



Weekly economic Briefing

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Inflation drops on lower gasoline prices

Overall consumer prices in British Columbia dropped by 0.5% in September, according to the latest Consumer Price Index (CPI) estimates from Statistics Canada. This sharp one-month decline was driven by lower gasoline prices. Excluding energy items such as gasoline, electricity and natural gas, consumer prices in B.C. rose by 0.2% in September.

Compared to 12 months earlier, overall consumer prices in B.C. were up by 1%. This low level of inflation is about half the trend level, with the drop again attributable mostly to lower gasoline prices in September. Excluding energy items, the latest 12-month change in the CPI was 1.7%.

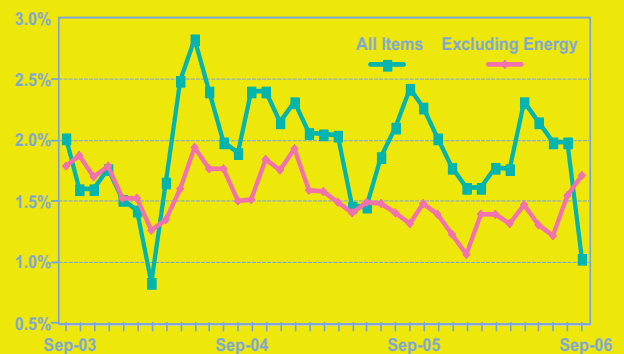
The cost of energy for consumer transportation and heating dropped 7.7% in September from August. Gasoline prices plunged 13.6%, easily offsetting a 1.1% increase in fuel oil prices. There was no change in consumer prices for electricity and natural gas.

Credit Union Central of British Columbia forecasts a 1.8% increase in the CPI for B.C. in 2006 and a 1.9% rise in 2007.

Tourist entries inch up in August

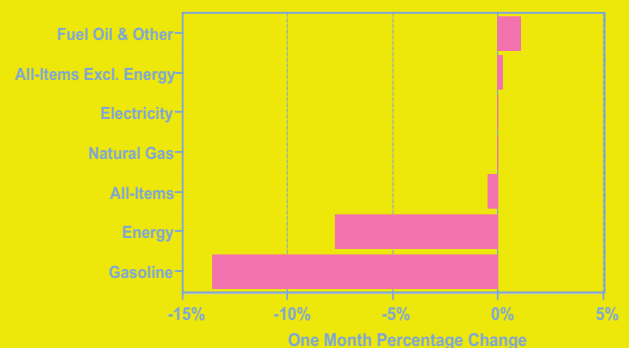
The number of international, non-resident tourists entering B.C. increased slightly in August, according to the latest estimates from Statistics Canada. The gain was driven by visitors from

Consumer Price Index, British Columbia
12 Month Percentage Change



Source: Statistics Canada.

Consumer Price Index, British Columbia
Focus on Energy Costs, September 2006



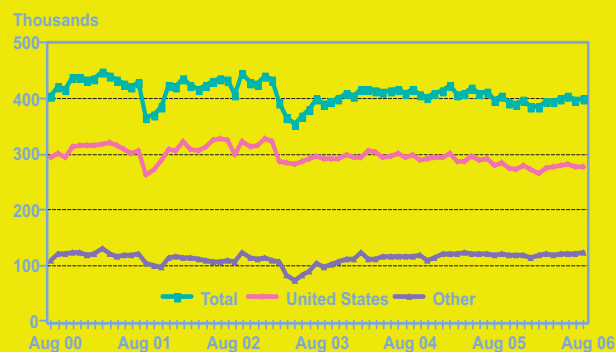
Source: Statistics Canada.

countries other than the U.S., which more than offset a slight drop in visits by U.S. residents. Visits by U.S. tourists continue to edge down, owing to higher gasoline prices, the depreciated U.S. dollar and longer border crossing times.

A total of 400,117 international, non-resident tourists entered B.C. in August, seasonally adjusted, up 0.36% from July and 0.42% from a year earlier. U.S. resident tourist visits totalled 277,367, down 0.1% from July and 0.7% from a year earlier. Tourist entries to B.C. from non-U.S. countries totalled 122,750, up 1.4% from July and 3% from August 2005.

For all of 2006, total international, non-resident tourist entries will likely decline by some 2% to 3% from last year. U.S. tourists entries will likely be down 3% to 4% year-over-year, while non-U.S. tourist entries will probably be little changed from last year's level. Domestic tourism activity will increase from the stronger economy and income growth in B.C. and in Alberta.

International Non-Resident Tourists Entering B.C. Monthly, Seasonally Adjusted



Source: Statistics Canada.