



## Highlights

- B.C. inflation rate dropped to 2.0 per cent in April
- Canadian retail spending rose in March
- B.C. retail sales up by 0.3 per cent in March
- Short- and long-term optimism indexes improved in B.C. and Canada
- Rise in visitors entering Canada via B.C. in March
- Canadian resident visitors to B.C. continued falling in March

## B.C. inflation rate fell in April largely due to lower gasoline prices

Ivy Ruan, Senior Analyst

B.C.'s inflation rate was unchanged in April on a monthly basis. On a year-over-year basis, headline inflation in the province came in at 2.0 per cent in April 2025, down from 2.6 per cent in the prior month. Lower gasoline prices contributed to the deceleration as they were down 20.4 per cent year over year due to the removal of consumer carbon tax. Inflation excluding energy was 3.1 per cent, higher than it was in the previous month (2.9 per cent). Further excluding food inflation was at 2.8 per cent, flat from the previous month's level.

B.C. shelter prices rose 3.3 per cent year-over-year in April, easing from 3.7 per cent in the previous month—the slowest annual increase in more than three years for this category. Transportation prices declined by 1.5 per cent, largely due to a 20.4 per cent drop in gasoline prices. As previously noted, the sharp decline in gasoline costs was primarily driven by the removal of the consumer carbon price. Lower global crude oil prices also played a role, as international trade slowed amid rising tariffs, dampening global oil demand. At the same time, supply from OPEC and its partners (OPEC+) increased. Overall, B.C. energy prices fell 14.8 per cent year-over-year.

In B.C., food prices rose 4.3 per cent year-over-year, with food purchased from stores up 4.9 per cent. Within this category, meat prices climbed 6.7 per cent, while dairy product and egg prices increased 3.3 per cent.

## B.C. Inflation rate falls in April

B.C. 12-month CPI inflation, %



Source: Statistics Canada, Central 1

Latest: Apr - 25

Notably, prices for food purchased from stores have outpaced the all-items CPI for three consecutive months. Food purchased at restaurants rose 3.4 per cent. Prices for alcoholic beverages, tobacco products, and recreational cannabis also increased by 1.3 per cent, marking the third consecutive monthly gain.

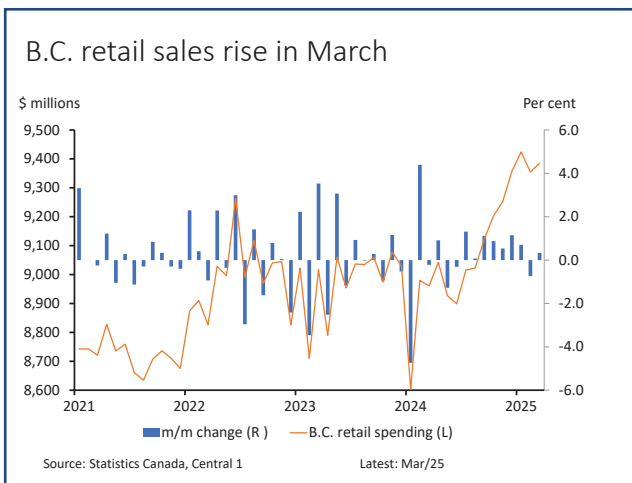
Overall, the price of goods edged up just 0.1 per cent—much slower than the 1.6 per cent increase seen in the previous month. While durable goods prices rose 2.2 per cent, this was offset by a 1.2 per cent decline in non-durable goods. Meanwhile, service prices increased 3.4 per cent, unchanged from the previous month.

## B.C. monthly retail sales grow in March on higher motor vehicle and parts sales

Eloho Ennah, Economic Analyst

Canadian retail sales increased by 0.8 per cent on a seasonally adjusted basis in March to \$69.8 billion, due to higher sales at motor vehicle and parts dealers (+4.8 per cent), following two prior monthly declines. Core retail sales, which exclude gasoline stations and fuel vendors, motor vehicle and parts dealers, increased by 0.2 per cent. In addition, retail sales rose by a modest 0.2 per cent quarter-over-quarter.

Price-adjusted retail sales increased by 0.9 per cent during the month. In March, tariff threats likely led to more motor vehicle sales as Canadian's anticipated future price increases of these items. Early April estimates suggest a 0.5 per cent rise in retail sales in the month. That said, growth is likely to be temporary as consumer confidence remains significantly subdued in the near term.



B.C. retail spending increased by 0.3 per cent on a seasonally adjusted basis in March following a 0.7 per cent dip in February. This was due to larger motor vehicle and parts dealers' sales during the month. Unadjusted retail sales in the province were also up 3.5 per cent compared to the same month in 2024.

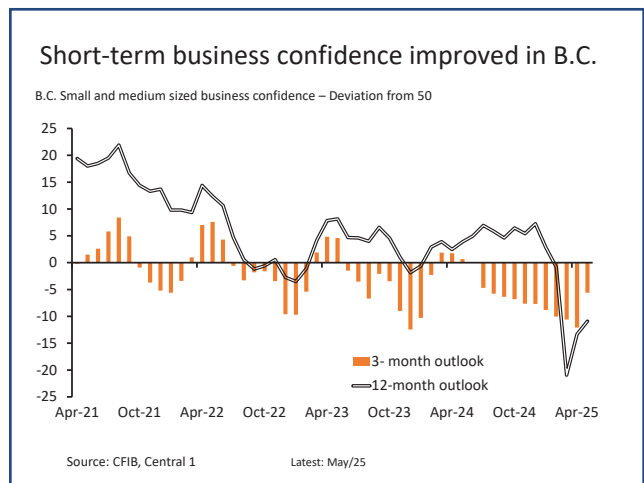
Subsector data is unadjusted for seasonality, but year-over-year figures showed higher sales at motor vehicle and parts dealers, up by 12.4 per cent. Health and personal care retailers' sales increased by 2.9 per cent in the same period as well while clothing, clothing accessories, shoes, jewelry, luggage and leather goods retailer sales also increased by 4.4 per cent. On the other hand, furniture, home furnishings, electronics and appliances retailers' sales decreased by 6.8 per cent year-over-year. Gasoline and fuel vendors also reported a 6.9 per cent drop in the same period due to lower crude oil prices.

Regionally, the Vancouver metro area saw seasonally adjusted retail sales rise by 0.7 per cent, while unadjusted sales figure grew by 5.8 per cent.

### Short-term small business optimism jumped in B.C.

*Ivy Ruan, Senior Analyst*

The Canadian Federation of Independent Business (CFIB) Barometer Survey further recovered in May, following an increase in sentiment amongst Small- and Medium-sized Enterprises (SMEs). The long-term 12-month confidence index improved by over 5.0 points from 34.7 in April to 40.0 in May. The short-term index also improved slightly by 1.9 points to 42.4 points from 40.5 points. That said, business confidence



still remained below the neutral benchmark of 50 for both the short- and long-term. Canadian exporters and importers reported improved sentiment following consecutive monthly declines, as the ongoing tariff de-escalation helped ease trade tensions. May saw exporter sentiment increase to 26.4 points from 25.3 points while importer sentiment edged up to 28.9 points from 28.0 points. Despite the slight improvement, both indices had values in the 60s at the end of 2024. The finance, insurance and realty sector saw the largest decline in business confidence, coming in at 39.2 points based on the 12-month index and 41.8 points on the three-month index. Meanwhile, the construction sector also had a large dip in both long-term and short-term confidence in May.

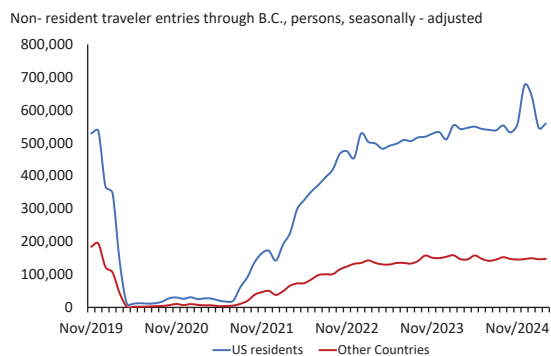
Amongst the provinces, the long-term index in B.C. improved by 3.2 points to 39.1 points. Its improvement was the fifth-highest improvement amongst the provinces, ranking in fourth place. The short-term index improved more, up 7.4 points to 44.4 points, the highest level since December 2024. The short-term sentiment is second-highest amongst provinces, just after Quebec. Insufficient demand and shortages of skilled labour continued to be the most noted constraints to sales or production growth for businesses in B.C. Shortage of working capital and physical space also limited sales growth. Tax/regulatory costs, wage costs, and insurance costs were the top input cost constraints while occupancy cost, product input costs, and fuel costs were also on this list of constraints. Full-time staffing plans improved, with 12 per cent expecting to increase staff levels. That said, 21 per cent were still planning to reduce full-time staff levels and this was the highest in the last year.

## Non-resident travel to B.C. increases in March

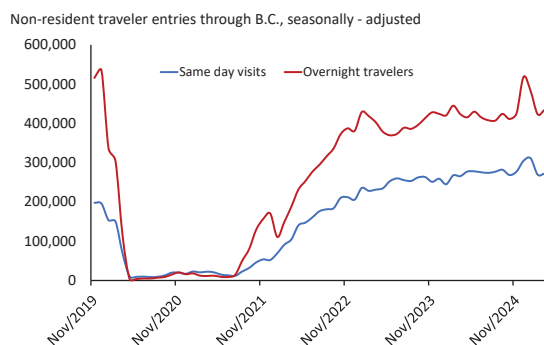
*Eloho Ennah, Economic Analyst*

The number of non-resident visitors entering Canada through British Columbia increased in March following two back-to-back declines. On a seasonally adjusted basis, non-resident visitors increased by 2.0 per cent to over 707K in March compared to February. The number is also around 99.3 per cent of the monthly average for the previous 12 months. The rise was mostly driven by a higher number of overnight tourists, which rose 2.7 per cent during the month, while the number of same day excursions increased by 1.0 per cent.

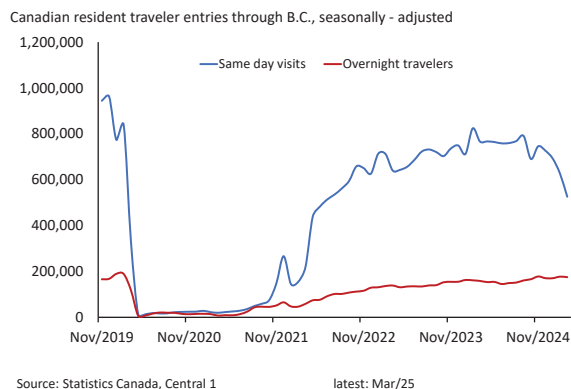
### U.S. resident trips through B.C. rise in March



### Overnight and same day visitors increase in B.C.



### Fewer Canadian residents return via U.S.



The number of U.S. residents visiting Canada through British Columbia increased by 2.3 per cent following a 15.2 per cent dip in February. Amongst the U.S. residents, there was a 3.5 per cent rise in overnight tourist while same-day excursions increased by 0.9 per cent. Residents from countries other than the U.S. saw a 0.9 per cent monthly rise with overnight excursions growing by 0.7 per cent while same-day excursions increased by 1.8 per cent.

Canadian resident visitors returning to Canada via British Columbia continued to fall for the fourth month, down by 12.8 per cent this March. This was largely led by a decline in those returning from the U.S., as it was down 16.1 per cent and comparable to figures last seen in June 2022 when international travel was still recovering from the pandemic's impact. Canadian resident visitors returning to Canada from places other than the U.S. fell by 1.3 per cent during the month. The recent trade dispute between the U.S. and Canada has affected travel between both countries. As many Canadians reconsider travel plans due to political tensions, we expect the number of Canadian residents returning to continue to fall.

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