



Highlights

- Ontario inflation rate came in at 2.7 per cent in July
- Retail spending slows in Canada and Ontario

Inflation in Ontario down in July

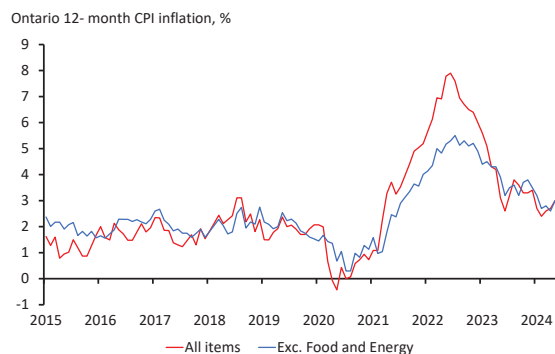
Eloho Ennah, Economic Analyst

Inflation in Ontario decelerated in July on a year-over-year basis from three per cent to 2.7 per cent. Similarly, the national reading fell from 2.7 per cent to 2.5 per cent, the slowest pace since March 2021. Core inflation, which excludes food and energy prices, also slowed from 3.1 per cent to 2.7 per cent.

Shelter and services prices grew the most on a year-over-year basis. The former increased by 5.4 per cent, though they slowed from a 5.8 per cent pace in June. On a month-to-month basis, growth in prices for household operations, furnishings, and equipment also picked up a slight pace. Year-on-year growth in gasoline prices accelerated during the month, up from 1.9 per cent to 2.8 per cent, likely due to reduced supply from some refinery closures in the United States. Similarly, energy prices were back up by 2.4 per cent. Despite this, transportation prices eased, down to 2.6 per cent.

Growth in food prices slowed in July, with year-over-year growth falling to 2.9 per cent. Prices of goods rose by 0.8 per cent while prices of services also remained elevated, growing by 4.2 per cent. Items related to recreation, education and reading posted a price decrease of 0.2 per cent while alcoholic beverages, tobacco products and recreational cannabis prices also increased by two per cent. The price of health and personal care items also increased by 2.6 per cent.

Ontario inflation slows in July



Source: Statistics Canada, Central 1

Latest: July - 24

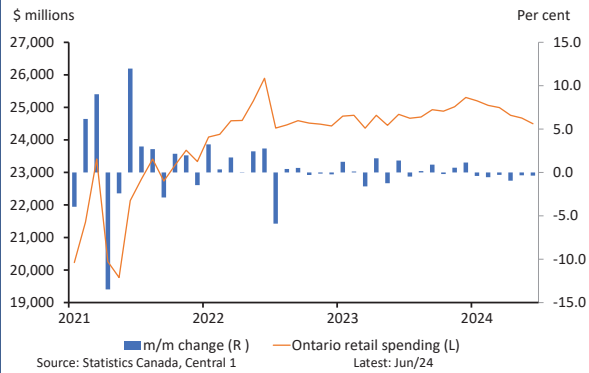
Broad base slowdown in retail sales

Ivy Ruan, Economic Analyst

The weakness in spending profile was seen in Ontario where seasonally adjusted retail sales fell 0.4 per cent in June from May. This marks the sixth consecutive month of seasonally adjusted retail sales declines, resulting in the province's lowest sales month this year and the lowest since March 2023. Despite the recent decline, year-to-date unadjusted retail sales in Ontario were still up 0.9 per cent over the same period last year, although that's a slowdown from last month's two per cent. During the same period, the national seasonally adjusted sales decreased 0.3 per cent in June, from \$65.7 billion in May. This was the lowest monthly sales this year and the lowest monthly sales since August 2023. Year to date, national unadjusted sales were up 0.8 per cent, down from last month's 1.7 per cent.

Seven out of the nine subsectors in Ontario reported higher year-over-year unadjusted sales in June. General merchandise retailers reported a year-over-year increase of 3.2 per cent to \$3.7 billion. Health and personal care retailers also saw sales climb 3.6 per cent to \$1.9 billion. Top subsectors that saw a monthly decline in sales were motor vehicle and parts dealers, down 9.4 per cent to \$7.0 billion, and sporting goods and hobby shops, down 11.4 per cent to \$1.4 billion. Year to date, sales are down in six out of the nine subsectors.

Ontario retail sales slide again in June



Regionally, the Toronto metro area saw seasonally adjusted retail sales increase of 0.3 per cent on a month-over-month basis in June 2024, contrasting with a year-over-year unadjusted sales decrease of 5.1 per cent. On the other hand, year-to-date unadjusted sales were down 0.4 per cent to \$64.9 billion. Ottawa saw an unadjusted monthly sales decrease of 4.7 per cent year over year, with year-to-date sales increased by 2.7 per cent to \$12.1 billion.

Advanced estimates for June suggested a national retail sales increase, however, this figure is likely to be revised.

For more information, contact economics@central1.com.