



Highlights

- B.C. retail sales outpaced the national performance in January with 1.8 per cent growth
- B.C. Inflation unshaken in February, food inflation still prevalent
- Overnight tourists account for 69.3 per cent of total non-resident visits in B.C.

Retail spending bounces back in January

Bryan Yu, Chief Economist

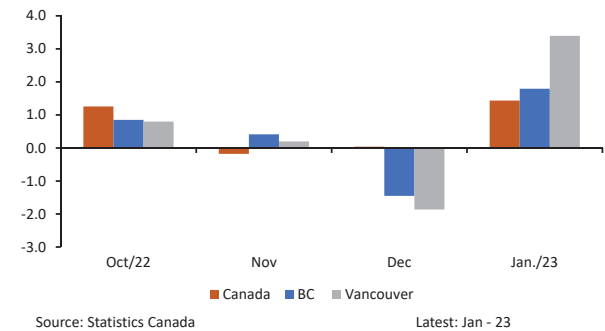
Canadian consumer spending accelerated again in January as the economy shrugged off some of the cumulative impacts of higher interest rates and was bolstered by labour market strength and record levels of immigration. National retail spending jumped by a strong 1.4 per cent in January which followed a 0.7 per cent increase in December. Retail prices held steady during the month with real volume sales up 1.4 per cent. Year-over-year sales rose 4.9 per cent in nominal terms and 4.5 per cent after accounting for prices. Key drivers of the increase included an increase at new car dealers (+3.0 per cent) likely reflecting increased shipments and reduced backlogs, gasoline sales (+2.9 per cent) and food retailers (+0.8 per cent). Excluding the more volatile motor vehicle and parts sectors and price influenced gasoline sales, spending was still 0.5 per cent higher. That said, preliminary February data points to some retracement of January gains with early sales down 0.6 per cent.

B.C. retail sales outpaced the national performance in January to rebound after slumping in December likely due to weather conditions. Sales rose 1.8 per cent m/m led by Vancouver which recorded a 3.4 per cent gain. That said, growth trailed the rest of the country on a year-over-year basis suggesting impacts of higher interest rates and elevated home prices in the province may be holding back spending relative to other regions.

Based on industry level data, drivers were consistent with the national picture. Motor vehicle and parts sales rebounded 10 per cent unadjusted and narrowed the year-over-year decline to one per cent from 10 per cent in December. Growth accelerated in sectors like food and groceries which rose 6.8 per cent y/y and clothing which increased from 10.4 per cent y/y to 17.4 per cent in January.

B.C. retail spending bounces back in January, led by Vancouver

Monthly per cent change in retail sales, seasonally-adjusted



Retail sales patterns are likely to be mixed going forward. While continuously supported by population growth, a slowing economy is expected to curb activity.

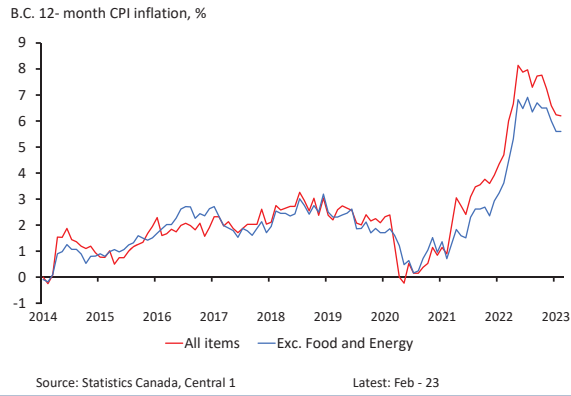
B.C. headline inflation showed no change in February 2023

Eloho Ennah, Economic Analyst

B.C. CPI remained unchanged in February 2023, and was the exception amongst all Canadian provinces where inflation declined. CPI inflation stood at 6.2 per cent year-over-year, and sharply above the national increase of 5.2 per cent. On a monthly basis, the consumer price index rose 0.7 per cent and was consistent with January's increase. A component which showed notable advancement in price was gasoline which grew by 3.9 per cent year over year. During the month, gasoline prices rose 1.8 per cent and consequently pushed energy prices up by 1.1 per cent. This price change is however a better outcome than the 7.1 per cent increase in gasoline prices recorded in January. Clothing and footwear prices rose the most out of all components during the month, up by 2.7 per cent.

Food prices continued to grow in February, howbeit at a slower rate. Food inflation stood at 9.8 per cent year-over-year, less than the 10.2 per cent recorded in the previous month. Supply chain restrictions and rising input costs in agricultural regions are several factors that continue to contribute to higher food prices. Excluding food and energy prices, CPI inflation in B.C. also held firm with January's 5.6 per cent value.

B.C. Inflation unshaken in February, food inflation still prevalent



Growth in year-over-year shelter prices continued to slow to 6.5 per cent in February and lower compared to 6.7 per cent in January. Monthly, shelter prices increased 0.6 per cent. Prices for household operations, furnishings and equipment increased during the month by 1.3 per cent, more than offsetting the dip of 0.7 per cent in the prior month.

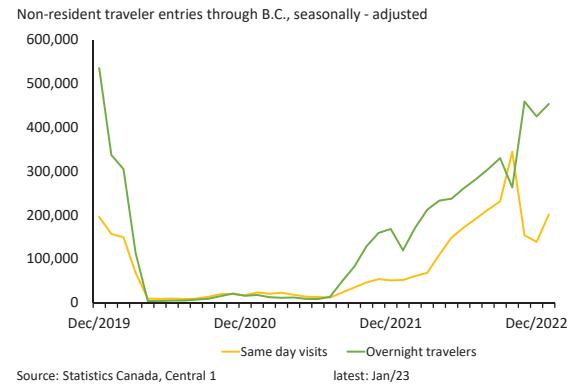
Prices of goods and services grew nearly at the same pace of 0.7 per cent and 0.6 per cent respectively, however goods prices decelerated during the month after posting a change of 1.4 per cent in January. On the other hand, prices for services accelerated, increasing from the 0.2 per cent recorded in January. Health and personal care items prices fell by 0.4 per cent and prices of alcoholic beverages, tobacco and recreational cannabis declined 0.3 per cent. Items related to recreation, education and reading showed a 0.8 per cent increase in prices.

Non-resident travel to B.C. back on the rise in January

Eloho Ennah, Economic Analyst

It was a good month for travel in B.C. as the province's ports of entry welcomed more travelers in January. The seasonally adjusted number of non-resident visitors arriving in B.C. increased to 654,578 in the first month of the year, a 16 per cent rise which reversed the dip recorded in December 2022. Non-resident trips to B.C. had been increasing throughout 2022 before the pull-back in December due to poor weather conditions. January's value was 32 per cent higher than 2020's figure, before the Covid-19 pandemic. Overnight tourists visits to B.C. rose in January by 6.6 per cent following the 7 per cent drop in the previous month. Tourists' trips also accounted for 69.3 per cent of total trips to the province. Same-day excursionists' trips to B.C. soared 44.9 per cent and made up 30.7 per cent of total non-resident visits during the month.

Overnight tourists account for 69.3 per cent of total non-resident visits in B.C.



Non-resident travel to B.C. edges up in January, US residents lead the charge



US residents led the charge of overnight tourists entering B.C. accounting for 72 per cent of overnight tourist visits in January. Travel from US residents also increased by 10.1 per cent and almost countered the 10.5 per cent decrease recorded in December 2022. Compared with January 2022, trips from US tourists soared 288.9 per cent in January 2023. Air travel from US residents increased by 11.8 per cent while individuals arriving by automobile rose 23.7 per cent. Tourist trips from residents of countries other than the US to the province fell by 1.5 per cent.

As we move into warmer spring and summer months, international travel may continue on an upward path in the absence of pandemic related travel restrictions.

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