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WIDESPREAD STRENGTH SEES BC ECONOMY POWER AHEAD IN Q2

The BC Economic Index, which reflects current conditions in the province, suggests the economy grew at a strong pace in the second quarter. The rebound follows a more moderate expansion in the first quarter that coincided with a slowing in the US economy. The Q2 improvement occurred notwithstanding the ongoing decline in US home building, which continues to weigh heavily on the province's large and economically important forestry industry.

The Index registered a healthy 1.3% quarterly gain in Q2. While not the largest advance in recent years, it is noteworthy because for the first time since its creation in 2002, all seven indicators that make up the Index contributed to the gain.

Although this is a positive sign, the fact that all the indicators rose in the same quarter is as much of a statistical anomaly as it is an indication of economic strength. Even when the economy is expanding vigorously, the key quarterly and monthly indicators rarely all move in unison. Economic activity is often uneven across sectors and data series can move around from quarter-to-quarter.

Among the seven indicators measured by the Index, retail sales saw the biggest advance, followed closely by employment growth. As reflected in the value of permits, non-residential building activity continued to strengthen. Even the number of international visitors to BC, which has trended down for several years, managed to climb higher in the second quarter.

The bottom line is the second quarter reading of the Index points to a sustained healthy pace of economic growth in the province, despite the challenges posed by a slumping lumber industry, a weaker US economy, and an appreciating Canadian dollar.

