



# Weekly economic Briefing

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## Strong upward trend in retail sales

Consumers got a substantial break from high gasoline prices in September, which brought down the overall level of retail sales in British Columbia by almost 1% from August, seasonally adjusted. Even so, retail sales in the third quarter climbed 1.3% (\$171 million) from the second quarter, seasonally adjusted.

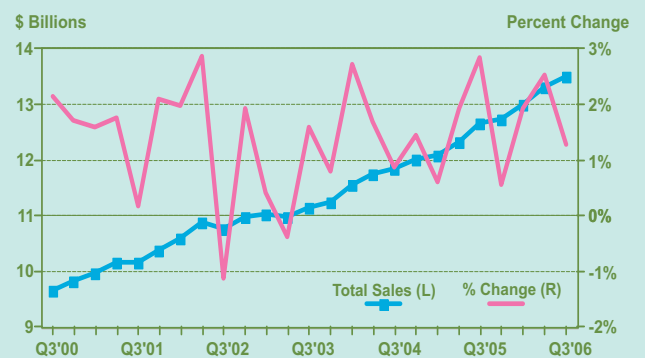
So far in 2006, sales are up 7.3% (\$2.7 billion) from the same period last year. This robust annualized growth rate is on pace to be the highest since 1995.

The largest categories of retail sales in B.C., in descending order of dollar sales, are new car dealers, supermarkets, gas stations and general merchandise stores. The smallest categories, in ascending order, are computer and software stores, shoe, clothing accessory and jewelry stores, home furnishing stores and specialized building material and garden stores.

Among these categories, the largest gains in dollar sales in the first nine months of 2006 compared to the same period of 2005 were seen in gas stations, home centres and hardware stores, used and recreational vehicle and parts dealers, and general merchandise stores. The fastest percentage growth was experienced by used and recreational vehicle and parts dealers, home centres and hardware stores, and home furnishing, electronics and appliance stores.

The smallest gains in dollar sales in this period were experienced by computer and software stores, miscellaneous retail stores, convenience and specialty food stores, shoe, clothing accessory and jewelry stores, and new car dealers. The slowest percentage growth was seen in new car dealers, miscellaneous retail stores and supermarkets.

Retail Sales, British Columbia  
Quarterly, Seasonally Adjusted



Source: Statistics Canada.

Consumer spending is one of the mainstays of B.C.'s current economic expansion, and a substantial portion of consumer expenditures is captured in the retail sales statistics. Retail sales growth is being supported by stronger growth in labour income, slightly faster population growth, generally low interest rates, and robust increases in real estate and business equity asset values. Credit Union Central of British Columbia forecasts that retail sales in B.C. will grow by 7% to 8% per year through 2008, up from less than 6% growth in 2005.

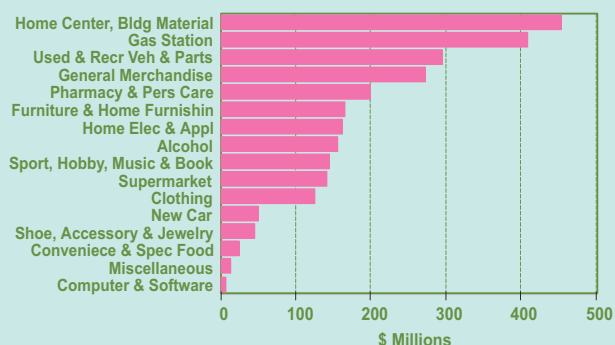
**Consumer Price Index drops on gasoline prices**

Overall consumer prices in British Columbia dropped slightly in October, according to the latest Consumer Price Index (CPI) estimates from Statistics Canada. For the second consecutive month, lower gasoline prices brought down the overall level of consumer prices, despite generally modest increases in prices for most items. Excluding energy items, consumer prices increased slightly in October from September. Consumer energy items, comprising gasoline, electricity, natural gas and fuel oil, fell 2.7% in October, following a 7.7% drop in September.

In the first 10 months of 2006, overall consumer prices in B.C. are up 1.7% from the same period last year, a relatively low level of inflation. Excluding energy, consumer inflation is up only 1.4%. Energy items alone are up 5.3% from last year.

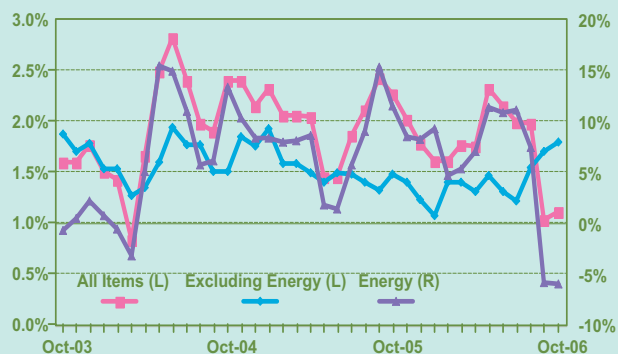
Credit Union Central forecasts a 1.8% increase in the CPI for B.C. in 2006 and a 1.9% rise in 2007.

**Retail Sales Growth by Store Type, B.C. Jan.-Sep. 2006 less Jan.-Sep. 2005**



Source: Statistics Canada.

**Consumer Price Index, British Columbia 12 Month Percentage Change**



Source: Statistics Canada.