



Daily Economic Update

April 26, 2017

Canadian retail sales eased lower in February after strong January gain

Much of the dip in retail sales in February reflected a price-led drop in gasoline station receipts (gasoline prices fell sharply in February) and a 1.8% drop in motor vehicle and parts sales that is unlikely to be repeated in March given unit sales inching higher in that month from already elevated levels. Excluding those components, sales were up 0.5% to build on an outsized 2.4% jump in January. Overall sales in volume terms inched 0.1% lower but following a large jump in January are still up a solid 4.5% (annualized) on average in the first quarter to-date. Moreover, the headline retail sales numbers exclude much of 'E-commerce' (including internet) sales for which Statistics Canada just began collecting data a year ago. Headline nominal retail sales have averaged a solid 4% above year-ago levels over January and February but E-commerce sales are up a whopping 34% on average over the same period. Employment gains have been solid, consumer confidence has strengthened sharply year-to-date in 2017 and interest rates remain extremely low all of which is consistent with a solid fundamental consumer spending backdrop. Even with the modest dip in February retail sales, there is little to suggest that underlying consumer spending trends are weakening from levels that already accounted for a record share of GDP in 2016.

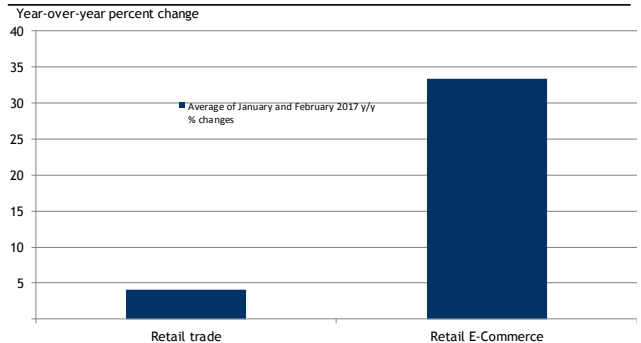
Highlights

- Nominal retail sales dipped 0.6% in February following a 2.3% surge in January.
- Weakness was concentrated in motor vehicle sales (likely to be short-lived given strong March unit vehicle sales) and a price-led drop in gasoline station receipts
- Sales volumes inched just 0.1% lower after a 1.4% jump in January.
- 'E-commerce' sales are averaging a whopping 34% above year-ago levels over January and February.

Canada Retail Sales Summary

	m/m % change				y/y %
	Nov-16	Dec-16	Jan-17	Feb-17	Feb-17
Total retail sales	0.4	-0.1	2.3	-0.6	4.7
Autos & parts	1.6	0.7	2.3	-1.8	1.5
Gasoline stations	0.0	5.8	1.9	-3.6	21.4
Ex-autos	0.0	-0.4	2.3	-0.1	5.8
Ex-autos and gasoline	0.0	-1.4	2.4	0.5	3.6
Retail sale volumes	0.7	-0.6	1.4	-0.1	2.1

Canada Retail and E-Commerce Sales



Source: Statistics Canada, RBC Economics Research

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