



B.C. exports rise on natural gas prices

International exports of goods originating in B.C. rose in value by \$65 million (+2.6%) in February to \$2.55 billion, after adjusting for seasonal effects. Energy exports rose \$72 million (16%) as below-normal winter temperatures, declining inventories and pipeline constraints pushed up the price of natural gas. On a year-to-date basis, energy exports are up from last year by \$430 million.

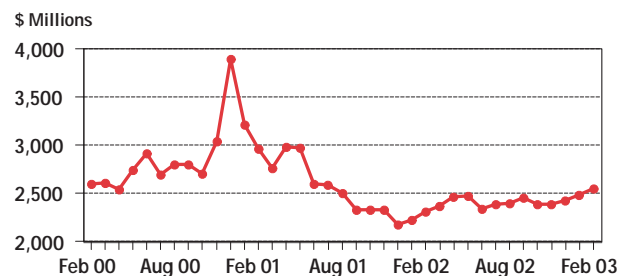
Year-to-date exports of industrial goods and materials, mainly ores, have increased \$146 million from last year, while agricultural and fish product exports are up \$35 million. Year-to-date exports of forest products are down by \$100 million compared to last year, while exports of machinery, equipment and automotive products are down \$43 million.

February's gain marks the third consecutive monthly increase in the seasonally adjusted dollar value of B.C.-origin exports. Slower growth in the U.S. and global economies had previously led to a stall in B.C.'s export growth. Higher energy prices are expected to continue to drive export growth in 2003, with most other commodities having moderate price and volume increases.

Credit Union Central forecasts an increase in exports of B.C.-origin goods of about 2.5% in 2003 and a further 8% in 2004. Most economic forecasters see at least a moderate acceleration in U.S. and global growth in the second half of 2003. When U.S. growth takes off, the growth of B.C.'s exports will follow.

B.C. exports rise in February

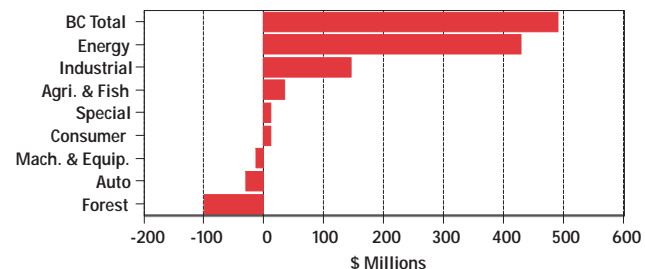
B.C. Origin International Exports of Goods
Monthly, Seasonally Adjusted



Source: Statistics Canada.

Energy exports up; Forest exports down

B.C. Origin International Goods Export Revenues
Year-to-Date 2003 less Year-to-Date 2002



Source: Statistics Canada.

B.C. housing starts level in March

Housing starts in B.C.'s urban areas remained at their current high level in March, maintaining the upward trend that began in mid-2001 and saw a 30% annual gain in 2002. With rising sales of existing residential property, higher property prices, and low inventories of new and existing dwellings for sale, developers and builders were prompted to maintain aggressive production levels in February.

After adjusting for seasonal factors, single-detached starts decreased to 923 houses, down 201 units (-18%) from February. Multi-unit starts increased to 1,074 units, up 208 (24%) from February, after seasonal adjustment. Total starts in B.C.'s urban areas amounted to 1,997 units, seasonally adjusted, a rise of seven units.

Trends varied across the large urban areas. In metropolitan Abbotsford, seasonally adjusted starts totalled 156 units, up 71 (83%) from February. In Kelowna, starts fell by 58 units (-25%) to 179, while metropolitan Vancouver saw starts fall to 1,230 units, down 57 (-4%). In metropolitan Victoria, starts rose by three units to 88, a 3% increase.

Credit Union Central's forecast for 2003 calls for another solid year, with total B.C. starts of 25,000 units. That would be a gain of about 3,400 units (16%) from last year. New housing prices are expected to rise about 5% this year, following last year's estimated 3% gain, based on the New House Price Index. According to Multiple Listing Service (MLS) data, the average price of re-sale housing in B.C. rose about 8.5% last year, based on nearly 83,000 residential property sales.

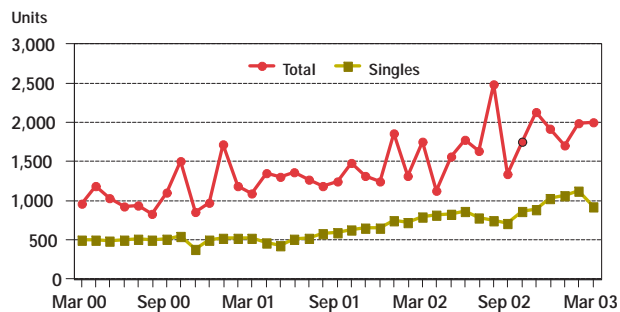
Non-residential building permits drop in B.C.

Building permits issued for non-residential structures in B.C. fell to \$90.8 million in February, down from \$137 million in January. The value of permits for commercial, industrial and government structures all decreased. Month-to-month changes in actual building permit values are usually irregular and trend adjustment is thus useful. Non-residential building permit values are currently trending upward for all types of structures, except commercial buildings.

The biggest contributor to gains in non-residential construction permits is currently government and institutional projects, with development of educational facilities a significant part of that. The slight downward trend in commercial construction permits is due to a slowdown in major office building developments, although localized retail and office developments continue to expand.

Housing starts level in March

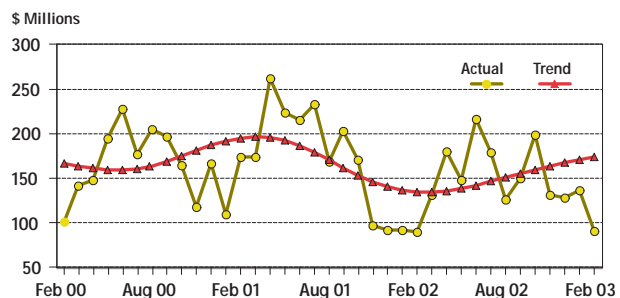
Housing Starts, Urban B.C. (Seasonally Adjusted)



Source: CMHC, Credit Union Central of B.C.

Non-residential building permits down in February

Non-residential Building Permits, Monthly, B.C.



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

The outlook for investment in new, non-residential structures in 2003 is not strong, but modest growth is expected. With high office vacancy rates, low hotel occupancy rates, and excess capacity in resource and high-tech manufacturing, no large commitment of investment funds is likely this year. Once some of the excess capacity is worked off and prices or rents begin to rise, then capital expenditures on buildings will accelerate.

U.S. consumers perk up

Consumer confidence in the U.S. rebounded in April from several months of war worries, weak job markets and high energy prices. This means the near-term outlook for consumer spending is better than previously expected. The University of Michigan's index of consumer sentiment jumped to a preliminary 83.2 in April from a revised 77.6 in March, its lowest level since October 1992. Consumer spending accounts for about two-thirds of the U.S. economy and has kept the U.S. recovery alive.

The current conditions index, which tracks consumers' attitudes about their present financial situation, rose to a preliminary estimate of 94.8 in April from a revised estimate of 90 in March. The expectations index, which gauges the 12-month outlook, rose to 75.7 from 69.6.

Consumer sentiment in the U.S. rose after the start and success of the war with Iraq.

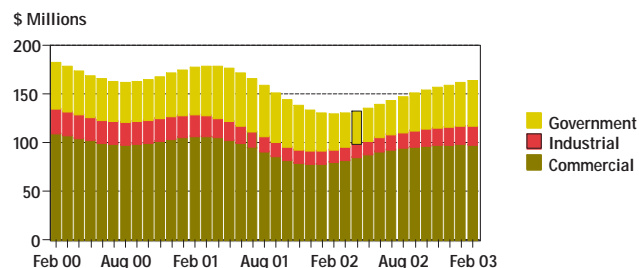
Consumer fundamentals are also better than the sentiment index suggests, since disposable income continues to grow, interest rates are very low, and retail prices are flat. Retail sales soared an unexpected 2.1% in March, as consumers made up for weak sales in February due to winter storms. Sales growth was particularly strong for automobiles, building supplies, furniture and food.

Canadian and B.C. export performance is linked to U.S. consumer spending. Last year, more than 85% of Canadian goods exports went to the United States. While B.C.'s 68% is one of the lowest proportions among the provinces, the U.S. is B.C.'s largest market and the one that has shown the best growth over the past few years, other than the People's Republic of China.

U.S. personal consumption forecasts for 2003 were downgraded slightly in March to a 2.4% advance in real terms, compared to 2.5% in the February consensus forecast and 2.6% in December 2002.

Government and industrial permits trending up

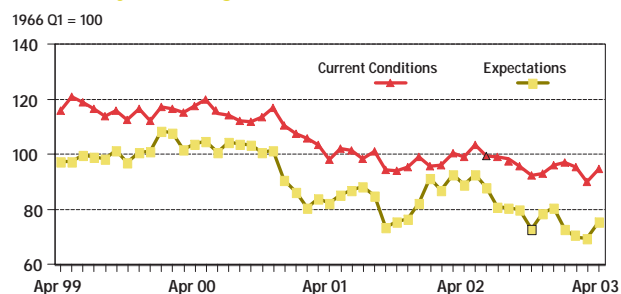
Non-Residential Building Permits British Columbia, Monthly (Trends)



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

U.S. consumers upbeat in April

University of Michigan U.S. Consumer Sentiment Index



Source: University of Michigan.

