

Highlights:

- Retailers post sales gain in March but weakness persists
- Weak housing conditions drag on related spending
- Employment insurance counts remain low but new claims rise

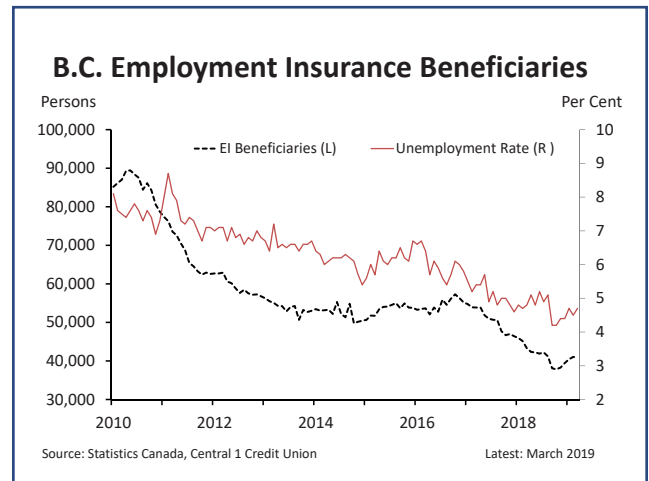
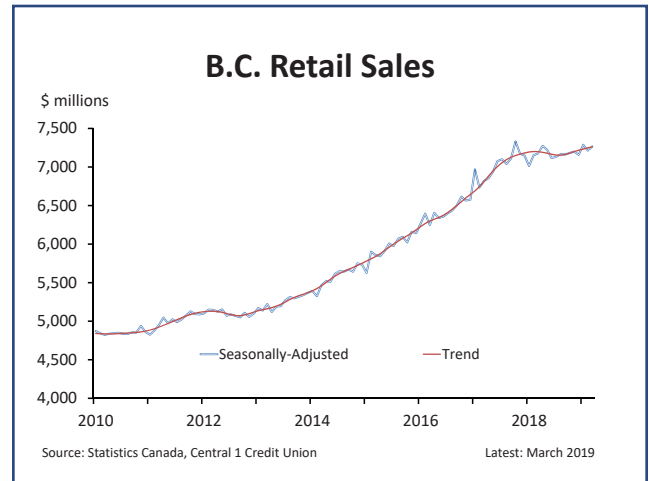
Retail spending gains traction in March

It was a ho-hum month for B.C. retailers as Statistics Canada reported a modest sales rebound in March following a February dip, but levels remained in line with a year ago. Dollar-volume sales rose 0.7 per cent to a seasonally-adjusted \$7.27 billion. Year-over-year, sales were up a scant 1.2 per cent during the month, which was an improvement on February's 0.9 per cent reading, but compared to a national increase of 2.6 per cent and stronger gains in nearly all other provinces.

The Vancouver Census Metropolitan Area (CMA) outperformed the rest of the province with sales up 1.5 per cent from February to \$3.38 billion. Still, this lagged on a 12-month basis as sales dipped 1.2 per cent year-over-year.

Similar to the national picture, the March improvement owed in part to upward pressure from gasoline prices and sales at building material and garden equipment and supplies dealers. Gasoline stations' sales were steady from February on a seasonally-adjusted basis and rose six per cent year-over-year, compared to a 0.8 per cent gain in February. Building materials narrowed February's year-over-year drop of 12 per cent to four per cent in March. Clothing stores also posted stronger momentum with sales up four per cent on a 12-month basis. Weaker sales were observed in furniture and furnishings and sporting and recreation products.

Headline retail sales have crept higher after bottoming in mid-2018, but growth has been disappointing and a challenging year for businesses. Through the first quarter, sales rose 1.7 per cent from same-period 2018, with growth inflated in part by a sharp decline last January. Housing-related sales at building materi-



als, garden and supplies dealers; and home furniture and furnishings dealers are down, reflecting the soft housing market. Motor vehicle and parts purchasing is flat, while sales of non-discretionary purchases at food and beverage stores and health product stores are up. Adjusting for inflation, real retail sales are down slightly this year, although this does not account for online retail which was up 20 per cent. Nationally, e-commerce accounts for about three per cent of total retail sales activity.

Regionally, Vancouver CMA sales were virtually unchanged from same-quarter 2018, with a gain of 3.2 per cent in other parts of B.C.

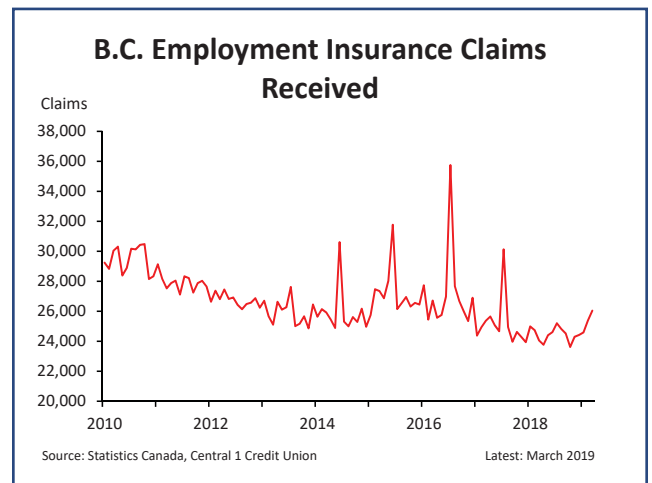
Employment insurance counts trend near cycle lows in March

The number of people receiving employment insurance (EI) benefits in B.C. was little changed in March with levels edging lower by 0.3 per cent, or 110 persons, to 40,940 beneficiaries. Levels were down by

5.5 per cent from a year ago. While creeping higher since late 2018, EI counts remain low and in line with levels last observed in 2007. Low counts align with the province's strong labour market and low unemployment rate, which sat at 4.7 per cent in March and lowest among provinces.

Among CMAs, Vancouver EI counts were level from February, with stronger declines in Abbotsford-Mission (3.8 per cent or 70 persons) and Victoria (3.2 per cent or 70 persons). Kelowna was the exception as unemployment rose with EI counts up 4.7 per cent, or 110 persons, from February. Outlying areas of the province and smaller urban centres also experienced lower EI counts.

While levels are low, there has been a recent uptick in the number of claims which could signal some labour market stress. Claims rose for a fifth straight month and at just over 26,000 claims, levels were the highest in nearly a year.



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