

### October Retail Sales Growth Strongest Since October 2009

Retail sales activity in British Columbia increased for the third consecutive month in October. Volumes increased by 1.2% from September to reach a seasonally-adjusted \$4.86 billion. This marked the strongest monthly retail sales pace since October 2009 and the highest sales level since March of this year. By comparison, national retail sales grew by a slower pace of 0.8% during the month.

Based on data adapted from Statistics Canada, sales in both the durable and non-durable goods markets rose during the month. In the durable goods sector, growth was led by increased sales of furniture/home furnishing and electronics/appliances. These gains likely reflected sales related to the recently observed upward trend in housing sales. Meanwhile, sales at vehicles and parts related dealers remained flat during the month. Despite October's monthly gain, the underlying trend in durable goods sales remains slightly negative and sales levels are approximately 10% below pre-recession highs

In the non-durable goods market, gains were driven by increased sales at clothing, general merchandise,

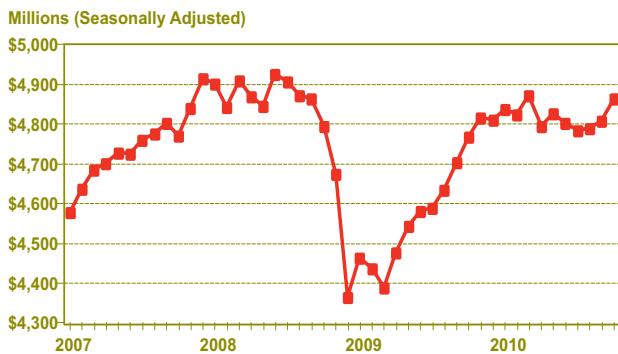
and food and beverage retailers. Excluding gasoline station sales, which generally move lock-step with gas prices, spending on non-durable goods continues to trend higher, albeit at a moderating pace, and trend about 5% above pre-recession peaks reached in August 2008. This upward trend suggests consumers are willing to spend in the current economic environment, but are hesitant to make larger, leveraged purchases.

### Tourism Entries Jump on US Visits

International tourist visits to British Columbia rose by a surprisingly strong 4.3% in October to reach a seasonally-adjusted 361,101 visitors. Excluding the Olympic period, October visits were the highest since the beginning of 2009. Monthly gains were driven by increased U.S. visits, which grew by 6.4% from September. Meanwhile, non-U.S. international visits were flat, increasing 0.2%.

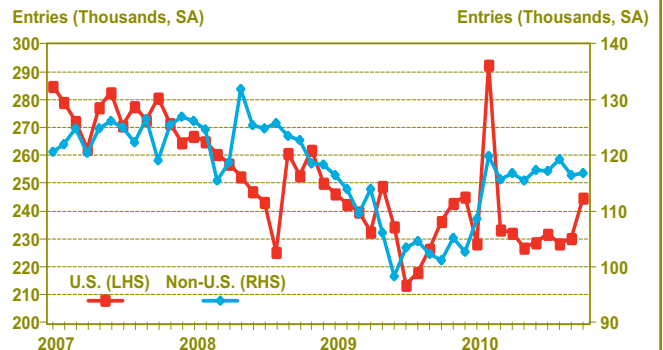
While U.S. travel stabilized in recent months, albeit at low levels, it remains too early to suggest that October's rise was anything but an anomaly in activity. Further gains will be necessary to confirm an upward trend. In addition, overall U.S. tourism remains low relative to the past decade of activity. Moving forward,

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



Source: Statistics Canada and Central 1 Credit Union.

**International Tourist Entries to B.C.  
Monthly**



Source: Statistics Canada and Central 1 Credit Union.



a rebound in U.S. tourism to Canada will remain constrained by an elevated Canadian exchange rate, a weak US labour market and stagnant consumer and business spending.

Non-US international tourist visits have remained relatively steady and near the levels reached during the Olympic period. This is the result of increased Asian and Oceania tourism to B.C. which offsets a post-Olympic decline in European visitors.

On a year-to-date basis, total tourist entries are up 3.7% through to the end of October relative to the same period in 2009. However, excluding 2009, which was heavily influenced by the recession, year-to-date international entries remain the lowest in more than a decade.

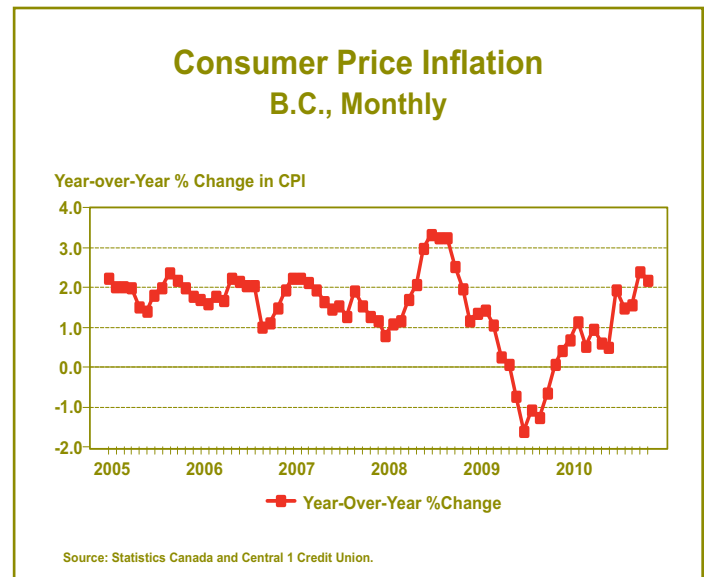
### Consumer Price Inflation Edges Back to 2.2% in November

As expected, consumer price inflation edged back in November after a surge in October. According to the latest estimates from Statistics Canada, consumer price inflation in British Columbia edged back to 2.2% on a year-over-year basis during the month, down from 2.4% in October. Despite the decline, year-over-year inflation remained elevated.

As noted last month, a significant portion of the surge in October's inflation reading resulted from a drop in gasoline and energy prices in October 2009 rather than increases in recent months. The base-year effects of lower gas/energy prices in 2009

persisted into November, and will continue to do so for the next couple of months. On a seasonally-adjusted basis, the consumer price index remained stable in November, advancing 0.1% from October.

Along with gasoline and energy, increased prices for food purchased from restaurants (+7.5%), public transportation (+6.2%), and tobacco products (+8.1%) also contributed to November's elevated inflation reading. A 2.3% decline in clothing and footwear prices offset some of these increases.



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