

B.C. Economic Forecast 2011-2015

Highlights

- Moderate growth in 2011 and 2012 for B.C.'s economy at 2.4% and 2.8%, respectively.
- B.C. economy grows at a faster pace after 2012, partly due to tax system change but also to due higher U.S. economic growth lifting B.C. exports.
- Reverting to the PST/GST tax system alters the spending profile in residential and machinery/equipment spending in B.C.
- Construction industry growth will lead domestic-oriented industries.
- Job growth will be moderate and unemployment slow to decline until after 2013.

Forecast overview

The global economic slowdown is lasting longer and is more severe than anticipated in the previous forecast due to the natural disaster in Japan earlier this year, the worsening of the European debt crisis and the U.S. debt ceiling political wrangle negatively affecting confidence and equity markets. Also, unseasonable weather in the U.S. affected economic activity in the first half of 2011.

Signs point to the recovery continuing, but at a modest pace with a higher risk of recession. A return to normal production in Japan's supply-chain, lower oil prices, healthy corporate balance sheets, and near-zero interest rates helps the recovery in the second half of this year and into 2012. Another round of fiscal stimulus in the U.S. is likely. U.S. economic growth will gain momentum after 2012 and along with Japan's reconstruction efforts help lift B.C. exports and overall economic growth.

Without more robust U.S. economic growth, B.C.'s economy will grow at less than 3% annually, which is expected in 2011 and 2012. Stronger export growth will largely depend on a recovery in U.S. demand for B.C.'s lumber, natural gas, and tourism services. This forecast sees these conditions begin to emerge in 2013 and gain momentum through 2015 at which time there is a strong revival in B.C. wood products and energy exports.

B.C.'s mining sector will continue to benefit from the high growth Asian economies and new mining developments later in the forecast period. High coal and metals prices help offset the negative impact of the strong Canadian dollar.

Forecast Summary: British Columbia

	2009	2010	2011	2012	2013	2014	2015
Real GDP, % change	-1.8	3.8	2.4	2.8	3.5	3.4	3.5
Nominal GDP, % change	-3.4	6.7	4.4	5.6	6.0	5.9	7.0
Employment, % change	-2.1	1.7	0.8	1.7	2.0	2.1	2.7
Unemployment Rate, %	7.7	7.6	7.7	7.3	7.0	6.3	5.2
Population, % change	1.7	1.6	1.1	1.2	1.2	1.2	1.2
Housing Starts, units, 000s	16.1	26.5	25.9	27.6	32.3	33.3	35.1
Retail Sales, % change	-4.4	5.3	2.4	4.2	5.8	5.1	6.1
Personal Income, % change	-0.1	4.9	4.1	3.9	4.2	4.2	5.7
Corporate Pre-tax profits, % change	-21.3	21.2	7.7	16.0	11.3	12.0	11.6
Consumer Price Index, % change	0.0	1.4	2.3	1.7	1.4	2.0	2.5

Forecast commences 2011 Source: Statistics Canada, Central 1 CU

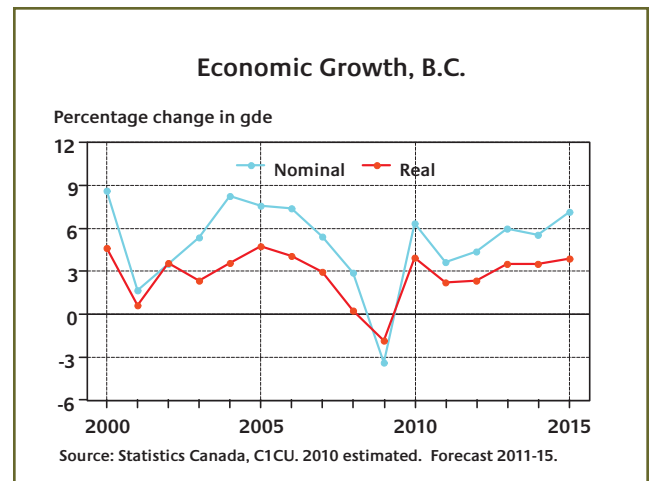
The high Canadian dollar also makes imports less expensive and increases the demand for imports, leading to a larger trade deficit even with the forecasted gain in exports. Rising import demand from B.C. consumers and businesses also reflects more income to spend on goods and services, though personal income growth will remain moderate, reflecting a similar performance in the labour market. Consumption and investment will be aided by low interest rates into 2012 and only gradually rising rates thereafter.

The province's domestic economy will generate most of the growth between 2011 and 2013 before exports contribute more significantly in 2014 and 2015.

Government spending declines during the forecast, particularly capital spending. Private sector domestic demand spending will grow at a faster pace than the overall economy growth rate, led by residential and non-residential construction spending. Not surprisingly, the construction industry will have the highest growth of all domestic-oriented industries in this forecast.

The return to the 12% PST/GST tax system in 2013 from the current HST tax system has many effects. The economy receives a boost from more personal consumption and residential investment spending, though business investment and exports are slightly lower, along with corporation profits. Productivity is lower under the PST/GST. In general, the provincial economy grows modestly faster in the medium term as it becomes more consumption-oriented but with less machinery and equipment investment and a larger trade deficit. However, longer term economic growth (10 plus years) is lower under the PST/GST than with the HST.

Forecast risk is on the downside since the U.S. economy may not revive to the extent foreseen in 2013 to 2015. Another forecast risk is a possible financial crisis in Europe causing a credit crunch not only in Europe but also spreading into North America leading to weaker economic growth. A macro-policy misstep is another



possible risk since there is a delicate balance between fiscal consolidation and promoting economic growth, while monetary policy is stretched to its practical limits. Political manoeuvres could cause a policy error.

Economic growth

Real Gross Domestic Product (GDP) slows to 2.4% growth in 2011 from an estimated 3.8% in 2010. Another moderate growth performance is in store for 2012 at 2.8%. B.C.'s economy gains momentum in 2013 at 3.5% and stays above 3% annually to 2015. The province's growth profile strengthens later in the forecast period along with the global economy and the U.S. in particular as well as the domestic demand lift from the reinstatement of the 12% PST/GST.

Nominal or current dollar GDP growth slows to 4.4% in 2011 from an estimated 6.7% in 2010. During 2012 to 2015, nominal GDP growth ranges from 5.6% to 7.0% annually. Price inflation from domestic sectors increases with higher resource utilization rates. Import prices increase only slightly thanks to the high Canadian dollar while export prices begin rising with a stronger U.S. economy.

B.C.'s economic recovery will enter its third year in the second half of 2011 and this forecast assumes no U.S. or global economic recession occurs during the remainder of the forecast period. There is a risk of recession of about 20% to 30% due to external factors, some of which are non-economic, but it is difficult to determine timing and causes. A financial crisis in Europe is currently at the top of the list.

The comparison of economic growth in 2011 with 2010 is less favourable due to last year's Olympic

Winter Games boost to 2010 GDP and to the usual recession-recovery dynamics which generate less growth in the second year than in the first year. The global economic slowdown of 2011 is another factor.

Labour market

The unemployment rate is forecast to remain high and not fall below 7% until later in 2013. This year's unemployment rate will rise slightly to 7.7% from 7.6% in 2010, contrary to prior expectations of a decline to 7.3%, resulting in slightly more numbers of unemployed in 2011.

The unemployment rate is forecast to approach 5% in 2015, but since the forecast risk is mainly on the downside, this may not materialize.

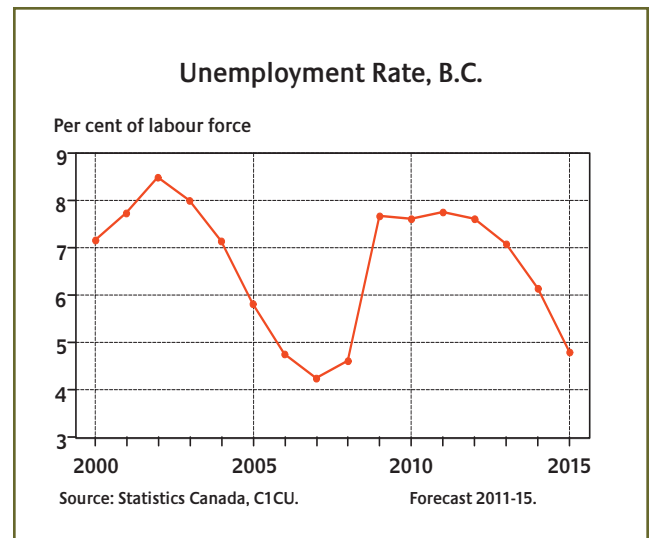
Anemic job growth so far in 2011 results in a substantial downgrade from the last 2011 forecast to 0.8% from 2.2% previously. Net job growth in 2012 will improve to 1.7% but remain unspectacular and pull the unemployment rate down to only 7.3%. Job growth gains momentum rising to 2.7% in 2015.

Aggregate employment numbers mask the increase in hours worked during the forecast. Average weekly hours worked rises to 32.2 in 2012 and 32.4 hours in 2013 from 32.0 hours in 2011 and 31.8 hours in 2010. This could indicate that part-time employment turns lower after a multi-year rise, but the fairly small forecast increases in hours worked may not result in a shift. Part-time employment is at a record high in 2011.

Labour supply or labour force growth remains modest in 2011 and 2012 before rising to about 1.5% annually thereafter. The labour force participation rate slips to 65.2% in 2012 from 65.3% in 2011 and 65.5% in 2010, well off its recent high at 66.2% in 2008. Small increases are foreseen in the remaining years of the forecast reaching 65.7% in 2015. Demographics exert a growing influence holding down the participation rate.

Population

Total population growth downshifted in 2011 to 1.1% from 1.6% in 2010 and is forecast to rise slightly to 1.2% annually, mainly on the strength of international immigration. Job opportunities relative to other provinces are a significant factor in determining interprovincial migration flows and the outlook is unfavourable for B.C. Faster job growth and higher



wages in Alberta and Saskatchewan will attract workers from B.C. and keep net interprovincial migration negative throughout 2015.

Housing market

The housing market is in a mid-cycle phase with sales volume fluctuating around a flat to modestly rising trendline for the next couple of years and prices rising at a modest pace with a possible brief decline. A significant upturn or downturn in housing activity and prices would be driven by a change in demand factors such as job/income growth, interest rates, migration, or confidence. During a macro-economic or geo-political event, these factors tend to move in unison.

Housing starts are the main source of economic growth in the housing market and moderate gains are forecast. Total housing starts look to ease slightly in 2011 to about 26,000 units but rise to above 35,000 units in 2015. The 12% PST/GST tax system provides a lift to housing construction in 2013 and alters its time profile around the March 31, 2013 implementation date. A postponement of some housing starts prior to that date, followed by a surge thereafter, is likely. The new tax system will make housing purchases more affordable, boosting sales and prices.

Inflation

The Consumer Price Index (CPI) rises to 2.3% in 2011 from 1.4% in 2010 due to higher energy and food prices as well as the introduction of the HST. Inflation eases to 1.7% in 2012 partly to the end of the HST effect and lower energy prices. Indirect taxes play a

role in the CPI for 2013 when the switch away from the HST occurs causing a one-time drop in the CPI by about 0.3%, averaging 1.4% for the year. Inflation gathers momentum rising to 2.5% in 2015.

Incomes

Personal income generated in the economy expands 4.1% in 2011 and 3.9% in 2012 on the heels of 2010's rebound estimated at 4.9%. Beyond 2012, personal income growth will modestly improve until 2015 when it is forecast to increase 5.7%.

The modestly improving labour market results in labour income growing 4.3% in 2012, up slightly from 2011, and rising at a similar rate in the following two years before hitting 6.4% in 2015. The average hourly wage rate increases less than 2% annually during the first three forecast years. An unemployment rate below 6% begins to generate larger wage gains in 2015 forecast at 3.3%.

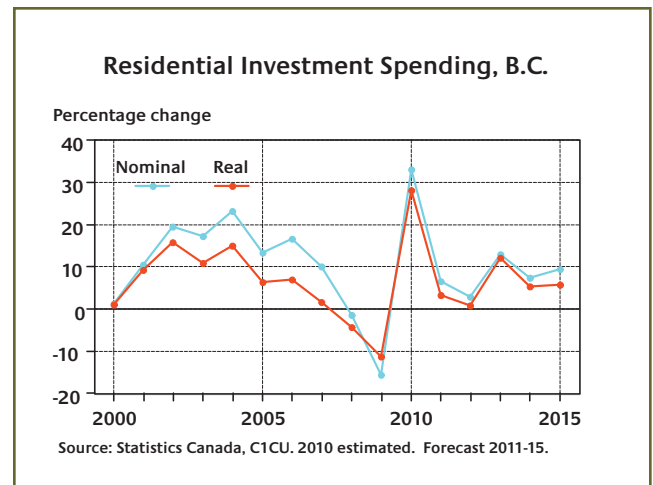
Personal disposable income growth (income after taxes and other government fees) tracks overall income growth. However after inflation, gains are modest in 2011 and 2012 at 1.3% and 2.2%, respectively, but will rise to 2.5% annually after 2012 on more income growth.

Corporate profits before taxes rebounded in 2010 by an estimated 21.2% after falling 21.3% during the recession. Profit growth slips to 7.7% in 2011 rising to 16.0% in 2012 and expands at a moderate variable pace in remaining forecast years. A return to the 12% PST/GST regime reduces corporate profits relative to the HST tax system since businesses are unable to deduct the PST portion of the HST. This is the aggregate impact, however profits improve for some businesses while eroding for others.

Expenditures

Total spending in the economy increases 4.4% in current dollars and 2.4% inflation-adjusted during 2011, down from 6.7% and 3.8% in 2010, respectively. The economy expands at a 5.6% pace in 2012 and 2.8% in 2002 dollars. Real or inflation-adjusted spending will grow 3.5%, 3.4%, and 3.5%, respectively, in the remaining forecast years.

Domestic spending (personal consumption, government, and business) is the main source of growth while the trade sector underperforms. However, forestry and mining exports are forecast to pick up



when the U.S. economy grows at a more robust pace later in the period. Less government spending due to fiscal consolidation is another main theme in the forecast.

Consumer spending fundamentals--low interest rates, modest growth in jobs, incomes, and population--are mildly positive for moderately firmer growth into 2012. Thereafter, the new tax system and higher interest rates along with other factors generates more robust spending. The switch to the new tax system will likely prompt some consumers to hold off spending on large-ticket items until the new system is in place to reduce the sales tax levy. The magnitude of this effect is difficult to quantify but an estimate of several hundred million dollars was used during the forecast period.

Spending on consumer services benefits under the new tax system since considerably fewer purchases are subject to the PST. In 2013, consumer services spending will rise 3.6% in real terms compared to 2.7% in 2012. With the new tax system, aggregate consumer spending is about 1.5% higher per year than under the HST system.

Residential investment is most affected by the new tax system. New housing construction and renovation activity will cost less and for a large dollar purchase such as a new home, the tax savings could be considerable and prompt some potential purchasers to delay until the new tax system is in place. The government will have transitional rules to deal with pre-sale agreements and other matters which may help smooth purchases and construction through the change-over.

Residential investment spending is forecast to grow at a slower pace in 2012 than in 2011 before surging

ahead in 2013 by 10% in real terms, led by a 15% jump in new construction spending. Spending on renovations will advance 6% in 2013 compared to 1% in 2012 and grow at a faster pace in both 2014 and 2015. A more active residential sector provides a substantial boost to the economy and employment.

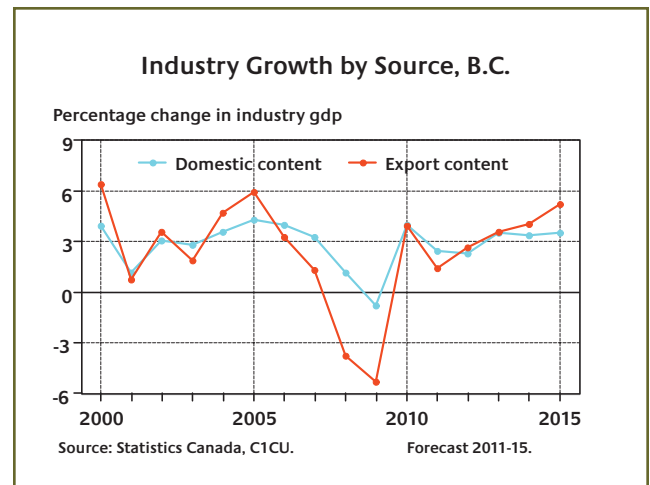
Total plant and equipment business investment spending in 2002 dollars will advance about 7% in 2011 followed by a more robust 19% in 2012, owing in part to the new tax system. Investment spending growth eases to 3% in 2013 and 6% in 2014 aided by some major projects in mining, energy, and transportation which are assumed to commence. The non-residential construction component of investment spending performs well during the forecast while spending on machinery and equipment wanes.

The new tax system is unfavourable for machinery and equipment spending relative to the HST system, since business will be unable to get back any PST paid. In the lead-up to the new system there is an incentive for business to accelerate purchases of machinery and equipment leading to a temporary void immediately after. In the longer term, spending on machinery and equipment is lower under the new tax system. Non-residential building construction faces a similar fate though a growing new project investment profile mitigates much of that negative impact later in the forecast horizon.

Inventory investment can have a large impact on the economy's growth rate especially during the recession and early recovery phases of the business cycle. Since the economic recovery is forecast to continue, inventories will accumulate rather than drop sharply in a recession. The pace of inventory accumulation generally follows the growth in the economy.

Government spending is in a fiscal consolidation or deficit reduction mode lasting another two to three years, which entails less capital spending and decreased spending on current goods and services. Public capital spending in 2002 dollars during 2012 declines about 18% and contracts about 6% in each of the next two years. Spending on current goods and services is projected to decline in 2012 to 2014. The provincial government faces the challenge of a larger budget deficit under the new tax system while the federal government likely achieves its balanced budget goal within the next three years.

B.C.'s recession was largely export-led and its recovery is often bolstered by rising exports. So far in this



recovery, exports have contributed modestly and the near term outlook is equally modest. The high Canadian dollar along with a weak U.S. consumer recovery, particularly in housing, holds back overall export growth. Later in the five-year forecast, exports to the U.S. begin to revive when their housing market comes back to life. One bright spot is expanding trade with high growth economies such as China. The switch to the PST/GST tax system is a structural negative factor for exports.

Imports outstrip exports resulting in a larger trade deficit in 2002 dollars each year. Imports plunged in 2009 with the drop in consumer demand and business demand for machinery and equipment but in the recovery bounced back an estimated 6%. The expected pre-PST/GST surge in machinery and equipment spending also boosts imports in 2012. The high Canadian dollar throughout the forecast keeps imports expanding at a considerable pace.

Industries

Domestic-oriented industries drive most of the growth in 2011 and 2012. Following a weak performance in 2011 and 2012, industries with significant export content grow at a faster pace through to 2015 when stronger demand from the U.S. and the completion of major projects increases export supply. B.C.'s economy will remain largely driven by personal consumption, residential investment, business investment, and government spending with exports struggling to keep pace, notwithstanding these predicted gains. The new tax system reinforces these trends.

Industry GDP growth in 2012 is put at 3.0%, up from an estimated 2.5% in 2011. Growth shifts up to 3.3% in 2013 and 3.9% in 2015. The fastest growing

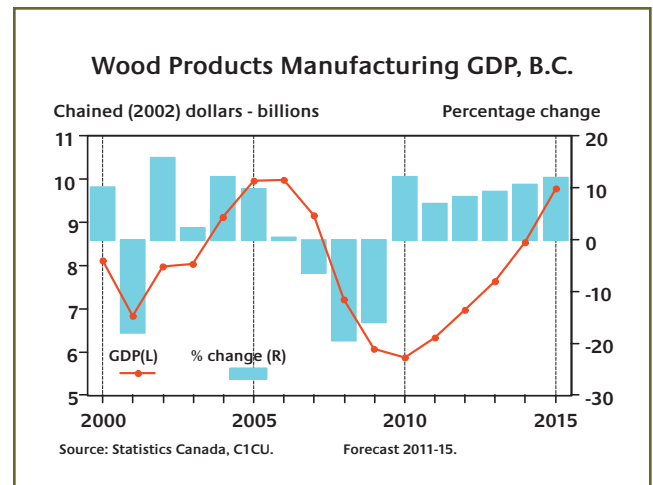
industries between 2010 and 2015 are the primary industries of forestry and mining, wood products manufacturing, primary metals manufacturing, and construction. The slowest growing industries are government services, education, utilities, accommodation-food, and health-social services. Industries in the middle of the growth pack are agriculture, most manufacturing sectors, transportation-warehousing, retail-wholesale trade, finance-insurance, professional-business-support services, and other services (largely personal).

Forestry and related wood products manufacturing are forecast to post the highest growth rate of any industry between 2010 and 2015. Real GDP growth rates gain momentum each year reaching 12% in 2015. This strong performance hinges on the expectation of a recovery in U.S. housing starts which have been at historic lows since 2008. Another important factor is continuing expansion into China's market. Lumber exports to China this year are on pace to exceed \$1 billion, an increase of more than 50% from 2010. An accelerated harvest of pine beetle-infested trees is a contributing factor but is ultimately dependent on improved lumber demand and other end uses such as wood pellets.

Pulp and paper manufacturing is seeing a moderate revival thanks to more exports to China, which looks to overtake the U.S. for the first time in 2011. The pulp sector will fare well as a result along with some improvement in exports to the U.S. In contrast, the outlook for the newsprint and paper sectors is poor with demand waning for newsprint demand due to recycling and the Internet. B.C.'s newsprint and other paper manufacturing have been on a long-term decline in the face of more supply competition from emerging markets and a relatively higher cost structure. Further declines are expected in 2011 and beyond.

The province's mining sector staged a strong rebound in 2010 from the recession but has faltered in 2011. Mining output barely grows this year with less production in base and precious metals and coal than last year. The coal mining sector was hit by the drop in exports to Japan following that country's natural disaster and the resulting plunge in industrial production but will return to pre-disaster levels in the second half.

Mining's medium-term outlook is fairly bright with considerable geological potential for new mine development and adequate pricing and demand

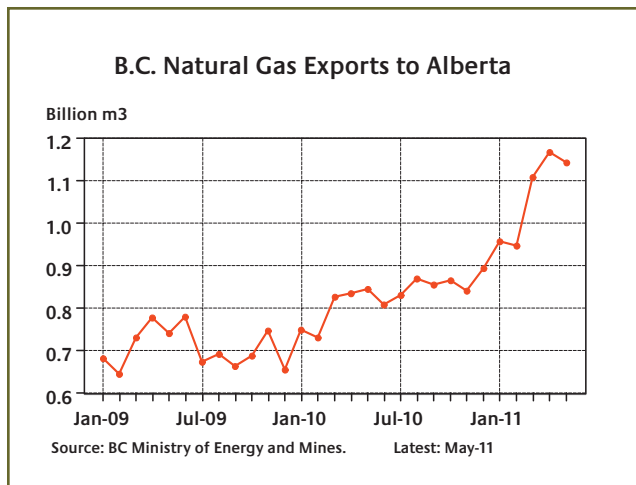


conditions ahead. The Northwest Transmission Line (NTL) project, which is a 287 kilovolt, 344 kilometre transmission line, is scheduled to complete in 2013. This will facilitate the development of new mines such as Red Chris, Schaft Creek, and others in the longer term. In other parts of the province, several mine projects are in various stages of development although some need to overcome environmental issues.

Natural gas production is rising despite low prices and lower U.S. exports on the strength of exports to Alberta. Exports to Alberta are at a record high in 2011 and are equal to U.S. export volumes. There is considerable upside potential for Alberta exports to keep rising in the future. U.S. consumption is currently low but expected to increase during the forecast when its economy is stronger. B.C. has large shale gas potential which will be further developed and brought into production. Oil and gas extraction GDP is seen rising at a robust pace expanding more than 8% in 2011 and in 2012 and continues at this high rate the rest of the forecast. Light natural gas (LNG) exports to Asia are a longer term growth possibility.

Exports of transportation and storage services are rising with growing Asia-Pacific trade. Capacity expansions are planned and some will materialize in the forecast period such as port expansions in the Vancouver and Prince Rupert areas to handle container traffic. Pipelines from Alberta to the north coast are likely after further environmental reviews. The TMX pipeline is slated for completion in 2011.

Some transportation exports are related to tourism rather than to the movement of goods. After receiving a temporary boost from the Winter Olympic Games, U.S. tourism to B.C. is down and not expected



to increase until later in the forecast. Asian tourism flows are rising from a low base while domestic tourism growth is modest at best. Domestic transportation demand is difficult to gauge but BC Ferries traffic is down so far this year.

GDP in the transportation and warehousing industry is forecast to grow at a moderate 2.8% rate in 2012 following a weaker performance in 2011. During 2013 to 2015, annual growth will be in the 3 to 4% range though pipeline transportation GDP expands at twice the rate, reflecting rising natural gas exports and some pipeline additions.

Tourism crosses several industries including accommodation and food, transportation, retail trade, arts, entertainment, and recreation along with others. Broad measures of activity such as traveler entries, hotel occupancy rates, room revenue, and air traffic data are mostly negative in 2011 compared to 2010. The Winter Olympic Games boosted 2010 numbers which contributes to the negative comparison; however, data in 2011 is also mostly negative when compared to 2009.

Among B.C.'s domestic-oriented industries, construction expands at the fastest rate during the forecast. Construction industry GDP is forecast to grow 4% this year and 4.6% in 2012 with a substantial surge to 6.2% in 2013 and 6.9% in 2014. Construction is a highly cyclical industry and can swing from a sharp contraction, as in 2009 at -6.8%, to a large rebound in 2010 at 11.3%. The forecast growth rates in 2013 to 2015 are not the highest on record and were exceeded during 2003 to 2006.

Non-residential construction will be a growing segment of the industry with large increases in engineering and industrial construction related to major

project investments. The mining, oil and gas, utilities, and transportation-warehousing industries will step up investment spending during the forecast. In building construction, the industrial and commercial sectors will benefit from substantial investment plans. Two new office towers are planned for downtown Vancouver, for example. Government construction declines after 2011 and through to 2015 as a consequence of fiscal consolidation.

External economic forecast

Prospects for the global economy appear to be the worst since the financial crisis and the Great Recession with growing concerns over the European sovereign debt issue and the U.S. debt ceiling debacle and S&P debt downgrade at a time when the global economy is slowing. Recession fears have multiplied. Japan's natural disaster pushed that economy into recession along with its negative supply-chain impact on trading partners exacerbated the global economic slowdown. These events sent financial markets plunging and consumer confidence down with them.

The global economic slowdown reflects weakness in the U.S. and Eurozone and a recession in Japan. The emerging economies are slowing from tighter monetary conditions to control inflation in some cases and from the negative spinoff effects from the developed economies. Policymakers in most developed countries are grappling with reining in government budget deficits while keeping the economy out of recession. In this environment, central bankers will keep interest rates low for longer than previously thought and rates may not increase as much in the emerging economies.

Signs are emerging that the slowdown in the U.S. and Japan is ending and the low point in the growth rate cycle was in the first half of 2011. U.S. industrial production and employment were up in July by a good margin though some of this was due to fewer supply chain constraints.

Similarly, Japan's economy is rebounding with manufacturing taking the lead. Beyond this temporary boost, other factors such as lower oil prices, improving credit conditions, low interest rates, and high corporate profitability are capable of generating growth.

While economic growth in the U.S. and Japan picks up in the second half of 2011, there are several headwinds holding back growth beyond this year.

Household deleveraging in the U.S. and Europe combined with government fiscal consolidation in most countries is not a recipe for robust domestic growth. Lingering high unemployment and weak housing markets in the U.S. and Europe are further symptoms of a weak demand backdrop.

The European sovereign debt crisis presents the highest risk to the global economic forecast since it can negatively impact financial markets and the banking system. European banks could face considerable losses on their holdings of some government bonds causing solvency and interbank funding problems. A repeat of the financial crisis of 2008 is not likely but the disruptions to markets and the risk to the outlook would be highly negative. Politicians are likely to enact policies that will ‘muddle-through’ the crisis.

Growth forecasts are revised down across the board, with the U.S. economy expected to grow only 2.2% this year and 2.7% next year compared to 3.6% and 2.9%, respectively, in the last report. Economic growth beyond 2012 is presumed to gradually improve culminating in 3.6% growth in 2015. There is considerable consumer pent-up demand in the U.S. that is waiting to emerge under the right conditions.

Interest rates will remain low and rise moderately later in the five-year forecast. Bond yields in the U.S., Canada, and Germany have declined sharply during the latest round of market concerns and volatility though in some European countries, bond yields are higher than before. The U.S. central bank stated that it expects no rate increase until mid-2013 and only if conditions warrant. While Canada’s economy is closely tied to the U.S. economy, there is less excess capacity in Canada, which means growth will use up this capacity sooner than in the U.S., prompting the Bank of Canada to raise interest rates sooner than mid-2013. The first increase is seen occurring around mid-2012 with moderate increases during the rest of the forecast.

Commodity prices will rise at a more robust pace later in the forecast period. The current soft patch in economic growth has taken the steam out of cyclical commodities such as copper and oil. When the global economy returns to above 4% growth, which is largely dependent on a stronger U.S. economy, commodity prices will turn higher.

The Canadian dollar has felt a downdraft from lower commodity prices and poorer economic prospects putting expectations of a Bank of Canada rate

increase on the sidelines. In fact, the futures market is pricing in a rate cut before March 2012. Should a recession occur, the Canadian dollar would fall on weaker commodity prices as well. Since this macro forecast does not incorporate a recession, the dollar holds just above parity with the U.S. dollar through this soft patch before gaining some altitude in 2012. The Canadian dollar will rise through to 2015 on higher commodity prices and domestic interest rates.

Canada’s economic growth closely tracks the U.S. economy and commodity prices. Real GDP in 2011 is downgraded to 2.2% from 2.8% from the last report. In 2012, growth at 2.6% will not be much of an improvement but thereafter growth will rise to 3% and above in tandem with a stronger U.S. economy. B.C.’s export linkage with the rest of Canada is more services oriented than predominately goods exports to the rest of the world, partly reflecting its Pacific gateway position.

In these uncertain times, it is advisable to consider alternative macro forecast scenarios. A scenario incorporating a weaker U.S. economy through to 2015 would be high on the list. A recession scenario is another possibility since financial markets are behaving as if a recession will occur in the near term; this scenario could have a 30% probability. A combination of these two alternatives is also possible with either leading to lower B.C. economic growth than in the base case scenario.

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Gross Domestic Expenditures: British Columbia							
	2009	2010	2011	2012	2013	2014	2015
Millions of dollars							
GDP, expenditure-based	191,005	203,792	212,756	224,649	238,202	252,359	270,028
% change	-3.4	6.7	4.4	5.6	6.0	5.9	7.0
Consumer	126,802	133,186	139,207	145,480	152,690	160,688	169,470
% change	1.5	5.0	4.5	4.5	5.0	5.2	5.5
Durable Goods	13,230	13,649	14,453	15,395	16,441	17,703	18,418
% change	-6.1	3.2	5.9	6.5	6.8	7.7	4.0
Semi-Durable Goods	8,654	8,923	9,269	9,621	10,124	10,622	11,220
% change	-3.4	3.1	3.9	3.8	5.2	4.9	5.6
Non-Durable Goods	26,846	28,024	29,389	30,595	32,023	33,588	35,378
% change	-1.3	4.4	4.9	4.1	4.7	4.9	5.3
Services	78,072	82,590	86,096	89,869	94,101	98,776	104,454
% change	4.6	5.8	4.2	4.4	4.7	5.0	5.7
Government Current	38,163	39,543	40,907	41,550	42,566	43,348	44,493
% change	4.7	3.6	3.5	1.6	2.4	1.8	2.6
Government Investment	7,037	7,272	7,498	6,280	5,955	5,658	5,744
% change	11.9	3.3	3.1	-16.2	-5.2	-5.0	1.5
Residential Construction	15,755	17,924	18,522	19,837	22,528	24,239	26,655
% change	-15.5	13.8	3.3	7.1	13.6	7.6	10.0
Plant and Equipment	21,835	22,395	23,815	28,439	30,533	34,220	38,335
% change	-13.5	2.6	6.3	19.4	7.4	12.1	12.0
Machinery & Equipment	9,152	9,239	9,527	11,503	11,564	11,458	11,456
% change	-19.4	0.9	3.1	20.7	0.5	-0.9	0.0
Non-Residential Construction	12,683	13,157	14,289	16,936	18,969	22,761	26,878
% change	-8.6	3.7	8.6	18.5	12.0	20.0	18.1
Final Domestic Demand	209,592	220,320	229,950	241,584	254,271	268,153	284,697
% change	-0.9	5.1	4.4	5.1	5.3	5.5	6.2
Exports	68,929	73,779	77,249	82,100	88,119	94,413	102,768
% change	-15.7	7.0	4.7	6.3	7.3	7.1	8.8
Imports	86,890	90,851	95,101	100,409	105,807	111,882	119,147
% change	-8.6	4.6	4.7	5.6	5.4	5.7	6.5
Net Exports	-17,961	-17,071	-17,852	-18,309	-17,688	-17,469	-16,380
Inventory change	-942	1,242	1,159	1,058	1,304	1,358	1,395

Gross Domestic Expenditures: British Columbia							
	2009	2010	2011	2012	2013	2014	2015
Millions of chained 2002 dollars							
GDP, expenditure-based	161,851	168,037	172,049	176,916	183,176	189,340	196,061
% change	-1.8	3.8	2.4	2.8	3.5	3.4	3.5
Consumer	114,743	118,443	121,564	124,976	129,480	133,765	137,790
% change	0.3	3.2	2.6	2.8	3.6	3.3	3.0
Durable Goods	14,827	15,331	16,378	17,427	18,637	20,039	20,807
% change	-4.4	3.4	6.8	6.4	6.9	7.5	3.8
Semi-Durable Goods	8,791	9,137	9,486	9,844	10,333	10,856	11,421
% change	-4.3	3.9	3.8	3.8	5.0	5.1	5.2
Non-Durable Goods	22,589	22,884	23,113	23,510	23,934	24,349	24,807
% change	-1.0	1.3	1.0	1.7	1.8	1.7	1.9
Services	68,519	71,109	72,805	74,609	77,226	79,490	81,888
% change	2.2	3.8	2.4	2.5	3.5	2.9	3.0
Government Current	32,320	32,921	33,187	33,073	32,939	32,805	32,901
% change	2.7	1.9	0.8	-0.3	-0.4	-0.4	0.3
Government Investment	5,687	5,923	5,994	4,941	4,633	4,354	4,323
% change	12.7	4.1	1.2	-17.6	-6.2	-6.0	-0.7
Residential Construction	11,274	12,524	12,614	13,190	14,564	15,090	16,095
% change	-11.3	11.1	0.7	4.6	10.4	3.6	6.7
Plant and Equipment	19,401	20,341	21,709	25,776	26,524	28,209	30,007
% change	-17.7	4.8	6.7	18.7	2.9	6.4	6.4
Machinery & Equipment	10,404	11,218	11,986	14,492	14,403	14,202	14,199
% change	-23.5	7.8	6.8	20.9	-0.6	-1.4	0.0
Non-Residential Construction	8,997	9,123	9,723	11,285	12,122	14,007	15,808
% change	-9.8	1.4	6.6	16.1	7.4	15.6	12.9
Final Domestic Demand	183,144	189,889	194,655	201,062	207,676	214,331	221,917
% change	-1.9	3.7	2.5	3.3	3.3	3.2	3.5
Exports	65,202	67,623	69,419	72,148	75,255	78,865	83,703
% change	-9.1	3.7	2.7	3.9	4.3	4.8	6.1
Imports	86,398	91,311	93,964	98,331	101,986	106,136	111,932
% change	-8.4	5.7	2.9	4.6	3.7	4.1	5.5
Net Exports	-21,196	-23,688	-24,546	-26,183	-26,732	-27,271	-28,229
Inventory change	-1,041	854	936	999	1,166	1,181	1,229

Residential Investment: British Columbia							
	2009	2010	2011	2012	2013	2014	2015
Millions of dollars							
Total Residential Investment	15,755	17,924	18,522	19,837	22,528	24,239	26,655
% change	-15.5	13.8	3.3	7.1	13.6	7.6	10.0
New Dwellings	6,617	8,621	8,924	9,772	11,601	12,402	13,502
% change	-44.9	39.0	1.3	10.4	23.9	4.7	9.3
Renovations	7,093	7,195	7,421	7,717	8,433	9,322	10,567
% change	13.3	1.4	3.1	4.0	9.3	10.5	13.3
Total Acquisition Costs	1,845	1,899	1,959	2,120	2,254	2,261	2,320
% change	-5.9	2.9	3.2	8.2	6.4	0.3	2.6
Other Residential Construction	201	208	218	228	239	253	267
% change	9.9	3.9	4.6	4.4	5.1	5.8	5.4
Millions of chained 2002 dollars							
Total Residential Investment	11,274	12,524	12,614	13,190	14,564	15,090	16,095
% change	-11.3	11.1	0.7	4.6	10.4	3.6	6.7
New Dwellings	4,735	6,024	6,077	6,498	7,500	7,721	8,153
% change	-32.2	27.2	0.9	6.9	15.4	2.9	5.6
Renovations	5,076	5,028	5,054	5,132	5,452	5,804	6,380
% change	18.9	-0.9	0.5	1.5	6.2	6.5	9.9
Total Acquisition Costs	1,320	1,327	1,334	1,409	1,458	1,408	1,401
% change	-1.2	0.5	0.6	5.6	3.4	-3.4	-0.5
Other Residential Construction	144	146	149	151	155	158	161
% change	15.4	1.5	2.0	1.9	2.2	1.9	2.2
Housing Starts, Units	16,077	26,479	25,854	27,641	32,341	33,287	35,143
% change	-53.2	64.7	-2.4	6.9	17	2.9	5.6

Capital Investment by Type of Non-residential Construction: British Columbia							
	2009	2010	2011	2012	2013	2014	2015
Millions of 2002 dollars							
Total Non-residential Construction	12,824	13,419	14,062	14,926	14,523	15,529	17,036
% change	0.6	4.6	4.8	6.1	-2.7	6.9	9.7
Building Construction	4,303	4,573	4,733	4,746	4,653	4,753	4,949
% change	-2.0	6.3	3.5	0.3	-1.9	2.1	4.1
Commercial	1,692	1,818	1,917	2,144	2,135	2,186	2,347
% change	-22.5	7.4	5.5	11.8	-0.4	2.4	7.4
Industrial	683	633	698	928	1,003	1,069	1,103
% change	16.1	-7.3	10.3	33.0	8.1	6.6	3.2
Institutional-Government	1,928	2,122	2,118	1,674	1,515	1,498	1,499
% change	19.2	10.1	-0.2	-21.0	-9.5	-1.1	0.1
Engineering Construction	8,521	8,846	9,329	10,180	9,869	10,776	12,086
% change	2.0	3.8	5.5	9.1	-3.1	9.2	12.2

Note: Based on flows and Stocks of Non-residential Capital

Sources and Disposition of Personal Income: British Columbia

	2009	2010	2011	2012	2013	2014	2015
Millions of dollars							
Personal Income	156,986	164,642	171,333	177,948	185,407	193,162	204,101
% change	-0.1	4.9	4.1	3.9	4.2	4.2	5.7
Sources							
Labour Income	100,698	104,578	108,941	113,586	118,811	124,224	132,145
% change	-1.7	3.9	4.2	4.3	4.6	4.6	6.4
Unincorporated Business	16,246	17,278	18,033	18,945	19,940	21,029	22,326
% change	13.0	6.3	4.4	5.1	5.3	5.5	6.2
Investment Income	18,322	20,170	20,966	21,562	22,292	23,148	24,450
% change	-8.7	10.1	3.9	2.8	3.4	3.8	5.6
Government Transfers	22,079	22,977	23,775	24,245	24,763	25,146	25,572
% change	7.1	4.1	3.5	2.0	2.1	1.5	1.7
Transfers From Business	303	330	341	369	402	461	521
% change	-3.8	8.8	3.3	8.2	8.9	14.9	12.9
Transfers From Non-Residents	370	381	394	405	417	428	441
% change	1.6	3.0	3.4	2.9	2.8	2.5	3.0
Deductions							
Direct Taxes	19,919	21,250	22,090	22,901	23,905	25,097	26,747
% change	-8.3	6.7	4.0	3.7	4.4	5.0	6.6
Social Insurance	9,581	9,950	10,365	10,807	11,304	11,819	12,573
% change	3.4	3.9	4.2	4.3	4.6	4.6	6.4
Other Taxes	2,428	2,546	2,650	2,752	2,868	2,988	3,157
% change	3.5	4.9	4.1	3.9	4.2	4.2	5.7
Disposable Income							
Disposable Income	125,058	130,895	136,228	141,488	147,330	153,258	161,624
% change	1.0	4.7	4.1	3.9	4.1	4.0	5.5
Disposition							
Consumer Expenditures	126,802	133,186	139,207	145,480	152,690	160,688	169,470
% change	1.5	5.0	4.5	4.5	5.0	5.2	5.5
Transfers to Business	2,672	2,136	1,828	1,752	1,821	2,049	2,349
% change	-5.6	-20.1	-14.4	-4.2	3.9	12.6	14.6
Transfers to Non-Residents	626	645	666	686	706	723	745
% change	-7.0	3.0	3.4	2.9	2.8	2.5	3.0
Personal Savings	-5,042	-5,072	-5,474	-6,430	-7,885	-10,202	-10,941
% change	11.2	0.6	7.9	17.5	22.6	29.4	7.2
Personal Savings Rate	-4.0	-3.9	-4.0	-4.5	-5.4	-6.7	-6.8

GDP by Industry: British Columbia							
	2009	2010	2011	2012	2013	2014	2015
Millions of chained 2002 dollars							
Total	148,082	153,971	157,876	162,571	168,002	173,885	180,654
% change	-1.8	4.0	2.5	3.0	3.3	3.5	3.9
Agriculture	1,194	1,107	1,133	1,158	1,188	1,214	1,233
% change	-2.9	-7.3	2.3	2.3	2.6	2.2	1.5
Forestry & Logging	2,279	2,718	2,907	3,152	3,416	3,736	4,114
% change	-14.9	19.3	7	8.4	8.4	9.4	10.1
Oil & Gas Extraction	3,370	3,594	3,895	4,223	4,605	5,015	5,428
% change	-3.3	6.6	8.4	8.4	9.1	8.9	8.2
Other Mining	773	983	1,055	1,167	1,284	1,467	1,621
% change	-12.5	27.1	7.3	10.7	10	14.3	10.5
Fish, Hunting & Trapping	113	90	95	98	101	105	108
% change	3.2	-20.3	4.7	3.6	3.5	3.6	2.9
Utilities	2,993	2,867	2,910	2,959	3,016	3,075	3,154
% change	-5.8	-4.2	1.5	1.7	1.9	2.0	2.6
Construction	9,022	10,040	10,337	10,848	11,235	11,924	12,937
% change	-6.8	11.3	3.0	4.9	3.6	6.1	8.5
Manufacturing	12,330	12,952	13,353	13,854	14,425	15,023	15,895
% change	-12.9	5.1	3.1	3.7	4.1	4.1	5.8
Wood Products	3,206	3,596	3,841	4,180	4,536	5,003	5,644
% change	-15.9	12.2	6.8	8.8	8.5	10.3	12.8
Pulp & Paper Products	1,272	1,308	1,368	1,421	1,481	1,525	1,580
% change	-13.6	2.8	4.6	3.9	4.2	3.0	3.6
Primary & Fabricated Metals	1,435	1,482	1,509	1,532	1,545	1,560	1,738
% change	-11.8	3.2	1.8	1.5	0.9	0.9	11.4
Machinery	653	723	759	766	786	801	848
% change	-20.7	10.7	5.1	0.8	2.7	1.9	5.9
Other Manufacturing	5,689	5,770	5,801	5,877	5,998	6,055	6,005
% change	-10.5	1.4	0.5	1.3	2.1	0.9	-0.8
Retail & Wholesale Trade	16,328	17,044	17,468	18,065	18,733	19,522	20,205
% change	-5.0	4.4	2.5	3.4	3.7	4.2	3.5
Transportation & Warehousing	8,893.0	9,415.0	9,562.0	9,836.0	10,171.0	10,482.0	10,825.0
% change	-4.2	5.9	1.6	2.9	3.4	3.1	3.3
FIREL*	36,555.0	37,847.0	38,975.0	40,070.0	41,412.0	42,800.0	44,258.0
% change	3.6	3.5	3	2.8	3.3	3.4	3.4
Owner-Occupied Housing	18,089.0	18,934.0	19,668.0	20,287.0	20,952.0	21,774.0	22,625.0
% change	4.8	4.7	3.9	3.1	3.3	3.9	3.9
Other FIREL	18,465.0	18,913.0	19,307.0	19,783.0	20,460.0	21,025.0	21,634.0
% change	2.5	2.4	2.1	2.5	3.4	2.8	2.9
Information, Professional, Scientific, Managerial	16,829.0	16,935.0	17,387.0	17,907.0	18,507.0	19,085.0	19,732.0
% change	-1.1	0.6	2.7	3.0	3.3	3.1	3.4
Education Services	8,025.0	8,205.0	8,242.0	8,260.0	8,311.0	8,343.0	8,393.0
% change	1.7	2.2	0.5	0.2	0.6	0.4	0.6
Health & Social Services	10,070.0	10,335.0	10,554.0	10,721.0	10,976.0	11,195.0	11,482.0
% change	3.1	2.6	2.1	1.6	2.4	2.0	2.6
Accommodation & Food Services	4,409.0	4,563.0	4,508.0	4,579.0	4,734.0	4,831.0	4,938.0
% change	-2	3.5	-1.2	1.6	3.4	2.1	2.2
Other Services	6,289.0	6,387.0	6,480.0	6,659.0	6,897.0	7,093.0	7,307.0
% change	0.0	1.6	1.5	2.8	3.6	2.8	3
Public Administration	8,294.0	8,428.0	8,544.0	8,529.0	8,490.0	8,456.0	8,486.0
% change	3.3	1.6	1.4	-0.2	-0.5	-0.4	0.4

* FIREL - Finance, insurance, real estate and leasing

Employment by Industry: British Columbia

	2009	2010	2011	2012	2013	2014	2015
Persons - Thousands							
Total Employment	2,218	2,257	2,275	2,312	2,358	2,408	2,473
% change	-2.1	1.7	0.8	1.7	2.0	2.1	2.7
Agriculture	33.0	31.8	27.0	28.0	28.3	28.5	28.7
% change	-0.3	-3.6	-15.2	3.7	1.2	0.9	0.6
Other Primary	40.3	40.6	41.8	45.3	49.6	53.7	58.2
% change	-10.2	0.7	3.1	8.2	9.6	8.2	8.4
Utilities	12.1	14.0	14.0	14.0	14.1	14.2	14.3
% change	-8.3	15.7	0.2	0.1	0.4	0.4	1.1
Construction	192.7	190.5	202.4	207.5	209.6	214.6	223.7
% change	-10.3	-1.1	6.2	2.5	1.0	2.4	4.2
Manufacturing	160.8	165.8	163.6	167.8	170.5	174	179.3
% change	-13.0	3.1	-1.3	2.6	1.6	2.0	3.1
Trade	361.6	370.1	353.8	361.3	370.0	382.3	394.7
% change	3.6	2.4	-4.4	2.1	2.4	3.3	3.2
Transportation & Warehousing	112.8	118.6	123.2	123.2	125.3	126.7	129
% change	-9.0	5.1	3.9	0.0	1.7	1.2	1.8
FIREL	139	141.8	142.2	143.4	146.3	148.0	151.3
% change	-2.9	2.0	0.3	0.8	2.1	1.2	2.2
Information, Professional, Scientific, Managerial	310.9	318.1	323.9	330.1	337.9	346.2	356.9
% change	-4.5	2.3	1.8	1.9	2.4	2.5	3.1
Education Services	161.3	167.3	168.9	169.1	170.0	170.4	171.3
% change	2.7	3.7	1.0	0.1	0.5	0.3	0.5
Health & Welfare Services	256.5	264.2	260.5	267.5	275.7	283.0	291.0
% change	6.3	3.0	-1.4	2.7	3.1	2.6	2.8
Accommodation & Food Services	169.9	162.3	180.1	181.0	183.7	186.3	190.2
% change	-4.4	-4.5	11.0	0.5	1.4	1.4	2.1
Other Services	161.7	160	160.5	162.1	165.2	168.7	173.2
% change	2.4	-1.1	0.3	1.0	2.0	2.1	2.7
Public Administration	105.3	111.4	112.7	112.3	111.5	110.9	111.1
% change	5.3	5.8	1.2	-0.4	-0.7	-0.6	0.2

Labour Market Indicators: British Columbia

	2009	2010	2011	2012	2013	2014	2015
Source Population, 000s	3,663	3,729.1	3,777.6	3,827.5	3,877.4	3,924.9	3,972.7
% change	2.1	1.8	1.3	1.3	1.3	1.2	1.2
Participation Rate %	65.6	65.5	65.3	65.2	65.4	65.5	65.7
Labour Force, 000s	2,402.6	2,442.7	2,465.5	2,494.8	2,534.9	2,569	2,608.7
% change	1.1	1.7	0.9	1.2	1.6	1.3	1.5
Employment, 000s	2,217.9	2,256.5	2,274.6	2,312.4	2,357.7	2,407.6	2,472.9
% change	-2.1	1.7	0.8	1.7	2	2.1	2.7
Unemployment, 000s	184.7	186.2	190.9	182.4	177.2	161.4	135.8
Unemployment Rate %	7.7	7.6	7.7	7.3	7	6.3	5.2
Average Weekly Hours	31.3	31.8	32	32.2	32.5	32.5	32.6
% change	-3.1	1.6	0.5	0.8	0.8	0.1	0.2
Avg. Hr. Wage Rate % chg.	3.8	1.5	1.3	1.8	1.8	2.3	3.3
Unit Labour Costs % change	2.7	1.5	0.1	-0.3	-0.2	0.5	1.3

Population Components: British Columbia

	2009	2010	2011	2012	2013	2014	2015
Population, 000s	4,460.3	4,531.0	4,580.3	4,634.0	4,690.4	4,744.8	4,801.2
% change	1.7	1.6	1.1	1.2	1.2	1.2	1.2
Births, 000s	44.6	44.5	44.1	44.8	45.6	46.4	47.1
Deaths, 000s	31.2	31.2	31.8	32.8	33.9	34.9	35.8
Natural Increase, 000s	13.3	13.3	12.3	11.9	11.7	11.5	11.2
Net Migration, 000s	63.1	57.3	37.1	41.8	44.7	42.9	45.1
Net International, 000s	53.1	48.0	38.0	45.3	47.1	48.7	49.2
Net Interprovincial, 000s	10.0	9.4	-0.9	-3.5	-2.4	-5.8	-4.1

Key External Economic Forecasts

	2009	2010	2011	2012	2013	2014	2015
U.S. Real GDP, % change.	-3.5	3.0	1.5	2.3	2.7	3.1	3.3
Japan Real GDP, % change.	-6.3	4.0	-0.7	3.2	2.5	3.0	2.5
European Union Real GDP, % change	-4.1	1.8	1.5	1.3	1.6	1.8	2.0
China Real GDP, % change	8.7	10.3	9.2	8.8	8.5	8.0	8.0
Canada Real GDP, % change	-2.8	3.2	2.2	2.5	2.8	3.0	3.3
Canada 3-month T-Bill, %	0.35	0.56	0.95	1.45	2.20	3.45	4.35
Canada 10-year GoC Bond, %	3.89	3.77	3.45	3.85	4.45	5.45	6.15
U.S.-Canada Exchange Rate	87.60	97.08	102.04	103.09	102.04	103.63	104.71
Wood Product Industry Price Index, %chg.	-1.1	1.6	-0.1	6.6	7.2	4.2	8.0
Pulp and Paper Industry Price Index, %chg.	-0.1	-1.9	-0.7	-3.0	1.0	-2.5	0.0
Crude Oil, US\$ per barrel	63	79	93	98	103	110	115
Natural Gas, US\$ per MBTU	4.01	4.39	4.50	4.80	5.25	5.50	5.90
Coal Price per tonne,% change	39.3	26.7	-2.1	-8.1	-4.2	1.1	4.2

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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