HIGHLIGHTS

- Retail sales rose 0.8% in February.
- Receipts advance in 7 of 11 major activity sectors, representing 82% of total retail trade.
- Excluding motor vehicle and parts sales, retail sales were up 0.7%.
- With the exception of Nova Scotia and British Columbia, all the provinces posted gains for the month.
- Expressed in real terms, there was no monthly change in retail sales for Canada as a whole.

COMMENTS

As expected, the value of retail sales was inflated by the increase in the price of goods. It will be recalled that the February consumer price index showed sharp increases in the price of numerous goods, including clothing and gasoline.

After removing the effects of price changes, the news is not so great, with retail volume remaining flat in February. Households are clearly reining in their spending, suggesting that they are continuing to get their finances under control.

Implications: Although sales volume remained flat in February, the first quarter’s carry-over was positive thanks to the 1.1% gain recorded in January. All signs therefore suggest that consumer spending will continue to grow modestly in the first quarter of 2013.

February’s retail results, combined with the other economic indicators already published, give us a better idea of the how real GDP by industry will fare during the month. According to our estimates, we can expect a gain of roughly 0.1%. When added to January’s 0.2% increase, the first quarter should therefore end up about 1% (annualized) ahead, not much different than our last projection.