

DATA COMMENTARY · MAY RETAIL SALES

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Retail sales grow 1% in June, accelerating broadly

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THE TAKE

“Canadian consumers are showing signs of resilience. Sales grew in every subsector, suggesting that household spending is holding up despite economic uncertainty from trade tensions and energy price volatility.”

— THOMPSON RICHARDS · ECONOMIST · SIBLEY CREEK

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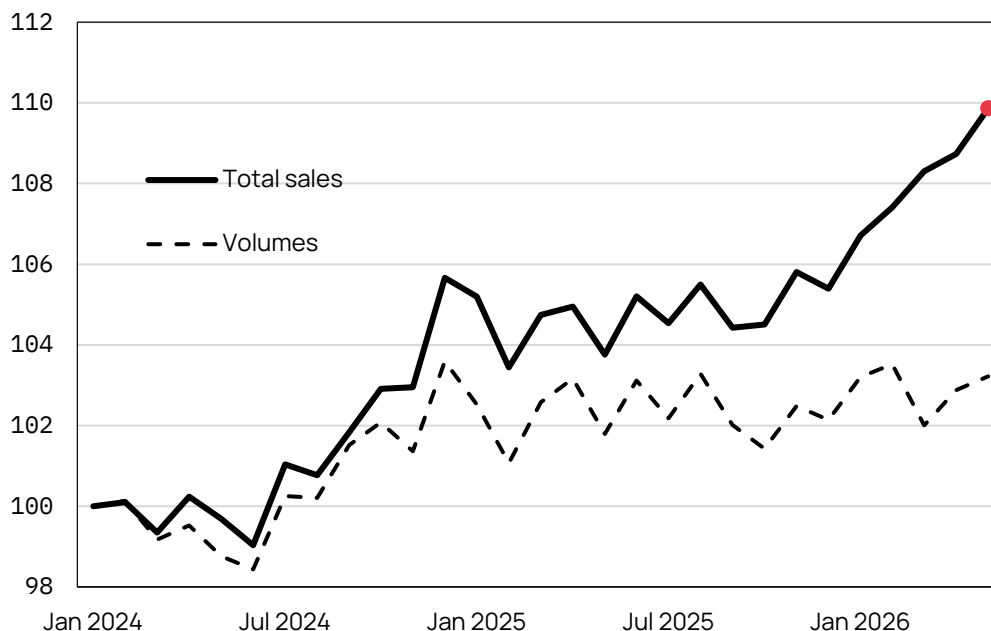
Broad retail strength emerges in May

Retail sales rose 1.0% to C\$73.7 billion in May, matching StatCan's advance estimate. While higher gasoline prices continued to support headline sales as in previous months, May's report showed a genuine improvement in underlying demand. Core retail sales—which exclude gas stations and auto dealerships—climbed 0.9%, while retail volumes rose 0.3%. All nine major subsectors posted gains, suggesting broader strength in household spending.

Looking ahead, the latest advance estimate points to a 0.4% increase in June sales. While slower, a 0.4% monthly pace is still a strong showing, and suggests that consumer spending kept up its momentum heading into the summer.

Retail growth broadens beyond gasoline.

RETAIL SALES, INDEX = 100 IN JAN 2024



Source: Statistics Canada, Sibley Creek Calculations. Seasonally adjusted.

Gas stations were still the biggest driver of growth by subsector, rising 3.1% in May. This gain was entirely price-driven, given that volumes fell 2.7% over the month even as receipts surged. With average gasoline prices falling about 17 cents per litre between May and June, we the general trend of gas stations supporting sales to finally reverse course in next month's report.

Outside of gas, gains were led by sporting goods (+1.8%), general merchandise retailers (+1.0%), and supermarkets (+1.0%). Even the weakest category, food and beverage retailers, posted a healthy 0.5% increase. The regional breakdown also indicated breadth, with only Nova Scotia failing to post a gain.

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