

Highlights

- U.S. surge lifts early 2018 tourism flows
- EI counts continue to drop with tight labour market
- Volatility continues for sawmill production but upturn expected

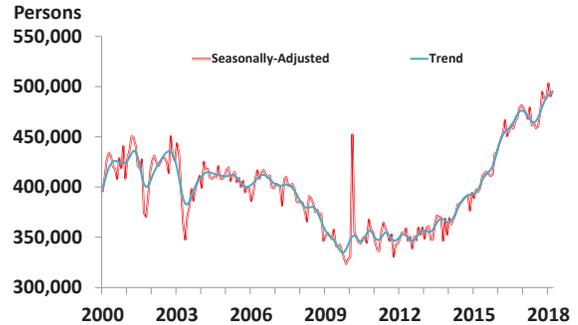
Tourism flows jump in Q1

2018 is shaping up to be another strong year for B.C.'s tourism sector. Propelled by a surge in American visitors since August, international tourist inflows to the province remained elevated at a stellar 495,100 persons (seasonally-adjusted) in March. Year-over-year, visits rose five per cent, with the underlying trend 13 per cent above previous cycle highs observed in the early 2000s.

B.C.'s tourism sector is benefitting from various drivers. A favourable Canadian dollar, growth in travel demand from emerging markets, and political instability south of the border has shone a positive light on Canada as a destination. Other factors include a healthy cruise ship market, which is likely attracting visitors to Metro Vancouver, as well as increased interest in northern and other interior B.C. destinations. U.S. visits have returned to a level unseen since the early 2000s, which preceded a thickening of borders following the 9/11 attacks, and appreciation in the Canadian dollar. Meanwhile overseas visits remain strong and continue to track a record high pace.

Through the first quarter, total international tourist visits rose eight per cent from same period 2017, led by a 10 per cent increase from the U.S. and five per cent from other markets. Among the latter, gains were led by strong growth in the number of visitors from Australia (up 11 per cent), Taiwan (up 30 per cent), China (up 11 per cent), Germany (up 18 per cent), and South Korea (up 18 per cent). Led by China and Australia, these countries collectively accounted for all of the net increase, while a decline in the number of visitors from the United Kingdom, Hong Kong, and Mexico were significant offsets.

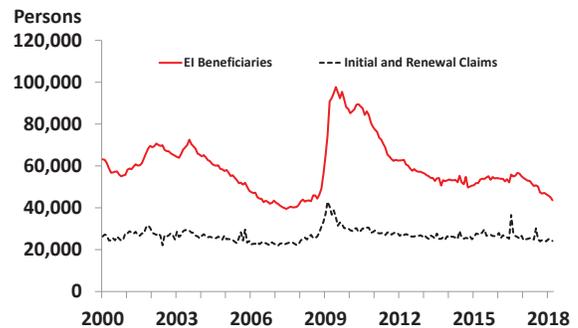
International Tourist Visits to B.C.



Source: Statistics Canada, Central 1 Credit Union

Latest: March/18

Employment Insurance Beneficiaries, B.C.



Source: Statistics Canada, Central 1 Credit Union

Latest: March/18

Employment insurance counts decline in March

The number of individuals receiving employment insurance benefits in B.C. continued to trend lower in March. The total seasonally-adjusted EI counts of 43,610 persons was 3.2 per cent (1,440 persons) below February, and down 17 per cent on a year-over-year basis. Levels were the lowest since late 2008. Relative to February, the largest declines among occupations were in the education, law, and community/government service sectors (down 620 persons), and in the trades, transport and equipment operation (down 480 persons).

While benefits expiration naturally erode EI counts over time, the persistent decline and low absolute level of recipients speak to the province's tight labour market, characterized by low unemployment rates and ample job opportunities. The unemployment rate in

B.C. was the lowest in the country during this period at 4.7 per cent. On a comparative basis, the ratio of EI beneficiaries to the size of the labour force in March was 1.7 per cent, which was second lowest among provinces next to Ontario. Similarly, the trend for initial and renewal applications is also negative as unemployed workers are readily finding opportunities.

Sawmill production down in February, uptrend expected

Consistent with recent volatility in B.C.'s forestry sector - due in large part to rail transport bottlenecks - sawmill production fell sharply in February. Softwood lumber production pulled back 11 per cent on a seasonally-adjusted basis from January, with unadjusted production at 2.32 million dry cubic metres -- down nearly eight per cent from a year ago. This lull is temporary. Demand for lumber remains strong due to rising housing starts in the U.S. and broader economic growth which has been reflected in high prices, while rail constraints have eased. March wood product manufacturing sales jumped sharply by 11 per cent, which likely coincided with a rebound in mill shipments.

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