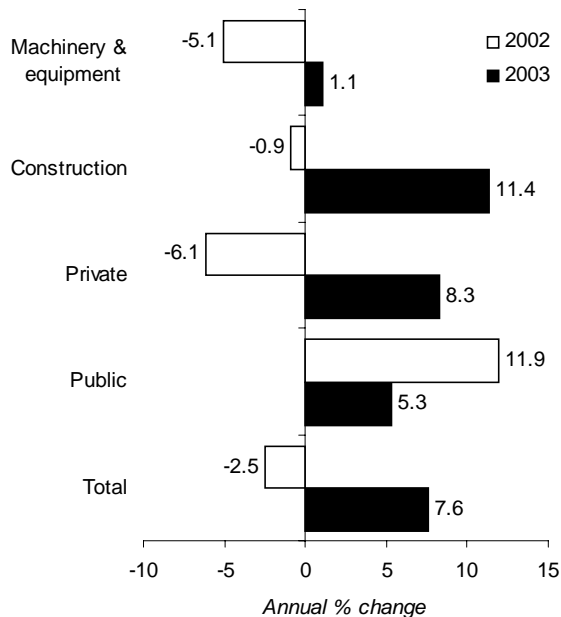


Current Statistics ♦ July 2003

Both private and public sector investment is expected to increase this year as total spending rises 7.6%



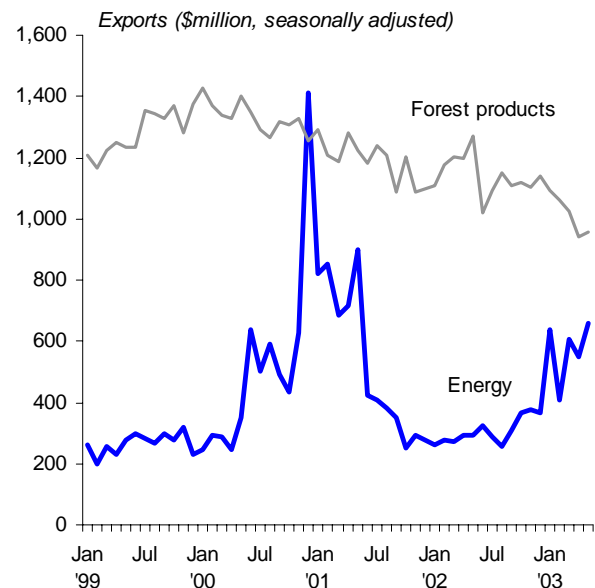
- BC public and private sector organizations surveyed in the second quarter were more bullish about their spending plans than they had been at the beginning of the year. Investment in structures and equipment is now forecast to increase 7.6% this year. Both public (+5.3%) and private (+8.3%) sector establishments anticipate substantial increases in investment spending this year. The increase is expected to come primarily from new construction, which is forecast to rise 11.4% as spending on both residential (+11.1%) and non-residential (+11.6%) structures increases at double-digit rates. Purchases of machinery and equipment, however, are expected to be only slightly higher (+1.1%) than in 2002.

With the exception of communication and utilities (-9.3%), most industries in the province expect to increase their spending on

fixed capital this year. Investment by primary industries is forecast to rise 29.3%, and the manufacturing sector plans to boost spending 23.6% in 2003. *Source: Statistics Canada*

- BC's inflation rate continued to moderate in June, falling to 1.7% (year-over-year). The inflation rate had topped three percent at the beginning of the year, but has been easing since April as energy prices have begun to level off after spiking during the winter. They were up 2.8% in June. Clothing and footwear (-0.6%) prices continued a year-long decline, and lower prices for personal care products and services (-3.1%) also provided some relief to consumers. *Source: Statistics Canada*

Energy products are becoming an increasingly important part of BC's export mix, partly because of recent price increases



- Exports of goods manufactured in the province advanced 2.5% (seasonally adjusted) in May, boosted by an 8.5% increase in international shipments to the US. Soaring energy sales (+27.7%) and a modest improvement in the value of forest product

exports (+1.6%) both contributed to the increase. US-bound exports of most other BC products were also up in May. However, BC's shipments to overseas destinations remained depressed (-10.5%), falling for the third month in a row. *Source: Statistics Canada*

- **BC manufacturing shipments edged down 0.8% (seasonally adjusted) in May, the fifth straight month of descent.** A slump in durable goods—principally wood shipments (-3.9%)—fuelled the decline. Some of the smaller elements of durable goods, such as clothing (-11.1%) and computers/electronics (-10.5%) were also down in May. Shipments of non-durables actually increased 1.9%. *Source: Statistics Canada*

- **Sales by retailers in the province fell 0.5% (seasonally adjusted) in May, as retail activity in the province remained sluggish.** Supermarkets, food stores and gas stations all saw sales slip in May. Wholesale sales were stable (-0.1% seasonally adjusted) following three months of decline. *Source: Statistics Canada*

- **New motor vehicle sales in BC rose 5.5% (seasonally adjusted) in May.** *Source: Statistics Canada*

- **Restaurant and tavern receipts in BC edged downward 0.9% (seasonally adjusted) in May.** *Source: Statistics Canada and BC Stats*

- **There were 11,516 BC business incorporations between January and June, 10% higher than in the first six months of 2002.** This is the highest level since the first half of 1997 (11,992 incorporations). *Source: BC Ministry of Finance Data*

- **Investment in non-residential building construction in BC fell 2.9% (seasonally adjusted) between the first and second quarters.** Spending was down 2.0% in Vancouver, but increased 2.8% in Victoria. *Source: Statistics Canada*

- **Housing starts in the province bounced back (+6.3%, seasonally adjusted) in June, after plunging (-17.5%) in May.** *Source: CMHC*

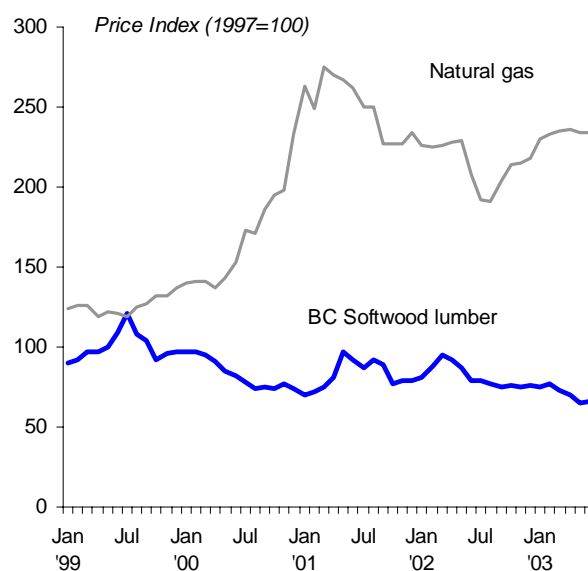
- **The cost of new housing in BC's two biggest cities continued to climb in May.** The new housing price index rose 3.4% in Victo-

ria, and increased even more (+5.1%) in the Vancouver area. *Source: Statistics Canada*

- **The value of building permits issued by BC municipalities fell 2.5% (seasonally adjusted) in May.** Permits for residential projects advanced 8.7%, planned spending on non-residential projects was down sharply (-24.6%). *Source: Statistics Canada*

- **BC softwood lumber prices remained depressed in June, at 16.2% below the June 2002 level.** Wood pulp (-0.7%) and newsprint export (-7.0%) prices were also down. However, the price of natural gas was 12.4% higher than in June 2002. *Source: Statistics Canada*

Natural gas prices are climbing



- **British Columbia's unemployment rate fell 0.3 percentage points to 8.3% (seasonally adjusted) in June.** The drop in the jobless rate was due to a 0.3% decline in the size of the labour force, combined with a marginal increase (+0.1%) in employment. *Source: Statistics Canada*

- **The number of British Columbians receiving regular Employment Insurance (EI) benefits increased 2.2% (seasonally adjusted) between April and May, rising to 64,560.** Nationwide, there were 561,370 EI beneficiaries, up 2.7% over the April level. *Source: Statistics Canada*