



December 22, 2016

## TD Economics

### Data Release: Canadians head back to the malls in October

- Canadian retail sales increased by 1.1% in October, marking the third straight month of increase. In real terms, sales were up by a more modest - but still healthy - 0.6%.
- October's gain was fairly broad based. The largest growth stemmed from gasoline station receipts (+3.8%), which was the largest increase in six months and due to higher prices. Other areas of strength included general merchandise, food and beverage and clothing stores. On the flipside, sales at electronics and appliance stores recorded a decline during the month.
- Regionally, sales were up nearly across the board, led by Ontario (+1.5%) and B.C. (+1.8%). Sales in Manitoba were flat, while PEI (-1.1%) was the only province to record a decline thanks to an increase in the HST that took effect at the start of the month.
- E-commerce sales accounted for 2.3% of total sales in October, up from 2.1% in September.

### Key Implications

- October's gain - combined with strong handoff from September - suggests that retail sales will be supportive of growth in the fourth quarter. Consumer spending growth as a whole is expected to maintain Q3's healthy 2 ½% pace (annualized) in Q4, but today's result presents some upside risk to that forecast.
- Going forward, consumers will continue to be a key pillar of growth for the Canadian economy, as the benefit of past home price appreciation in a number of regions - particularly Ontario and B.C. - continue to prop up spending activity. That said, a modest cooling in the housing market, rising interest rates and high household indebtedness could lead consumers to pull their purse strings a little tighter. We expect consumer spending to decelerate to just under 2% in 2017, which is consistent with the overall pace of growth in the economy.

**Dina Ignjatovic, Economist**  
**416-982-2555**

@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.