



## Highlights

- B.C. inflation rate rises again to 1.9 per cent in September
- Canadian retail spending grew in August following decline in July
- B.C. retail sales were flat in August compared with July
- Short- and long-term optimism indexes marginally improve for B.C.
- International travel through B.C. improves

## B.C. Inflation edges up, but core inflation moves down

Alan Chow, Business Economist

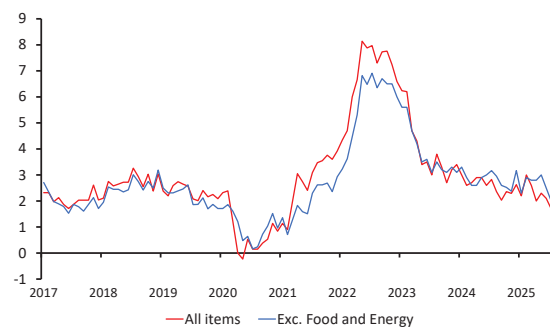
British Columbia's inflation rate edged up in September to 1.9 per cent year-over-year, from 1.8 per cent in August. On the other hand, core measures of inflation did not accelerate as inflation, excluding energy, was unchanged at 2.2 per cent. Inflation excluding both food and energy declined to 1.8 per cent from 2.0 per cent. Nationally, the inflation rate grew even more with all-items inflation up from 1.9 per cent year-over-year to 2.4 per cent. Core measures were mixed with inflation, excluding energy, up from 2.5 per cent to 2.7 per cent and inflation, excluding food and energy, remaining unchanged at 2.4 per cent.

In B.C., energy prices fell 2.7 per cent year-over-year, a much slower decline from 5.1 per cent last month, largely due to a base year effect. Gasoline prices were also similarly down 3.4 per cent in September compared to 7.0 per cent in August. From April to September, gasoline and energy prices in B.C. were up 4.1 and 3.0 per cent, respectively.

Food price inflation accelerated in B.C., rising by 3.9 per cent in September compared to 3.2 per cent in August. Fish and seafood prices were up 7.3 per cent while meat prices were up 6.5 per cent. Vegetable prices rose 1.1 per cent, which was the first time in four months the year-over-year prices were positive. Food from restaurants also accelerated from 2.5 per cent to 2.8 per cent.

## B.C. sees mixed inflation results

B.C. 12-month CPI inflation, %



Source: Statistics Canada, Central 1

Latest: Sep - 25

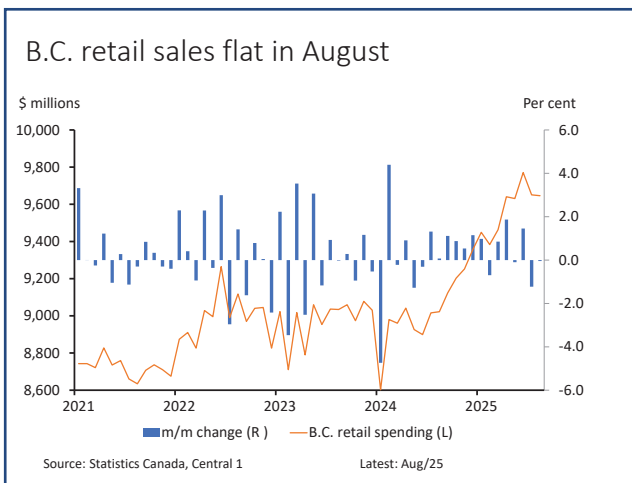
Transportation prices grew by 1.3 per cent in September, up from 0.5 per cent experienced in the previous month. Inter-city transportation prices were down 2.9 per cent. This was the fifteenth consecutive month of negative annual change. Public transportation costs were also down 0.6 per cent. Clothing and food wear prices were up 3.7 per cent, up from 2.2 per cent. Inflation for household operations, furnishings and equipment decelerated from 1.4 per cent to 1.3 per cent.

Overall, goods prices increased by 2.0 per cent in September, an increase from 1.2 per cent in August. Durable goods inflation slowed from 2.6 per cent to 2.2 per cent while semi-durable goods saw prices increase by 1.7 per cent annually, up from 0.4 per cent. Non-durable goods saw price growth of 2.0 per cent, up from 0.8 per cent. Service prices rose 1.9 per cent, a slower price growth than last month's 2.2 per cent.

## B.C. monthly retail sales flat in August

Ivy Ruan, Senior Analyst

Canadian retail sales increased by 1.0 per cent in August to \$70.4 billion following the downward revised 0.7 per cent decline in the prior month. The largest increase was noted in the motor vehicle and parts dealers category, which saw a gain in sales of 1.8 per cent following the modest increase (0.3 per cent) in the previous month. Core retail sales, which exclude gasoline stations and fuel vendors and motor vehicle and parts dealers, reported 1.1 per cent growth on a seasonally-adjusted basis.



B.C. retail spending was almost flat during the month on a seasonally-adjusted basis, following the 1.2 per cent decline recorded in July. Unadjusted retail sales in B.C. increased by 5.2 per cent compared to the same month in 2024. Year-to-date, retail sales have risen by 6.9 per cent, suggesting strong demand driven by both local demand and domestic tourism.

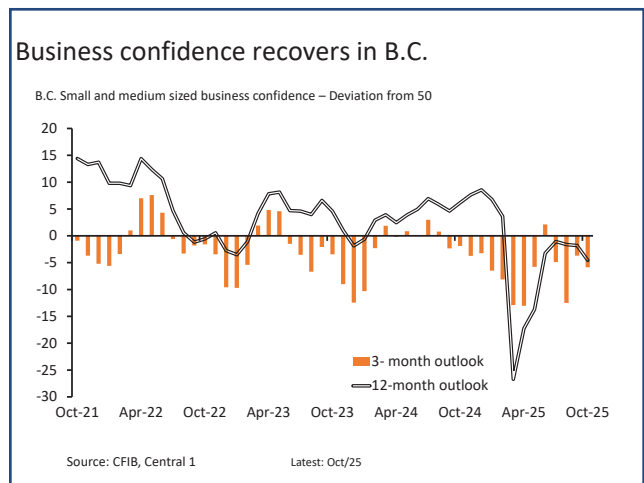
Subsector data is unadjusted for seasonality, but year-over-year figures showed higher sales in all categories. Motor vehicle and parts dealers, with an increase of 8.2 per cent, could reflect tariff pass-through, although this was lower than the year-over-year gains reported in the previous month. Sales for health and personal care retailers increased by 4.1 per cent in the same period while sporting goods sales increased by 19.0 per cent. Food and beverage sales rose by 1.1 per cent. Building material and garden equipment and supplies sales increased by 7.4 per cent year-over-year. Gasoline and fuel vendors saw a 1.0 per cent drop in the same period.

Regionally, the Vancouver metro area reported a 0.8 per cent decrease in seasonally-adjusted retail sales on a month-over-month basis in August. The unadjusted sales were up by 3.6 per cent compared to last August.

### Long-term outlook weakens in Canada and remains weak in B.C.

*Alan Chow, Business Economist*

The Canadian Federation of Independent Business (CFIB) Barometer Survey for October reported a weaker long-term outlook and a virtually unchanged short-term outlook. 12-month confidence declined by 3.9 points from a revised 50.3 points in September to 46.3 points in October. The short-term index, though,



was marginally up from a revised 44.6 points to 44.8 points. On balance, small businesses remained pessimistic about future business conditions which has coincided with recent sluggishness in the housing market and increase in U.S. tariff threats.

Of the 12 sectors listed, five had higher long-term index values compared to the previous month. The highest jump was in professional business services, which moved from 46.4 to 52.7 points. The largest decline was in information, arts, and recreation, which fell 9.4 points to 45.1. The industry with the highest value was health and education services with an index value of 55.4 whereas retail showed the lowest index value at 42.4. For the short-term index, six out of the 12 sectors saw a higher index value. The biggest jump was again in personal and other services, up 10.4 points to 54.8. The largest decline was in construction, which fell 7.5 points to 34.5 points. These were also both the highest and lowest sectors for the month. Most long-term and short-term index values for industries still sit below 50 points.

B.C.'s long-term index was steady at 45.4 but was one of two provinces to record an increase. However, at 45.5, it still ties (with Ontario) for the second lowest long-term index value. The lowest was Alberta at 43.8 points. The short-term index also improved by 0.6 points from an upward revised 46.3 to 46.9. This was the fourth highest increase amongst the provinces. The 46.3 points ranked it only fifth highest amongst the provinces. From the survey, insufficient demand and shortages of skilled labour continued to be the most noted constraints to sales or production growth for businesses in B.C. Limited physical space and a shortage of working capital was also noted. Tax/regulatory costs, wage costs, and insurance cost were the top input cost constraints while occupancy cost,

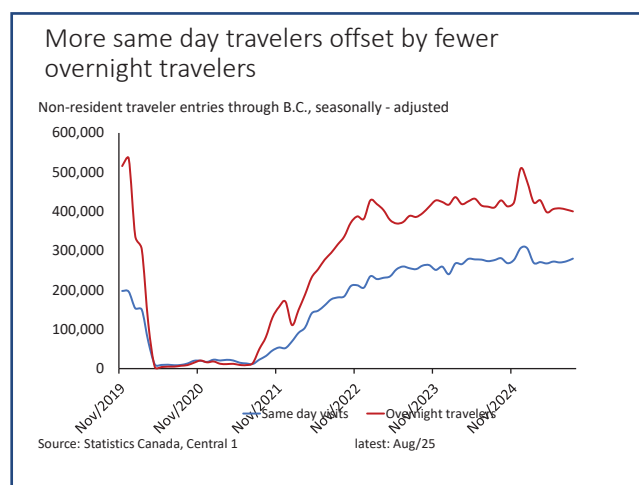
electricity cost, product input costs, and fuel cost were also on this list of constraints. Full-time staffing plans remained unchanged with 13 per cent of businesses reporting that they expect to increase staff levels. On the other hand, 16 per cent were planning to reduce full-time staff level, which was lower than September's number of 18 per cent.

## Via B.C., fewer Americans arrive while more Canadians visit the U.S.

Alan Chow, Business Economist

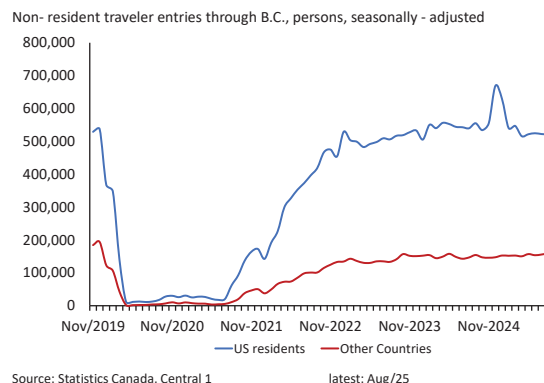
The number of non-resident visitors entering Canada through British Columbia on a seasonally-adjusted basis was up in August when compared to July. On a seasonally-adjusted basis, non-resident visitors increased by 0.3 per cent. Same day visitors were up 2.5 per cent while overnight visitors were down 1.1 per cent. When compared to the monthly average for 2024, total non-residents visitors are down 3.3 per cent, same day visitors are up 2.0 per cent and overnight visitors are down 6.4 per cent.

The number of U.S. residents entering Canadian via B.C. was down for a second straight month (-0.2 per cent) in August. This was offset by a similarly second consecutive monthly increase (2.2 per cent) in the number of visitors from residents of other countries. The number of U.S. residents entering was 94.1 per cent of the average seen in 2024 while residents of other countries are 6.7 per cent above the same period.

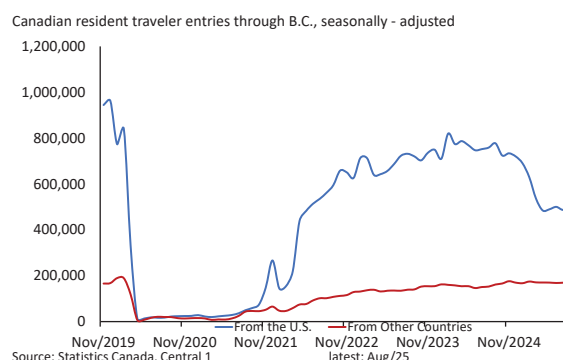


Canadian resident travel returning via B.C. rose by 2.5 per cent in August compared to the previous month. The level was the highest level since March 2025. The number of Canadian residents returning from the U.S. declined grew by 3.2 per cent while the number of Canadians residents return from countries other

## Fewer U.S. residents offset by more from other countries traveling to Canada via B.C.



## Slight rise in Canadian residents returning from the U.S. recently



than the U.S. rose by 0.7 per cent. Compared to the monthly average for 2024, August numbers are down 26.4 per cent for Canadian residents returning from the U.S. and up 7.1 per cent for Canadian residents returning from other countries.

Unadjusted, the number of U.S. residents entering Canada via B.C. was 925,357 in August. In contrast, the number of Canadians residents returning to Canada via B.C. was 659,149. The difference of 266,208 was the fourth month in a row that more U.S. residents entered Canada via B.C. than Canadian residents returning via B.C.

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