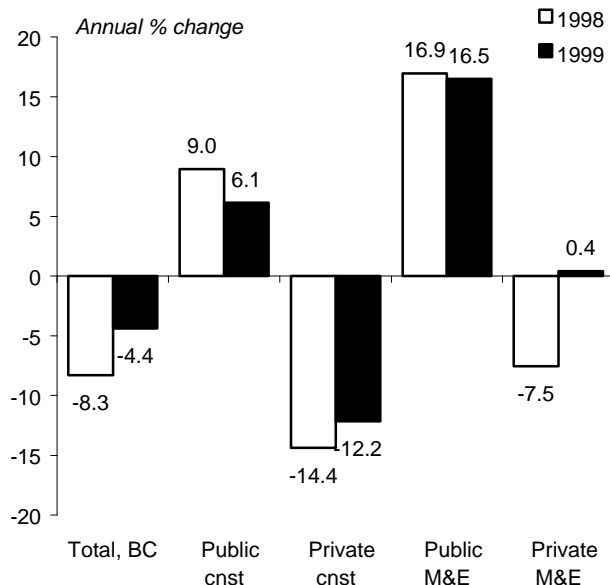


Current Statistics ♦ February 1999

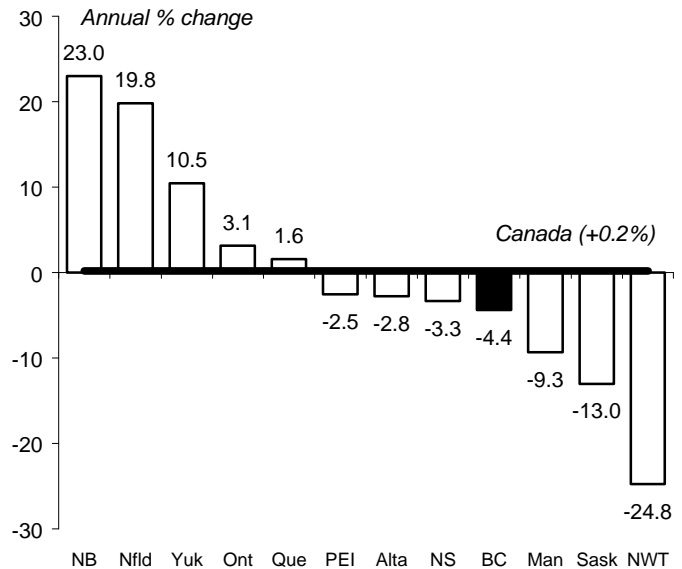
- Private and public sector investment in the province is expected to reach \$18.2 billion this year, 4.4% less than in 1998. Despite the decline, private and public sector organizations surveyed between October and January expect the deterioration this year to be more moderate than the 8.3% decrease seen in 1998. Investment by the public sector is expected to rise 8.7% (to \$4.1 billion), while private sector organizations say they will spend \$14.1 billion on housing, new plant and equipment this year, 7.6% less than in 1998.

It is anticipated that total purchases of machinery and equipment will rise 2.7%, but construction is expected to be down 8.0% during 1999. The negative outlook for construction is largely driven by an expected 10.7% decline in residential investment. Non-residential projects are predicted to dip more moderately, falling 5.5% during the year. *Source: Statistics Canada*

Public sector spending is expected to increase, but private organizations in BC say they will hold back on most new investment during 1999



Private and public sector investment is expected to decline in seven regions



- Across the country, investment intentions were generally weaker this year than in 1998. Canadian private and public investment is expected to remain stagnant, increasing only 0.2% after rising 2.5% in 1998. Investment is expected to decline in seven provinces and territories this year, with NWT (-24.8%) being hardest hit. Private and public sector organizations in all four western provinces anticipate spending less on plant and equipment during 1999 than in 1998. Investors in central Canada were more bullish, predicting a 3.1% increase in Ontario, and growth of 1.6% in Quebec. New Brunswick (+23.0%) led the regions, with strong increases anticipated in purchases of machinery and equipment (+26.6%) and construction (20.2%) in that province. *Source: Statistics Canada*

- BC retailers bucked a national trend in December, with sales increasing 0.4% (seasonally adjusted) over the November level, more than in any other part of the country. Canadian retailers did not fare well during the Christmas rush. Sales were down

0.3% (seasonally adjusted) in December, as retail sales fell back in seven regions. Retailers in Newfoundland (-3.8%), NWT (-1.3%) and PEI (-0.9%) put in the weakest performance.

Source: Statistics Canada

- **Retail sales in the province declined 1.5% during 1998, to \$33.2 billion.** BC was the only province where retail sales were weaker in 1998 than in the previous year. Declining sales in drug (-3.8%), automotive (-3.6%), furniture (-2.1%) and food (-1.0%) stores all contributed to the downturn. However, general merchandise (+1.7%), clothing (+0.5%) and other (+2.2%) stores did better last year than in 1997.

Canadian sales rose 4.3% last year, led by strong growth in Ontario (+8.0%) and New Brunswick (+6.0%). Alberta (+4.8%) and PEI (+4.5%) also posted gains above the national average. In the rest of Canada, increases ranged from +0.2% in Saskatchewan to 4.0% in Nova Scotia.

Source: Statistics Canada

- **Wholesale sales in British Columbia fell 1.8% during 1998.** Wholesalers in Alberta (-1.5%) and Nova Scotia (-0.4%) also sold less last year than they had in 1997. Quebec (+6.7%) posted the largest increase of any province. Canadian sales were up 3.6%.

Source: Statistics Canada

- **Exports from British Columbia totalled \$25.8 billion last year, after reaching \$26.8 billion in 1997.** BC's exports were down 3.5% during the year, marking the second time since 1995 that they have fallen. The primary reason for the decline last year was a drop in forest product exports (-9.2%). BC's forest sector has been buffeted by external events such as the Asian economic crisis, which has resulted in less demand for BC wood products used in new housing construction. In addition, lower softwood lumber prices (export prices for softwood lumber fell 12.7% last year) have reduced the value of international sales. However, this effect has been somewhat mitigated by a weak Canadian dollar, and by upward movement in the prices received by producers for some paper products such as newsprint (+8.9%).

Source: Statistics Canada & BC STATS

- **The value of BC manufacturing shipments ended the year down 2.8% from the 1997 total as shipments fell or were flat in the province's two largest manufacturing industries.** The largest industry—wood manufacturing—posted the largest annual decline (-10.9%). In the paper industry, shipments rose marginally (+0.4%), marking the first improvement since 1995. The bright spots were the transportation equipment (+27.8%), furniture and fixtures (+14.1%), electrical and electronic equipment (+11.4%) and miscellaneous manufacturing (+14.2%) industries, all of which grew at double-digit rates. The electrical and electronics industry continued a five-year trend of double-digit growth.

Source: Statistics Canada

- **British Columbia farmers received \$1.8 billion from sales of crops, livestock, and other payments last year.** This was virtually unchanged (+0.1%) from 1997. Canadian farm cash receipts declined 2.1% in 1998, as farmers in the prairies (-4.6%) and Ontario (-1.3%) were hurt by lower grain prices and a collapse in the hog market.

Source: Statistics Canada

Most economic indicators were weak during 1998

