

# ECONOMIC NEWS

## Canada: Slight Drop in Retail Sales in September

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### HIGHLIGHTS

- ▶ The value of retail sales dropped 0.6% in September, a much smaller pullback than the 1.9% drop indicated by preliminary data.
- ▶ A large reduction was observed among new car dealers (-2.8%) as supply problems continue to be felt.
- ▶ That said, several other sectors struggled during the month as sales declined in 7 of the 11 major sectors.
- ▶ However, most of the decline in retail sales was concentrated in Ontario, which fell 4.4% in September. In contrast, retail sales were up in all the other provinces. Excluding Ontario, retail sales in the rest of the country rose 1.7% during the month.
- ▶ According to Statistics Canada's preliminary results, the value of retail sales increased 1.0% in October.

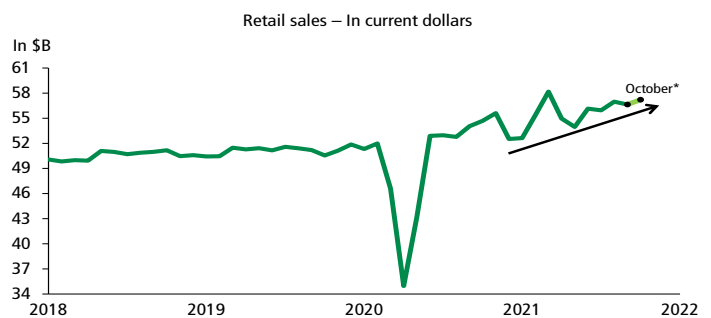
### COMMENTS

Retail sales results have been quite volatile over the past few months, even in real terms, with lows succeeding highs. However, the data has been trending up in recent months, which is encouraging. Retail sales in real terms increased by an average of 6.3% (annualized) between the second and third quarters of 2021. Furniture and home furnishings stores, service stations, clothing and accessories stores and miscellaneous merchandise stores benefited particularly from this growth.

### IMPLICATIONS

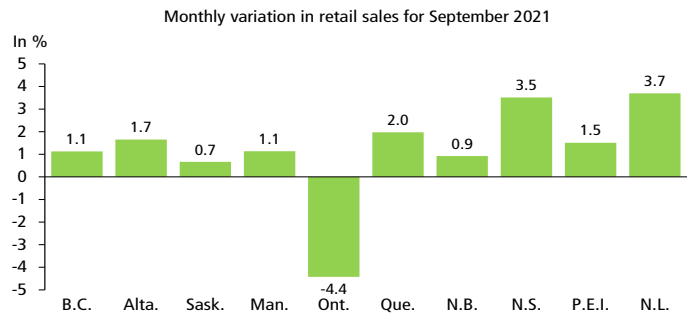
The third quarter economic accounts are expected to benefit from a rebound in consumer spending on goods, after a 7.0% decline in the previous quarter. In addition, consumer spending on services is expected to rise sharply as many activities reopen.

**GRAPH 1**  
Retail sales trend up despite some volatility



\* Preliminary result.  
Sources: Statistics Canada and Desjardins, Economic Studies

**GRAPH 2**  
Retail problems were most prevalent in Ontario in September



Sources: Statistics Canada and Desjardins, Economic Studies