

- BC's inflation rate edges up to 1.1% in October, as energy prices continue to fall
- Retail sales slip in September; wholesale sales also weaken
- More British Columbia taxfilers report charitable donations in 2005

Prices

- **British Columbia's year-over-year inflation rate edged up to 1.1% in October.** Although the cost of energy fell (-5.9%) for a second straight month, prices for other goods and services continued to climb, and excluding energy, the inflation rate was 1.8%.

Lower fuel prices helped drive transportation (-0.2%) costs down last month, as vehicle owners paid 9.9% less to fill up their tanks. The cost of operating an automobile also fell (-2.2%) but consumers paid more to purchase (+1.5%) and to insure (+5.0%) an automotive vehicle. Despite significantly lower costs for piped gas (-10.4%) and fuel oil (-18.2%), BC residents paid 1.9% more for shelter than in October of last year. Home owners faced higher property taxes (+0.4%) and insurance premiums (+6.8%) and also paid more for home maintenance and repair (+3.5%). Overall costs for accommodation were up 0.5% for renters and 3.0% for home owners.

Consumers in BC faced higher prices for most types of goods in October. Food prices rose 2.0%, reflecting increases in the cost of food purchased from stores (+2.2%) as well as restaurant meals (+1.6%). Clothing & footwear (+3.5%) and health & personal care (+2.0%) prices were also up as were prices for alcoholic beverages & tobacco (+1.6%).

In general, BC residents paid more for semi-durable goods (+1.9%) and services (+2.4%), while prices for durable and non-durable goods (-0.7% each) deflated moderately.

The inflation rate in Vancouver (+1.7%) was moderately higher than the provincial average, while Victoria's (+0.7%) rate was somewhat lower.

Data Source: Statistics Canada

- **Nationally, energy (-8.7%) and transportation (-2.1%) tempered other price increases in October, but the inflation rate still edged up to 0.9%.** PEI (-0.8%) and New Brunswick (-0.5%) were the only provinces where prices were lower than in October of last year. Alberta's inflation rate (3.0%) was more than three times the national average. Saskatchewan (1.5%) had the second-highest increase in the country.

Data Source: Statistics Canada

The Economy

- **Sales by retailers in the province slipped 0.9% (seasonally adjusted) in September, following a similar increase (+0.7%) the previous month.** Canadian sales were down 1.2% due to decreased automotive sales (-5.2%) and falling gas prices, which drove sales down 12.5% at gas stations. Among the provinces, only retailers in Saskatchewan (+1.4%) and Manitoba (+0.6%) made gains. In the rest of the country, sales declined at rates ranging from -0.7% in Newfoundland & Labrador to -1.9% in Ontario.
- **Sales by wholesalers in the province continued to seesaw in September, dropping 5.4% (seasonally adjusted) subsequent to a 6.9% increase in August.** Canadian sales were off 1.6%, with three of the larger provinces posting declines. Along with BC, wholesalers in both Quebec (-1.1%) and Ontario (-2.2%) saw wholesale slip.

Data Source: Statistics Canada

Data Source: Statistics Canada

Third Quarter in Review

- **Retail sales in the province increased 1.2% (seasonally adjusted) during the third quarter, building on a solid second-quarter gain of 2.6%.** Retailers of building & outdoor home supplies (+4.3%) and pharmacies (+3.0%) made solid gains while those in the automotive sector

Did you know...

BC is home to 424 (18%) of Canada's 2,338 health spas. The spa industry in BC generated approximately \$160 million in revenue last year. *Source: Canadian Tourism Commission*

(+1.8%), furniture, household furnishings & electronics (+1.3%) and general merchandise (+0.7%) stores posted more modest growth. Cash registers at both food (-0.4%) and clothing & accessories (-0.4%) stores rang up slightly less than in the second quarter.

Data Source: Statistics Canada & BC Stats

- **Wholesale sales in BC were up 3.2% (seasonally adjusted) in the third quarter, more than recovering from a 0.5% slip in the previous quarter.** Wholesalers of motor vehicles (+14.8%) saw the most significant increase and sales of apparel (+14.6%), office & professional equipment (+14.0%) and pharmaceuticals (+11.6%) were also notably higher. The lumber and millwork sector slipped 12.8% in the third quarter.

Data Source: Statistics Canada & BC Stats

Tourism

- **The number of travellers entering Canada via BC borders slipped (-0.6%, seasonally adjusted) in September, mirroring a 0.4% increase in August.** Entries from the US, which comprise most of the visits, were down slightly (-0.2%), as Americans made fewer same-day (-1.3%) trips into BC. Travel to BC from overseas countries was also down (-2.0%) in September with fewer entries from Asia (-0.7%), Europe (-2.8%) and Oceania (-2.6%).

Data Source: Statistics Canada & BC Stats

Charitable Donations

- **British Columbians' contributions to charitable donations surpassed the billion dollar mark (\$1.1 billion) in 2005, an increase of 13.1% over 2004.** The number of donors in BC was also up, rising 1.5% to over 715,000. Twenty-four percent of total tax filers in BC claimed a donation, slightly below the national average of 25%. However, the median amount donated per contributor in BC (\$300) was well above the national median (\$240). With almost 28% of tax filers declaring donations, Manitoba led the country in donor rates, while at just 11%, Nunavut had the smallest percentage of tax filers giving to charities. Despite the low donor percentage, those that did give to charities in Nunavut were some of the most generous in the country with a median donation of \$400.

Among census metropolitan areas (CMAs), tax filers in Abbotsford reported the highest median donation (\$560) in the country. Toronto was a distant second with a median of \$350, followed by Vancouver, Saint John and Saskatchewan (each \$310). *Data Source: Statistics Canada*

Investment Income

- **The number of investors in British Columbia jumped 5.6% in 2005, as over 1.1 million people reported nearly \$5.4 billion of income from investments.** The 37% of tax filers in BC reporting investment income was the highest ratio in the country for the second consecutive year. Among census metropolitan areas, Victoria (\$750) recorded by far the highest median investment income, followed by Vancouver (\$590), St. Catharine's-Niagara (\$500) and Calgary (\$500). Nationally, 33% of tax filers had investment income in 2005 and the number of those investors rose 3.4%. Alberta recorded the biggest increase in investors (+6.7%) over 2004.

Data Source: Statistics Canada

RRSP Contributions

- **More British Columbians are making contributions to RRSPs.** The number of tax filers claiming contributions rose 2.7% to nearly 785,000 last year. Total contributions reached \$4.2 million, an increase of 7.5% over 2004.

Data Source: Statistics Canada

The Nation

- **Corporations in Canada earned record high operating profits in excess of \$58 billion (seasonally adjusted) in the third quarter of 2006, an increase of 2.8% over the second quarter.** Profit margins for financial corporations were on the rise (+3.8% to \$16.0 billion) and operating returns for manufacturers advanced 7.9%.

Data Source: Statistics Canada

- **Canada's composite leading indicator advanced 0.2% (seasonally adjusted) in October, following more substantial gains in September (+0.4%).** Retail sales of other durable goods (-1.1%) and the stock market (+1.0%) were the strongest performing indicators.

Data Source: Statistics Canada

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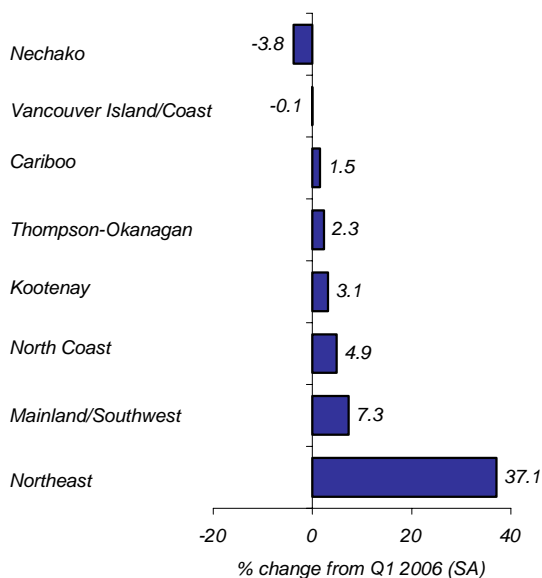
November 24th, 2006

Second Quarter Review of BC's Tourism Sector

Room revenues rebounded in the second quarter

Room revenues climbed 5.7% in the second quarter of 2006, more than making up for the previous quarter's losses (-2.6%). Revenues increased in five regions, with the most significant growth recorded in Northeast (+37.1%) where there was strong demand for temporary accommodations for workers. Mainland/Southwest, accounting for BC's largest share of total room revenues, posted a strong increase of 7.3%, regaining all of the ground lost in the first quarter (-4.2%). Accommodation businesses in North Coast survived the tragedy of the sinking of the *Queen of the North* ferry and saw room receipts rise (+4.5%). In addition, Kootenay (+3.1%), Thompson-Okanagan (+2.3%) and Cariboo (+1.5%) posted steady growth.

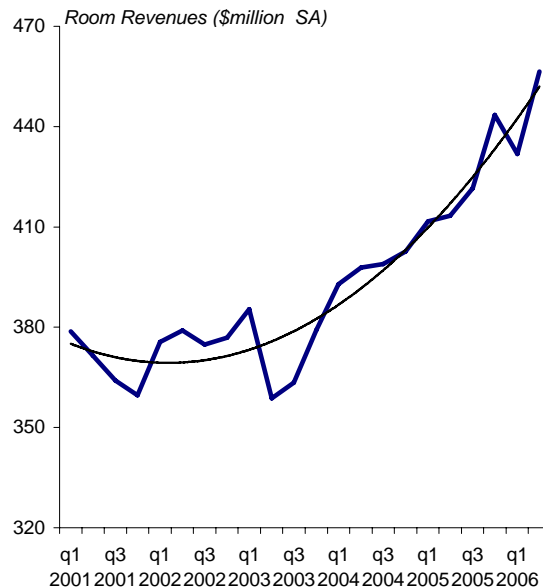
Northeast revenues soar, strong growth in most regions



Data Source: BC Stats

However, Vancouver Island/Coast saw room revenues inch down (-0.1%), and Nechako also had a weak second quarter (-3.8%).

Room revenues rebound



Data Source: BC Stats

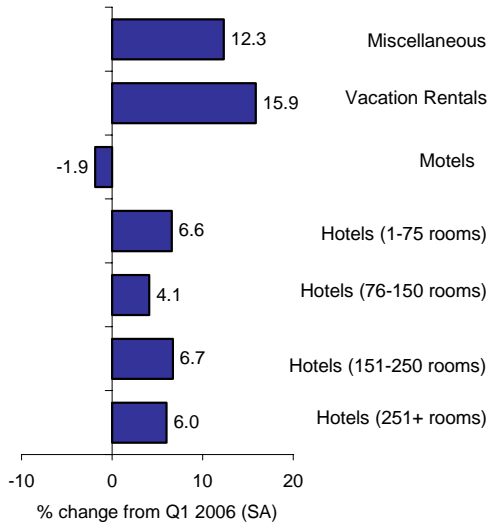
Room revenues in the second quarter reached a new high of over \$456 million, rebounding from a weak revenue performance at the beginning of the year.

Hotels of different sizes all recorded increases in the second quarter of 2006, posting a 5.7% gain. Large hotels (151-250 rooms; +6.7%) and small hotels (1-75 rooms; +6.6%) experienced similar growth. Very large hotels (251+ rooms, 6.0%) and mid-sized hotels (76-150 rooms, 4.1) performed better this quarter as well.

Business was robust at vacation rentals, posting a substantial increase of 15.9% and surpassing any other type of accommodations in BC. Room revenues at other types of accommodations, including bed and breakfast, fishing lodges and other kinds of short-term accommodations, also

grew (+12.3%) significantly. However, motels experienced a slump (-1.9%) in revenues.

All accommodation establishments but motels experienced growth in room revenues



Data Source: BC Stats

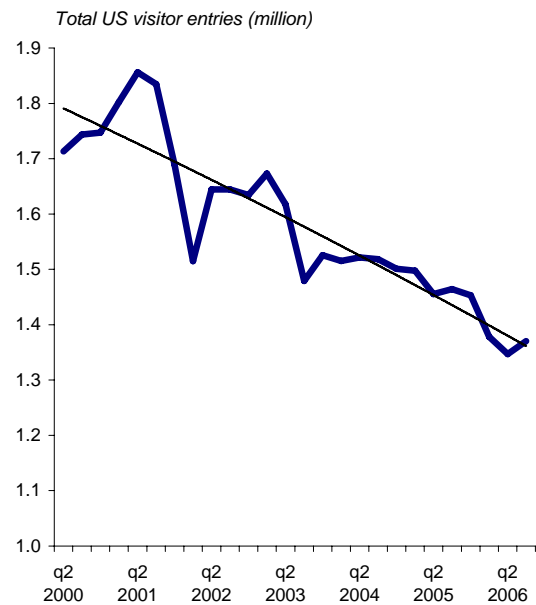
Visitor entries back on an upward trend

Visitor entries to Canada through BC border crossings were up 1.9% (seasonally adjusted) in the second quarter, increasing for the first time since the third quarter of 2005. US entries, which account for about 80% of total visitor entries, increased 1.7%. BC welcomed more same-day (+1.8%) and overnight (+2.0%) visitors from the US in the second quarter.

There were more overseas guests (+2.4%) coming to BC with prominent increases in entries from Oceania (+12.8%) and Europe (+8.3%). Asian entries, the major source of overseas visits, inched up (+0.9%) as well. Among the overseas markets, Australia (+15.5%), UK (+10.2%) and Hong Kong (+9.4%) recorded the biggest increases to BC.

The number of Canadians re-entering the country via BC rose 2.6%, after falling 0.8% in the first quarter. Canadians made more car trips to the US (+3.2%), accompanied by an increase (+0.3%) in overseas travels.

Long-run decline in US entreis continues despite an upturn in the second quarter



Data source: BC Stats

Other Indicators

Hotel occupancy rates averaged 66.6% (seasonally adjusted) in the second quarter, up 1.7 percentage point. Average room rates, at \$124.3, 4.9% higher than in the first quarter of 2006.

Both the Vancouver (+1.6%) and Victoria (+3.4%) airports were busier, experiencing higher passenger volumes. Traffic on the Coquihalla Highway was heavier (+0.6%), but BC Ferries welcomed fewer vehicles (-1.2%) and passengers (-0.9%) on board.

Employment in the major tourism-related industries edged up (+0.5%). The number of people working in accommodation (+2.0%), air transportation (+1.1%), and food & beverage services (+0.6%) grew in the first quarter, while employment in arts, entertainment & recreation industry (-1.3%) dropped moderately.

Restaurant, caterer and tavern receipts continued to climb (+2.6%), as an increase in revenues at food service establishments (+3.1%) offset lower receipts at drinking places (-4.4%).

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 also on the **Internet** at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Jul 1/06	% change on one year ago
BC	4,310.5	1.2
Canada	32,623.5	1.0
GDP and INCOME (Revised Nov 8)	2005	% change on one year ago
<i>(BC - at market prices)</i>		
Gross Domestic Product (GDP) (\$ millions)	168,855	7.2
GDP (\$ 1997 millions)	145,501	3.7
GDP (\$ 1997 per Capita)	34,173	2.4
Personal Disposable Income (\$ 1997 per Capita)	20,983	2.4
TRADE (\$ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Sep	3,532	0.2
Merchandise Exports - Sep	2,791	4.3
Retail Sales - Sep	4,482	-0.9
CONSUMER PRICE INDEX	% change on one year ago	12-month avg % change
<i>(all items - Oct 2006)</i>		
BC	1.1	1.8
Vancouver	1.7	1.7
Victoria	0.7	1.7
Canada	0.9	2.1
LABOUR FORCE (thousands)	Oct '06	% change on prev. month
<i>(seasonally adjusted)</i>		
Labour Force - BC	2,322	0.4
Employed - BC	2,214	0.6
Unemployed - BC	108	-3.1
		Sep '06
Unemployment Rate - BC (percent)	4.6	4.8
Unemployment Rate - Canada (percent)	6.2	6.4
INTEREST RATES (percent)	Nov 22/06	Nov 23/05
Prime Business Rate	6.00	4.75
Conventional Mortgages - 1 year	6.40	5.40
- 5 year	6.55	6.15
US/CANADA EXCHANGE RATE	Nov 22/06	Nov 23/05
<i>(avg. noon spot rate)</i> Cdn \$	1.1413	1.1719
US \$ <i>(reciprocal of the closing rate)</i>	0.8768	0.8532
AVERAGE WEEKLY WAGE RATE	Oct '06	% change on one year ago
<i>(industrial aggregate - dollars)</i>		
BC	732.68	3.7
Canada	733.76	3.2

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada
 Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
 For latest Weekly Financial Statistics see www.bankofcanada.ca

Small Business Quarterly (FREE)

This longstanding periodical is now available for free on our site. Check out the latest issue (including data tables) and browse previous articles (previous articles have always been free for all our subscription periodicals).

www.bcstats.gov.bc.ca/pubs/pr_sbq.asp

A Guide to the BC Economy and Labour Market

The third edition of the *Guide* is now available. The *Guide* is a useful resource which provides an overview of the provincial economy and the characteristics of its workforce. Written by Lillian Hallin of BC Stats, it focuses on provincial industries with an emphasis on their human resource side. Economic terms are explained and examples provided, so that a background in economics is not needed to understand the material. The *Guide* also provides an historical perspective on how the provincial economy has developed, as well as what it may look like in the future.

www.bcstats.gov.bc.ca/pubs/econ_gui.asp

Released this week by BC STATS

- Consumer Price Index
- Quarterly Regional Statistics, 3rd Quarter 2006

Next week

- Business Indicators
- Current Statistics