

- **BC's unemployment rate falls to 8.3% in June**
- **Exports down in most provinces, despite a boost from energy products**
- **Housing starts bounce back in June**

Labour Force

- **British Columbia's unemployment rate fell 0.3 percentage points to 8.3% (seasonally adjusted) in June.** The drop in the jobless rate was due to a 0.3% decline in the size of the labour force, combined with a marginal increase (+0.1%) in employment.

Canada's jobless rate fell from 7.8% in May to 7.7% last month. Residents of Manitoba (4.6%) continued to enjoy the lowest unemployment rate in the country. Alberta (5.1%) and Saskatchewan (5.3%) also had unemployment rates that were significantly lower than the national average. Despite a booming economy, Newfoundland's jobless rate (15.4%) remains well into the double-digits. *Source: Statistics Canada*

- **The modest (+0.1%) job growth in the province last month was due to an expanding public sector (+3.2%).** Private sector employment fell 0.8%. There was no change in the number of full-time jobs, but part-time employment rose 0.4%, boosted by a 1.2% increase in the number of men with part-time jobs. The number of women working part-time was only slightly higher (+0.1%) than in May. The unemployment rate for young adults improved, falling from 14.7% in May to 13.4% last month, suggesting that more students looking for summer employment were able to find jobs.

Employment in the service sector increased 0.4% in June as public administration (+4.6%), accommodation and food services (+3.1%), and professional, scientific and technical services (+2.3%) took on more workers. However, there were fewer jobs (-1.1%) in the goods sector, largely because manufacturers decreased their workforce by 3.3%. *Source: Statistics Canada*

- **Among the regions, unemployment rates ranged from a low of 7.2% (3-month moving average) in Northeast to 13.0% in Cariboo.** Kootenay (11.4%) and North Coast/Nechako (10.9%) continued to experience double-digit unemployment rates. Mainland/Southwest (7.3%), Vancouver Island/Coast (8.6%) and Thompson/Okanagan (9.5%) all had a lower incidence of unemployment. *Source: Statistics Canada*

The Economy

- **Exports of BC products edged down 3.1% (year-over-year, unadjusted data) in May.** International shipments of all commodities except energy (+131.2%) fell below May 2002 levels. Forest (-26.5%) products contributed the most to the decline, but exports of agriculture and fish (-15.8%), industrial goods (-7.9%) and machinery and equipment (-0.7%) also slipped. *Source: Statistics Canada*

- **Exports were down in most parts of the country, falling 7.1% overall.** As was the case in BC, energy products (+29.3%) were the only commodity group to post an increase over May 2002 levels. Alberta (+10.2%), where energy generated seven out of every ten export dollars, bucked the trend. That province's energy exports totalled \$3.3 billion in May (+27.5%), exceeding the total value of all international shipments from BC (\$2.6 billion) in that month. Nova Scotia (0.7%) was the only other province to post an increase in May. This was also fuelled by the energy sector, where exports more than doubled (+117.5%). Exports from Ontario (-9.4%) slumped as international shipments of industrial goods, machinery and equipment and auto products all took a nosedive. Quebec (-12.6%) was similarly afflicted. In Saskatchewan (-6.7%) and Manitoba (-9.3%), agricultural products pulled down the value of total exports. The US ban on Canadian beef imports,

Did you know...

Canadians like listening to folks singing the blues. Sales of jazz and blues recordings have nearly tripled since 1992. They surpassed classical music sales in 2000.

implemented following confirmation of a case of mad cow disease in Alberta, may have contributed to the decline, although Alberta is probably a bigger exporter of beef than the other Prairie provinces are. Alberta's agriculture exports plunged nearly 30% in May.

Source: Statistics Canada

- **Investment in non-residential building construction in BC fell 2.9% (seasonally adjusted) between the first and second quarters.** Spending fell 2.0% in Vancouver, but increased 2.8% in Victoria. Canadian investment in non-residential buildings advanced 3.0%.

Source: Statistics Canada

- **Housing starts in the province rose modestly (+2.1%, seasonally adjusted) in June, after plunging (-17.1%) in May.** Canadian starts also bounced back (+6.3%) from a decline (-4.7%) in May.

Source: CMHC

- **The cost of new housing in BC's two biggest cities continued to climb in May.** The new housing price index rose 3.4% in Victoria, and increased even more (+5.1%) in the Vancouver area. Nationally, new housing prices were up 4.4% from May 2002.

Source: Statistics Canada

- **The value of building permits issued by BC municipalities fell 2.5% (seasonally adjusted) in May.** Permits for residential projects advanced 8.7%, but the value of permits issued for non-residential projects was down sharply (-24.6%), largely due to a big decline (-73.9%) in industrial permits, which had skyrocketed in April. Permits for institutional/government projects also fell significantly (-49.5%) in May. Canadian permits dropped 2.0%.

Source: Statistics Canada

- **Year-to-date, the value of permits issued in the province was 2.8% higher than in the first five months of 2002.** This was largely due to activity in the Vancouver Island/Coast region, where permits rose 30.0%. North Coast (+85.7%) and Nechako (+87.8%) are also experiencing a boom in planned construction activity. In Vancouver Island/Coast, a hot housing market is fuelling increased residential construction plans, but the strong gains in the other two regions were largely due to non-

residential projects. Sharp increases in planned residential construction activity in Mainland/Southwest (+27.9%), Thompson/Okanagan (+52.1%), Kootenay (+44.9%) and Northeast (+62.9%) were tempered by a downturn in permits issued for non-residential projects in those regions.

Source: Statistics Canada

Sound Recordings

- **Canadians spent \$861 million on sound recordings in 2000.** Popular music/rock dominates the market, with a 72% share. Sales of classical music (\$53 million) were just shy of the \$55 million (6%) spent on jazz and blues recordings. Country and folk music commanded 5% of the market, down from nearly 8% in 1995.

Forty-one BC-based sound recording companies produced 80 new releases in 2000. The number of releases produced in the province has fallen substantially since the early 1990s, when 19 BC-based companies produced 283 new releases. Ontario dominates the Canadian sound-recording industry, generating \$1.1 billion of the industry's \$1.3 billion revenues in 2000.

Source: SC, Catalogue 87F0008XDB

Trade in Cultural Goods

- **Canada's trade deficit in cultural goods (books, CDs, films, paintings, etc) widened for the first time in five years in 2002.** Exports of cultural goods rose 3.8% to a record \$2.3 billion, but this was not enough to offset a 6.5% increase in the value of imports, which jumped to \$3.6 billion. USA is the dominant market, accounting for 96% of Canada's cultural exports, and supplying 80% of its imports. China (\$234 million) is the second-most important source of cultural imports into Canada.

Source: Statistics Canada

The Nation

- **Multifactor productivity growth in the Canadian business sector rebounded sharply in 2002, advancing 1.9%.** This was six times the 0.3% growth recorded in 2001. Increased use of labour and capital inputs (+1.3%) accounted for about a third of last year's 3.4% GDP growth.

Source: Statistics Canada

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First Quarter in Review

In the first quarter, British Columbia's economy remained fairly flat and gave out mixed signals. Most indicators followed the trends set in the previous quarter, while the labour market began to show signs of improvement.

% change from previous quarter (seasonally adjusted)	Q4 '02	Q1 '03
Business activity:		
Exports	4.1	4.9
Shipments	-0.5	-1.8
Wholesale sales	2.1	3.7
Consumer activity:		
Retail sales	1.3	0.7
New motor vehicles	-1.0	-6.3
Housing starts	-0.4	1.0
Labour market:		
Labour Force	0.4	-0.1
Employment	0.0	0.4
Unemployment rate (change)	0.4	-0.4
Consumer Price Index:	3.2	3.2

Exports picked up speed at the beginning of the year as the result of a boost in energy (mainly natural gas) exports. The strong energy exports compensated for the weakness in forestry and automotive exports, which slumped during the first quarter.

The first quarter was not a good beginning for manufacturers. Manufacturing shipments were off 1.8%, posting a second consecutive quarterly loss. Declines in durables again played an important role in the overall decline in shipments. Manufacturers of wood, computers, non-metallic minerals, and machinery all saw shipments fall.

For the fifth consecutive quarter, wholesale sales experienced a significant increase, rising 3.7% over the same period in 2002. Retail sales also

continued climbing in the first quarter, but at a slower rate compared with the previous quarter. While total retail sales edged up only 0.7%, gas stations and furniture retailers made solid gains. Sales of new motor vehicles in BC slumped 6.3%, the second straight quarter of decline after six consecutive quarterly increases.

Labour market conditions rebounded in the first quarter as the unemployment rate dropped 0.4 percentage points. The change was mostly the result of fewer labour force participants and more employment in both the public and private sectors. The number of public sector jobs showed a 3.3% increase, while the number of private sector jobs climbed only 0.6%. More people got full-time jobs and, accordingly, there were fewer part-time jobs in BC.

The consumer price index was 3.2% higher than in the first quarter last year. People were paying an additional 30% for fuel oil and 31% more for gasoline compared to last year. The war in Iraq was a significant contributor to the price hike. Tuition fees for universities and colleges in BC jumped 21% in the first quarter compared to the same period a year earlier.

Generally speaking, BC's economy exhibited some positive signs in the first quarter. However, the monthly data for April and May show slower growth, even declines in many series. Exports and wholesale sales began to fall by the end of the first quarter. Moreover, BC's unemployment rate increased to 8.6% in May. Since all economic indicators have shown a tendency for volatility in recent quarters, there is still uncertainty over the current strength of economic growth.

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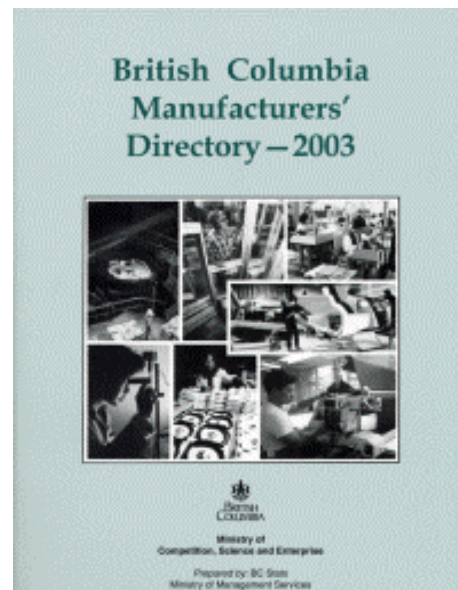
BC at a glance . . .

POPULATION (thousands)	Apr 1/03	% change on one year ago
BC	4,162.5	0.8
Canada	31,559.2	0.8
GDP and INCOME	2002 Prelim.	% change on one year ago
<i>(BC - at market prices)</i>		
Gross Domestic Product (GDP) (\$ millions)	134,365	2.7
GDP (\$ 1997 millions)	126,141	1.8
GDP (\$ 1997 per Capita)	30,459	0.8
Personal Disposable Income (\$ 1997 per Capita)	19,445	-0.2
TRADE (\$ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Apr	13	-19.3
Merchandise Exports - Apr	2,439	-5.9
Retail Sales - Apr	3,405	1.1
CONSUMER PRICE INDEX	12-month avg	% change
<i>(all items - 1992=100)</i>	May '03	
BC	120.4	2.6
Canada	122.0	3.2
LABOUR FORCE (thousands)	Jun '03	% change on prev. month
<i>(seasonally adjusted)</i>		
Labour Force - BC	2,188	-0.3
Employed - BC	2,007	0.1
Unemployed - BC	181	-4.0
		May '03
Unemployment Rate - BC (percent)	8.3	8.6
Unemployment Rate - Canada (percent)	7.7	7.8
INTEREST RATES (percent)	Jul 9/03	Jul 10/02
Prime Business Rate	5.00	4.25
Conventional Mortgages - 1 year	4.65	5.55
- 5 year	6.05	7.25
US/CANADA EXCHANGE RATE	Jul 9/03	Jul 10/02
<i>(avg. noon spot rate) Cdn \$</i>	1.3749	1.5199
<i>US \$ (reciprocal of the closing rate)</i>	0.7274	0.6581
AVERAGE WEEKLY WAGE RATE	Jun '03	% change on one year ago
<i>(industrial aggregate - dollars)</i>		
BC	688.57	3.0
Canada	659.76	1.4

SOURCES:

Population, Gross Domestic Product, Trade, } Statistics
 Prices, Labour Force, Wage Rate } Canada
 Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
 For latest Weekly Financial Statistics see www.bankofcanada.ca

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