

Canadian Retail Sales Tracking Soft Q4

Canada, nominal retail sales, m/m%, headline / ex-autos, October:

Actual: 0.3 / 0.0

Consensus: 0.5 / 0.2

Scotia: 0.5/ 0.2

Prior: 0.1 / 0.1 (Revised from 0.2 / 0.1)

- **Consumer spending was generally soft in October but we may still be paying the price for a huge surge in Q2.** Holiday shopping faces uncertainties partly owing to disruptions to online deliveries. Regardless, like GDP, this is stale data ahead of Alberta's production cuts starting in January that will combine with global risks to drive a cautious sounding Bank of Canada early into the new year.
- **Volumes were flat (+0.02% m/m).**
- **Volumes are tracking only a 0.6% annualized gain in Q4** over Q3 at a seasonally adjusted and annualized rate. This follows only a 1.2% annualized rise in Q3. Nevertheless, bear in mind that Q2 witnessed a large 14.7% rise over Q1 that likely pulled forward some of the demand from later in the year.
- Sales were up in half of the provinces in dollar terms and that signals modest regional breadth. Ontario clocked a 1.1% m/m rise led by Toronto's 1.8% increase while Vancouver registered a 1.1% rise. **The housing markets getting much of the attention for their softening of late did very well in terms of consumer spending.**
- **Sector breadth was also fairly muted with just 5 of 11 subsectors higher and mostly in auto-related categories.** New car dealers' sales were up 1.1% m/m as broadly anticipated with used car dealers up 4.1% and other vehicle sales (ATVs etc) up 2.2% plus a 1.0% rise in auto parts. Other big ticket categories took it on the chin. Furniture and furnishings stores fell 1.5%, electronics/appliances were down 2%. Clothing/accessories slipped by 0.2% and so did sporting goods/hobby stores and health/personal care stores. Building material and outdoor stores fell 0.9%. Food and beverage stores were little changed (+0.1%)
- e-commerce sales were up 19.3% y/y. At risk is how they hold up into the holiday shopping season given postal delivery disruptions and backlogs owing to a recovery from the Canada Post strike.

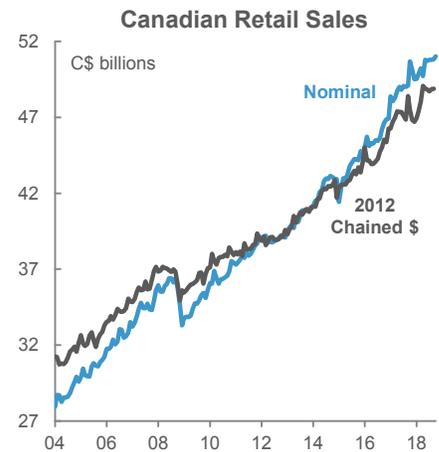
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