

ECONOMIC NEWS

Canada: Retail Trade Fully Regains Lost Ground

HIGHLIGHTS

- ▶ The value of retail sales climbed 23.7% in June, which corresponds to Statistics Canada's preliminary estimate for June.
- ▶ Thanks to this increase, the value of retail sales is now back to a slightly higher level than it was prior to the lockdown.
- ▶ Even though Ontario saw sales jump the most in June in Canada (+33.8%), it's the only province that still hasn't fully recovered from the declines suffered in the spring. This discrepancy is due to Ontario lifting the lockdown later.
- ▶ The recovery is uneven among economic sectors, and some of them are still showing a shortfall.
- ▶ According to Statistics Canada's preliminary estimate, the value of retail sales should climb to 0.7% in July.

COMMENTS

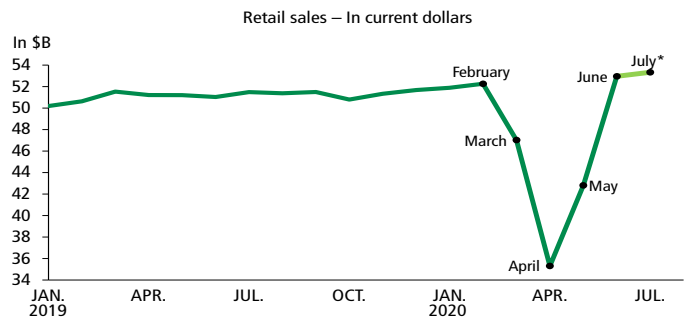
The speed at which the retail trade fully recovered is astonishing. Clearly, government support measures, such as the Canada Emergency Response Benefit (CERB), have made a huge difference. There is also no doubt that pent-up demand during the lockdown for some goods helped boost retail sales in May and June. Still, the uptick in the retail trade is expected to grow at a more modest rate going forward. Pent-up demand has clearly been met, and there are still some challenges, especially regarding the labour market. Furthermore, Statistics Canada's preliminary result for July points in this direction.

IMPLICATIONS

Despite the rebounds recorded in May and June, the second quarter looks like it will be extremely negative due to the significant declines posted in March and April. As a result, the volume of retail sales fell 12.4% during the quarter.

GRAPH 1

July should see retail sales gains return to a more normal pace

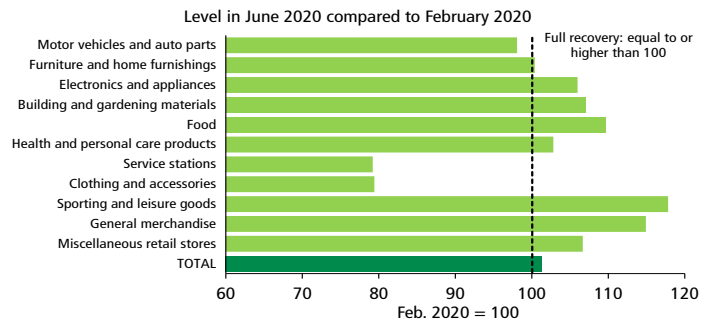


* Preliminary result.

Sources: Statistics Canada and Desjardins, Economic Studies

GRAPH 2

Some sectors are still lagging



Sources: Statistics Canada and Desjardins, Economic Studies

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