

ECONOMIC NEWS

Canada: Retailing Hit Hard by COVID-19

HIGHLIGHTS

- ▶ The value of retail sales slid 10.0% in March. This is the biggest monthly decline since these statistical data were first collected in 1991.
- ▶ Excluding motor vehicle and auto parts dealers as well as service stations, other retailers saw sales rise 2.8% during the month.
- ▶ In real terms, all retail sales fell 8.2% in March.
- ▶ Statistics Canada also unveiled the interim results for April, which indicate that the value of total retail sales plunged roughly 15.6%.

COMMENTS

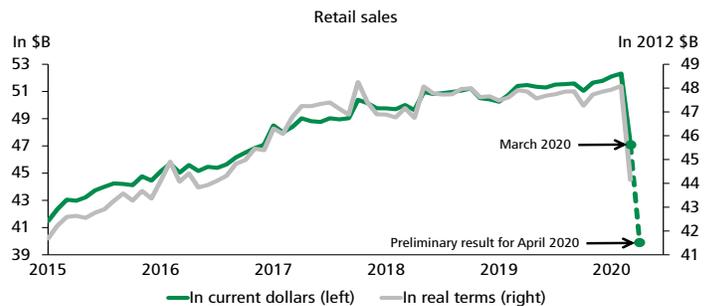
As expected, the lockdown measures implemented to combat the spread of COVID-19 have caused a lot of upheaval in retailing. As a result, nearly 40% of retailers had to close their doors in March.

Still, the results vary widely from sector to sector. On the one hand, clothing and accessories stores (-51.3%), motor vehicle and auto parts dealers (-35.6%), furniture and home furnishings stores (-24.5%), sporting goods, leisure goods, music and books stores (-23.8%) as well as service stations (-19.8%) saw sales decline significantly in March. On the other hand, grocery stores (+22.8%), miscellaneous merchandise stores (+6.4%), and health and personal care stores (+4.6%) profited from a marked increase in sales during the month.

Consumers also adjusted the way they buy things as nonstore retailers gained in popularity, with sales up 16.3% in March. It's important to remember that these figures do not include the nonstore purchases that Canadians are making at international retailers, so the result no doubt underestimates what is really happening.

GRAPH

Retailing posted a record drop in March



Sources: Statistics Canada and Desjardins, Economic Studies

IMPLICATIONS

Retailing is, in all likelihood, one of the industries feeling the adverse effects of COVID-19 the most, along with accommodation and food services, air transportation, arts, entertainment and recreation, and probably educational services. In a situation in which many other industries emerged relatively unscathed, the 8.2% drop in the volume of retail sales in March offers some hope that the entire economy may contract less than Statistics Canada's preliminary estimate (-9.0%).

Benoit P. Durocher, Senior Economist

François Dupuis, Vice-President and Chief Economist • Mathieu D'Anjou, Deputy Chief Economist
Hélène Bégin, Senior Economist • Benoit P. Durocher, Senior Economist • Francis Généreux, Senior Economist

Desjardins, Economic Studies: 514-281-2336 or 1 866-866-7000, ext. 5552336 • desjardins.economics@desjardins.com • desjardins.com/economics

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 © 2020, Desjardins Group. All rights reserved.