



Highlights

- **Manufacturing sales gain for a sixth straight month in February**
- **B.C. export sales flat but tracks a stellar pace**

B.C. manufacturing sales rise on higher wood products.

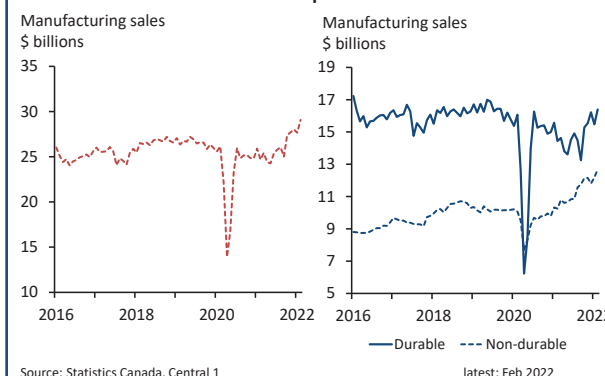
Alan Chow, Business Economist

Manufacturing sales in B.C. rose 3.2 per cent in January to \$5.6 billion on a seasonally adjusted basis in February, marking the sixth consecutive month of increases. Durable goods led the way, up 4.1 per cent. Sales for durable goods have similarly increased for the sixth straight months since August of 2021. Non-durable goods also saw an increase, albeit smaller, up 1.9 per cent and marking the fourth straight month of increases. Broad growth reflects increased sales volume of goods as well as higher prices from inflationary pressure. Provincial year to date sales rose 11.6 per cent over the same period last year.

Wood products production sales continued to lead the positive manufacturing trend. Sales increased 8.5 per cent over the previous month and matches the overall increase in durable goods with six straight months of increases. Wood products manufacturing generally makes up to around 40.0 per cent of B.C.'s durable goods volume but this has been increasing over the last few months both on higher prices and higher volumes. Electrical equipment also saw strong gains, up 19.0 per cent. However, the sector is much smaller and as such has a lower overall impact on total manufacturing sales volumes. Overall, 6 out of the 10 durable goods industries saw an increase in sales over the previous month.

Non-durable goods volumes rose 1.9 per cent over the previous month. Leading the way was higher sales volumes in food manufacturing, which grew 1.5 per cent. At the other end of the spectrum was paper manufacturing, which fell 3.1 per cent. Limited data on non-durable goods industries is preventing further analysis as data for only 5 out of the 11 industries were able due to confidentiality requirements.

Manufacturing sales climb again, both durable and non-durables are up



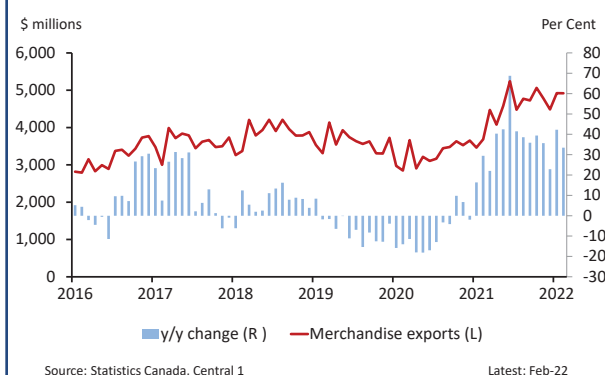
In the Vancouver Census Metropolitan Area, manufacturing sales growth exceeded the rest of the province with a 3.9 per cent gain from January to \$2.9 billion. Non-durable goods sales were up 7.7 per cent while durable goods sales were flat. Year to date, manufacturing sales are up 4.4 per cent over the same period last year.

B.C. exports remain robust through February

Bryan Yu, Economics Research Associate

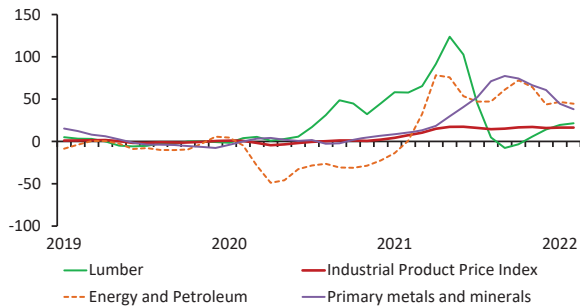
The stellar pace of B.C. international goods exports continued through February with dollar-volume shipments steady after January's surge. Total exports reached \$4.92 billion, marking a year-over-year increase of 33 per cent, albeit slower than the 42 per cent increase the prior month. On a seasonally-adjusted basis, we calculate that export sales were unchanged from January.

B.C. exports continue strong pace



Higher product prices lift both export and import value

Industrial Production Price Index by Select Group, y/y % change



Source: Statistics Canada, Central 1

Latest: Feb-22

By sector, export performance was mixed during the month but broadly supported by firm foreign demand and higher commodity prices. Energy exports partly retraced after a January surge but remained 80 per cent higher than a year ago. Recall that natural gas price levels spiked in February 2021, contributing to a base year effect. Elevated exports in this sector reflect soaring prices for oil and natural gas, amplified in February by the Russian invasion of Ukraine. Meanwhile, forestry sales further rebounded with a 10 per cent year-over-year gain, while raw metal and mineral shipments increased 25 per cent, and metallic and non-metallic mineral products rose 31 per cent.

A scan of industrial product prices highlights the importance of inflation in these numbers. The headline national index came in at 16 per cent y/y to rival the early 1980s. Energy is up 44 per cent, led by oil prices in February, lumber was 21 per cent higher, and ferrous metal products rose 38 per cent.

Imports were up considerably from February but lagged improvement in exports. Total imports reached \$5.23 billion, up 24.5 per cent from a year ago. Like exports, inflationary pressures have broadly lifted prices for inputs and finished goods.

Through the first two months, exports rose about 38 per cent while imports increased 21.7 per cent. Strong commodity prices have boosted B.C.'s terms of trade, supporting economic growth and income.

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