



Highlights

- B.C. retail sales dropped in September following August rebound, led by lower sales at motor vehicle and parts dealers
- Payroll counts maintain strong upward momentum
- Tourism numbers slow for first time in seven months

B.C. retail sales fell 2.0 per cent in September

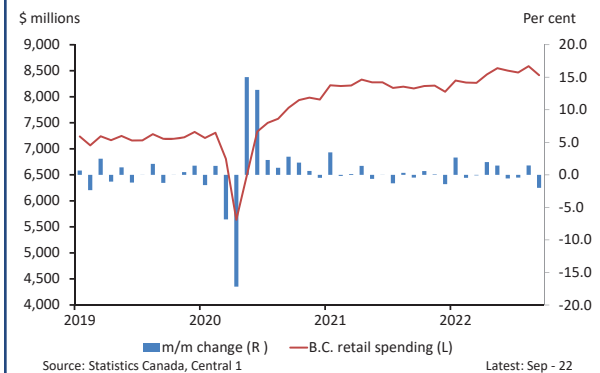
Ivy Ruan, Economic Analyst

In a sign that consumers are pulling back amidst broad inflation pressure, higher interest rates and a weak housing market, B.C. retail spending retrenched in September. Retail sales fell by 2.0 per cent during the month to a seasonally-adjusted \$8.41 billion. This more than reversed September's increase and is deeper than the national decline of 0.5 per cent over the same month. Year-over-year growth was reported at 3.1 per cent, down from the 4.8 per cent seen last month. That said, given the fast-increasing change in economic conditions, Statistics Canada has given a preliminary estimate that pointed to higher retail spending in October.

Within the census metropolitan area (CMA) Vancouver region, retail sales decreased 3.8 per cent, with a year over year growth of 3.5 per cent.

Based on Central 1 calculations, September's retail sales decline was concentrated in the vehicle and parts dealers where sales fell 18.7 per cent m/m). This essentially offset all the growth seen in August. Automotive sales also were 12.7 per cent lower than the same month in 2021. Building materials and gardening sales also saw a decline of 3.7 per cent from the previous month, with a reading 1.8 per cent lower than the same month last year pointing to drag from the housing market. While falling gasoline prices led the lower sales nationally, B.C. continued to see 3.8 per cent higher gas station sales in September compared to last month, largely due to its persistently high gasoline prices. B.C. residents also spent more on food and beverages (2.4 per cent) than last month, as opposed to the national

B.C. retail sales dropped in September

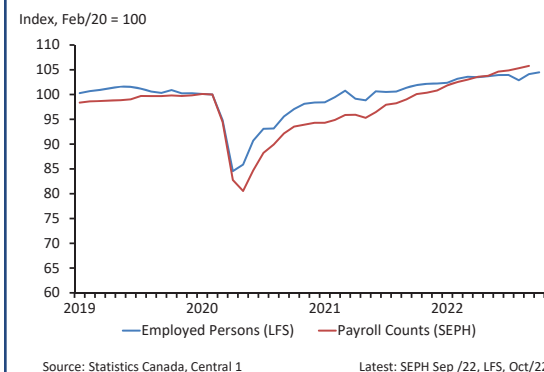


trend. Sales remained higher than the same month last year in 8 of the 11 subsectors, and core retail sales (excluding automotive sector) reported 5.1 per cent year over year growth in September.

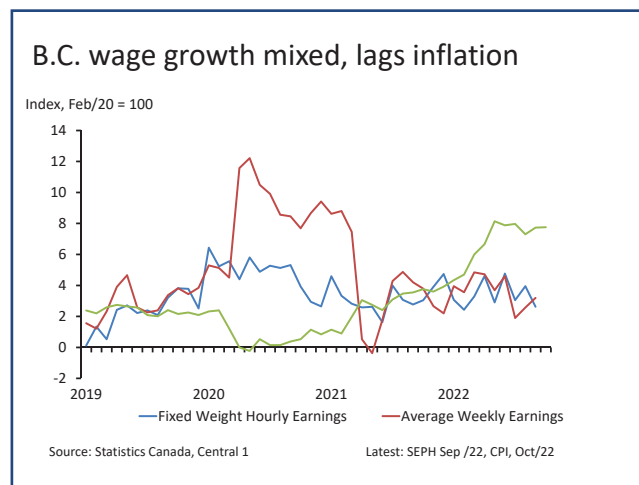
Payroll counts continue upward momentum through September

Bryan Yu, Chief Economist

B.C. employers maintain hiring momentum



B.C. employers added to payrolls for a 16th straight month in September as hiring remained brisk despite expectations of a slowing economy. From the latest Survey of Employers, Payroll and Hours (SEPH), growth in payroll counts matched August with a 0.4 per cent monthly gain representing 10,450 net new positions. In comparison, estimates from the Labour Force Survey (LFS) of households pointed to a 1.2 per cent increase during the month. Ongoing hiring reflects an



environment of persistent labour shortages and firms looking to fill positions. In B.C., the job vacancy rate came in at 6.5 per cent which was the highest among provinces and represented 160,000 unfilled positions.

With the latest gain, payroll counts are 5.7 per cent higher than February 2020 which is quite a bit more robust than LFS employment growth of 4.1 per cent over the period. Various factors can create divergence between the surveys including timing of job losses as SEPH reflects payouts of salaries and/or benefits in a month in contrast to whether an individual worked and excludes farm work and self-employed workers.

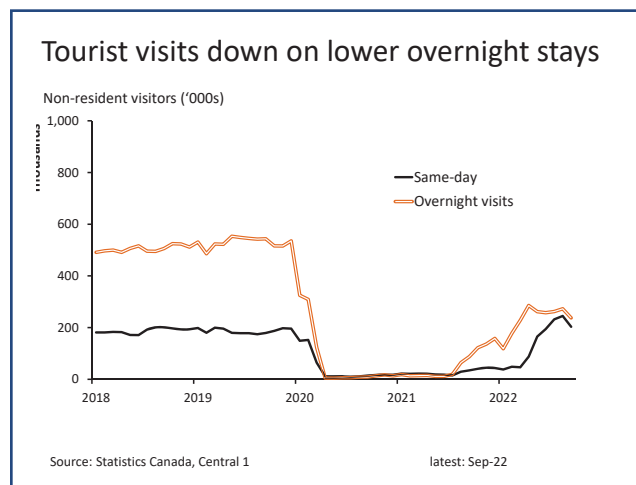
A scan of the latest job gains for September showed healthcare and social assistance to be a strong contributor to growth with a surge of 5,205 positions or 3.0 per cent during the month. Adding to this was a strong gain of 1.5 per cent or 2,704 positions in the construction sector. Gains were broadly positive across nearly all sectors.

On the wage front, average weekly earnings rose another 0.4 per cent to \$1,176, but year-over-year growth came in at a moderate 3.2 per cent. The fixed hourly earnings index which controls for industry decelerated to 2.6 per cent, which was surprisingly low given the high job vacancy rate. In comparison, LFS average hourly wage rose 5.7 per cent year-over-year. In all accounts, wage growth is lagging inflationary pressure suggesting no wage spiral at this point, and it is possible that wage pressure may already be abating as the economy moves into a slower growth phase.

Number of international tourists slows for September

Alan Chow, Business Economist

Tourist visits in B.C. were surprisingly soft in September after climbing for seven straight months. On a seasonally adjusted basis, the number of non-resident visitors entering Canada through B.C. slipped 14.8 per



cent from the previous month. Same day excursions fell the most, down by 17.0 per cent while overnight visits did not fare much better as they fell by 12.8 per cent.

U.S. visitors, which make up the bulk of those entering B.C., fell by 15 per cent. Air travel and other modes of transportation fell the most, down 15.1 per cent and 26.5 per cent respectively. Travel by land also fell but only by 3.6 per cent. Visits by residents from other countries were also down 14.0 per cent with air travel down 24.1 per cent. The lone bright spot was an increase in the number visitors entering by land or sea from other countries, jumping 80.8 per cent over the previous month.

Compared to the same period in 2019, the actual number of tourists entering B.C. is still down 30.5 per cent. The major drag is those visiting overnight, which is down 45 per cent. Same day excursions, however, have recovered with the number of those entering B.C. in September 2022 up 15.5 per cent over the same month in 2019.

Overall, tourism numbers should improve with the loosening of restrictions. As of October 1, proof of vaccination, COVID testing, quarantining, and the use of the ArriveCan app is no longer required, along with health checks and wearing mask on planes and trains. That said, the expected slowdown in the economy and reduced demand could offset any gains from relaxed restrictions.

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