



Highlights

- B.C. goods exports up 40 per cent year-over-year in May
- Forestry activity continues to fuel growth
- Building permits decline 10 per cent

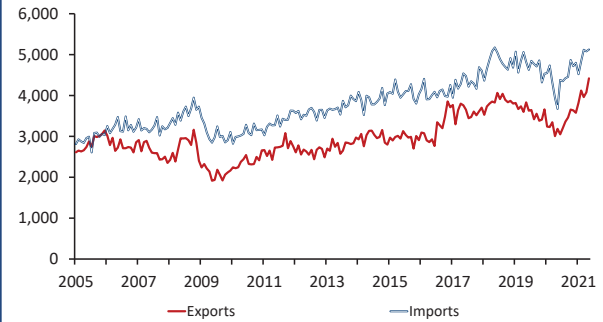
Exporters see record sales in May

B.C. international exporters posted a massive sales month in May with dollar-volume exports reaching a record \$4.567 billion, which was 40 per cent higher than a year ago. Seasonally- adjusted, we calculate an 8.0 per cent increase from April. Similarly imports rose 39 per cent year-over-year, while climbing modestly by one per cent from April (seasonally- adjusted). Trade remained on the upswing amidst global economic expansion which has supported commodity. While some base period effects of weaker exports early in the pandemic, exports are up a third from pre-pandemic levels, while imports are about eight per cent higher.

Export gains were once again dominated by resource-goods and related manufacturing. Forestry product exports more than doubled from a year ago and increased 17 per cent from April on a seasonally-adjusted basis (which accounted for more than half of the net gain). Growth continued to be lifted by record lumber prices and high demand, although a steep decline prices (albeit remaining high) will likely put downward pressure on dollar-volume exports going forward. Sales of energy products rose 30 per cent year-over-year and 17 per cent from May 2020. Metallic and non-metallic mineral products were steady from April but 80 per cent year-over-year. Exports of basic/industrial chemicals, plastic and rubber products nearly doubled from April, and 85 per cent from a year ago. Weaker links were motor vehicles/parts, raw metal ores and minerals, and aircraft/other transportation equipment.

Exports reach record high in May, trade recovers from pandemic lows

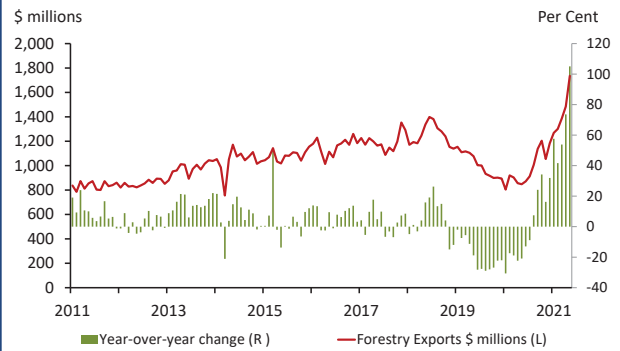
B.C. international merchandise trade, \$ millions



Source: Statistics Canada, Central 1

latest: May/21

Forestry continues to propel exports



Source: Statistics Canada, Central 1

latest: Apr/21

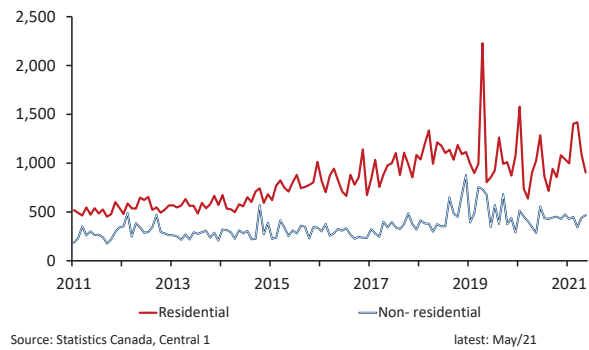
With the latest gain, year-to-date exports rose 28 per cent led by resource products, specifically forestry (67 per cent), while imports rose 17 per cent. Exports will remain well supported given global growth outlooks. That said, waning of the pandemic will rotate demand towards services and commodity prices will likely ease tempering some of B.C.'s gain.

Building permits drop for second straight month on lower residential intentions

Like most other provinces, B.C. building permits ratcheted sharply lower in May. While coinciding with third wave pandemic measures, these likely had little effect on building intentions, but rather reflected some give back after a spike in permits in February and March. Dollar- volume permits reached \$1.37 billion

Building permits ease in May on residential decline

B.C. international merchandise trade, \$ millions



which was 10 per cent down from April and followed a 13 per cent decline the previous month. This marked pace of permits since October but still up 4.7 per cent year-over-year. Through five months, building permits remained well ahead of a year ago by 16 per cent.

Residential building permits led May's monthly decline with a 16.9 per cent decline from April to \$905.7 million and down 11.7 per cent year-over-year. Consistent with typical swings in monthly activity, the large decline owed to the multi-family sector which fell by 24 per cent from April as single-detached permits were unchanged. Lower residential permits were led by Metro Vancouver (-26 per cent and Kelowna (-12.3 per cent). Despite the sharp pull back over the past two months, residential permits are running well ahead of 2020 by 19 per cent. Year-to-date Permit volumes for single-family homes has risen 43 per cent, while multi-family rose 11 per cent. Permits have been lifted by demand for custom-built homes amidst low inventory and demand for space and renovations demand. Meanwhile, strong housing demand has pushed more multi-family condos into construction phase as pre-sale demand picked up, especially outside Metro Vancouver. This trend aligns with a record pace of housing starts in the province to start 2021.

Meanwhile, non-residential construction activity has rebounded back to trend after a steep March decline. Permits reached \$466 million in May, up 5.6 per cent from April and 64 per cent year-over-year. Higher industrial and institutional activity offset a pullback in commercial intentions. Dollar-volume permits are up a modest eight per cent during the first five months compared to a year ago but trends well below 2018 and 2019 trends. The pandemic has held back investment in brick and mortar for many businesses as workers stayed home, while retail and restaurants largely tried to survive. Re-opening of the economy should lift re-investment by firms into 2022.

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