



Highlights

- B.C. retail spending edges higher in April, but pattern remains soft
- Labour market softens, B.C. job vacancy remains higher than national print
- Number of travelers entering B.C. decline in April

Canadian retail sales bounce back, B.C. activity crept higher in April

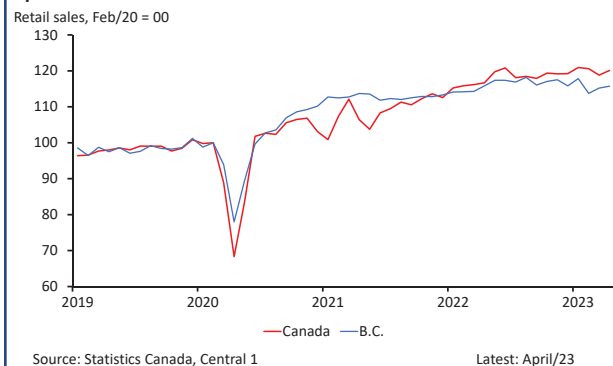
Bryan Yu, Chief Economist

The resilience of the Canadian consumer remained a key theme in April even as higher interest rates and inflation continued to take a bite out of household wallets. A firm labour market and elevated population growth have contributed to performance. Nationally, dollar-volume spending on goods rebounded 1.1 per cent to \$65.9 billion after dipping 1.5 per cent in March, lifting year-to-date sales growth to 3.6 per cent. Much of the gain was owed to inflationary pressures as real spending increased 0.3 per cent during the month and 1.7 per cent year-to-date.

Based on store-segment, Canadians increased their spending at food and beverage stores (1.5 per cent), clothing retailers (2.9 per cent), and general merchandisers (3.3 per cent). In contrast, modest gains were observed in motor vehicle and parts dealer sales (0.5 per cent) and building materials (0.7), while furniture and furnishings related spending fell 1.6 per cent. Despite the net increase in activity, there are signs that interest-rate sensitive sector gains are slowing.

In B.C., retail spending gained a more modest 0.5 per cent to \$8.95 billion following a 1.3 per cent increase in March. That said, sales have been subdued for the past year with sales through the first four months up a scant 0.9 per cent. Given national retail price patterns and average consumer price index inflation in B.C. above five over the same period, real spending in B.C. was negative. This April slide was led by Metro Vancouver, where seasonally-adjusted sales fell 0.7 per cent from March. Higher household debt levels, in which B.C. far exceeds other regions, and more modest employment gains over the past year have capped spending. June's Bank of Canada rate hike and the prospect of another next month will continue to pinch consumer demand.

B.C. retail spending edges higher in April, but pattern remains soft



On a year-over-year basis, B.C. sales fell 1.6 per cent in April, decelerating from a 1.8 per cent increase in March. Deterioration was widespread based on store segment. Motor vehicle and parts dealers' sales fell 0.7 per cent after a 2.4 per cent increase in March. Gasoline sales fell 14 per cent following a 2.6 per cent drop in March, while food and beverage sales growth decelerated from a gain of 5.3 per cent in March to 3.8 per cent in April. On the housing side, furniture and furnishings sales tumbled 17 per cent, while building materials sales were down 18 per cent. Metro Vancouver sales were down a more pronounced 2.8 per cent over the past 12 months, unadjusted for seasonal factors.

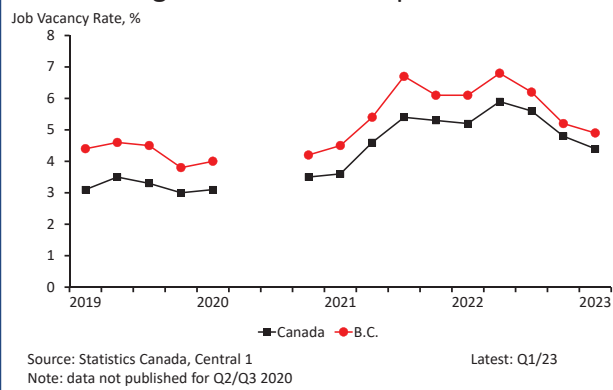
B.C. job vacancies ease but remain high compared to peer provinces

Bryan Yu, Chief Economist

The severity of labour shortages in Canada looks to be abating based on the latest job vacancy data from Statistics Canada. Nationally, unadjusted job vacancies fell for a third consecutive quarter to 781,205 positions in Q1, although remaining 50 per cent higher than pre-pandemic levels. The job vacancy rate (or unfilled positions relative to total positions) declined to 4.4 per cent which was the lowest since Q4 2021 of 3.6 per cent. This suggests employers may be slowing the pace of growth due to weaker economic prospects and higher interest rates, which should temper the pace of wage growth.

Among provinces, the job vacancy rate was highest in British Columbia and Quebec at (4.9 per cent) and down sharply from a year ago when the rate reached six per cent. Ontario's job vacancy rate sat at 4.1 per

Labour market softens, B.C. job vacancy remains higher than national print



cent, with the lowest rate observed in Newfoundland and Labrador at 2.9 per cent.

In B.C., there were 123,600 estimated job vacancies during the first quarter and consistent with the national picture marked a third straight decline. Vacancies have fallen 17 per cent from a year ago but are still 21 per cent above same-quarter 2019. At 4.9 per cent, the job vacancy rate is still higher than pre-pandemic levels but lowest since same quarter 2021.

Among B.C. regions, job vacancy rates remain especially acute in the Thompson-Okanagan at 6.3 per cent despite easing from 8.1 per cent in Q2 2022, while rates also remain north of six per cent in the North Coast and Nechako. The lowest rate is in the Lower Mainland- Southwest at 4.6 per cent which is being helped by elevated levels of immigration to support labour supply.

Industry-level data shows construction (7.6 per cent), accommodation/foodservices (7.9 per cent) and transportation/warehousing (6.6 per cent) as having the most challenging time finding workers. In contrast, lower vacancy rates can be found in retail (3.7 per cent) and wholesale (3.3 per cent) trade, and finance and insurance (3.2 per cent).

Number of excursions entering B.C. continue to decline.

Alan Chow, Business Economist

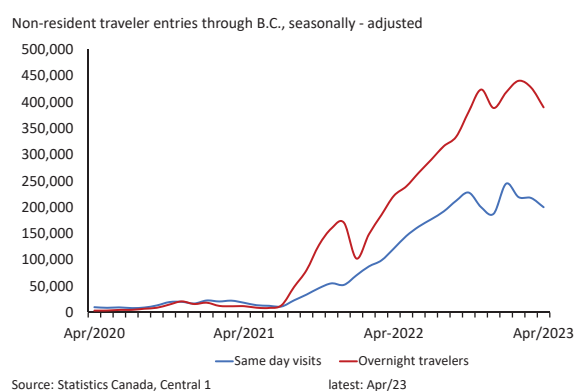
The number of non-resident visitors entering Canada through B.C. declined again in April. On a seasonally adjusted basis, there were 8.5 per cent fewer visitors in April than there were in March at around 590,000. This was the third straight month of declining visitors. Overnight excursions led the decline with 8.7 per cent fewer visitors while same day excursions also saw 8.0 per cent fewer visitors.

The number of U.S residents visiting was down 10.3 per cent from March to April while over the same

Non-resident travel to B.C. declines in March



Fewer Overnight tourists visits B.C.



period, the number of residents from other countries entering Canada through B.C. only decreased 1.8 per cent. Amongst the U.S. residents, the decline was across all modes of transportation, with other modes leading the way, down 11.9 per cent. The number who came by automobile was down 10.9 per cent while the number who came by air was down 6.4 per cent. Residents from other countries saw a 3.0 per cent decrease when coming by air but saw a 2.0 per cent increase when coming by land or water.

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