



## CANADA

### Total annual inflation rate of 1.1% for 2015

### Retail sales up sharply in November

#### HIGHLIGHTS

- The total consumer price index (CPI) slipped 0.5% from November to December 2015. Its change from December 2014 to December 2015 was 1.6%.
- For 2015 as a whole, the average total annual inflation rate was 1.1%.
- The Bank of Canada core index (CPIX) was down 0.4% in December, its annual change was 1.9%.
- Retail sales increased 1.7% in November, growth that is well ahead of expectations.

#### COMMENTS

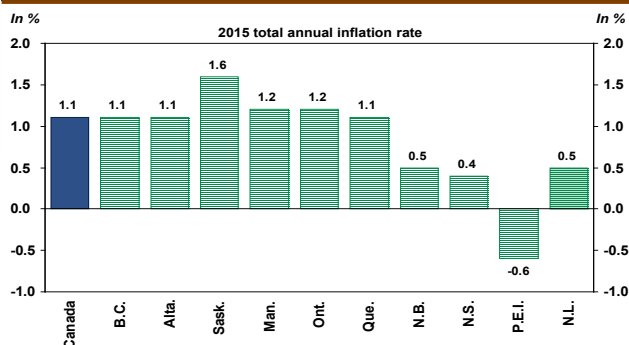
Seasonal effects played a major role in consumer price indexes tumbling in December. If not for that, total CPI and CPIX would have edged up 0.1%, an advance consistent with the trend in recent months.

With December's data, we can also take stock of the year, as a whole. The official total inflation rate for Canada, as a whole, was 1.1% for 2015. Food prices rose 3.7% on average over the year, and clothing prices were up 1.4%. These increases were partially offset by a 16.6% decrease in gas prices. Excluding energy, other prices were up 2.2% in 2015.

As for retail sales, November's results were surprising. Motor vehicle sales did increase significantly, but the 1.1% rise in other components attests to a widespread advance. In all likelihood, these good results are inflated by the Black Friday discounts, as the seasonal adjustment process has not yet correctly accounted for the growing importance of sales during this period. In this context, underperformance is likely for December.

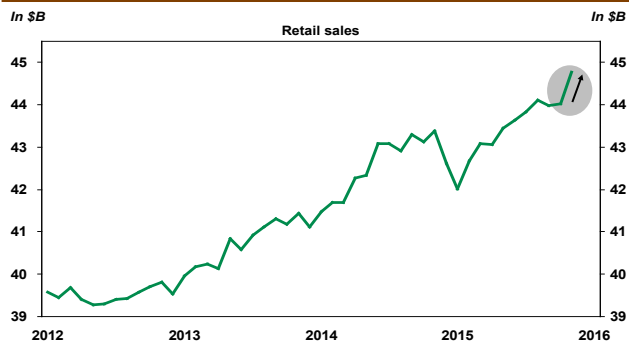
**Implications:** Overall, the Bank of Canada is reassured by this morning's results. Inflation remains well under control, and the sharp rise in retail sales will benefit economic growth in November.

#### Inflation rate for the Atlantic Provinces below national average



Sources: Statistics Canada and Desjardins, Economic Studies

#### Retail sales jumped in November



Sources: Statistics Canada and Desjardins, Economic Studies

**Benoit P. Durocher**  
Senior Economist

**François Dupuis**  
Vice-President and Chief Economist

**Hélène Bégin**  
Senior Economist

**Benoit P. Durocher**  
Senior Economist

**Francis Généreux**  
Senior Economist

514-281-2336 or 1 866 866-7000, ext. 2336  
E-mail: [desjardins.economics@desjardins.com](mailto:desjardins.economics@desjardins.com)

NOTE TO READERS: The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively.

IMPORTANT: This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, notably in the area of investment services. The data on prices or margins are provided for information purposes and may be modified at any time, based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. The opinions and forecasts contained herein are, unless otherwise indicated, those of the document's authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2016, Desjardins Group. All rights reserved.