



June 22, 2016

## TD Economics

### Data Release: Sales edge higher in April

- Canadian retail sales advanced 0.9% in April, with a slight upward revision to the previous month. This month's release edged above the consensus view of a 0.8% increase. In volume terms, retail sales were relatively flat in April, with the increase in values attributed to higher gasoline prices.
- Higher sales at gasoline stations drove the increase in sales, with a 6.0% increase in April marking the first increase since June 2015. The price for gasoline rose 8.9% on an unadjusted basis according to the Consumer Price Index. Other sectors also reported meaningful gains, with furniture and home furnishing store sales up 6.1%, sales of general merchandise up 1.3%, and miscellaneous stores gaining 3.7%. Other sectors were fairly flat or lost ground, including food and beverage stores (0.1%), clothing and accessories (-2.7%), and motor vehicle and parts dealers (-0.3%).
- Sales were up in nine of the ten provinces, led by New Brunswick (+3.1%), British Columbia (+2.4%), and Alberta (+2.0%). Manitoba was the only province to report a decline in April, with sales down 0.9% due to lower sales at new car dealers.

### Key Implications

- On a dollar value, today's retail sales report offset the decline in March, though the report helps put our view of a moderating Canadian consumer in perspective, as sales growth has moderated markedly since January.
- Despite the broad improvement of provincial profiles in April, the theme of regional divergence remained in place in Canada's economy. Year-to-date sales in BC, Ontario, Manitoba, PEI and Quebec remain well ahead, and are up between 4.7% (QC) and 7.6% (PEI) above previous year levels. Conversely, Alberta, Saskatchewan and Newfoundland and Labrador were much weaker, falling 1.0% in Alberta while eking out small gains in the other two provinces.
- The Canadian economy is showing broad signs of its economy slowing from the 2.4% q/q pace in Q1 2016. While a strong handoff from 2015 and sure footing in Q1 help, decelerations in exports, wholesale trade, and now retail sales suggests a much weaker Q2 is likely. With almost all national data anticipated to be further hit by the effects of May's wildfires in Northern Alberta, the economy is likely to have contracted in the second quarter.

**Warren Kirkland, Economist**  
**416-983-7336**

 [@TD\\_Economics](https://twitter.com/TD_Economics)

#### DISCLAIMER

This report is provided by TD Economics. It is for informational and educational purposes only as of the date of writing, and may not be appropriate for other purposes. The views and opinions expressed may change at any time based on market or other conditions and may not come to pass. This material is not intended to be relied upon as investment advice or recommendations, does not constitute a solicitation to buy or sell securities and should not be considered specific legal, investment or tax advice. The report does not provide material information about the business and affairs of TD Bank Group and the members of TD Economics are not spokespersons for TD Bank Group with respect to its business and affairs. The information contained in this report has been drawn from sources believed to be reliable, but is not guaranteed to be accurate or complete. This report contains

economic analysis and views, including about future economic and financial markets performance. These are based on certain assumptions and other factors, and are subject to inherent risks and uncertainties. The actual outcome may be materially different. The Toronto-Dominion Bank and its affiliates and related entities that comprise the TD Bank Group are not liable for any errors or omissions in the information, analysis or views contained in this report, or for any loss or damage suffered.