



ECONOMIC DEVELOPMENT • COMMUNITY DEVELOPMENT

How to Know When the Economy is in an Upswing

The economy is declining and experts are struggling with their predictions for the upswing. Here's some ways you can look within your own community for signs of recovery. Some of the signs will be anecdotal – you have to park your car further from the mall; the contractor takes longer to return your call; your friends or co-workers are taking vacations away again. More tangible signs of recovery include:

Housing sales – we all saw the rapid decrease in sales and values to start the downturn. While there is still little to be optimistic about pay close attention to home sales, both new and existing. As they start to recover so does your community's economy.

Employment – Canada lost 129,000 jobs while the US lost almost 600,000 in January alone and it may continue to get worse before it gets better. Many employers are cutting back hours instead of layoffs so one of the first signs of recovery is increased hours of work. Currently it's at a record low of 33.3 hours per week. Look for a stabilized increase over a two to three month period. Another sign of recovery is the hiring of temporary workers.

Car sales – the automobile industry has been hit hard. Big ticket items like cars are one of the first indicators of an economic slowdown as consumers start to tighten the belt. An encouraging sign of recovery is when consumers start to loosen their belt and begin to buy again. Keep a close watch on stabilizing car sales.

Retail sales – Consumers are shying away from purchases that are not seen as necessities and the retail industry is clearly showing the signs. Discounters like Wal-Mart are bucking the trend as consumers shop for the best price available. As consumers start to feel more confident in spending the retail industry as a whole will start an upward trend while the discounters will see a more even playing field.

Pasta – as any college student knows pasta is a cheap meal and sales are increasing as consumers shop for value. Early recovery sign will show a decrease in the sale of pasta. The largest pasta producer in North America is the American Italian Pasta Company. They have seen a dramatic increase in sales – 43% in 2008 over the previous year. Watch their stock price to see signs of recovery.

Movies – As consumers are only buying what is seen as a necessity, things like going to the movies are seen as an extravagance. The number of ticket sold dropped 4% last year as consumers stopped or reduce the number of times they go to the movie theatre. The increase in ticket prices will be an early sign of economic recovery.

“Looking at the leading indicators will give earlier clues to when the economy starts to recover,” says Colleen Bond, Partner, EDCD Consulting. “It's not going to turn around quickly but it will turn around and being aware of some of the signs to look for can put your community in a more competitive place”

“Be aware of some of the subtle changes you see in your community,” adds Dale Wheeldon, Partner, EDCD Consulting, “are your businesses starting to hire, are people going out more? There will be some clear early signs of recovery.”

EDCD Consulting helps communities strategically plan their economic growth. EDCD Consulting provides information on demographic, economic, business and industry trends. They have offices located in the Greater Vancouver and Okanagan Valley regions. More information can be found at ecdevcomdev.blogspot.com and twitter.com/ecdevcomdev.

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