



Highlights

- Canadian retail spending dips in May following gain in April
- B.C. retail sales fall by 0.4 per cent in May
- Short- and long-term optimism indexes improved again in B.C. and Canada
- Slight rise in visitors in May

B.C. monthly retail sales fall in May

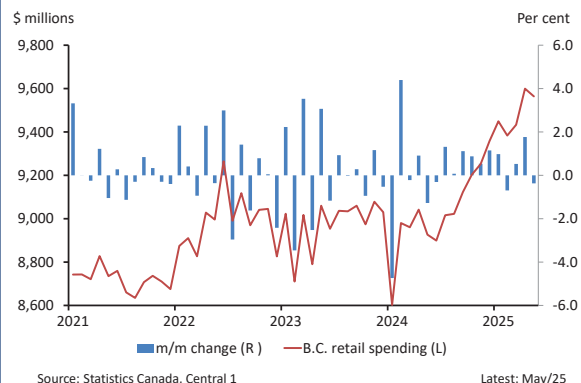
Eloho Ennah, Economics Analyst

Canadian retail sales decreased by 1.1 per cent in May to \$69.2 billion following a gain of 0.4 per cent in the prior month. The largest decrease was noted in the motor vehicle and parts category, which saw sales fall by 3.6 per cent after two consecutive monthly increases. Gasoline stations and fuel vendors sales also decreased by 1.4 per cent, down for a third month. Price-adjusted sales fell by 1.4 per cent during the month, while core retail sales, which exclude gasoline stations and fuel vendors, were relatively flat.

Sales figures continued to be negatively impacted in May by US tariffs. Thirty-two per cent of retail businesses were impacted by tariffs during the month in the form of price increases, altered demand for products and higher costs for raw materials, shipping or labour. This was down from 36 per cent in April. These impacts are likely to persist with U.S. tariff rates potentially increasing in August. That said, consumer confidence has improved from earlier months. Advance estimates suggest a rebound in spending in June, with a 1.6 per cent rise in retail sales expected during the month.

B.C. retail spending decreased by 0.4 per cent to \$9.6 billion during the month on a seasonally adjusted basis following the rise in April (1.8 per cent). Unadjusted retail sales in B.C. increased by 6.9 per cent compared to the same month in 2024. Year-to-date, retail sales have risen by 6.3 per cent.

B.C. retail sales decline in May



Subsector data is unadjusted for seasonality, but year-over-year figures showed higher sales at motor vehicle and parts dealers, with an increase of 18.6 per cent, although this was lower than the 22.3 per cent year-over-year gain noted in April which could reflect tariff pass-through. Health and personal care retailers' sales increased by 10.7 per cent in the same period while clothing, clothing accessories, shoes, jewelry, luggage and leather goods sales increased by 6.8 per cent. Food and beverage sales rose by 6.0 per cent. On the other hand, building material and garden equipment and supplies sales decreased by 4.6 per cent year-over-year while gasoline and fuel vendors saw a 13.6 per cent drop in the same period due to lower prices.

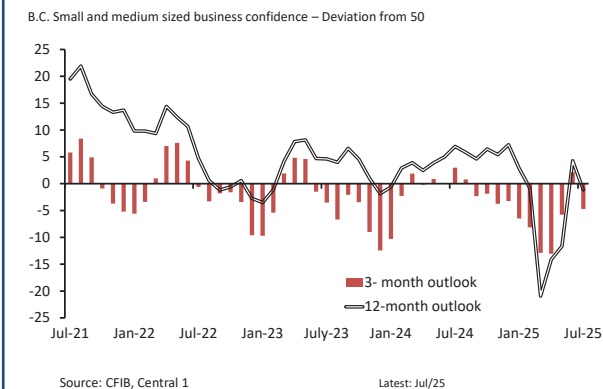
Regionally, the Vancouver metro area reported a 1.1 per cent decline in seasonally adjusted retail sales on a month-over-month basis in May, while unadjusted sales were up 8.9 per cent.

Long-term small business optimism jumped in B.C.

Alan Chow, Business Economist

The Canadian Federation of Independent Business (CFIB) Barometer Survey recovered some more in July, following an increase in sentiment amongst Small and Medium-sized Enterprises (SMEs). The long-term 12-month confidence index improved by over 3.4 points from 47.5 in June to 50.9 in July. This is the first time the index has been above the neutral benchmark since January this year. The short-term index also improved by 1.3 points to 49.3 points from

Business confidence slips in July for B.C.



48.1 points. While still below the neutral benchmark, it is still the highest level it's been since November 2023 when it was 51.3. Canadian exporters and importers reported another monthly improvement in sentiment as the ongoing trade talks brighten the outlook. July saw exporter sentiment index value increase to 45.4 points from 36.8 points while importer sentiment was up to 43.3 points from 37.6 points. The index values are still well below what they were at the end of 2024, which was in the 60s and lagging behind businesses that trade within Canada. Of the 12 sectors listed, nine had a higher long-term index value. The highest jumps were in Info, Arts, and Recreation, which moved up 13.0 points to 50. The largest decline was in professional business services, which fell 4.6 points to 50.8. For the short-term index, seven out of the 12 sectors saw a higher index value. The biggest jump was again in Info, Arts, and Recreation, up 9.5 points to 42.9. The largest decline was in personal and other services, which fell 12.4 points to 49.2.

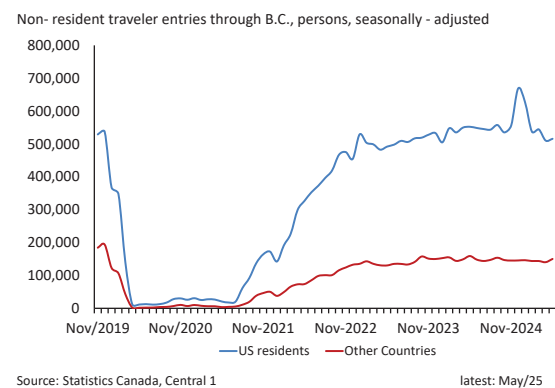
Amongst the provinces, the long-term index in B.C. fell by 5.4 points to 48.9 points. It was the biggest fall amongst all the provinces. The short-term index also fell by 6.8 points to 45.3. This decline was the second biggest decline, only smaller than Prince Edward Island. The long-term index score ranked fifth amongst provinces while the short-term index score was ranked eighth. 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 skilled labour also limited sales growth. Tax/regulatory costs, wage costs, and insurance cost were the top input cost constraints while occupancy cost, product input costs, and fuel cost were also on this list of constraints. Full-time staffing plans improved, with 14 per cent expecting to increase staff levels, which was the same as last month, but 18 per cent were planning to reduce full-time staff level, which was an improvement from the previous month's 20.

Higher visitors in May but fewer Canadian residents returning

Alan Chow, Business Economist

The number of non-resident visitors entering Canada through British Columbia increased in May. On a seasonally adjusted basis, entries rose by 2.4% compared to May. Despite the rise, the number was still the second-lowest number since January 2024 and are only 94.1 per cent of the average over the last 12 months. Overnight tourist visits rose 3.5 per cent while same-day excursions rose 0.6 per cent.

Slight uptick in visitors to Canada through B.C.

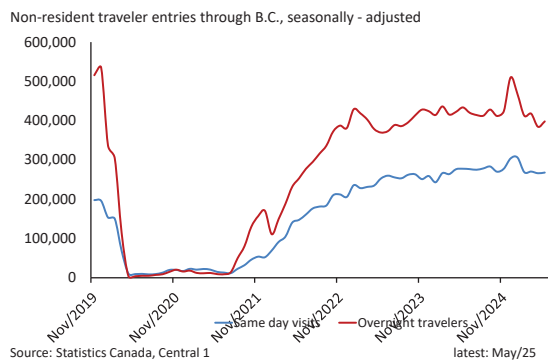


The rise was driven mainly by visitors from countries other than the United States, which rose by 7.0 per cent month-over-month. An unwelcoming U.S. environment is likely shifting global travel to other destinations such as Canada. Those who came for overnight stays rose by 7.4 per cent while those who made same-day excursions rose by 4.5 per cent. Overall, numbers in May were about 2.2 per cent higher than the average monthly number over the last 12 months.

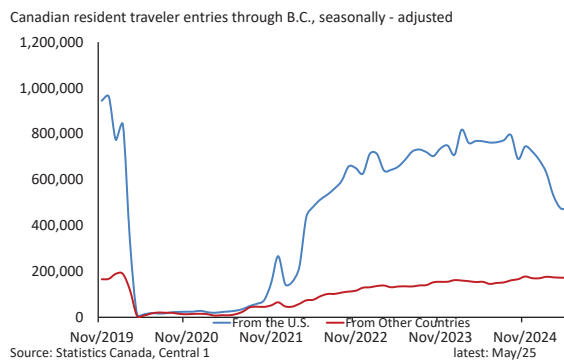
The number of U.S. residents entering Canada also rose, but to a lesser extent, up 1.0 per cent over the previous month. Among U.S. visitors, overnight stays rose 1.7 per cent, and same-day visits rose by only 0.4 per cent. The overall U.S. visitation rate stood at 92.0 per cent of the previous 12-month average.

Canadian resident travel returning via British Columbia declined marginally, falling 0.4 per cent in May compared to the previous month. This marked the sixth consecutive monthly decline. The marginal decline was relatively evenly split with the number of Canadian residents returning from the U.S. down 0.4 per cent while the number of Canadians residents return from countries other than the U.S. was down 0.6 per cent. Compared to the previous 12-months though, the

More overnight visitors to Canada seen in May



Decline in Canadian residents returning from the U.S. slows



number of Canadian residents returning from the U.S. in May 2025 was down 24.8 per cent while the same comparison for Canadian residents returning from other countries other than the U.S for May was up 4.5 per cent.

Ongoing trade tensions with the United States continue to weigh on cross-border travel. It is expected that the number of Canadians returning from the U.S. will remain soft in the coming months, while travel to other international destinations or domestic alternatives remains relatively resilient.

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