

ECONOMIC NEWS

Quebec: Retail Sales Up Sharply in August

HIGHLIGHTS

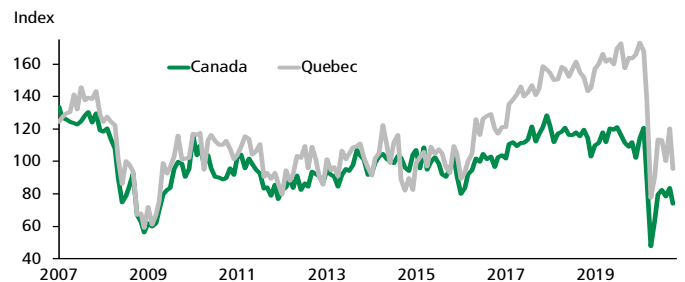
- ▶ Retail sales recorded growth for the fourth consecutive month in August. Quebec saw a monthly increase of 1.6%, much higher than the 0.4% rise for Canada as a whole.
- ▶ The province ranked third in the country. Ontario posted a monthly gain of just 0.1%.
- ▶ August's major increase primarily stemmed from two sectors: new and used motor vehicle and parts dealers and hardware stores.
- ▶ While province-wide retail sales jumped 1.6% in August, they ticked up a mere 0.2% in Greater Montreal. As a result, sales in the rest of Quebec rose 3.0%.
- ▶ Meanwhile, household confidence has struggled to recover in Canada and Quebec, even dropping in October.

COMMENTS

The sales figures released this morning are much better than anticipated for Quebec. With the post-lockdown recovery period ending in July, expectations were mixed for August. The

GRAPH 2

The rebound in consumer confidence was short-lived



Sources: Conference Board of Canada and Desjardins, Economic Studies

labour market's turnaround, which continued over the summer, and government support measures were boons to household spending. Both factors also played a role in September.

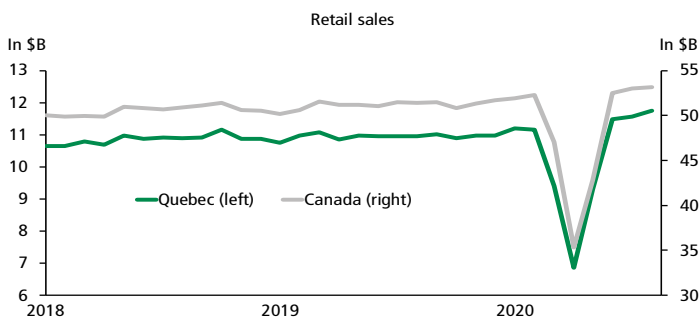
IMPLICATIONS

Starting in October, the climate could be tougher for retail sales. Although the targeted closures of certain types of businesses in some regions of Quebec were not extended to retailers, they could still be hurt by them. Household confidence has also been shaken. The second wave of COVID-19 has caused uncertainty to rise after easing over the summer. Moreover, the consumer confidence index fell in October. As a result, we could see a pause in retail sales growth this fall.

Hélène Bégin, Senior Economist

GRAPH 1

Retail sales more than made up for the ground lost in the first wave of COVID-19



Sources: Statistics Canada and Desjardins, Economic Studies

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