

ECONOMIC NEWS

Canada: Retailing Started to Rebound in May

HIGHLIGHTS

- ▶ After plunging for two months, retailing bounced back in May with an increase in sales value of 18.7%, in line with our expectations.
- ▶ Sales increased in 10 of the 11 main sectors. Grocery stores were the only sector that experienced a drop (-2.0%). Note that this sector had enjoyed a phenomenal increase in March at the beginning of the lockdown.
- ▶ The automobile products sector (+66.3%), sporting goods, hobby, music and book stores (+101.2%), and clothing and accessories stores (+92.6%) did particularly well in May.
- ▶ With a monthly increase of 33.3%, Quebec is showing the strongest sales growth in the country.
- ▶ In real terms, sales climbed 17.8% in May across Canada.

COMMENTS

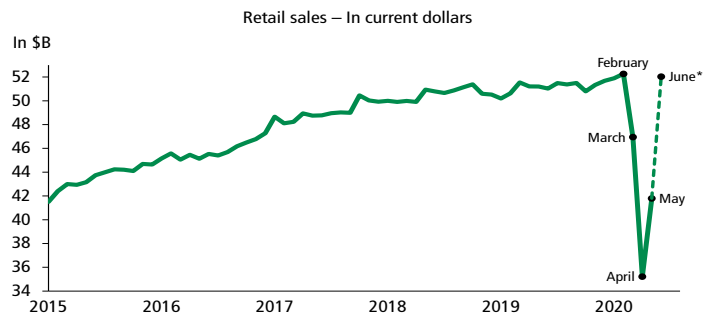
The gradual easing of lockdown measures allowed retailing to pick up in May. As shown in the graph, the recovery of the ground lost in March and April was far from complete in May.

Most of the recovery could have been completed by June, with preliminary results (exceptionally released by Statistics Canada) showing an increase of 24.5% for the month. This is a markedly more optimistic outlook than our current scenario, which forecasts a much slower return to normal. It remains to be seen how close Statistics Canada's preliminary estimate will be to reality in a context where uncertainty remains very high.

In e-commerce, the value of online sales stayed quite high in May thanks to a monthly increase of 0.7%. With the resumption of many conventional trade activities, the relative importance of online sales with respect to total sales went from a historic peak of 10.4% in April to 8.3% in May. Despite this decrease, the relative importance of e-commerce is still significantly greater than the pre-COVID-19 trend of about 4%.

GRAPH

Retailing's recovery should continue in June



* Preliminary result.

Sources: Statistics Canada and Desjardins, Economic Studies

IMPLICATIONS

The jump in retail sales in May and June comes on the heels of other recent good news. This confirms that real GDP by industry will bounce back as of May, ending two months of historic decline.

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