

Economic Briefing and Update

presented to:

City of Vancouver

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Business Council *of*
British Columbia

Ken Peacock

DIRECTOR ECONOMIC RESEARCH

Sub-par Recovery in Store for US

- Historically, growth in the first year of a recovery is 2-3 times larger than cumulative output decline during recession. Not this time...
- US financial institutions need to clean up balance sheets, de-leverage, and rebalance risk
 - » inhibits capacity to supply credit
- US consumers are re-building household balance sheets and won't be "leading" the recovery
- Exports will benefit from depreciation of US dollar
- Massive government fiscal/monetary stimulus will help through 2010 – but cannot be sustained

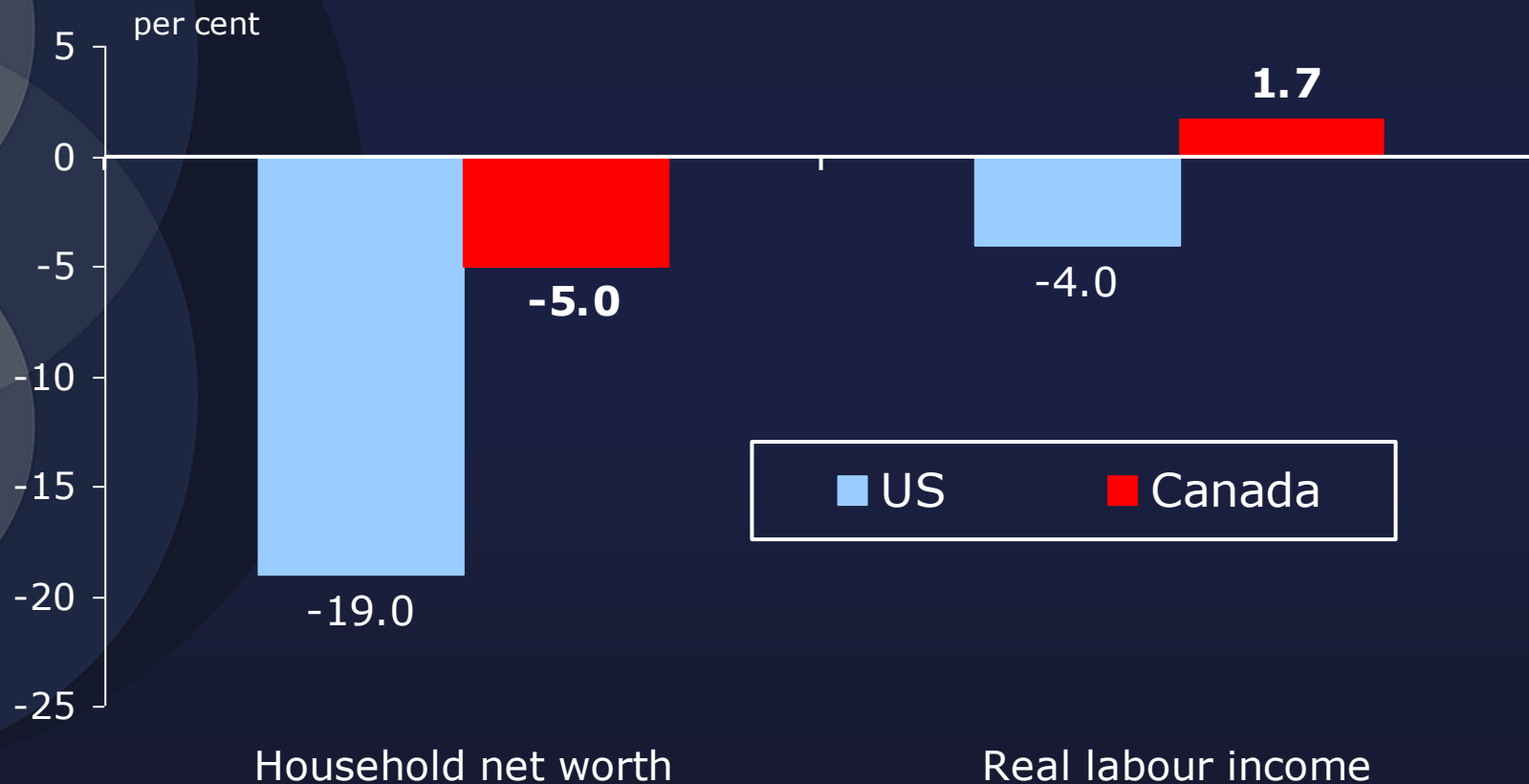
BC Economic Setting

- Economy continues to improve
 - » residential housing sector strong
 - » retail spending is picking up, but still down from year-ago levels
 - » Economic Forecast Council expects:
 - 2.5% growth in 2009
 - 2.9% in 2010
- Job market soft / mixed
- Export sector still weak, recovery depends on US and global trade

Canadian Households Less Impacted

(% change, 2007 average to latest quarter*)

Change in Household net Wealth and Real Labour Income (2007 avg. to latest quarter)



Employment Rising Again

BC Employment, monthly S.A.



Latest: November 2009

Source: Statistics Canada.

But... Labour Market Still Weak

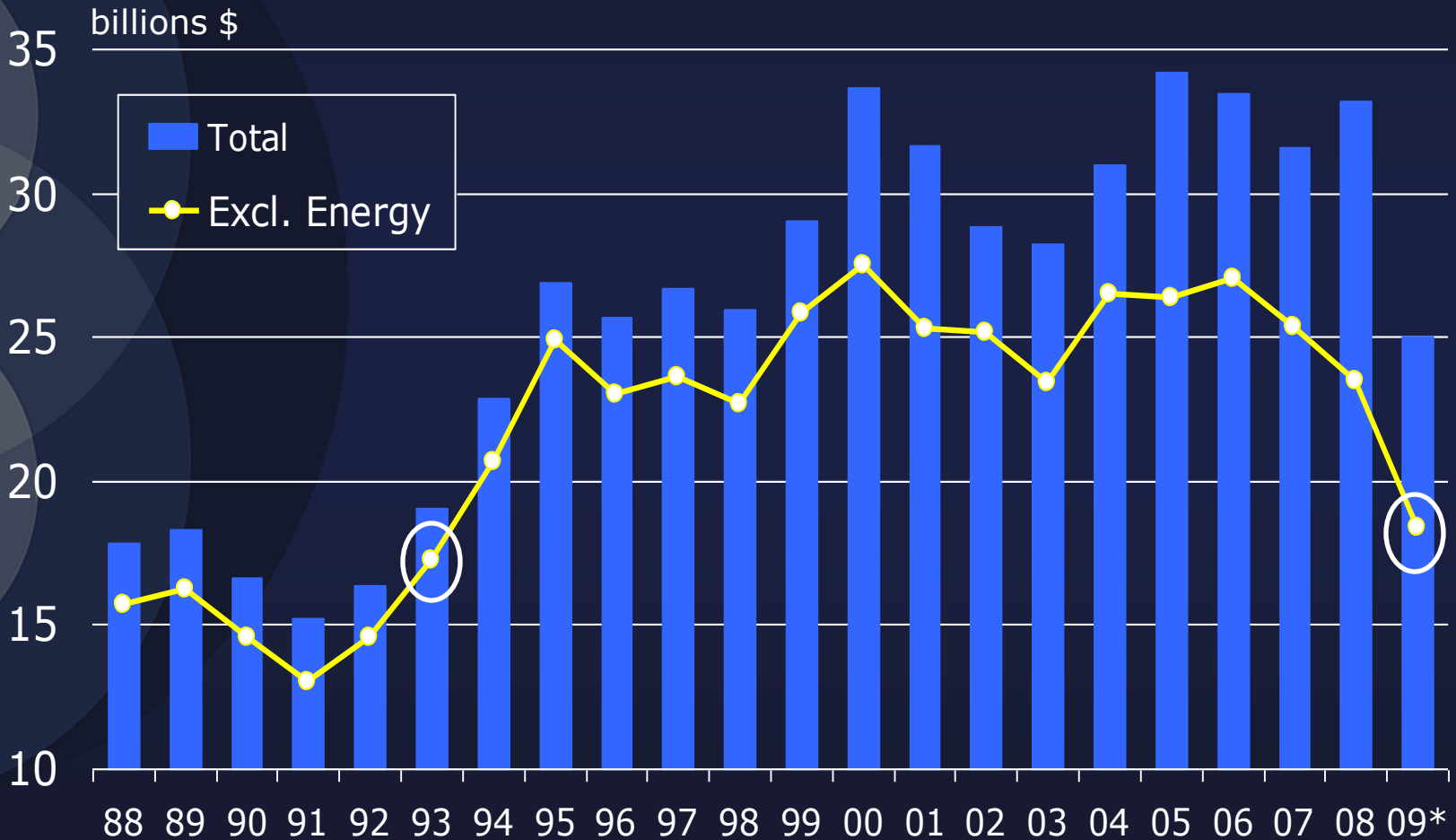
BC Employment by Class of Worker, Indexed



Latest: November 2009

Energy Lifts BC Exports

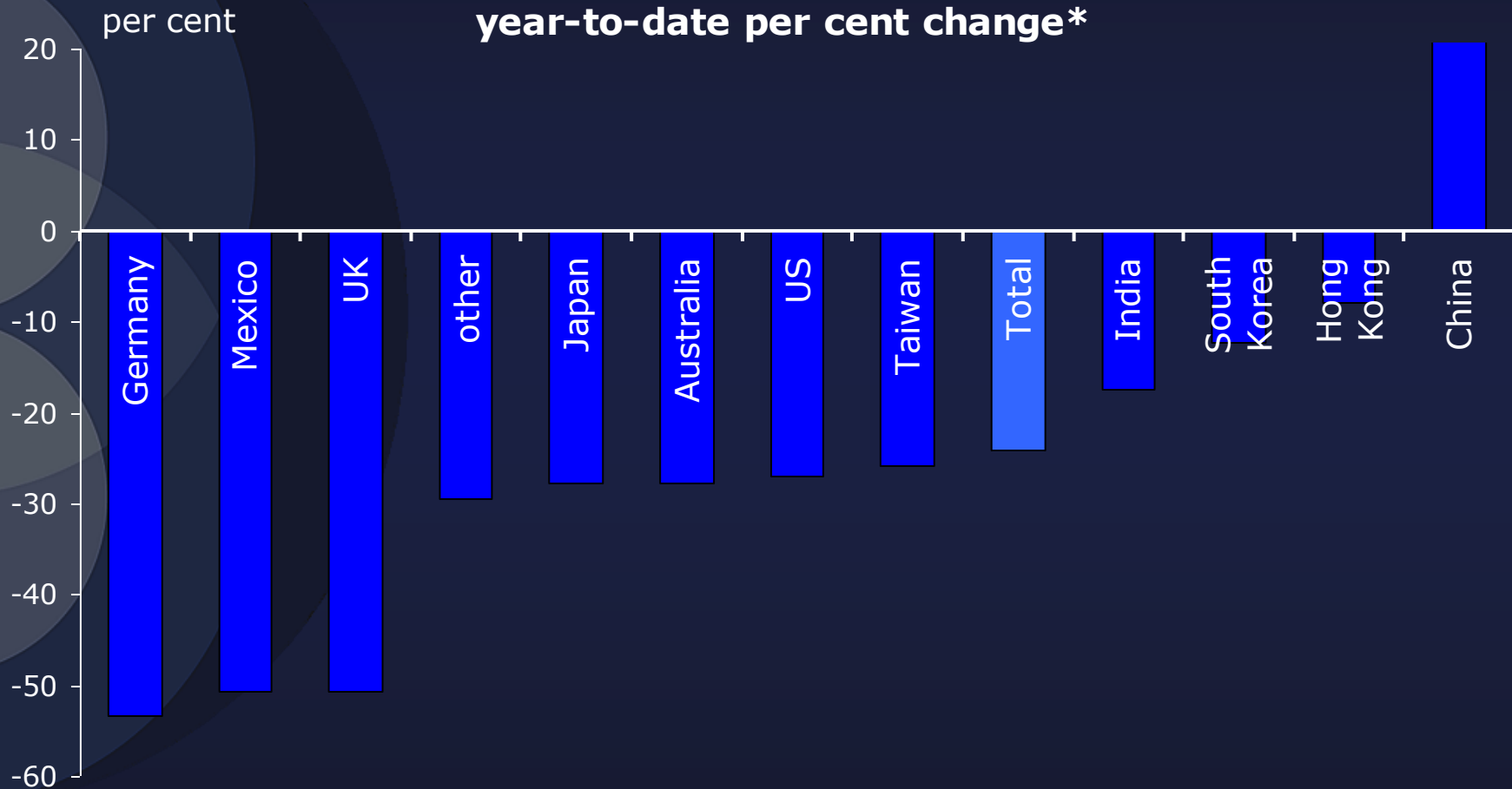
BC International Merchandise Exports, annual



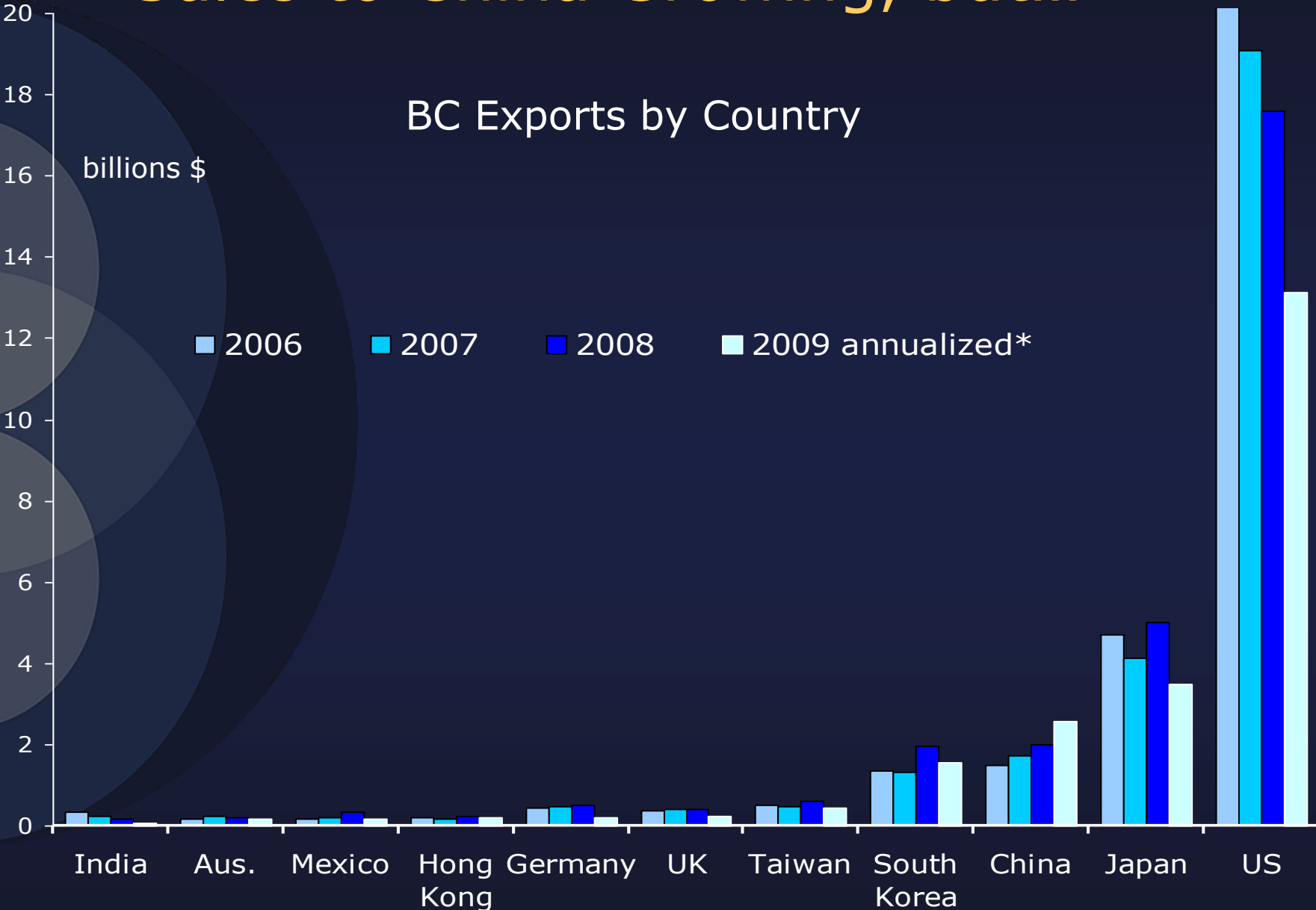
Source: BC Stats. *2009 estimated based on January to August data.

BC Exports Down in all Significant Markets -- Except China

BC Exports by Country, year-to-date per cent change*



Sales to China Growing, but...



Source: BC Stats. *based on data for January to August

Net Provincial Migration Slows

BC Net Migration, quarterly, seasonally adjusted

