

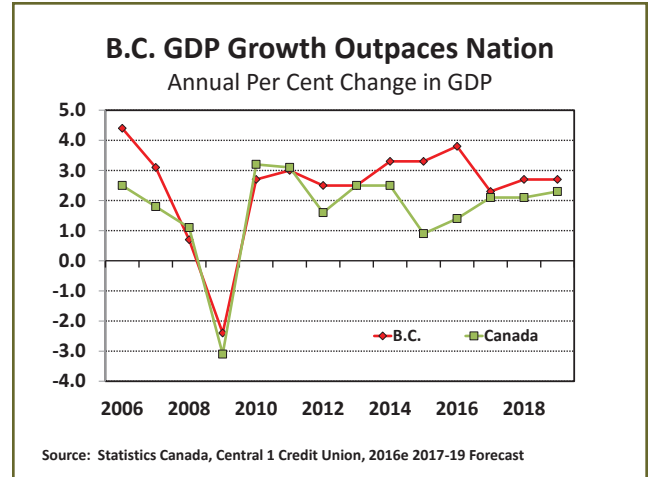
B.C. Economic Outlook

Highlights

- B.C. GDP growth decelerates to 2.3 per cent this year after blockbuster 2016
- Growth remains moderate at 2.7 per cent in 2018 and 2019.
- New home construction dampens growth cycle, but consumer spending, trade and government spending climb
- Employment follows growth cycle, unemployment rate declines
- Mining sector shows improvement
- Softwood lumber dispute expected to drag on growth

Following 2016’s exceptional performance, B.C.’s growth advantage over its provincial peers is set to narrow in 2017 as the expansion moves closer to the national average. Despite a deceleration, economic growth will continue to outpace the broader national economy, expanding 2.3 per cent this year, and 2.7 per cent in both 2018 and 2019.

Similar to recent years’ performances, household demand will remain the backbone of economic growth, but we will see further rotation towards government



spending, trade and an uplift in investment as contribution from the housing sector diminishes. The investment cycle is forecast to pick up with government initiatives, growth in the general economy and an upturn in commodity prices, but gains will be uneven over the forecast period. However, a weaker profile is anticipated for B.C.’s forestry sector due to the impasse in softwood lumber agreements and expectations that protectionist tariffs will be implemented by the U.S. government later this year.

B.C. will continue to experience strengthening of the labour market, which ebbs and flows with the economic cycle. Employment’s modest pace will lower B.C.’s unemployment rate to near five per cent by the end of the forecast period, while contributing to upward pressure on wages.

Forecast Summary: British Columbia

Provincial Forecast

	2014	2015	2016	2017	2018	2019
Real GDP, % Change	3.3	3.3	3.8	2.3	2.7	2.7
Nominal GDP, % Change	5.2	3.8	5.1	4.7	4.8	4.9
Employment, % Change	0.6	1.2	3.2	1.4	1.9	1.8
Unemployment Rate, (%)	6.1	6.2	6.0	5.9	5.4	4.9
Population, % Change	1.2	1.0	1.2	1.1	1.2	1.1
Housing Starts (000s)	28.4	31.4	41.8	36.5	38.1	37.1
Retail Sales, % Change	5.6	6.0	6.4	4.5	4.8	6.4
Personal Income, % Change	3.9	5.5	5.5	5.1	4.9	5.3
Net Operating Surplus Corporations, % Change	13.3	-0.5	5.8	5.7	2.1	0.4
Consumer Price Index, % Change	1.0	1.1	1.8	2.1	1.8	1.7

Source: Statistics Canada, CMHC, Central 1 Credit Union

Strength in the economy will contribute to moderate population growth, due to further net gains of residents from other provinces and increases in the flow of international landed immigrants.

2016 the high-water mark for growth

B.C.'s growth cycle is set to decelerate this year, but this isn't all that surprising given 2016's outsized performance. The stars seemed to align last year for the provincial economy, as it benefitted from the malaise that shook the economies of some of its provincial peers. B.C. has been a net beneficiary of the lower interest and exchange rate environment that has resulted from a sluggish national economic landscape, amidst low oil prices.

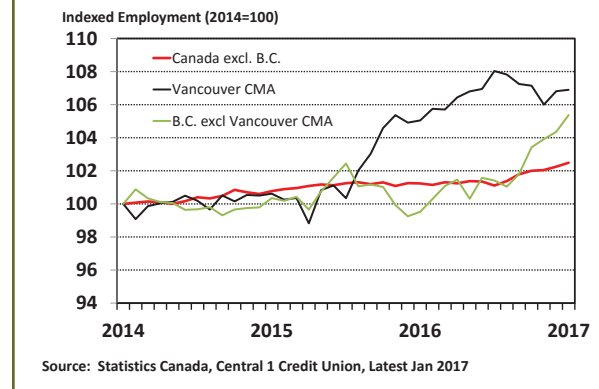
By our estimates, B.C.'s economy accelerated to a growth pace of 3.8 per cent in 2016, up from an already hefty 3.3 per cent in 2015. This marked the strongest expansion since 2006 with contributions from both domestic demand and trade, compared to national expansion of 1.4 per cent. Estimated household consumption growth remained strong at 2.8 per cent, while residential investment growth was estimated at more than 14 per cent – the strongest increase since 2004. Nominal GDP was estimated at 5.1 per cent in 2016.

Labour market conditions tightened throughout the year, propelling annual employment growth above three per cent – a trend which has continued into 2017. With the lowest job vacancy rate in the country and an unemployment rate that declined towards 5.6 per cent, which would be lower if not for a rise in labour-force participation, wage growth has started to gain traction. While hiring momentum in the Vancouver CMA drove annual 2016 gains, recent data points to greater employment growth diffusion across other regions.

Similarly, banner years were observed across various indicators. Despite a decelerated trend in housing sales since mid-year, owing in part to provincial measures to cool the market, provincial MLS® sales climbed to a record high and housing starts surged 33 per cent to a 20-year high, led by large urban areas, sharply lifting residential investment spending. Rising retail sales have reflected this household spending momentum, with a 6.4 per cent annual gain, and an inflation-adjusted increase of near five per cent.

Trade-oriented growth further improved due to a low Canadian dollar, and capital investment in recent years. On the services front, international tourist inflows tracked the highest level since at least 1992

Employment gains robust in 2016



and rose 12 per cent from 2015, with strong gains from both U.S. and overseas visitors. China and Mexico proved significant drivers of the latter. Sector employment gains and anecdotal evidence also pointed to gains in TV and film, and increased exports in high tech services.

Meanwhile, dollar-volume international goods exports rose nearly 10 per cent last year with accelerated sales growth in the second half of the year. Higher forestry shipments, production in primary metals, and natural gas drove real gains, while higher coal prices also contributed to current-dollar increases. A rise in manufacturing trends reflected increased export demand.

Government contributions to growth were more than expected as provincial operational spending grew at an above average pace, while capital expenditure estimates for 2016 pointed to double-digit per cent gains in public-service oriented capital spending, with stronger increases in municipal governments.

One area that continued to underperform was business investment, which was reflected in a drop in non-residential building permits, and resource-oriented indicators such as mining exploration spending. Challenging market conditions in sectors such as a pulp and paper led to closure of paper mills in recent years, cutting investment and associated production.¹ There was persistent weakness in global economic growth and uncertainty during the year related to the U.S. election, Brexit and weak commodity prices.

B.C.'s economy expands but not without risks

Last year's growth surge will not repeat but the solid hand-off from 2016 and generally solid fundamentals point to a continuation of moderate growth through

¹ Howe Sound Pulp and Paper newsprint mill closed in Port Mellon and Chetwynd Mechanical Pulp closed in late-2015.

2019. After last year's 3.8 per cent expansion, GDP growth will dip to 2.3 per cent this year, before rebounding to 2.7 per cent in 2018 and 2019. Provincial growth will continue to fare well compared to its provincial peers and exceed the national growth rate over the period.

Similar to recent years, household demand will underpin economic growth, driven by solid employment, labour income gains and population growth, but the gains will rotate towards government spending, trade and uplift in investment, while contribution to growth from the housing sector diminishes.

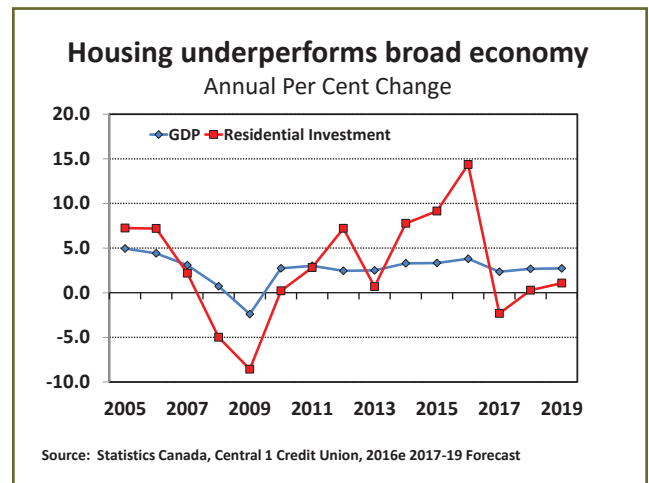
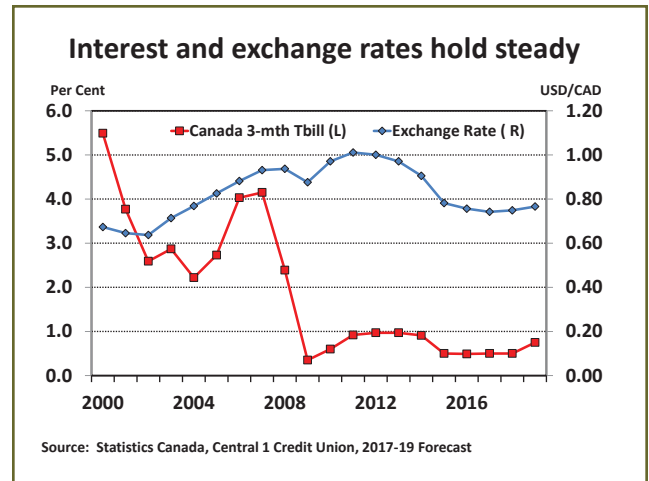
Stabilization and growth in mining and energy will lift the GDP through increased production and rising capital investment. However, forestry is anticipated to cut into growth due to anticipated tariffs on softwood lumber, while trade-policy related risks from the U.S. have intensified and could significantly impact national and provincial exports.

Macro Outlook

The macro-economic environment is an important determinant of B.C.'s growth given the province's reliance on trade and interest rate sensitive sectors like housing. This forecast assumes a moderate growth profile for the external economy. The strengthening U.S. growth cycle will continue through 2019 with an average growth rate of about 2.4 per cent, with stable but decelerated growth trends in other key trading partners.

Risks to the growth macro-economic growth outlook have risen following the November U.S. election. At this early stage in the administration there are few concrete economic policies, but the path is winding towards lower corporate income tax rates, greater deregulation of financial markets, and fiscal stimulus, which would likely lift U.S. economic growth above the baseline scenario.

Canadian economic growth will lag the U.S. with economic slack persisting through 2017. Despite increased economic momentum at the end of 2016, we forecast the Bank of Canada will hold steady on its policy interest rate through 2018, lagging the rate hike cycle at the U.S. Federal Reserve due to uncertainty related to U.S. trade policy. Renegotiation of NAFTA, and/or imposition of a border adjustment tax that penalizes import activity of U.S. firms, would have negative repercussions for the economy. That said, reflationary expectations in the U.S. have lifted global bond yields, which is expected to persist through the forecast period. The Canadian dollar



is forecast to average near 75 cents through 2018 followed by an increase to 77 cents in 2019.

Consumer spending a steady contributor, housing wanes

Household demand remains the backbone of B.C.'s economy with consumer spending forecast to grow at a three per cent rate through 2019. Modest hiring trends over the forecast period following 2016's surge, income gains, population growth, and elevated housing investment will underpin spending. Durable goods purchases will climb at a slower pace than other goods and services due in part to fewer home sales and housing starts in 2017 and less growth in vehicle sales. The government's plan to cut Medical Services Plan (MSP) premiums in January 2018 will provide a small lift to consumer spending thereafter.

In contrast, the housing sector's time as B.C.'s main growth driver is coming to an end, at least for a few years. After contributing about 30 per cent of provincial economic growth in 2016 owing to the surge in housing starts, residential investment spending will be a drag going forward. While offset by a rise

in renovation spending, residential investment will decline two per cent this year and hold flat through 2019 owing mostly to a 13 per cent decline in housing starts following a record high 2016 and sharp decline in resale transactions.

This reflects both a normal retracement after a very strong year of building, the impact of policy-related measures to cool the housing market, and elevated levels of units under construction that could induce caution on the part of builders. While underlying housing demand remains high, measures by the provincial government to limit foreign purchases, cuts to purchasing power from tighter mortgage insurance criteria will dampen activity. However, the BC HOME Partnership down payment plan will provide some offset.

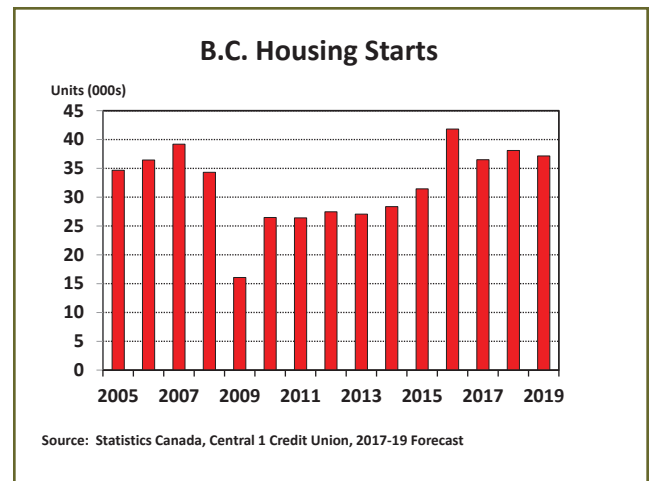
While sector activity will slow, a housing crash in B.C. (or Metro Vancouver) is not in the cards and would require a shock to the economy such as a severe recession that would impact mortgage servicing ability. Policy-induced declines in home sales have been met by low supply as owners are in no rush to sell given the economic environment, firming prices by even more than we anticipated. Housing starts will edge higher in 2018, while renovation spending also will provide support for sector investment.

Moderate growth on the consumer spending and housing investment front will hold average retail sales growth in a range of 4.5 to 5.0 per cent this year and next, with uplift thereafter.

Government contribution to economic growth has been upgraded from previous forecasts owing to higher budgeted spending on education and health services and a lift in capital spending through fiscal 2019/20 by the provincial government and expected federal fiscal stimulus spending. Surplus budgets and a strong growth profile have provided room for increased provincial government spending. Real government consumption will rise 1.5 per cent in 2017, and 1.1 per cent per year thereafter. Investment spending will climb more than five per cent in 2017 and gradually rises thereafter reflecting projects like the Site C Dam and Massey Tunnel Replacement.

Export growth remains positive

Meanwhile, B.C.'s positive export cycle will be extended as real exports will rise by two per cent in 2017 with a three per cent increase in 2018. A favourably low Canadian dollar will underpin the international trade performance and continue to drive goods and services exports higher.



That said, a sector like tourism will not experience another double-digit per cent surge in visits, although inflow will remain high. Service exports will continue to see growth, particularly in areas like professional services and technology. Gains in these sectors could be further heightened by immigration restrictions in the U.S., if firms shift some workers to Canadian operations.

Firming commodity prices and completion of mines in the northwest and natural gas plants in the northeast will lift productive capacity and exports over the forecast period, provided prices do not retrace significantly.

Pretium Resources' Brucejack gold mine is expected to start and full production of the Silvertip silver-zinc-lead will lift base metals activity this year. Additionally, higher contract metallurgical coal prices have boosted Kootenay operations and production and triggered a late-2016 re-start of the Brule mine in the northeast, which will contribute to production gains in 2017 and 2018. Further coal mine re-starts are possible if prices hold firm, which would further add mining sector production. Natural gas production and exports will continue to rise despite the lack of a major LNG project in the north, owing to ongoing investments in natural gas liquids in the Montney Play region. Three gas plants will complete this year and lift capacity and output.

Forestry is anticipated to an export drag due to the softwood lumber dispute, which will likely lead to anti-dumping and countervailing duties on Canadian lumber later this year. Geopolitical issues are also a risk to trade improvement with uncertainty related to the evolution of U.S. trade policy.

A weak business investment profile is set to turn higher by mid-2017, but ease on a full-year basis. Solid economic growth and improved corporate

profits should lift private investment activity, while mining investment is also anticipated to rise owing to stronger commodity prices, albeit with a lag and join an uplift in public investment. Energy investment is forecast to hold steady.

B.C. Capital Expenditures & Intentions Growth

Mining and energy prospects improve

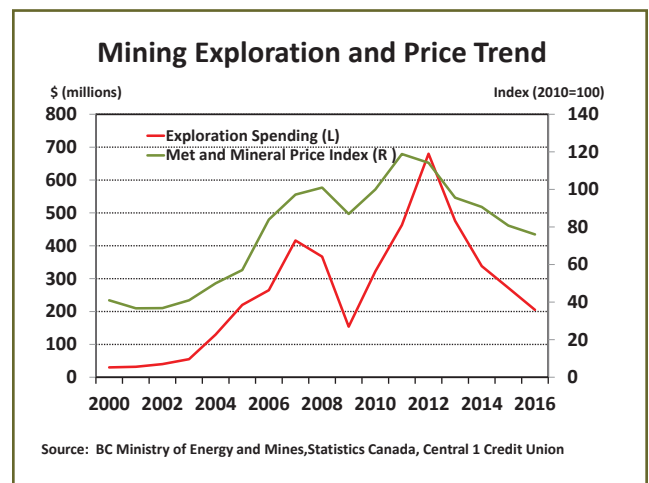
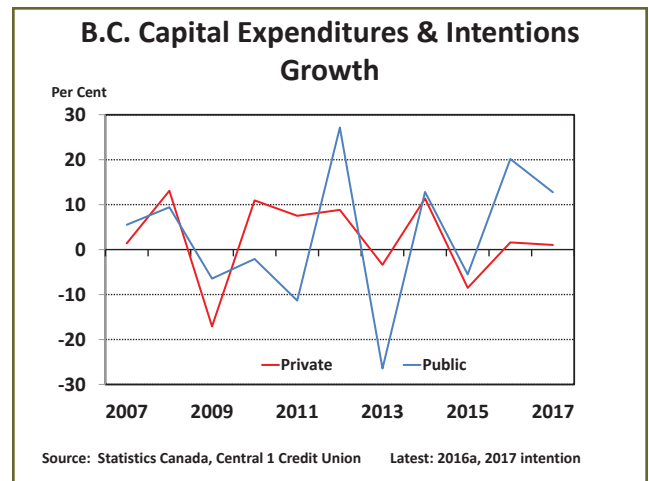
B.C.'s mining growth profile will strengthen over the forecast period both in production and capital spending as the sector responds to strengthening prices. Estimated exploration expenditures of \$205 million in 2016 were likely a cyclical low and down from a peak of \$700 million in 2012. This was the lowest level expenditures since 2009. A stronger price cycle for commodities like metallurgical coal and copper -- driven by stronger demand from China and speculative momentum has buoyed the outlook. While much of this gain has already retraced, current price outlooks maintain a rising price forecast for copper of three to four per cent per annum from 2017-2020, while coal prices will ease, levels will remain 20 per cent above the 2015 average.²

Exploration and capital investment in the mining sector are highly correlated, in part due to financing constraints. Higher prices will trigger moderately higher sector investment over the forecast period, with new found interest in coal tenures already a signal.³ A number of mining projects will continue to work their way through the environmental assessment framework, and we do not anticipate new mine construction starts until late-2018, which could include the Copper Fox Metals in Iskut, and Afton Ajax copper/gold project in Kamloops. However, major mining projects typically face significant uncertainty through both the environmental concerns as well the court of public opinion and substantial delays are not out of the ordinary

On the energy front, the big shift to liquefied natural gas and the massive capital investment it would bring has not materialized, except for the modest \$1.6 billion Woodfibre LNG anticipated to start this year in Squamish. Nonetheless, B.C.'s natural gas sector has continued to expand due to investment in the highly efficient, low-cost and natural gas liquids rich Montney Play. Three gas plants with capital costs of more than \$2.3 billion are underway in the Northeast currently, with a plant also proposed for Prince

² Consensus Economics, Energy and Metals Consensus Forecasts. January 2017

³ B.C. Ministry of Energy and Mines, Provincial Overview of Exploration and Mining in British Columbia. 2016



Rupert. Northeast projects will complete this year, lifting export and production growth.

Real oil and gas mining output is forecast to rise at a rate of three per cent per annum through 2019. No major LNG project is included in this forecast, reflecting low global prices and substantial supply. B.C. may benefit in the next wave of LNG demand in the mid-2020s to drive projects early in the next decade.

Lumber dispute a drag on economy

The ongoing softwood lumber trade negotiations are a risk for the sector and expected to cut growth after a strong 2016 performance. In 2016, exports of softwood lumber climbed more than 10 per cent, owing to 25 per cent more shipments to the U.S. and contributed to a four per cent increase in provincial and the highest level since 2007.⁴ A combination of higher U.S. housing starts, which rose five per cent last year, and the end of the existing Softwood Lumber Agreement and subsequent one-year grace period from October 2015 onwards provided a lift

⁴ BC Stats, Statistics Canada

to activity. The grace period allowed access to the U.S. market for Canadian lumber without an export charge. An abnormally wide divergence between sawmill production and international exports could reflect weaker Canadian demand, inventory depletion, or the inability of mills to ramp up production.

While demand would normally rise with U.S. housing starts, the the current softwood lumber dispute is negative for both capital investment and production.⁵ While the situation is fluid, the U.S. International Trade Commission ruled that Canadian lumber materially injured American producers, with the Commerce Department, under pressure from the U.S. lumber industry in November, investigating countervailing duties (CVD) and anti-dumping duties (ADD) related to softwood lumber products including lumber, siding, flooring and other products⁶. It seems likely that CVD and ADD determinations will be in place during the first half of 2017, with retroactive duties to early in the year, and current estimates of combined duties at 30 per cent despite relatively high prices.⁷ This rising cost curve for Canadian lumber, will cut profitability of Canadian operations, and lower production and exports in 2017, while holding back capital investment, marking a drag for the economy. The length of this downturn will depend on how quickly a new deal is reached. A long-drawn out process will also see a shallow rebound in production as higher demand in the U.S. drive higher prices and export demand.

Over the medium- to- long term, timber availability challenges due to the aftermath of the mountain pine beetle epidemic will constrain available fibre to mills.

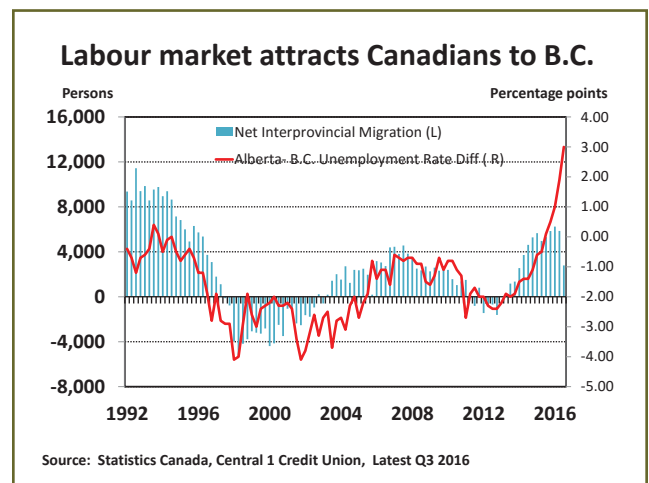
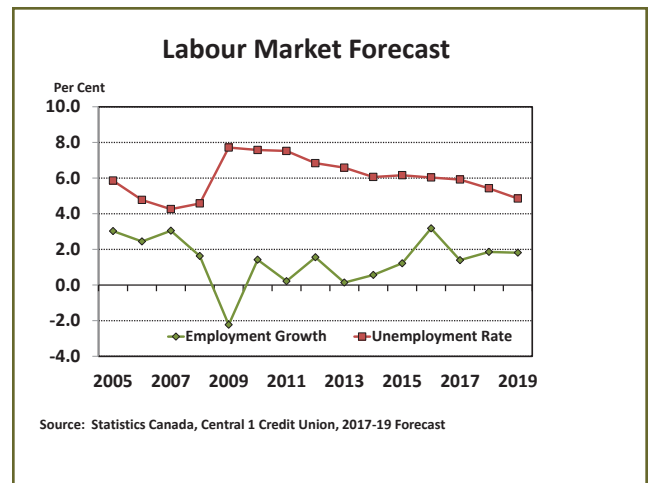
Employment cycle follows economic growth, unemployment rate drops

B.C.'s labour market will evolve with economic growth. Average annual employment growth decelerates to 1.4 per cent in 2017 following a 3.2 per cent gain in 2016 with construction employment, primary resources, and finance, insurance, and real estate dampening gains. Less housing market activity and the reversal of some of 2016's large gains will also be a factor. Full-time employment is forecast to lead growth, as more part-time employee added in last

⁵ Wood Markets. <https://www.woodmarkets.com/potential-import-duties-2017-marginalize-many-canadian-sawmills/>

⁶ US Department of Commerce <http://enforcement.trade.gov/download/factsheets/factsheet-canada-softwood-lumber-productsad-cvd-initiation-121616.pdf>

⁷ <http://www.cbc.ca/news/business/canada-us-softwood-1.3925105>



year's surge convert to full-time tenure. Employment growth will pick up to 1.9 per cent in 2018 and 1.8 per cent in 2019.

Employment gains will outpace labour force expansion despite higher population growth as the labour force participation rate crests. Unemployment will edge down to 5.9 per cent this year and towards five per cent by 2019. Tighter conditions will drive upward pressure on wage growth, which is forecast to trend to about three per cent in 2018 and 2019 while average hours worked will climb.

Relative strength in B.C.'s economic and employment growth cycle will further attract job seekers from across Canada and limit interprovincial outflows. While the worst is likely over for Alberta's economy and labour market, B.C.'s labour market remain stronger and maintain healthy net interprovincial inflows, albeit at a decelerating pace. After a net gain of 23,000 persons in 2016, net interprovincial gains will decline to 15,000 in 2017, and decelerates towards 12,000 persons annually thereafter.

Net international migration will continue to track higher with inflows of permanent residents to the

province, reflecting in part higher intake targets by the federal government of about 300,000 persons per year. Flows of non-permanent residents could provide stronger than anticipated uplift as U.S. immigration policies could funnel/attract more students and employees of multi-national firms to Canada. Population growth remains steady near 1.1 per cent through the forecast period.

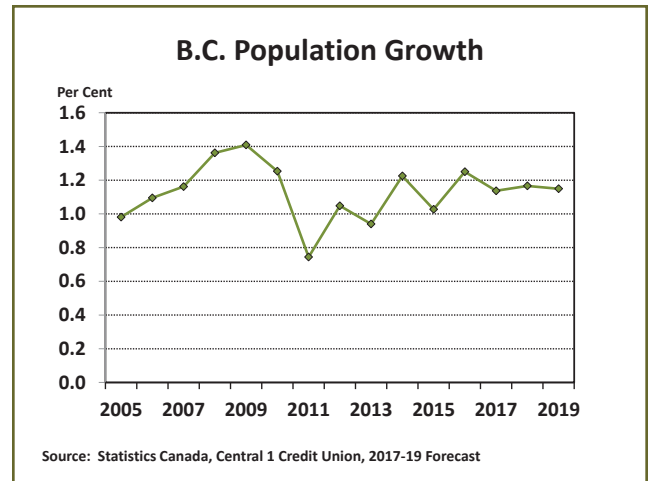
Income growth rotates to labour

While focus is typically on real output, higher price levels are expected to maintain higher levels of nominal GDP growth. Nominal output will advance 4.7 per cent this year, and 4.8 per cent in 2018 and 4.9 per cent in 2019, reflecting growth in the GDP deflator of more than two per cent. A tight labour market and stronger commodity prices contribute to a rise in overall price levels. Consumer prices will climb about two per cent this year and 1.8 per cent thereafter.

Strengthening labour market conditions will rotate income gains towards employee compensation. Personal income growth averages more than five per cent per annum over the forecast period. Employee compensation is forecast to grow 4.4 per cent in 2017, and rise above 5.5 per cent in 2018 and 2019. Rising labour costs shave corporate profits from 5.7 per cent in 2017 to the one to two per cent range thereafter.

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Gross Domestic Product: Expenditures (\$2007 Millions)						
Provincial Forecast						
	2014	2015	2016	2017	2018	2019
GDE	223,852	231,299	240,101	245,730	252,301	259,172
% Change	3.3	3.3	3.8	2.3	2.7	2.7
Household Final Consumption	140,821	145,201	149,222	153,603	158,178	163,539
% Change	3.7	3.1	2.8	2.9	3.0	3.4
Durable Goods	18,024	19,311	19,804	20,349	20,943	21,680
% Change	7.3	7.1	2.6	2.8	2.9	3.5
Semi-Durable Goods	10,379	10,927	11,226	11,538	11,879	12,290
% Change	4.8	5.3	2.7	2.8	2.9	3.5
Non-Durable Goods	28,607	29,091	29,854	30,788	31,765	32,909
% Change	2.8	1.7	2.6	3.1	3.2	3.6
Services	83,969	86,200	88,669	91,257	93,928	97,013
% Change	3.2	2.7	2.9	2.9	2.9	3.3
NPISH Consumption	3,355	3,412	3,471	3,524	3,570	3,617
% change	-1.7	1.7	1.7	1.5	1.3	1.3
Government Current	38,762	39,853	40,431	41,023	41,495	41,954
% Change	-1.3	2.8	1.4	1.5	1.1	1.1
Government Investment	6,931	7,148	7,474	7,876	7,983	8,355
% Change	5.1	3.1	4.6	5.4	1.4	4.6
Business Gross Fixed Capital	45,429	45,257	47,571	46,354	47,735	51,516
% change	5.9	-0.4	5.1	-2.6	3.0	7.9
Residential Construction	20,207	22,055	25,221	24,634	24,703	24,968
% Change	7.8	9.1	14.4	-2.3	0.3	1.1
Machinery & Equipment	7,882	7,869	7,986	7,741	8,251	9,522
% Change	2.4	-0.2	1.5	-3.1	6.6	15.4
Non-Residential Structures	13,844	12,296	11,304	11,001	11,490	13,201
% Change	9.6	-11.2	-8.1	-2.7	4.4	14.9
Intellectual Property	3,496	3,037	3,060	2,977	3,291	3,826
% change	-8.1	-13.1	0.7	-2.7	10.5	16.3
NPISH Investment	350	352	361	376	389	402
% change	-3.6	0.6	2.5	4.2	3.5	3.4
Domestic Demand	235,625	240,970	248,087	252,201	258,733	268,790
% Change	3.2	2.3	3.0	1.7	2.6	3.9
Exports	90,891	93,429	96,040	98,075	101,281	103,442
% Change	3.0	2.8	2.8	2.1	3.3	2.1
Imports	102,275	102,620	103,922	104,804	107,863	111,595
% Change	3.2	0.3	1.3	0.8	2.9	3.5

Source: Statistics Canada, Central 1 Credit Union

Gross Domestic Product: Expenditures (\$ Millions)						
Provincial Forecast						
	2014	2015	2016	2017	2018	2019
Nominal (Millions)						
GDE	240,900	249,980	262,829	275,119	288,435	302,711
% Change	5.2	3.8	5.1	4.7	4.8	4.9
Household Final Consumption	153,929	161,094	167,023	174,624	182,360	191,330
% Change	5.3	4.7	3.7	4.6	4.4	4.9
Durable Goods	16,897	18,335	19,046	19,879	20,760	21,781
% Change	7.3	8.5	3.9	4.4	4.4	4.9
Semi-Durable Goods	9,873	10,589	11,000	11,481	11,989	12,579
% Change	5.4	7.3	3.9	4.4	4.4	4.9
Non-Durable Goods	33,194	33,924	34,923	36,744	38,372	40,259
% Change	4.6	2.2	2.9	5.2	4.4	4.9
Services	93,965	98,246	102,055	106,520	111,239	116,710
% Change	5.2	4.6	3.9	4.4	4.4	4.9
NPISH Consumption	3,538	3,689	3,865	3,971	4,087	4,210
% change	-0.2	4.3	4.8	2.7	2.9	3.0
Government Current	45,121	46,685	47,859	49,120	50,462	51,901
% Change	1.1	3.5	2.5	2.6	2.7	2.9
Government Investment	8,113	8,514	9,000	9,594	9,846	10,449
% Change	8.3	4.9	5.7	6.6	2.6	6.1
Business Gross Fixed Capital	49,995	51,421	55,590	55,322	58,158	64,098
% change	8.8	2.9	8.1	-0.5	5.1	10.2
Residential Construction	21,460	24,346	28,982	29,049	29,874	30,966
% Change	8.9	13.4	19.0	0.2	2.8	3.7
Machinery & Equipment	7,716	8,318	8,709	8,590	9,288	10,863
% Change	7.7	7.8	4.7	-1.4	8.1	17.0
Non-Residential Structures	16,769	15,098	14,160	14,001	14,871	17,382
% Change	13.2	-10.0	-6.2	-1.1	6.2	16.9
Intellectual Property	4,050	3,659	3,740	3,682	4,125	4,886
% change	-4.7	-9.7	2.2	-1.5	12.0	18.5
NPISH Investment	369	378	392	413	433	453
% change	-0.3	2.4	3.7	5.3	4.7	4.8
Domestic Demand	261,065	271,781	283,730	293,043	305,344	322,440
% Change	5.2	4.1	4.4	3.3	4.2	5.6
Exports	95,398	97,888	102,581	109,147	115,105	119,364
% Change	6.4	2.6	4.8	6.4	5.5	3.7
Imports	116,743	120,266	123,788	128,177	134,105	140,446
% Change	5.8	3.0	2.9	3.5	4.6	4.7

Source: Statistics Canada, Central 1 Credit Union

Gross Domestic Product: Industries (\$2007 Millions)						
Provincial Forecast						
	2014	2015	2016	2017	2018	2019
All Industries	204,555	210,910	218,936	224,069	230,060	236,326
% change	3.2	3.1	3.8	2.3	2.7	2.7
Agriculture	1,173	1,285	1,313	1,369	1,400	1,412
% change	-2.9	9.6	2.1	4.3	2.2	0.9
Forestry	1,764	1,907	1,939	1,878	1,884	1,870
% change	-11.0	8.1	1.7	-3.2	0.3	-0.7
Fishing, hunting, trapping and agriculture and forestry support*	914	1,013	1,025	1,041	1,062	1,074
% change	9.6	10.8	1.2	1.5	2.0	1.1
Oil and Gas Mining	6,802	6,812	7,052	7,264	7,508	7,730
% change	6.1	0.1	3.5	3.0	3.4	3.0
Other Mining	4,239	3,777	3,862	4,018	4,218	4,272
% change	7.2	-10.9	2.2	4.1	5.0	1.3
Support activities for oil, gas, and other mining	788	478	445	473	493	534
% change	5.2	-39.4	-6.8	6.3	4.2	8.2
Utilities	3,479	3,638	3,880	3,940	4,003	4,065
% change	-3.2	4.6	6.7	1.5	1.6	1.6
Construction	17,938	17,852	19,099	19,099	19,448	20,432
% change	7.5	-0.5	7.0	0.0	1.8	5.1
Residential Construction	7,065	7,728	8,931	8,764	8,766	8,833
% change	5.6	9.4	15.6	-1.9	0.0	0.8
Non-Residential Construction	2,561	2,660	2,547	2,449	2,463	2,711
% change	17.3	3.9	-4.2	-3.9	0.6	10.1
Engineering Construction	5,111	4,340	4,415	4,589	4,836	5,412
% change	9.7	-15.1	1.7	3.9	5.4	11.9
Other Construction	3,200	3,124	3,206	3,297	3,383	3,476
% change	1.4	-2.4	2.6	2.8	2.6	2.7
Manufacturing	14,774	15,103	15,844	16,115	16,413	16,591
% change	5.2	2.2	4.9	1.7	1.8	1.1
Food Products	1,764	1,868	1,994	2,103	2,173	2,227
% change	5.0	5.9	6.8	5.5	3.3	2.5
Wood Products	3,377	3,541	3,748	3,611	3,673	3,635
% change	5.5	4.8	5.9	-3.7	1.7	-1.0
Paper and Allied Product	1,168	1,182	1,120	1,102	1,110	1,115
% change	8.1	1.1	-5.2	-1.6	0.7	0.4
Primary Metals	761	727	948	976	995	1,008
% change	-12.4	-4.4	30.4	3.0	1.9	1.3
Fabricated Metals	998	958	932	967	995	1,037
% change	3.9	-4.0	-2.7	3.7	3.0	4.2
Machinery	1,060	1,056	1,074	1,087	1,112	1,145
% change	11.6	-0.4	1.7	1.2	2.3	3.0
Other Manufacturing	5,646	5,771	6,028	6,269	6,355	6,424
% change	6.4	2.2	4.4	4.0	1.4	1.1

Gross Domestic Product: Industries (\$2007 Millions)						
Provincial Forecast						
	2014	2015	2016	2017	2018	2019
Wholesale trade	8,978	9,157	9,438	9,711	10,078	10,403
% change	4.0	2.0	3.1	2.9	3.8	3.2
Retail trade	12,507	13,222	13,789	14,234	14,732	15,151
% change	5.2	5.7	4.3	3.2	3.5	2.8
Transportation And Warehousing	11,382	12,030	12,471	12,850	13,354	13,787
% change	3.3	5.7	3.7	3.0	3.9	3.2
Pipelines	663	682	724	744	765	785
% change	7.2	2.9	6.1	2.8	2.8	2.6
Other Transportation & Warehousing	10,719	11,347	11,747	12,106	12,589	13,002
% change	3.0	5.9	3.5	3.1	4.0	3.3
Finance, Insurance & Real Estate	24,680	26,347	27,353	27,984	28,706	29,465
% change	3.4	6.8	3.8	2.3	2.6	2.6
Owner-Occupied Housing	23,395	24,363	25,343	26,362	27,402	28,448
% change	3.7	4.1	4.0	4.0	3.9	3.8
Professional, scientific and technical services	12,043	12,459	12,984	13,145	13,571	14,119
% change	4.3	3.5	4.2	1.2	3.2	4.0
Administrative and support, waste management and remediation services	6,070	6,203	6,456	6,643	6,837	7,007
% change	4.7	2.2	4.1	2.9	2.9	2.5
Other services (except public administration)	4,458	4,564	4,731	4,867	5,018	5,181
% change	2.5	2.4	3.7	2.9	3.1	3.2
Arts, entertainment and recreation	1,857	1,951	2,023	2,091	2,164	2,239
% change	2.0	5.1	3.7	3.4	3.5	3.5
Information and cultural industries	6,909	6,905	7,145	7,354	7,616	7,899
% change	0.7	-0.1	3.5	2.9	3.6	3.7
Educational services	10,499	11,266	11,418	11,639	11,676	11,711
% change	-3.4	7.3	1.3	1.9	0.3	0.3
Health care and social assistance	13,415	13,632	14,004	14,425	14,660	14,817
% change	1.5	1.6	2.7	3.0	1.6	1.1
Government Services	11,356	11,486	11,582	11,700	11,844	12,016
% change	0.4	1.1	0.8	1.0	1.2	1.5
Accommodation and food services	5,597	5,804	6,075	6,208	6,326	6,449
% change	5.4	3.7	4.7	2.2	1.9	1.9

* includes direct hunting, fishing and trapping

Source: Statistics Canada, Central 1 Credit Union

Domestic and Personal Income (\$Millions): British Columbia						
Provincial Forecast						
	2014	2015	2016	2017	2018	2019
Domestic Income						
GDP at Market Prices	240,900	249,980	262,829	275,119	288,435	302,711
% Change	5.2	3.8	5.1	4.7	4.8	4.9
Employee Compensation	118,489	123,130	129,647	135,367	142,874	150,951
% Change	3.7	3.9	5.3	4.4	5.5	5.7
Net Operating Surplus: Corporations	26,356	26,221	27,749	29,324	29,947	30,077
% Change	13.3	-0.5	5.8	5.7	2.1	0.4
Net Operating Surplus: Mixed Income	31,879	34,193	36,081	38,262	40,434	42,760
% Change	5.3	7.3	5.5	6.0	5.7	5.8
Fixed Capital Consumption	37,783	39,396	40,997	42,762	44,579	46,733
% Change	4.1	4.3	4.1	4.3	4.2	4.8
Indirect Taxes Less Subsidies	26,218	26,964	28,279	29,328	30,525	32,115
% Change	5.2	2.8	4.9	3.7	4.1	5.2
Net Domestic Income (Factor Cost)	176,899	183,620	193,554	203,028	213,331	223,864
% Change	5.5	3.8	5.4	4.9	5.1	4.9
Personal Income	201,123	212,280	224,054	235,408	247,045	260,051
% Change	3.9	5.5	5.5	5.1	4.9	5.3
Total Primary Income	170,791	179,737	190,114	200,096	210,342	221,894
% Change	4.0	5.2	5.8	5.3	5.1	5.5
Labour Income	122,616	127,436	134,181	140,511	147,870	156,230
% Change	4.1	3.9	5.3	4.7	5.2	5.7
Net Operating Surplus: Mixed Income	31,879	34,193	36,081	38,262	40,434	42,760
% Change	5.3	7.3	5.5	6.0	5.7	5.8
Net Property Income	16,296	18,108	19,852	21,323	22,038	22,905
% Change	0.7	11.1	9.6	7.4	3.4	3.9
Transfer Payments Received	30,332	32,543	33,940	35,312	36,703	38,157
% Change	3.5	7.3	4.3	4.0	3.9	4.0
Transfer Payments Paid	55,094	57,361	60,701	64,003	67,542	71,506
% Change	5.7	4.1	5.8	5.4	5.5	5.9
Disposable Income	146,029	154,919	163,353	171,405	179,503	188,544
% Change	3.3	6.1	5.4	4.9	4.7	5.0

Source: Statistics Canada, Central 1 Credit Union

Employment by Industry: British Columbia						
	2014	2015	2016	2017	2018	2019
Total	2,278.4	2,306.2	2,379.5	2,412.7	2,457.6	2,502.1
% Change	0.6	1.2	3.2	1.4	1.9	1.8
Agriculture	24.3	22.2	24.4	24.6	24.9	25.0
% Change	-13.2	-8.6	9.9	0.7	1.2	0.4
Other Primary	50.0	48.3	50.8	49.5	50.1	50.6
% Change	6.8	-3.4	5.2	-2.5	1.3	0.9
Manufacturing	161.4	172.5	170.1	172.7	173.0	172.1
% Change	6.4	6.9	-1.4	1.5	0.2	-0.5
Utilities	13.7	14.5	13.5	13.4	13.5	13.6
% Change	22.3	5.8	-6.9	-0.7	0.6	0.9
Construction	200.5	201.5	211.3	205.8	207.7	213.3
% Change	-1.9	0.5	4.9	-2.6	0.9	2.7
Transportation & Warehousing	133.8	140.0	137.9	142.0	146.1	149.7
% Change	5.1	4.6	-1.5	2.9	2.9	2.5
Trade	358.0	352.9	369.9	376.1	387.2	397.0
% Change	-0.7	-1.4	4.8	1.7	3.0	2.5
FIRE	137.2	128.6	135.9	135.4	138.3	141.4
% Change	-1.7	-6.3	5.7	-0.3	2.1	2.2
Professional, Scientific, Managerial	270.2	281.6	300.2	304.9	312.4	320.5
% Change	-2.5	4.2	6.6	1.6	2.5	2.6
Accommodation & Food Services	185.3	177.5	174.2	175.1	178.3	181.0
% Change	3.2	-4.2	-1.9	0.5	1.8	1.5
Education Services	166.3	163.4	165.0	169.0	169.3	169.7
% Change	-0.2	-1.7	1.0	2.4	0.2	0.2
Health & Welfare Services	269.8	287.4	291.6	306.5	311.2	314.2
% Change	1.0	6.5	1.5	5.1	1.5	1.0
Other Services	210.1	219.6	231.2	233.9	240.6	247.8
% Change	1.6	4.5	5.3	1.2	2.8	3.0
Government Services	97.9	96.1	103.7	104.1	105.1	106.4
% Change	-0.8	-1.8	7.9	0.3	1.0	1.2

Labour Market Indicators: British Columbia						
	2014	2015	2016	2017	2018	2019
Source Population	3,829.6	3,877.1	3,930.7	3,978.2	4,026.8	4,074.8
% Change	1.1	1.2	1.4	1.2	1.2	1.2
Participation Rate	63.3	63.4	64.4	64.5	64.5	64.5
Labour Force	2,425.4	2,457.6	2,532.3	2,564.5	2,598.5	2,629.8
% Change	0.0	1.3	3.0	1.3	1.3	1.2
Employment	2,278.4	2,306.2	2,379.5	2,412.7	2,457.6	2,502.1
% Change	0.6	1.2	3.2	1.4	1.9	1.8
Unemployment	147	151.4	152.8	151.8	141	127.6
% Change	-8.0	3.0	0.9	-0.7	-7.1	-9.5
Unemployment Rate	6.1	6.2	6.0	5.9	5.4	4.9
Average Weekly Hours	32.0	32.8	32.8	32.9	33.1	33.3
Hourly Wage Rate (%ch.)	5.0	0.2	2.0	2.7	2.9	3.1

Source: Statistics Canada, Central 1 Credit Union

Real Residential Investment (\$2007 Millions): British Columbia						
Provincial Forecast						
	2014	2015	2016	2017	2018	2019
Real Residential Investment (Millions)	20,207	22,055	25,221	24,634	24,703	24,968
% Change	7.8	9.1	14.4	-2.3	0.3	1.1
Total New Dwellings	9,723	11,141	13,708	12,959	12,612	12,421
% Change	13.7	14.6	23.0	-5.5	-2.7	-1.5
Renovations	7,789	8,158	8,604	8,921	9,262	9,615
% Change	5.8	4.7	5.5	3.7	3.8	3.8
Total Acquisition Costs	2,456	2,528	2,670	2,505	2,572	2,666
% Change	-6.0	2.9	5.6	-6.2	2.7	3.7
Other Residential Construction	238	229	239	249	257	266
% Change	7.2	-3.9	4.4	4.0	3.3	3.4
Housing Starts (000s)	28.4	31.4	41.8	36.5	38.1	37.1
% Change	4.8	10.9	33.0	-12.7	4.4	-2.5

Source: Statistics Canada, CMHC, Central 1 Credit Union,

Non-Residential Investment: British Columbia						
Provincial Forecast						
	2014	2015	2016	2017	2018	2019
Total	18,510	17,066	16,909	17,041	17,669	19,668
% Change	7.6	-4.5	-2.2	-0.5	4.3	12.2
Engineering Construction	11,147	10,412	10,580	10,997	11,591	12,975
% Change	0.9	-6.6	1.6	3.9	5.4	11.9
Building Construction	7,363	6,654	6,329	6,043	6,078	6,693
% Change	21.5	-9.6	-4.9	-4.5	0.6	10.1
Industrial Construction	2,976	2,255	1,781	1,555	1,521	1,757
% Change	31.7	-24.2	-21.0	-12.7	-2.2	15.6
Commercial Construction	2,077	2,157	2,190	2,119	2,178	2,392
% Change	16.3	3.9	1.5	-3.3	2.8	9.8
Inst. & Gov't Construction	2,490	2,426	2,542	2,554	2,563	2,727
% Change	14.3	-2.6	4.8	0.5	0.4	6.4

Source: Statistics Canada, CMHC, Central 1 Credit Union,

Population and Components of Growth: British Columbia

Provincial Forecast

	2014	2015	2016	2017	2018	2019
Population (000s)	4,645.3	4,693.0	4,751.6	4,805.7	4,861.7	4,917.6
% Change	1.2	1.0	1.2	1.1	1.2	1.1
Births (000s)	43.8	44.4	44.5	45.2	45.8	46.5
Deaths (000s)	33.0	34.7	35.3	36.0	36.9	37.9
Natural Growth Rate (%)	0.2	0.2	0.2	0.2	0.2	0.2
Net In Migration (000s)	45.4	38.0	49.5	44.9	47.2	47.2
Net International(000s)	36.0	17.6	26.2	30.0	33.9	35.4
Net Interprovincial (000s)	9.5	20.4	23.3	14.9	13.3	11.8

Source: Statistics Canada, Central 1 Credit Union

Key External Forecasts

Provincial Forecast

	2014	2015	2016	2017	2018	2019
U.S. Real GDP, %chg.	2.4	2.6	1.5	2.3	2.5	2.3
Japan Real GDP, %chg.	-0.1	0.6	0.9	1.1	0.9	1.0
European Union Real GDP, %chg.	1.2	1.9	1.7	1.5	1.6	1.5
China Real GDP, %chg.	7.3	6.9	6.6	6.3	6.0	5.8
Canada Real GDP, %chg.	2.5	0.9	1.4	2.1	2.1	2.3
Canada 3-month T-Bill, %	0.91	0.50	0.49	0.50	0.50	0.75
Canada GoC Long-term Bond, %	2.60	2.02	1.80	2.50	3.00	3.30
U.S.-Canada Exchange Rate, cents/dollar	90.5	78.2	75.6	74.2	74.9	76.6
Henry Hub Natural Gas Price, USD/mmbtu	4.39	2.62	2.47	3.25	3.30	3.27
WTI USD/barrel	93.3	49.0	43.0	55.0	58.0	60.0

Source: Statistics Canada, BEA, EIA, Central 1 Credit Union

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