



## Highlights

- B.C. retail sales dropped 4.7 per cent in June; national spending flattened
- Number of travelers entering B.C. continued to grow in June

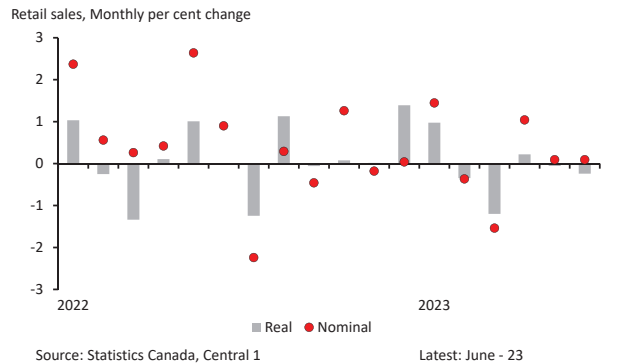
### B.C. retail spending declines in June

*Eloho Ennah, Economic Analyst*

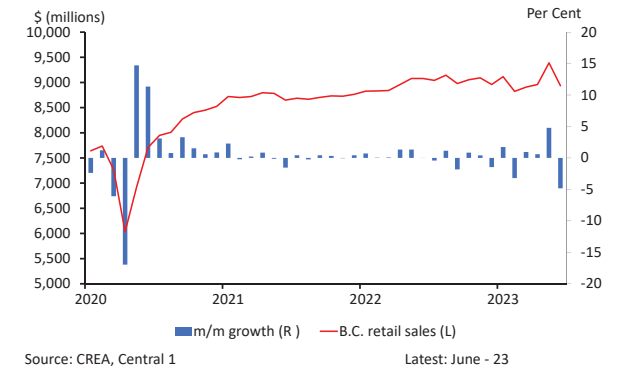
Canadian retail spending growth remained listless in June with a 0.1 per cent month-to-month gain to reach \$65.9 billion, on higher auto-related sales but year-over-year sales were down 0.6 per cent. Adjusted for retail prices, real sales fell 0.2 per cent. This adds to growing evidence that the economy is indeed slowing, with consumer spending receding sharply in the second quarter of 2023, and annualized retail sales falling 0.1 per cent compared to the 2.6 per cent rise in Q1. That said, this was good news for households being pummeled by interest rate hikes, as softer economic data supports the case for an interest rate pause in September. Cumulative rate hikes continue to work through the economy to stifle excess demand. Nonetheless, it is still early in the slowdown as estimates provided by Statistics Canada for July suggests retail sales grew 0.4 per cent during the month, likely sitting above the numbers from the two previous months.

B.C. retail spending reversed course after a huge May gain (4.8 per cent) with a 4.2 per cent decline from May's peak to \$8.9 billion. Year-to-date sales rose 1.2 per cent. At the store-segment level, data is unadjusted for seasonality, but year-over-year retail sales of motor vehicle and parts were up 1.9 per cent and slowed from the 15.5 per cent pace in May which contributed to the monthly decline. Year-over-year retail sales of gasoline stations and fuel vendors decreased 21.2 per cent, falling further from the 19.1 per cent yearly decline reported in May. Housing-related expenditures sales decreased with building material and garden equipment and supplies dealers' sales dwindling 16.6 per cent. Furniture, home furnishings, electronics and appliances retailers'

### Canadian retail spending relatively unchanged



### B.C. retail sales dip in June



sales increased 2.7 per cent but were less than the 4.8 per cent increase in May. A slowdown in the housing market likely contributed to the decline. Food and beverage retailers saw sales grow 3.8 per cent.

Adjusted for seasonal factors, Vancouver metro area retail sales declined 3.1 per cent on lower motor vehicle and parts dealers' sales. Year-to-date sales were unchanged with a 0.1 per cent increase in the area.

Canada's central bank will be paying close attention to retail data for traces of excess spending before deciding on the policy interest rate to be announced early September. An uptick in the unemployment rate, a retraction of consumer spending, and a slowing housing market are signs that interest rates are taking hold, limiting the need for another rate hike in the near future.

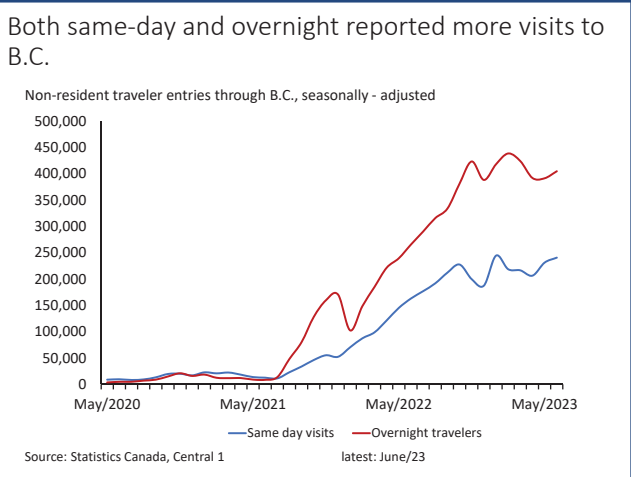
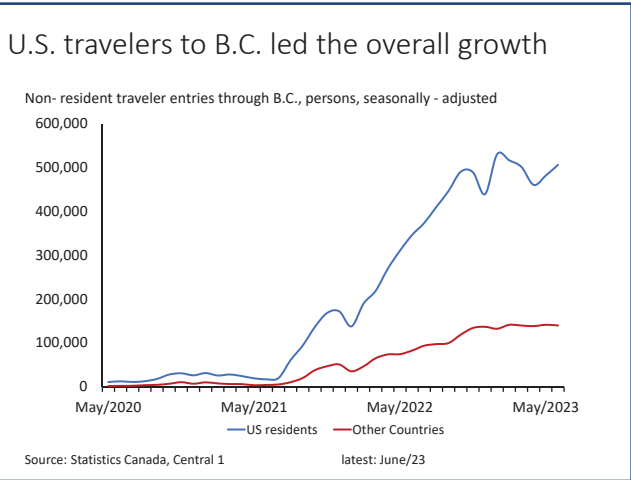
# U.S. travelers to B.C. led the growth in June

Ivy Ruan, Economic Analyst

The number of non-resident visitors entering Canada through B.C. continued to increase in June. On a seasonally adjusted basis, there were 3.3 per cent more non-resident visitors in June than there were in May at 646,050 persons. The consecutive growth in visitors during the recent two months offset the losses seen in early spring. The increase in June was contributed to both same-day excursions and overnight stays, which were up 3.3 per cent and 2.4 per cent respectively.

The number of U.S residents visiting Canada through B.C. was up 3.9 per cent from May to June while over the same period, the number of residents from other countries edged down 1.3 per cent. Amongst the U.S. residents, the increase in travelling was seen in all travel modes. Air entry from U.S. residents was up 1.4 per cent while those that arrived via automobiles was up 4.7 per cent. Other modes of transportation were also up 4.3 per cent following a decline last month. Residents from other countries saw a 2.8 per cent decrease when coming by air and saw a 4.2 per cent increase when coming by land or water.

Travel has recovered well from the pandemic but all measures are still below levels seen in 2019. Cruise vacations remained popular, as Canadians took 21,000 cruise trips in June 2023.



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