

ECONOMIC NEWS

Quebec: Retail Sales Growth Slows

HIGHLIGHTS

- ▶ September saw retail sales up for the fifth time in a row. Still, in Quebec, the 0.2% gain was the weakest since the recovery has begun in May.
- ▶ Sales rose 1.1% in Canada and 1.0% in Ontario.

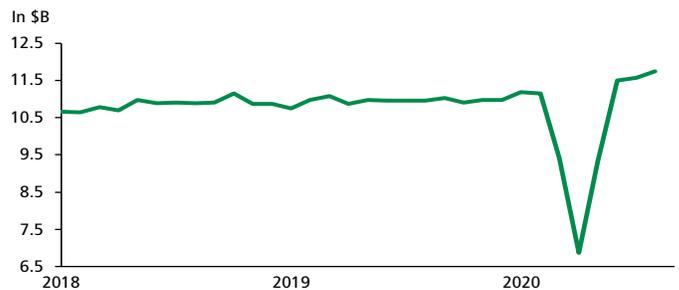
COMMENTS

Retail sales were expected to lose some steam in Quebec following the recovery period that began in the spring. September's numbers were less positive than those for Canada and Ontario, although the opposite was true in August.

Having caught up by late summer in Quebec, Canada and Ontario, retail sales will falter in the coming months. The holiday season—usually a very busy time for merchants—will probably be quite different this year. Online sales will continue to surge but won't be able to offset lower in-store sales.

GRAPH 2

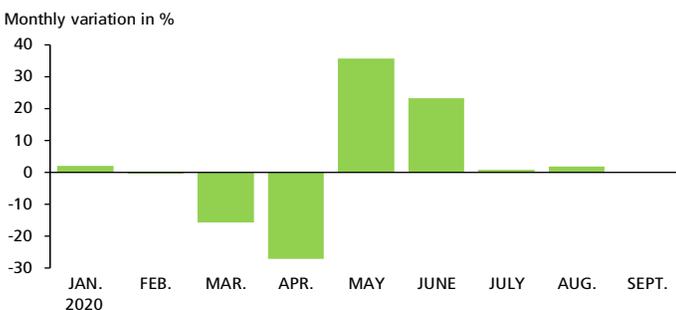
Retail sales hit a lull as recovery period ends



Sources: Statistics Canada and Desjardins, Economic Studies

GRAPH 1

Period of strong retail sales ends



Sources: Statistics Canada and Desjardins, Economic Studies

IMPLICATIONS

Given that the uncertainty surrounding the pandemic went up a notch this fall and that restrictive measures were extended until January 11 in Quebec, some sectors, including retail, will go through some difficult times in the months ahead. Despite opening, malls are seeing far fewer customers. Employment and the household confidence index fell slightly in October in Quebec, which does not bode well for consumer spending. As a result, retail sales could be flat this fall.

The federal financial support for individuals, which became more targeted beginning in October, will also have an impact. The end of the Canada Emergency Response Benefit (CERB), which was replaced by an expanded employment insurance program and other measures, could see fewer people covered. Compared to the emergency measures that have been in place since the spring, smaller amounts of money will be paid overall. This could have an impact on retail sales.

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