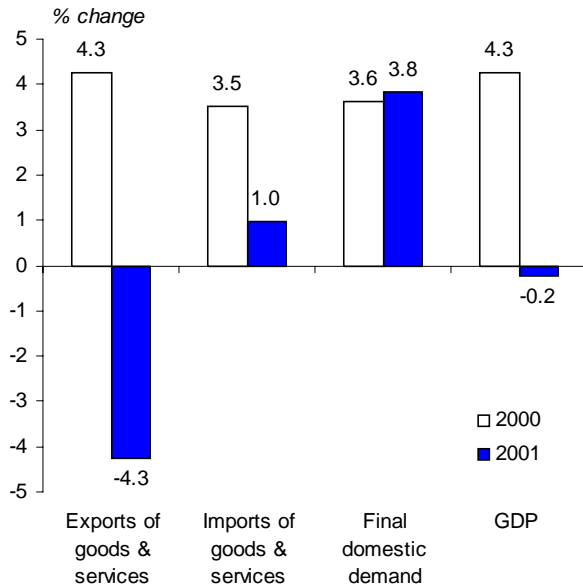


Current Statistics ♦ November 2002

BC's economy shrank 0.2% in 2001, despite strong domestic demand for goods and services



- British Columbia's economy shrank 0.2% in 2001.** The modest decline in GDP was largely due to the external sector, as final domestic demand for goods and services remained robust, increasing 3.8%. Inventory changes also contributed to the downturn. After building up their inventories during most of the previous decade, BC producers reduced their stock to meet demand last year. Inventory reductions are generally a sign of weakness in the economy, since they mean that producers are choosing to fill orders from existing stocks rather than boosting their production.

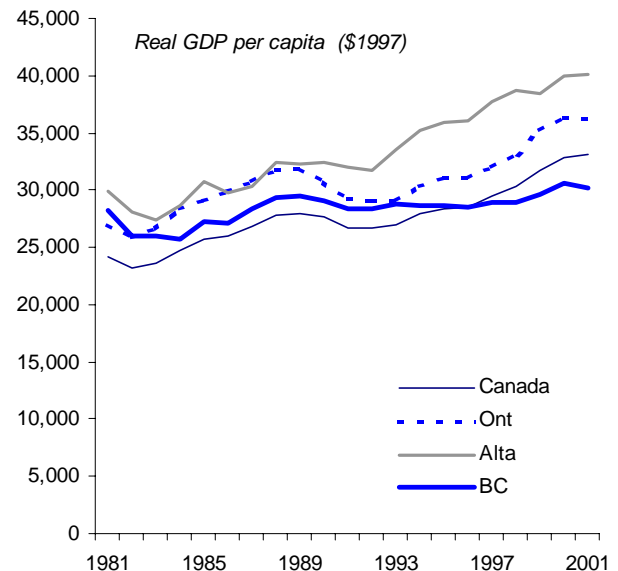
Overall, exports were down 4.3% in 2001, largely due to a 7.4% decline in the value of goods and services exported to the US and overseas. Interprovincial exports (+3.7%) provided a boost to the economy. Imports rose 1.0%, further dampening the province's growth, as BC consumers and

producers purchased more goods and services from other parts of the country (+5.0%). The value of international imports was down 1.8% in 2001. *Source: Statistics Canada*

- BC's real per capita GDP fell 1.1% in 2001, dropping to \$30,252 in 1997 dollars.** Per capita GDP also declined in Saskatchewan (-0.7%), PEI (-0.7%) and Ontario (-0.1%). The Canadian figure increased 0.5%, to \$33,058. Among the provinces, Alberta (\$40,112) had the highest per capita GDP, followed by Ontario (\$36,256), Saskatchewan (\$30,312) and BC. Alberta and Ontario were the only provinces where per capita GDP was above the national average.

Source: Statistics Canada

Real GDP per capita also fell as the province continued to lag the national average



- British Columbia's unemployment rate rose 0.2 percentage points, to 8.3% (seasonally adjusted), in October as employment edged down 0.1%.** BC's la-

bour force was unchanged at 2.2 million in October. An increase in the number of self-employed British Columbians (+2.3%) only partly offset a drop in the number of employees (-0.7%). Employment fell in both the public (-1.3%) and private (-0.5%) sectors.

Source: Statistics Canada

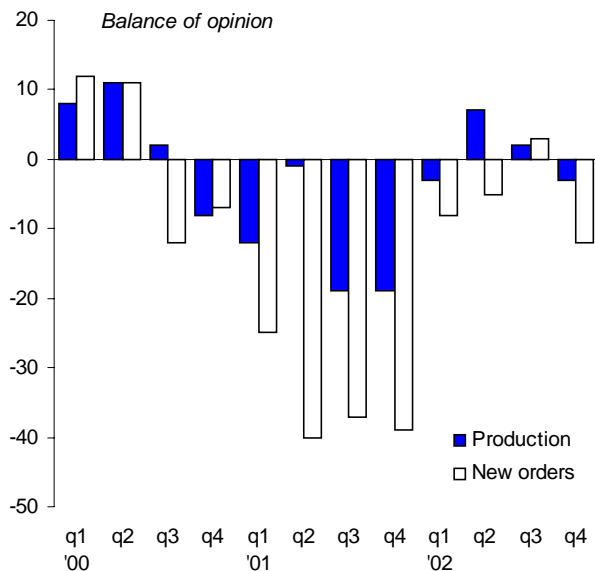
- **Housing starts in the province continued to seesaw in October, rising 20.2% (seasonally adjusted) after falling 37.7% in the previous month.**

Source: CMHC

- **The value of building permits issued by BC municipalities increased 16.5% (seasonally adjusted) between August and September.** Planned construction of both residential (+12.1%) and non-residential (+27.9%) projects was well above August levels.

Source: Statistics Canada

BC manufacturers continue to have a rather gloomy outlook on the future



- **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

25% 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

- **British Columbia's all-items consumer price index (CPI) was 2.5% higher in October than in the same month last year.** The year-over-year inflation rate in BC was among the lowest in the country. Tobacco taxes continued to account for much of the increase in the CPI at both the national and provincial levels. Relative to October 2001, the cost of tobacco products in BC was up 33.3%.

Source: Statistics Canada

- **Exports of BC products edged up 0.6% (seasonally adjusted) between August and September.** The increase in the value of exports was largely due to higher shipments to the US (+3.7%). Exports to all other countries were down 5.9%. The boost in exports to the US came from the energy (+20.5%) and forest products (+3.5%) sectors, where the value of exports has continued to grow despite punishing countervailing duties.

Source: BC Stats & Statistics Canada

- **Shipments of goods manufactured in the province fell 2.9% (seasonally adjusted) between August and September.** The drop in the value of shipments occurred more or less across the board, with all three of BC's biggest industries posting declines.

Source: Statistics Canada

- **Retail sales in the province fell 0.2% (seasonally adjusted) between August and September.** Sales by wholesalers in the province edged down 0.2% (seasonally adjusted) between August and September.

Source: Statistics Canada