



# ***Second Quarterly Report***



Ministry  
of Finance

***November 24, 2008***



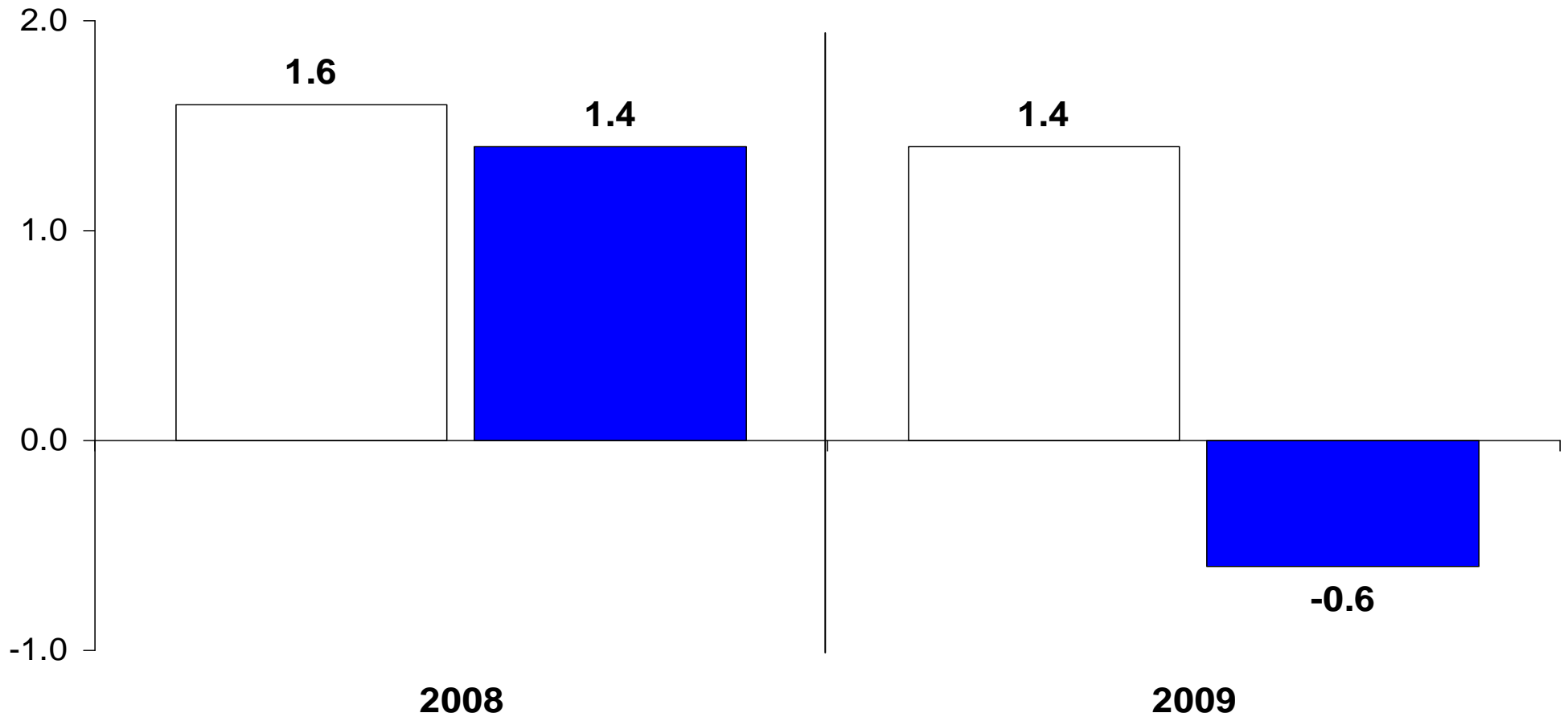
# **Economic Update**

# US GDP outlook weakens

Real GDP Growth  
(per cent change)

□ Consensus (August)

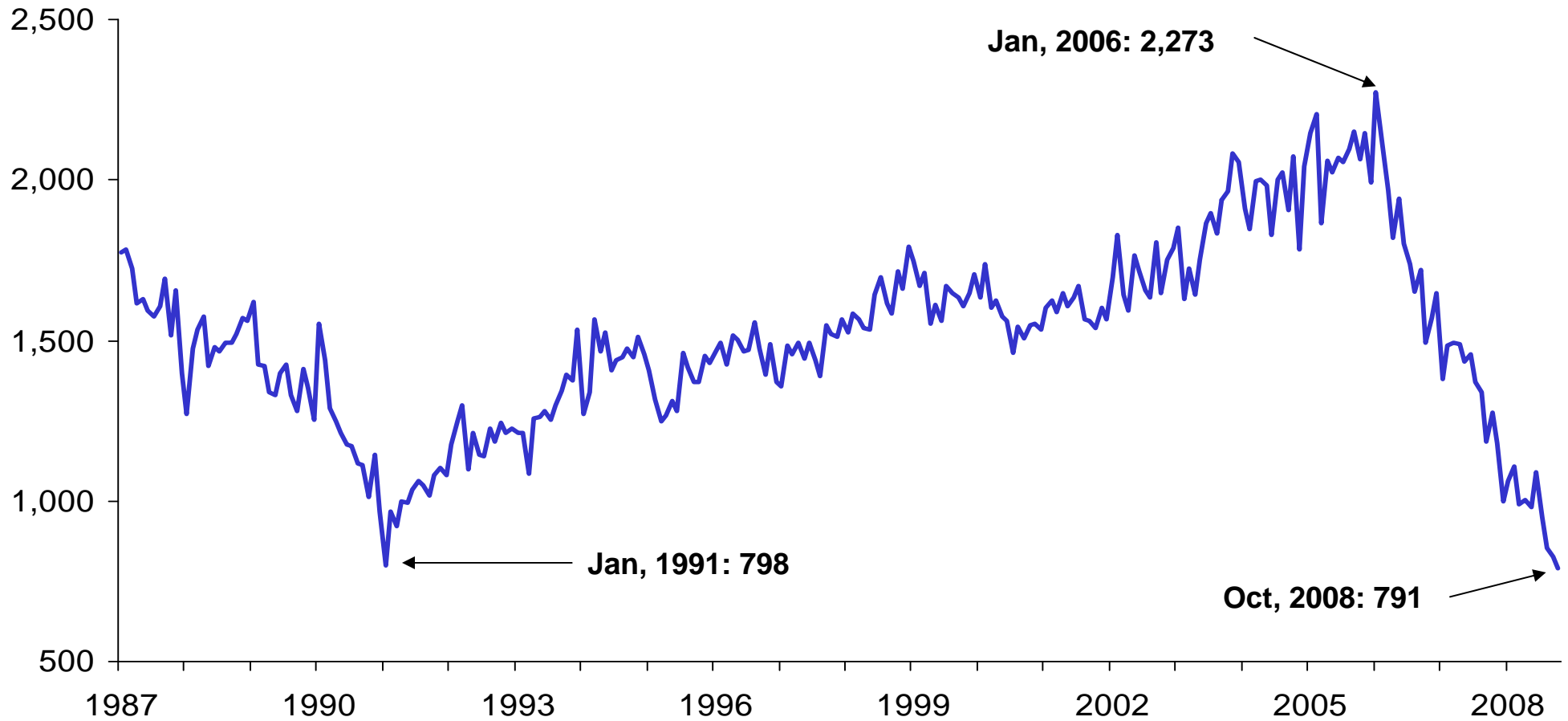
■ Consensus (November)



Sources: Consensus Economics

# US housing starts still falling

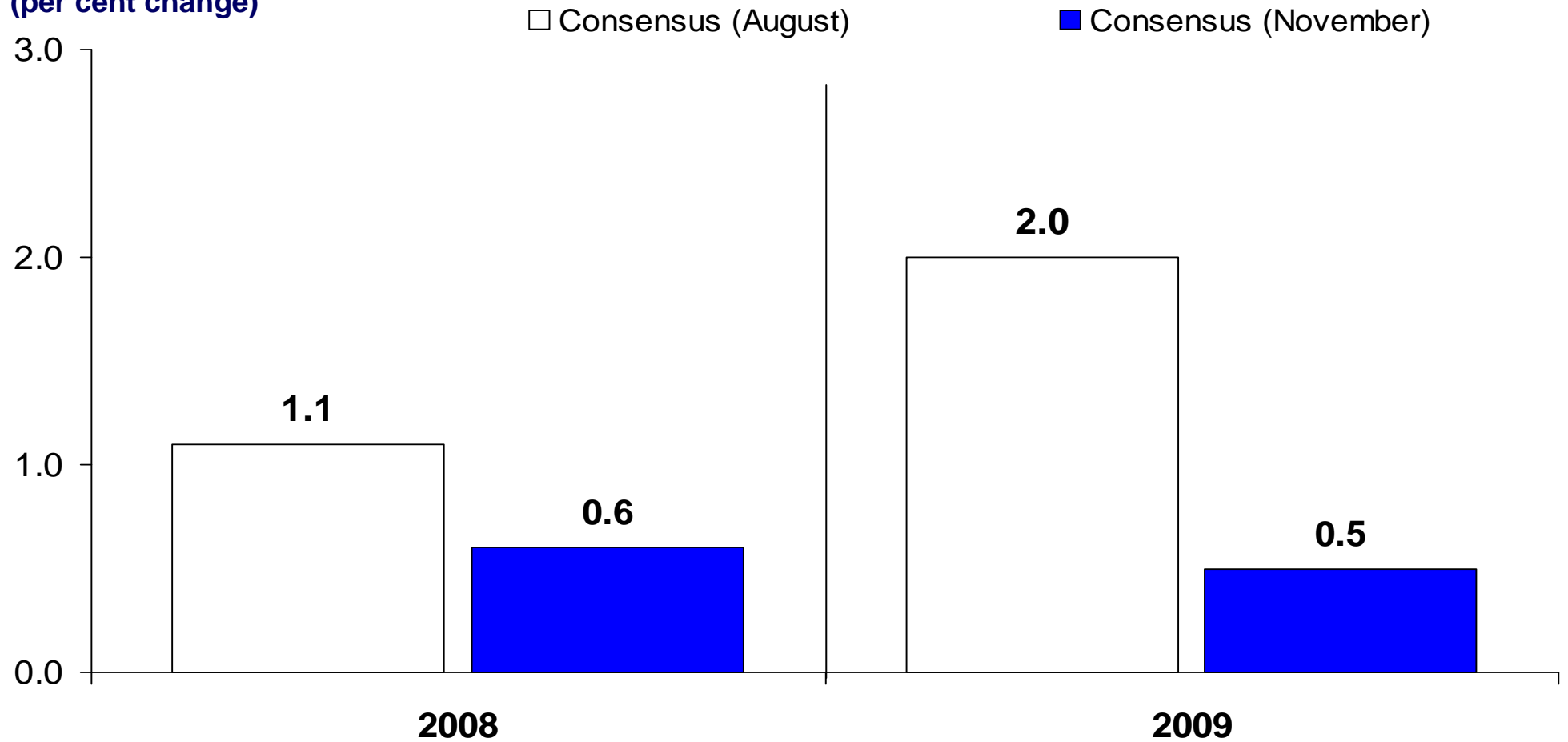
US Housing Starts (000s; saar)



Source: US Census Bureau

# Canadian GDP outlook

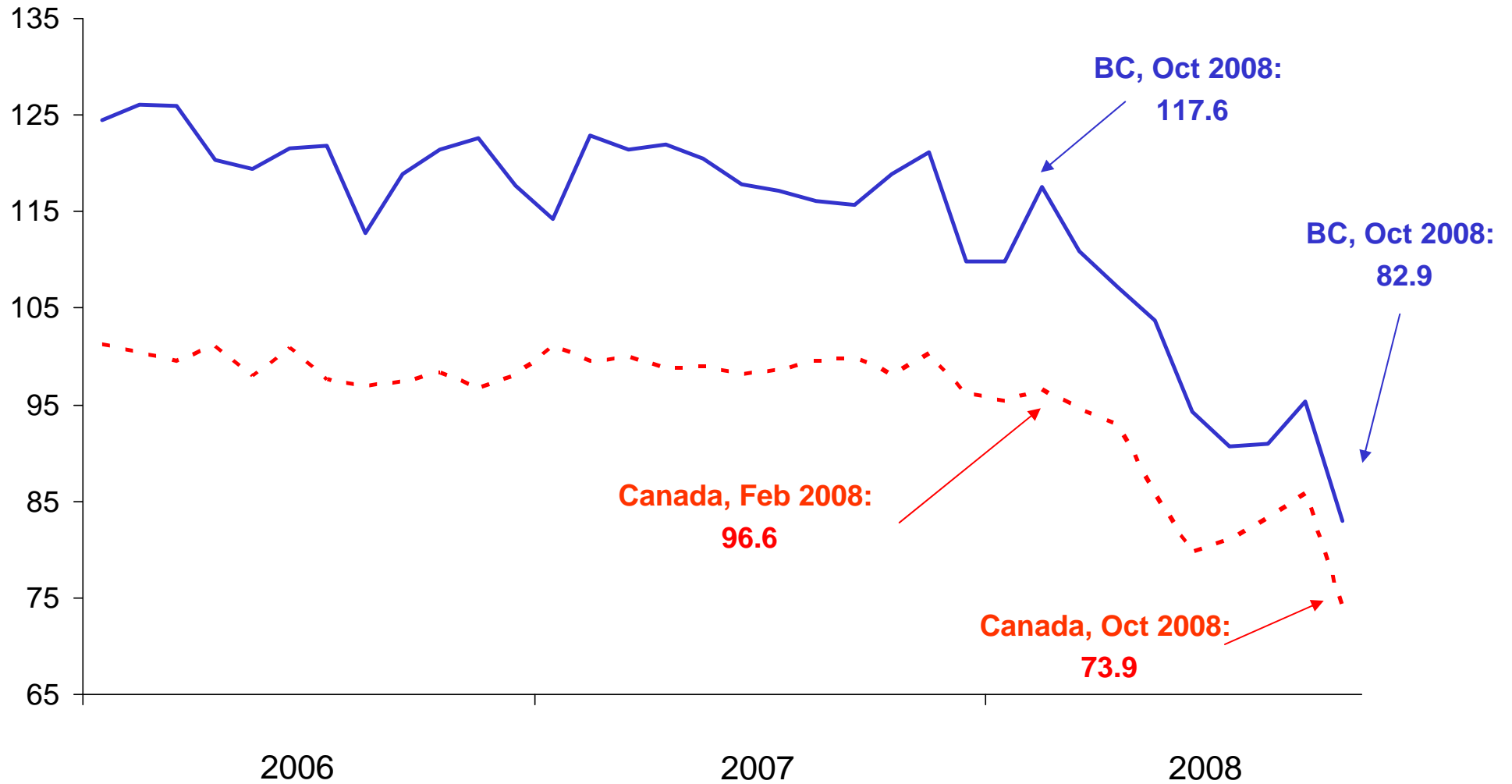
Real GDP Growth  
(per cent change)



Source: BC Ministry of Finance, Consensus Economics

# Consumer confidence in BC and Canada waning

CB Consumer Confidence Index, 2002 = 100



Source: Conference Board of Canada

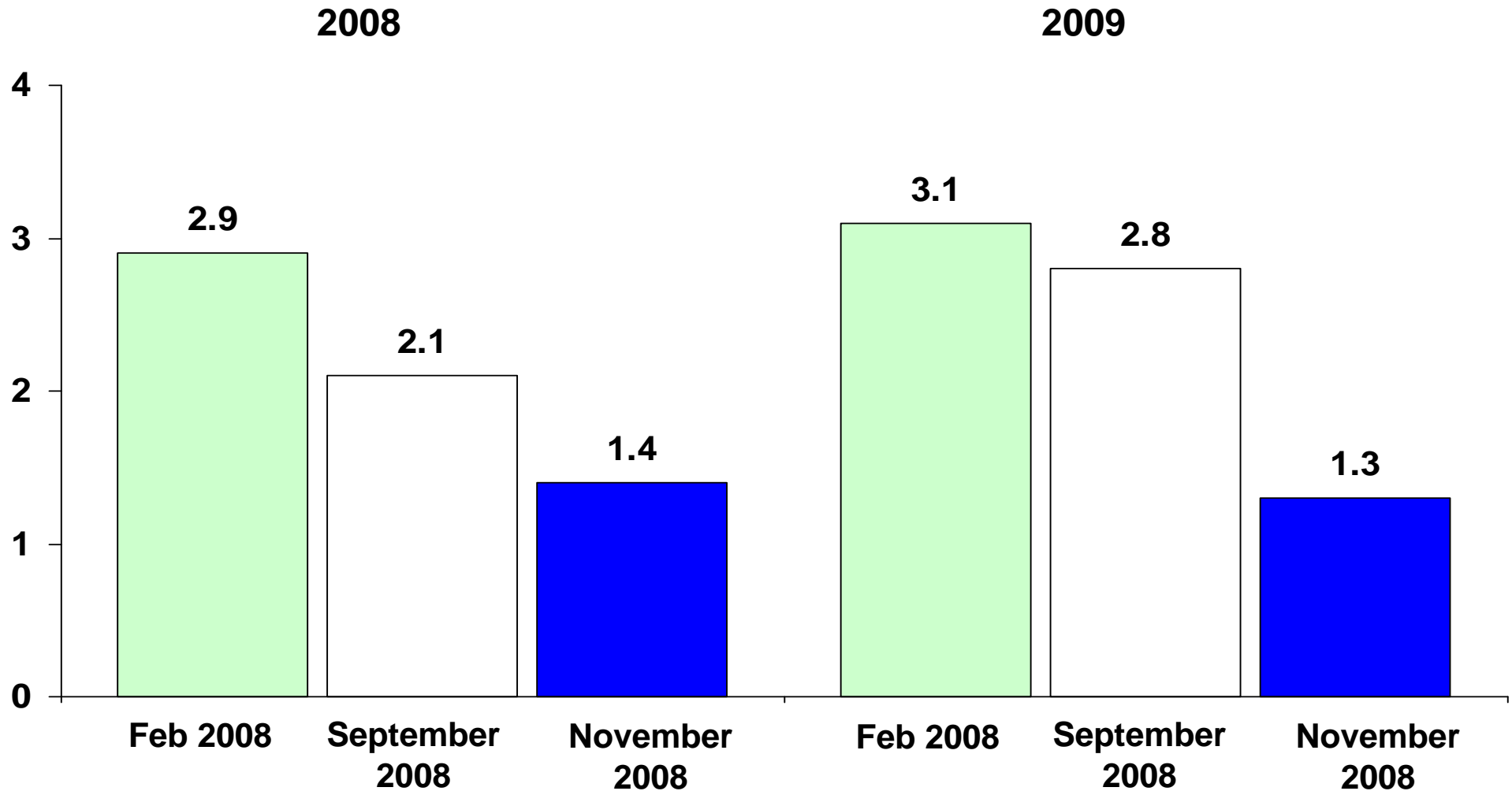
# ***BC economic indicators***

<b>All data seasonally adjusted</b>	<b>Apr. to Jun. 2008 change from Jan. to Mar. 2008</b>	<b>Jul. to Sep. 2008 change from Apr. to Jun. 2008</b>	<b>Year-to-Date Jan. to Sep. 2008 change from Jan. to Sep. 2007</b>
		<b>(Per cent change)</b>	
<b>Employment</b>	<b>+ 0.5</b>	<b>+ 0.1</b>	<b>+ 2.6</b>
<b>Manufacturing shipments</b>	<b>+ 0.3</b>	<b>- 0.1</b>	<b>- 6.7</b>
<b>Exports</b>	<b>+ 15.1</b>	<b>+ 3.2</b>	<b>+ 1.7</b>
<b>Retail Sales*</b>	<b>+ 0.1</b>	<b>- 0.5</b>	<b>+ 2.6</b>
<b>Housing Starts</b>	<b>- 4.3</b>	<b>- 4.2</b>	<b>- 0.8</b>
<b>Non- residential building permits</b>	<b>+ 102.9</b>	<b>- 34.2</b>	<b>- 9.3</b>

\* Data to August

# *BC private sector forecasts revised downward*

BC Real GDP  
Per cent change



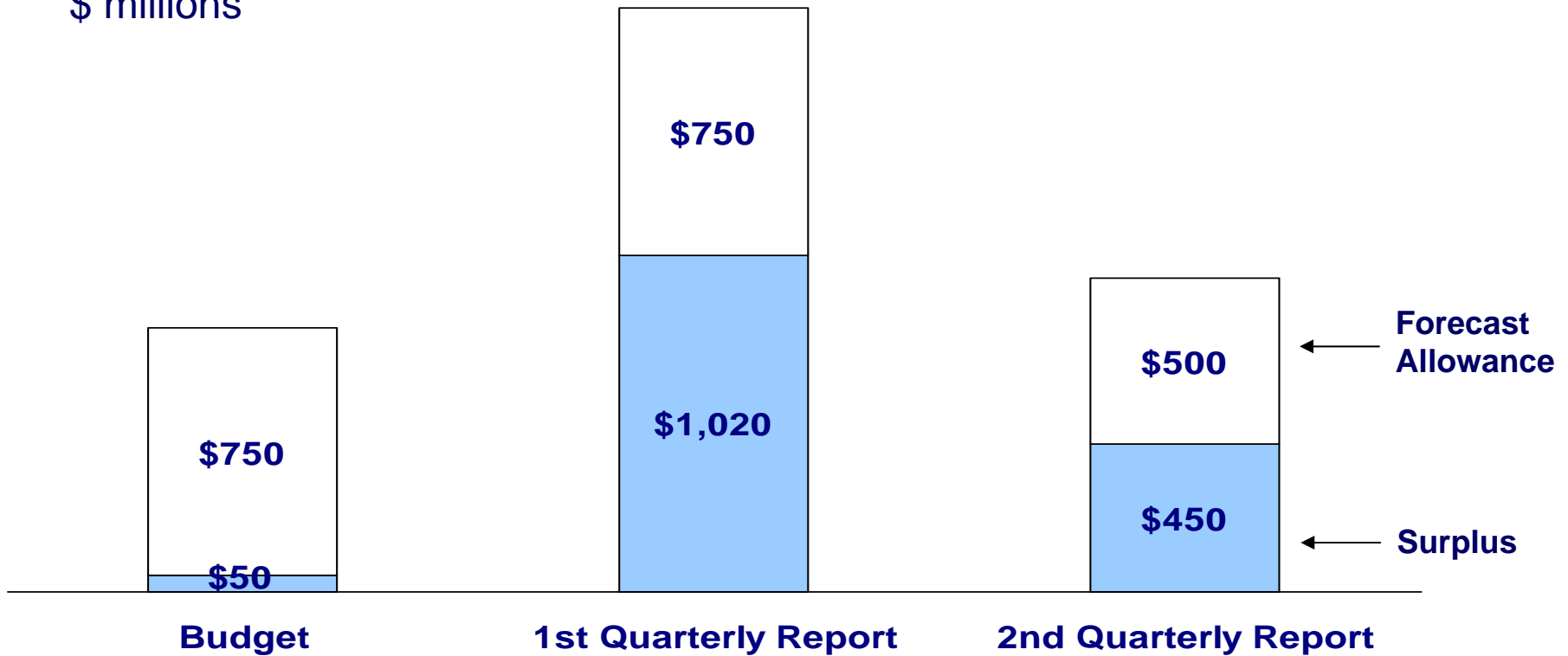
Average of 6 forecasters: BMO; TD; Scotiabank; RBC; Conference Board, Global Insight



# Fiscal Update

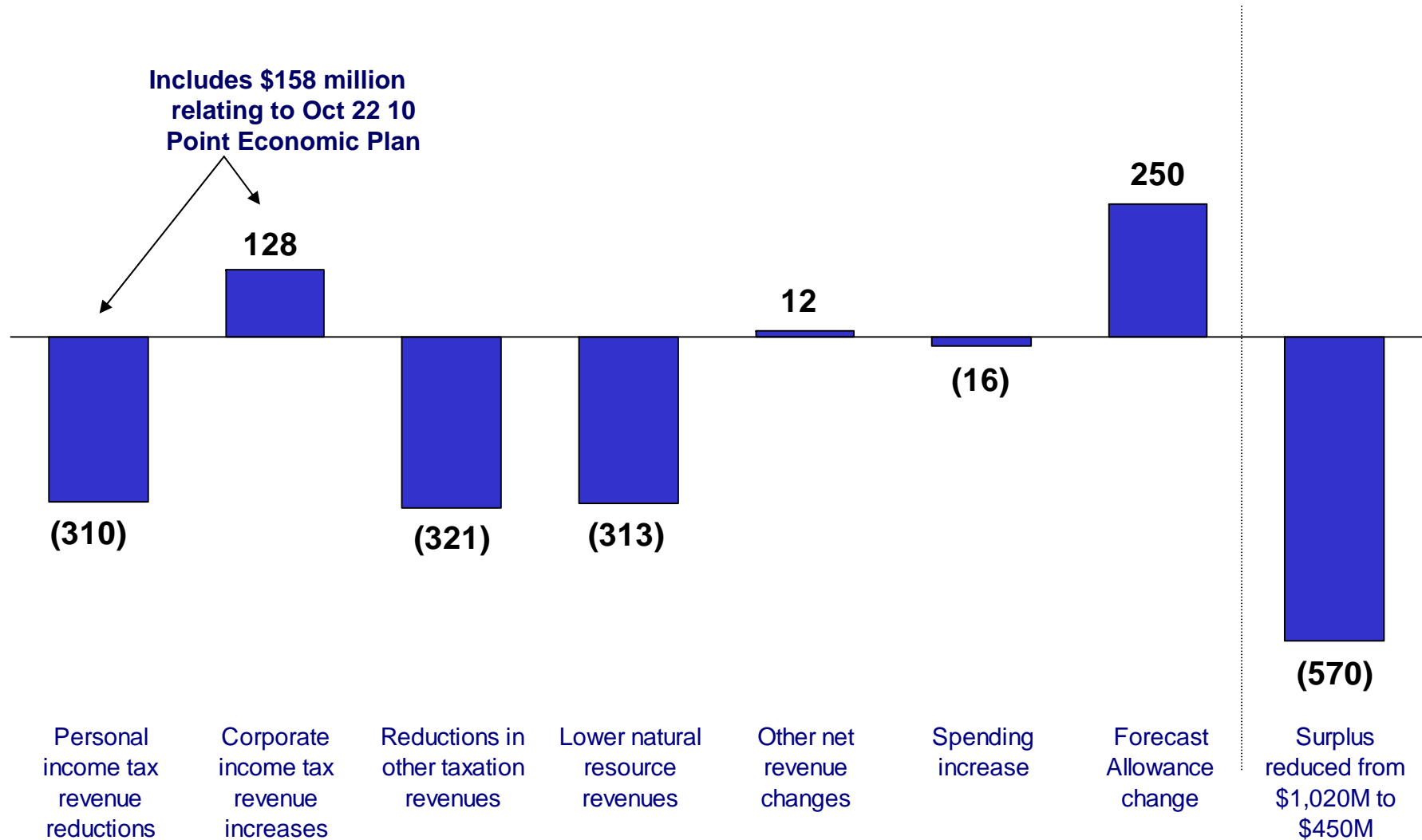
# Q2 surplus forecast now lower

2008/09 surplus forecast  
\$ millions

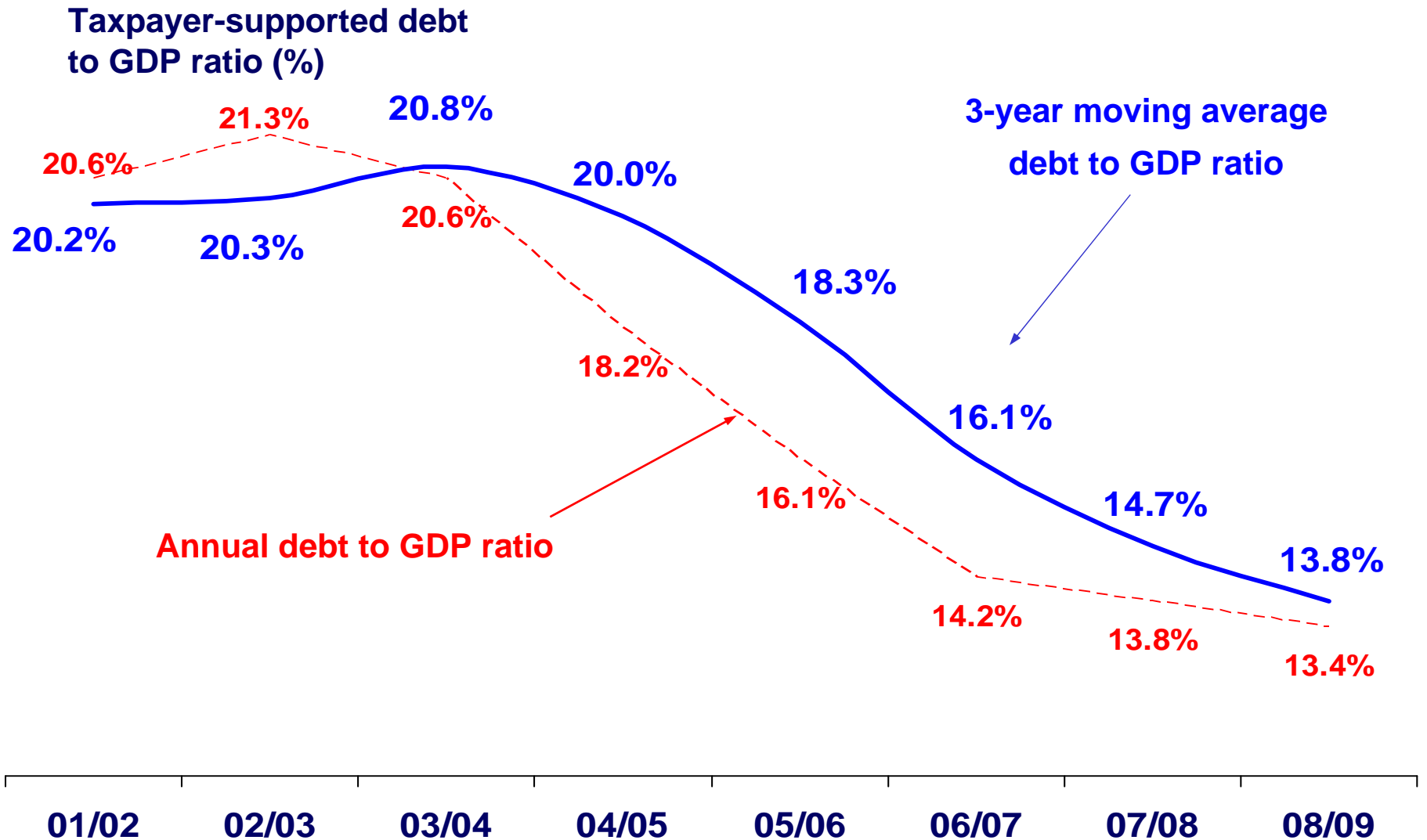


# Forecast reflects lower revenues ... includes stimulus plan

Main changes since the first Quarterly Report – 2008/09  
\$ millions



# Taxpayer debt ratio reaches low levels



# ***Risks to the Outlook***



- A deep and prolonged US recession
- Continued turmoil in global financial markets
- Continued commodity price volatility
- Spending pressures including Health care

## *Next steps*



- **Economic Forecast Council** **Dec 5, 2008**
- **Review Budget consultation results**  
**& finalize budget** **Dec to February**
- **Budget 2009** **Feb 17, 2009**



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