

# B.C. Resource Outlook 2016 - 2018

BC Natural Resources Forum  
Prince George, B.C.

January 20, 2016

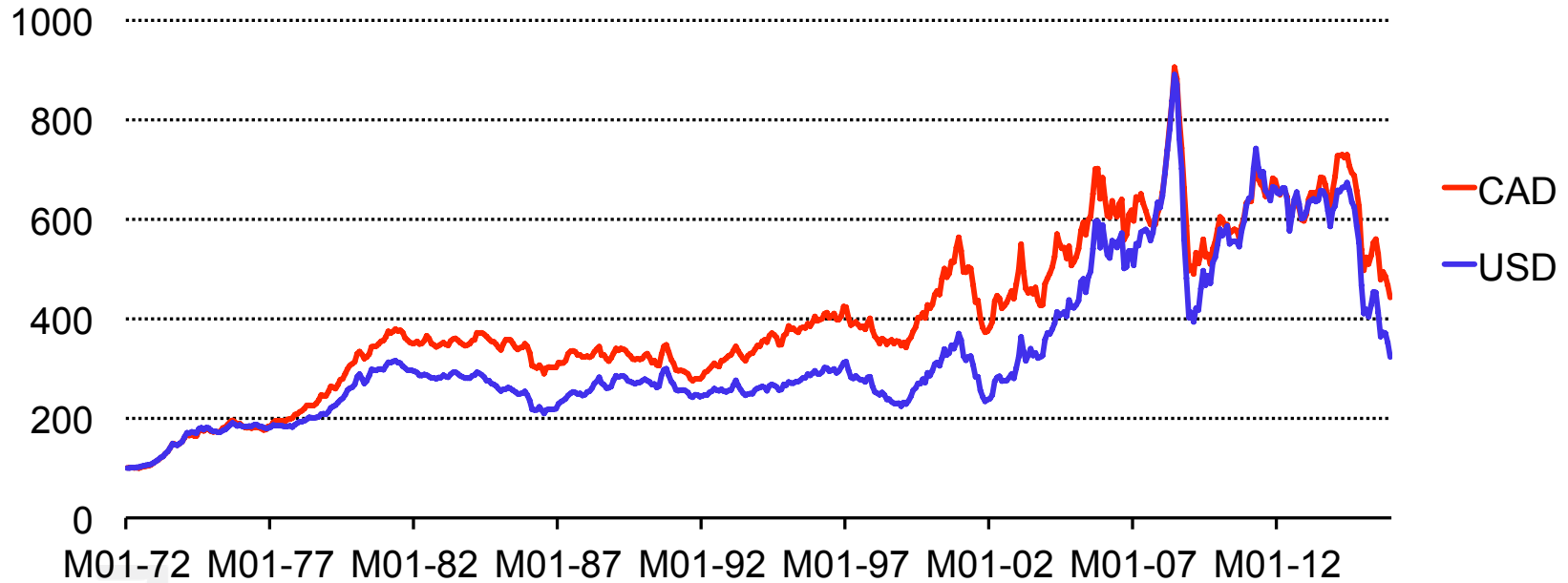
Helmut Pastrick  
Chief Economist  
Central 1 Credit Union



# Commodity prices in decline since 2014

## Bank of Canada Commodity Price Index

Jan. 1972 = 100



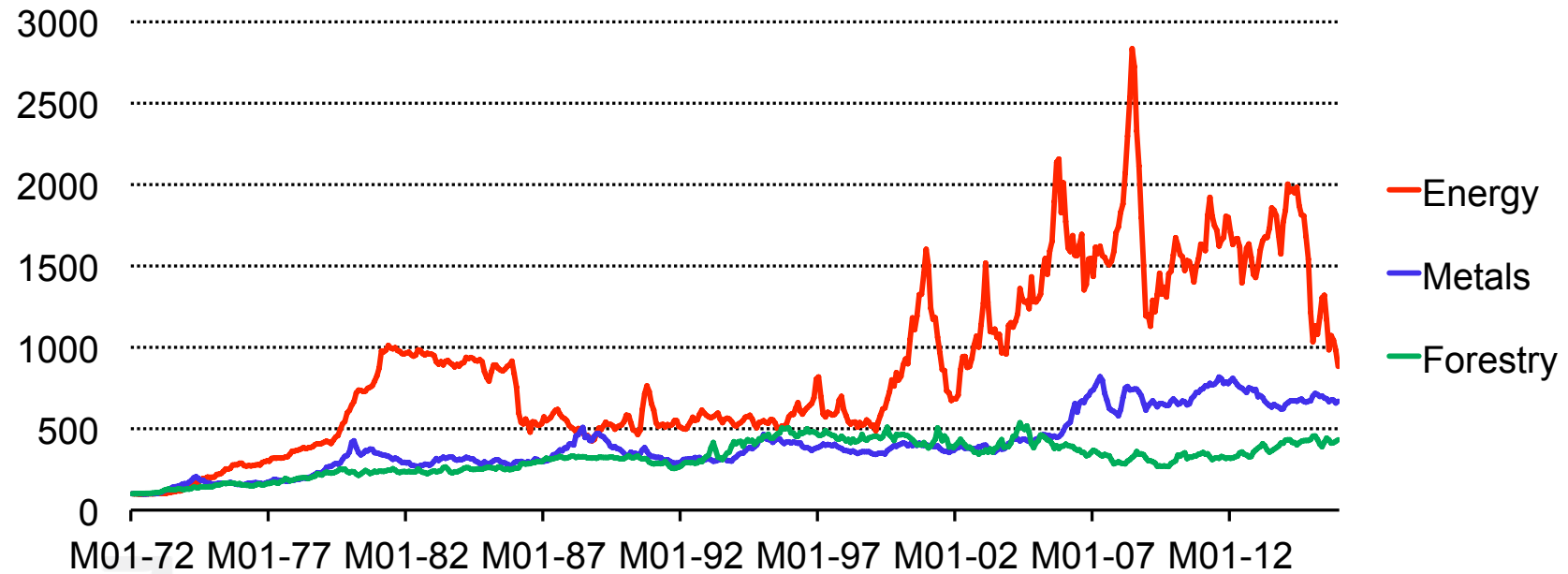
Source: Bank of Canada, Central 1 Credit Union.

Latest: Dec-15

# Sharp decline in energy

## Bank of Canada Commodity Price Index

Jan. 1972 = 100

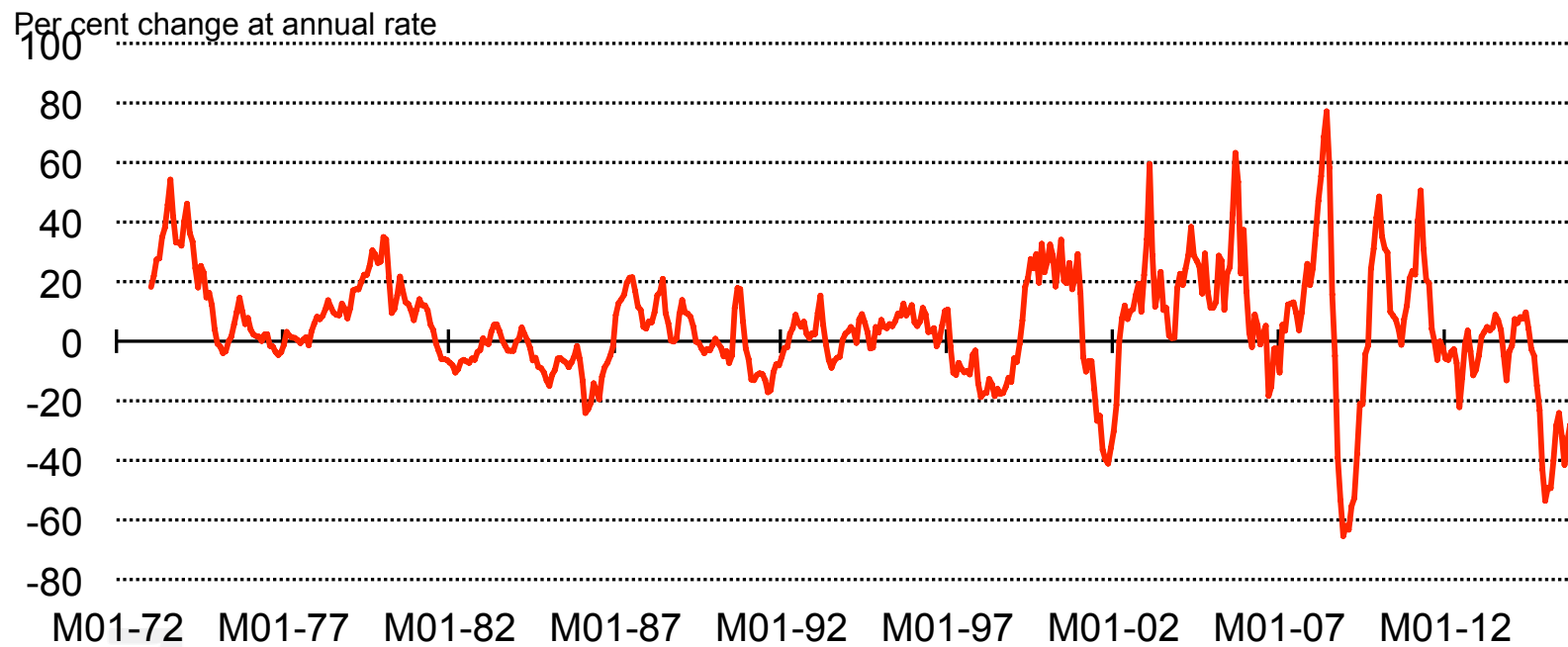


Source: Bank of Canada, Central 1 Credit Union.

Latest: Dec-15

# Price cycles occur frequently

## Bank of Canada Commodity Price Index



Source: Bank of Canada, Central 1 Credit Union.

Latest: Dec-15

## Weak pricing extends through 2016

### Commodity Price Forecasts (\$USD)

	2015	2016	2017	2018
Crude Oil (WTI)	48.89	49.04	56.79	65.13
Natural Gas – HH	2.63	2.74	3.17	3.58
Copper, m.t.	5,489	4,898	5,360	5,649
Zinc, m.t.	1,933	1,787	2,067	2,295
Gold, oz.	1,158	1,124	1,191	1,208
Steel (HRC), m.t., Asia	403.2	327.5	361.2	382.4

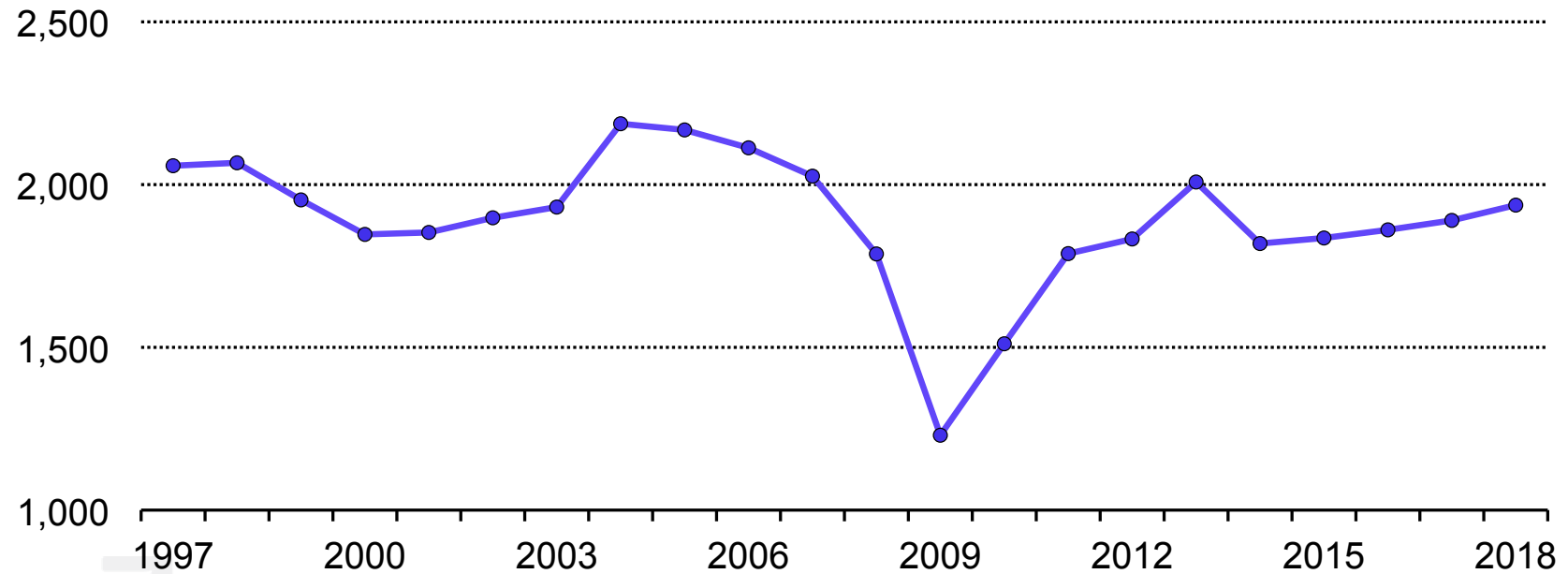
Source: Energy & Metals Consensus Forecasts, Dec. 2015. Note: m.t. = metric tonne.



# Gradual improvement ahead

## Forestry and Logging Industry GDP: British Columbia

Chained 2007 dollars - millions

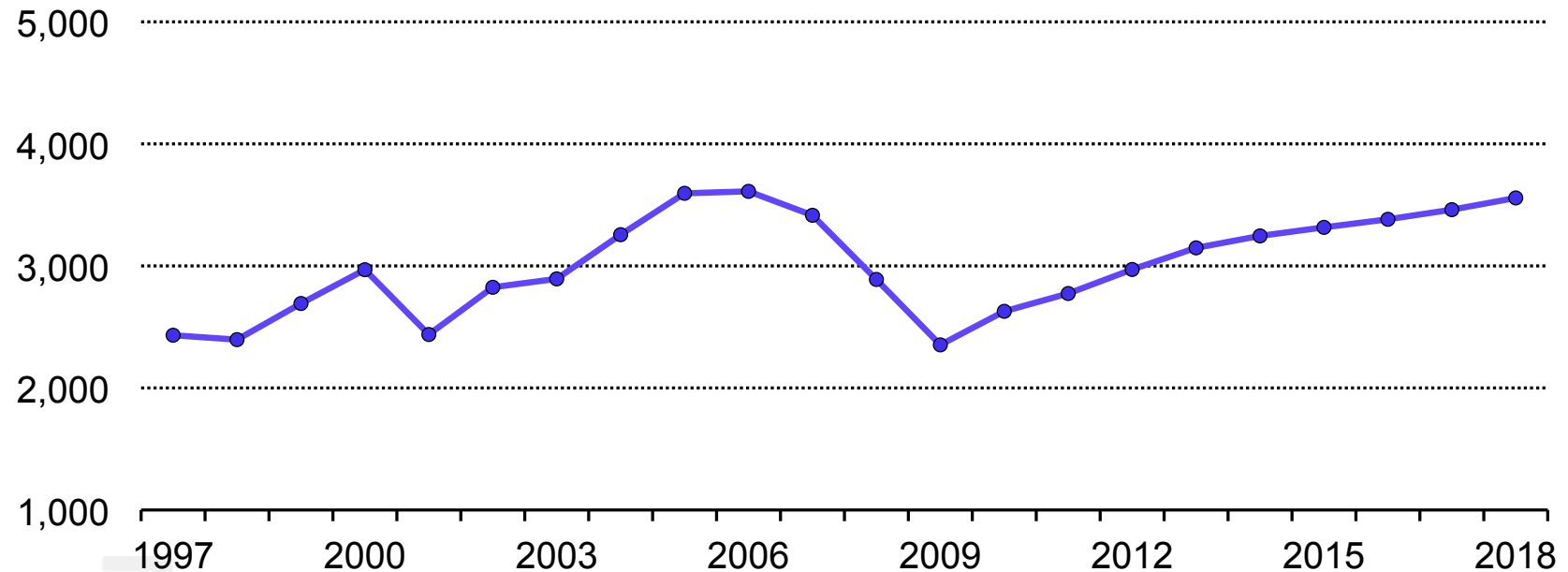


Source: Statistics Canada, Central 1 Credit Union. Note: Forecast 2015 – 2018.

# Moderate gains ahead; U.S. housing to keep expanding

## Wood Products Manufacturing Industry GDP: British Columbia

Chained 2007 dollars - millions

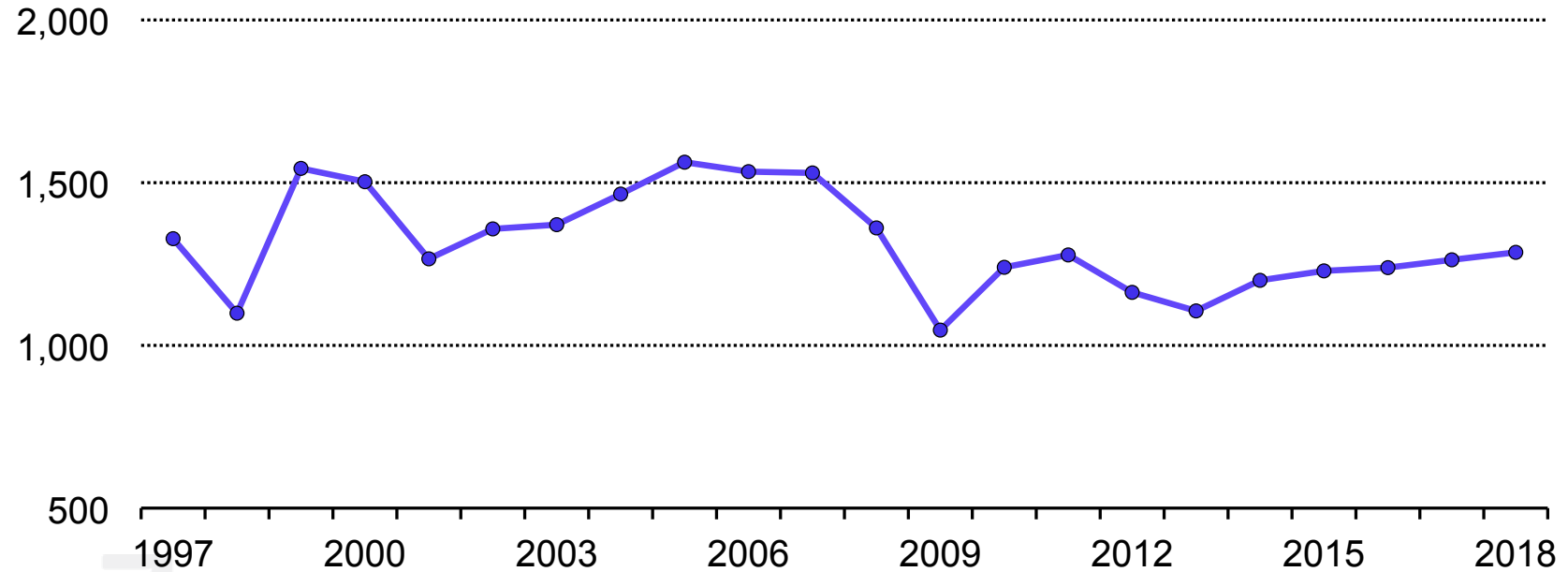


Source: Statistics Canada, Central 1 Credit Union. Note: Forecast 2015 – 2018.

# Limited growth prospects

## Paper and Allied Products Manufacturing Industry GDP: British Columbia

Chained 2007 dollars - millions



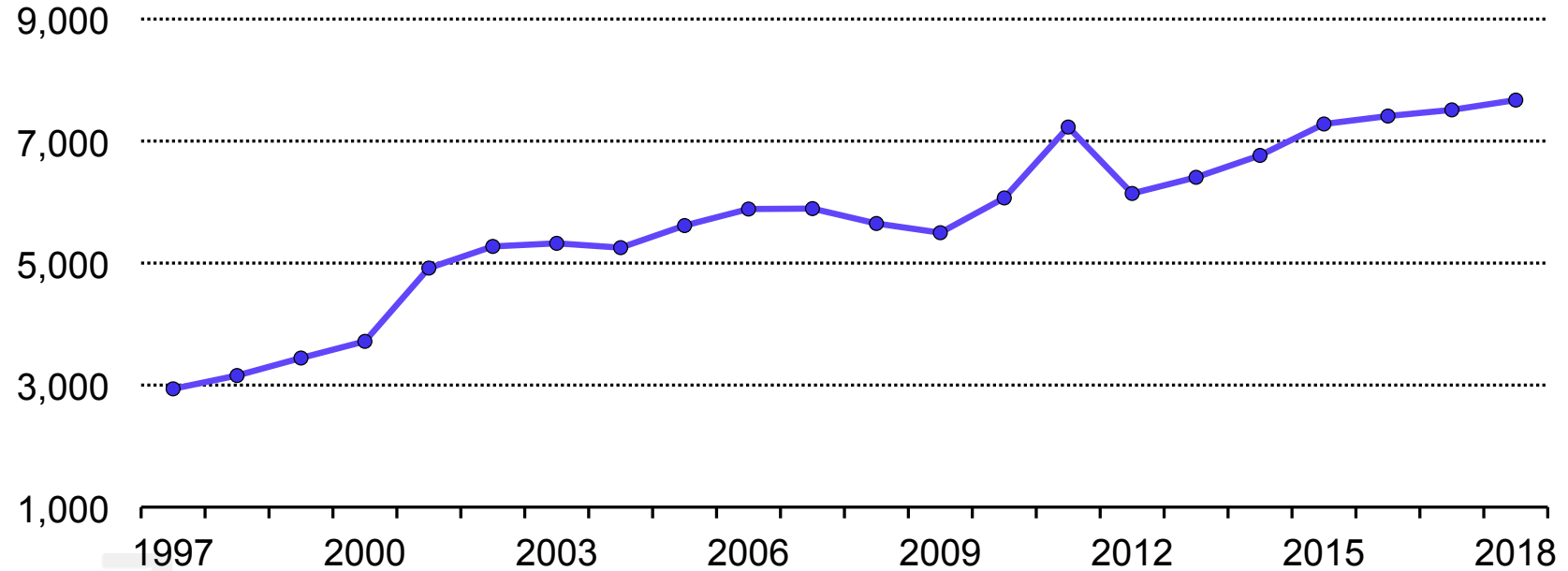
Source: Statistics Canada, Central 1 Credit Union. Note: Forecast 2015 – 2018.



# Modest gains likely

## Oil and Gas Industry GDP: British Columbia

Chained 2007 dollars - millions

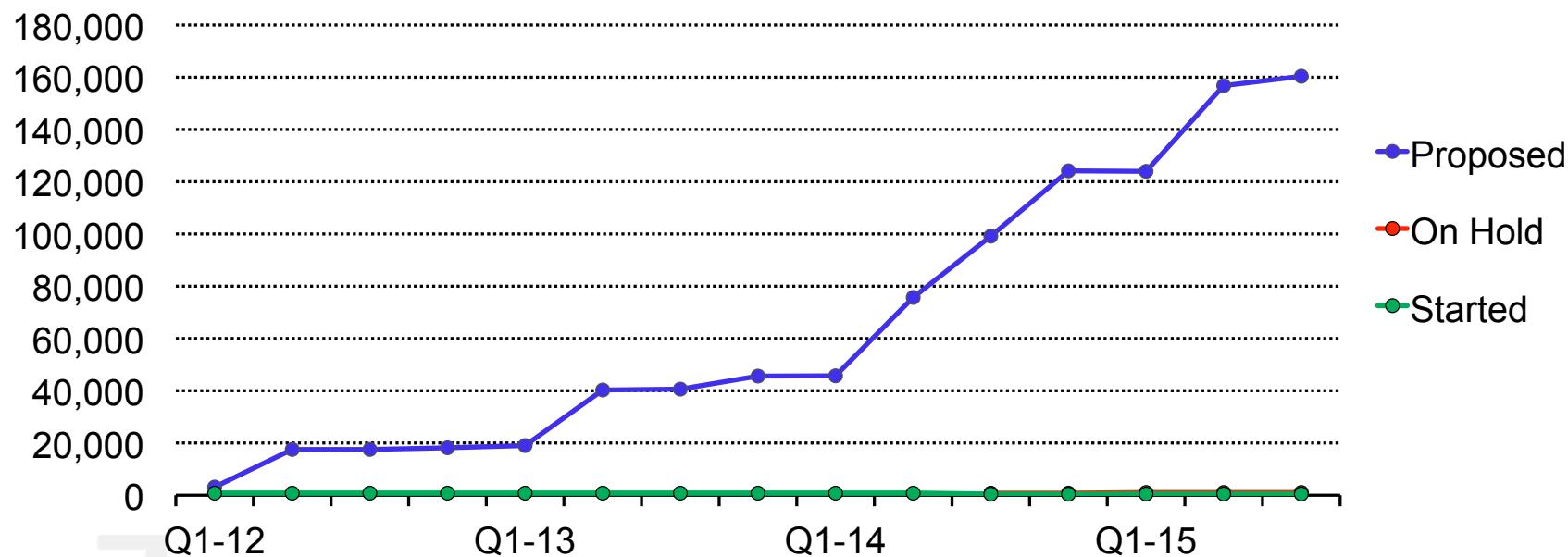


Source: Statistics Canada, Central 1 Credit Union. Note: Forecast 2015 – 2018.

# 20 LNG project proposals

## Oil and Gas Extraction Major Project Status: British Columbia

Dollars - millions



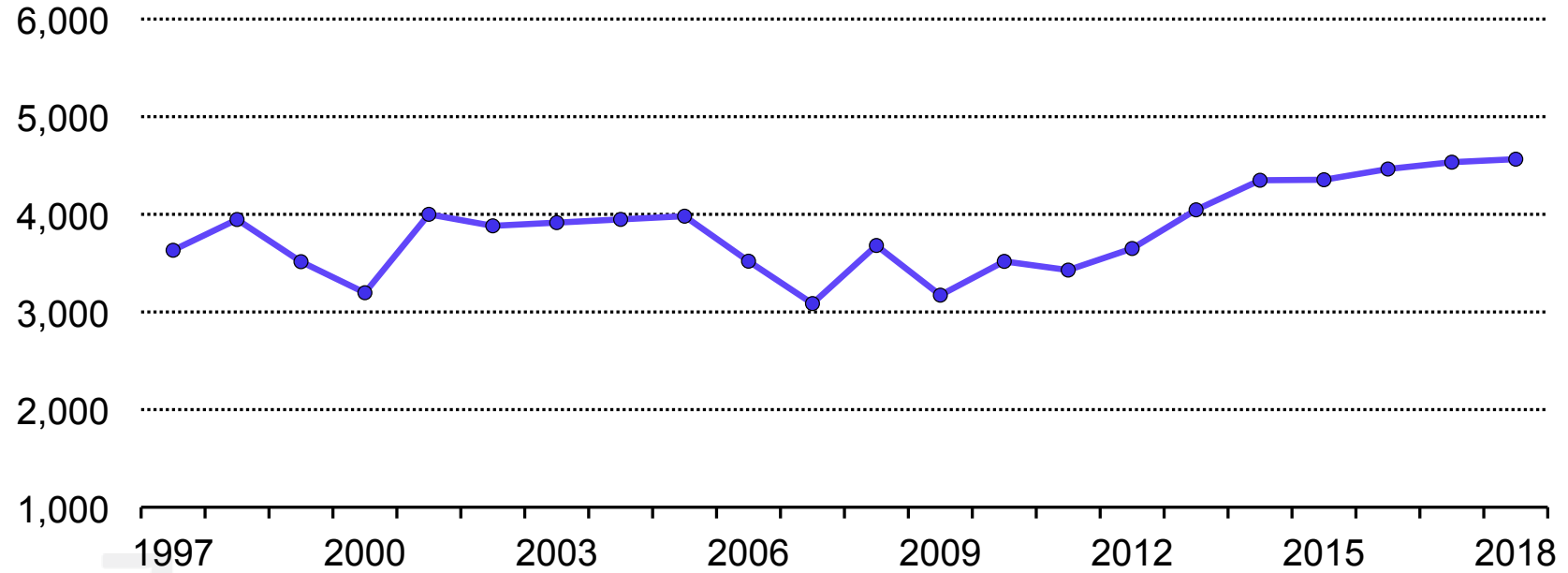
Source: BC Major Projects Inventory, Central 1 Credit Union.

Latest: Q3-15

# Little upside in near term

## Mining and Quarrying Industry GDP: British Columbia

Chained 2007 dollars - millions

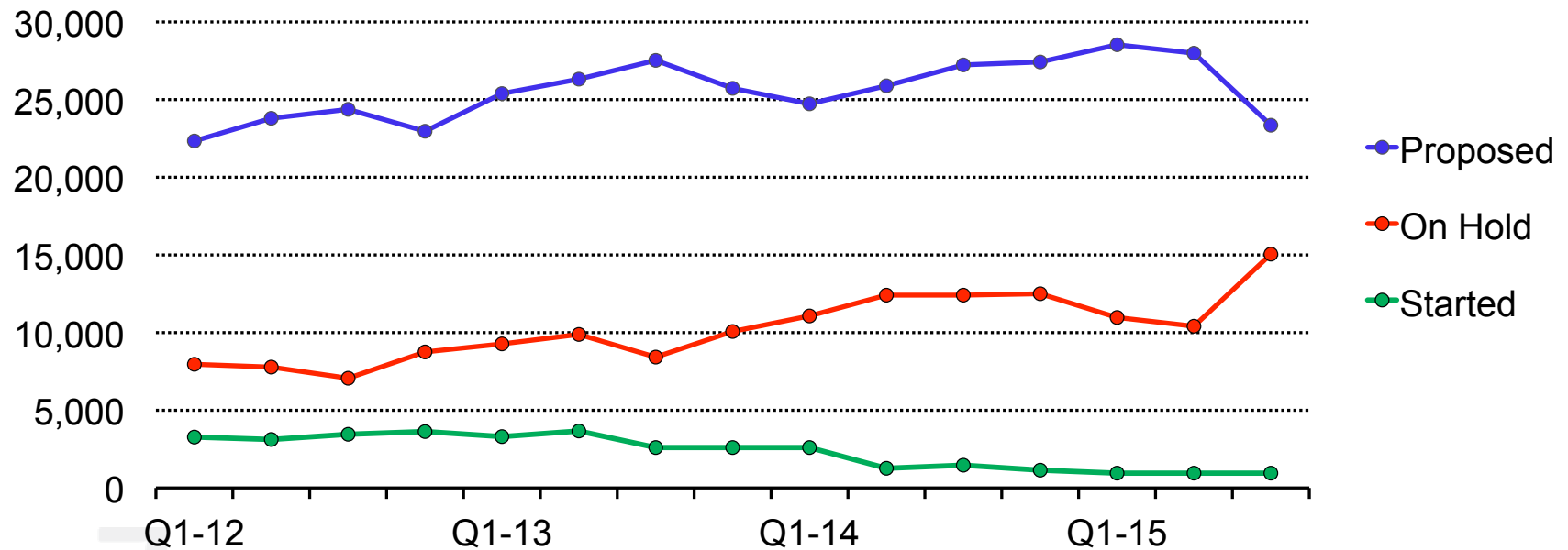


Source: Statistics Canada, Central 1 Credit Union. Note: Forecast 2015 – 2018.

# Weak market conditions cause on hold jump in Q3-15

## Mining Industry Major Project Status: British Columbia

Dollars - millions



Source: BC Major Projects Inventory, Central 1 Credit Union.

Latest: Q3-15

## Summary:

- Global economic slowdown, particularly in China, cools demand for natural resources.
- Commodity price cycle down also in context of prior capacity expansion and investment cycle.
- Current oversupplied conditions extend through 2016
- B.C. resources face limited to modest growth prospects in near term; sector differences prevail.



Thank you