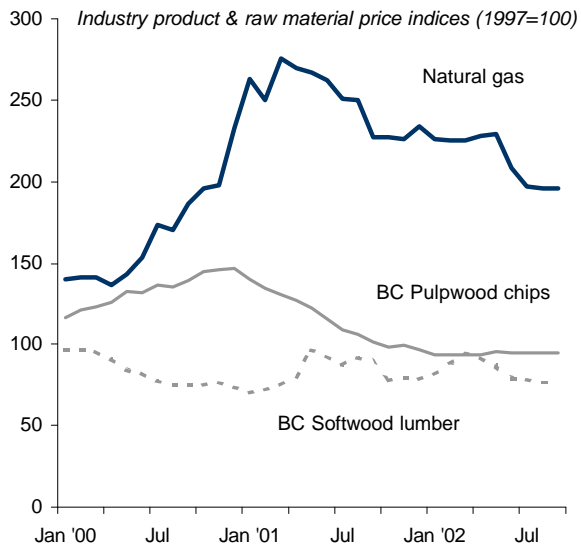


Current Statistics ♦ October 2002

Although natural gas prices have fallen, they remain well above 2000 levels



- Canadian manufacturers' prices were 0.5% higher this September than in the same month last year.** Higher prices for primary metal products (+5.0%) were an important factor in the modest rise in the index. Producers of fruits, vegetables and beverages also saw their selling prices increase significantly during the twelve-month period ending in September.

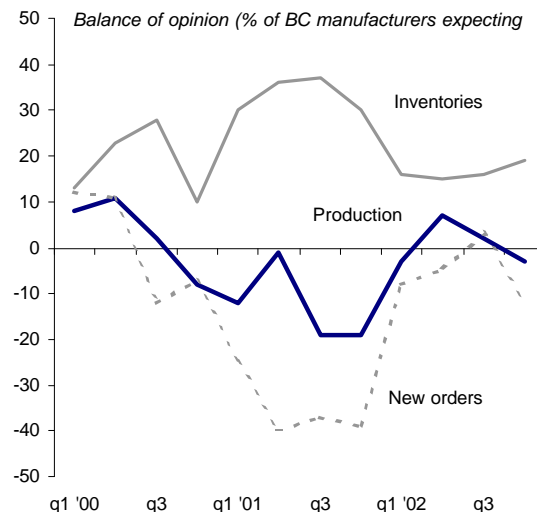
Softwood lumber prices in BC remained depressed (-14.6%), driven down by lower prices received by producers based in the Interior (-21.7%). However, prices at coastal mills were up 2.0%. Softwood lumber prices have been affected by the trade dispute with the US, as some producers have absorbed part or all of the countervailing duty on softwood lumber products. BC producers of pulpwood chips (-6.3%) and Canadian manufacturers of newsprint paper for export markets (-18.5%) also faced a continued slump in prices. The price of natural gas was off 13.6% from the September 2001 level, but remained well

above the long-run average for this commodity. Oil prices have begun to climb, increasing 15.3% in September. *Source: Statistics Canada*

- BC manufacturers surveyed in October were somewhat less optimistic about the future than they had been earlier in the year.** However the mood in BC is not as gloomy as it was last year. Twenty-one percent of manufacturers said they expected production to be higher in the fourth quarter, compared to 24% who were anticipating a decline. They were less upbeat about new orders, however. Just 13% expected new orders to rise, compared to 5% who anticipated that they would drop off. One in four said they expected to have fewer unfilled orders in the fourth quarter, compared to just 6% who thought they would be higher. Twenty-three percent anticipated that inventories would be too high, while 4% thought they would be too low. Shortages of working capital are expected to be a problem for 11% of manufacturers, while 9% anticipate that a shortage of skilled labour will hamper their production.

Source: Statistics Canada

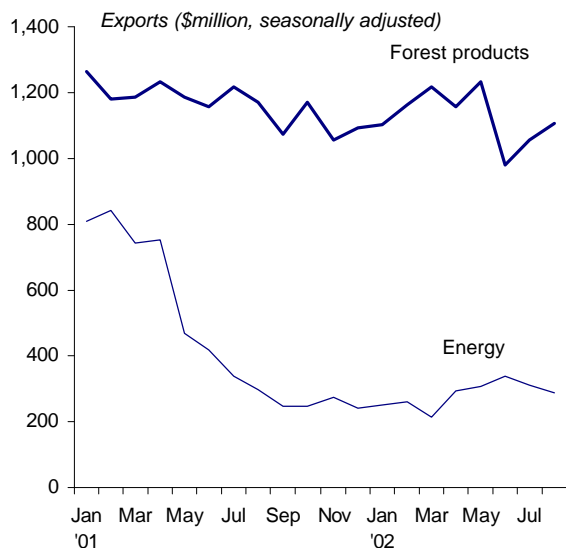
The mood among BC manufacturers is not as gloomy as it was in 2001



- **Shipments of goods manufactured in BC increased 1.4% (seasonally adjusted) between July and August.** BC's three largest manufacturing industries—wood (+8.3%), paper (+2.5%) and food (+0.7%)—all posted gains. Overall, shipments of durable goods were up 1.7%, largely due to the strong showing by wood manufacturers, but also because producers of electrical equipment (+9.4%), machinery (+7.6%) and non-metallic minerals (+2.5%) increased their shipments. However, the computer and electronics industry (-6.1%) continued to falter, and shipments of transportation equipment were off 30.9%.

Source: Statistics Canada

Forest product exports have begun to pick up after plunging in June



- **Exports of BC products increased 1.3% (seasonally adjusted) between July and August.** Forest products, which make up about half the total value of BC's exports, rose 4.8%, posting a second consecutive monthly gain in August. However, energy (-7.0%) exports continued to slump, while shipments of industrial and consumer goods dropped off 4.1%. Machinery & equipment and auto product exports rose only marginally (+0.3%) but international shipments of agriculture and fish products expanded 9.8%. US-bound exports were up 3.0%, largely due to an increase (+6.1%) in forest product exports. Exports to other countries fell 2.2% in August.

Source: BC STATS

- **Sales by retailers in the province inched down 0.1% (seasonally adjusted) in August after falling (-1.1%) in the previous month.** Wholesale sales were up, rising 2.8% during the same period.

Source: Statistics Canada

- **Motor vehicle sales in BC and the territories fell (-5.0%, seasonally adjusted) in August, declining for the first time since March.**

Source: Statistics Canada

- **Restaurant, caterer and tavern receipts in the province edged down 0.3% (seasonally adjusted) between July and August.** Both food services (-0.2%) and drinking (-2.7%) establishments posted declines.

Source: Statistics Canada & BC STATS

- **There were 797 consumer bankruptcies registered in the province in August, down (-3.6%) from 827 in the same month last year.** The number of business bankruptcies totalled 88 in August, up from 87 a year earlier.

Source: Industry Canada

- **The value of building permits issued by BC municipalities fell 4.6% (seasonally adjusted) between July and August.** Overall, permits for non-residential building were down 27.6%.

Source: Statistics Canada

- **Housing starts in the province continued to bounce in September, dropping 37.7% (seasonally adjusted) after posting a 47.6% gain in August.** The latest decline brought the level of starts down to their lowest value since the spring.

Source: CMHC

- **Employment in British Columbia edged up slightly (+0.1%, seasonally adjusted) in September, with a net gain of 1,300 jobs.** The labour force grew 0.4% during the same period. BC's participation rate, which has trended up for seven consecutive months, added 0.2 percentage points to reach 65.4%, the highest level since April 1999. The unemployment rate, having fallen for 3 consecutive months from its May high of 9.5%, rose to 8.1% in September from 7.8% in August.

Source: Statistics Canada