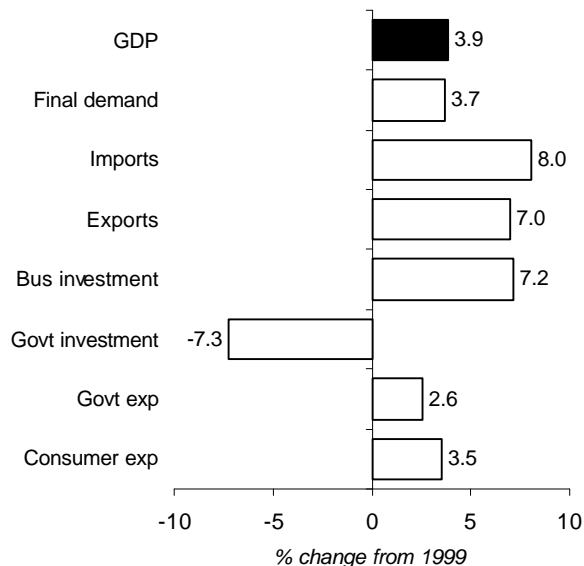


Current Statistics ♦ November 2001

Consumer and business spending spurred economic growth in 2000



- British Columbia's economy put in its strongest performance since the early 1990s, expanding 3.9% in 2000.** The increase was a full percentage point higher than the 2.8% gain posted in 1999, and more than double the 1.7% growth that occurred in 1998. The economic growth was largely driven by domestic demand for goods and services, which rose 3.7% in 2000. Consumers (+3.5%) increased their spending substantially. Government spending on goods and services rose 2.6%, but investment in fixed capital was down (-7.3%), largely because less money (-18.0%) was spent on non-residential structures. Federal, provincial and local government purchases of machinery and equipment increased 26.0%.

Business investment (+7.2%) showed its first big increase since 1997. Investment in residential structures remained weak (-1.2%), but the decline was mild compared to the previous two years. Substantial increases in spending

on non-residential structures (+17.6%) and machinery and equipment (+8.0%) were more than enough to boost the total.

The province's trade deficit worsened, rising to \$4.2 billion in 1997 dollars. British Columbia continued to see relatively strong export growth at both the international (+8.3%) and interprovincial (+3.8%) levels, but the gains were eroded by even stronger increases in imports from other countries (+9.3%) and provinces (+6.3%). BC's dependence on goods and services produced elsewhere in Canada is the reason for its large, and growing, trade deficit. The province's interprovincial trade deficit was \$9.0 billion last year. The international trade surplus (+\$4.9 billion) increased slightly in 2000. *Source: Statistics Canada*

- Wages, salaries and benefits earned by BC workers edged down 0.1% (seasonally adjusted) in September.** This marked the fourth straight month in which labour income in the province has showed little or no change. The consistent weakness in the labour income data so far this year is a signal that the economy is grinding to a halt. Labour income accounts for about 60% of GDP and when this component is weak, it is unlikely that other elements of national or provincial income will show substantial gains. *Source: Statistics Canada & BC STATS*
- The province's unemployment rate increased half a percentage point in October, rising to 8.2% (seasonally adjusted).** The upward movement in the rate was mainly due to job losses. The number of people with jobs fell 0.7%, while the size of the labour force (those either working or looking for work) decreased 0.1%. *Source: Statistics Canada*
- BC municipalities issued permits for construction projects valued at \$438 million (seasonally adjusted) in September.** This was up nearly a quarter (+23.6%) from the previous month. The increase was largely due

to planned spending on hospitals and health care institutions. A projected building boom in the residential sector (+9.1%) also pushed the value of permits up in September. Planned spending on residential projects was driven up by a strong gain in the value of multi-family permits issued. *Source: Statistics Canada*

- **Housing starts in the province increased 10.9% (seasonally adjusted) between September and October.** Despite a slowdown during the summer, new housing construction in the province has enjoyed a rebound during 2001. Year-to-date, the number of starts in BC was up 18.0% from the first ten months of 2000, marking the first time since 1997 that starts have increased during the first ten months of the year. *Source: CMHC*

- **British Columbia's consumer price index (CPI) was 1.1% higher this October than in the same month last year.** The rise in the overall price level was the smallest since last March, largely because energy prices have begun to moderate. Overall, the cost of fuel and electricity was down 1.1% from October 2000, reflecting lower prices for fuel oil (-8.5%) and gasoline(-5.2%). Natural gas prices were up 10.1%, well below the 20-54% increases seen during the last two years. Excluding food and energy costs, BC's consumer price index rose a modest 0.6%. *Source: Statistics Canada*

- **The value of goods shipped by BC manufacturers fell 2.7% (seasonally adjusted) between August and September.** The drop in shipments was the fourth in as many months, and reflected weakness in both the durable (-3.8%) and non-durable (-1.3%) sectors. Shipments were flat or down in 13 of the 18 manufacturing industries for which data is published. Wood shipments were down 3.5% while the value of paper shipped by BC producers fell 3.1%. *Source: Statistics Canada*

- **Retail sales in the province fell 0.3% (seasonally adjusted) in September.** The drop in sales was modest compared to other parts of the country. Sales were down 1.7% at the national level, and fell substantially in five provinces. *Source: Statistics Canada*

- **Wholesale sales in BC decreased 2.2% (seasonally adjusted) in September.** Sales were generally weak in most parts of the country, falling 0.9% at the national level. *Source: Statistics Canada*

- **Department store sales in BC and the north rebounded in October, rising 4.5% (seasonally adjusted).** Spending at department stores had been down in both August (-2.9%) and September (-4.8%), mirroring a nationwide trend. *Source: BC STATS & Statistics Canada*

- **Cash receipts from farming operations in the province rose substantially in the third quarter (+15.5%), boosted by strong growth in earnings from crop (+23.2%) and livestock (+7.5%) sales.** *Source: Statistics Canada*

- **Exports of BC products fell 8.3% (seasonally adjusted) in September, as the value of shipments to both the US (-3.2%) and overseas (-20.3%) plummeted.** Shipments to overseas destinations fell at double-digit rates almost across the board. Agri-food products (+18.7%) were the only exception. The decline in US-bound exports was due to weakness in the resource sector. Forest (-2.7%), agri-food (-5.3%) and mining (-22.2%) exports all declined. *Source: BC STATS*

Exports continued to decline in September

