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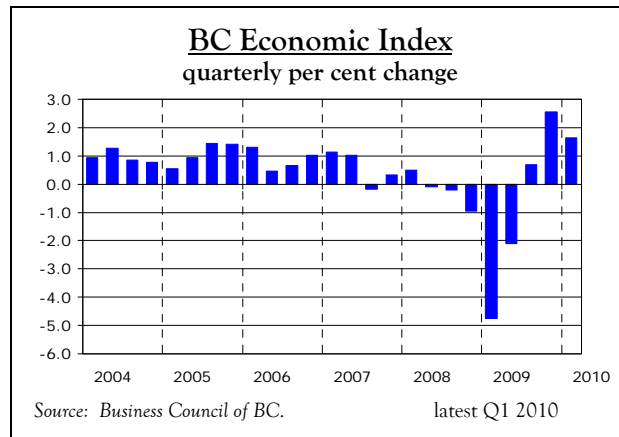
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FIRST QUARTER SEES HEALTHY ECONOMIC GROWTH

The BC Economic Index registered a 1.6% quarterly increase in the first three months of 2010. This gain indicates the provincial economy continued to grow at a strong pace in early 2010 and confirms the economic recovery is still on track. Not unexpectedly, however, the expansion did moderate from the oversized 2.6% advance recorded during the early stages of the recovery in the fourth quarter of 2009.

As was the case at the end of last year, six of the seven component indicators that make up the Index contributed to the overall gain while just one was negative. The broadly-based nature of the increase provides further evidence of a healthy and sustainable recovery in the province.

Spurred by record low interest rates, new home construction is leading the recovery. Housing starts have climbed sharply over the past six months and accounted for one-third of the Index's most recent gain.



The Olympics were also a significant factor.

The number of international visitors entering the province jumped from a seasonally adjusted trend level of around 450,000 in the months leading up to the Games to more than 630,000 in February. The international visitors indicator accounted for about one-quarter of the first quarter increase in the Index.

Having been on an upward track for nearly a year now, employment also boosted the Q1 reading as did Canada's economic upswing (reflected in the increase in the Canadian Leading Indicator). Retail sales and manufacturing shipments both made modest contributions while non-residential building permits was the one slightly negative indicator.

The Index is a measure of current economic conditions and in this regard suggests the provincial economy is reasonably strong. It also suggests that the pace of expansion has moderated. Looking ahead the one-time boost in international visitors provided by the Olympics is in the past, so all else equal economic growth may be expected to ease in the coming months. However, the job market continues to strengthen and BC may see further gains on the export front, both of which will help offset the drag created by the drop in visitors and sustain the pace of growth.

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