



## Inter-provincial migration to B.C. rising

Net migration to B.C. from other provinces amounted to about 1,600 persons in the fourth quarter of 2003, according to Statistics Canada's latest estimate, following a net inflow of some 2,600 in the third quarter. Prior to that, B.C. had experienced 23 consecutive quarters of negative net inter-provincial migration, the longest lasting outflow in at least the past 40 years.

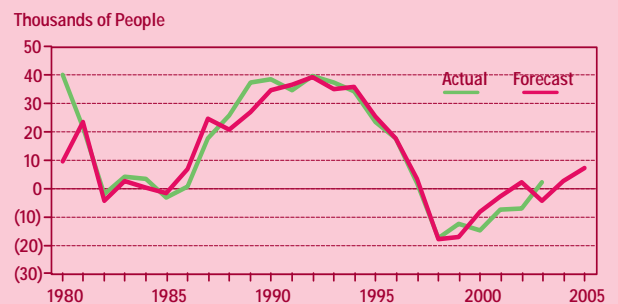
Various studies have shown that net inter-provincial migration flows to B.C. are largely explained by the relative rates of employment growth, unemployment and real gross domestic product growth in Alberta, Ontario and B.C. That is, inter-provincial migration largely depends on how economic and labour market trends over the past one to two years compare among these three provinces.

During most of the six years ending in mid-2003, B.C.'s economy and labour market under-performed both Alberta's and Ontario's. That trend began to abate last year, and the average of bank and credit union forecasts suggests B.C. will experience increasingly better economic and labour market performance compared with Ontario and Alberta through 2005 at least.

Based on such analysis, **Credit Union Central of B.C.** forecasts net inter-provincial migration to B.C. from the rest of Canada will remain positive and increase both this year and in 2005. Our forecast of net-interprovincial migration to B.C. is for about 2,600 persons this year and 7,300 next year, following a net inflow of 2,100 last year.

### Inter-provincial migration to B.C. forecast positive through 2005

#### Net Inter-Provincial Migration to B.C.



Source: Statistics Canada and Credit Union Central of B.C.

## Rebound in January retail sales

In January, B.C. retail sales hit their highest level since last August. Despite a drop in new motor vehicle sales, retail sales for the month rebounded 0.6% to \$3.4 billion. New auto sales have been on a downtrend in B.C. since mid-2002, pulling down overall retail sales growth. Retail sales excluding autos grew 3.9% last year, compared to just 1.8% for total retail sales. Last year's figures were also dampened by the drop in tourist traffic.

The outlook for retail sales is fairly positive, since the B.C. economy will post a higher growth rate this year and low interest rates are also expected. In fact, another cut in the prime lending rate is predicted and it's possible there may be a second cut, too. Low mortgage rates will continue to fuel the housing market and drive up related furniture, appliance and household furnishing sales, which posted an 8% increase in 2003. A higher economic growth rate means higher income growth, and that will help to boost retail sales.

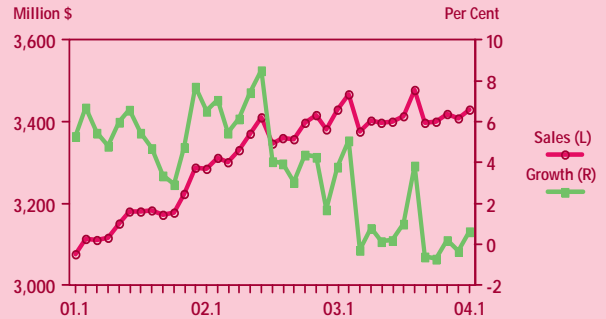
The rather volatile auto sales category is more difficult to predict accurately, and that's why analysts are divided on the direction of 2004 sales. Auto sales incentives are now commonplace and lower lending rates may not add much stimulus. Pent-up demand is probably low after a strong 2001. It's a tough call, but the safe forecast is for the same sales level this year as last year.

Retail sales are forecast to grow at a more normal pace this year, rebounding from last year's weak growth performance. Our forecast calls for 5% growth in 2004 and that is at the high end of other forecasts, which are around 2% to 3%.



## Sales rebound in January

B.C. Retail Sales, Seasonally Adjusted, Monthly



Source: Statistics Canada.

Latest: Jan.