4
Non-Durable Goods	22,697	22,902	23,238	23,489	23,909	24,473	25,131
% change	1.3	0.9	1.5	1.1	1.8	2.4	2.7
Services	67,107	67,858	69,228	70,737	73,193	76,122	79,380
% change	3.6	1.1	2.0	2.2	3.5	4.0	4.3

Income Components (\$ Millions): British Columbia

	2008	2009	2010	2011	2012	2013	2014
Personal Income	158,504	156,671	162,542	168,412	177,016	187,397	198,274
% change	5.1	-1.2	3.7	3.6	5.1	5.9	5.8
Labour Income	103,811	99,547	101,069	104,183	109,709	116,324	122,646
% change	5.3	-4.1	1.5	3.1	5.3	6.0	5.4
Interest, Dividends, & Investment	19,758	20,399	22,387	23,618	24,411	25,438	27,088
% change	2.4	3.2	9.7	5.5	3.4	4.2	6.5
Government Transfers	20,464	22,558	23,381	23,923	24,858	25,904	26,990
% change	7.9	10.2	3.6	2.3	3.9	4.2	4.2
Unincorporated Business	15,018	15,130	16,083	17,079	18,448	20,157	21,951
% change	4.2	0.7	6.3	6.2	8.0	9.3	8.9
Other Transfers	606	743	745	766	809	865	961
% change	-6.2	22.6	0.3	2.8	5.7	6.9	11.1
Disposable Income	124,361	123,962	128,371	133,044	139,807	147,962	156,556
% change	6.8	-0.3	3.6	3.6	5.1	5.8	5.8
Taxes & Contributions	34,143	32,709	34,172	35,367	37,209	39,435	41,718
% change	-0.6	-4.2	4.5	3.5	5.2	6.0	5.8
Corporate Profits Before Tax	22,049	15,382	17,870	22,593	26,186	30,596	33,341
% change	3.6	-30.2	16.2	26.4	15.9	16.8	9.0

Residential Investment: British Columbia

	2008	2009	2010	2011	2012	2013	2014
\$ Millions							
Total Residential Investment	19,198	14,929	17,653	18,728	22,105	25,495	28,640
% change	1.5	-22.2	18.2	6.1	18.0	15.3	12.3
New Dwellings	10,537	5,395	8,379	9,393	12,080	14,546	16,842
% change	-0.8	-68.4	78.9	12.6	36.2	22.3	18.6
Renovations	6,579	7,289	6,954	6,925	7,427	8,132	8,786
% change	2.2	10.8	-4.6	-0.4	7.3	9.5	8.0
Total Acquisition Costs	1,895	2,054	2,130	2,213	2,388	2,586	2,763
% change	-5.9	8.4	3.7	3.9	7.9	8.3	6.8
Other Residential Construction	188	190	190	197	211	231	250
% change	22.8	0.9	0.3	3.7	6.8	9.6	8.1
\$ 2002 Millions							
Total Residential Investment	13,101	10,405	12,268	12,598	14,260	15,507	16,676
% change	-1.3	-20.6	17.9	2.7	13.2	8.7	7.5
New Dwellings	7,190	3,760	5,823	6,318	7,793	8,848	9,807
% change	-0.6	-47.7	54.9	8.5	23.3	13.5	10.8
Renovations	4,489	5,080	4,833	4,658	4,791	4,946	5,116
% change	-0.7	13.2	-4.9	-3.6	2.9	3.2	3.4
Total Acquisition Costs	1,293	1,432	1,480	1,489	1,540	1,573	1,608
% change	-8.6	10.7	3.4	0.6	3.5	2.1	2.3
Other Residential Construction	128	132	132	133	136	141	145
% change	19.3	3.0	0.0	0.4	2.5	3.4	3.5
Housing Starts, Units	34,321	15,085	23,360	25,346	31,259	35,482	39,320
% change	-12.4	-56.0	54.9	8.5	23.3	13.5	10.8

Real Non-residential Construction Investment: British Columbia

	2008	2009	2010	2011	2012	2013	2014
Engineering Construction	6,853	5,767	5,851	6,389	7,002	8,214	9,061
% change	-4.8	-15.9	1.5	9.2	9.6	17.3	10.3
Building Construction	3,450	3,330	3,338	3,508	3,553	3,910	4,334
% change	-18.4	-3.5	0.2	5.1	1.3	10.0	10.9
Commercial	1,031	985	976	1,058	1,064	1,134	1,368
% change	-32.8	-4.4	-0.9	8.4	0.6	6.6	20.6
Industrial	728	553	514	654	747	978	1,107
% change	-15.3	-24.0	-7.2	27.3	14.1	31.0	13.1
Institutional-Government	1,691	1,791	1,848	1,796	1,742	1,797	1,860
% change	-7.7	6.0	3.1	-2.8	-3.0	3.1	3.5
Total non-residential Construction	10,303	9,097	9,189	9,897	10,555	12,123	13,395
% change	-9.8	-11.7	1.0	7.7	6.6	14.9	10.5

GDP by Industry (\$2002 Millions): British Columbia

	2008	2009	2010	2011	2012	2013	2014
Total	150,239	145,631	149,318	153,269	158,648	165,377	171,639
% change	-0.1	-3.1	2.5	2.6	3.5	4.2	3.8
Agriculture	1,163	1,088	1,101	1,170	1,230	1,306	1,379
% change	-1.1	-6.4	1.1	6.3	5.1	6.2	5.6
Forestry & Logging	2,650	1,956	2,151	2,427	2,568	2,765	2,876
% change	-19.1	-26.2	10.0	12.8	5.8	7.7	4.0
Oil & Gas Mining	3,233	3,293	3,370	3,466	3,581	3,735	3,883
% change	-0.4	1.9	2.3	2.9	3.3	4.3	4.0
Other Mining	1,150	1,007	982	1,061	1,145	1,168	1,286
% change	-6.4	-12.4	-2.4	8.0	7.9	2.1	10.0
Fish, Hunting & Trapping	109	128	128	131	136	141	148
% change	-15.9	18.0	-0.4	2.3	3.5	4.3	4.9
Manufacturing	13,955	11,735	11,883	12,422	12,916	13,481	13,747
% change	-10.5	-15.9	1.3	4.5	4.0	4.4	2.0
Wood Products	3,413	2,658	2,898	3,153	3,346	3,605	3,728
% change	-21.4	-22.1	9.0	8.8	6.1	7.7	3.4
Pulp & Paper Products	1,380	1,251	1,271	1,290	1,304	1,313	1,309
% change	-10.4	-9.4	1.6	1.4	1.1	0.7	-0.4
Other Manufacturing	9,089	7,756	7,644	7,910	8,196	8,492	8,639
% change	-5.7	-14.7	-1.5	3.5	3.6	3.6	1.7
Utilities	3,185	3,070	3,111	3,162	3,222	3,293	3,373
% change	-4.0	-3.6	1.3	1.6	1.9	2.2	2.4
Construction	9,370	8,211	8,789	9,178	10,048	11,209	12,213
% change	4.2	-12.4	7.0	4.4	9.5	11.6	9.0
Transportation & Warehousing	9,717	9,328	9,586	9,655	9,916	10,259	10,600
% change	0.3	-4.0	2.8	0.7	2.7	3.5	3.3
Retail & Wholesale Trade	17,737	16,892	17,221	17,714	18,374	19,257	20,016
% change	-1.3	-4.8	1.9	2.9	3.7	4.8	3.9
FIREL	35,327	36,275	37,182	38,211	39,547	41,079	42,589
% change	2.3	2.7	2.5	2.8	3.5	3.9	3.7
Owner-Occupied Housing	17,230	17,931	18,506	19,114	19,767	20,588	21,530
% change	4.9	4.1	3.2	3.3	3.4	4.2	4.6
Other FIREL*	18,097	18,344	18,676	19,097	19,780	20,491	21,060
% change	0.0	1.4	1.8	2.3	3.6	3.6	2.8
Information, Professional, Scientific, Managerial	16,138	15,741	15,899	16,183	16,352	16,896	17,433
% change	1.9	-2.5	1.0	1.8	1.0	3.3	3.2
Other Services	6,490	6,322	6,430	6,490	6,761	7,022	7,291
% change	1.4	-2.6	1.7	0.9	4.2	3.9	3.8
Accommodation & Food Services	4,618	4,503	4,748	4,620	4,824	5,017	5,209
% change	1.0	-2.5	5.5	-2.7	4.4	4.0	3.8
Education Services	7,968	8,159	8,332	8,519	8,737	8,985	9,250
% change	2.9	2.4	2.1	2.2	2.6	2.8	3.0
Health & Social Services	9,855	10,129	10,451	10,767	11,096	11,456	11,874
% change	3.1	2.8	3.2	3.0	3.1	3.2	3.7
Government Services	7,846	8,056	8,221	8,370	8,483	8,607	8,782
% change	3.8	2.7	2.0	1.8	1.3	1.5	2.0

*FIREL - Finance, insurance, real estate and leasing

Employment by Industry (000s): British Columbia

	2008	2009	2010	2011	2012	2013	2014
Total	2,314	2,258	2,278	2,329	2,398	2,469	2,539
% change	2.1	-2.4	0.9	2.3	2.9	3.0	2.9
Agriculture	34	33	33	34	36	37	38
% change	-6.9	-1.4	-2.0	4.6	4.6	4.5	3.3
Other Primary	45	41	40	42	44	46	47
% change	-4.0	-9.7	-1.9	4.8	5.0	3.9	3.2
Manufacturing	187	163	161	161	164	168	169
% change	-8.6	-12.9	-1.5	0.0	2.3	2.3	0.4
Utilities	14	13	14	14	14	14	14
% change	37.9	-9.1	5.7	1.7	1.8	0.7	0.1
Construction	221	195	201	209	224	237	257
% change	12.1	-11.5	2.9	3.8	7.5	5.8	8.1
Transportation & Warehousing	128	115	117	119	123	125	127
% change	1.9	-9.9	1.1	1.8	3.2	2.2	1.7
Trade	355	367	365	367	373	387	397
% change	-2.8	3.5	-0.5	0.5	1.6	3.8	2.6
FIREL	147	144	149	153	158	161	163
%change	1.5	-2.4	3.8	2.9	3.1	2.0	0.8
Professional, Scientific, Managerial	334	324	322	331	343	353	361
% change	2.5	-3.1	-0.4	2.9	3.5	2.8	2.4
Accommodation & Food Services	178	173	177	182	186	193	199
% change	3.1	-2.8	2.1	2.8	2.2	3.7	3.6
Education Services	162	162	162	164	166	169	173
% change	3.5	0.0	0.4	1.2	0.9	1.8	2.6
Health & Welfare Services	246	261	270	280	287	292	301
% change	2.5	6.3	3.3	3.9	2.4	1.9	3.0
Other Services	161	161	161	165	170	175	180
% change	10.9	0.2	0.0	2.2	3.6	2.9	2.5
Government Services	103	106	107	108	109	110	112
% change	7.3	3.1	0.6	1.3	0.8	1.0	1.5

Labour Market Indicators: British Columbia

	2008	2009	2010	2011	2012	2013	2014
Source Population, 000s	3,642	3,709	3,771	3,831	3,894	3,964	4,036
% change	2.0	1.8	1.7	1.6	1.7	1.8	1.8
Participation Rate %	66.6	65.9	65.7	66.0	66.3	66.7	66.9
Labour Force, 000s	2,426	2,445	2,478	2,527	2,583	2,643	2,702
% change	2.5	0.8	1.4	2.0	2.2	2.3	2.2
Employment, 000s	2,314	2,258	2,278	2,329	2,398	2,469	2,539
% change	2.1	-2.4	0.9	2.3	2.9	3.0	2.9
Unemployment,000s	111.6	186.4	199.8	197.3	184.8	173.9	162.2
Unemployment Rate %	4.6	7.6	8.1	7.8	7.2	6.6	6.0
Average Weekly Hours	33.1	32.2	32.4	32.7	33.2	33.6	33.7
% change	-1.5	-2.7	0.7	1.0	1.4	1.3	0.2
Avg. Hr. Wage Rate % chg.	4.4	1.6	-0.1	-0.1	0.9	1.7	2.3
Unit Labour Costs % change	-2.1	-1.8	2.2	1.9	2.3	3.4	3.0

Population Components: British Columbia

	2008	2009	2010	2011	2012	2013	2014
Population, 000s	4,384	4,455	4,528	4,605	4,683	4,767	4,853
% change	1.7	1.6	1.6	1.7	1.7	1.8	1.8
Births, 000s	44.1	44.6	45.9	46.9	48.0	49.1	50.3
Deaths, 000s	31.8	31.2	33.8	34.9	35.9	36.9	37.8
Natural Increase, 000s	12.3	13.3	12.1	12.1	12.2	12.3	12.5
Net Migration, 000s	62.1	58	60.3	65.2	66.3	71.2	73.4
Net International, 000s	47.5	53.3	55.5	56.8	55.2	59.6	62.2
Net Interprovincial, 000s	14.6	4.7	4.8	8.5	11.1	11.6	11.2

Key External Economic Forecasts

	2008	2009	2010	2011	2012	2013	2014
U.S. Real GDP, % chg.	0.4	-2.5	2.7	3.0	3.5	3.2	2.8
Japan Real GDP, % chg.	-2.4	-5.3	1.5	1.4	2.0	1.7	1.5
European Union Real GDP, % chg.	0.6	-4.0	1.1	1.8	2.5	2.3	2.2
China Real GDP, % chg.	9.0	8.5	9.0	9.5	8.5	8.0	8.5
Canada Real GDP, % chg.	0.3	-2.4	2.6	2.9	2.6	2.8	3.2
Canada 3-month T-Bill, %	2.4	0.4	0.5	2.4	2.9	3.5	4.0
Canada 10-year GoC Bond, %	4.0	3.3	3.8	4.5	5.3	5.8	6.2
U.S.-Canada Exchange Rate	93.8	87.5	100.0	100.7	102.6	100.0	98.0
Wood Product Industry Price Index, %chg.	-2.3	0.6	-2.3	13.2	6.2	6.4	-7.3
Pulp and Paper Industry Price Index, %chg.	4.4	0.9	-10.6	1.5	-0.8	3.6	4.1
Crude Oil, US\$ per barrel	100.0	61.0	80.0	86.0	95.0	105.0	100.0
Natural Gas, US\$ per MBTU	9.0	4.0	5.7	6.5	6.9	7.2	7.5
Coal Price per tonne, % chg.	51.1	-30.1	12.5	10.3	22.7	-13.8	-2.9

The data used in these tables are drawn from a number of sources: Statistics Canada, U.S. Bureau of Economic Analysis, International Monetary Fund, B.C. Mines and Energy, Consensus Forecasts; Central 1 Credit Union for all B.C. Forecasts.

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