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This Week...

International Trade
Building Permits
Housing Prices
Performing Arts
Research and Development

International Trade¹



By Doug Elliott, Editor

Preliminary estimates for 2010 show that the value of international exports from the four western provinces is increasing again; exports

grew by 10% compared with a sharp 31% drop in 2009. This was accompanied by a small 4% increase in imports so net trade grew by 19% to reach \$63 billion and two-way trade (imports plus exports) increased by 12%. Exports from eastern Canada also grew in 2010 but imports increased almost as quickly so the trade deficit in the rest of Canada increased from \$83 billion to \$92 billion.

The value of exports from the four western provinces grew by 10% in 2010, recovering some of the ground lost by the 31% decline in 2009.

The increase in exports did not occur in Manitoba, in part because that province did not experience as severe a decline as others in 2009. The level of trade in 2010 is near the five-year average for all four western provinces.

Broken down by commodity, the 10% increase was the result of a 7% decline in the value of exported agricultural products and a 16% increase in the large energy products category. The largest percentage increase occurred in the smaller forestry products category.

Exports to the USA, the largest trading partner by far, increased by an estimated 12%. Exports to the next two largest recipients – China and Japan – increased by 20% and 11% respectively.

Building Permits

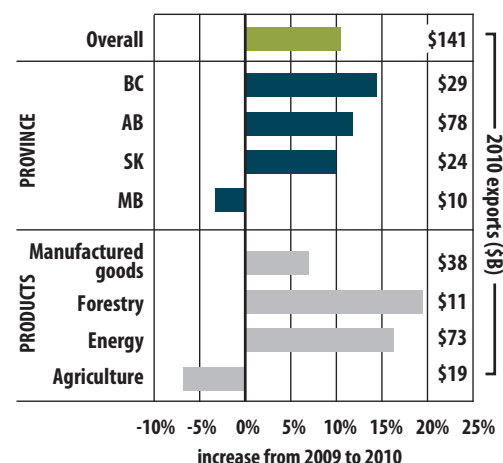
The value of building permits issued by local governments is a leading indicator of activity in the building construction industry. By value, just over one half of the building permits issued are for residential projects, either new homes or major renovations requiring a building permit.

The value of building permits issued in 2010 increased by 11%. Almost all of the growth was in B.C. which posted a 27% increase thereby recovering most of the ground lost in 2009 when the value of permits dropped by 28%. Manitoba and Saskatchewan posted modest 12% and 8% increases respectively. Activity in Alberta was flat with only a 1% increase.

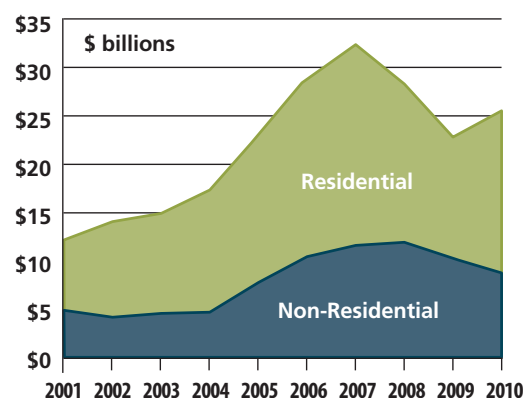
The figure shows that all of the growth in 2010 was in residential construction with a 34% increase in the value of residential permits offsetting a 13% decline in non-residential permits. The shift from non-residential to residential construction was evident in each of the four provinces.

The shift from non-residential to residential construction will generate more construction employment because building houses is more labour-intensive than building strip malls or office towers. The residential market is inherently more volatile, however, so activity will slow quickly if housing prices drop.

International Exports from the Western Provinces



Value of Building Permits Issued in Western Canada



¹ These figures cover only merchandise exports (and not services), are in Canadian dollars, and valued on a customs basis.

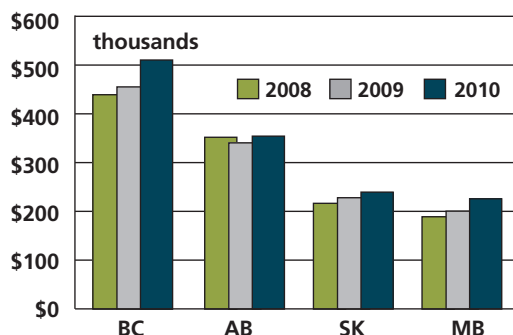
Housing Prices

The Canada Mortgage and Housing Corporation (CMHC) reports on the average selling price for residential properties in the various urban markets in Canada².

In general terms, the average selling price in the West is increasing but the number of houses changing hands is not. From 2009 to 2010, the average selling price increased by 6% with the largest increase in Manitoba (10%) and B.C. (8%). But the number of sales dropped by 11% with the largest declines in B.C. (-12%) and Alberta (-14%).

There is some concern about a housing bubble developing in the Canadian housing market if low interest rates are encouraging people with poorer credit to buy homes they can't afford. With the possible exception of B.C., that kind of bubble does not seem to be inflating in western Canada.

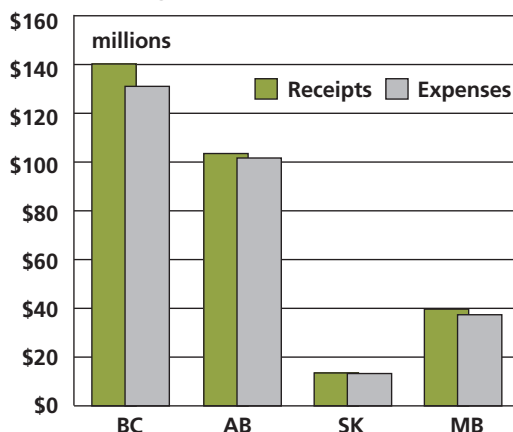
Average Selling Price, Multiple Listing Service



The Performing Arts

Statistics Canada collects financial information about organizations in the performing arts. The category includes, for example, theatre and dance companies and symphony orchestras. Both the non-profit and profit sectors are included. The recently released statistics for 2009 show that performing arts organizations in the West are doing better than those in Canada as a whole.

Revenues and Expenses for Performing Arts Organizations, 2009



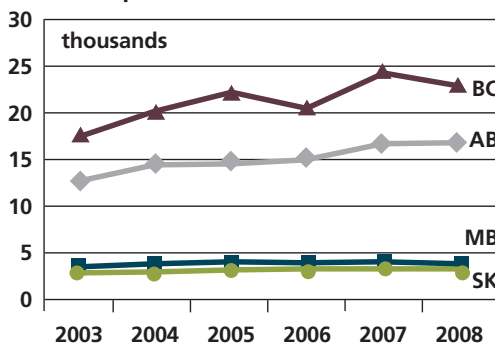
Gross revenues in the four western provinces were \$302 million which represents 23% of the Canadian total. Revenue fell by 4% from 2008 to 2009 compared with a 6% drop in Canada as a whole. Operating expenses in the west are lower so the operating margin is 5% compared with the national average of only 1%.

Research and Development Personnel

The latest edition of the monthly *Science Statistics* bulletin from Statistics Canada reports on the number of personnel involved in research and development (R&D) activities. The figures include the private and public sectors and both researchers and their support staff. Typically two-thirds of staff work in the private sector and one-third in universities or government organizations.

R&D activity is disproportionately low in the West. About 20% of the personnel involved in R&D are in the western provinces whereas population and economic output represent about a third of the national totals. The vast majority (83%) of the 48,000 R&D staff in western Canada work in B.C. and Alberta and the number is increasing.

Personnel Involved in Research and Development



Upcoming Releases

In the next two weeks Statistics Canada will be releasing data describing:

- December motor vehicle sales on February 14th;
- December manufacturing output on February 16th;
- December wholesale sales and retail sales on February 17th and 22nd;
- The January consumer price index on February 18th;
- December payrolls and earnings on February 24th; and
- Private and public capital investment intentions for 2011 on February 25th.

Sources:

The figures are adapted from the following sources:

International Trade: Statistics Canada CANSIM Tables 228-0033 and 228-0034

Building Permits: Statistics Canada CANSIM Table 026-0004

Housing Prices: CMHC "Housing Now"

The Performing Arts: Statistics Canada Performing Arts 87F0003X

Research and Development Personnel: Statistics Canada, *Science Statistics*, 88-001-X, February

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² These figures measure values in both the new and resale markets as reported in the Multiple Listing Service from the Canadian Real Estate Association. Some private transactions will not be included.