



Highlights

- Monthly and yearly CPI down in October
- Travelers from countries other than the U.S. increased in September
- B.C. retail sales increase 0.4 per cent; sales increases led by elevated motor vehicle and parts dealers sales

Inflation in B.C. continues downward trend

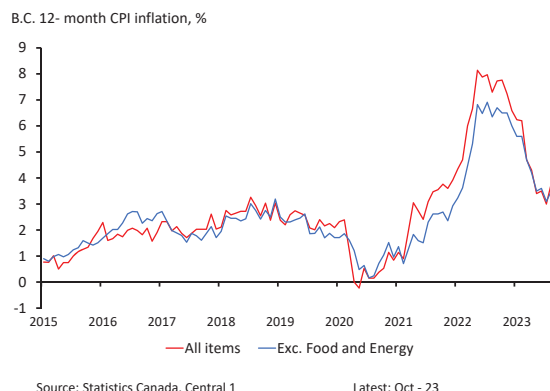
Alan Chow, Business Economist

In October, Consumer Price Index (CPI) for B.C. showed deceleration compared to September. On a year-over-year basis, CPI decreased to 2.7 per cent from last month's 3.3 per cent. It was the second consecutive month that the year-over-year CPI change declined, reaching its lowest point since June 2021. However, it remains higher than what was observed in other western Canadian provinces. On a monthly basis, the provincial CPI declined 0.1 per cent, its first monthly decline since December 2022.

The change in the yearly CPI aligned to the national pattern, which went from 3.8 per cent in September to 3.1 per cent in October. Core CPI (excluding energy and food) in B.C. was up 0.3 per cent from last month. While it is the tenth consecutive monthly increase, it slowed on a year-over-year basis from 3.2 per cent in September to 3.1 per cent in October. Goods prices were down again at 0.7 per cent over the month, the same decline seen from August to September. Services prices increased by 0.3 per cent compared to the previous month. On a year-over-year basis, goods CPI was up only 0.1 per cent while services CPI was up 4.7 per cent.

Semi-durable goods prices saw a monthly increase of 1.3 per cent while durable goods were essentially flat with a 0.1 per cent increase. On the other hand, non-durable goods saw a 1.5 per cent decrease in CPI. Energy prices were also down 4.9 per cent for the month in addition to being down 9.3 per cent over the past 12 months. Food prices also declined 0.2 per cent monthly and the annual increase declined to 5.3 per cent from 5.9 per cent. Transportation and gasoline

B.C. Inflation trends back down to 2.7 per cent in October



prices are also down 1.1 per cent and 6.1 per cent monthly respectively. Driving services prices were shelter costs, which rose 0.9 per cent for the month. This is lower than last month's 1.2 per cent increase. However the year-over-year change increased from 6.1 per cent to 6.2 per cent.

Number of travelers entering B.C. continued the growing momentum in September

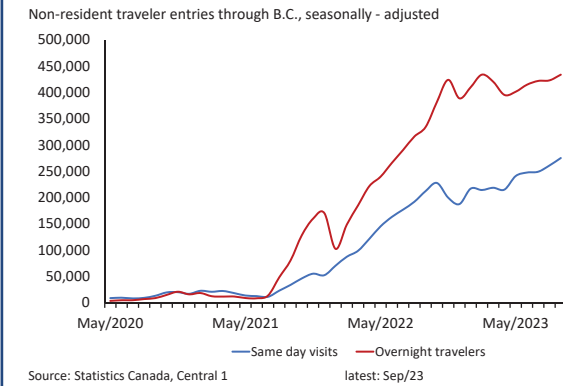
Ivy Ruan, Economic Analyst

Tourism inflows continued to rise through the fall months with the number of non-resident visitors entering Canada through B.C. up again in September. On a seasonally-adjusted basis, there were 3.6 per cent more non-resident visitors in September than in August at 708,784 people. Recent gains lifted non-resident visitors to a new high in 2023. The increase was driven by both same-day excursions, which were

Non-U.S. travelers to B.C. led the overall growth



Increase in travelers were reported in overnight stays and same-day excursions



up 5.4 per cent, and overnight stays up at 2.6 per cent. A low Canadian dollar and robust U.S. economic growth have driven this upswing even as Canada's economy falters.

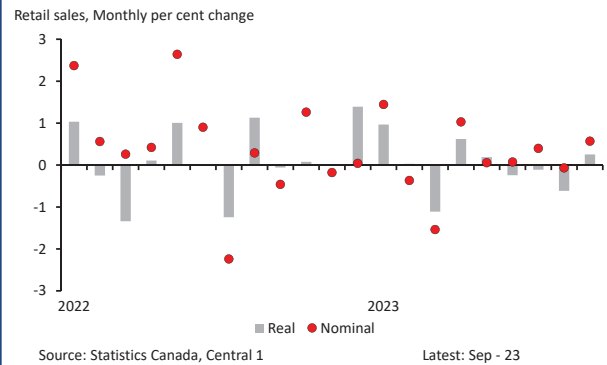
The number of U.S residents visiting Canada through B.C. rose 3.3 per cent from August to September. During the same period, the number of residents from other countries also surged. Amongst the U.S. residents, the increase in travelling was concentrated to automobiles. Arrivals by automobile from U.S. residents increased 5.7 per cent, and those arriving by airplanes also rose 1.7 per cent. Other modes of transportation were down 1.1 per cent following an increase last month. Residents from other countries saw a 6.0 per cent increase when coming by air and saw a 1.5 per cent increase when coming by land or water. This result was aligned with the national trend as the recovery of travel from Asia to Canada improved in September.

B.C. retail spending rebounds in September

Eloho Ennah, Economic Analyst

Canadian retail spending posted surprisingly stronger results in September, with retail sales up 0.6 per cent to \$66.5 billion, following a dull performance in August. In addition, retail sales were 0.6 per cent higher in the third quarter compared to the previous quarter. Total retail sales have remained range-bound since mid-2022, but this month saw the strongest increase since April 2023. September's gain exceeded the consensus estimate of a stable reading during the month. This growth was fueled by higher motor vehicle and parts dealers' sales as well as increased sales at gasoline stations and fuel vendors. Real spending, which adjusts for inflationary pressures, increased 0.3 per cent.

Canadian retail spending rises in September



Although total retail sales were up, core retail sales which excludes gasoline stations and fuel vendors, and motor vehicle and parts dealers, were down 0.3 per cent in September. Consumers are re-allocating spending to necessities and trimming discretionary spending as the Bank of Canada rate hikes have eroded much of their spending power. Early estimates provided by Statistics Canada for October suggests retail sales increased by a further 0.8 per cent heading into the holiday season. Nonetheless, recent economic data points to a consistent theme of a stalling economy, as consumers feel the pinch of high inflation and interest rates while businesses remain impacted by past rate hikes.

B.C. saw retail sales increase 0.4 per cent in September to \$9.1 billion following a decline of 1.0 per cent in the prior month. Year-to-date sales were also up 0.7 per cent. This being said, sales have fallen 2.7 per cent from their peak in May. Although data is unadjusted for seasonality at the sector level, year-over-year figures point to raised motor vehicle and parts dealers' sales, up 11.4 per cent and made up for the 6.0 per cent decline in the prior month. Health and personal care items sales also increased 11.9 per cent year-over-year. Clothing and related items sales rose 9.4 per cent during the month, while food and beverage retailers' sales posted a 1.1 per cent increase. On the other hand, sales of building material and garden equipment and supplies dealers decreased 18.0 per cent, in line with the cooling of B.C. housing market. Sales of gasoline stations and fuel vendors declined 9.7 per cent while that of sporting goods, hobby, musical instrument, book, and miscellaneous retailers fell 14.6 per cent as consumers diverted spending to other necessities.

Adjusted for seasonal factors, Vancouver metro area retail sales increased 0.9 per cent. Year-to-date sales also show an increase of 0.2 per cent in the area.

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