

DAILY ECONOMIC COMMENT

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October 22, 2009

Retail Sales Skip Along

After experiencing very steady growth between 2002 and the end of 2007, leveling in 2008, and then tumbling when the recession hit in late 2008, Alberta shoppers have been very consistent with their spending for most of 2009.

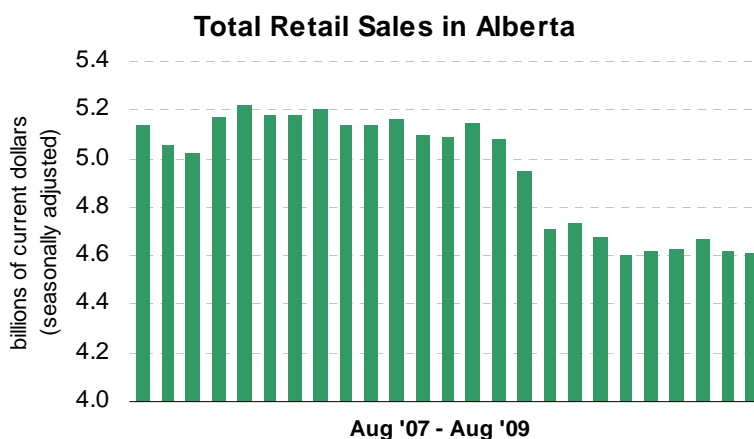
Retailers across the province sold \$4.61 billion worth of consumer items in August, down slightly from July's \$4.62 billion (-0.2%). For the last six months, retail sales have been locked in a very narrow band of around \$4.60 billion (see graph).

The retailing picture was slightly more positive on a national basis in August, with Canadian retail sales up 0.8% during the month on the back of higher spending on automotive products and gasoline. Alberta was one of only two provinces

to see lower retail sales compared to July, the other being Newfoundland and Labrador (-0.9%).

For Alberta, nominal retail spending has been about 10% lower in 2009 than it was in 2008. But with the province experiencing price-deflation, real retail activity has fared moderately better.

The recent figures underscore the fact that shoppers got a little too crazy at the end of the economic boom and retail activity rose above what sustainable long-term fundamentals dictated. However, with economic activity moving back into the black, Alberta retail spending may be poised to resume its upward trajectory, albeit at a more moderate pace than occurred between 2002 and 2007.



Source: Statistics Canada, The Daily, October 22, 2009

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Where there's a way