



**Retail Sales Growth Slows**

Retail sales in British Columbia, adjusted for seasonal factors, fell 0.7% to \$4.84 billion in April. Despite the decline, B.C.'s monthly decline was shallowest among all Canadian provinces and territories, and retail sales remained 8.1% above April 2009. While the general post-recession uptrend in sales activity persists, reflecting a gradual improvement in employment conditions, it is clear that retail spending growth is slowing. After rising through 2009, retail sales activity has hovered slightly above \$4.8 billion since November.

Based on data adapted from Statistics Canada, most retail sectors recorded slower sales in April. The deepest seasonally adjusted monthly declines were posted by clothing and clothing accessories, electronics, gasoline, and motor vehicle and parts retailers. As noted in last week's Briefing, unit sales of new motor vehicles have declined for six consecutive months, which is driving the sales downtrend in the vehicle and parts sectors. Among gainers, sporting, music and other hobby stores (6%), and food/beverage retailers (6%) posted large increases in April. In somewhat of a surprise, sales at furniture and home furnishing stores advanced slightly for the second consecutive month despite slower housing market activity. However, sales have yet to rebound from a 12% decline recorded in February, and sales remain well below pre-recession levels.

Central 1 Credit Union forecasts annual retail sales in B.C. this year to exceed 2009 levels by 4.3%, and rise another 5% in 2011.

**Consumer Prices Edge Up in May**

According to the latest estimates from Statistics Canada, consumer prices in British Columbia edged up in May by 0.4% from April. On a year-over-year basis, consumer price inflation remained low, increasing by only 0.6%, and has been trending well below the 20-year average of 1.8% since early 2009. Excluding gasoline, consumer price inflation increased by only 0.2% from the previous year. Weak inflationary pressures reflect persistent excess capacity in the economy, which continues to hold back upward price pressure.

Five of the eight major components of the Consumer Price Index posted increases from the previous year. The largest year-over-year jump was recorded in transportation, which rose 2.7%. The increase was entirely attributable to private transportation, as gasoline prices and purchase/lease costs rose substantially from the previous year. Health and personal care price levels advanced by 2%. The most significant decline was seen in clothing and footwear, which fell 2.7% from 2009.

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