

Highlights:

- Retailers pinched in June, sales slide 1.8 per cent
- Seventh consecutive decline in employment insurance count reflects tight labour market

Retail sales fall sharply in June

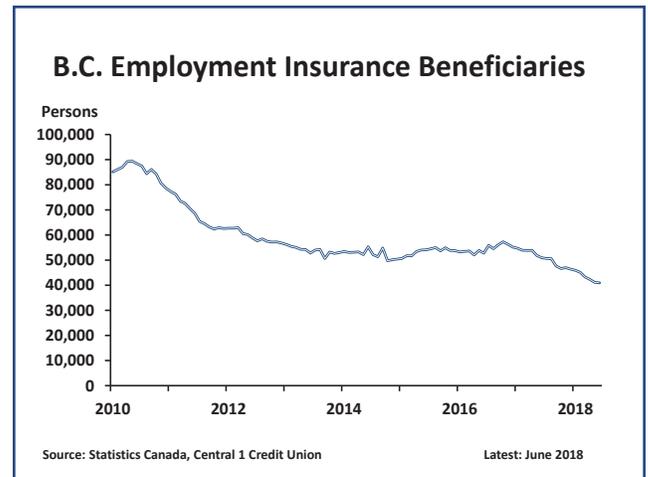
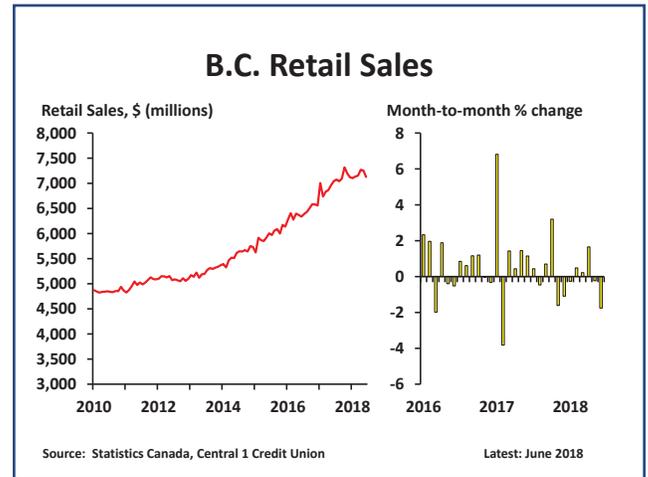
B.C. retail sales disappointed in June as the province churned out the weakest performance among provinces. A slowdown in housing-related purchases, health products, and gasoline sales contributed to a 1.8 per cent decline from May in dollar-volume sales to a seasonally-adjusted \$7.13 billion, led by a 2.1 per cent drop in Metro Vancouver. This was the sharpest month-to-month decline in over two years. National, sales edged lower by 0.2 per cent.

Year-over-year sales growth in B.C. fell from a pace of 4.2 per cent in May to 1.2 per cent in June. In comparison, national growth was 3.8 per cent.

Among retail store segments, June's slowdown was led by deceleration in home furniture and furnishing which was down 1.1 per cent year-over-year from a 6.7 per cent gain in May. Building materials and gardening growth slowed from 7.7 per cent to 2.1 per cent, and gasoline sales fell from 12.2 per cent to 7.1 per cent. Health related stores posted a 5.3 per cent decline in sales from a year ago.

June's pullback extended a range-bound observed through much of 2018. Year-to-date sales were still up by a healthy four per cent, with a similar gain observed even when stripping out vehicle sales and gasoline. That said, this reflects positive sales momentum in 2017. A weakening of the housing cycle is showing up in related retail segments, while motor vehicle sales have eased after a 2017 sales peak, reflecting higher borrowing costs, less replacement demand and decelerated employment growth.

Annual retail sales growth of 4.3 per cent is forecast this year, following a 9.5 per cent gain in 2017. Last year's gain was unsustainable. Population growth,



wage gains, tourism flows, and general economic growth will continue to underpin moderate sales growth, although subdued housing activity remains an anchor.

EI counts decline for seventh consecutive month

Underscoring B.C. labour market tightness, the number of people receiving employment insurance (EI) benefits in B.C. fell for a seventh consecutive month in June. Total recipients edged down by 0.5 per cent to 40,970 persons and 19.6 per cent on a year-over-year basis. The latter was second only to Alberta, which continues to recover economically following the oil induced downturn a few years back.

Current EI counts are trending at a near record lows in B.C., and relative to the size of working age population is lowest among provinces alongside Ontario at one per cent. This compares to a nation-wide rate of 1.5 per cent and an above five per cent rate in Atlantic Canada.

While benefits expiration naturally erodes EI counts, current trend of rock bottom EI counts reflect strength in B.C.'s job market and ease of finding employment in the event of turnover. This is supported by a down-trend in the flow of initial and renewal claims, pointing to a gainfully employed workforce and voluntary turnover. This aligns with other labour trends including an exceptionally low and country-leading unemployment rate of near five per cent, and surging job vacancies over the past year. Employers scrambling to find workers, and in doing so, bidding up wages.

Among B.C. census metropolitan areas (CMA), monthly EI counts fell in Kelowna (down 1.3 per cent) and Victoria (down 0.5 per cent) but rose in Abbotsford-Mission (up 3.6 per cent). The Vancouver CMA posted little change. Year-over-year declines were deepest in Kelowna (down 24.8 per cent) and Abbotsford-Mission (down 19 per cent).

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