

Current Statistics ♦ May 2006

- **British Columbia's economy continued to grow at a fast clip in 2005, with GDP increasing 3.5% (in chained 1997 dollars) during the year.** Alberta (+4.5%) was the only region to outpace BC last year. The Canadian economy expanded 2.9%. Despite BC's solid performance last year, GDP growth was not as strong as in 2004, when the economy expanded 4.0%.

Final domestic demand (total spending by consumers, businesses and governments) remained the main source of economic growth. Domestic demand advanced 4.8% in 2005, partly on the strength of an 8.5% increase in business investment. Businesses in the province spent 16.7% more on new machinery and equipment than in 2004, and residential investment was up a robust 8.6%. However, investment in non-residential structures slumped (-1.8%) for the second year in a row. Government investment in structures (+5.6%) and machinery and equipment (+7.3%) also provided a boost to the economy. Consumer spending advanced 4.6%, the strongest gain since 1989. Purchases of durable goods (+5.5%) and services (+5.3%) were particularly robust. Government spending on goods and services continued to increase at a slow pace (+1.5%).

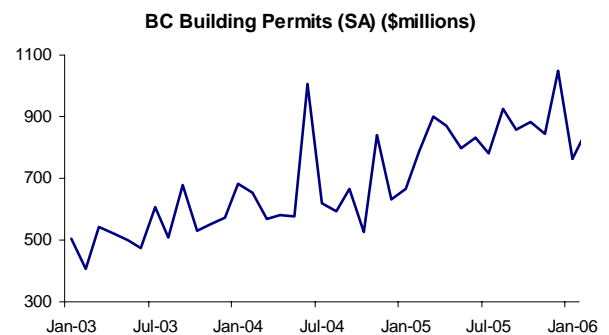
Export growth slowed to 2.9% from the 5.7% increase posted in 2004. However, the value of imported goods and services rose even more (+6.0%) as the province continued to purchase more goods and services from other regions than it sold to them.

Data Source: Statistics Canada

- **The value of building permits issued by BC municipalities advanced 20.3% (seasonally adjusted) in March, following a solid increase in February.** The residential sector (+30.7%) was the leading factor in the planned increase

in spending. Non-residential building permits remained relatively flat (+0.6%) with increases in permits issued for institutional and government building construction (+10.2%) offsetting declines in both the commercial (-1.3%) and industrial (-14.5%) sectors.

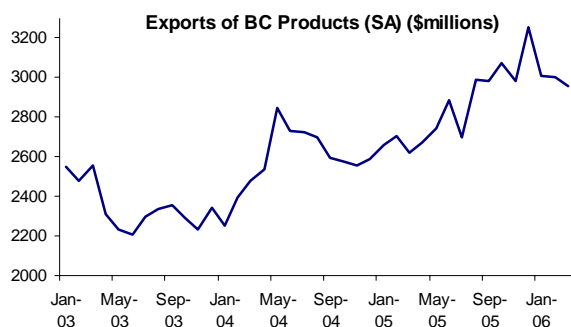
In Vancouver, permits jumped 37.4% in March on the strength of its booming housing sector. However, building intentions in Abbotsford were down a significant 21.5% after a similar decline in February. Permits slipped 1.8% in Victoria.



- **Exports of BC products slipped (-1.5%, seasonally adjusted) in March, posting the third consecutive monthly loss.** A 14.7% slump in exports of energy products drove overall exports down, despite increases in all other major commodity groups. Shipments of forest products remained fairly flat (+0.1%). Exports to the US fell 4.6%, also largely due to a decline in the value of energy shipments (-22.5%), although shipments of agriculture and fish products (-3.5%) and forest products (-0.5%) also dropped. Exports to other destinations were up 4.2%, reflecting upturns across all major commodities, except energy products (-0.2%).

Canadian exports increased 1.1% in March. Shipments to the US remained flat (0.0%), while exports to Japan (+19.3%) and the

European Union (+11.1%) strengthened. An expansion in machinery and equipment exports (+8.1%) accounted for most of the increase, but shipments of agricultural and fishing products (+3.1%) were also up. Exports of energy (-0.3%), forestry (-0.8%) and automotive (-2.0%) products were down from February levels. *Data Source: Statistics Canada*



- **The number of housing starts in the province dipped 3.8% (seasonally adjusted) in April, following a relatively flat March (+0.2%). BC was one of seven provinces to see a slowdown in housing projects.** Saskatchewan (+9.7%), New Brunswick (+37.5%) and PEI (+40.0%) were the only provinces to see more housing starts last month than in March. Canadian starts were down 13.3%. *Data Source: CMHC*

- **British Columbia's year-over-year inflation rate stood at 1.8% in April, the same as in March (+1.8%).** The increasing cost of energy products (+7.0%) continues to put inflationary pressure on the economy, contributing a full half of a percentage point to the overall Consumer Price Index (CPI). Excluding energy, the inflation rate was 1.3%. Transportation costs have risen 4.4% in the last year, largely due to soaring prices for gasoline (+11.3%); public (+7.2%) and private (+4.0%) transportation were both affected. Consumers are paying more for fuel oil (+4.9%) and piped gas is 4.2% more expensive; however, the relative stability in the price of electricity (+0.5%) helped moderate the inflation in the cost of shelter (+2.6%). The cost of food climbed only 0.8% and prices for household furnishings (-2.8%)

and clothing (-0.6%) were both down from April last year.

The cost of services (+2.3%) has climbed faster than that of goods (+1.1%) over the last year. Health and personal care was more costly (+2.0%) as was tuition (+2.9%), though British Columbians enjoyed lower prices for recreational equipment and services (-5.8%).

Data Source: Statistics Canada

- **Sales by retailers in the province rose 0.7% (seasonally adjusted) in March, after dipping (-0.2%) in the previous month.** Retailers of automotive products and furniture, household furnishings and electronics made solid gains while clothing retailers and building and outdoor home supply stores posted more modest growth. However, other retailers did not fare as well. Sales by general merchandisers were flat, and food and drug stores rang up smaller totals in March. Sales were up in most parts of the country, rising 1.5% overall. The biggest gain was in Ontario, where sales jumped 2.9% after slumping (-2.2%) in the previous month. *Data Source: CMHC*

- **Wholesale sales increased 2.3% (seasonally adjusted) in March, posting the fourth gain in five months.** Recent increases have mostly been attributable to the building materials and the machinery and electronic equipment sectors. Nationally, wholesale sales edged up 0.8%, with five provinces recording gains. The strongest sales growth in March was in Alberta (+2.3%) and BC. *Data Source: Statistics Canada*

