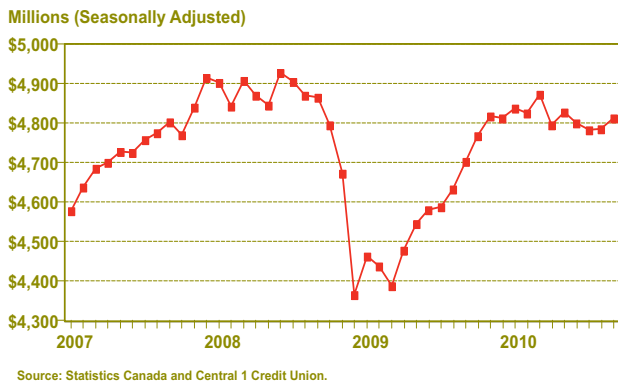
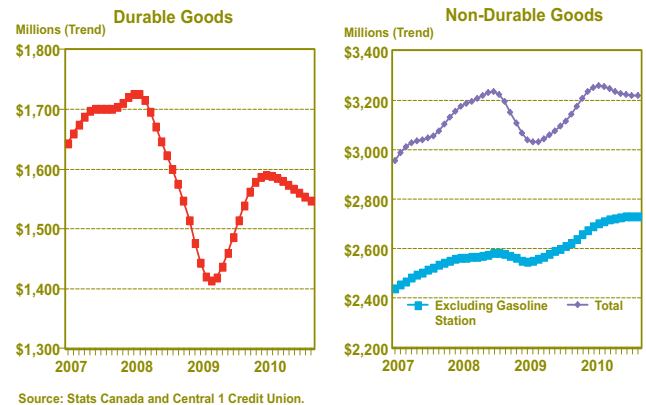


**Retail Trade
B.C., Monthly**



**Retail Sales Trends
B.C., Monthly**



September Retail Spending Growth Highest Since May

After trending lower through the spring and summer months, retail sales activity in British Columbia picked up in September, rising 0.6% from August on a seasonally-adjusted basis. This was the most substantial monthly growth since May, and pushed sales up to \$4.81 billion, representing a 4-month high. While September's gain was on par with national growth, B.C. retail sales have lagged the recent upward trend at the national level.

Based on data adapted from Statistics Canada, sales in both the non-durable and durable goods markets rose during the month. A rebound in sales for clothing, general merchandise, and food and beverages pushed non-durable spending higher. Meanwhile, higher sales of home furnishings and electronics contributed to higher durables goods sales during in September.

Despite the monthly gain, the underlying trend in durable goods sales remains negative and sales levels are approximately 10% below pre-recession highs. While sales at motor vehicle and parts dealers

have stabilized, the sales trend at building materials, home furniture and furnishings, and electronics/appliance retailers continue to decline. In contrast, spending on non-durable goods continues to trend higher. Excluding sales at gasoline stations, which generally moves in tandem with the price at the pump, sales are trending about 5% above pre-recession peaks reached in August 2008. This deviation between durable and non-durable sales trends likely reflects lower spending related to the steep slowdown in housing market activity observed over the summer months and hesitation on the part of consumers to make large scale purchases.

On a year-to-date basis, current-dollar retail sales are 6.1% above the same period in 2009, but down 1.7% from 2008. Central 1 forecasts annual retail sales in 2010 to exceed 2009 by 4.3%. Next year, sales are forecast to rise 5.1% on higher employment and improved economic conditions.

Consumer Price Inflation Reaches 2.4% in October

According to the latest estimates from Statistics Canada, consumer price inflation reached 2.4% on a year-over-year basis in October, up substantially



from September's reading of 1.6%. Relative to the same period in 2009, price levels were significantly higher for gasoline (+9.2%) and food purchased from restaurants (+6.5%). Homeowners' replacement costs (+6.2%) and electricity (+8.8%) were also significantly higher than October 2009, but stable relative to the previous month.

While October's inflation reading was the strongest since October 2008, it should not be taken as an indication that inflation in B.C. has surged. Statistics Canada noted that higher gasoline price levels in October relative to the same period in 2009 largely accounted for the jump in inflation estimates. However, the rise in October's estimated inflation largely resulted from a base-year effect due to a month-over-month dip in gas and energy price levels observed in October 2009 of 5.8% and 4.6%. Energy and gas prices did not rise significantly in October 2010 relative to the previous month. Excluding the energy component, year-over-year consumer price inflation reached 1.8% in October 2010, up from 1.4% in September.

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