



Highlights

- Ontario retail sales grew on the basis of higher motor vehicle and parts dealers' sales
- Number of travelers entering Ontario dropped in June

Ontario retail spending ticks higher in June

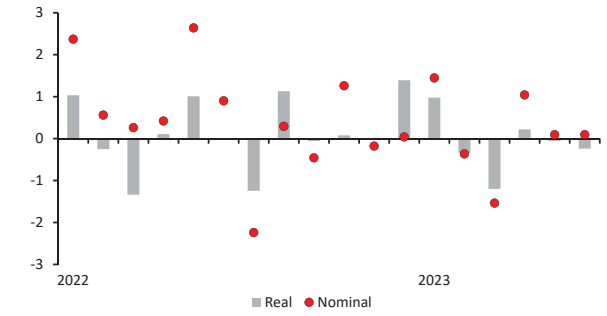
Eloho Ennah, Economic Analyst

Canadian retail spending growth remained listless in June with a 0.1 per cent month-to-month gain to reach \$65.9 billion, with year-over-year sales down 0.6 per cent and boosted by auto-related sales. Adjusted for retail prices, real sales fell 0.2 per cent. This adds to growing evidence that the economy is indeed slowing. Consumer spending receded sharply in the second quarter of 2023, with 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.

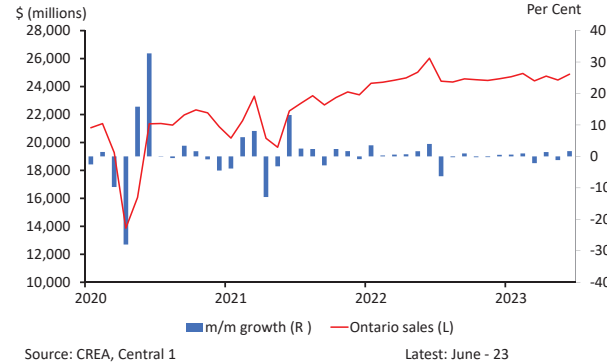
Ontario retail spending edged higher in June but stayed range-bound, up 1.7 per cent to \$24.9 billion and posting the largest monthly increase amongst provinces. Year-to-date, retail sales in the province decreased 0.3 per cent. At the store segment level, data is unadjusted for seasonality, however, year-over-year motor vehicle and parts dealers' sales were 2.7 per cent higher and slowed from the 5.7 per cent pace in May. Gasoline stations and fuel vendors reported lower sales, reducing by nearly 30.0 per cent compared to same month last year. Housing-related expenditures lessened, and building material and garden equipment and supplies dealers' sales dwindled 10.3 per cent. Furniture, home furnishings, electronics and appliances retailers' sales

Canadian retail spending relatively unchanged

Retail sales, Monthly per cent change



Ontario retail sales rise in June



decreased 8.0 per cent. A slowdown in the housing market likely contributed to the decline. In contrast, food and beverage retailers saw sales grow 8.0 per cent.

Unadjusted for seasonal factors, Toronto sales fell 5.0 per cent year-on-year, while declining 1.1 per cent year-to-date. In Ottawa, sales fell 0.8 per cent year-on-year and increased 0.8 per cent year-to-date.

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 through Ontario higher in June

Ivy Ruan, Economic Analyst

The number of non-resident visitors entering Canada through Ontario fell in June following a brief rebound in May. On a seasonally adjusted basis, there were 2.8 per cent fewer non-resident visitors in June than there were in May, down to 1,058,837 persons. The monthly decline in visitors offset some of the growth seen during last month. The decline in June was led entirely by the decrease of overnight stays, which were down 4.3 per cent. The number of same-day excursionists edged up 0.4 per cent.

The number of U.S residents visiting Canada through Ontario was up 0.8 per cent from May to June while over the same period, the number of residents from other countries fell 15.7 per cent. Amongst U.S. residents, the increase in travelling was seen via air or land. Air entry from U.S. residents was up 2.5 per cent while those arriving via automobiles were up 1.8 per cent. On the other hand, other modes of transportation were down 20.9 per cent following the increase last month. Residents from other countries saw a 3.9 per cent decrease when coming by air and saw a 44.2 per cent decrease 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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