

ECONOMIC NEWS

Quebec: Retail Sales Plunge in April

HIGHLIGHTS

- ▶ From March to April, sales by retailers fell 27.8% in Quebec and 32.8% in Ontario. The two provinces saw the biggest declines in Canada (-26.4%).
- ▶ In April, Canadian retail sales declined in all activity sectors. Nonstore retailers' share more than doubled from April 2019, closing in on 10%.
- ▶ The major agglomerations were hard hit by lockdown measures. Retail sales dropped 31.3% in Montreal and 35.6% in Toronto from March to April.

COMMENTS

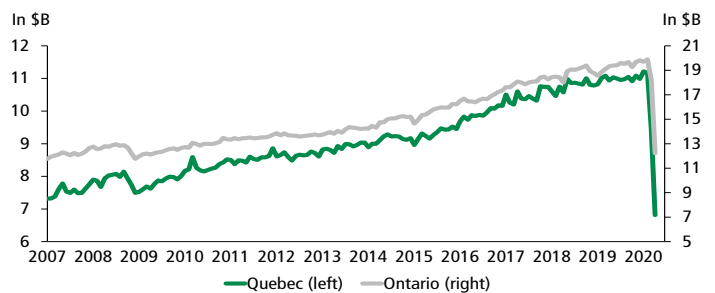
Retail sales began to slide in March with the onset of the lockdown, particularly in Quebec and Ontario. A more brutal shock was to be expected in April, as all non-essential stores were closed for the entire month. In some provinces, the stoppage of activities was not as general.

Quebec's retail sales are expected to rebound for May. The interim data released for Canada this morning (19.1%) points in that direction.

Other economic indicators for households started to come back up in May, particularly consumer confidence and employment. Moreover, stores began to reopen on May 4 in Quebec, except for Montreal, which will have a positive impact on the next statistics. The upturn will persist in June, as malls outside of Greater Montreal opened their doors, with Montreal following suit for stores only on June 1.

GRAPH

April's closures hit retail sales



Sources: Statistics Canada and Desjardins, Economic Studies

IMPLICATIONS

Although the numbers are disastrous, illustrating the magnitude of the damage to merchants, they hit bottom in April. The two straight months of big declines will have major impacts on economic activity overall. The interim numbers show a pullback of approximately 2.5% (10.0% annualized) for Quebec's first-quarter real GDP; this will be followed by an annualized decline of about 40% in the second quarter. Similar numbers are expected for Ontario. In both provinces, consumer spending accounts for nearly 60% of GDP. Merchants' gradual return to operations will help stimulate the economy, but it will take several quarters for it to convalesce. The future improvement in the labour market and consumer confidence will be critical for retail sales.

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