

## ECONOMIC NEWS

# Quebec: Retail sales bounced back in 2016

### HIGHLIGHTS

- ▶ The value of retail sales fell 1.1% from November to December 2016. This drop occurred after four consecutive monthly gains.
- ▶ The increase was 4.3% for 2016 as a whole, the sharpest increase since 2011.
- ▶ All major categories of retailers saw the value of their sales rise in 2016, except for gas stations (-5.3%) and electronics and appliance stores (-0.6%).
- ▶ Hardware stores recorded the sharpest sales growth (+11.7%) and motor vehicle and parts dealers also recorded solid gains (+8.9%) last year.
- ▶ While the total value of sales advanced 4.3% in 2016, growth in real terms reached 3.8%, as the inflation rate on goods was only 0.5% in 2016.

### COMMENTS

Despite the slight drop in December, the second half of 2016 was very positive for retail sales in Quebec. This upturn is consistent with sustained improvements in the labour market, federal government tax relief and the convincing recovery by consumer confidence. Although holding back on their spending in recent years, Quebec consumers made greater contributions to Quebec's economic growth in 2016. Retailers' sales value has in fact recorded the best increase in five years. This advance was achieved with the support of most activity sectors, a reflection of consumers' strong comeback.

### IMPLICATIONS

The recovery in retail sales in 2016 should lead to slower advances in 2017. Even if the economic situation rests on a positive foundation, households are still vulnerable due to the fragile nature of their financial situation. The solid labour market, Quebecers' relatively high level of confidence and some tax relief

### GRAPH

#### Growth in retail sales firmed up in 2016



Sources: Statistics Canada and Desjardins, Economic Studies

### TABLE

#### Value of retail sales in 2016

	ANNUAL CHANGE (%)
Motor vehicle and parts dealers	8.9
Furniture and home furnishing stores	0.7
Electronics and appliance stores	-0.6
Building materials dealers	11.7
Food and beverage stores	2.0
Gas stations	-5.3
Clothing stores	0.0
Sporting goods and recreational activities stores	1.6
General merchandise stores	6.1
<b>Total</b>	<b>4.3</b>

Sources: Statistics Canada and Desjardins, Economic Studies

will continue to support consumers this year. That said, consumer spending is expected to slow somewhat in 2017.

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