

# Yukon Economic Outlook 2009

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© 2009 Department of Economic Development  
Yukon Government  
Box 2703  
Whitehorse, Yukon  
Y1A 2C6

phone: (867) 393-7191  
fax: (867) 393-7199

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*Also available at:*  
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## Highlights for 2008

Current as of May 29, 2009

- Preliminary estimates report Yukon real GDP growth of 5.2% for 2008, compared to a 3.6% increase in 2007. Yukon's real GDP growth rate for 2008 was the second highest among all provinces and territories, behind only Nunavut, which posted a 5.5% increase. The national growth rate is estimated at 0.5%.
- Yukon's unemployment rate of 5.0% for 2008 was down slightly from 5.2% in 2007. At 5.0%, the unemployment rate was lower than the national rate of 6.1% and fifth lowest among all the provinces and territories.
- Yukon's average annual population grew 3.4% in 2008 to 33,378. Growth in 2008 marked the fifth consecutive year of growth.
- Estimated mineral exploration expenditures of \$110 million for 2008 were down from \$140 million in 2007, but higher than annual figures recorded prior to 2007.
- The first full year of production for the Minto mine helped push the value of mineral production to over \$200 million in 2008.
- Impacted by high fuel prices and a high Canadian dollar, border crossings fell 8.9% to 299,860 in 2008.
- The annual value of Yukon building permits declined by 26.2% to \$71.5 million in 2008, largely due to prior year permitting at the Minto mine which raised values in early 2007.
- Retail sales in Yukon for 2008 totalled \$530.2 million; an increase of \$29.9 million, or 6.0% over the 2007 total of \$500.3 million.

## Forecast for 2009

- |   |
|---|
| <ul style="list-style-type: none"><li>• Yukon real GDP is expected to increase in the range of 3% to 4% in 2009. Growth is expected to stem primarily from public spending on construction projects, mining development expenditures and increased mineral production. However, the economic outlook is mixed by sector in 2009 due to declining mineral exploration, declining tourism spending and a leveling off of residential construction activity.</li></ul> |
|---|
- The unemployment rate is expected to average 7.0% in 2009.
  - Population growth is expected to continue with growth of 2.5% in 2009.
  - Mine development expenditures are expected to be approximately \$200 million in 2009, driven by work associated with Yukon Zinc's Wolverine mining development.
  - Mineral exploration is expected to be in the range of \$25 to \$40 million, down from the \$110 million recorded in 2008.
  - The value of mineral production is expected to be in the range of \$230 to \$250 million, benefiting from expected higher production from the Minto mine.
  - Border crossings are expected to fall from the 2008 level of 299,860, primarily due to lower visitation from the United States.
  - The total value of permitted building construction is expected to increase three-fold to around \$220 million, benefiting from significant public spending on capital projects and mining development expenditures.
  - Retail sales are expected to hold steady in 2009, totaling \$530 million.

## **Global, U.S. and Canadian Economic Outlook – 2009/2010**

The global economic downturn that began in mid-2008 has continued into 2009. The International Monetary Fund (IMF) has stated in its April 2009 World Economic Outlook that:

“The global economy is in a severe recession inflicted by a massive financial crisis and acute loss of confidence. While the rate of contraction should moderate from the second quarter onward, world output is projected to decline by 1.3 percent in 2009 as a whole and to recover only gradually in 2010, growing by 1.9 percent. Achieving this turnaround will depend on stepping up efforts to heal the financial sector, while continuing to support demand with monetary and fiscal easing.”<sup>1</sup>

While the downturn is pervasive, with output per capita falling in countries that represent 75% of the global economy, the downturn is being most strongly felt in advanced economies. In the fourth quarter of 2008, advanced economies experienced a 7.5% annualized decline in GDP while emerging economies experienced a more moderate aggregate annualized decline of approximately 4%.

Even though the IMF’s forecast of April, 2009 indicates a global recovery in 2010 of 1.9%, growth is likely to remain well below levels experienced in the recent past as financing and credit could continue to be in short supply, particularly in developing and emerging nations. The IMF’s outlook for advanced economies considers that households will likely be proceeding with greater caution and should continue to rebuild savings for some time.

In the U.S., the economy is estimated to have contracted by 6% (annualized) in real terms in the fourth quarter of 2008. According to the U.S. Federal Reserve<sup>2</sup>, the U.S. economy has suffered 5 million job losses since early 2008 and further losses are anticipated before the economy bottoms out and begins recovery in late 2009. On average,<sup>3</sup> the view is that the U.S. economy is likely to contract by around 2.5% in 2009 and grow by 1.8% in 2010, although the pace of recovery in the U.S. will also likely be sluggish for the foreseeable future.

On average, the Canadian economy appears headed for a GDP decline of around 2.5% in 2009 with a rebound of 1.6% anticipated in 2010. Most major economic research groups in Canada are stating that Canadian growth is likely to be hampered by the U.S. economic situation and the adjustments occurring in the automotive and manufacturing sectors.

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<sup>1</sup> IMF, World Economic Outlook – April 2009. p xv.

<sup>2</sup> Chairman Ben Bernanke: testimony before the Joint Economic Committee, U.S. Congress, May 5, 2009.

<sup>3</sup> Yukon Department of Economic Development averages a number of Canadian Economic Forecasts to derive ‘average’ forecast estimates.

### Outlook for Global, U.S. and Canadian Economies

- The Global economy is expected to decline by 1.3% in 2009 and grow by 1.9% in 2010.
- The U.S. economy is expected to decline by 2.5% in 2009 and grow by 1.8% in 2010.
- In Canada, the 2009 decline is expected to be around 2.5% and 2010 growth should come in at around 1.8%.

## Yukon Outlook

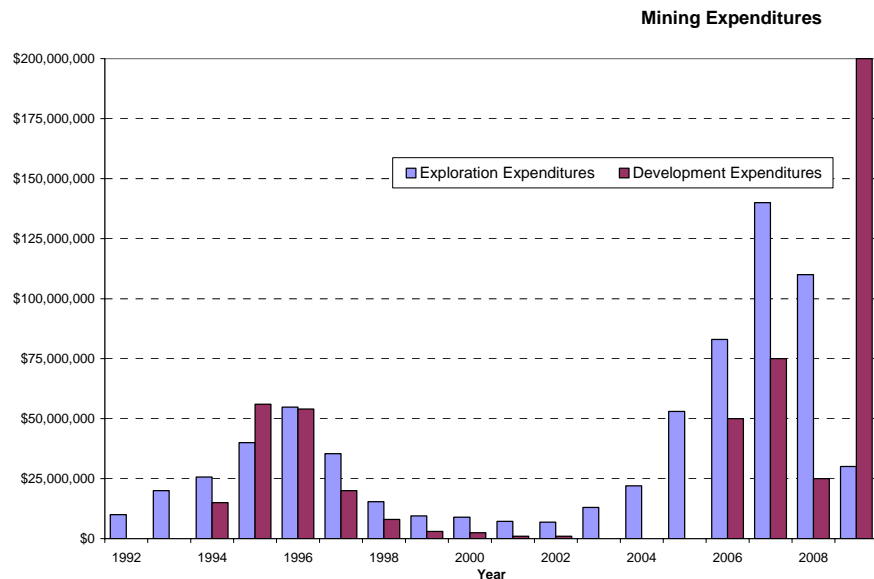
### Mining

There is uncertainty regarding the level of mining activity in Yukon for 2009 as the global mining sector deals with a global economic downturn which has seen a reduction in the demand for base metals that has negatively impacted base metal prices. Falling metal prices have contributed to financing difficulties for many mining companies as these companies now find it more difficult to raise venture capital for exploration and development activities.

While not immune to the realities of current economic difficulties, the Yukon mining sector is well positioned to build on its recent momentum.

Development expenditures are expected to be up significantly in 2009 with the Department of Energy, Mines & Resources estimating development related expenditures in excess

of \$200 million, eight times the estimated \$25 million in 2008. Development expenditures are expected to be driven primarily by work associated with Yukon Zinc's Wolverine project located in southeast Yukon. Current estimates have Yukon Zinc spending \$180 million on development of the mine site and camp facilities in 2009. An additional \$100 million is slated for development activities for 2010 with production anticipated for the second half of 2010. Other development work expected in 2009 include estimated expenditures of \$20 to \$30 million by Alexco Resources on its BelleKeno project and \$2 to \$3 million by Capstone Mining Corp. on the currently producing Minto mine.



The value of mineral production is expected to increase to \$230 to \$250 million, up from the estimated \$203.9 million recorded in 2008. Mineral production in 2009 should benefit from the completion of phase three of Minto Mine's expansion in late 2008 which now allows production in excess of 3,000 tonnes per day. March 2009 saw production go as high as 3,700 tonnes on a single day. Capstone's current forecast for 2009 has copper production increasing to 60 to 65 million tonnes compared to 47.7 million tonnes in 2008.

Placer gold production in 2008 was down 17.6% to 52,709 raw ounces. While the volume of production was down, the value of production was actually up 2.4% to over CDN\$39 million due to higher gold prices and a lower Canadian dollar. The combination of relatively high gold prices and a lower Canadian dollar is expected to continue to benefit placer miners in 2009. Unlike most other minerals the price of gold has performed well during the current downturn as many investors turn to gold as a safe store of value. In Canadian dollars, the price of gold at the time of publication was \$1,071 per ounce (May 19, 2009), 6.8% higher than the value of \$1,002.50 posted on March 18, 2008. Continuation of favourable price conditions throughout 2009, coupled with the persistence of lower fuel costs (a significant cost component for placer miners), points to a potentially good year for Yukon placer mining in 2009.

Forecasts for exploration expenditures for 2009 are varied but the general consensus is that the level of activity in the territory will be down sharply from the recent highs of 2007 and 2008. The forecasts range from a low of around \$25 million to a high of \$40 million, down substantially from the Department of Energy, Mines & Resources current estimate of \$110 million for 2008.

Much of the exploration work done in Yukon in recent years has been completed by junior mining companies. With many local properties owned by junior mining companies, development of these properties could be slowed as recent events in the global economy have impeded their ability to raise capital through share offerings. Some junior mining companies may suspend additional exploration operations or alternatively, develop partnerships on their properties in an effort to enhance project viability.

While gold and silver prices have remained strong throughout the current economic downturn, a number of other metals saw prices fall dramatically in the latter months of 2008. Of interest to Yukon were significant declines in the prices for copper, zinc and lead. While still below recent highs, prices for all three metals have shown improvement in the first five months of 2009. Copper prices in particular have shown improvement in 2009 with prices in US dollar increasing 50% since the beginning of January (May 19, 2009 versus January 2, 2009). Continued recovery in base metal prices could help stimulate further exploration and development activity in Yukon.



### Outlook for Mining

- Mining development expenditures are expected to be approximately \$200 million in 2009, primarily driven by work associated with Yukon Zinc's Wolverine mining development.
- Mineral exploration expenditures are expected to be in the range of \$25 to \$40 million, down significantly from the \$110 million recorded in 2008.
- The value of mineral production expected to be in the range of \$230 to \$250 million driven by production from the Minto mining project.
- Continuation of lower fuel prices, strong gold prices and a lower Canadian dollar would be positive for placer gold mining.

## Oil and Gas

Current estimates of Yukon oil and gas potential indicate onshore estimates of 17 trillion cubic feet of conventional natural gas potential and 790 million barrels of oil. Current estimates of potential for the Beaufort Sea offshore include 40 trillion cubic feet of conventional natural gas and 4.5 billion barrels of oil.

Production at Kotaneelee, Yukon's only producing gas field, declined in 2008, dropping to 75.9 million cubic metres from 102.6 million cubic metres in 2007.

To date, 73 wells have been drilled in Yukon. Most of these wells are located in the Liard Plateau, Peel Plateau, and Eagle Plain basins. The last well drilled in Yukon was in 2005 in the Eagle Plain basin. Recent exploration has taken the form of seismic, aeromagnetic, geologic and geochemical surveys in the Liard Plateau and Eagle Plain basins.

Yukon's disposition of oil and gas rights is held twice annually. In January 2009 one "Request for Posting" from industry was received for a location in the Eagle Plain basin. The location was reviewed and bids are now being accepted. This "Call for Bids" closes on June 10, 2009. The next opportunity to identify locations is July 15, 2009.

While the amount and nature of activity related to gas pipeline development in 2009 is uncertain, two proposals for a gas pipeline are helping to make the development of a gas pipeline from Alaska through Yukon into southern markets a possibility.

TransCanada Alaska has pre-filed with the US Federal Energy Regulatory Commission (FERC) and in Canada would be regulated by *Northern Pipeline Act*. TransCanada has also received an *Alaska Gasline Inducement Act* license from the State of Alaska allowing it to access up to \$500 million in state assistance to offset the estimated \$1 billion cost of applying for US regulatory approval to build and operate the Alaska Highway Pipeline Project.

The competing Denali Project, a partnership between ConocoPhillips and BP, has also pre-filed with FERC and will be regulated in Canada under the *National Energy Board Act*.

Both proponents are planning for an open season in 2010. An open season allows a pipeline company to identify gas producers and shippers interested in seeking carrier capacity on the line if built and willing to commit their product at an economically feasible carrier price. The US\$30 to US\$40 billion project could see a functional pipeline system in 2018.

Looking to advance pipeline development, TransCanada and Denali are meeting with Yukon and Yukon First Nations along the proposed pipeline right of way. While planning and consultations continue, neither proponent is expected to have substantial spending in Yukon in 2009.

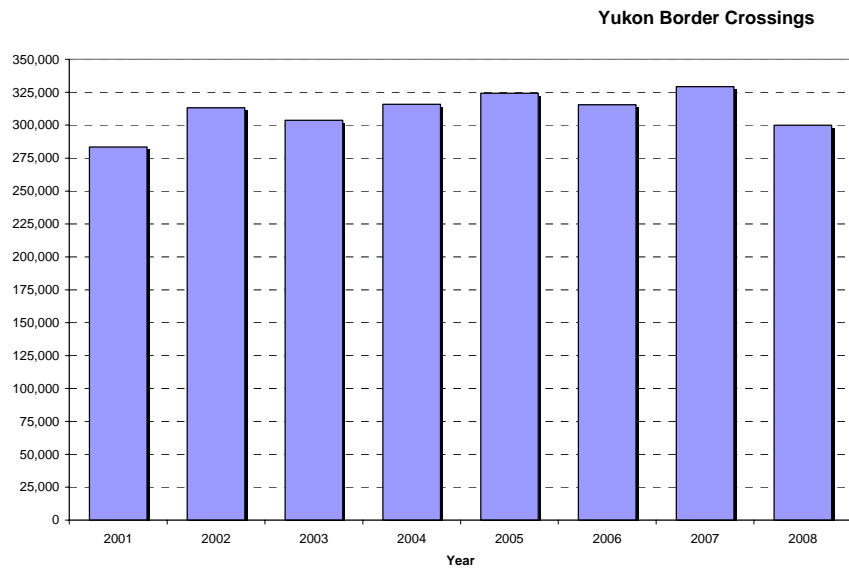
**Outlook for Oil and Gas**

- Continuation of discussions and pre-development work related to the Alaska Highway Pipeline project.

**Tourism**

The tourism industry in Yukon has been impacted by a decrease in visitation early in 2009. Border crossing data for 2008 indicated that American private vehicle traffic and motorcoach traffic declined, consistent with the Canada-wide trend affecting most other jurisdictions. However, the 2008 decrease in American traffic was partly offset by increased visitation by overseas travelers to Yukon.

Canada Customs Border crossing data for 2008 indicate a decrease in visitation over the same time period last year. Figures compiled by the Department of Tourism and Culture show non-resident crossings decreased by 8.9% (29,343 fewer crossings) to 299,860 crossings. Declines were noted for both US and Canadian visitors with 13% (32,068 fewer crossings) and 17% (5,268 fewer crossings) declines from each destination respectively. Some of these decreases were partially offset by an increase in border crossings from foreign travelers of 5% (1,353 more crossings).



Despite lower fuel prices and favourable exchange rates for non-Canadian visitors, the impact of poor economic conditions will likely influence tourism related activities in Yukon in 2009. In particular, it is expected that the 2009 season could be impacted by the state of the economy in the United States which remains Yukon's largest tourism market. Economic contraction in other regions of Canada and in some countries overseas could also impact tourism in Yukon.

The Alaskan cruise ship industry, from which the Yukon draws significant numbers of visitors, looks to be impacted by lower passenger revenues in 2009. Offsetting factors such as a lower Canadian dollar and lower fuel prices (both relative to summer 2008 levels) could help to mitigate some of the negative tourism impacts associated with the economic difficulties in the United States and around the world.

The impacts that are being experienced in Yukon are also being felt in most major tourism markets around the world. The global tourism industry should recover in lockstep with the global economy and the effects felt in 2009 should diminish over time. However, early indications are that 2009 will see a decline in Yukon tourism visitation.

### Outlook for Tourism

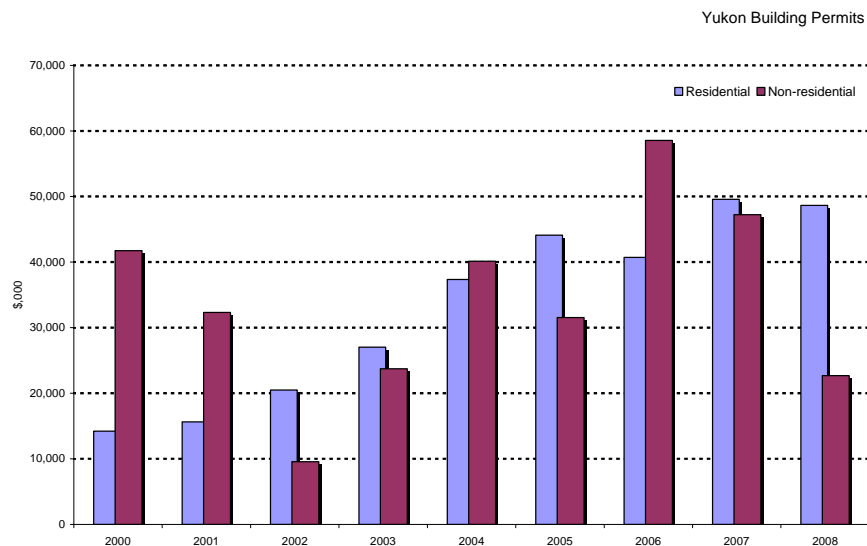
- Border crossings into Yukon are expected to fall from the 2008 level of 299,860 primarily due to lower visitation from the United States.

## Construction

The value of Yukon building permits in 2008 was substantially lower (-26.2%) than the value recorded in 2007, largely due to the fact that permitting at the Minto mine raised values in 2007.

Recent construction activity in Yukon, both residential and non-residential, has been driven in part by population growth as

Yukon's growing population has required more housing. Whitehorse, as well as Dawson City and Watson Lake, have minimal vacancy rates which have helped to drive the demand for additional housing. Non-residential construction, especially for goods and services providers, is also impacted by population growth as there is a need to service the growing population. In 2009, there are early signs that the level of residential construction in the Yukon is leveling off somewhat from activity of recent years.



Industrial construction activity increased in Yukon with the Minto mine being the first new mine constructed in over a decade. YukonZinc's Wolverine mine development is underway in 2009, with \$180 million of capital spending planned this year and a further \$100 million to be spent in 2010. As well, Alexco Resource's Bellekeno project is currently under YESSA review and expenditures of \$20 to \$30 million in mine development are anticipated in 2009.

The City of Whitehorse has a number of projects that are expected to commence in 2009, including construction of a new public safety building (\$10.5 million) and well water supply and pump facility (\$10.89 million) which are both multi-year projects. As well, the City of Whitehorse plans to complete its new sewage outfall project (\$4.3 million) in 2009.

The 2009/10 Government of Canada budget made public on January 27, 2009 outlines a number of spending measures that will provide additional funding to Yukon. A number of projects are planned for 2009/10 through federal infrastructure spending.

The Government of Yukon budget for 2009/10 will be directed towards initiatives that provide benefits to Yukoners and provide the opportunity for continued development of the territory. The list of major Yukon government projects announced in the budget estimates for 2009/10 includes:

- Over \$56 million in transportation infrastructure spending, targeted mainly at the Shakwak project, the Campbell Highway reconstruction and upgrades to the Atlin Road.
- The expansion of the air terminal building at the Erik Nielsen Whitehorse International Airport with a construction value of \$15.7 million.
- Waterfront development projects in both Whitehorse and Carcross, totaling over \$4 million.
- Upgrades to the Yukon mobile communications system (MoCs) totaling \$14.9 million.
- Development of a new Whitehorse Correction Centre and treatment facility with a total capital cost estimated at \$67 million, of which \$21.6 million is forecast to be spent in 2009/10.
- Various land development projects in rural Yukon (\$10.4 million) and in Whitehorse (\$18.2 million).
- The Carmacks wastewater treatment system, with \$5.5 million in expenditures.
- A number of projects in Dawson City, including pre-construction of the Dawson wastewater treatment system project, upgrades to Front Street, repairs to the recreation centre and planning for a new hospital facility.

Other projects such as the Yukon Hospital Corporation's residence (\$16 million) at the Whitehorse General Hospital and the Yukon Energy Corporation's development of a new turbine (\$7 million) at Aishihik Lake will add to the capital spending mix in 2009/10. The Kwanlin Dun Cultural Centre on the waterfront in Whitehorse is another project at the advanced planning stage which could proceed in 2009/10.

Funding of \$7 million through the Infrastructure Stimulus Fund, announced on May 13, 2009, should also add to capital spending in 2009/10. The objective of this funding is to improve key infrastructure, including road, bridge and highway projects in Yukon. Of the total \$7.0 million, \$2.3 million has been allocated to the replacement of an existing single-lane bailey bridge across the Nordenskjold River on the Freegold Road with a modern two-lane bridge equipped with a sidewalk. As well, the recently announced \$10 million Community Adjustment Fund will see a number of projects undertaken around Yukon.

The next two years will see up to a \$60 million joint investment from the Governments of Canada and Yukon to construct new housing and to renovate affordable housing. The May 22, 2009 announcement includes federal funding of \$51 million over two years under Canada's Economic Action Plan as part of a one time investment of more than \$2 billion to undertake construction and renovation of social housing in Canada. Of the \$51 million, \$50 million is for housing projects while the remaining \$1 million is for programs to help seniors and persons with disabilities to renovate and retrofit existing social housing. The Government of Yukon is also contributing \$4 million over two years for these initiatives. The funding announcement also included a further joint investment of \$5 million over two years to build affordable housing and help with renovations on housing for low-income households. Among the projects for Yukon that are included in these funding initiatives is a 30-unit family oriented development for single parent families in Whitehorse, a 12-unit seniors building in Watson Lake, an 8-unit seniors building in Teslin, a 4-unit seniors building in Faro, replacement of existing seniors residence on 207 Alexander Street in Whitehorse, replacement of existing social housing in Dawson City, construction of seniors complex with 12 bed sitting rooms in Whitehorse, construction of affordable row housing for families in Whitehorse, construction of children's receiving home in Whitehorse and finally upgrade of other existing social housing throughout Yukon.

With the May 29, 2009 announcement that up to \$71 million in funding from the new \$1 billion Green Infrastructure Fund would be available for the Mayo B hydro-electric generation facility and the completion of phase two of the Carmacks to Stewart transmission line project it appears that these projects will likely proceed. The total cost of these projects is estimated at \$160 million.

## Retail and Wholesale Sales

A 5.9% increase in value of retail sales in 2008 outpaced national growth of 3.4% and marked the fourth consecutive year of growth for retail sales in Yukon. The largest percentage increase in the value of retail sales was recorded in the food and beverage store category with a 7.2% increase. The 'other' category, made up of a wide range of retail operators including furniture, home furnishings and electronics stores; building and outdoor home supplies stores; pharmacies and personal care stores; and general merchandise stores and miscellaneous retailers, also recorded an increase in the value of sales (6.8%). Growth was also supported by 5.0% growth in the automotive category benefiting from increased sales from service stations due to higher year-over-year gasoline prices. Sales in clothing and accessories stores fell 4.4%, countering some of the sales growth recorded elsewhere.

The value of wholesale trade also grew in 2008 with the value of sales increasing by 4.3%.

Retail sales have been impacted recently by lower sales in the automotive category and clothing and accessories stores category with both areas posting double-digit, year-over-year drops for all months in the November 2008 to February 2009 period. The largest impacts came from declining sales in the automotive category as this sector accounts for over ten times the sales of clothing and accessories stores. For the period November 2008 to February 2009 the value of sales in the automotive category fell \$11.2 million, or 23.0%, versus November 2007 to February 2008. The decline in the automotive category was more than the total overall decline in retail sales of \$8.4 million for the period in question due to growth of \$4.0 million (8.7%) in sales of the largest retail category, food and beverage stores, which counteracted some of the decline in the automotive category.

Recent declines in the value of automotive sales can be partially attributed to lower gasoline prices which are down approximately 20% from the same time last year. The inclusion of service stations in the automotive category makes gasoline prices a driving factor in the value of sales. Lower prices for automobiles due to significant price incentives in light of the current global economic downturn, along with fewer automobiles being sold, are also impacting the value of sales in the automotive category.

Looking forward, retail sales in 2009 will likely continue to reflect lower fuel prices and lower prices for automobiles. The overall impact depends on the speed of recovery of the global economy and the potential impacts on fuel prices. The continuation of increasing food prices would impact retail sales going forward. Overall, it is expected that retail sales will post similar numbers to that of 2008.

### Outlook for Retail Sales

- Retail sales are expected to remain steady in 2009 totaling \$530 million.

## Economic Growth (Gross Domestic Product)

Preliminary estimates report Yukon real GDP growth of 5.2% for 2008, compared to a 3.6% increase in 2007. Yukon's real GDP growth rate was the second highest among all provinces and territories, behind only Nunavut which posted a 5.5% increase. The national growth rate was 0.5%.

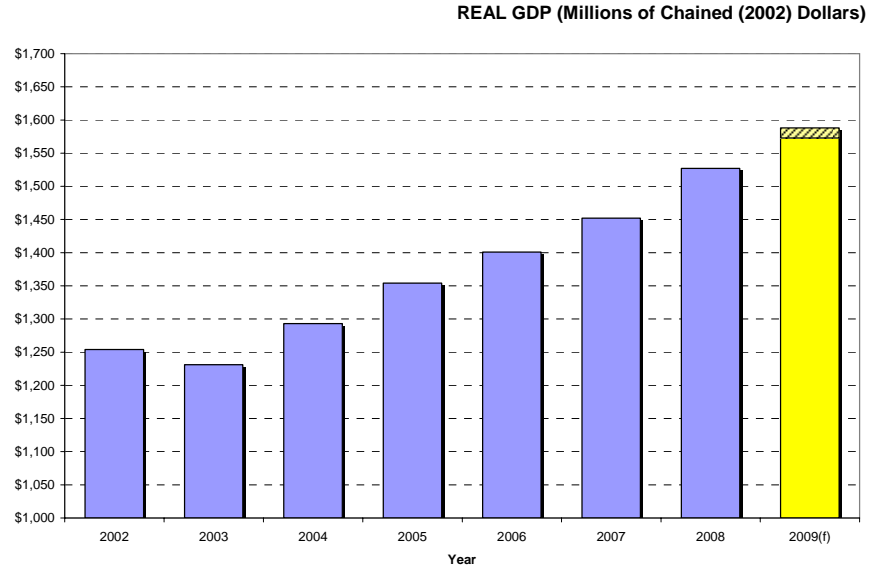
Yukon's real GDP has shown steady growth since 2004. In 2008, increased mining activity led to a 23% increase in exports, while corporate profits grew by 84%.

Economic growth in Yukon is expected to continue in 2009 with current estimates of real GDP growth in

the range of 3.0% to 4.0%. A primary driver of growth in 2009 is expected to come from increased government spending. It is anticipated that spending on both operations and maintenance and capital will help drive economic growth. A number of construction initiatives have been announced for 2009 (refer to the Construction section for further details) which are expected to generate significant activity in the territory in 2009. Many of these projects are related to funding provided by the Federal government in an effort to provide economic stimulus in response to the global economic downturn that took hold in the latter portion of 2008.

Anticipated mine development expenditures of over \$200 million should also contribute to real GDP growth in 2009. Expected spending of \$180 million on the Wolverine project will comprise the vast majority of mining development expenditures forecast for 2009.

Expected production increases from the Minto mine are also expected to positively impact economic growth in 2009. Higher mineral production should translate into higher export values for Yukon and help to contribute to real GDP growth in 2009.



Yukon real GDP is expected to increase in the range of 3% to 4% in 2009. Growth is expected to stem primarily from public spending on construction projects, mining development expenditures and increased mineral production. However, the economic outlook is mixed by sector in 2009 due to declining mineral exploration, declining tourism spending and a leveling off of residential construction activity.

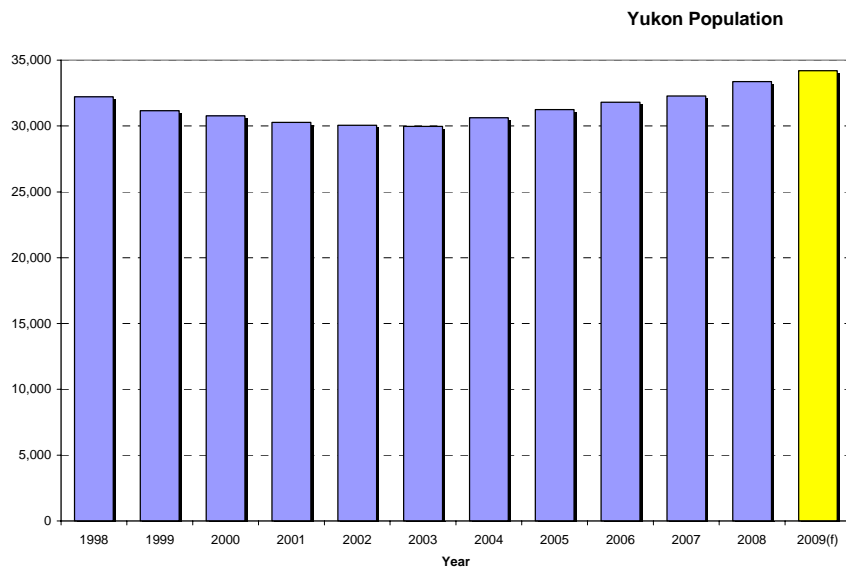
## Population

Yukon's annual average population grew by 1,102 to 33,378 in 2008, representing a 3.4% increase over the previous year. This is the fifth straight year of population growth recorded in Yukon following six consecutive years of decline.

Population growth was focused in Whitehorse, where the population increased by 844 (3.5%) between December 2007 and December 2008. While growth was recorded in all but three of the communities in

Yukon, growth in Whitehorse accounted for almost 77% of total population growth in 2008.

Economic opportunities in Yukon and slowdowns in neighbouring jurisdictions should support population growth in the coming year. On average, the population of Yukon could be around 34,200 in 2009, representing about a 2.5% increase over 2008.





## Labour Force

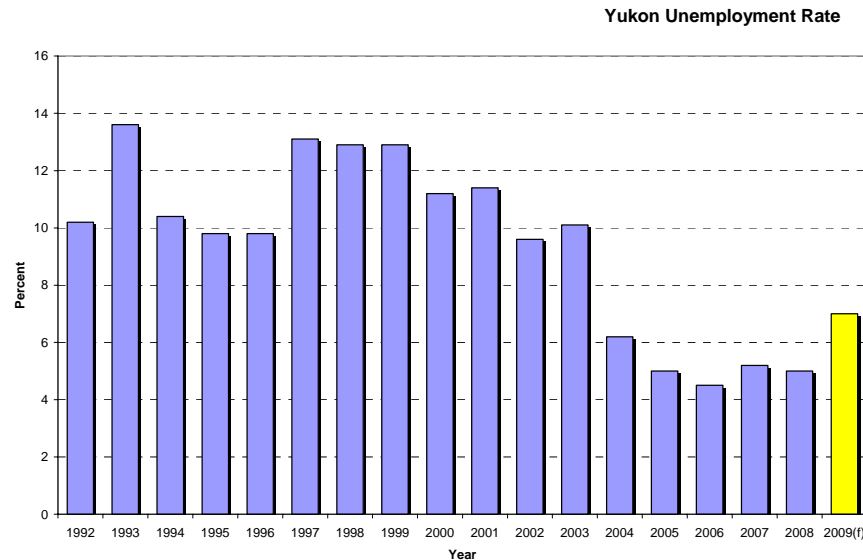
Figures for 2008 from the Yukon Labour Force Survey show the Yukon labour force increasing by 600 from 2007 average levels, to 17,900. In addition, the number of employed increased by 700, to 17,100 and the average number of unemployed remained unchanged at 900 in 2008.

Overall, the average unemployment rate in Yukon was reported as 5.0% in 2008, down from 5.2% in 2007. Recent unemployment rate levels are substantially lower than the almost 10.0% average observed over the previous 16 years driven by several years of a double-digit unemployment rate.

The labour force participation rate, which is the labour force as a percentage of population, averaged 75.5% in 2008 up from the historic low of 73.9% recorded in 2007. Activity and opportunities related to the mining sector may account for the increase in the number of individuals participating in the labour force.

With the slowdown in mineral

exploration and other activity following the financial crisis of late 2008, the number of employed in territory has trended downward while the size of the labour force has shown growth leading to an average unemployment rate of 7.2% over the first four months of 2009. Resource development activities and other opportunities generated by federal stimulus spending and other government expenditures could increase employment. It is expected, however, that the unemployment rate in Yukon will remain higher than previous years at and average around 7% in 2009.



## Consumer Prices

The Consumer Price Index (CPI) for Whitehorse increased by 3.6% in 2008 higher than the national average of 2.4%. If direct energy costs are excluded, the Whitehorse CPI increased by 2.3%, although higher energy costs do factor indirectly into the costs of other items in the CPI.

Water, fuel and electricity costs increased by 14.6% in 2008, contributing to an 8.4% increase in shelter costs. The primary driver of increases in water, fuel and electricity costs came from the fuel oil and other fuels component which increased by 22.8% due to higher home heating fuel prices.

Higher gasoline prices (12.1%) and automobile insurance premiums (9.6%) led to costs for operating private vehicles increasing by 9.2% in 2008. Public transportation costs also increased in 2008 with costs up 7.2% largely based on the higher fuel costs.

In general, the cost of food increased by 3.1% in 2008. Higher costs for food items purchased from stores (3.7%) was a major contributor to the overall increase in food prices. Food purchased from restaurants increased by only 1.7%, significantly lower than the increases of 3.6% posted in 2007. Increases in both major food components were impacted by higher prices for fruit and vegetables (4.4%), higher electricity prices (9.4%), and increased costs for fuel oils and other fuels (22.8%) which increased the costs of transportation of food to Yukon.

The pace of growth in prices in 2009 is expected to slow from the 3.6% posted in 2008. The current forecast of 2.0% CPI growth reflects in part the expectation of lower gasoline prices in 2009 and lower costs for home heating fuel.

## Key Economic Indicators Summary Table

<i>Indicator</i>	<i>2008</i>	<i>2009</i>
Population, Prices, Rates		
Population	33,378	34,200
Inflation Rate <sup>^</sup>	3.6%	2%
Overnight Rate	3.04%	0.40%
U.S./Canada Exchange Rate	\$0.938	\$0.861
Employment <sup>†</sup>		
Labour Force	17,900	18,300
Employment	17,100	17,100
Unemployed	900	1,200
Unemployment Rate	5.0%	7%
Economic Output		
Real Gross Domestic Product (millions of chained 2002 dollars)	\$1,527 (p)	\$1,575 - \$1,590
Real GDP Growth Rate	5.2%	3% - 4%
Commodity Prices <sup>‡</sup>		
Gold (\$US/oz)	\$872.53	\$928.75
Silver (\$US/oz)	\$15.05	\$12.93
Zinc (\$US/lb)	\$0.8533	\$0.4925
Copper (\$US/lb)	\$3.1694	\$1.4125
Uranium (\$US/lb)	\$63.76	\$46.00
Oil - WTI (\$US/bbl)	\$100.15	\$41.75
Natural Gas (\$US/MMBTU)	\$8.88	\$4.16
NYMEX		
Lumber (\$US/mbf)	\$253.33	\$195.75
West SPF 2x4		
Mining		
Value of Mineral Production	\$203.9 million	\$230-\$250 million
Exploration Expenditures	\$110 million	\$25 - \$40 million
Development Expenditures	\$25 million	\$200 million
Oil and Gas		
Natural Gas Prod'n Volume - m3	75,872,900	--
Government		
Gross GY Expenditures* - millions	\$960.9	\$1,003.2
Construction		
Permitted Building Construction	\$71.5 million	\$220 million
Trade		
Value of Retail Sales	\$530.2 million	\$530 million
Tourism		
Non-resident Border Crossings <sup>+</sup>	299,860	280,000 - 295,000

<sup>^</sup> - CPI increase for Whitehorse Only

f = forecast, e = estimate, p = preliminary, r = revised, -- = not available

<sup>†</sup> = annual averages – totals may not add due to rounding

\* 2008 = 2008/2009 forecast; 2009 = 2009/2010 estimate

+ 2008 total reported by the Department of Tourism and Culture

## Data Sources for Key Economic Indicators Summary Table

<i>Indicator</i>	<i>Source</i>
Population	2008: Yukon Bureau of Statistics, Yukon Population Estimates 2009: Yukon Department of Economic Development
Inflation (Consumer Price Index)	2008: Statistics Canada, Consumer Price Index 2009: Yukon Department of Economic Development
Overnight Rate	2008: Bank of Canada (average daily rate) 2009: BMO Capital Markets, Canadian Economic Outlook
Canada/U.S. Exchange Rate	2008: Bank of Canada (average daily noon rate) 2009: BMO Capital Markets, Canadian Economic Outlook
Labour Force Indicators	2008: Statistics Canada, Yukon Labour Force Survey 2009: Yukon Department of Economic Development
Economic Output (GDP)	2008: Statistics Canada, Provincial Economic Accounts 2009: Yukon Department of Economic Development
Commodity Prices	All Years: TD Canada Trust Economics
Value of Mineral Production	2008 Natural Resources Canada Minerals and Mining Statistics Division 2009: Yukon Department of Economic Development
Mineral Exploration & Mine Development	2008: Yukon Energy, Mines and Resources 2009: Yukon Department of Economic Development
Natural Gas Production Volume	2008: Yukon Energy, Mines and Resources, Oil and Gas
GY Expenditures	Yukon Finance, <i>2009-10 Financial Information</i>
Permitted Building Construction	2008: Yukon Bureau of Statistics 2009: Yukon Department of Economic Development
Retail Trade	2008: Statistics Canada 2009: Yukon Department of Economic Development
Tourism Visitation	2008: Yukon Department of Tourism and Culture 2009: Yukon Department of Economic Development



