Central 1™

ECONOMIC Analysis

of British Columbia

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B.C. Economic Forecast 2009-2013

Summary

- *Deepest recession since 1982 underway in B.C.*
- *Economy grows in 2010 on Winter Olympic boost, the global economic recovery, and a rebound in some domestic sectors*
- *Recovery to prior level of economic output not seen until 2011*
- *Higher growth rates after 2011 largely reflect backfilling of unmet demand from the recession*
- *Household sector drives most of the growth to 2013, with the trade sector lagging under a rising currency*
- *Business investment spending takes large declines in 2009 and 2010*
- *Unemployment rate remains high into 2010 but declines below 7% in 2011*
- *Labour income takes a rare decline in 2009, while corporate profits drop about 25%*

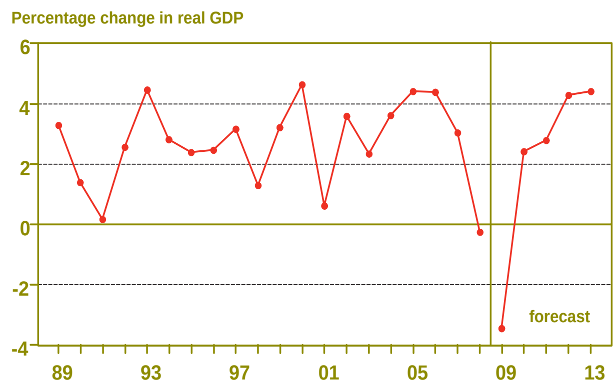
Total real Gross Domestic Product (GDP) is forecast to contract by 3.4% in 2009, marking the first decline since 1982 when the economy shrank 6.1%. B.C.'s economy receives a temporary boost in 2010 due to the Winter Olympics, which brings in about $1 billion in additional export-related spending. Real GDP is forecast to grow 2.4% in 2010 mainly on that strength, with the domestic economy expanding by a lesser 1.9%. Residential and government investment spending are the main sources of domestic strength, along with inventory re-stocking, while another decline in business investment spending plays out in 2010.

After 2010, economic growth momentum picks up and tops 4% in 2012 and 2013, with stronger spending across most domestic sectors. Exports will grow as well, in tandem with the global economic recovery and higher commodity prices, but the high Canadian dollar will restrain exports and encourage imports, resulting in a widening trade deficit.

Economic recovery is traditionally associated with or defined as consecutive periods of growth. Under this definition, recovery begins in late 2009. However, another benchmark of recovery is when the economy exceeds its previous high. On that basis, real GDP does not exceed the 2008 level until 2011.

The high growth rates in 2012-13 are partly the result of the large hole left by the 2009 recession. This is most evident in large gains in consumer spending, residential investment, and business investment spending. Improved financial conditions and the global economic recovery set the stage for those higher growth rates, but the excess capacity and unmet demand left by the 2009 recession

Economic Growth, B.C.



Source: Statistics Canada, C1CU.

Forecast Summary: British Columbia							
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Real GDP, % chg.	3.0	-0.3	-3.4	2.4	2.8	4.3	4.4
Nominal GDP, % chg.	5.4	3.5	-4.0	4.1	5.5	6.9	6.5
Employment, % chg.	3.2	2.1	-2.5	1.8	2.5	3.0	2.9
Unemployment Rate, %	4.2	4.6	7.8	7.5	7.0	6.3	5.9
Population, % chg.	1.6	1.7	1.6	1.5	1.6	1.7	1.8
Housing Starts, units, 000s	39.2	34.3	15.3	21.4	24.6	30.5	35.2
Retail Sales, % chg.	6.7	0.3	-5.4	3.0	5.4	8.0	6.5
Personal Income, % chg.	6.8	5.2	-1.6	3.3	4.1	6.3	6.6
Corporate Pre-tax profits, % chg.	-3.2	2.2	-25.5	14	19.9	17.3	10.4
Consumer Price Index, % chg.	1.7	2.1	0.4	1.7	1.5	1.9	2.0
Forecast commences 2009. Source: Statistics Canada, Central 1 CU							

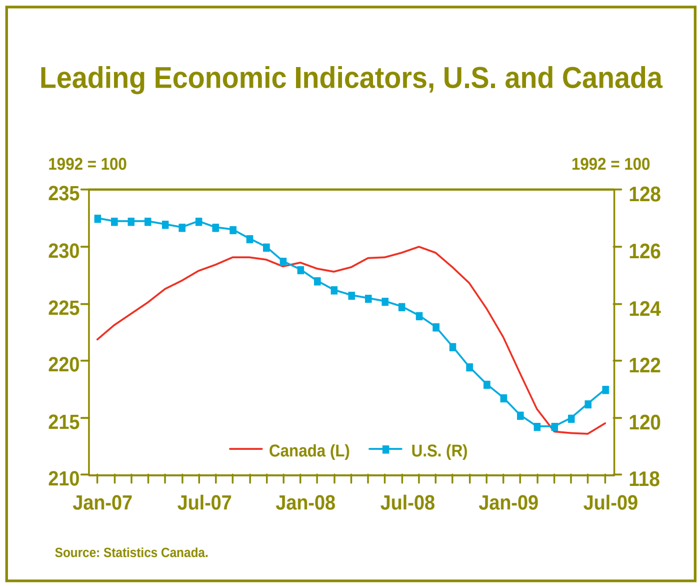
sharply curtailed activity that would have occurred under normal circumstances.

The introduction of B.C.'s Harmonized Sales Tax (HST) on July 1, 2010 increases the tax burden on consumers and lessens it for businesses, although some sectors face a higher tax burden. Some activity, notably homebuilding, is brought forward in the first half of 2010 to avoid the HST, which comes at the expense of future activity.

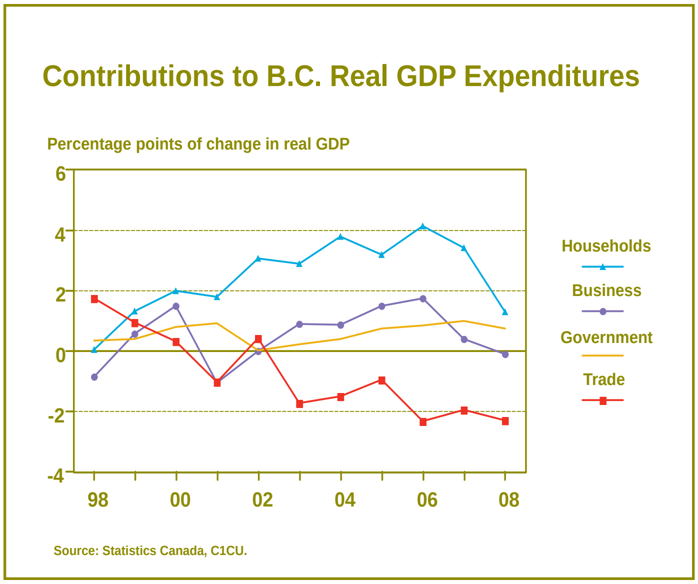
The global economic recession ends around the middle of 2009 and enters a technical recovery phase that is fragile and hesitant at times. Various fiscal stimulus measures aimed at boosting consumer spending serve their purpose, but these are temporary and contribute to the recovery's uneven path. Financial conditions are improving but still restrain private spending for several quarters, as does the large loss in balance sheet wealth. A full, sustained recovery in most developed economies is not likely until after 2010 and possibly after 2011.

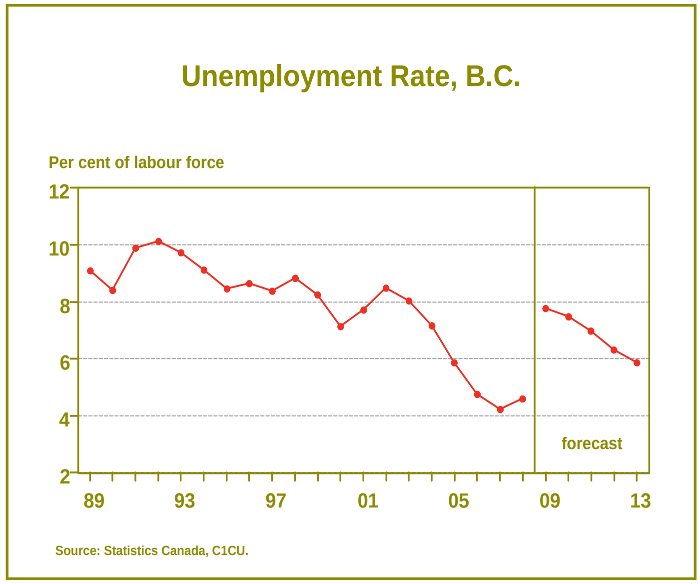
Record low interest rates give way to rate normalization efforts by central banks, higher private sector demand, and large funding requirements of governments following their highly stimulative policy stance. Market rates and government bond yields move off their lows this year and in 2010 in anticipation of those forces, but the rocky recovery path means considerable rate volatility. Beyond 2011, rates and bond yields are well on their way to normal levels.

A key factor of a global economic recovery for B.C. is the upturn in commodity prices and export volumes. Forestry, mining, and energy exports rise in tandem with their external markets and lift the economies outside the large metropolitan areas. Those export sectors still face considerable market challenges with one of those being remaining competitive with an appreciating currency. B.C.'s service exports, mainly tourism and transportation, also benefit from the global economic recovery and receive a large one-time boost from the 2010 Winter Olympics.



Higher commodity prices and a depreciating U.S. currency are the main factors behind the higher Canadian dollar forecast. In addition, since most internationally traded commodities are priced in U.S. dollars, its depreciation is usually offset by producers raising their prices beyond commodity market fundamentals, which in turn lifts the Canadian dollar. The path of the Canadian dollar typically exceeds forecast expectations and a return to parity or higher with the U.S. dollar is easily conceivable.





Much of B.C.'s economic performance is dependent on external factors, and if the base forecast scenario does not play out, other outcomes are possible. One negative 'big picture' alternative scenario is the double-dip or double-recession. This incorporates a fallback into recession later in 2010 following the end of the fiscal stimulus measures, with little improvement in credit conditions or balance sheets. This scenario prompts more government and central bank measures to deal with the recession.

The labour market outcome is initially less robust than the economic recovery, but solid gains are in the offing after 2010. During a recession, less labour is utilized, either through lay-offs or fewer hours worked, and more workers leave the labour force. This underemployment and underutilization of labour only reverses well after the recovery is underway. Consequently, the unemployment rate stays high in 2010 and declines to under 7% in 2011.

During B.C.'s 2001-2008 economic growth phase, most of the growth originated from the household sector, with a lesser contribution from the business and government sectors. External forces, particularly interest rates, still played a large role in shaping growth, but the net effect of exports and imports was negative in all but one year. In other words, B.C.'s trade deficit increased, leaving the domestic sector to generate net growth.

A similar result unfolds in the 2009-2013 forecasts. The 2010 Winter Olympics boost exports and helps improve the net trade balance to only a small decline, but thereafter -- and despite the global economic recovery and commodity price upturn -- the trade balance deteriorates considerably every year. This illustrates the import dependency of B.C.'s economy and the limited growth potential from exports.

Household sector (consumer and residential investment) spending grows in 2010 and gathers momentum throughout the forecast. Residential investment leads the resurgence due to its large reaction to low interest rates. Housing sales turned the cycle corner in early 2009 with prices moving higher a few months later, setting the stage for an upturn in housing starts. Housing starts come off this year's recession low of about 15,000 units, jumping 40% higher in 2010 to more than 21,000 units and climbing each year thereafter, hitting 35,000 units in 2013.

A couple of government program factors affect residential investment spending. The impending HST will likely bring forward new construction activity into the first half of 2010 from the second half and possibly from the 2011 supply. The federal government's home renovation tax credit expires next February, causing spending on renovations and improvements to slow and decline in after-inflation terms. Post-2010, real renovation spending grows at a more normal pace compared to the 11% boost it received in 2009.

Higher consumer spending is led by the durable goods sector and reflects the turnaround in housing as well as the improved labour market, higher income growth, and consumer confidence. New motor vehicle sales also turn up from their recession lows. Credit conditions are improving with each passing month, removing one of the negative factors that led to a 5% drop in retail sales during 2009.

Retail sales rise by a modest 3% in 2010 and grow well above 5% annually in the rest of the forecast.

Business investment spending is a usually laggard during a recovery and nothing changes during this cycle. Large declines in non-residential construction and in machinery and equipment spending during 2009 and 2010 reverse in 2011, rising at a double-digit pace when market conditions signal the need for capacity additions. Improved availability of financing is another necessary condition to facilitate investment spending.

Government spending is one of the few sources of growth in 2009 and remains an important source in 2010 before diminishing later. Investment spending on infrastructure is the main growth driver, rising about 10% annually in real terms during 2009 and 2010. A fallback occurs in the following two years. Inflation-adjusted spending on current goods and services increases around 2% annually.

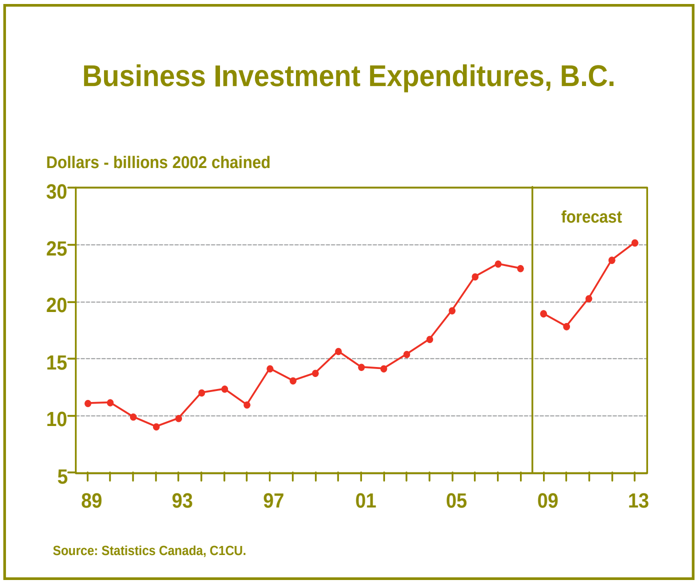
Fewer major investment projects are forthcoming than before the recession began. Many private sector projects are on hold or delayed due to the change in market conditions and restricted financing. Government projects though, mainly transportation infrastructure, are greater in number but do not completely make up for the drop in private dollars.

Each recession creates a hole in demand and an output gap in productive capacity. The longer and deeper the recession, the larger pent-up demand and excess capacity become. Since this recession is deep, and one of the deepest in housing, pent-up demand is considerable and will propel spending to a high rate under the right conditions. The large output gap delays the business investment recovery, but when it occurs the turnaround will be robust. The high growth rates foreseen in 2012 and 2013 are partly due to these forces, as well as to a stronger global economy and more normal credit conditions.

Most industries fell into recession last year and will come out of it in 2010. Some bounce back at a high growth rate, mainly those that saw a large decline during the recession or those benefitting most from the Winter Olympics. In 2011, conditions allow a transition to more sustainable growth and higher growth to backfill unmet demand and meet new market opportunities.

Forestry fell into recession before the financial crisis hit, which drove the industry down to depths not seen in decades. The recession in forestry, particularly lumber manufacturing, is approaching the four-year mark, resulting in a more than 50% drop in production. U.S. housing starts are at record lows of around 0.55 million units. While the 2010 forecast calls for a near 40% increase to 0.8 million units, that is still very low. A return to more than one million housing starts is likely in 2011.

Lumber prices are at or near their recession bottom and look to rise in 2010, though by a moderate amount. Upward price pressure generally prevails in the remaining forecast years, though price increases are limited under moderate demand and substantial supply capacity conditions. U.S. housing starts are not expected to break through two million units annually in the forecast period.



Real output in wood product manufacturing, which includes home-building products other than lumber, is forecast to jump 7.5% in 2010 after falling 18.2% in 2009. This sector grows at a 6.5% pace in the following three years, but in 2013 still remains 25% below its 2005-06 peak level.

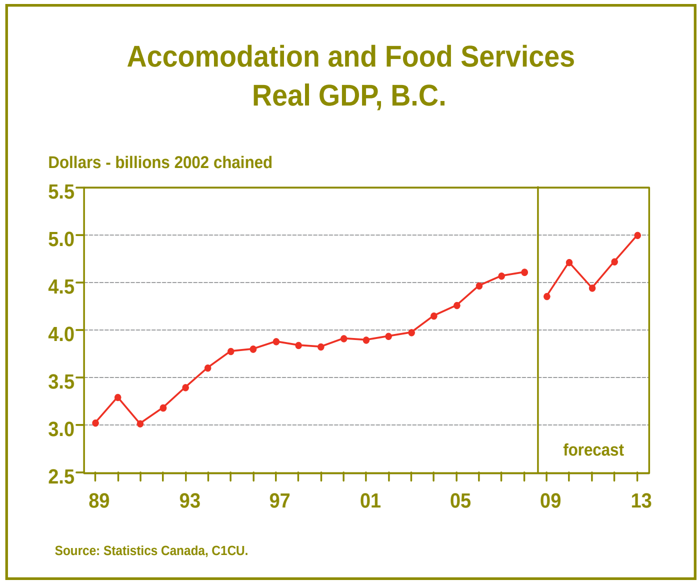
Pulp and paper manufacturing faces weak growth prospects following its four-year recession. It could remain in recession in 2010 and not see recovery until 2011. Newsprint is a particularly weak sector, with prices widely predicted to decline again in 2010. Pulp prices could rise about 5% next year but the expected Canadian dollar appreciation offsets most, if not all, of that gain.

B.C.'s oil and gas sector sees growth return during the U.S. recovery but at a moderate pace. While natural gas prices are just above historic lows, higher prices are forecast for 2010 and beyond once demand picks up. Shale gas is a growing source of supply and B.C.'s Horn River and Montney areas are receiving considerable interest from energy companies. While shale gas is a growth area, conventional natural gas supply is diminishing, not only in B.C. but in all of North America as well.

Conventional mining real output is estimated to have fallen 12% in 2009, led by a larger drop in coal output. Japanese demand for metallurgical coal plunged sharply during the financial crisis, but with industrial production now rising and Japan's recession at an end, the outlook is correspondingly much improved. Base metals prices are up from their crisis-lows and rise during the forecast period. There is considerable potential for new mine developments in B.C. and higher investment spending is foreseen later in the forecast.

Transportation is an important service export for B.C. and benefits from an economic recovery in North America and Asia as well as in the domestic economy. The sharp drop in trade flows, business travel, and tourism traffic during the recession put all transportation indicators in the negative, with the largest drops in international trade services. The transportation and warehousing industry contracts 5% this year but recovers with the global economy, aided by the Olympic boost next year. However, it is not until 2012 that above-average growth appears.

Several major projects are proposed to increase B.C.'s transportation capacity. Port expansions in Vancouver and Prince Rupert along with pipelines from Alberta to the coast and an LNG terminal are probable investments. Government-funded port expansions are currently underway, while private sector projects await the appropriate market conditions before proceeding.



Another service export of note is tourism, some of which is captured in transportation. The accommodation-food, retail trade, arts, entertainment, recreation, and other industries benefit from tourism activity. Tourism grew at a slower pace (1.7%) in 2008 according to BC Stats and, with the recession well underway in 2009, all current indicators are down. A contraction of 5% or more is likely this year.

Obviously, tourism benefits hugely in 2010 from the Winter Olympics. The economic impact of holding the Games probably brings in about $1 billion in outside spending, with some downside forecast risk due to the recession. Domestically generated spending is in addition to this figure.

Accommodation and food industry real GDP jumps 8% in 2010, following an estimated 6% drop this year. The one-time Olympic boost, though, means a probable drop in 2011 from that spike. The industry grows at an above-average pace in the later years, taking advantage of capacity expansions such as Vancouver's Trade and Convention Centre and more robust recovery growth.

Forestry, mining, energy, transportation, tourism, and other export industries or sectors have to contend with the rising Canadian dollar, in addition to market conditions and other factors such as a 'thicker' US-Canada border. Rising exports are vital to growing the economy at an above-average rate, especially in a mature, developed economy such as B.C.'s. With export industries being only a moderate driving force in the forecast, domestic industries need to grow substantially to achieve an above-average outcome.

One such domestic industry is construction. Partly because residential construction fell so sharply, it expands at more than 4% in 2010. Non-residential building and engineering construction post larger gains later in the forecast when private spending picks up. Similarly, the retail and wholesale trade sectors gather growth momentum later in the forecast. Retail sales are forecast to fall more than 5% this year but grow by more than 5% annually in 2011-13.

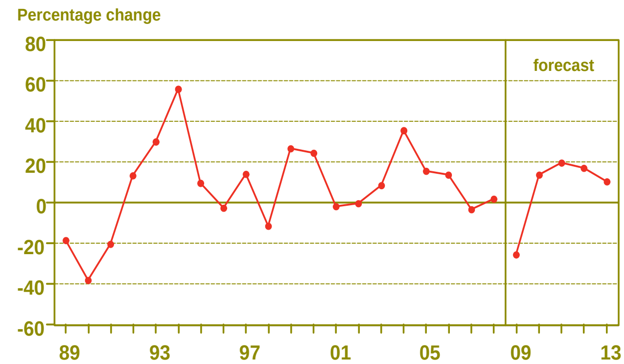
The largely publicly funded sectors –- health, education, and government services – - grow at slightly above the historical average (2.3%), reflecting the increased demand from an aging population and for more services in general.

Population growth slows in 2009 and 2010, resuming its upward path in 2011. Lower interprovincial migration is the main source of change as a result of the recession. In the post-recession period and with consistent job growth and lower unemployment, net interprovincial migration turns upward, as does international migration.

Personal income declines in 2009 due to a near 4% drop in labour income, since both total employment and the number of hours worked per week are lower. The non-farm unincorporated business (self-employed) component ekes out a small gain, but this is likely due to imputed rent (rent paid to the owner) rather than revenue gains. Investment and dividend income declines 3% in 2009. On the other hand, income transfers from government will rise, with increased benefit payments such as EI. Income growth resumes in 2010 at a modest pace before accelerating to almost 7% annually in 2012-13, driven by faster gains in most income components.

Corporate profits before taxes will fall nearly 25% this year; this could be a conservative estimate. In the 1982 recession, profits plunged more than 50% and, in 1990, they plunged by 38%. Export-oriented industries and hard-hit domestic industries such as residential construction bear the brunt of the profit decline this year. Profits bounce back moderately in 2010 and return to normal growth rates later in the forecast.

Corporate Profits Before Tax, B.C.



Source: Statistics Canada, C1CU.

Another sector hard hit by income losses in 2009 is the provincial government. On a national income accounts basis (which differs from government budget procedures and results but which provide a general indication of the direction and magnitude of change), revenue declines by about $2 billion, led by lower resource royalties, income taxes, and sales taxes. Expenditures increase by more than $1.5 billion due to more spending on goods and services and higher income transfer payments. The resulting $3.5 billion net swing is an indication of the possible impact of the recession on the provincial budget in the current fiscal year.

Appendix Tables

Gross Domestic Expenditures ($ Millions): British Columbia							
	2007	2008	2009	2010	2011	2012	2013
Consumer	120,066	125,656	126,851	132,027	136,793	144,680	153,660
% change	7.0	4.7	1.0	4.1	3.6	5.8	6.2
Government Current	33,911	36,355	37,717	38,951	40,217	41,830	43,479
% change	3.7	7.2	3.7	3.3	3.2	4.0	3.9
Government Investment	6,455	6,974	7,692	8,521	8,522	7,993	8,304
% change	15.2	8.0	10.3	10.8	0.0	-6.2	3.9
Residential Construction	19,095	18,687	12,998	14,750	16,681	19,530	22,506
% change	10.7	-2.1	-30.4	13.5	13.1	17.1	15.2
Plant and Equipment	21,886	24,028	20,941	18,651	20,753	24,273	26,282
% change	2.2	9.8	-12.8	-10.9	11.3	17.0	8.3
Machinery & Equipment	10,974	11,331	10,747	9,302	10,603	12,559	13,129
% change	5.7	3.3	-5.2	-13.5	14.0	18.4	4.5
Non-Residential Construction	10,912	12,697	10,194	9,349	10,150	11,714	13,153
% change	-1.1	16.4	-19.7	-8.3	8.6	15.4	12.3
Domestic Demand	201,413	211,700	206,199	212,901	222,966	238,306	254,231
% change	6.5	5.1	-2.6	3.3	4.7	6.9	6.7
Exports	78,933	79,729	67,836	70,152	73,242	78,665	83,629
% change	-0.1	1.0	-14.9	3.4	4.4	7.4	6.3
Imports	89,562	92,828	82,572	84,854	87,462	94,206	100,853
% change	3.5	3.6	-11.0	2.8	3.1	7.7	7.1
Net Exports	-10,629	-13,099	-14,735	-14,702	-14,220	-15,541	-17,224
Inventory change	1,607	337	-566	580	977	1,376	1,705
Statistical Discrepancy	-137	-274	-274	-274	-274	-274	-274
GDE	192,528	199,212	191,172	199,053	209,996	224,416	238,986

Gross Domestic Expenditures ($2002 Millions): British Columbia							
	2007	2008	2009	2010	2011	2012	2013
Consumer	111,521	114,602	115,102	117,869	120,322	124,951	130,117
% change	5.2	2.8	0.4	2.4	2.1	3.8	4.1
Government Current	30,905	32,200	32,745	33,371	34,066	34,733	35,421
% change	4.1	4.2	1.7	1.9	2.1	2.0	2.0
Government Investment	5,435	5,453	6,063	6,646	6,614	6,083	6,191
% change	8.8	0.3	11.2	9.6	-0.5	-8.0	1.8
Residential Construction	13,432	12,882	9,536	10,618	11,521	12,947	14,199
% change	2.2	-4.1	-26.0	11.4	8.5	12.4	9.7
Plant and Equipment	21,553	22,620	19,857	17,591	19,739	22,894	24,221
% change	2.4	5.0	-12.2	-11.4	12.2	16.0	5.8
Machinery & Equipment	13,318	13,685	12,336	10,684	12,318	14,525	15,033
% change	8.8	2.8	-9.9	-13.4	15.3	17.9	3.5
Non-Residential Construction	8,235	8,935	7,520	6,907	7,421	8,369	9,187
% change	-6.4	8.5	-15.8	-8.2	7.4	12.8	9.8
Domestic Demand	182,330	187,056	181,873	185,170	191,159	200,275	209,050
% change	4.4	2.6	-2.8	1.8	3.2	4.8	4.4
Exports	72,638	67,719	61,134	61,926	64,375	67,370	70,032
% change	-0.3	-6.8	-9.7	1.3	4.0	4.7	4.0
Imports	93,015	91,918	79,534	80,872	84,880	89,760	93,489
% change	3.9	-1.2	-13.5	1.7	5.0	5.7	4.2
Net Exports	-20,377	-24,199	-18,400	-18,945	-20,505	-22,390	-23,457
Inventory change	1,814	329	-884	262	585	796	991
Statistcial Discrepancy	117	226	226	226	226	226	226
GDE	164,583	164,161	158,503	162,328	166,863	174,041	181,743
% change	3.0	-0.3	-3.4	2.4	2.8	4.3	4.4

Consumer Expenditures: Britsh Columbia							
	2007	2008	2009	2010	2011	2012	2013
$ Millions							
Consumer Expenditures	120,066	125,656	126,851	132,027	136,793	144,680	153,660
% change	7.0	4.7	1.0	4.1	3.6	5.8	6.2
Durable Goods	14,546	13,839	13,039	14,051	15,377	17,172	18,853
% change	6.8	-4.9	-5.8	7.8	9.4	11.7	9.8
Semi-Durable Goods	9,043	9,095	9,078	9,391	9,632	10,124	10,733
% change	6.4	0.6	-0.2	3.5	2.6	5.1	6.0
Non-Durable Goods	25,825	27,272	27,449	28,530	29,354	30,854	32,566
% change	4.9	5.6	0.6	3.9	2.9	5.1	5.5
Services	70,652	75,450	77,285	80,056	82,431	86,531	91,509
% change	7.9	6.8	2.4	3.6	3.0	5.0	5.8
Retail Sales	56,365	56,562	53,497	55,087	58,080	62,704	66,751
% change	6.7	0.3	-5.4	3.0	5.4	8.0	6.5
$ 2002 Millions							
Consumer Expenditures	111,521	114,602	115,102	117,869	120,322	124,951	130,117
% change	5.2	2.8	0.4	2.4	2.1	3.8	4.1
Durable Goods	15,314	15,251	14,602	15,506	16,852	18,666	20,224
% change	8.0	-0.4	-4.3	6.2	8.7	10.8	8.3
Semi-Durable Goods	9,156	9,319	9,313	9,456	9,540	9,878	10,283
% change	7.5	1.8	-0.1	1.5	0.9	3.5	4.1
Non-Durable Goods	22,458	22,795	23,052	23,430	23,747	24,318	25,044
% change	2.8	1.5	1.1	1.6	1.4	2.4	3.0
Services	64,819	67,399	68,139	69,597	70,520	72,717	75,418
% change	5.3	4.0	1.1	2.1	1.3	3.1	3.7

Income Components ($ Millions): British Columbia							
	2007	2008	2009	2010	2011	2012	2013
Personal Income	151,836	159,739	157,140	162,397	169,013	179,648	191,446
% change	6.8	5.2	-1.6	3.3	4.1	6.3	6.6
Labour Income	99,894	105,506	101,806	104,718	109,083	116,124	123,619
% change	6.3	5.6	-3.5	2.9	4.2	6.5	6.5
Interest, Dividends, & Investment	18,804	19,242	18,611	18,896	19,765	21,223	23,212
% change	10.5	2.3	-3.3	1.5	4.6	7.4	9.4
Government Transfers	19,234	20,466	22,517	23,175	23,697	24,614	25,723
% change	7	6.4	10	2.9	2.3	3.9	4.5
Unincorporated Business	14,336	15,028	15,218	16,046	16,937	18,197	19,439
% change	5.1	4.8	1.3	5.4	5.6	7.4	6.8
Other Transfers	703	692	741	749	766	805	853
% change	5.4	-1.6	7.1	1.1	2.3	5.0	6.0
Disposable Income	117,363	125,386	124,104	127,892	133,086	142,768	152,173
% change	6.5	6.8	-1	3.1	4.1	7.3	6.6
Taxes & Contributions	34,473	34,353	33,036	34,505	35,927	36,880	39,272
% change	7.8	-0.3	-3.8	4.4	4.1	2.7	6.5
Corporate Profits Before Tax	21,385	21,855	16,275	18,561	22,252	26,098	28,812
% change	-3.2	2.2	-25.5	14	19.9	17.3	10.4

Residential Investment: British Columbia							
	2007	2008	2009	2010	2011	2012	2013
$ Millions							
Total Residential Investment	19,095	18,687	12,998	14,750	16,681	19,530	22,506
% change	10.7	-2.1	-30.4	13.5	13.1	17.1	15.2
New Dwellings	10,403	10,256	4,305	6,126	7,323	9,470	11,474
% change	2.2	-4.9	-75.4	55.0	21.3	36.4	24.3
Renovations	6,503	6,403	6,700	6,540	7,104	7,645	8,392
% change	12.2	-1.5	4.6	-2.4	8.6	7.6	9.8
Total Acquisition Costs	2,034	1,844	1,815	1,905	2,064	2,210	2,415
% change	8.6	-9.3	-1.6	4.9	8.4	7.1	9.3
Other Residential Construction	155	183	177	180	190	205	225
% change	18.6	18.3	-3.3	1.9	5.6	7.9	9.7
$ 2002 Millions							
Total Residential Investment	13,432	12,882	9,536	10,618	11,521	12,947	14,199
% change	2.2	-4.1	-26.0	11.4	8.5	12.4	9.7
New Dwellings	7,318	7,070	3,158	4,410	5,058	6,278	7,239
% change	1.6	-3.4	-55.3	39.6	14.7	24.1	15.3
Renovations	4,575	4,414	4,915	4,708	4,906	5,068	5,294
% change	3.6	-3.5	11.4	-4.2	4.2	3.3	4.5
Total Acquisition Costs	1,431	1,271	1,332	1,371	1,426	1,465	1,523
% change	0.3	-11.2	4.8	3.0	4.0	2.8	4.0
Other Residential Construction	109	126	130	130	131	136	142
% change	9.5	16.0	2.9	-0.1	1.3	3.6	4.4
Housing Starts, Units	39,195	34,321	15,336	21,415	24,567	30,495	35,160
% change	7.6	-12.4	-55.3	39.6	14.7	24.1	15.3

Real Non-residential Construction Investment: British Columbia							
	2007	2008	2009	2010	2011	2012	2013
Engineering Construction	7,196	7,424	6,561	6,638	6,897	7,151	7,825
% change	-7.5	3.2	-11.6	1.2	3.9	3.7	9.4
Building Construction	4,226	4,373	4,441	4,361	4,598	4,784	4,929
% change	-3.6	3.5	1.6	-1.8	5.4	4.0	3.0
Commercial	1,535	1,808	1,782	1,631	1,730	1,824	1,930
% change	-0.2	17.8	-1.5	-8.4	6.0	5.5	5.8
Industrial	860	786	704	655	813	1,014	996
% change	-10.3	-8.6	-10.4	-7.0	24.1	24.7	-1.8
Institutional-Government	1,831	1,779	1,955	2,075	2,055	1,945	2,003
% change	-2.9	-2.9	9.9	6.1	-0.9	-5.4	3.0
Total non-residential Construction	11,422	11,797	11,003	10,999	11,496	11,935	12,754
% change	-6.1	3.3	-6.7	0.0	4.5	3.8	6.9

GDP by Industry ($2002 Millions): British Columbia	2007	2008	2009	2010	2011	2012	2013
Total	150,412	150,239	145,060	148,571	152,721	159,291	166,340
% change	2.7	-0.1	-3.4	2.4	2.8	4.3	4.4
Agriculture	1,175	1,163	1,066	1,101	1,144	1,212	1,280
% change	3.8	-1.1	-8.3	3.2	3.9	5.9	5.6
Forestry & Logging	3,277	2,650	2,052	2,293	2,431	2,598	2,802
% change	-8.0	-19.1	-22.6	11.7	6.0	6.9	7.8
Oil & Gas Mining	3,245	3,274	3,232	3,290	3,322	3,381	3,460
% change	-2.1	0.9	-1.3	1.8	1.0	1.8	2.3
Other Mining	1,228	1,150	1,006	970	1,059	1,121	1,325
% change	-1.9	-6.4	-12.5	-3.6	9.2	5.8	18.2
Fish, Hunting & Trapping	130	109	103	104	106	110	115
% change	-14.1	-15.9	-5.4	0.7	2.1	4.1	4.4
Manufacturing	15,593	13,955	12,016	12,166	12,847	13,827	14,666
% change	-2.3	-10.5	-13.9	1.3	5.6	7.6	6.1
Wood Products	4,341	3,413	2,791	3,003	3,157	3,369	3,638
% change	-10.4	-21.4	-18.2	7.6	5.1	6.7	8.0
Pulp & Paper Products	1,540	1,380	1,272	1,274	1,286	1,312	1,331
% change	-2.2	-10.4	-7.8	0.1	1.0	2.0	1.5
Other Manufacturing	9,636	9,089	7,884	7,822	8,336	9,077	9,628
% change	1.7	-5.7	-13.3	-0.8	6.6	8.9	6.1
Utilities	3,316	3,185	3,054	3,094	3,175	3,266	3,359
% change	8.4	-4.0	-4.1	1.3	2.6	2.8	2.9
Construction	8,996	9,370	8,178	8,504	8,913	9,551	10,302
% change	-0.3	4.2	-12.7	4.0	4.8	7.2	7.9
Transportation & Warehousing	9,691	9,717	9,239	9,492	9,633	10,087	10,469
% change	2.6	0.3	-4.9	2.7	1.5	4.7	3.8
Retail & Wholesale Trade	17,962	17,737	17,070	17,309	17,921	18,911	19,790
% change	7.7	-1.3	-3.8	1.4	3.5	5.5	4.6
FIREL*	34,521	35,327	35,535	36,305	37,442	38,839	40,393
% change	4.5	2.3	0.6	2.2	3.1	3.7	4.0
Owner-Occupied Housing	16,419	17,230	18,190	18,763	19,378	19,910	20,584
% change	4.6	4.9	5.6	3.2	3.3	2.7	3.4
Other FIREL	18,102	18,097	17,345	17,542	18,064	18,929	19,809
% change	4.4	0.0	-4.2	1.1	3.0	4.8	4.6
Information, Professional, Scientific, Managerial	15,833	16,138	15,800	15,969	16,250	16,583	17,206
% change	4.3	1.9	-2.1	1.1	1.8	2.1	3.8
Other Services	6,400	6,490	6,359	6,489	6,534	6,830	7,115
% change	3.7	1.4	-2.0	2.1	0.7	4.5	4.2
Accomodation & Food Services	4,572	4,618	4,362	4,718	4,449	4,729	5,006
% change	2.2	1.0	-5.6	8.2	-5.7	6.3	5.9
Education Services	7,744	7,968	8,183	8,456	8,729	8,964	9,237
% change	3.7	2.9	2.7	3.3	3.2	2.7	3.0
Health & Social Services	9,560	9,855	10,113	10,441	10,731	11,067	11,436
% change	1.9	3.1	2.6	3.2	2.8	3.1	3.3
Government Services	7,560	7,846	7,989	8,170	8,348	8,541	8,730
% change	3.3	3.8	1.8	2.3	2.2	2.3	2.2

** FIREL - Finance, insurance, real estate and leasing*

Employment by Industry (000s): British Columbia							
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Total	2,266	2,314	2,257	2,297	2,354	2,426	2,497
% change	3.2	2.1	-2.5	1.8	2.5	3.0	2.9
Agriculture	36	34	32	32	33	34	35
% change	4.3	-6.9	-5.0	1.0	2.0	4.1	3.4
Other Primary	47	45	41	41	42	43	45
% change	8.0	-4.0	-9.2	0.2	1.7	3.0	4.4
Manufacturing	205	187	166	162	165	174	181
% change	3.8	-8.6	-11.3	-2.6	1.9	5.3	4.1
Utilities	10	14	13	14	14	14	14
% change	19.8	37.9	-8.7	7.6	1.5	1.5	0.8
Construction	197	221	194	198	207	220	232
% change	9.8	12.1	-12.1	2.0	4.6	6.4	5.1
Transportation & Warehousing	126	128	115	118	120	125	127
% change	5.1	1.9	-9.8	2.0	2.1	3.7	2.2
Trade	365	355	360	366	373	384	397
% change	3.2	-2.8	1.6	1.7	1.8	3.0	3.4
FIREL (Finance, insurance, real estate & leasing)	145	147	144	145	148	152	156
% change	5.1	1.5	-2.3	1.1	1.6	2.9	2.4
Professional, Scientific, Managerial	326	334	329	334	349	354	361
% change	1.0	2.5	-1.5	1.6	4.3	1.6	2.0
Accomodation & Food Services	173	178	176	182	181	185	193
% change	1.3	3.1	-1.2	3.3	-0.7	2.3	4.3
Education Services	156	162	160	163	167	170	174
% change	0.1	3.5	-0.9	1.7	2.8	1.7	2.1
Health & Welfare Services	240	246	261	270	279	286	292
% change	3.2	2.5	6.2	3.4	3.6	2.5	2.0
Other Services	145	161	161	165	168	173	178
% change	-2.0	10.9	0.2	2.8	1.2	3.4	2.5
Government Services	96	103	104	106	108	110	112
% change	5.0	7.3	1.3	1.7	1.7	1.8	1.7

Labour Market Indicators: British Columbia							
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Source Population, 000s	3,571.4	3,641.8	3,706.1	3,765.9	3,823.6	3,888.8	3,963.0
% change	1.7	2.0	1.8	1.6	1.5	1.7	1.9
Participation Rate %	66.3	66.6	66.0	66.0	66.2	66.6	66.9
Labour Force, 000s	2,366.4	2,425.9	2,447.5	2,483.7	2,530.4	2,589.5	2,653.1
% change	2.7	2.5	0.9	1.5	1.9	2.3	2.5
Employment, 000s	2,266.3	2,314.3	2,257.2	2,297.4	2,354.0	2,425.5	2,496.9
% change	3.2	2.1	-2.5	1.8	2.5	3.0	2.9
Unemployment,000s	100.1	111.6	190.2	186.3	176.5	164.0	156.2
Unemployment Rate %	4.2	4.6	7.8	7.5	7.0	6.3	5.9
Average Weekly Hours	33.6	33.1	32.1	32.4	32.7	33.3	33.8
% change	1.2	-1.5	-2.9	0.7	1.1	1.8	1.3
Avg. Hr. Wage Rate % chg.	2.9	4.4	1.7	0.4	0.6	1.5	2.1
Unit Labour Costs % change	2.0	-0.6	-1.7	0.8	0.9	1.7	1.6

Population Components: British Columbia	2007	2008	2009	2010	2011	2012	2013
Population, 000s	4,310.3	4,381.6	4,451.2	4,519.1	4,591.8	4,670.5	4,756.6
% change	1.6	1.7	1.6	1.5	1.6	1.7	1.8
Births, 000s	42.3	44	44.3	45	45.6	46.3	47.1
Deaths, 000s	30.9	31.8	31.9	32.9	33.8	34.8	35.8
Natural Increase, 000s	11.5	12.2	12.4	12.1	11.7	11.5	11.3
Net Migration, 000s	55.3	59.1	57.1	55.8	61	67.3	74.8
Net International, 000s	40.3	47.6	54	50.4	47.3	55.1	62.1
Net Interprovincial, 000s	15	11.5	3.1	5.4	13.7	12.2	12.7

Key External Economic Forecasts	2007	2008	2009	2010	2011	2012	2013
U.S. Real GDP, % chg.	2.0	1.1	-2.5	1.9	3.0	3.7	3.2
Japan Real GDP, % chg.	2.4	-0.6	-6.0	1.4	2.5	2.0	1.7
European Union Real GDP, % chg.	2.6	0.8	-4.0	0.4	1.8	2.5	2.3
China Real GDP, % chg.	13.0	9.0	7.5	8.5	9.5	8.5	8.0
Canada Real GDP, % chg.	2.7	0.3	-2.6	2.0	3.0	3.2	3.0
Canada 3-month T-Bill, %	4.2	2.4	0.4	0.7	2.0	2.9	3.5
Canada 10-year GoC Bond, %	4.3	4.0	3.4	3.6	4.5	5.3	5.8
U.S.-Canada Exchange Rate	93.0	93.8	87.7	95.2	98.0	97.1	99.0
Wood Product Industry Price Index, %chg.	-3.4	-2.2	-3.6	-4.2	-0.3	4.8	1.6
Pulp and Paper Industry Price Index, %chg.	-1.0	4.1	0.9	-5.8	-0.7	2.1	-0.9
Crude Oil, US$ per barrel	72	100	60	75	85	95	105
Natural Gas, US$ per MBTU	6.90	9.00	4.20	5.90	6.60	7.00	7.20
Coal Price per tonne,% chg.	-17.0	51.1	-30.3	11.8	8.6	11.6	16.7

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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