

- Inflation rate reaches 2.8% in June as energy costs remain high
- Exports up 12.4% in May; manufacturing shipments rise 3.9%
- Non-residential building construction rises 3.7% in second quarter

## Prices

- **British Columbia's all-items Consumer Price Index (CPI) rose 2.8% during the 12-month period ending in June.** This was the second straight month in which the province's year-over-year inflation rate has been well above two percent. The upward movement in the price level was partly driven by energy prices (+14.9%, year-over-year), which remained high after soaring in May. Prices for other items rose 1.9% in the twelve-month period ending in June.

High fuel prices had a big effect on the transportation component of the CPI, which was up 5.9% in June. Consumers paid a whopping 26.4% more at the pump than they did in June 2003, and public transportation costs, especially for intercity travel, were up 3.8%. Fuel prices also played a role in a 2.0% year-over-year increase in shelter costs, but property taxes and insurance premiums for homeowners were also factors. The cost of rented accommodation rose only moderately (+1.0%) in June. Alcohol & tobacco prices (+5.1%) remained well above 2003 levels in June, as did the cost of recreation, education & reading materials (+3.9%).

*Data Source: Statistics Canada*

- **British Columbia's inflation rate was among the highest in the country in June.** Manitoba and Saskatchewan (both at 2.9%) were the only provinces to record bigger increases in the average price level. The Canadian inflation rate was 2.5%, with prices increasing by at least 2.2% in every province. Residents of Yukon (+1.6%) and NWT (+0.8%) were less affected by rising prices.
- **Victoria (+3.2%) was the only major urban centre where prices climbed more than three percent during the 12-month period ending in**

*Data Source: Statistics Canada*

**June.** Vancouver's year-over-year inflation rate was 2.7%.

*Data Source: Statistics Canada*

## The Economy

- **Shipping activity at the Port of Vancouver slipped 3.6% in 2003.** The decline was largely due to drought conditions in the Prairies, as the amount of wheat shipped plummeted 60%. In spite of this, the Port of Vancouver remained the busiest in Canada, processing over 32 million metric tonnes of cargo—42% more than at Canada's second largest port, Come-by-Chance, Newfoundland.
- **Exports of BC products increased 12.4% (seasonally adjusted) between April and May.** Forest (+14.5%) and energy (+20.9%) products contributed to the increase, as did international shipments of industrial & consumer goods (+9.3%) and machinery & automotive products (+7.1%). Exports to the US rose 5.5%, while shipments to other international destinations jumped 25.0%.
- **Among the provinces, Alberta (+28.3%, unadjusted) posted the strongest year-over-year gain in May, but exports advanced nearly as much in BC (+25.2%) and Saskatchewan (+24.0%).** Manitoba posted an 18.0% increase. Export growth was more muted in both Ontario (+9.0%) and Quebec (+7.9%), and Canadian exports rose 13.3%. Energy exports continued to soar, rising 18.7% nationally. For the fourth time since December 2003, the value of Alberta's exports was the second highest in the country, accounting for about 16% of the national total. By comparison, less than 9% of Canadian exports originated in British Columbia in May.
- **Shipments of goods manufactured in the province increased 3.9% (seasonally adjusted)**

*Data Source: Statistics Canada & BC Stats*

*Data Source: Statistics Canada*

### Did you know...

One in three Canadians have a "great deal" of confidence in the police, but Canadians are less enthusiastic about other institutions. The federal parliament (8%) and major corporations (8%) are least likely to get a strong endorsement.

**between April and May.** This was largely due to strength in the forest sector, where producers of both wood (+3.9%) and paper (+16.8%) products made substantial gains. In the case of the paper industry, this offset a large decline (-10.4%) in the previous month. Shipments of primary metals (+9.0%) and transportation equipment (+14.9%) also advanced in May. The computer & electronic products industry expanded its shipments (+1.3%) for the first time since February.

Canadian shipments rose 1.1% in May. Among the provinces, BC (+3.9%), Manitoba (+4.8%), PEI (+6.9%) and New Brunswick (+9.0%) posted the strongest shipment growth.

*Data Source: Statistics Canada*

- **Sales of new motor vehicles in BC fell back 1.1% (seasonally adjusted) in May.** Car sales remained robust, but truck sales slipped, possibly in response to consumer concerns about fuel consumption. New vehicle sales dropped off in every province except Newfoundland (+5.2%). Nationally, the number of new vehicles sold in May was 3.2% lower than in the previous month.

*Data Source: Statistics Canada*

- **Business investment in non-residential building construction advanced 3.7% (seasonally adjusted) in the second quarter.** Spending on both industrial (6.0%) and commercial (+7.2%) projects in BC increased, but investment in institutional buildings contracted 5.6%. The construction activity was concentrated outside the most populous areas of the province. In Vancouver, total investment in non-residential buildings was stagnant (+0.2%), while spending in Victoria dipped 2.3%.

Nationally, investment in non-residential building construction edged up 0.5% despite weakness in many parts of the country. BC, Alberta (+6.3%) and Nova Scotia (+23.1%) were the only provinces where spending increased.

*Data Source: Statistics Canada*

### Culture

- **British Columbians have a comparatively low sense of attachment to both their province**

**and their country.** Some 75% of British Columbians surveyed in 2003 said they have a (very or somewhat) strong sense of belonging to their province, the lowest proportion in Canada (but tied with Ontario). The highest levels of provincial attachment were found in Newfoundland (90%) and PEI (89%).

Interestingly, Quebecers do not report a uniquely strong sense of belonging to their province. About 82% said they feel a strong sense of belonging to their province. This is less than in all four of the Atlantic provinces, but higher than in Ontario and Western Canada.

English speakers in Quebec have a significantly lower sense of attachment to their province, with 70% reporting a strong sense of belonging. However, even among French speakers, provincial attachment (84%) is lower than in all but one (New Brunswick) of the Atlantic provinces. This suggests that the separatist movement in Quebec is likely driven by factors other than a distinctively strong attachment to Quebec.

In terms of attachment to the nation, 87% of British Columbians express a strong sense of belonging to Canada. Again this is one of the lowest proportions in Canada. Residents of PEI show the strongest national sentiments, with 95% expressing a strong sense of belonging to Canada. National attachment is by far the lowest in Quebec, though even there 74% identify with the country. *Data Source: SC, Catalogue no. 89-598-XIE*

### The Nation

- **Business sector multifactor productivity increased 0.5% in 2003, following an unusually-high 2.5% gain in the previous year.** Canada's economy grew just 1.7% last year, with about half of the increase (+0.8 percentage points) attributable to the use of labour inputs. Capital services, including information technology, machinery and structures, played a much smaller role in economic growth, contributing 0.4 percentage points to the overall increase.

*Data Source: SC, The Daily*

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 **fax** transmission information service from **BC STATS**

 **Email** transmission information service from **BC STATS**

 also on the **Internet** at [www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca)

## BC at a glance . . .

<b>POPULATION (thousands)</b>	Apr 1/04	% change on one year ago
BC	4,177.4	1.0
Canada	31,825.4	0.9
<b>GDP and INCOME</b>		% change on one year ago
<i>(BC - at market prices)</i>	2003	
Gross Domestic Product (GDP) (\$ millions)	142,418	5.1
GDP (\$ 1997 millions)	130,914	2.2
GDP (\$ 1997 per Capita)	31,572	1.4
Personal Disposable Income (\$ 1997 per Capita)	19,495	-0.4
<b>TRADE (\$ millions, seasonally adjusted)</b>		% change on prev. month
Manufacturing Shipments - May	3,550	3.9
Merchandise Exports - May	2,816	12.4
Retail Sales - Mar	3,613	2.1
<b>CONSUMER PRICE INDEX</b>		12-month avg
<i>(all items - 1992=100)</i>	Jun '04	% change
BC	123.6	1.8
Canada	125.1	1.7
<b>LABOUR FORCE (thousands)</b>		% change on prev. month
<i>(seasonally adjusted)</i>	Jun '04	
Labour Force - BC	2,249	1.0
Employed - BC	2,080	1.3
Unemployed - BC	169	-2.5
		May '04
Unemployment Rate - BC (percent)	7.5	7.8
Unemployment Rate - Canada (percent)	7.3	7.2
<b>INTEREST RATES (percent)</b>	Jul 14/04	Jul 16/03
Prime Business Rate	3.75	4.75
Conventional Mortgages - 1 year	4.60	4.75
- 5 year	6.55	6.20
<b>US/CANADA EXCHANGE RATE</b>	Jul 14/04	Jul 16/03
<i>(avg. noon spot rate)</i> Cdn \$	1.3221	1.3861
US \$ <i>(reciprocal of the closing rate)</i>	0.7564	0.7212
<b>AVERAGE WEEKLY WAGE RATE</b>		% change on one year ago
<i>(industrial aggregate - dollars)</i>	Jun '04	
BC	676.88	-1.7
Canada	679.67	3.0

### 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](http://www.bankofcanada.ca)

### Released this week by BC STATS

- Labour Force Statistics, June 2004
- Earnings & Employment Trends, June 2004
- Tourism Sector Monitor, June 2004

### Next week

- Consumer Price Index, June 2004