

Current Statistics ♦ May 1999

Housing starts, retail sales, and exports picked up speed in the first quarter of 1999



- **During the first three months of the year, BC's exports increased 8.4%, compared to the same period last year.** Exports were up for the third straight quarter, suggesting that the province may be about to regain its position near the front of the pack.

Alberta (-11.2%) and Saskatchewan (-20.9%), where exports have been in the doldrums ever since the oil patch began to cool down, have fallen behind the other provinces. Exports increased 9.4% at the national level, largely due to strong gains in Ontario (+17.4%), Nova Scotia (+16.1%) and Quebec (+10.7%). BC was the only other province with a significant increase in the value of its exports.

Source: Statistics Canada

- **Shipments by BC manufacturers were up 0.8% (seasonally adjusted) in the first quarter of 1999, marking the third consecutive quarter in which they have risen.** At the national level, shipments also increased 0.8%, down from 6.6% at the end of last year. The

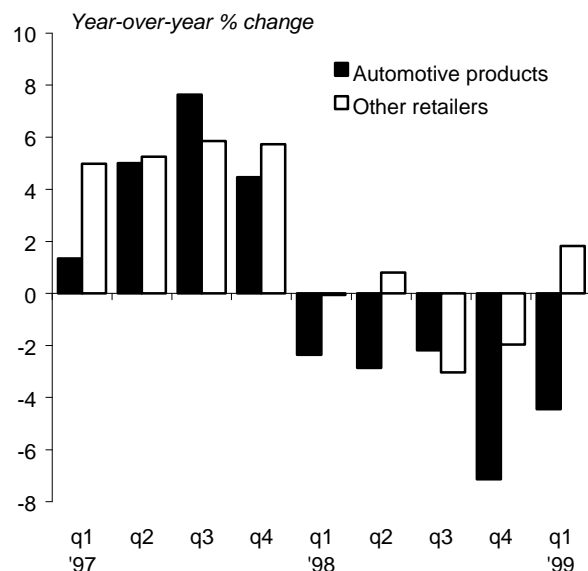
slower growth at the national level can be attributed to a moderation of the frenetic increase in shipments from Ontario seen at the end of last year. Shipments by manufacturers in that province had risen 10.2% in the fourth quarter of 1998. First quarter results were at a more sustainable level of 1.4%.

Source: Statistics Canada

- **Wholesale sales in British Columbia were weak in the first quarter, declining 1.8%.** BC was the only province where wholesale sales fell between the last quarter of 1998 and the first quarter of this year. Nationally, sales were up 1.8%.
Source: Statistics Canada
- **Retail sales in BC recovered in the first quarter, rising 0.8% (seasonally adjusted).** The first quarter results show the first significant improvement in sales since the end of 1997. Sales were up across the country, increasing 2.6% nationally.

Source: Statistics Canada

Sales by retailers of automotive products continue to slump, but the picture is improving for other retailers



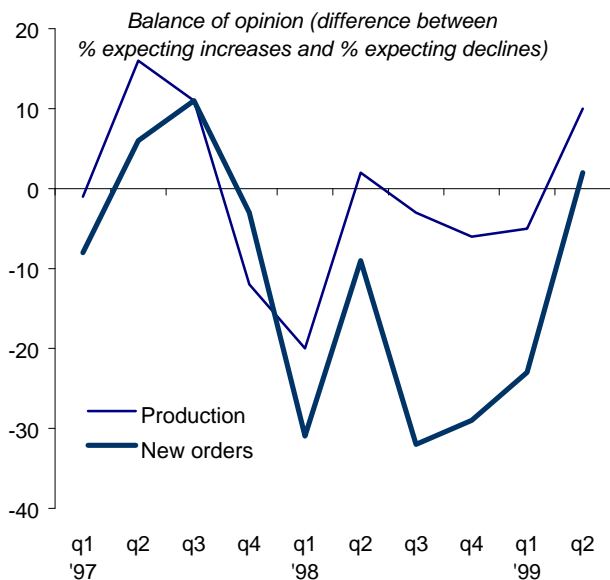
- **During the first quarter of 1999, unadjusted retail sales in the province slipped to 0.5%**

below the level in the first quarter of 1998.

The decline was due to weakness in the automotive sector, where sales fell 4.5%. Motor vehicle dealers have been struggling since the beginning of last year, and sales at service stations have slowed down in recent months. Other retailers in the province are doing much better. Food store sales (+0.1%) showed no significant change in the first quarter, but among other retailers, increases ranged from 2.0% at clothing stores to 4.4% at drug stores.

Source: Statistics Canada

A more optimistic mood among manufacturers



- BC manufacturers surveyed in April were much more optimistic about their business prospects than they have been for some time.** Among those surveyed, 20% expected their production to increase while just 10% anticipated declines. As a result, the balance of opinion (the difference between those expecting increases and those anticipating declines) was positive for the first time in a year. Only 13% of manufacturers expected new orders to decline—the first time in nearly two years that the percentage has been so low (it had been as high as 45% in January of 1998). Fifteen percent anticipated increases in new orders during the next three months. Despite a growing mood of optimism, one in four (25%) manufacturers say their inventories will be too

high, compared to just 5% who think they will be too low.

Sixty-eight percent of manufacturers said that they did not expect to have any production problems. Among those who anticipated problems, the most commonly cited difficulties were a shortage of working capital (12%) or raw materials (11%). Only 3% expected to have problems due to a shortage of skilled labour.

Source: Statistics Canada

- Housing starts in British Columbia dropped 25.1% in April, falling to 14,900 units (seasonally adjusted at annual rates).** Multiple starts plummeted after an exceptional performance in March, but single starts were strong. Nationally, housing starts fell 3.3% to a seasonally adjusted annual rate of 144,700 units. Source: Canada Mortgage & Housing Corporation
- The New Housing Price Index (NHPI) for Victoria decreased 6.4% in March, compared to the same month last year.** In Vancouver it fell 5.3%. Canada's NHPI increased 0.6%, with prices rising in 15 of 21 cities surveyed.

Source: Statistics Canada

New house prices in BC have fallen significantly since 1994

